



2016, QUARTERS 1 & 2
TRI-COUNTY NORTHERN COLORADO

COMMERCIAL REAL ESTATE MARKET TRENDS AND COMMENTARY

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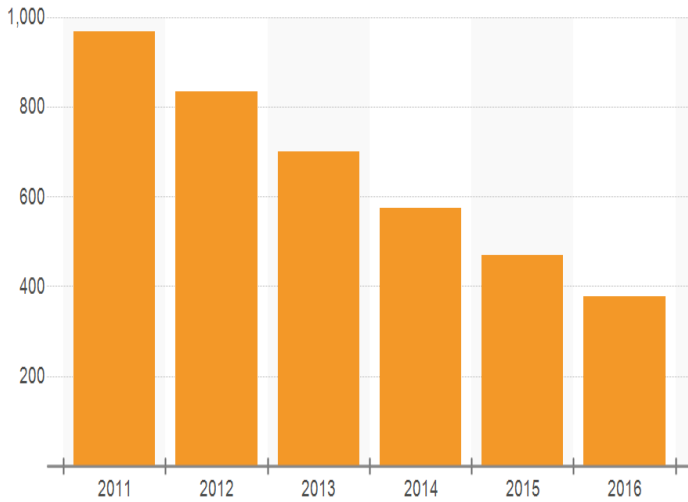
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Q1 & Q2, 2016 Sales - Northern Colorado Commercial Real Estate Report; Boulder, Larimer, and Weld Counties

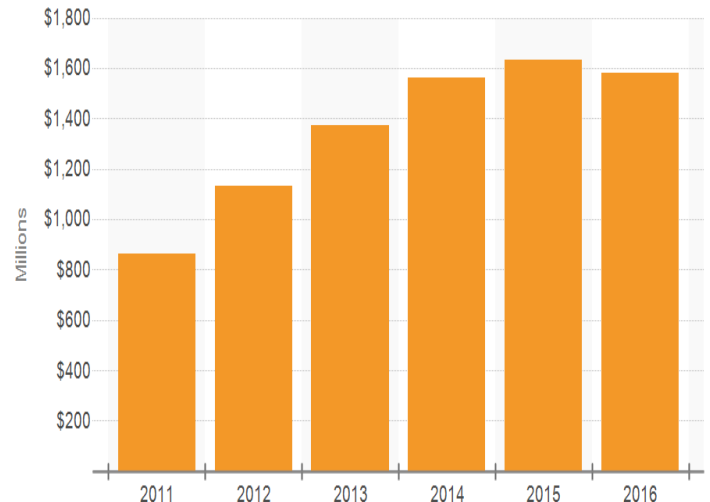


For Sale Total Listings



Listings have dropped to 5 year low.

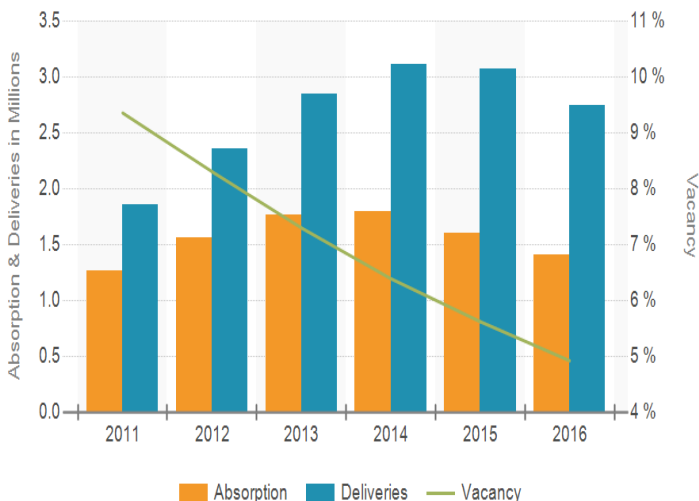
Sales Volume



Sales volume pace looks to readily top last year's amounts by the third quarter.

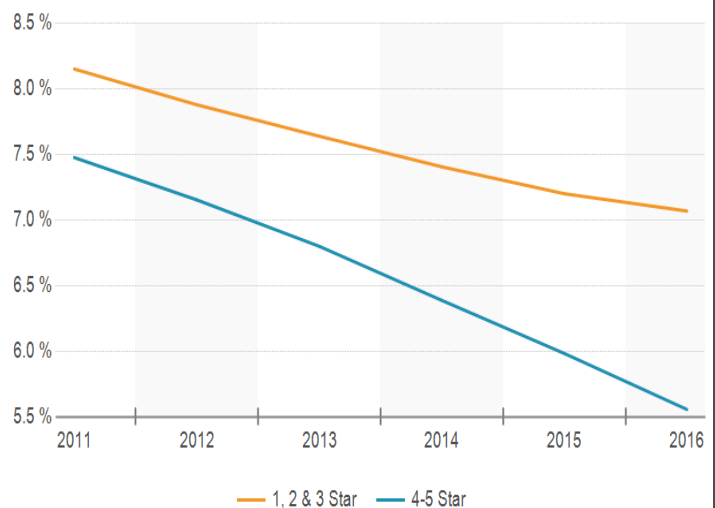
A torrid start to the year sent sales volumes soaring. Investors have had high interest in multi-family properties in our growing region with three universities and several colleges. Investors from out of the area have also been interested in income-generating commercial properties, such as strip retail centers. Owner-users have been expanding facilities or building new facilities. Despite a slow-down in the energy industry, Industrial properties with good warehousing features (docks, high ceilings, ample site circulation room, etc.) have been in demand.

