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A Denver Based Commercial Real Estate Investment and Management Company  
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### **Will Mixed-Use Dominate Development Landscape?**

Across the country, mixed-use developments are increasing in popularity as construction costs rise and more and more Americans search for convenience in their day-to-day lives. Within the last year alone, Property & Portfolio Research Inc. reports that some 5,500 mixed-use developments have entered the construction pipeline. The design concept has proven appealing to developers due to its potential for strong returns. Art Lomenick, managing director of Trammell Crow's High Street Residential subsidiary, remarks, "It's going to be the development pattern in the U.S. for decades to come. Mixed-use will eventually dominate the development landscape." The concept is far from new, as most U.S. downtown corridors have combined elements of offices, retail, and residential pretty much from the get-go. In more recent times, the promise of higher tax rolls has been the primary driving force behind the explosion of mixed-use projects in suburban settings. Not everyone is enthused, however, as some local governments remain leery of large-scale, mixed-use developments and some developers run up against community growth controls and higher infrastructure fees. **(Real Estate Forum)**

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### **AmeriVest Portfolio Brings \$273 Million**

AmeriVest Properties Inc., a Denver-based real estate investment trust, said Monday it would sell its portfolio of office properties for \$273 million. The buyers are Koll/PER LLC, a subsidiary of the Koll Co. of Newport Beach, Calif., and the Public Employee Retirement System of Idaho. The deal includes the assumption of about \$126 million in debt. AmeriVest serves small to medium-size office tenants. The sale is part of the company's liquidation plan that was approved by shareholders May 24. The sale is expected to close on a property-by-property basis beginning in mid-August. AmeriVest President and CEO Charles Knight said in a statement that the deal "is the culmination of an extremely successful and competitive marketing process, led by the Trammell Crow Co. We were very pleased with both the quality and the quantity of offers received for these properties. "We look forward to closing this transaction as quickly as possible and making our initial liquidating distribution to shareholders shortly thereafter." The estimated cash proceeds from the sale before closing costs and adjustments are expected to be approximately \$146 million, after repayment of mortgage debt. Based on the estimated sales proceeds, AmeriVest said it's revising its range of estimated cash distributions in liquidation to \$5.05 to \$5.35 per share. The previous range was \$4.20 to \$4.80 per share. The company said that, provided most or all of the property sales close in the next three months, distributions could begin by the end of the year. **(Rocky Mountain News)**

### **Investor with Tenant in Hand Buys LoDo Building, Plans Fixup**

An investor looking for opportunities in Lower Downtown Denver bought a largely vacant office building for \$5 million and brought a tenant with him. A limited liability company headed by Barry Hamilton purchased the building at 1730 Blake St. from Walters Properties LLC, which retained an interest in the property. MapQuest and HealthONE had vacated the 57,000-square-foot building, leaving it 80 percent vacant at the time of the sale, said Chris LaMee of Flanagan LaMee Real Estate LLC. But Valen Technologies, which is bursting at the seams in a building Hamilton owns at 1620 Market St., will relocate to approximately 12,000 sf on the third floor of the Blake Street structure, which will be remodeled to give it more of a LoDo feel.

**(Colorado Real Estate Journal)**

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### **Fed Reassurances Give Market a Lift**

Wall Street shot higher Wednesday after Federal Reserve Chairman Ben Bernanke soothed investors with his view that economic growth seems to be moderating and inflation remains contained. The Dow Jones industrial average gained more than 210 points, and Treasury bonds recovered from early losses to close sharply higher. Investors interpreted Bernanke's testimony before Congress as a sign the Fed is close to ending its streak of interest rate hikes. Bernanke told the Senate Banking Committee, "We think inflation is going to moderate," and said the Fed's previous policy actions, such as rate hikes, could still affect the economy. However, he hedged the inflation outlook by talking about risks that could send prices higher. Two government reports indicated the economy is slowing, with core inflation coming in lower than expected and new-home construction falling. Strong earnings from International Business Machines Corp., UnitedHealth Group Inc. and two of the nation's largest banks also bolstered stocks, which slumped last week on intensified violence in the Middle East. "The market has been in sell-off mode," said Jim Herrick, director of equity trading at Baird & Co. "Today, at least, the geopolitical issues are put on the back burner and the focus is on earnings and comments from Bernanke." **(Rocky Mountain News)**

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### **Real Estate Market Slowing**

Metro Denver's retail real estate market is "slowing just slightly," but still solid because of strong job growth, according to a midyear report by the Trammell Crow Co. The office and industrial markets continue to strengthen. A commercial real estate brokerage firm based in Dallas, the Crow company has a local branch in Greenwood Village. High gas prices, rising interest rates and high household debt have dampened the Denver-area retail sector somewhat, but not "to any great extent" because of new jobs, according to the Crow report. The area created more than 26,000 jobs last year, and another 30,000 to 35,000 new jobs are projected for

