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Commercial real estate at new high

Area's \$3.1 billion sales tally puts '05 'in a class of its own'

By John Rebchook,
Rocky Mountain News

For the first time, investors paid more than \$3 billion for office buildings, retail and industrial properties in the Denver area in 2005, according to a report released Tuesday.

The record sales were the equivalent of all of the large commercial real-estate transactions in the Denver area from 1990 to 1995.

The \$3.1 billion in sales topped 2004's \$2 billion tally by 55 percent. And last year, sales of properties that sold for at least \$1 million exceeded the previous top year, 1998, when \$2.36 billion in properties traded hands, by 31.4 percent.

"In terms of dollars, 2005 was so far above any previous year, it is in a class of its own," said Brad Neiman, a senior vice president at Northstar Commercial Partners who prepared the report.

"And this is true across the country," Neiman said. "This is not a Denver phenomenon. Denver got its proportional share."

Neiman said investors' appetites for commercial real estate were fueled by a number of factors, including low interest rates, less risk



Brad Neiman
Senior Vice President,
Northstar Commercial Partners

than stocks and an alternative to bonds.

"Commercial real estate has become a legitimate asset class," Neiman said.

That is, so much real estate is controlled by publicly traded entities, such as real estate investment trusts, that they are subject to the same documentation and Securities and Exchange disclosures as any other stock. That makes real estate more attractive as an investment for institutions such as insurance companies and pension funds.

And 2006 is poised to be another good year that could meet or exceed last year's total.

For example, Brookfield Properties reportedly took Republic Plaza off the market late last year after it failed to sell it to San Francisco-based Shorenstein Co.

The CB Richard Ellis investment team of Mary Sullivan, Tim Swan and Ron Urgitus is listing such high-profile properties as the 908,000-square-foot CarrAmerica portfolio in the Denver area, the retail portion of Clayton Lane in Cherry Creek North, the AIM Investments (formerly Invesco) office campus in Denver Tech Center West and the 1.2 million-square-foot Westmoor development along U.S. 36 for TIAA-CREF.

"Last year our team sold \$534.547 million in properties, and we have \$780 million in properties currently listed," Sullivan said.

And there is huge interest for just about everything they have listed.

"We've had 160 requests for offering memorandums for Clayton Lane," which includes a Whole Foods store, Sullivan said. "It's just incredible."

Neiman said that he wouldn't be surprised if \$1 billion in

properties are sold in the first quarter.

- **1.7 billion** cups of joe at Starbucks

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Commercial spending spree

- **138,482** Honda Civic Hybrids

Here's what the \$3.1 billion spent on commercial real estate in the Denver area in 2005 also could buy:

- **12.7 million** 4GB iPod nanos

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- **11,031** average-priced homes in the metro area.

Largest transactions in 2005

	Name	Price	Size (SF)
1	Wells Fargo Building	\$344,000,000	1,210,000
2	Pratt Portfolio	\$142,000,000	1,986,000
3	633 17th Street	\$90,280,000	553,000
4	Denver Place	\$88,500,000	540,000
5	1999 Broadway	\$77,650,000	642,000
6	Outlets at Castle Rock	\$64,100,000	800,000
7	16 Market Square	\$60,000,000	206,000
8	Janus Building	\$56,400,000	160,000
9	Southwest Commons	\$55,821,000	307,000
10	JD Edwards Campus	\$53,000,000	531,000