

INDUSTRY WRAPUPS

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Real Estate

Office properties kept brokers busy in '99

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'Tis the season ... to wrap up sales of office buildings.

The California Public Employees Retirement System's \$209 million purchase this month of 1.2 million-square-foot trophy One Norwest Center in downtown Denver probably is the most high-profile sale of the hour, but it isn't the only one.

Indeed, after a slow first half, 1999 became an active year for office transactions, according to investment brokers. But as deals got more frequent, they also became more difficult to consummate.

"With equilibrium, owners enjoyed good cash flows, so they were selling only if they got their price," said Mary Sullivan, a principal and investment broker at the Trammell Crow Co. in Denver. "Buyers' portfolios were very full of office properties, so they were sticking strictly to return criteria."

In short, if a deal didn't mean a payoff for both sides, it didn't happen.

The following office-building sales were recently completed or are winding to a close, according to informed sources:

- Hudson's Bay Centre -- Boulder-based real estate development and investment firm Fleisher-Smyth Co. supposedly has that 174,000-square-foot downtown Denver office building under contract and headed for finalizing in January or February 2000.

The seller is Chicago-based CMD Realty Investors Inc. A private equity firm owned by a trust held by Chicago's wealthy Prince family, CMD bought the building in 1996 for a little more than \$9 million. Since it began shopping in

metro Denver in the mid-1990s, the opportunistic CMD has acquired mostly suburban buildings, including Stanford Place III, Denver Corporate Center and Orchard Place I and II.

Fleisher-Smyth, acting on behalf of an investment group, last year snapped up 66 acres at the Aurora CentreTech office park from veteran CentreTech developer Ken Dueck, hoping to build its own office and industrial space for defense contractors there. Because of the CentreTech's proximity to the Buckley Air National Guard Base, with its top-secret space reconnaissance program, the office park has long attracted private companies involved in that work, including Lockheed-Martin Corp., TRW Inc. and Raytheon Inc.

- Plaza Marin III and Financial Plaza -- Devon Properties has found takers for those two local office properties, sources said.

Greenwood Village-based DPC Development Co., a 7-year-old real estate development, investment and management concern headed by Don Cook, supposedly has put 160,000-square-foot Plaza Marin III under contract. The building is located on South Quebec Street in Greenwood Plaza.

Meanwhile, Koll Bren Realty Advisors Inc., another opportunistic investment and development firm, closed last week on its purchase of the two Financial Plaza buildings on East Bellevue Avenue in the Denver Technological Center, sources said. The property includes a total of 133,000 square feet. Cushman & Wakefield of Colorado Inc. investment brokers Mike Winn and Tim Richey, who were unavailable for comment this week, represented Devon in the deal and supposedly were the only brokers involved.

In the Denver area, Koll Bren of Newport Beach, Calif., already owns the 210,000-square-foot Waterpark II and III office buildings in Aurora, which it bought from Australian real estate giant Lend Lease Corp. for nearly \$20 million. Lend Lease, in turn, got the property when it acquired the Equitable insurance company's real estate business last year. The landlord also owns Storage Technology Corp.'s former building in Longmont, which it acquired in 1997, and metro Denver's Arapahoe Industrial Center.

Under the category of deals that are dragging, financial-services giant Principal Financial Group of Des Moines recently hit what may be a deal-

killing hitch in its purchase of Syracuse Hill II and III in Greenwood Plaza from the buildings' developer, DPC, according to informed sources. Some real estate insiders, though, think the parties will ultimately consummate a transaction.

The third Syracuse building, which opened last year, includes nearly 45,000 square feet, while 7-year-old No. 2 has 55,000 feet.

The country's largest administrator of 401(k) plans finally completed its purchase this week of 137,000-square-foot Highland Place I on South Chester Street, after a protracted due diligence, sources said. CMD is the seller. C&W's Richey and Winn, again, were the sole brokers in the deal, representing CMD, sources said.

W Hotels plans Denver site

W Hotels, Westin Hotels & Resorts' hip, new brand, expects to open a Denver property no later than 2001, according to its Web site. "Sixteen W properties will open through 2001. ... They include Sydney, New Orleans, Boston and Denver," the site said recently.

Westin owner Starwood Hotels & Resorts Worldwide Inc. and local partner Mike Roche of Greeley bought downtown Denver's 14-story 1616 Glenarm building on the 16th Street mall, and across from what's now Denver Pavilions mall, in 1997 for a 530-room W. Despite rumors that the financially troubled and newly reorganized Starwood was backing away from the project, the hotel company has maintained it's just taking its time.

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