Absorption, Deliveries, Vacancy



Despite deliveries outpacing absorption, vacancy still remains below 5%.

Cap Rate by Star Rating



Investors paying much more for high quality buildings - as cap rates drop below 6%.

A Few Significant Regional Sales Transactions



Stonebridge at Twin Peaks
Longmont, CO – SOLD \$34 million
\$199 PSF / \$197,647 per unit



Miramont Apartment
Fort Collins, CO – SOLD \$43 million
\$203 PSF / \$204,762 per unit



Boulder View Apartments
Boulder, CO – SOLD \$22 million
\$312 PSF / \$320,000 per unit



2121 Mesa Drive - Assisted Living Building
Boulder, CO – SOLD \$19 million
\$325 PSF / 58,573 SF



The Preserve at the Meadows
Fort Collins, CO – SOLD \$46.1 million
\$224 PSF / \$209,545 per unit



4185 Salazar Way - Class A Warehouse
Frederick, CO – SOLD \$16.5 million
\$82.44 PSF / 200,420 SF



The Summit on College
Fort Collins, CO – SOLD \$48.2 million
\$176 PSF / \$319,305 per unit



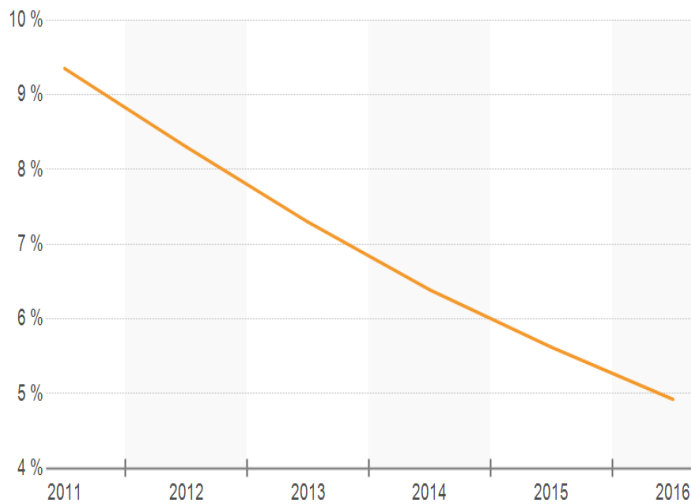
Johnstown Plaza
Loveland, CO – SOLD \$13.17 million
\$558,051 per acre / 26 Acres Commercial Land

Q1 2016 had the most high dollar activity thus far during the year. Several significant multi-family sales highlighted this activity. Pricing for multi-family may have reached, or is reaching a peak, and Sellers are taking advantage of the high investor interest in our region for this type of product. The large Scheel's 26 acre retail development will change the landscape for the I-25 / Hwy 34 corridor by adding significant retail space.

Q1 & Q2, 2016 Lease Activity - Northern Colorado Commercial Real Estate Report; Boulder, Larimer, and Weld Counties

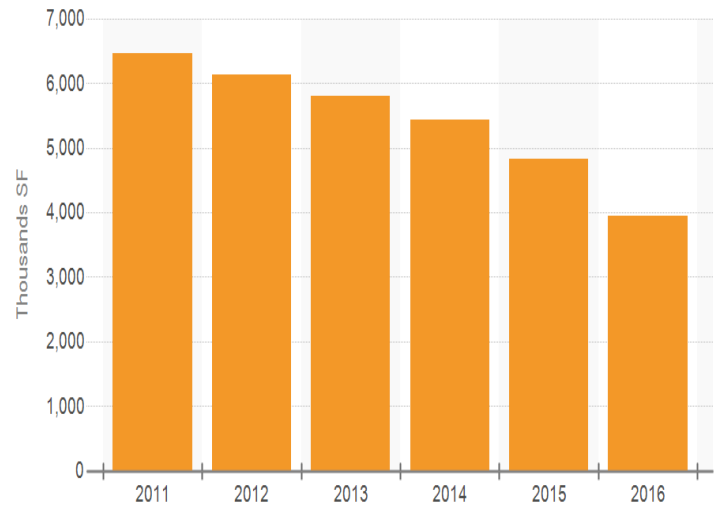


Vacancy Rate



Vacancies have declined to almost half that of five years ago in this region.

