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### Stability is an Asset

Office rents are holding steady while one in five new office workers in Denver is employed by a technology company, according to a report released Monday by commercial broker CBRE. But even with such stats, the Tech-Thirty 2016, which tracks top office markets based on job growth, doesn't rank Denver very high. The city placed 24th out of 30 cities for highest job growth and 14th for rising office rents. And that's a good thing for Denver if it wants to be a destination for tech companies, said Alex Hammerstein, CBRE's senior vice president of tech and media practice group. "We're a stable market, whereas places like Phoenix, where you go from zero to second, there are huge growth swings," Hammerstein said. "In San Francisco, you have to consider the cost of occupancy. In Denver, we can pay less, and that's why we're starting to see a huge inflow from either coast." According to CBRE, Denver office rents averaged \$25.23 per square foot during the second quarter of 2016. In San Francisco, which ranked first for job growth and fourth in rising rents, it costs \$72.71 per square foot. The No. 2 city for job growth, Phoenix, ranked 16th for rents, at \$23.61 per square foot. According to the Tech-Thirty report, the number of tech jobs in Denver grew 10.1 percent from 2013 to 2015. The city added 5,361 net new tech jobs, or 20 percent of all the new office jobs in the area. While stability has helped Denver attract expanding coastal companies, scoring a headquarters has been much rarer. Last month, disaster-recovery-equipment provider Agility Recovery said it would move its headquarters from Charlotte, N.C., to Denver, where it has more than 100 employees. E-mail service SendGrid is in the process of moving its headquarters to Denver from Boulder. But Hammerstein said that other companies, like Amazon, are looking in Denver for office space. "We've seen a lot of doubles, triples and singles — companies on both coasts that open a small office in Denver like in WeWork or Galvanize. The huge corporate relocations, a lot of that comes down to the economic development folks. We have the labor base and the office market is available. We have everything from a real estate perspective," he said. "We're poised for the home run." **(Denver Post)**

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### Real Estate in the Era of a Property-Owning President: Gadfly

Electing a real estate mogul as president is great news for U.S. real estate, right? Maybe yes. Maybe no. Donald Trump has said he would increase the tax rate on "carried interest," the income that currently flows as lower-taxed capital gains to private equity partners and some other investment fund managers -- such as those who oversee real estate funds. A more onerous tax rate on property fund managers could dampen deal flow for that sector of the market. But Trump has also offered a conflicting proposal for a new tax rate for business partnerships -- which potentially could also include property fund managers -- that would decrease their rates from 23.8 percent to 15 percent. (The standard income tax rate everyone else pays tops out at about 40 percent). What Will Trump Do? Who Knows? Here are fund managers most likely to be affected the greatest by either change, based on their large North American real estate holdings: Like-kind exchanges, a process that allows commercial real estate owners to defer taxes from property-sale profits as long as they reinvest them in other properties, will likely continue under Trump. Though

Trump has no official policy on these exchanges, he has been in favor of them in the past and may have used them himself. Like-kind exchanges could theoretically be used repeatedly to indefinitely stave off taxes on real estate gains. Each year hundreds of thousands of property purchases use this benefit, according to the Internal Revenue Service: While some of Trump's policies might be friendly to commercial real estate owners, his harsh rhetoric about foreign trade could be bad for real estate overall. Both the International Monetary Fund and the Organisation for Economic Co-operation and Development have recently warned against protectionist policies since they can cause other nations to turn inward and decrease international investment. Foreign investment is more important than ever to U.S. commercial real estate (and Trump himself has benefited from foreign investment throughout his own business career). Last year was a record for foreign investment in U.S. commercial properties -- with cross-border spending nearing \$100 billion -- according to real estate research firm Real Capital Analytics. That's 18 percent of total U.S. commercial real estate spending, up from a four-year average of 10 percent. **(Bloomberg)**

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### **Real Estate Developer Buys 40 Acres in Central Denver for Industrial Space**

