

August 21, 2006

A Denver Based Commercial Real Estate Investment and Management Company
Contact Ken Gillis at 303-407-8715

Mack-Cali Selling Colorado Properties for \$195.3M

Mack-Cali Realty Corp. is selling its portfolio of Colorado properties for \$195.3 million. The Cranford, N.J., real estate investment trust (NYSE: CLI) said it's decided to focus on its holdings in the Northeast United States. Privately held Westcore Properties LLC of San Diego is the buyer. Westcore's portfolio is primarily in California. Mack-Cali said the deal is expected to close in the third quarter. The company's Colorado portfolio, in suburban Denver and Colorado Springs, consists of 19 office buildings measuring a combined 1.4 million square feet, 7.1 acres of vacant land and 1.6 acres of land used for parking. Properties in the Colorado portfolio include:

- Interlocken 1-A and 1-B in Broomfield, with a combined 74,870 square feet. The property includes a 27-hole golf course, tennis courts and jogging trails.
- 400 Inverness Parkway, a Class A office building in Englewood that measures 111,608 square feet, and the nearby 384 Inverness Parkway, which is 51,523 square feet.
- 8181 E. Tufts Ave. in Denver, a Class A office building that measures 185,254 square feet.

The Denver properties account for \$15 million in rental revenue, or 2.6 percent, while the Colorado Springs properties bring in \$2 million, or 0.4 percent of the rental revenue. "With our recent success in leasing up this portfolio to 96 percent, and along with the positive trends we've been seeing in the Denver office market overall, we determined that the time was right for this sale," Mitchell Hersh, Mack-Cali president and CEO, said in a statement. **(Denver Business Journal)**

...

Buckingham Square Closer to New Life

Plans for redeveloping the near-empty Buckingham Square mall into a mixed-use center at East Mississippi Avenue and South Havana Street are inching closer to reality. Miller Weingarten Realty LLC has purchased the 6.5-acre Mervyn's property and is in negotiations to buy the property owned by Dillard's, which recently relocated its store to the Town Center at Aurora. The real-estate firm already has a deal with owners of most of the rest of the 60-acre site. Construction could start as soon as the first quarter of next year and is expected to cost \$80 million to \$90 million to complete, said John Loss, executive vice president at Miller Weingarten. The company plans to bulldoze the entire mall except for the Target store, which would be incorporated into the redevelopment plan. The mall would be replaced by 350,000 square feet of retail space that would follow the current trend of outdoor urban-village- themed retail. Miller Weingarten is also working with a developer that would build about 400 units of for-rent housing. For-sale housing might also be built if market conditions call for it, Loss said. "We are very excited about the possibilities there," said Aurora Mayor Ed Tauer. The area "has a good chance of going from what is today an area of concern to a focal point." The redevelopment likely would involve some city financing, but the amount and type have not been determined. The mall

was constructed in 1972 but has suffered the fate of many indoor malls that have lost tenants and customers to more modern centers with highway access. Other metro-area malls razed for redevelopment include Villa Italia in Lakewood, Crossroads Mall in Boulder and Southglenn Mall in Centennial. The relocation of Dillard's from Buckingham Square follows the loss of Mervyn's, which last year left its anchor spot as part of a marketwide exit. Target remains open and serves as an anchor for the property, but it is not physically attached to the mall. The mall generated \$1.9 million in sales-tax revenue for Aurora in 2005. That was down from \$1.97 million in 2004 and \$2.27 million in 2003. Mildred Anderson, owner of For Your Glory Salon, said she had not been informed of the redevelopment plan. The salon is one of the mall's few remaining tenants and is on a month-to-month lease. Igor Tkac, owner of Igor's T-Shirts, is also on a month-to-month lease. While mall traffic is low, Tkac said he'll remain in the location as long as he can because of the low rent. **(Denver Post)**

...

Equity Office May Sell Tech Center, Downtown Sites

Denver's largest office landlord plans to sell the bulk of its properties in the area. Equity Office Properties owns six buildings downtown and nine in the Denver Technological Center that total 5 million square feet. It is considering selling all but two of its properties in the Tech Center - the Quadrant and the Metropoint buildings - and all but the Tabor Center downtown and the U.S. Bank Tower, according to sources in the Denver real-estate community. Tenants in those properties include The Denver Post, the Regional Transportation District, Lauren Diamonds and ESPN Zone downtown; and Century Communities and Earth Tech Inc. in the Tech Center. In a second-quarter earnings conference call Aug. 1, Equity Office president and chief executive Richard Kincaid announced that the company would exit the Atlanta market and sell select assets totaling up to \$2.5 billion in Chicago, Denver and northern California. Equity Office spokeswoman Terry Holt said the firm has not yet determined which Denver properties it will sell. "We're looking at a lot of different things, but specific plans will depend entirely on what pricing we can get," Holt said. "We're testing the market to see what the interest is in particular assets. That doesn't mean we would sell everything we're testing or that we would sell it tomorrow." The company has enlisted Mary Sullivan of CB Richard Ellis to market the downtown properties and Tim Richey and Mike Winn of Cushman & Wakefield for the suburban projects, according to sources in the real-estate community. Holt declined to confirm who the listing agents are. Sullivan declined to comment. Neither Richey nor Winn could be reached. Last fall, Equity Office hired Jones Lang LaSalle to market a vacant lot near the Tabor Center for development as a residential or hotel tower. Located at the southeast corner of 17th and Larimer streets, the site already has zoning that would allow for any use and has no height restrictions. But with plans in the works for numerous condo towers as well as Ritz-Carlton and Four Seasons hotels, developers are more interested in the site for office use, said Rob Link, executive vice president of Studley, a tenant-representation firm. Lease rates would have to increase to \$35 a square foot or more before Equity Office is likely to consider developing the site, Link said. The top current lease rates are about \$29 a square foot. During the conference call, Kincaid suggested that the vacant site near the Tabor Center no longer is for sale, saying the company still likes downtown

