

NetREIT acquires Garden Gateway Plaza

by Jennifer Hayes

A California private real estate investment trust that has targeted expansion in Colorado paid \$15 million for a three-building complex in the Garden of the Gods corridor.

San Marcos-based NetREIT purchased the Garden Gateway Plaza in Colorado Springs from DPC Development Co. The approximately 113,000-square-foot development is located at 1355-1365 Garden of the Gods Road in the heart of the city's tech corridor.

"NetREIT thinks it will turn out to be a good long-term investment for them," said Axis Commercial Realty's Pete Cox, who represented the buyer and has worked with the property for years. "They consider it a good investment."

When DPC Development purchased the 12-acre site adjacent to the Intel facility, it was home to a 62,279-sf two-story office building occupied by a single tenant, Omnipoint, on a short-term lease.

In 2000, DPC opted to develop a pair of single-story flex buildings that total around 50,900 sf and, in 2003, DPC converted the office building to its small-tenant leasing program, according to Frederick Ross Co.'s David Tilton.

The conversion also updated the 1982 office building with new common areas and landscaping, for example.

At the time of sale, Garden Gateway Plaza was 85 percent occupied. Office tenants include St. Paul Travelers, USA Triathlon and Waddell & Reed, and flex tenant Fairchild Semiconductor, added Tilton, who listed the property with NAI Highland Commercial Group LLC's Michael Palmer and Peter Scoville.

"It was a great deal for them and definitely a win for everybody," DPC Development President Chris King said of the acquisition, which will allow NetREIT to capitalize on office lease rates gaining traction in the Colorado Springs market.

"There is such an appetite for office buildings in today's market and Colorado Springs has hit the map."

NetREIT, which also owns an Aurora property, is looking to expand its Colorado presence with additional acquisition of properties – industrial, office or retail – in the state. The REIT will be under contract in the coming weeks on another property and by year-end will close on at least one more property in Colorado, said Cox.

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