

May 2018 Talking Points

Net Absorption of Space Falling Steadily as Supply & Delivery Catch up to Market



Recent Sales Statistics Stronger than 5-Year Post- Recession Era

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$168	\$154
Asking Price Per SF	\$237	\$170
Sales Volume (Mil.)	\$2,160	\$2,058
Cap Rate	6.7%	6.9%

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Price Per Square Foot Varies Greatly in Tri-County May CRE Sales & Leases

Springtime CRE sales and leasing activity across the five metro areas ([Boulder](#), [Longmont](#), [Loveland](#), [Fort Collins](#), and [Greeley](#)), Showed great diversity and spreads across multiple property types. During May, at-least, the Buyers and Sellers were predominantly [Colorado](#) based, except for one mega-sale in [Longmont](#). Activity has been on a strong run in a rolling twelve-month analysis, and this year is poised to be stronger than the five-year historical average during this post-Great-Recession era.

Leasing activity in the region last month showed the difference in Office leasing rates between the various metro areas. [Boulder](#) featured the highest rates, naturally. Of note was an executed *9,600 SF* lease at [Boulder Commons](#) in the [Junction](#) area which asked **\$28.00 PSF** plus Operating Expenses (“NNN” or “Triple Nets”). That new-building rate was higher than existing buildings in [Boulder](#), such as two office leases on [Sterling Dr.](#) in the [Boulder Aspen Industrial Park](#). There, *23,000 SF* and *15,500 SF* spaces were separately leased with asking rates of **\$18.50 PSF NNN**.

By contrast, the largest office lease in [Fort Collins](#) on [Automation Dr.](#) was for *15,000 SF* with an ask of **\$13.50 PSF NNN**. [Niwot](#) had a Flex building lease on [Monarch Park St.](#) that was for *10,500 SF* with a **\$10.50 PSF NNN** ask rate. [Fort Collins](#) had a larger *17,000 SF* lease on the southern side of town off [College](#). That retail showroom had asked **\$8.50 PSF NNN**.

On the sales front, metro differences in the [Tri-County](#) are also easy to spot with last month's activity. Local [Colorado](#) developer [Schuman Companies](#) sold a couple 22 unit multi-family properties on [28th St](#) in [Greeley](#) to a [Fort Collins](#) Buyer for **\$100,000 per unit** or **\$4.4 million** total. Meanwhile, 25 unites in [Boulder](#), [The President John Adams](#) student apartments sold for **\$7 million** or **\$280,000 per unit** to a local buyer. That [Boulder](#) property was built 51 years ago. Seller was also from [Boulder](#). Similarly, a newly built **34 unit apartment complex** in [Fort Collins](#) directly across [College Ave.](#) from CSU, sold for **\$10 million**, or **\$291,000 per unit**, and at a reported **5% CAP** rate. A [Boulder](#) buyer purchased that property.

On a larger deal size, [Lakestar Properties](#) out of [Lakewood, New Jersey](#) purchased a *547,000 SF* multi-tenant property on [Dry Creek Road](#) in [Longmont](#) for **\$68.5 million** or **\$125 PSF**. Tenants included [DigitalGlobe](#), [Oracle](#) and [Front Range Orthopedic](#). The [Chicago](#) based seller had purchased the property for **\$30 million** less in 2004. Showing some parity on a price per square foot basis, [Schuman Companies](#) also sold two fully leased industrial properties in [Windsor](#) for **\$8 million** to a [Longmont](#) based Buyer. [Schuman](#) had developed and leased up the *59,000 SF* of property prior to sale. This sale penciled out to **\$135 PSF**.

For the record in terms of high price per square foot, look no further than [Boulder](#). [Regency Center](#) (a Florida REIT) added to its center which contains [Whole Foods](#) and diagonally across the street from [Google](#). This former restaurant sold for **\$10 million**, which translates to **\$1,500 PSF**. On the lower end of the price per square foot sales spectrum was a *84,500 SF* industrial property which sold as a leased investment to a [Denver](#) buyer for **\$4.8 million** or only **\$57 PSF**. The Seller still made out well in that deal, as they acquired the facility in 2013 for only **\$1.3 million**. Major tenant at this location is [Creative Foam Composite Systems](#).

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