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Study Finds Big Energy Savings for Businesses

Denver-area offices and retail stores could save nearly \$2 billion over the next two decades if they install more energy-efficient lights, air conditioners and office equipment, according to a report released on Thursday. Apart from the savings, businesses also can protect themselves from skyrocketing energy prices by adopting energy-efficient practices, the study added. And they can benefit from rebates offered by utilities such as Xcel Energy. "What is good for the environment is good for the bottom line and good for the shareholders," said Peter Dea, president and CEO of Denver-based Western Gas Resources and also chairman of Metro Denver Economic Development Corp.'s executive committee. "Energy efficiency is not only the right thing to do to reduce waste and conserve resources, but it also saves money." The Metro Denver EDC sponsored the study, which was authored by the Colorado Energy Science Center. The study analyzed half of the office and retail buildings in the metro area covering nine counties: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer and Weld. It found that the financial impact would be dramatic if, over the next 20 years, half the existing buildings installed energy-efficient lights and fixtures or heating and air-conditioning systems and if 80 percent of new buildings used energy-efficient building designs. The result: A \$600 million investment would produce nearly \$1.9 billion in energy savings by 2026, create more than 12,000 jobs and increase wages and salaries by more than \$300 million. "We picked the most common buildings and the most common type of measures while making the assessment about potential savings," said Patrick Keegan of the Colorado Energy Science Center and author of the study. "That made a little easier analysis and assured us that the finding was a conservative estimate and we weren't overly aggressive in trying to show too much savings." The study found it's easier for businesses to make a decision regarding investment in energy efficient appliances when they are either renovating an old building, leasing a new office space or constructing a new building. At that point, offices and stores can get an estimate of their costs and savings. In most cases, they can recover their investment in a few years, although that may vary with different buildings and designs. For instance, Dea said the Granite Towers building at 1099 18th St., which houses the downtown Denver office of Western Gas, was among the first certified energy efficient buildings in the city. It has energy efficient light bulbs, fixtures and reflectors, as well as upgraded heating and cooling systems, that have resulted in savings on utility bills. "(The building) has seen about a three-year payout on the investment here," Dea said. "There is a mind-set that there needs to be a short-term payout, but new buildings will be here for 100 years, and it is worthwhile to have a long-term view." Despite the advantages, it still would be a challenge to get most offices and retail buildings to voluntarily adopt energy efficient practices, Keegan conceded. And a lot of that would depend on the Metro Denver EDC's efforts. "It would be the decision of Metro Denver EDC regarding how much effort they will put into pursuing a voluntary initiative," Keegan said. The Metro Denver EDC proposes to establish the Colorado Energy Coalition, a consortium of private sector energy companies, research institutions and energy associations. It plans to start a pilot program by recruiting five to 10 metro-area companies and getting a voluntary commitment from them to improve energy efficiency the next time they expand offices, renovate or build new offices. It also will help those companies get an energy analysis by a firm or find dependable vendors to get the work done. "Many of the commercial buildings are interested, but they don't know where to go," said Holli

Baumunk, vice president of Economic Development for the Metro Denver EDC. "What we can do is get them hooked up with firms that can provide energy analysis, maybe at a discounted rate, or provide them with information. It will be an opportunity for us to see how it works." **(Rocky Mountain News)**

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Wrecking Ball to Swing for Southglenn Project

