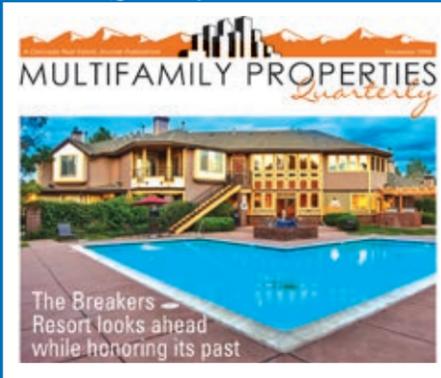


Featured Quarterly



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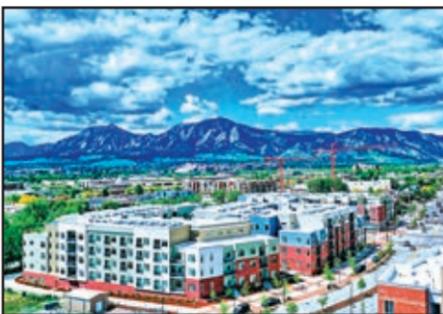
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Spec office building comes to Inverness

by Jill Jamieson-Nichols

Companies looking to stand out on the southeast Interstate 25 corridor will have a new option with a 120,000-square-foot speculative office building slated to be delivered late next year.

Artis REIT, advised by Marwest Enterprises, and development manager Trammell Crow Co. have started construction of a four-story, Class A building at 169 Inverness Drive in Englewood.

"We feel its ease of access, high-profile visibility and top-quality design will draw high-quality tenants in the south Denver market," said Philip Martens, Artis executive vice president.

Located within Inverness Business Park, the site is next to the AT&T building at 161 Inverness, which Artis REIT has owned since 2010.

Through ownership of that property, Artis recognized the appeal that the southeast suburban submarket – particularly the area south of Arapahoe Road – holds for corporate users, said Ann Sperling of Trammell Crow Co. Many regional and national head-



Artis REIT and Trammell Crow Co. will deliver a 120,000-square-foot building in Inverness Business Park in late 2017. Fentress Architects is the architect.

quarters have chosen the area in order to draw from a talented workforce, she said.

"There are just scores of tenants who have chosen that portion of the southeast suburban market. I think that is what really motivated the development of this building.

"The opportunity to have either a significant portion of a building or an entire build-

ing, to have visibility and signage on the highway, to have a combination of structured and surface parking is very appealing," Sperling said.

The building will check a lot of the boxes for tenants, agreed John Marold of CBRE, who, along with CBRE's Joe Serieno, is leasing and marketing the building.

Being south of Arapahoe

Road, near the 470 beltway, allows employers to tap into a workforce stretching from the Parker area west to Highlands Ranch, as well as surrounding areas.

The site is located off the Dry Creek Road interchange, the most underutilized interchange in the southeast sub-

Please see **Trammell Crow**, Page 8

Breakers, a legacy holding for Koelbel

by John Rebchook

Koelbel & Co. began buying land near what was then the Lowry Air Force Base in the late 1970s and early 1980s.

"It was a B-minus or a C-plus location," recalled Walter "Buz" Koelbel, president of his namesake, family owned real estate development dynasty.

The 190-acre site, around a large, but hidden, lake became the site for the Breakers Resorts.

Last month, the apartment community sold for a staggering \$350 million, blowing past the previous record of \$255 million for an apartment community in the Denver area.

Indeed, only an apartment sale in Manhattan can boast a higher price tag anywhere in the U.S. this year.

"It was an amazing feat to build the Breakers," said Jeff Hawks, part of the ARA Newmark team that sold the community.

"It was really the first of what I would call an institutional-quality apartment community in the Denver area," said Hawks, part of the ARA team that also included Terrance Hunt, Doug Andrews, Shane Ozment, Anna Stevens and Amanda Meldrum, which



A 60-acre lake anchors the Breakers, which recently sold for \$350 million.

fielded more than 20 offers for the colossal community.

Before the Breakers, apartment developments were projects, not communities.

Units had low ceilings; the clubhouses, if they existed, were small and tucked away; and they lacked high-end finishes. Few of the projects even had central air, depending on air-conditioner units in the windows, Hawks noted.

The Breakers changed everything.

"Really, everything that has

been built since the Breakers has been influenced by what happened there," Hawks said.

Koelbel remains a minority owner in the 1,523-unit community.

The new majority owners are Pensam Residential and its partners, BH Equities LLC and Wafra Capital Partners.

The Breakers marks the first acquisition in the Denver area for Pensam and BH Equities. Wafra specializes in structuring Shari'ah-compliant leasing and real estate products, according

to its website.

More than 20 groups were interested in buying the Breakers, despite its stratospheric price.

