

Office

Hayman picks up second Denver asset with Parkway center

by Jill Jamieson-Nichols

A Los Angeles buyer with a keen interest in the Denver market bought an eight-story office tower at the edge of downtown for \$25.46 million.

Hayman Properties purchased Parkway Office Centre at 1391 N. Speer Blvd. from DPC Development Co. DPC invested heavily in the 134,643-square-foot building after buying it in 2008, and Hayman plans to continue the investment.

Parkway Office Centre is Hayman Properties' second acquisition in the Denver market. It bought Denver Tower at 1905 Sherman St. earlier this year.

"Our interest in Denver is the high-growth nature of the market as well as the job growth that occurs in that city," said Jessica Quinn, Hayman Properties director of acquisitions. Parkway Office Centre offers an opportunity to execute on the company's investment strategy.

"We typically invest in value-add real estate where we have the ability to invest capital into a property and really upgrade the level of quality of the building. Oftentimes that includes creating more of a synergistic tenant base. We see that opportunity with Parkway," said Quinn. "It's been a very well-maintained building. It has high occupancy in an area that is gentrifying, which really means there's demand to be there but we are still able to acquire properties at a reasonable purchase price because it's not the heart of the city, it's not LoDo," she said.

Prior to the sale, DPC signed a 12-year lease with Denver Health for 26 percent of the building. "That level of quality tenant and stability as part of the building was also attractive in terms of cash flow," Quinn commented.

The new owner plans to invest close to \$3 million in interior improvements for tenants and in capital improvements to the building. Vacancies include an 8,000-sf suite with mountain views and a 10,000-sf space that looks over the downtown skyline; "It's a very beautiful space with high glass lines, and we're excited to spec that space and bring in a large tenant to the building," Quinn said.

Parkway Office Centre was 86 percent occupied at the time of the sale, an improvement over occupancy when DPC Development bought it.

"When we bought it in 2008, we knew that we were going to have to lease the building and work through the rollover," said DPC Development President Chris King. "We didn't anticipate losing Centura Health, but we knew that their lease was coming up during the ownership, so when they moved out, we replaced them full term with Denver Health. They (Denver Health) had a long-term lease, so it just made sense to sell it at that point," said King. DPC had owned the building longer than its typical three- to five-year hold period, another reason it chose to sell.

DPC made a number of improvements to the property, the biggest of which was to the parking deck. "We had to

take the top level of that off and replace it with new, so you can imagine what that job was like," King commented.

Mike Winn of CBRE Inc. said there was great interest in Parkway from private buyers because of the price point and location. "People saw this as an area that should be able to attract downtown tenants that are getting priced out with the rents moving up in downtown, therefore, giving tenants a cost-effective rent at a very convenient location."

Winn handled the transaction with CBRE's Tim Richey and Chad Flynn.

Hayman Properties is interested in acquiring additional properties — both office and multi-family — in Denver and Boulder, according to Quinn. ▲



Parkway Office Centre is part of the Parkway development, which includes a King Soopers store and residential units.