Developers begin demolition in earnest today of the former Southglenn Mall in Centennial, paving the way for The Streets at Southglenn. The 32-year-old mall at Arapahoe Road and South University Boulevard is slated to become an upscale suburban city by the summer of 2008. Under development by Greenwood Village-based Alberta Development Partners LLC, the \$360 million project will boast 300 condominium units above shops and restaurants, giving residents a city feel for \$100 to \$150 per square foot less than they'd pay in LoDo, said Alberta principal Don Provost. Centennial's City Council gave its nod to the project's master plan on June 5, and a demolition team is slated to start today with the former Dillard's store on the south side of the 70-acre property. Retail will take up just under 1 million square feet, and another 125,000 square feet will hold office space. The retail includes the only Southglenn tenants hanging around during construction - Sears and Foley's, which will become Macy's on Sept. 9. Alberta is in lease negotiations for about 80 percent of the shop and restaurant space and expects to announce the first batch of 20 or so tenants this fall, Provost said. While he didn't name new shops Wednesday, Provost did give a sense of what shoppers and residents can expect to see. The Streets at Southglenn expects to attract a mix of national and local retailers, he said, comparing the hoped-for lineup with Cherry Creek North's shopping district. In fact, he said, developers were talking to some of the stores in Cherry Creek North, especially women's apparel and furnishing stores. "It's a very easy project to lease, but a hard one to lease right," he said. "We'll do what's right, we'll take the next two years and make sure we get the right mix of local and national tenants." Alberta plans to sign a 16-screen movie theater, a bookstore, a large gourmet grocery and six upscale, sit-down restaurants with indoor and outdoor seating, he said. Fast-casual eateries and coffee shops also will have a presence. Buildings will have a traditional urban feel, and the 300 condo units will take up floors two through five in several of the buildings. The units will range in size from 800 square feet to 2,500 square feet and in price from the low \$200,000s to the high \$700,000s. They will include such amenities as pools, jacuzzis, fitness centers and concierge services. Listing agent Katie Everett of RE/MAX Classic New Home sales already has a list of 400 people who have expressed interest in moving to the new project. "Southglenn is a known geographic location - everybody knows where it is," she said. "Consumers I've spoken with have been telling me sweet stories, about how they used to take babies there and walk in strollers, and now the babies are in college." Southglenn was built in 1974 by longtime Denver mall developer Jordon Perlmutter & Co. In recent years, it had become an enclosed mall whose heyday was long past. By the time it closed earlier this year, only about half of its 910,970 square feet of space was occupied. Owner Walton Street Capital LLC, which paid \$52 million for the center in 1999, is partnering with Alberta on the redevelopment. Estimates call for the project to gross about \$6.3 million in sales tax in its first full year. Part of that, along with part of the property tax, will go to repay bonds that

will pay for some of the project's infrastructure, said city spokeswoman Nancy Reubert. Developers set up a separate metropolitan district to sell and administer the \$79 million in bonds it expects to sell later this summer. About \$24 million will go for administrative costs, fees and capitalized interest, with \$55 million going for capital improvements, said Alberta spokeswoman Kerry O'Brien. **(Rocky Mountain News)**

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Parking Rates Increasing

Workers who park in a garage on the corner of 15th Street and Tremont Place learned recently that the monthly parking rate would climb to \$150 from \$140. And they're not the only ones facing a price increase. Ampco System Parking, Standard Parking, Central Parking and others operating private lots and garages around downtown Denver recently have imposed rate increases - the first in roughly four years - amid stronger demand. An improving economy and the growth in the number of companies filling office space have meant more drivers in search of spots. Construction also has wiped out some of the supply, driving prices up. "Obviously when companies are laying off workers, we feel it," said John Conway, Ampco's manager in Denver. "The day somebody is terminated, they're in my office trying to cancel. On the other side of the coin, as office buildings start to lease up, we see it because these people need a place to park." He's talking about the office market, which is rebounding. The vacancy rate downtown dipped to 12 percent in the first quarter of the year from 13.6 percent a year earlier, according to CB Richard Ellis. At Ampco, part of ABM Industries, average monthly rates downtown have risen to between \$150 and \$155 from \$140, Conway said. Ampco, which has about 55 lots in downtown Denver, has bumped up daily rates \$1 to \$1.50. Four Standard Parking garages in Denver, meanwhile, moved monthly fees \$5 to \$10 higher beginning in early June, said Chris Conley, the company's local manager. Prices stalled between 2000 and 2005, but Standard was able to start raising prices in Denver last year and into 2006, he added. Standard has 25 garages in the city. Its daily prices have crept higher, too. It doesn't sound like a lot of cash, but workers already are dealing with higher gas prices, and the extra parking expenses add pressure. In many cases, employers, rather than workers, pick up the higher bill. Several people walking into the Standard Parking garage at 15th and Tremont on Monday said their companies pay. But the parking lot operators are businesses after all, and their goal is to maximize revenue and charge what the market will bear. For years, prices have been stagnant, the companies said. The parking companies said they tend to lose a few customers each time they boost rates but that most people accept the changes. In certain instances, the higher rates have more to do with supply than demand. At a Republic Parking lot near 20th Street and Broadway, prices rose after construction for One Lincoln Park, a high-rise condominium development in the neighborhood, eliminated parking spaces and reduced the options for drivers. The monthly rate there increased to \$90 from \$80, said Dana Klein, a Republic manager. Otherwise, Republic rates have remained steady for the most part, he added. "We haven't messed with them much," he said. However, the parking companies tend to move together, raising and lowering prices, based on the market conditions. In the past several months, Central Parking has boosted monthly prices in certain cases by \$5 to \$10 and daily rates slightly, said Lee Rock Cook, general manager. She said daily

