



2015, QUARTER 2
TRI-COUNTY NORTHERN COLORADO

COMMERCIAL REAL ESTATE MARKET TRENDS AND COMMENTARY

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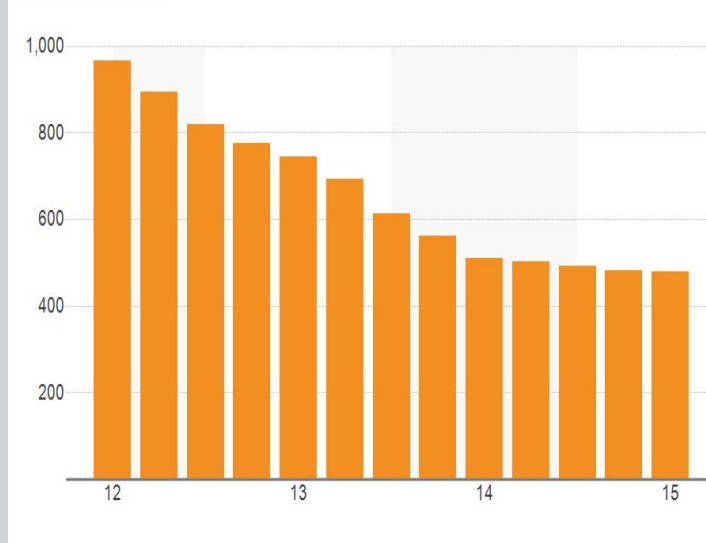
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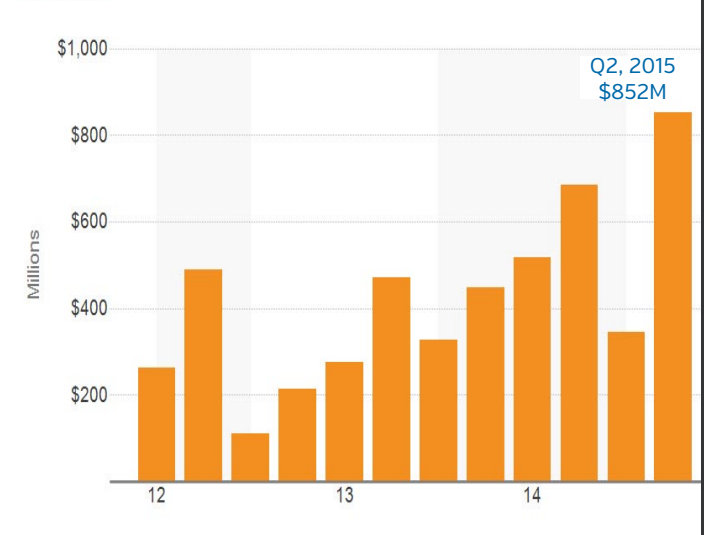
Q2, 2015 Sales - Northern Colorado Commercial Real Estate Report; Boulder, Larimer, and Weld Counties

For Sale Total Listings



Listings low, but stabilizing.

Sales Volume



Q2 Sales Volume up significantly.

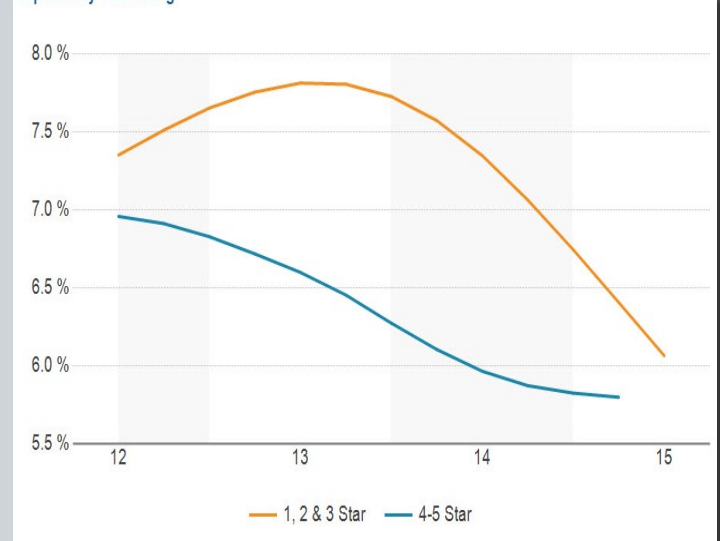
Q2 Sales were substantially higher than any previous quarter in the recent few years. Higher class office properties, retail centers, and apartment complexes made up a majority of the major sales. Investors were willing to pay higher prices even for lesser quality assets. Investors are showing confidence in the tri-county economic future.