2006. "With the increased confidence that comes with a strong labor market, local households continue to shop," the report said. Consumer spending this year through April rose 8.3 percent in this area compared to the same period in 2005. While the retail real estate market had negative absorption of 130,225 square feet in the first quarter, it rebounded in the second quarter to have positive absorption of 48,665 square feet. But that still gives the market negative 81,560 square feet of absorption for the first half of this year. Positive absorption is the filling of vacant space, while negative absorption represents space vacated by occupants but not yet filled. Looking at retail vacancies, the southern submarket had the lowest vacancy at 3.7 percent, while the southwestern region had the highest at 10 percent. The overall vacancy rate as of the second quarter was 7.6 percent, but likely will move below that in this year's second half. Retail rental rates remained flat from the first quarter to the second at \$14.70 per square foot, but they were down nearly 2 percent from roughly \$15 at the end of 2005. Among the retail real estate market's highlights so far this year was the opening of the 540,000-square-foot Shops at Walnut Creek shopping center in Westminster, and AmCap Inc.'s \$97 million purchase of the 182,800-square-foot Clayton Lane area of Denver's Cherry Creek North retail district. The Clayton Lane sale was a record deal at \$531 per square foot. The Denver-area office market continued to gain momentum in this year's first six months, with vacancies declining in the second quarter. The office market is "on pace" to see 2.5 million to 3 million square feet of positive absorption this year, according to Crow. Local job growth also has helped the office market, translating into an increased demand for space. At midyear, the office market posted a 16.8 percent vacancy rate and 1.25 million square feet of absorption. Office rents averaged \$18.55 a square foot, with the central business district attracting the highest rent -- \$20.73 on average. Metro Denver's industrial real estate market -- including warehouses, distribution centers and flex space -- is recovering at "a measured pace," according to Crow. Vacancy rates continue to move slowly downward, and construction remains in check. The market's overall vacancy rate at midyear was 9.6 percent, basically unchanged from the first quarter. Crow expects vacancy rates to continue falling the rest of the year. Industrial rents are "inching upward," according to the report. The average asking rent for all classes of property was \$5.78 at midyear. **(Denver Business Journal)**

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### **Circle Capital Acquires Nine Office Buildings**

Nearly a million square feet of metro-area office space has changed hands in a deal the principals say tops \$100 million. Circle Capital Partners LLC, a Denver-based private real estate investment firm, on Wednesday said it had purchased part of CarrAmerica Realty Corp.'s Colorado asset base. The deal was done in conjunction with McLean, Va.-based JER Partners, a private equity real estate investment management company. The deal comes on the heels of the purchase of CarrAmerica's entire national real estate portfolio by New Jersey-based The Blackstone Group, a global advisory and investment firm. Blackstone is selling off part of the CarrAmerica portfolio in various cities, including some Denver assets. The deal includes nine office buildings totaling 900,000 square feet of office space in the metro area, including Harlequin Plaza, Dry Creek Corporate Center II and III, Quebec Court I, Quebec Court II and Quebec Centre. In a statement, Circle Capital

said the purchase price was known to be in excess of \$100 million. "We feel very blessed and privileged to be in partnership with such a sophisticated and astute investor like JER on this transaction," said Randall Clark, founder and CEO of Circle Capital. Circle Capital Partners in 2005 purchased the 2.2 million-square-foot Pratt office and industrial portfolio in Longmont for about \$145 million. Trammell Crow Co. will manage the properties. **(Rocky Mountain News)**

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### Colorado Employment at Record High

Colorado added 25,000 nonfarm jobs in June, pushing the payroll level to a record 2.289 million jobs, the Colorado Department of Labor and Employment said Friday. The increase was about normal for the month, with all industry sectors except government adding workers. On a sector-by-sector basis, professional and business services and construction enjoyed seasonal employment increases of 4,900 and 4,600, respectively. Trade, transportation and utilities gained 3,600 positions, while manufacturing, financial activities, and other services each added slightly more than 1,000. Government jobs fell by 7,500, mainly because of seasonal education cutbacks. Over the past year, the majority of job creation has been in three industries: Professional and business services, which has added 13,400 jobs; trade, transportation and utilities, which has risen by 8,400; and construction, which gained 7,400. Natural resources and mining has expanded by 15.8 percent since last June, making it the fastest-growing industry. But the sector remains one of the state's smallest, with 19,800 jobs, or less than 1 percent of total nonfarm payroll jobs. Colorado's seasonally adjusted unemployment rate remained steady at 4.5 percent in June, down from 5.1 percent in June of 2005. The national unemployment rate was 4.6 percent in June. In June, the U.S. Bureau of Labor Statistics reported that average hourly wages in the Denver-Boulder-Greeley metropolitan area were \$22.75 in June 2005, the latest month for which information was available. That was up from \$21.94 in June 2004. **(Denver Business Journal)**

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	<b>CURRENT</b>	<b>1 MONTH PRIOR</b>	<b>1 YEAR PRIOR</b>
<b>FED FUNDS RATE</b>	5.25	5.00	3.25
<b>3 MONTH LIBOR</b>	5.48	5.45	3.65
<b>PRIME RATE</b>	8.25	8.00	6.25
<b>10 YEAR TREASURY</b>	5.06	5.14	4.19
<b>30 YEAR TREASURY</b>	5.10	5.18	4.43