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GREEN BUILDING

Downtown hotel sells for \$58.5 million

by Jill Jamieson-Nichols

A real estate investment trust bought the Hilton Garden Inn Downtown Denver for \$58.5 million, or \$264,705 per key.

The 221-room hotel across the street from the Colorado Convention Center sold to Apple Ten Hospitality Ownership Inc., part of a private REIT of Richmond, Va.-based Apple Real Estate Investment Trust Cos. Stonebridge Cos., which developed the hotel at 1400 Welton St., was the seller.

Apple is confident in the asset's investment potential and the growth potential of Denver, said Senior Vice President and Director of Acquisitions Sam Reynolds. Its REITs own five other hotels in the Denver metro area.

The 12-story Hilton Garden Inn was completed in 2006. Pi Kitchen + Bar and Daz-Bog Coffee occupy spaces on the street level of the hotel, which includes structured parking, meeting space, an indoor pool, and fitness and business facilities.

"There is a lot of investor interest, especially for hotels that are generating good cash flow," said Mike Cahill, chief executive officer and founder of HREC, which was not involved in the transaction. "I think it also shows significant investor interest in downtown Denver as a market. National hotel investors very much like

downtown Denver as a place to invest."

With downtown evolving as a "compact 24-7 destination," the hotel has the advantage of drawing not only business and convention travelers, but also leisure travelers, Cahill said. "It's a very well-balanced submarket within Denver, and investors like that," said Cahill.

The Hilton Garden Inn Downtown Denver was acquired by Apple REIT Ten, a \$2 billion offering formed earlier this year. Other Apple REITs own the Marriott hotel in Boulder, the Hilton Garden Inn in Highlands Ranch, a Hampton Inn in Lakewood, Hampton Inn & Suites in Cherry Creek and Residence Inn in Highlands Ranch.

Just prior to selling the Hilton Garden Inn, Englewood-based Stonebridge Cos. bought the former Xcel Energy building just across the street at 550 15th St. for \$9.4 million. It hasn't determined its plans for the 240,431-square-foot property, according to Tommy Nigro, development and portfolio manager.▲



Headquarters buildings trade

An investment group led by Northstar Commercial Partners purchased neighboring corporate headquarters buildings at Denver West in Golden. The buildings are occupied by Safeco Corp., above, and Boston Market. (See Page 8AA.)

Local investor acquires the Courtyard apts.

by Jennifer Hayes

A Denver apartment property with upside sold to a locally based buyer eager to acquire the community before another investor could.

R Investments RLLP paid \$9.1 million, or \$46,192 per unit, for the 197-unit Courtyard apartments at 5100 Leetsdale Drive.

The all-cash acquisition, which represents the highest-priced and largest-sized community in R Investments' local apartment portfolio, closed in 30 days.

"I am certain if we had gotten the opportunity to go to market with the asset, we would have procured around 20 to 30 offers," said Marcus & Millichap's Greg Price. Instead, Price and Marcus & Millichap's Brian Haggar found a buyer almost instantly after they were awarded the listing of the 1973-built community and another brokerage firm made an offer to purchase the asset.

The buyer saw a value-add



The 197-unit Courtyard apartments sold for \$9.1 million, or \$46,192 per unit.

opportunity there and the location just outside of Cherry Creek was attractive, added Price.

While the Courtyard features a "first-class" physical condition with new roofs and exterior improvements, only a portion of the apartments have been updated. R Investments plans to update the apartments at the Courtyard with new kitchens and baths, includ-

ing granite counter tops, for example, as well as do a full common-area renovation and add a computer room and a fitness facility, said Price.

The Courtyard comprises 141 one-bedroom, one-bath units and 56 two-bedroom, one-bath units in four four-story buildings. At the time of sale, the Courtyard was 95 percent occupied.

The community features a

laundry room, heated swimming pool, and covered and open parking.

Price and Haggar represented the seller, an out-of-state family corporation, in the deal. The buyer did not have representation.

Previously, Price represented the seller of the 69-unit Cinnamon Ridge apartment community, which R Investments purchased for \$2.78 million.▲

Office

Denver West headquarters buildings fetch \$11.48m

by Jill Jamieson-Nichols

Neighboring, fully leased corporate headquarters buildings in one of the tightest office submarkets in the Denver area sold to a local investment group for \$11.48 million, or \$76 per square foot.

Denver West LLC bought Safeco Insurance Corp.'s regional headquarters at 14123 Denver West Parkway in Golden and the Boston Market world headquarters building at 14103 Denver West Parkway. Prudential Insurance Company of America was the seller.

Denver West LLC is led by Denver-based Northstar Commercial Partners.

"It's an example that there are great pearls to be found in this market environment by staying focused," said Northstar President R. Brian Watson. The deal presented a "phenomenal" opportunity to buy investment-grade assets below replacement cost in a supply constrained market, he said, adding the vacancy rate for standalone Class A office buildings the west Denver submarket is well below 5 percent.

The four-story Safeco building totals 88,161 sf. Boston Market's headquarters comprises

62,958 sf. Both tenants are on long-term, staggered leases.

Located on 9.55 acres at Denver West Office Park, the buildings were built in 1995 and 1996.

"We feel that they are probably near the top tier of the market out there in terms of their quality," said Watson. "We really like the demographics of the Denver West marketplace," he added.

"We're looking for quality properties, and this fit that criteria," said Stephen Tebo of Boulder-based Tebo Development, a partner in the acquisition. "We just felt it was an incredible value for Class A buildings, well below replacement value, in one of the best locations in Denver."

The number of offers for the properties reportedly was in the double digits, but the deal fell out of contract with a couple of other groups prior to the contract with Denver West LLC.