Prologis Inc. has acquired 40 acres of land in central Denver with the intent of building new industrial space there. The parcel is located at roughly 60th Avenue and Washington Street, just north of where Trammell Crow Co. is building more than 1 million square feet of industrial space on the site formerly inhabited by the Asarco Globe Plant. Prologis is one of the world's largest industrial real estate owners. It formerly was based in Denver prior to a merger with what was then AMB Property Corp. It is now headquartered in San Francisco but retains significant operations in Colorado. It has been busy building new industrial space on its land in east Denver, but this is the company's largest land acquisition in 2016. "Prologis has been looking for a central Denver project for a long time, and now we feel we have one of the best sites available to provide our local customers an alternative to the northeast submarket" said Wayne E. Barrett, vice president and Denver market officer for Prologis. Commercial real estate firm Cushman and Wakefield handled the transaction. "This acquisition by Prologis is a huge win for Denver's business community," said Matt Trone, managing director at Cushman. "Prologis has a strong reputation, both locally and nationally, as a top-tier service provider for industrial space occupiers. Their acquisition of 6030 Washington and the subsequent development provides an in-demand product to the Denver metro area and I'm extremely happy to see Prologis taking on the task." **(Denver Business Journal)**

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### **Startup ParkiFi Will Make its Debut in Downtown Denver**

Denver is slated to be the first city to get a taste of technology that helps drivers find available parking downtown in real time. Local startup ParkiFi plans to unveil its consumer app and start service in private parking lots in downtown Denver's core on Nov. 15. "Multiple

places have thought about doing it, talked about doing it, but nowhere yet has a system like ours hit the ground running,” said Ryan Sullivan, co-founder and CEO. ParkiFi will expand the app and its network of sensors at some point between Jan. 1 and March 30 to include on-street metered parking spots and allow parking payment from directly within the app, too, he said. ParkiFi uses magnetic-field sensors to monitor what parking spaces are available, then helps users’ smart phones find them using Google Maps and turn-by-turn directions. The startup, a little over two years old, has been testing its technology in surface lots and garages in downtown Denver and Boulder using small sensors that detect a car’s arrival and departure. The 35-employee company has sensors under the pavement in 529 parking lot spaces now and plans to add more than 150 new spaces per month to quickly spread in its debut area stretching from Union Station to Broadway between 14th and 20th streets. “There should not be more than a couple-block radius where there won’t be spots on the app,” Sullivan said. “You’ll see the whole core of downtown.” In an effort to drum up adoption, ParkiFi is giving away up to \$75 in free parking credit to early adopters who sign up on the ParkiFi website and refer the service to other users. It’s also making Larimer Square street parking in front of its new offices free during a launch event Nov. 18-20. “Basically we want to get as many people as possible using ParkiFi and getting some free parking in the process,” said Leslie James, product marketing manager. Sullivan and co-founder Rishi Malik, ParkiFi’s head of technology, are both former employees of SendGrid. They came up for the idea of ParkiFi when circling downtown blocks looking parking near SendGrid’s office. The app is powered by a software algorithm that assesses how often a space is used, the time of day, historic turn-over data, weather, nearby scheduled events and other data to arrive at a confidence score that an available space will still be open by the time a driver can drive to it, Sullivan said. ParkiFi is in talks with 10 other cities and is assessing which would be the best couple of metro areas to expand into, Sullivan said. But that’s likely after ParkiFi has worked out the wrinkles in downtown Denver and expanded to another part of this metro area, such as downtown Boulder or the Cherry Creek area, he said. **(Denver Business Journal)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
<b>FED TARGET RATE</b>	.50	.50	.25
<b>3 MONTH LIBOR</b>	.88	.87	.36
<b>PRIME RATE</b>	3.50	3.50	3.25
<b>10 YEAR TREASURY</b>	2.15	1.74	2.32
<b>30 YEAR TREASURY</b>	2.94	2.47	3.08