

# Office campus 'great purchase,' despite occupancy

Denver-based Equity West paid a bargain \$37 million for the Greenwood Corporate Plaza, one of the largest office campuses along the southeast corridor.

The six-building campus on a 40-acre site west of Interstate 25 between Greenwood Plaza Boulevard and Syracuse Street has 612,000 square feet but is only 30 percent occupied.



**John Rebchook**

Equity West and its partner Broadreach Capital Partners of Palo Alto, Calif., paid \$60 per square foot to Lowe Enterprises for the property. The site has an estimated replacement cost of at least \$140 per square foot.

The deal was handled by Mary Sullivan, Tim Swan and Ron Urgitus of CB Richard Ellis.

Equity West bought the office campus amid a flurry of reports from various commercial real estate reports saying the Denver-area office market hit bottom last year and is slowly recovering.

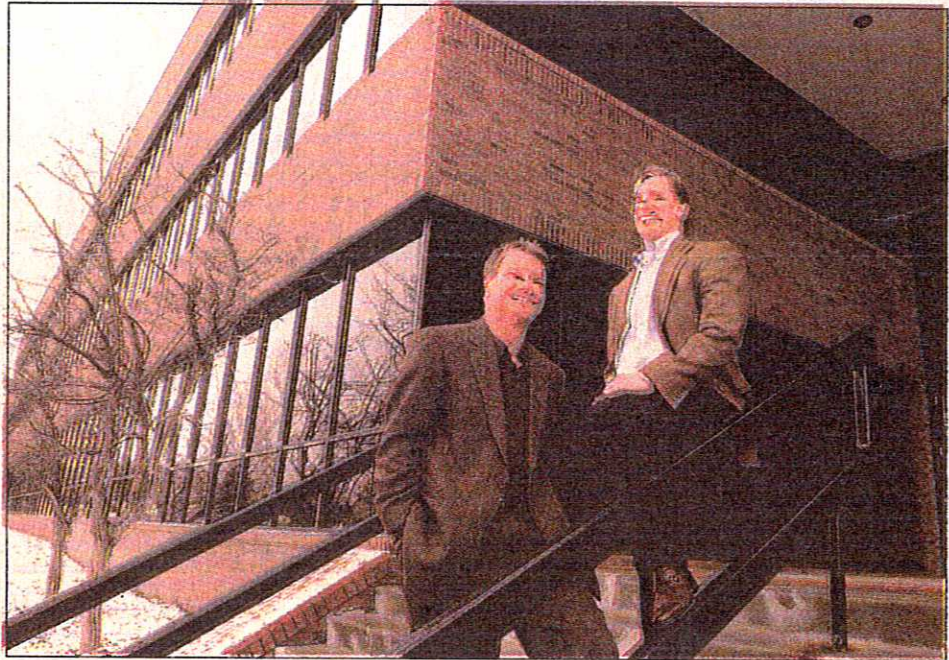
"Is it a home run? Some would look at it and say with a 30 percent occupancy rate in a market with a 25 percent vacancy rate, you would have to be crazy to buy this," said David Naus, principal of Equity West. "We don't think so. But time will tell."

His group will spend about \$2 million improving the property, built by once-mighty Denver developer Bill Walters in the 1980s. It has served as regional or corporate headquarters for companies such as Lucent and AT&T Broadband.

The building could handle tenants as small as 1,000 square feet or as large as 260,000 square feet, in three adjacent office buildings. Naus said he has the flexibility to sell the entire campus or individual buildings to a speculator, a tenant that would occupy it or a group that wants a steady source of income from the leases.

"We could sell it for far below the replacement cost and still make a very handsome profit," he noted.

Greenwood Corporate Plaza is the largest office campus in Greenwood Village and one of the largest



**David H. Naus, left,** and Bruce Burkard, of Denver-based Equity West, outside the six-building Greenwood Corporate Plaza for which their company and its partner, Broadreach Capital Partners, of Palo Alto, Calif., paid about \$37 million.