Absorption, Deliveries, Vacancy



New construction deliveries finally show up in tight market.

Cap Rate by Star Rating



Investors hungry for all investment assets and property types.

A Few Significant Regional Sales Transactions



**801 Gillaspie Drive
Boulder, CO - SOLD \$26.4 million
\$235 PSF**



**1000 S. McCaslin Portfolio Sale
Louisville, CO - SOLD \$25.8 million
2 Properties - \$173 PSF**



**Bell Flatirons
Superior, CO - SOLD \$254.5 million
Portfolio Sale \$177 PSF / \$211,028 per unit**



**Cambridge House Apartments
Fort Collins, CO - SOLD \$13.5 million
\$103 PSF / \$128,600 per unit**



**Diagonal Marketplace Portfolio Sale
Longmont, CO - SOLD \$9.9 million
2 properties - \$274 PSF**



**Sterling University Peaks Apartments
Boulder, CO - SOLD \$22 million
\$153 PSF / \$229,170 per unit**



**UMB Bank
Boulder, CO - SOLD \$15.3 million
\$429 PSF**

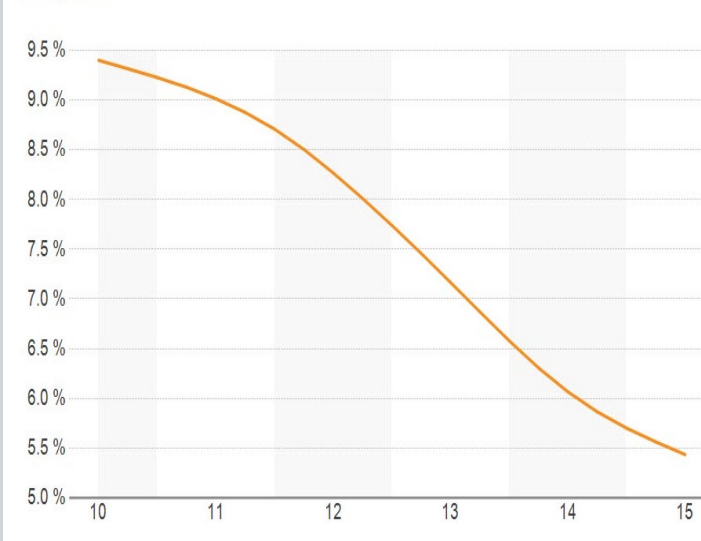


**University Square Mall Portfolio Sale
Greeley, CO - SOLD \$20.75 million
2 Properties - \$84 PSF**

Large apartment building sales pushed sales volume up for the quarter. However, retail centers and larger office sales transactions also contributed. The multi-family trading frenzy might slow down as many of the major assets have recently traded hands. Office seems to be heating up, in its place, though.

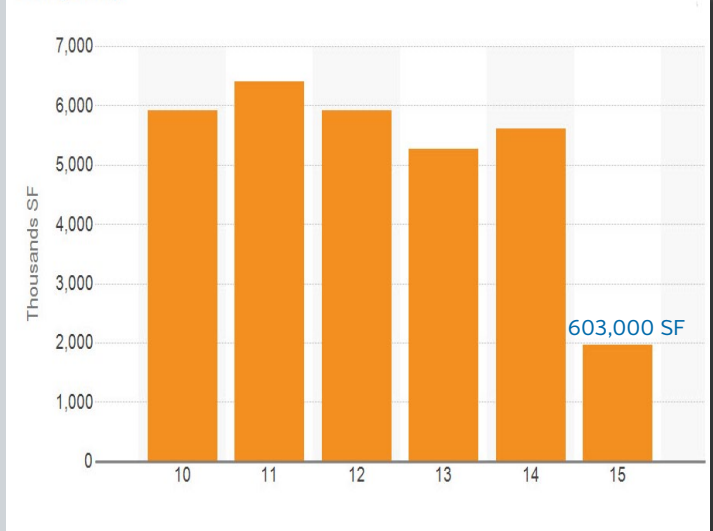
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Vacancy Rate



Vacancy still declining, though at slower rate.

