

GB fund buys Quebec Corporate Plaza

by Jill Jamieson-Nichols

A Colorado Springs investor that is honing in on the Denver area made an \$18.5 million buy in the southeast suburban office market.

GB Value Fund II paid just under \$114 per square foot for Quebec Corporate Plaza. The 162,372-sf office building is located at 5600 S. Quebec St., next to the new Landmark mixed-use development.

“We think it’s a Class A location,” said Gary Winegar, chief investment officer for Colorado Springs-based Griffis/Blessing Inc., which manages GB Value Fund II. “It’s right next to the Landmark, which can only help it and help that area.

“We like some of the dynamics we’re seeing in the southeast office market,” Winegar added. “The office market in general is improving, and the trends look good.”

Quebec Plaza/Web LLC, an entity of DPC Development Co., sold Quebec Corporate Plaza. It owned the three-story building for almost nine years, transitioning it from a large tenant to multitenant property.

“Over the years we multitenanted the floors and really diversified the rent roll, and got it to a level where we could push rents with the smaller tenants,” said DPC President Chris King. “We worked through and accomplished the plan that we set out to do.”

GB Value Fund sees additional upside in the Class B+ building as rents in the southeast suburban office market continue to trend up and tenants get priced out of Class A space.

Three tenants came into the building while it was under contract. Quebec Corporate Plaza’s rents are \$3 per sf below the average market rent of \$19.50 per sf gross, Winegar said.

There also is some upside potential in the building’s vacancy, which was 14 percent at the time of the sale.

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GB Value Fund II plans some capital improvements at Quebec Corporate Plaza, which was built in 1974 and renovated in 2000. The most noticeable will be enhancements of the building’s four entries, one of which will be defined as the main entrance.

The tenant roster includes Accenture, Accordia, 7-Eleven, General Dynamics Information Technology, CTX Mortgage and others.

GB Value Fund II is a more than \$45 million private equity real estate fund that opened in October. It owns industrial, multifamily and office properties in Texas, Oklahoma and along the Front Range, and expects to be increasingly active in the Denver market.

“There are a lot of opportunities in the Denver market, and we like what we’re seeing in Denver,” said Winegar.

GB Value Fund’s acquisition of Quebec Corporate Plaza was facilitated by the assumption of a 5.5 percent fixed-rate loan from John Hancock Life Insurance Co.

“I think Griffis/Blessing made a nice buy with the Landmark next door. It think that will have a positive effect,” commented King.

“Quebec Corporate Plaza was an excellent transaction for both sides,” said Cushman & Wakefield of Colorado broker Mike Winn. “The seller repositioned and upgraded the property during their ownership, providing the buyer the opportunity to benefit from continued rent growth and improving surroundings and amenities in the prestigious Greenwood Plaza submarket.”

Winn and Cushman & Wakefield broker Tim Richey were the listing brokers.

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