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Office

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Highlands Ranch building sells to local partnership for \$7.25m

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A single-tenant office building in the middle of Highlands Ranch was picked up by a local partnership for \$7.25 million. A general partnership of Denver-based Central Development purchased the 61,850-square-foot building at 8878 Barrons Blvd., just south of C-470 between Lucent Boulevard and Broadway.

"We thought it was a great value. It's \$117 a square foot. If you look at the replacement cost, especially in that great submarket of Highlands Ranch, you can't duplicate it," commented Central Development principal John Records.

Reed Business Information occupies the entire two-story building on a long-term lease. The tenant is the business-to-business division of global publisher and information provider Reed Elsevier.

"We really like the southwest submarket," said principal Jeremy Records of Central Development, which is developing Littleton Ridge at SouthPark, a six-building medical office project nearby. The submarket is characterized by lower vacancies and higher rental rates and stood up well during the office market's recent downturn, said Records. It's also close to where a lot of the decision makers live and to Lockheed Martin, which continues to expand, he noted.

Van Schaak Holdings sold the property. The building, which piqued the interest of numerous local investors, was built in 1994.

Fuller Real Estate brokers R.C. Myles and Dan Miller represented the seller in the deal.

Central Development is a Denver-based commercial real estate development and investment

company with more than \$60 million worth of development projects under way. Its projects include a planned 15-story, 200-room hotel at the historic Cable Building in downtown Denver and a new industrial/flex development at Lakemont Center in Wheat Ridge.

Other News

Global Technology Resources Inc. leased 18,500 square feet of office space at Broadway Station at 900 S. Broadway in Denver.

The computer company will occupy space on the fourth floor of the building.

Frederick Ross Co. brokers Darrin Revious and Todd Silverman represented the tenant. Jason Addlesperger and Tom Lee, also of Frederick Ross, represented the landlord, the Lionstone Group, in the five-year deal.

Decatur 450 LLC bought an 8,000-sf office building at 450 Decatur St. in Denver for \$780,000, or \$98 per sf.

Alimorra LLP was the seller.

Scott Peterson of Ringsby Realty Corp. was the listing broker. Brad Cohen of Transwestern Commercial Real Estate Services represented the buyer.

Office investment activity and sales prices were strong in the first half of the year, but recent turmoil in the commercial mortgage-backed securities market has stalled some deals, according to CB Richard Ellis Co.

Volatility in the CMBS market also has caused an uptick in cap rates, which had been steadily declining since 2003. They averaged 6.5 percent in the first half of the year, according to CBRE's MarketView report on the Denver office investment market.

The average price per sf for Denver office investments was \$159 in the first half of the year, compared with \$129 in the second half of 2006. "Denver average prices have historically been well below the national average, but the recent price spike reflects the rising optimism in the Denver economy," the report stated.

The Denver office condominium market also has been healthy, with an 89 percent increase in unit sales over the last 12 months, according to Sheldon-Gold Realty Inc. There were 87 condo sales from July 1, 2006, through June 30, compared with 46 during the same period in 2005-2006, according to research the company compiled through Colorado Comps.

The average price per sf increased from \$131 to \$163, while the average size of units sold dropped

from 2,388 to 1,422 sf. Approximately 63 percent of the condos sold were 1,422 sf or less.

The statistics are for condominium projects south of Colfax Avenue and east of the mountains.