

C3 QUARTERLY

APRIL-JUNE 2005

COLORADO COMMERCIAL COMPANIES' 2Q05 OFFICE MARKET SNAPSHOT

OBSERVATIONS:

- Continued interest rate fluctuations, stronger job growth and lower vacancy rates have resulted in strengthened investor interest in Colorado office product
- Users with capital and established size requirements continue to pursue office condo opportunities
- Tenants push for concessions, but the leasing market is improving

Investors, Users and Tenants



**Investors:** Recent interest rate fluctuations and a positive trend in Denver's first quarter job growth numbers have resulted in an increased push by investors to acquire Denver office buildings. According to the real estate analysis firm, CoStar Group, current metrowide office vacancy is 16.2%, down from 16.6% in fourth quarter of 2004. This dip in vacancies is attributable to an increase of 27,300 jobs in first quarter over the same period in 2004. Investors seeking Denver office product are acting to avoid future increases in interest rates, while anticipating continued increased demand for space from users. Investors anticipate increased positive

rental rate pressures over the next three years, which has helped in their evaluation of potential acquisitions.

**Owner/Users:** Well located office condo projects continue to thrive, as established users make the switch from leasehold interests to ownership. Low interest rates, aggressive SBA financing packages and fewer solid performing investment alternatives have resulted in increased demand for condo product across all product segments. Condo trends have allowed users to create equity and favorable tax treatment when compared to past lease payments. Location, construction and design are important components to maintaining liquidity for users contemplating condo purchases.

**Tenants:** Tenants continue to react to the slow economic recovery with caution. Cyclical industries are beginning to invest in their extended business plans, while positioning themselves for expansion. Tenants are increasing their user densities by populating underutilized space with new employees. Rental rates remain flat for B and C class product, although concessions are waning, Seasoned Landlords continue to pursue tenants with operating history and solid financial statements. Many feel that class A buildings will begin to exert rent escalations by year end.

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C3 Broker Profile



Matthew Ball,  
Associate Broker

Mr. Matthew D. Ball joined Colorado Commercial Companies as an Associate Broker in March 2005. Mr. Ball graduated from Texas Christian University, with a Bachelor of Business Administration degree emphasizing marketing and economics. While at TCU, Matt joined the office of NAI/Stoneleigh Huff Brous McDowell (NAI/SHBM), one of the largest, full service, commercial real estate firms in the Dallas/Ft. Worth area. While working at NAI/SHBM, Matt honed his prospecting and presentation skills, while working with top producers. Matt works within C3's office leasing division on behalf of landlords and tenants.

2005 National Electrical Code



In July 2005, local building code language pertaining to cabling will be strengthened to state that the “accessible portion” of abandoned network-powered broadband, communication and coaxial cables “shall be removed” from building plenums. This change to the code will have broad ramifications to building owners, managers and tenants.

“Changes to local legislation can have broad reaching effects for building owners, property managers and tenants.”

This code language was modified primarily due to concerns from the National Fire Protection Association (NFPA). The NFPA states that cabling installed within building plenums is usually located above fire suppression sprinklers in an environment with good air circulation, which can accelerate the spread of fire. The organization states that cabling is highly flammable and that abandoned cabling runs provide fuel that can contribute to catastrophic structure fires and emit caustic smoke that impedes building evacuation and lead to fatalities.

Owners and managers will be responsible for incorporating language into existing lease documents that provides for a Tenant to remove any cabling installed during occupancy. Existing plenum wiring will need to be traced, tagged and/or removed. Property managers should modify move-in procedures and limit access to wiring/telephone closets. Tenant’s will need to anticipate additional time and expense to install and remove cabling at the beginning or end of lease terms. Building operating expenses could increase, due to the cost of removal of abandoned cabling and/or increased insurance premiums.

Featured Listing: Plaza 7000—7000 East Belleview Avenue, Greenwood Village, Colorado



Building Exterior—Signage Available!



Recent Lobby Upgrades



Speculative Buildouts Provide Views and High End Finishes Rates starting from \$14.50/RSF Full Service Gross



Plaza 7000 provides tenants with an accessible north DTC/Greenwood Village location within a professionally owned and operated office building. The 72,149 RSF property caters to tenants seeking a high identity location with easy access to area arterials and bus lines. The building floorplates allow it to accommodate tenants in the 500-8,000 SF size range. Amenities include, covered parking, a shower facility, on-site management, a sun patio with tables and chairs, a vending room and immediate access to the Greenwood Village trail system.

The complex has achieved leasing success by providing a speculative suite program that offers move-in ready suites with class A finishes at Class B rental rates. Currently, Suite 200 provides 6,183 RSF with main lobby identity, a cherry and black granite built-in reception counter and upgraded carpet, paint and lighting. The space provides for panoramic views of the front range while allowing an interested Tenant to have access to exterior building signage. Occupancy for Plaza 7000 is currently 91%.

DPC Development Company owns and manages the following Denver office properties: Plaza 7000, Quebec Corporate Plaza, Syracuse Hill II and III, Corporate Center 25, 24 Inverness, Clocktower Square, Metro South Business Center and Champa Center. The firm’s commercial property portfolio is comprised of over 2.5 million square feet of office, retail, multi-family, industrial and land developments located primarily throughout Colorado. For additional information on DPC Development Company, access the firm’s web site at [www.dpccompanies.com](http://www.dpccompanies.com). To access brochures and floor plans for this property, please access C3’s website at [www.colocomm.com](http://www.colocomm.com)