Denver. "At least, we have a great development site there," he said. **(Denver Post)**

...

Zoning Key to Future of StorageTek Site

As storm clouds began to gather behind the Flatirons on Wednesday, land broker Stew Mosko stood in a parking lot on the highest ground of the 430-acre former Storage Technology Corp. site he is selling and marveled at the view. "What big developer wouldn't want to develop here? It is such a beautiful site and such a perfect location," said Mosko, a broker with Fuller and Co. who is co-listing the former industrial campus for Sun Microsystems, which paid \$4.1 billion for StorageTek a year ago. Sun recently decided to sell the land and move the StorageTek operations to its Broomfield campus on the other side of U.S. 36. The biggest obstacle to selling the land is dealing with the Louisville City Council, which is perceived by some to be anti-growth and doesn't want more residential development, Mosko said. "But to get a tenant like an Ikea or a Whole Foods, they likely will have to agree to some more rooftops," Mosko said. But the mayor and some other city officials argue they don't want to see urban sprawl in Louisville. The city is facing a \$500,000 deficit this year because of a drop in retail sales. Mosko said the city needs more houses to attract more retail in an area where there is no shortage of stores, with the FlatIron Crossing regional mall across U.S. 36. The city also needs more diverse housing, he said, noting that it's a community of mostly single-family detached houses. Mosko said he will be shopping the StorageTek land to big high-tech companies that might want a campus there. But it is unlikely a company such as Microsoft, for example, would want it, "although we'll be knocking on their door," he said. The land is zoned for industrial, but "it needs to be zoned for mixed use," Mosko said. "This is 400 acres where people need to live, work, play, shop, worship and everything else you want to do right here. But the city of Louisville wants people to work and shop in Louisville, but they do not want you to live here." He said a portion of land near the Adventist Avista Hospital would be perfect for age-restricted, senior housing. Retail and commercial could be built near the U.S. 36 entrance, and a variety of housing could be spread throughout the land. In all likelihood, at least 100 acres would remain as open space, he said. Mosko said that Sun is not setting a price for the land. "They probably have one internally, but they haven't shared it with me," he said. But if the land sells for \$2 per square foot, which he said is not unreasonable, given that other nearby land has sold for more than \$3 per square foot, the land would fetch more than \$35 million. In addition, he estimates it would cost about \$5 per square foot, or \$8.5 million, to raze the 10 buildings with 1.7 million square feet on the property. There is only one building, a relatively new wellness center, which might be worth saving, he said. "No one is going to shed a tear for any of the buildings on the property," he said. Although it is too early to estimate how many square feet or the value of a completed development, in 2003, StorageTek, working with developer Catellus, came up with a master plan for the site that called for 1,080 residential units, 1.5 million square feet of office space and 500,000 square feet of retail. However, the plan was contingent upon annexing 80 acres of the StorageTek land into Louisville from Boulder County, and the council rejected the annexation. Louisville Mayor Chuck Sisk said the city has a population of 19,000 and that officials want it to top out at around 22,000 or

23,000. "We don't want to see urban sprawl," he said. "We want our residential somewhat contained." He said he told Sun that he would prefer that no houses be built on the campus. He said he doesn't buy the argument that the city needs more houses to attract retail. "Any retail would be a regional draw," he said, adding that most of the shoppers at FlatIron don't live in Broomfield. Sisk said the city's budget deficit is a short-term problem but Louisville will have to live with whatever happens to the former StorageTek site for a long time. He said residents would love to see a furniture store or a natural-food grocery store on the site. He also said he would like people to think outside the box and perhaps use a portion of the campus for bicycle races. Louisville City Councilwoman Sheri Marsella said she thinks a "very vocal minority" doesn't want houses on the campus. She said she thinks that the campus should be rezoned for a mixed-use development, which would include a variety of housing. "This is an amazing piece of property," Marsella said. "With its proximity to U.S. 36 and the Northwest Parkway, it has to be some of the most valuable ground in the metro area." Marsella said she is probably the most pro-growth of the council members. "But I'm only considered pro-growth in Louisville. In any other city, maybe other than Boulder, I would be considered quite conservative." **(Rocky Mountain News)**

...

	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	5.25	5.25	4.50
3 MONTH LIBOR	5.40	5.50	4.77
PRIME RATE	8.25	8.25	7.50
10 YEAR TREASURY	4.93	5.10	4.29
30 YEAR TREASURY	5.05	5.14	4.47