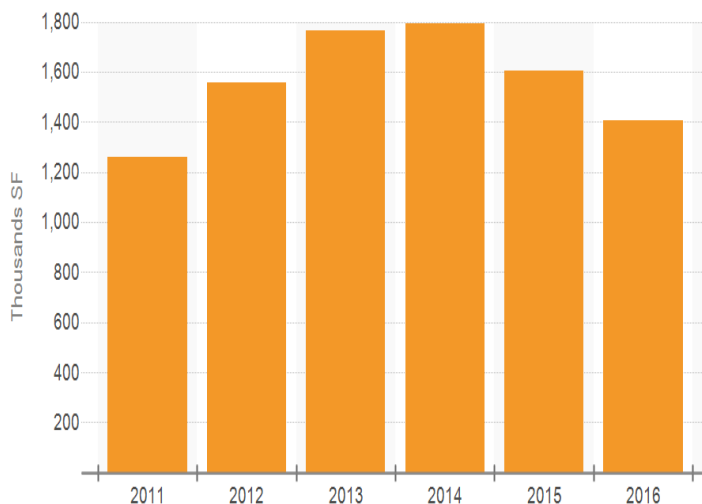
Leasing Activity



2016 leasing activity will soon surpass all of 2015 leasing.

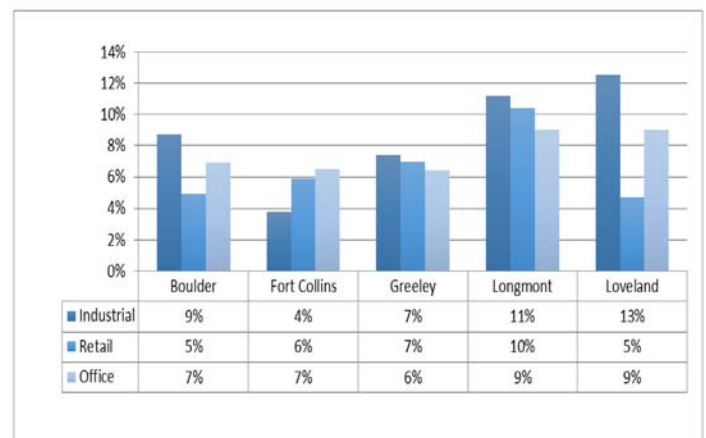
Leasing activity and absorption rates both look to surpass that of the previous five years. At current pace, approximately 8 million square feet of leasing activity will occur by years end, and 2 million square feet of absorption in an already tight supply market.

Net Absorption



1.4 million square feet of space has already been absorbed halfway through 2016.

Vacancy Rates – June 2016



Fort Collins leads the five metro areas of NoCO in terms of lowest vacancy rates.

A Few Significant Regional Lease Transactions



2325 23rd Avenue
Greeley, CO – Leased 36,000 SF
Tenant: VASA Fitness



3420 E Harmony Road - Building 5
Fort Collins, CO – Leased 82,104 SF
Tenant: Comcast



Business Center at CTC
Louisville, CO – Leased 34,843 SF
Tenant: Staq Energy



3420 E Harmony Road - Building 5
Fort Collins, CO – Leased 66,667 SF
Tenant: MadWire Web Design



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From the Author...

Summary / Market Trends:

- The strong sales momentum from the last half of 2015 has continued into the first half of 2016. Sales transaction volume will no doubt set a five year high this year, and probably do so during the third quarter of the year. Outside of area investors continue to seek multi-family and other investment grade properties in northern Colorado. These investors are paying higher prices than anytime during the last five years, enticing even short term owners to re-trade their properties for quick profit taking.
- Leasing activity has got a boost from deliveries of new buildings to the market. Many local and regional businesses are expanding, and are absorbing all the new space being delivered to the market. Sublet space has increased in some industrial space heretofore occupied by the slumping energy industry, but this is limited to service oriented light industrial. Warehousing and distribution space continues to be in short supply and high demand. Flex property also is being absorbed, in some cases turning into full office use despite their flex configuration.
- Land development has been buoyed by home-building activity, which still lags the historic highs before the last recession. The growing population and latent demand driving residential growth has encouraged long dormant sites to be revived, subdivided, and developed into residential lots or apartment sites. The Scheels 26 acre 25/34 project will add to the area's retail growth and bring a new significant retail store to the area. Windsor and northern CO will be benefiting from planned recreational development from the recent tourism grant of state lotto funds.

Information contained herein is compiled from sources deemed to be reliable, but is not guaranteed nor verified by the presenter. Readers should seek professional counsel prior to entering into any commercial real estate transaction.

THANK YOU

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for more market trend and vacancy
reports for the Northern Colorado
Commercial Real Estate Market.



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