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Amazon Opening First Colo. Facility

Online retailer Amazon has selected the Majestic Commercenter in Aurora for its first brick-and-mortar business center in Colorado. The company has begun hiring for a package sorting center expected to occupy the 452,400-square-foot Building 29 in the massive industrial park south of Denver International Airport. Amazon.com has tapped the city of Aurora and the Majestic Commercenter to park its first Colorado facility. Five miles south of Denver International Airport, the 452,400-square-foot facility will be a sorting center, where sealed packages arrive and are then sorted by ZIP code for delivery to local post offices. "We are hiring for hundreds of associates for our new package sortation center in Aurora," Amazon spokeswoman Ashley S. Robinson confirmed in an e-mail Monday. She said the new facility is at 19799 E. 36th Drive in Aurora, also known as Majestic Commercenter Building 29. The move comes two months after the Seattle-based online retailer began charging Colorado residents sales tax on their purchases. It fueled speculation that the company had established a business presence in the state. In a full-page ad in Sunday's Denver Post, Amazon said it was hiring part-time fulfillment associates for its Aurora facility. The company also created an online Denver job portal, which said future employees would "sort, pack and ship customer orders." The positions start at $13 per hour. "Aurora's location, workforce and business-friendly environment were key ingredients in attracting the world's largest e-commerce retailer to our city," Aurora Economic Development Council president and CEO Wendy Mitchell said. Robinson clarified that these advertised jobs are only for the sorting center. While hiring has begun, no opening date was available, she said. The Majestic Commercenter is a 1,500-acre business park that also houses hubs for FedEx and the Postal Service. Majestic Realty last year began construction of Building 29, saying it expected to complete the speculative warehouse and distribution center by Nov. 1, 2015. After getting stung by UPS shipping delays during the 2013 Christmas season, Amazon began opening intermediary facilities to better control the delivery process. Last year, it bought a fleet of trailers to move packages between facilities, which helps Amazon rely even less on FedEx, UPS and other carriers. Amazon also operates large fulfillment centers in more than two dozen states scattered mostly along the coasts. Since late March, Amazon has announced plans to open at least three more fulfillment centers, each creating 1,000 full-time jobs. Those include an 800,000-square-foot facility near Kansas City in Edgerton, Kan.; a 1 million-square-foot center in Haslet, Texas, north of Fort Worth; and its seventh in California — a 1.1 million-square-foot center in San Bernardino. Sortation centers tend to be smaller, at around 200,000 to 300,000 square feet, according to logistics consulting firm MWPVL. But they are also in cities that already have fulfillment centers. Robinson did not share whether the new Aurora site also will have a nearby fulfillment center, as is the case with sortation centers in Seattle and 15 other locations. Amazon's expansion into Colorado is "to better serve customers, and this facility will enable faster delivery time," Robinson said. In Kent, Wash., an Amazon sortation center cut delivery time by nine hours so customers could still get two-day delivery if they ordered by 11:59 p.m., instead of the previous 3 p.m., according to a story in The Seattle Times. It also enabled Sunday delivery. State Office of Economic Development and International Trade spokeswoman Holly Shrewsbury confirmed that Amazon officials "engaged our office to talk about tax environment and real estate options," adding that Amazon did not receive any financial incentives. In November, Majestic Realty Co. acquired 530 acres to expand the business park. The park has 3.5 million square feet of industrial space and the ability to hold 12 million square feet in warehouse and distribution facilities. At the time, Majestic Realty executive vice president Randy Hertel said “e-commerce is driving the commercial real estate industry in ways we’ve not seen before. We’re seeing greater demand in the 1 million-and-up-square-foot range with land requirements and tenant improvements slightly different than the traditional warehouse and distribution building.” Hertel declined to comment Monday. The Denver industrial market saw “record levels of development” in the first quarter this year, according to a report by CBRE, a commercial real estate agency. Approximately 4.4 million square feet of projects are in development, with more than half near the airport. Construction on industrial projects is 52 percent greater than the previous peak of second quarter 2007. About 80 percent of the activity is speculative, according to CBRE. **(Denver Post)**

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Fed Leaves Rates Unchanged, Signals Openness to June Increase

Federal Reserve policy makers signaled they’re open to raising interest rates in June, nodding to improvement in global financial markets and downplaying recent weakness in the U.S. economy. The Federal Open Market Committee omitted previous language that “global economic and financial developments continue to pose risks,” instead saying officials will “closely monitor” such developments, according to a statement released Wednesday following a two-day meeting in Washington. The Fed left its benchmark interest rate unchanged. “Labor market conditions have improved further even as growth in economic activity appears to have slowed,” the FOMC said. “Growth in household spending has moderated, although households’ real income has risen at a solid rate and consumer sentiment remains high.” The committee reiterated that it will probably raise rates at a “gradual” pace. Extending a hold since raising interest rates in December from close to zero, the committee said that inflation has continued to run below the Fed’s 2 percent target, and market-based measures of inflation compensation remain low. Officials omitted an assessment of whether the risks to the outlook were balanced or not for the third straight meeting. After saying in December that risks were “balanced,” policy makers removed the so-called “balance of risks” in January amid financial-market turmoil. Minutes from the March meeting showed that “many” officials saw the global situation posing downside risks to the U.S. economy. Esther George, president of the Kansas City Fed, dissented for the second meeting in a row, repeating her preference for a quarter-point increase instead of voting to leave the federal funds rate’s target range at 0.25 percent to 0.5 percent. Fed Chair Janet Yellen isn’t scheduled to hold a post-meeting press conference. Spurred largely by robust jobs growth, Yellen closed 2015 by leading the FOMC to its first rate rise in almost a decade and declaring her expectation for a “gradual” pace of additional hikes this year. Despite continued strength in the labor market, the committee balked at another move in January and again in March amid worries that weak global growth and turbulence in financial markets might harm the U.S. economy. Markets have since calmed and inflation has showed signs of rising closer to the central bank’s 2 percent target, but growth in the U.S. has slowed. “Since the beginning of the year, the housing sector has improved further but business fixed investment and net exports have been soft,” the FOMC said. The committee reiterated that a “a range of recent indicators, including strong job gains, points to additional strengthening of the labor market.” GDPNow, the Atlanta Fed’s measure of economic growth, estimated first-quarter expansion at an annual rate of 0.6 percent, as of Wednesday. Growth in the last quarter of 2015 was also weak, at

1.4 percent on an annualized basis, according to the Commerce Department, which releases preliminary first-quarter figures Thursday for gross domestic product. In quarterly forecasts submitted in March, the median projection from FOMC members was for two quarter-point interest-rate increases in 2016, down from the four projected by the median forecast in December. In contrast, prices for federal funds futures contracts before the FOMC statement implied that investors expected just one move this year, and not until September at the earliest. Some Fed officials have worked to lift market expectations in recent weeks. Boston Fed President Eric Rosengren, an FOMC voter this year, said April 18 that raising rates at the pace predicted by markets would risk pushing unemployment too low and inflation too high. Rosengren is known for advocating a slower approach to rate hikes than most of his policy-making colleagues. **(National Real Estate Investor/Christopher Condon)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED TARGET RATE	.50	.50	.25
3 MONTH LIBOR	.64	.63	.28
PRIME RATE	3.50	3.50	3.25
10 YEAR TREASURY	1.83	1.82	2.05
30 YEAR TREASURY	2.66	2.64	2.75