

# FULLER WESTERN REAL ESTATE REVIEW

OFFICE INDUSTRIAL RETAIL INVESTMENTS



Winter Issue 2011-12



## COMMERCIAL REAL ESTATE CONTINUES ITS SLOW, STEADY IMPROVEMENT.

The metro Denver commercial real estate market continues to show slow, steady improvement mirroring the overall economy. Vacancy rates for all property types were lower in the fourth quarter than one year ago. Sales of office and industrial properties were up in 2011, but sales of retail properties were flat. The decrease in occupancy rates was not, however, enough to push rental rates higher. Foreclosures and distressed property sales are trickling onto the market, but at a lower level than expected. Multifamily properties are the strongest sector; no surprise as the residential foreclosure crisis and high unemployment force many to seek rentals and cohabitation especially among the younger. Tenants that signed leases at the top of the market and have confidence in their space requirements are in a good position to renegotiate the remaining term of their leases by agreeing to extend the lease term thus providing stability to their landlords. Landlords may also initiate the process with their valued tenants. In the event the economy improves faster than expected, the commercial real estate market is in position to improve greatly because construction is at a near standstill. Other than a few build-to-suit office properties set to be completed in 2012, the only sectors where there is construction activity are medical buildings and apartments.

## Metro Denver Commercial Trends

### OFFICE

VACANCY	↓
RENTS	↔
SALES	↑

### INDUSTRIAL

VACANCY	↓
RENTS	↔
SALES	↔

### RETAIL

VACANCY	↓
RENTS	↔
SALES	↔

A Commercial Real Estate Publication from Fuller Western Real Estate

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### SNAPSHOT

	VACANCY	RENTS
OFFICE	13.3%	\$19.78
INDUSTRIAL	7.7%	\$ 5.85
RETAIL	7.2%	\$14.28

### LOOKING AHEAD .....

- University of Colorado economist Richard Wobbekind forecasts an increase of 23,000 jobs for Colorado in 2012, slightly less than 2011. As a result, the unemployment rate is expected to decline to 8.4%.
- Vacancy rates are expected to decline as employment improves and nearly no new buildings are due to be added to the existing inventory.
- Apartment vacancy rates will remain at historic low levels spurring new construction.
- Non-residential construction expected to be \$3.2 billion, unchanged from 2011.

### SOLD PROPERTIES



#### Green Gables Country Club

6800 W. Jewell Ave., Lakewood, CO  
 Broker: Bob Leino  
 Sales Price: \$15,250,000 - **SOLD**

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### OFFICE LEASE OPPORTUNITIES ...



3300 E. 1st Ave., Denver  
\$17.50 - \$18.50 PSF



6901 S. Pierce, Littleton  
\$17.00 - \$18.00 PSF



7200 E. Hampden Ave.  
\$14.00 - \$14.50 PSF

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### THOUGHTS ON THE MARKET FROM JOHN FULLER



It should be of no surprise that over the past few years it has been a buyers market in most areas. However, there are always exceptions to the rule. As an example, apartment houses have been a seller's market. Due to the buyers market most sale prices have been adjusted downward quite substantially. Looking forward to 2012, 2013 and 2014, I think Denver and Colorado are on a gradual uptick. I don't think we will ever see the glory days of many years ago with runaway prices, but our business is a supply and demand business. As the supply diminishes due to the lack of construction and the demand increases you will see stabilization and an increase in prices. I think we are very fortunate to live where we live. I believe Denver and Colorado are ahead of the nation in most areas and it is an excellent place for people to invest in real estate. Over the past few years there have been some tremendous bargains in the market and I'm a firm believer that people make money when they buy, not when they sell. In any event, I am cautiously optimistic for the future and particularly optimistic about Denver and the state of Colorado's real estate industry.

### Buildings for Sale/Lease



Industrial Building Sale or Lease  
1601 Reed St., Lakewood  
Bob Pipkin & Jeff LaForte



Inverness Industrial Bldg.  
37 Inverness Drive East  
Bob Pipkin & Jeff LaForte



### Commercial Loan Review

David O'Brien, Terrix Financial, (720) 880-5132

Type	LOAN RATES		
	Loan-to-Value	Term	Rate
Owner/User (up to \$2M)	80%	5 yr fixed	3.45%
		7 yr fixed	3.87%
Investment	70%	5-15 yr. fixed	3.50 - 5.25%
Apartments (up to \$2M) (over \$2M)	65%-75% 65% - 75%	5-10 yr. fixed	3.50% - 4.70%
		5-10 yr. fixed	3.06%-4.20%

All loan pricing is on a case by case basis.  
Rates as of 12/23/11

### RANCH DIVISION



#### Horn Creek Ranch

5,157 Deed Acres - Buffalo, WY  
Broker: Jack Kavanaugh  
List Price: \$6,200,000 - **SOLD 12/2/12**

The farm and ranch market saw significant improvement in 2011 although at price levels somewhat reduced from their peak a few years ago. Working farms and ranches, such as the Horn Creek Ranch seen at left, command a higher demand than pure recreational opportunities in today's market. As the economy thaws we should see recreational properties return to a stronger place in the market. Fuller Western Real Estate's Farm and Ranch division specializes in working farms, ranches, and recreational properties with an emphasis on fly fishing and hunting ranches. We have four offices in Colorado and one in Wyoming.