Koelbel said the seller, and the majority owner, the Bascom Group, had a 10-year hold period and decided now was a great time to sell, not only because it had owned for a decade, but also because apartment sale prices have never been higher.

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Multifamily

Granite

Continued from Page 12

less steel appliances, plank luxury vinyl tile hardwood flooring and an in-unit washer and dryer. They range in size from 903 to 1,120 square feet.

"New construction such as Kipling Commons is attractive to investors because no rehab is required. This lowers investor risk," said **Bruce Savett**, GCG founder and principal.

"Maintenance costs associated with new high-end construction are more predictable," he added.

Kipling Commons is designed to appeal to young professionals and families who are priced out of

the housing market or choose to rent instead of own and are seeking an alternative to more urban settings.

"Demand for housing in Arvada is high," Savett said.

"The vacancy rate is under 3 percent. Introducing new housing into the market helps fill a need while making it a smart venture for investors."

Earlier this year, GCG closed initial funding and began developing Fairways at Vista Ridge, a \$41.5 million, 14.5-acre, 169-unit single-family rental community in Erie's Vista Ridge master-planned community. Occupancy is expected to start in spring 2017. It is

anticipated upon stabilization, the project will return to investors a mid-teen cash-on-cash return.

"There is little new single-family residential construction in the Denver market," Savett said.

"This will likely continue. Although a strong jobs market is keeping demand high, construction is getting cost-prohibitive. However, the region remains one of the nation's economic bright spots so GCG will continue to seek new residential investment opportunities."

■ An unidentified buyer paid \$1.84 million, or \$306,250 per unit, for a six-unit apartment build-

ing at 1721 Marion St. in Denver. The property was built and 2001 and is occupied by the Brent Eley Foundation as a Brent's Place. **Jim Knowlton** represented the seller and **Scott Fetter** represented the buyer in the transaction. Both Knowlton and Fetter are brokers with **Pinnacle Real Estate Advisors LLC**.

■ An unidentified buyer paid \$1.55 million, or \$129,167 per unit, for a 12-unit apartment building at 9990-10000 W. 59th Ave. in Arvada. The building is east of Kipling and West 59th Place in the Ralston Valley neighborhood.

Joe Hornstein and **Scott Fetter**,

of the **Hornstein|Fetter Apartment Group** at **Pinnacle Real Estate Advisors**, represented both the seller and the buyer in this transaction.

"The sellers were motivated to move this asset to provide capital for other buildings they own which they would like to improve," Fetter said.

"The buyer used the purchase to complete a 1031 exchange," Fetter continued. "In doing so, they were able to buy a property in better condition and in a better location than the asset they relinquished. Their cash flow will also increase so they are happy to close the deal." ▲

Koelbel

Continued from Page 1

"I agreed," Koelbel said.

However, as the sale process continued, Koelbel decided he wanted to keep a piece of the Breakers as a legacy investment for his family.

"I realized and my family had been involved with this so long, 38 years from when we first started acquiring the land, that I was so emotionally tied to it, I wanted to stay involved with it and keep it as a generational asset," Koelbel said.

He said it is especially important to him now that his three sons are working for Koelbel & Co., which has been developing properties in the Denver area since his father, Walter, founded the company in 1952.

It is extremely unusual for institutional investors to permit the

original developer to remain as a partial owner, Hawks said.

"Typically, they can't because of the way they are structured," Hawks said.

"I would say that more than half of the groups that wanted to buy it would not have allowed Buz to retain an interest in the Breakers. They simply could not because the way they are set up," Hawks said.

"To their credit, Pensam not only allowed it, but they thought it was a great idea," Hawks said.

When Koelbel first started acquiring the property, he had no inkling that he would be helping to shape the future of apartment development in the Denver area.

In fact, he wasn't even initially planning rental units on the property.

"When we first started buying

the land in the late '70s and early '80s, Denver was a hot market," Koelbel said, with the economy being fueled by rising oil prices.

At the same time, for-sale condos were just starting to take off as an investment alternative to consumers who had trouble affording a single-family home.

"We were zoned for high density and we were getting ready to develop a large condominium community," Koelbel said.

Population growth was predicated on oil rising to \$65 a barrel.

Instead, oil prices crashed, at one point falling to less than \$10 a barrel.

"With the oil crash, there was an exodus out of Denver and there was virtually no use for our land," Koelbel said.

Then, in 1987 or 1988, he was



Friday's Harbor is one of the neighborhoods at the Breakers.

attending an Urban Land Institute meeting in Atlanta and toured a rental community with about 1,700 units.

"All of a sudden a light went off in my head and I thought maybe

Please see **Breakers** Page 46

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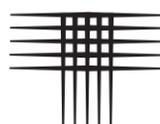
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