STEVEN R. NICKERSON/  
ROCKY MOUNTAIN NEWS

## What they're saying about the office market

Company	Overall office vacancy	Quote
<b>Transwestern</b>	16.6%	"Metro Denver's economy gained momentum in the second half of 2004 as business spending increased and companies resumed hiring."
<b>Fuller and Co.</b>	19.9%	"We believe the metro area has the potential to absorb in excess of 1.5 million square feet of space (this year), and we should see rental rates throughout most submarkets increase between 50 cents to \$1.50 per square foot."
<b>Trammell Crow</b>	20.7%	"Metropolitan Denver's office market recovery appears to be the real thing, as 2004 ended with declining vacancies, positive absorption and stabilizing rental rates."
<b>Grubb &amp; Ellis</b>	21.6%	"The office market is tentatively embarking on a recovery, needing the catalyst of job growth to really spark a significant rebound."
<b>Frederick Ross</b>	21.85%	"The Denver office market demonstrated continued improvement as the latent economic recovery that existed at the start of 2004 became even more pronounced during the year."

along the southeast corridor, said Doug Wulf, the Fuller and Co. broker leasing the development.

"It's a great purchase," Wulf said. "Bill Walters always built well."

Walters was the largest developer in the Denver area during much of the 1980s, but later filed for bankruptcy, losing his empire during the real estate crash caused by overbuilding and a slump in oil prices.

Wulf said that Equity West bought the campus at a time when

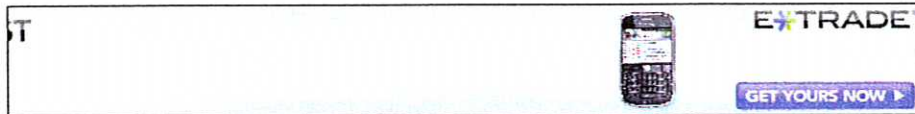
much of the absorption — the net increase in leasing — has occurred along the southeast corridor. He estimates that two-thirds of the tenants he speaks with are "hiring and growing" and that for the first time in years, companies again are competing for software engineers and programmers.

"I think clearly, when we look back, we will see that 2004 was the turning point of the market when it reached stabilization and rental

rates slowly began to increase," Wulf said. "I think the most noteworthy statistic is that we saw four consecutive quarters in 2004 of positive metro-wide absorption. We hadn't seen that in four or five years. Overwhelmingly, the market really feel like it has turned the corner. The only question is how good is it going to get."

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**Greenwood Corporate Plaza**, a 612,215-square-foot, six-building office campus in Greenwood Village, has sold for \$37 million.

The campus is at Greenwood Plaza Boulevard and East Maplewood Avenue.

**Equity West Investment Partners**, based in Denver, and **Broadreach Capital Partners** of Palo

Alto, Calif., purchased the building.

The sale is the largest in the southeast office market this year based on square footage.

**Lowe Enterprises** managed and leased the building for owner Los Angeles Fire & Police Pension System.

Brokers Tim Swan, Mary Sullivan and Ron Urgitus of **CB Richard Ellis** handled the transaction.

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Mining company takes 104,500 sf

by Jill Jamieson-Nichols

A joint venture that bought and repositioned a largely vacant office complex in Greenwood Village has landed a 104,500-square-foot user.

Rio Tinto Minerals, an international mining company, has established Greenwood Corporate Plaza as its new global headquarters. The company signed a 10-year lease for a building at 8051 E. Maplewood Ave.

The largest office complex in the southeast office submarket, Greenwood Corporate Plaza consists of six buildings totaling 612,215 sf on 40 acres of landscaped greenbelt. Broadreach Capital Partners and Equity West Investment Partners bought the property two years ago initiated an aggressive leasing and capital improvement plan that included updating the building lobbies and common areas, and other upgrades. That allowed the property just off Interstate 25 to compete for users such as Rio Tinto, said Equity West's David Naus.

Fuller Real Estate brokers Doug Wulf, Joe Sigdestad and Dan Miller represented the owners in the transaction. Rio Tinto was represented by Tim Harrington and Ryan Stout of Grubb & Ellis Co.

Rio Tinto Minerals, which employs 3,000 people in 50 facilities worldwide, supplies 43 percent of the world's demand for refined borates, which are key ingredients in fiberglass, glass, ceramics, detergents, agricultural nutrients and wood products. It also supplies 25 percent of the global demand for talc used in paper, paints, ceramics and plastics, and is the world's largest exporter of salt used in automotive, construction and electronic products.

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