



COLORADO COMMERCIAL COMPANIES

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Office Edition

# C3 Quarterly

## Climbing Out of Recession: The Strength of the Commercial Market Depends on Business Expansion and the Availability of Capital

### C3 Mission

To use our resources, experience, network and processes to find ideal real estate solutions for our clients. Our Goal is that every C3 client will use us repeatedly and refer us to others

### C3 Advantage

We help our clients successfully infiltrate the exclusive network of owners, brokers, and developers that controls access to commercial property opportunities

C3 is a privately held, full-service commercial real estate firm

C3 specializes in tenant representation, third-party agency, and commercial real estate investments

### C3 Promise:

- Our work will be exceptional
- We will outperform your expectations
- We will free your time, while we save you money
- We will do what our competition promises...but doesn't deliver

- Natasha Felten, President

The 2009 Denver commercial real estate market closed with a whimper as owners, lenders and users reviewed year end data indicating that the recession had technically ended in August 2008. Looking forward, many are questioning when housing, consumer spending and credit will begin to exhibit stability and growth. The answer is that although the statistics may point to improvement, this economic recovery will be marked by volatility that will manifest in a variety of forms for years to come. As a nation, we have debt to pay down, unemployment to reduce and critical operational issues to address. As an industry, we realize that the strength of the commercial real estate market depends on business expansion and the availability of capital.

The 2009 Denver commercial market showed continued decreases in occupancy and rental rates across all product segments. The decreases are slowing and we appear to be at or near the bottom of the downward slide. Despite these negative trends there is a sense that the state is faring better than most.

Future forward industries including alternative energy, aerospace and bio-technology/healthcare continue to select Colorado. 2009 leasing and purchase activity included Vestas Wind Systems A/S,

SMI Solar Technology AG, Abound Solar, Medtronic USA, Inc., BAXA Corp. and DaVita. Continued expansion by these users and their related vendors is likely.

Liquidity continues to be hampered. Maturing commercial mortgages will impede the recovery and extend the sluggishness of the market. Banks cautiously review their existing portfolios and are beginning to extend conservative capital to new business opportunities. Underwriting guidelines are stringent and equity and securitization requirements significant.

2009 was the year that banks choose to "pretend and extend" troubled loans; 2010 will see more commercial properties restructured or foreclosed upon. Patient, cash rich investors, who have been sitting on the sidelines for the last three years, awaiting a landslide of distressed properties will find opportunity, but will be disappointed by the lack of volume. The peak for Commercial Mortgage Backed Security (CMBS) rollover is anticipated in 2015/2016, based on maturation dates. Therefore, the processing of troubled loans will continue over the next decade and the flood of distressed assets will likely resemble a trickle, as the free market mechanism creates new sources/structures of rescue capital and entrepreneurs pluck opportunities prior to their introduction to the general market.



### C3 Welcomes Gary Garcia



Gary joined Colorado Commercial Companies in 2010 as an Associate Broker after three years with Crimson Services. Gary is an experienced office leasing and sales broker. He brings dedication and character to serving owners, users and developers seeking creative solutions to their commercial real estate challenges.

#### ON THE FLIP SIDE:

- Unforeseen Effects of the Stimulus
- Featured Property: South Oneida Tower

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## Unforeseen Effects of the Government Stimulus

Government attempts to provide assistance to individuals, companies and institutions, have had unforeseen implications. The growth and stability sought will come from the bottom up. Individuals will drive this recovery, not big industry or the government.

**Effect:** Banks have received approximately \$218B of Troubled Asset Relief Program (TARP) funds, but been slow to deploy these funds to the market.

**Cause:** Government legislation is requiring higher reserves to cover potential bad debt. Many commercial real estate loans are struggling to perform and are due for renewal. Banks are saving, not spending.

**Effect:** Tax Breaks have resulted in higher personal savings rates, not spending.

**Cause:** The public is feeling the effects of living outside of its means. In a recession, you don't spend what you don't have.

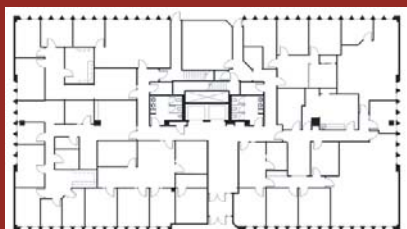
**Effect:** Unemployment has increased.

**Cause:** Stimulus dollars have been used to extend eligibility for unemployment benefits. Culturally there has been a shift as unemployment has surged; it is now acceptable and profitable to be unemployed.

**Effect:** Free enterprise is struggling.

**Cause:** The government's rescue of failing companies rewards weak operating processes. Limited assets are earmarked for poor operators, not the strongest and most creative.

### FEATURED LISTING: 2121 South Oneida Street, Denver, Colorado 80224



Sample Floorplan  
+/-300 - 3,820 RSF



Affordable Building with Ready-to  
Occupy Spaces



Recently Upgraded Common Areas  
and Mechanical Systems

South Oneida Tower offers a well-maintained, easy to access East Evans Avenue address to users looking for office or medical space. Current availabilities range in size from 293 RSF to 3,820 RSF. The property is located 2 minutes east of I-25, approximately 1.5 miles off the Interstate. The tenant mix at the property is comprised of professional businesses and medical practices. Several currently available suites offer panoramic western views. Promotional starting rates are \$10.00/RSF full service, subject to annual escalations. Tenant improvements are offered to Tenants seeking longer lease terms, on an a case by case basis.

#### Additional Property Features:

- On-Site Management/Day Porter
- Recently Renovated Front Entry
- Two Elevators
- Free Tenant Conference Room
- Building Security System
- On-site US Mail, UPS and FedEx Overnight Boxes
  - Professionally Landcaped Grounds
- Parking Ratio of 3.0/1,000 RSF, Free, Surface
- Walking Distance to a Variety of Retail Service Providers
- Stunning Front Range Views