rates often go up in garages to try to make space for monthly parkers. When tenants of buildings sign lease agreements, she said, they are entitled to a certain amount of spots for employees. "Now you see a lot of things happening in Denver, larger tenants moving in, and a lot of construction, which take those spaces out of the market," she said. While rates generally are up, those who drive to work downtown may see relief coming. Cook noted that the light-rail expansion eventually could translate into fewer motorists - and lower prices. **(Rocky Mountain News)**

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Residential Projects Booming in Downtown

Two key downtown residential projects -- the Spire and 1800 Market Street -- are close to breaking ground. They join more than a dozen other condominium and apartment projects downtown that are either in development or on the drawing board, including the \$140 million One Lincoln Park luxury high-rise development. Osborn Development Co., based in Denver, kicked off its 32-story One Lincoln Park project in March near two light-rail stations at East 20th Avenue and Welton Street. The groundbreaking was nearly a year ahead of schedule, due largely to brisk sales, developers said. The building should be finished by early 2008. The Spire, a \$110 million, 42-story condominium tower with more than 500 units at 14th and Champa streets, should begin construction by August, said Randy Nichols, president of Denver-based Nichols Partnership. It will take about two years to build the Spire, which will offer options ranging from affordable-housing units priced from \$165,000 to upper-floor condos costing more than \$500,000. Some 80 percent of all Spire condos will be priced below \$500,000, with most in the \$200,000 and \$300,000 range, Nichols said. "The big differentiating factor is that it's a lower price-point product," said Nichols, comparing it to some other downtown condo projects in the works. "[The Spire] is more for young professionals. Our target market is the 25- to 35-year-old who is working downtown and plays downtown in LoDo, and goes to games and does all the things that downtown has to offer." The timing was right to break ground on the Spire, Nichols said, because many other downtown residential developments are focusing on more expensive, empty-nester luxury condos. "I think it's a market that has just been sort of skipped over by the development community," Nichols said. One Lincoln Park, the first downtown high-rise condominium project to kick off in nearly a quarter-century, will feature 186 condos ranging from \$300,000 to more than \$3 million. Erik Osborn and his wife Angela, owners of Osborn Development, said they found the vision and inspiration for the five-sided building by traveling to Seattle, New York, Chicago and other cities known for impressive skylines. Brad Buchanan, principal of Buchanan Yonushewski Group in Denver, which is designing One Lincoln Park, said the unusual shape of the property -- it's bordered by Welton, Lincoln and 20th streets, Broadway and East 20th Avenue -- required a unique architectural design. One Lincoln Park will include 38 customizable tower residences or penthouses, with private lobbies and high-speed elevator access. Developers said one of the project's most desirable features will be a private terrace for each unit, ranging in size from 100 to 2,500 square feet. Meanwhile, Corum Real Estate Group, based in the Denver Tech Center, is preparing to break ground on its 1800 Market Street project. The 12-story project in Lower Downtown includes 514,000 square feet of combined retail space, luxury apartments and condos, said James Fitzpatrick, executive vice president for Corum Real Estate