Located at the convergence of Interstate 70, C-470, Highway 6 and West Colfax Avenue, the buildings have excellent access and visibility; high ceilings; and glass lines that allow natural light and unobstructed

mountain views, according to Cushman & Wakefield of Colorado Inc., which listed the property.

They are close to executive housing, outdoor recreation in the mountains and foothills, as well as lodging and retail amenities, including Colorado Mills Mall.

Cushman & Wakefield brokers Mike Winn, Tim Richey and Chad Flynn represented Prudential Insurance in the transaction.

Vetra Bank provided financing.

Other News

■ **Aon Corp.** will join the lineup at the new 1900 Sixteenth office building.

The company signed an 11-year lease for 28,000 square feet in the building across from Union Station in Lower Downtown Denver. The lease commences in September.

Aon, a global company that provides risk management services, and insurance and reinsurance brokerage, will relocate from Mountain Towers at Colorado Boulevard and Interstate 25 in Glendale.

CB Richard Ellis brokers Chris



Boston Market occupies the building at 14103 Denver West Parkway in Golden.

Phenicie and David Hart represented the owner, Kennedy Associates, in the transaction.

Jones Lang LaSalle broker Duncan Heitman represented Aon.

The LEED Gold 1900 Sixteenth totals approximately 400,000 sf, 116,000 sf of which is leased.

■ **JS Colorado LLC** paid \$650,000 for a 12,368-sf office building at 13901 E. Exposition Ave. in Aurora.

Quality Healthcare, a physical therapy practice, plans

to occupy half of the building, which was vacant at the time of the sale. It will offer the remaining space for lease to a compatible user, said Dan Arizumi of Sheldon-Gold Realty Inc., who represented the buyer.

Brad Gilpin of Unique Properties LLC-TCN Worldwide represented the seller, 13901 LLC, with Unique Properties broker Greg Knott. The building was built in 1985.

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Industrial

SMA signs big expansion at Enterprise Park at Stapleton

by Jill Jamieson-Nichols

A solar company at Enterprise Park at Stapleton is undergoing a major expansion that will take the park to 90 percent occupancy.

SMA America Production LLC signed a 10-year lease for a 148,902-square-foot flex building at 10075 E. 40th St. in Denver. The company already occupies a 172,337-sf build-to-suit at Enterprise Park that was completed last year.

A German-born company, SMA America manufactures photovoltaic inverters, a key component of all solar power plants.

Developed by the Etkin Johnson Group, Enterprise Park at Stapleton is a green business center that incorporates wind power, low-E glass, skylights and other energy- and cost-saving features. The exterior walls were constructed with recycled concrete from runways at the old Stapleton airport.

SMA shares the center with U.S. Bank and Denver Transit Constructors LLC, the contractor on the FasTracks Eagle P3 project. Eagle P3 includes the Gold Line, East Corridor and a commuter rail maintenance facility.

"The light-rail augmentation is just one of the exciting things happening in the area," Etkin Johnson principal David Johnson said in a release about the SMA deal. "Another element expected to revolutionize this business community's growing connectivity is the \$50 million Central Park interchange being built on I-70 between the exits for Quebec and Havana. Construction will be completed by late 2011, and the new interchange will produce impressive accessibility and exposure throughout the region, adding exponentially to the visibility that Enterprise



SMA America signed a lease for a second building at Enterprise Park at Stapleton.

Park already enjoys.

Enterprise Park is planning a shuttle service that will provide easy access to surrounding amenities, which include

3 million sf of shopping, restaurants and business services in Stapleton's three retail districts. The park has 46,550 sf of available, divisible space.▲

Former lumberyard in Commerce City sells for \$22 psf

by Jill Jamieson-Nichols

A longtime player in the Denver commercial real estate market picked up a vacant industrial property that already is getting interest from tenants.

Watumull Properties Corp. paid \$1.35 million — or about \$22.52 per square foot — for the former 84 Lumber building at 9500 E. 104th Ave. in Commerce City. The cash deal included the 59,900-sf building and 6.84 acres of industrial-zoned yard space, a hard-to-come-by commodity in Denver's industrial market. Located on a rail spur, it also has a 3.51-acre yard that is leased from Union Pacific Railroad, as well as 18,600 sf in five outbuildings.

The majority of the site is paved.

"It was a great deal," said Col-

liers International broker Tim Shay, who represented Watumull Properties in the deal. "They bought it just because of the price per pound factor," he said.

Watumull is offering the property for lease, and Shay said, "We've got some interest in it already."

The property will undergo some improvements that could include a reduction in the amount of office space. The seller, 84 Lumber, had 6,565 sf of office/showroom space in the building, said Shay.

Zoned for industrial uses, the site has immediate access to Interstate 76 and Colorado Highway 85.

Hawaii-based Watumull Properties Corp. owns several other industrial and commercial properties in the Denver market.

Other News

■ **Rampart Supply and Water Systems** leased a 45,000-square-foot industrial building at 260 Rio Grande Blvd. in central Denver. The building will serve as expansion space for the wholesale plumbing and heating supply company, which is located across the street at 285 Rio Grande.

The building features 6,854 sf of office space, dock-high and drive-in loading, 16- to 20-foot ceilings, radiant and forced air heat, and skylights in the warehouse area.

According to CB Richard Ellis broker Tyler Carner, the deal was among several larger deals that are happening in the central market.

The building was excess square footage for Kimball Electronics Inc., which occupies the space



Watumull Properties Corp. bought the former 84 Lumber site in Commerce City.

next door, said Carner.

Carner and CBRE broker Mike Camp represented the landlord.

Grubb & Ellis Co. broker Chris Leino represented Rampart Supply and Water Systems.▲