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Two Visions for a Landmark

One proposes to bury light-rail lines. The other wants to keep them above ground. One plans to build a hotel. The other mentions a downtown grocery store. Both are vying for the chance to turn Denver's aging Beaux Arts rail station into a signature, transit-oriented landmark. Details of plans filed by the two development teams competing for the \$1 billion redevelopment of Denver's historic Union Station were made public Tuesday, highlighting differences in vision for the 19.5-acre parcel of prime downtown property. Union Station Partners, led by Cherokee Investment Partners, stays true to the site's master plan, proposing to bury buses and heavy-, light- and commuter-rail lines below grade. It also proposes dividing the property into 12 parcels, which would be sold as stand alone development sites for hotel, residential, retail and commercial projects. "We're excited about our proposal," said Cherokee president Ferd Belz. "We really believe that we met all of the master-plan concepts. We're keeping all of the energy and excitement centered at Union Station." The second team, led by Continuum Partners and East West Partners, wants to keep the light-rail lines at grade and send the regional buses below ground, calling it a "financially achievable" way to overcome the project's significant financial hurdles by 2011. The Regional Transportation District has \$215 million in funding to route new light-rail lines into Union Station, thanks to the FasTracks expansion. But the chosen developer will be responsible for \$285 million more to bury the train and bus lines. Continuum and East West also plan to develop all the parcels themselves. Their proposal envisions a "dynamic, people-oriented place" that includes a retail mix featuring a grocery store and a diversity of housing options, including affordable units. A Continuum representative declined to comment on its proposal. East West did not return calls late Tuesday afternoon. The two plans will be posted online in the next few days at www.denverunionstation.org. The public will have an opportunity to discuss them in mid-September at a public hearing, said Liz Orr, the project's master developer executive director. A winner will be announced by early October. Bruce Alexander, president of Vectra Bank Colorado and a member of the advisory group overseeing the selection process, said it would be a tough choice. "You've got two world-class development teams," he said. "Either one could add great value to the project." Raleigh, N.C.-based Cherokee specializes in cleaning polluted sites and is redeveloping the site of the former Gates Rubber Co. in Denver. Denver-based Continuum developed Lakewood's Belmar residential and shopping district and is developing the Art House luxury townhomes in the Central Platte Valley. Avon-based East West is largely responsible for building the Riverfront Park neighborhood in the Central Platte Valley, which is adjacent to the Union Station site. **(Denver Post)**

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Gateway Opens New Round of Development

Gateway Park is gearing up for a new round of development that will include more than 400,000 square feet of office, industrial and retail product. The Pauls Corp., developer of the 1,300-acre park at Interstate 70 and Pena Boulevard, has started construction of a 44,107-sf single-story office building slated for delivery in first quarter 2007. The building is The Pauls Corp.'s first new development at the park in two years. Called Gateway VII, the building at 4347 Airport Way will be very similar to the last building completed, a 62,556-sf facility occupied by Lockheed Martin. **(Colorado Real Estate Journal)**

NY Group Pays \$60 Million for Maxtor Building

A New York investment group purchased the former Maxtor headquarters in Longmont for more than \$60 million. Seagate, which acquired Maxtor in May, occupies the 450,000-square-foot building on a long-term lease. FEIGA/Sandstone LP was the buyer. A joint venture of Dallas-based Invesco and Circle Capital Partners in Denver sold the property at 2452 Clover Basin Drive, which it acquired as part of its purchase of the 2 million-sf Pratt portfolio in Longmont last year. "I believe that the buyer is bullish on the recovering Longmont economy," said CB Richard Ellis broker Tim Swan, adding the recovery is being led in part by hard-disk-drive companies like Seagate, and biotech and biomedical companies, all of which have a strong presence in Longmont. **(Colorado Real Estate Journal)**

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Vacancy Rate for Area Apartments