Group. Groundbreaking likely would be late in the fall for the 1800 Market Street building, which will feature 85 for-sale condos and 210 apartments in a building "that will be made to look like multiple buildings," Fitzpatrick said. The Glass House, a combined project by Beaver Creek-based East-West Partners and Wood Partners, based in Marietta, Ga., has nearly 400 condominiums in side-by-side steel and glass towers at 1590 Little Raven St. in the Central Platte Valley. The 23-story south tower is scheduled for completion in December, while the north tower will be finished in early 2007. The sales office opened in April. "When you're inside, it's almost like you're outside," Chris Frampton, East-West Partners' vice president of sales and marketing, said of the Glass House's unique architectural design and wide-open views. The Glass House's one-bedroom condos start at \$360,000 to \$380,000, and two bedrooms are \$550,000 to \$570,000. Townhomes are priced from about \$600,000 to \$825,000, while penthouses start at \$875,000. Toronto-based Great Gulf Group's proposed \$165 million, 55-story residential tower at 14th and Lawrence streets has yet to announce a groundbreaking date, but its condos will be priced from about \$550,000. The luxury condo high-rise is being designed by Toronto-based architectural firm architectsAlliance, which also joined forces with Great Gulf on the 18 Yorkville high-rise residential project in Toronto, said Gary Switzer, executive vice president of Great Gulf. The 200-condo building in downtown Denver will include valet parking, a concierge, on-site recreational director and doorkeeper, among other amenities. Another project that includes 90 condominiums is the \$100 million W hotel, a Starwood Hotels & Resorts Worldwide Inc. chain development, which will be overseen by internationally known architect David Childs and is proposed for 18th and Chestnut streets near Union Station. Hotel Teatro developers Michael Bren-neman and Jeff Selby are proposing the 50-story Four Seasons hotel, which would include about 140 condos at the corner of Arapahoe and 14th streets. The Downtown Denver Partnership's 2005 year-end development summary noted that nearly 1,700 residences were in development downtown. **(Denver Business Journal)**

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Qwest Selling Downtown Office Building

Qwest Communications International Inc. is putting its service center building in downtown Denver on the market, a company spokesman said Wednesday. The 23-story, 700,000-square-foot building known as the Denver Service Center is located at 1005 17th St., between Arapahoe and Champa streets. Bob Toevs, a Qwest spokesman, said the telecommunications company obtained the property after it acquired [U S West](#) in 2000. About 1,500 Qwest employees currently work in the structure. Toevs said those workers will be transferred to other Qwest offices in the Denver area. Paul Keilt, a partner with [CRESA Partners](#) Denver, a tenant representative firm, estimates the cost of the building at \$150 a square foot, or \$105 million. He characterized the complex as a "B building" that has the potential to become an "A-minus building" with some renovation. The location of Qwest's Denver Service Center is central between Lower Downtown and Capitol Hill, making the facility a "good value play," Keilt said. The property also is coming onto the market at an opportune time. "A lot of tenants would love to move [downtown], but there are very few vacancies," Keilt said. He added the space would be ideal for an oil and gas company or a law firm since it is close to the federal courthouse. Toevs described the office as "under-utilized" and said Qwest was selling the site in part

because market conditions for downtown are favorable, and Qwest is looking to make more efficient use of its real estate. Keilt said Qwest attempted to sell the building in the past and retreated -- possibly because it was used as collateral for bonds. As the Baby Bell lowers and refinances its debt, Keilt said, the company's debt covenants may have loosened up to the point that it could sell the facility. The structure was built in 1977 by Mountain Bell, the region's phone provider prior to the divestiture of the old "Ma Bell" system in the mid-1980s. A bulk of Qwest's downtown employees work at the Qwest tower, a 52-floor building at 1801 California St. **(Denver Business Journal)**

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Employers Say They're in Hiring Mode

Forty-three percent of Denver-area employers expect to hire more employees from July through September, according to the latest Manpower Employment Outlook Survey, released Tuesday. Eight percent expect to reduce their payrolls and 49 percent expect to maintain current staff levels. "Denver-area employers have stronger hiring intentions than in the second quarter, when 38 percent of the companies interviewed intended to add staff, and 15 percent planned to reduce headcount," Manpower spokeswoman Sunny Ackerman said in a statement. "Employers are also more positive about hiring than they were a year ago, when 32 percent of companies surveyed thought employment increases were likely and 2 percent intended to cut back." Job prospects appeared strongest in durable and non-durable goods manufacturing, transportation/public utilities, wholesale/retail trade, finance/insurance/real estate and services. Employers in construction, education and public administration expected a mix of job gains and losses. Of the 16,000 U.S. employers surveyed, 31 percent expected to add to their payrolls during the third quarter, while 6 percent expected to reduce staff levels. Fifty-seven percent expected no change in the hiring pace, while 6 percent were undecided. **(Denver Business Journal)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	5.00	5.00	3.00
3 MONTH LIBOR	5.41	5.17	3.43
PRIME RATE	8.00	8.00	6.00
10 YEAR TREASURY	5.05	5.15	4.11
30 YEAR TREASURY	5.09	5.26	4.41