April 18, 2016

Cypress Real Estate Advisors Expands its Denargo Market Holdings

A Texas real estate firm this week closed on a $6.3 million deal to plug a hole in its RiNo land holdings. Denargo Market developer Cypress Real Estate Advisors bought the American Medical Response (AMR) building at 2901 Broadway. The acquisition fills in a 1½-acre gap in the Texas-based company’s assemblage at Denargo. The deal closed Tuesday and the sale price came to about $100 per square foot of land. The site has a 29,000-square-foot warehouse building that houses AMR, a private ambulance operator. Blake Polk, property manager at AMR, said the company is under lease at the property and has no immediate plans to move out or relocate. The site is virtually surrounded by land that Cypress either currently or formerly owned. North on the other side of Wewatta Way is the Marq at RiNo, a 300-unit apartment complex Cypress developed, then sold for $72.5 million last year. Cypress has another, larger complex under construction right next door. Cypress sold a small parcel just east of the AMR building to a group managed by Brue Capital Partners last year as part of a deal that includes a cluster of larger Denargo Market parcels. Cypress still owns a 2½-acre parking lot west of the AMR building. Denargo Market is a former marketplace just off of the Union Pacific Railway, roughly bounded by Brighton Boulevard, 29th Street, Arkins Court and Denargo Street. According to the Denver Library’s website, Denargo boasted upwards of 500 merchants at its height. Cypress is the master redeveloper at the site and has been buying, developing and selling chunks of Denargo Market for the better part of a decade. The River North complex could hold more than 2,000 residential units as well as office and retail space. **(BusinessDen)**

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Metro Denver's Unemployment Rate at 3.3%

Metro Denver's unadjusted unemployment rate was 3.3 percent in March, just a bit up from 3.1 percent in February, according to the raw county jobs estimates released Friday by the Colorado Department of Labor and Employment. The 3.3 percent-unadjusted jobless rate is for a 10-county area that includes Denver, Aurora, Lakewood, Broomfield and Centennial, but not Boulder County. Boulder County's unemployment was 2.9 percent in March, slightly up from February’s 2.7 percent. The slight increases are nothing to be alarmed about, said the state’s chief economist, Alexandra Hall. “Little differences are not indicative of economic change,” she said. “You have to watch it over time and see in general what direction it’s going compared to the historical numbers.” For example, metro Denver’s unemployment rate last March was 4.4 percent. A survey of households in the 10-county Denver area (not including Boulder) showed total employment at 1,475,894 in March (including the self-employed and farm workers), with 50,162 unemployed people actively seeking work. In Denver alone, the March unadjusted jobless rate was 3.3 percent, up from 3.1 percent in February but down from 4.5 percent last year at this time. Hall said initial unemployment claims in Denver are slightly higher at 1,220 in March compared to 1,093 last March. However, employment in the 10-county metro Denver has increased by 49,694 over the last year, CDLE said. Only two areas in the state are struggling – Grand Junction with an unemployment rate of 5.9 percent and Greeley with 3.7 percent, Hall said."Greeley was and is hard hit by low oil prices," she said. Through March there were 26,700 Colorado payroll jobs in mining and logging – a category that includes oil and gas. That is compared to its peak at 35,800 payroll jobs in December 2014."That is quite a drop for such a small sector," Hall said. However, there are fewer initial unemployment claims in the oil and gas sector this March at 426 compared to 559 in March 2015. "Fort Collins, right next door, is growth strong," Hall said. "That is helping those who lost jobs." Elsewhere in Colorado, March's unadjusted jobless rate was 3.1 percent in the Fort Collins-Loveland area, and 4 percent in the Colorado Springs area. Unlike the statewide job numbers, also released Friday, the county and metro-area numbers are not adjusted for normal seasonal job fluctuations and are therefore not considered directly comparable to the adjusted state data. **(Denver Business Journal)**

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Denver Office Vacancy Rate Hits Lowest Level Since 2000

The office vacancy rate in Denver in the latest quarter hit 12.1 percent, the lowest it's been since 2000. That's according to a new report by CBRE, which indicated that direct average asking lease rates rose to a record $25.10 per square foot, up 6 percent from a year earlier. According to CBRE, there is more than 110 million square feet of rentable area in the Denver market, with more than 538,000 square feet absorbed in the latest quarter. The tightest areas in the Denver area include Boulder, with a vacancy rate of 5.6 percent, and Capitol Hill, with a vacancy rate of 6.4 percent. "While the depressed energy industry is the primary reason for increased available sublease space Downtown, industries such as financial services, healthcare and technology are backflling tenant demand in the market, which will hedge available sublease space in 2016," CBRE wrote in Denver Office Market View First Quarter 2016 report. In a separate report, CBRE said there might be some worries about the area's collapsing energy industry, but added "while this has impacted sublease office space and employment in Denver, the larger picture is that energy companies occupy only about 5 percent of metro Denver office space and employ just 1.1 percent of the labor force." A bigger problem, according to CBRE's Denver Market Outlook 2016 report, is the city's very low unemployment rate. "On average, companies have to post a job nine times before they fill the position. Engineers and skilled trades people are lacking in the potential labor pool across Colorado and the U.S. The continued attraction of talent (both homegrown and from in-migration) will be important to expanding our employment base and economic activity in general," CBRE wrote. **(Denver Business Journal)**

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Foreign Buyers of U.S. Real Estate: By the Numbers

It's no secret that foreign investors, from sovereign wealth funds to insurance groups, have been eager to park their money in U.S. commercial real estate lately. A new report from commercial real estate services firm Newmark Grubb Knight Frank breaks down exactly how much money was spent, who was spending it and what they were spending it on in recent months.

•Foreign buyers invested more than $85 billion in U.S. commercial assets over the past 12 months;

•Year-to-date in 2016, international capital sources spent a total of $19.1 billion on U.S. commercial real estate;

•Chinese investors led the total acquisition volume year-to-date, with $7.68 billion, with Canada a distant second at $1.22 billion;

•For the past six years, Canada has been the biggest source of foreign capital in U.S. commercial real estate. From the first quarter of 2015 through the first quarter of 2016, Canadian investors spent $27.9 billion on U.S. commercial assets;

•A disproportionate volume of foreign money (22.0 percent) has been placed into assets in New York City, with the greatest volume of Chinese, German, South Korean and Japanese funds going to properties in Manhattan.

•The outliers included investors from Singapore, who showed a preference for properties in Los Angeles and Phoenix, Swiss investors, who spent the most money in Portland, Ore., and investors from the U.K., who favored Philadelphia.

•By total volume of foreign funds invested, the closest contenders to New York City were San Francisco/San Jose, at 7.6 percent, and Los Angeles, at 5.1 percent.

•In recent months, however, foreign investors have been increasingly purchasing properties in secondary markets, with Charlotte, N.C. experiencing the most significant increase in transaction volume in the first quarter of 2016, at 29.8 percent. **(National Real Estate Investor/Elaine Misonzhnik)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED TARGET RATE	.50	.50	.25
3 MONTH LIBOR	.63	.64	.28
PRIME RATE	3.50	3.50	3.25
10 YEAR TREASURY	1.76	1.90	1.89
30 YEAR TREASURY	2.56	2.71	2.58