Metro Denver's apartment-vacancy rate has reached its lowest level since 2001, as construction of new units continues to slow and rising interest rates discourage some potential homebuyers. The second-quarter vacancy rate was 6.9 percent, according to data released Wednesday by the Apartment Association of Metro Denver. The vacancy rate was 8 percent in the second quarter of 2005. "This signifies that the industry is moving to a more stable type of environment," said Gordon Von Stroh, a University of Denver management professor who compiles the quarterly report for the association. While new construction of rental properties has tapered off, experts said the decrease in the vacancy rate can also be attributed to trouble in the for-sale housing market. "Due to increases in foreclosures and interest rates, for-sale housing is becoming less attractive to some people," said Ryan McMaken, community-relations coordinator for the Colorado Division of Housing. Colorado notched the highest home-foreclosure rate in the country in the second quarter, according to RealtyTrac, a provider of foreclosure listings. People displaced from their homes often turn to rental properties. Average monthly rent for a two-bedroom, one-bathroom apartment in the metro area was \$813.30, up from \$793.93 the previous year, according to Wednesday's apartment-association report. While rental rates are up, many apartment owners continue to offer free rent, move-in discounts and other incentives. Such incentives will likely taper off if vacancies decline further, Von Stroh predicted. Builders have completed 284 new apartment units this year, continuing what has been a steady decline since construction peaked at 9,123 new units in 2002. Builders finished 2,517 new apartments in 2005. **(Denver Post)**

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Sun to Sell StorageTek Site, Move Workers to Broomfield

Sun Microsystems is selling its StorageTek facility in Louisville and moving workers to its Broomfield campus. While rattling off a list of real-estate changes throughout Sun, chief financial officer Michael E. Lehman said Tuesday that the 380-acre Louisville campus will be on the market, as the Santa Clara, Calif.-based computer networking company tries to consolidate its real-estate holdings and cut costs. "The Louisville, Colo., facility has been classified as held for sale," Lehman said during an earnings conference call. "We have plans to vacate that campus during the next nine to 12 months." The announcement is a change from official comments last month that the company would retain the site. Sun laid off 122 employees in Colorado last

month - the first phase of a reorganization plan designed to shrink its global workforce by up to 5,000. At the time, Sun spokeswoman Stephanie Hess said Sun was committed to Colorado and "not exiting the Louisville campus." In January, Sun also said it would relocate more than 1,000 workers to its Broomfield campus but not all workers. "It's a management decision," Hess said. "It's not just a Colorado plan, it's a global plan, so decisions are happening in real time." Hess said a value for the property has yet to be determined, as the campus isn't officially on the market. Louisville officials said the decision was anticipated, following Sun's \$4.1 billion acquisition of Storage Technology Corp. in June 2005. StorageTek is the largest employer in the city. Sun's 1,900 Louisville workers and manufacturing facility will be moved to buildings on the Broomfield campus that are unoccupied, said Hess. Sun has about 4,600 workers at its Louisville and Broomfield plants. Louisville plans to rezone the industrial site for commercial, retail and light residential use, said City Manager Bill Simmons. "Some of the space has been vacated for some time. It is not running for full occupancy," Simmons said. "The consensus was that industrial zoning was not something for the long term. We could redevelop it into a better gateway into the city with better uses for the property." Also during the conference call, Lehman announced the "closure and ultimate sale" of Sun's Puerto Rico manufacturing facility, which the company acquired in the StorageTek merger. **(Denver Post)**

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| | CURRENT | 1 MONTH PRIOR | 1 YEAR PRIOR |
|-------------------------|----------------|----------------------|---------------------|
| FED FUNDS RATE | 5.25 | 5.00 | 3.25 |
| 3 MONTH LIBOR | 5.49 | 5.50 | 3.69 |
| PRIME RATE | 8.25 | 8.00 | 6.25 |
| 10 YEAR TREASURY | 5.07 | 5.18 | 4.25 |
| 30 YEAR TREASURY | 5.13 | 5.21 | 4.46 |