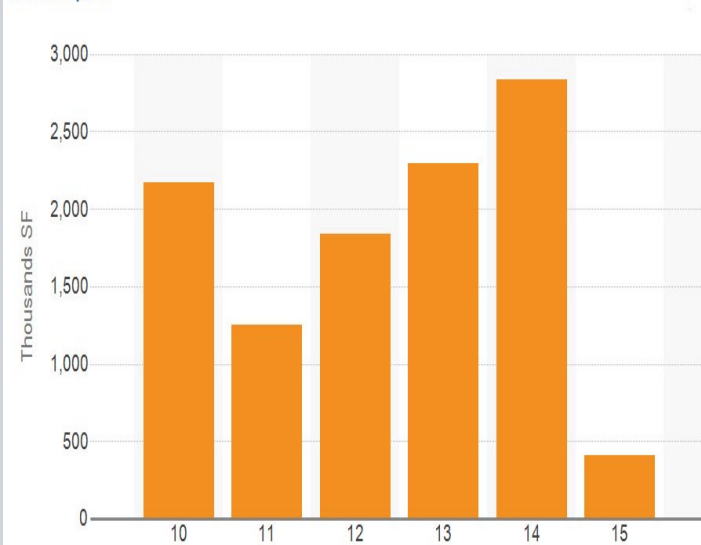
Leasing Activity



Leasing activity slowed considerably, perhaps due to lack of inventory and available space.

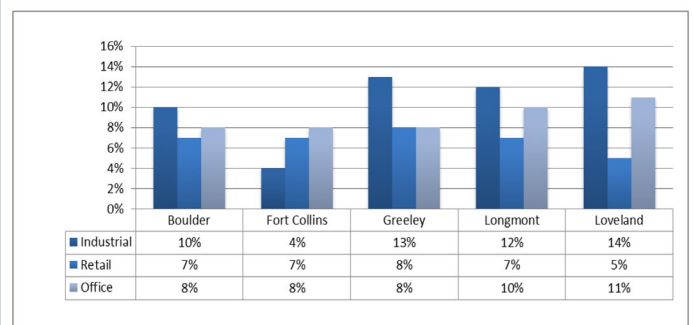
Leasing has slowed this year, though we still have had 2 million square feet of activity. As inventories shrink, and new construction deliveries increase, some businesses are opting to buy or build their own space.

Net Absorption



Absorption slowed as leasing activity slowed.

Vacancy Rates – June 2015



All 5 metro areas leveling out.

A Few Significant Regional Lease Transactions



Graphic Packaging
Boulder CO - LEASED 52,000 SF
Industrial



Preferred Packaging Products
Longmont CO - LEASED 38,000 SF
Industrial



Zayo
Boulder CO - LEASED 21,500 SF
Office



Agrium
Loveland CO - LEASED 14,250 SF
Office

From the Author...



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Summary / Market Trends:

- Q2 2015 showed a significant jump in sales volume for the tri-county commercial real estate region in northern CO. Fueled by the mega quarter billion sale of an apartment complex in Superior, other large multi-family trades also featured this quarter. Later in the quarter, class A office sales and some larger retail center trades kept the sales momentum going.
- Leasing activity has slowed, but not stopped. New construction deliveries, primarily build to suit properties [or new apartment buildings] filled up upon completion of the projects. Since new construction often takes a year to complete, it took a while for these projects to finally start impacting the region. Companies often have no other choice than to wait for a new building to be constructed in order to obtain the right type of space for them.
- Investors from out of state were the purchasers for the larger trades. Equity funds, REITs, and other institutional monies are eager to find investment grade commercial real estate in our region. These entities are now paying top dollar for the right opportunity to purchase.

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.

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