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## Cherry Creek office park part of change in store for Glendale

by Jill Jamieson-Nichols

Big change is coming to Glendale, and the buyers of a 25-acre Cherry Creek office park plan to be part of it.

Denver-based DPC Development Co., in partnership with The ROC Fund, acquired the 594,044-square-foot Cherry Creek Corporate Center and Campus at Cherry Creek. They will spend \$1.6 million to improve the corporate center's 12-story office tower and apply to rezone a development site for multifamily construction. A \$5 million parking garage also is planned.

Part of the property's appeal is its close proximity to the Glendale Riverwalk, a 42-acre entertainment district proposed to extend from Colorado Boulevard east to Cherry Street. The city hopes to have a master developer on board by the end of the year.

"Between the parks and recreation and retail and commerce going on, Glendale has really become a pretty exciting community," said DPC President Chris King.

"That whole area is on a precipice of changing its face entirely. It's going to be a whole different look and feel, and this is a key piece of it," said Jones Lang LaSalle broker Mary Sullivan, who represented SITQ, a Canadian real state investment,

management and development firm that sold the property.

No one involved in the transaction would disclose the price, but public records indicate the campus sold for \$49.05 million, or \$137.90 per sf and the corporate center sold for \$13 million.

Cherry Creek Corporate Center consists of the 238,357-sf tower at 4500 Cherry Creek Drive South, which is 58 percent leased. The Campus at Cherry Creek, leased almost entirely to the Colorado Department of Public Health and Environment – features a 140,527-sf, five-story building at 4300 Cherry Creek Drive South and two 107,600-sf, two-story buildings at 700 and 710 S. Ash Street. LenderLive Network leases 36,688 sf in the fully leased campus.

With the combination of the stabilized asset and the opportunistic play the tower presented, "You really had a mix of investor profiles," said Sullivan. "Usually they don't cross over."

SITQ offered the corporate center and campus either separately or as a package, but because it was the firm's only asset in Colorado, "In the end, SITQ really wanted the surety that the property would be sold," said Sullivan. ROC and DPC were great buyers because of their expertise and ability to take on the whole package, she said. "I'm really excited about the fact that somebody who is

so hands-on and proactive will own the asset," Sullivan said.

The ROC, or Real Estate Opportunity Capital, Fund, buys properties where it can create value, said Paul Hutchinson, a co-founder of the company, which has offices in the U.S. and Hong Kong.

"The tower is what we see as the real opportunity," said King. Although there is a fair amount of office vacancy in the submarket, there isn't a lot of vacancy in the best buildings, he said. Once occupied by Charles Schwab, the building has heavy, redundant power and heavy-duty HVAC that can accommodate large, employee-intensive companies. "We think the building is going to be at the top of the market when we get through with our improvements," King said. The owners can put together 80,000 sf on contiguous floors, "which is a rare commodity in the middle of the city like this," he added, noting there are a couple of active prospects in that size range.

The lobby and corridors will be improved, and a small workout facility in the basement will be moved to the first floor and expanded. A conference room on an upper floor also will be moved to the first floor.

Scott Lowery Law Offices is the largest tenant in the building, occupying a full floor, or 21,623 sf. Other tenants occupy

anywhere from 1,000 to 8,000 sf.

At the Campus at Cherry Creek, the state is housed in 312,338 sf and has eight years remaining on its lease.

The property has zoning for an additional 96,000 sf of office development, but King doesn't see demand for new office for "at least a decade."

"I do think there's a real need for multifamily here," he said. The owners plan to seek rezoning right away. A new parking structure would allow the property to retain its high parking ratio of five spaces per 1,000 sf and attract quality office tenants, he said.

Sullivan believes plans for the Glendale Riverwalk, along with other private development plans in the area, have the potential to do for the area what developer Randy Nichols did for Cherry Creek North. Designed as a national destination, the public-private project would feature a navigable, manmade waterway along the north side of Cherry Creek, surrounded by 22 acres of restaurants, taverns and other entertainment venues, as well as 20 acres of open space, according to Project Representative Mike Gross. The property is within an urban renewal area and one of several projects that has applied for Regional Tourism Act funding.▲