



COLORADO REAL ESTATE JOURNAL

THE COMMUNICATION CHANNEL OF THE COMMERCIAL REAL ESTATE COMMUNITY

Retail

03/15/2006 - 04/04/2006

Retail grows along Union Blvd.

By Jennifer Hayes

Editor

Colorado Real Estate Journal

A Denver developer is bringing a pair of retail projects to one of the "best" trade areas in Colorado.

Bush Development has broken ground on its latest two retail projects along the Union Boulevard corridor in Lakewood — Plaza on Union and Union Walk.

"Union Boulevard is one of the best trade areas in Colorado," said Eric Bush of Bush Development. "I can name six restaurants within a few blocks of each other that have been in business for over 30 years. I can't say that about too many other streets in the metro area. Many people don't realize that Union Boulevard's latest traffic counts are over 60,000 cars per day, which rivals Colorado Boulevard."

As well, the retail projects are located a few blocks apart on Union Boulevard, home to the largest concentration of office space within the city of Lakewood; within a half mile of the Denver Federal Center, which is set to develop approximately 235 acres of vacant ground into office and residential product; and the planned 900,000-square-foot St. Anthony hospital, whose entrance will be at Second Avenue and Union with a pedestrian bridge that will provide access to Union Boulevard.

Built on the former Marie Callender's site at 145 Union Blvd., Plaza on Union will comprise an 11,000-sf retail center. The project is fully leased to Old Chicago, which will feature two ground-level patios and a rooftop patio with an outdoor bar, Chipotle and a high-end Asian quick-serve restaurant new to the Denver market.

Plaza at Union is designed with three distinct brick facades and its outdoor eating patios are 35 feet deep in the front.

Union Walk also will incorporate a unique look with usage of Renaissance stone and brick.

Cingular, 1,600 sf, Floyd's Barbershop, 1,200 sf, and Jimmy John's Gourmet Sandwiches, 1,400 sf, already have signed on to join the approximately 12,000-sf center at 180 S. Union Blvd. The balance of Union Walk, including both end caps, is available for lease; however, because of the lack of competing product in the market, Bush Development has approximately 40,000 sf of letters of intent out between the two projects, Bush added.

Both projects are anticipated to open in summer with average rents of \$38 per sf triple net.

Kimberly Waldera of SullivanHayes Brokerage is marketing the projects, which were designed by Dauer Haswell Architecture Group. Waner Construction Co. is the contractor for both Plaza on Union and Union Walk.

Bush Development developed the Union Court retail center at 150 Union Blvd. in 1998.

Other News

A Culver's restaurant franchisee recently acquired 4.1 acres in Thornton, where it's planning its first Denver metro area location.

Under the name Palm B LLLP, the Culver's franchisee purchased the land at 98th Avenue and Washington Street for \$1.65 million. A March groundbreaking is planned for the restaurant, which has a 4,500-square-foot footprint, according to Dunton Commercial's Manny Cereceres. Cereceres, along with James Craddock of Dunton Commercial Real Estate, represented the buyer.

The fast-casual restaurant, known for its ButterBurger (a burger sandwiched between a lightly buttered, toasted bun) and frozen custard is slated for a June or July opening.

Pete Whitaker of David/Hicks Brokerage represented seller 98th and Washington LLC.

Palm B LLLP is selling the balance of the land — 2.42 acres — at 98th and Washington. The parcel, adjacent to Safeway, can be subdivided into two separate parcels of 1.21 acres.

Cereceres and Craddock are marketing the land for sale at \$18 per sf. The site could accommodate uses like a quick-service, drive-through or sit-down restaurant or strip retail. However, automotive uses are restricted from the site, which is near Wal-Mart Supercenter, Sam's Club and Home Depot.

Armstrong Dry Creek Gartrell LLC paid \$1.15 million for 1.35 acres of Aurora land, which reportedly will be developed into a bank.

Gustine Investments sold the land at Dry Creek and Gartrell roads, across from Saddlerock Village.

Brian Shorter of SullivanHayes Brokerage represented the buyer.

A retail pad site at Palizzi Marketplace in Brighton was purchased by IHOP in a \$455,000 deal.

The pad comprises 29,794 sf at the center at the southeast corner of Bromley Lane and Sable Boulevard.

John Liprando of SullivanHayes Brokerage represented the seller.

TGI Friday's of the Rockies Inc. recently signed a new retail ground lease at Northfield at Stapleton.

TGI Friday's signed a 43,317-sf lease at the retail center at Interstates 70 and 270.

Daniel M. Miller of SullivanHayes Brokerage represented the landlord, Stapleton North Town LLC.

Kelly Greene of Trammell Crow Co. represented the tenant.

Miller also recently represented Wahoo's Fish Taco in a 24,044-sf ground lease at 280-290 S. Union Blvd. in Lakewood. Wahoo's leased the land from Hackstaff Bros. Inc.

"Investor demand for retail properties has remained nearly insatiable over the past five years," Frank Griffin, managing director of Frederick Ross Co., said in a recently released report about demand for Denver retail property.

"This demand has been augmented by the relative stability of vacancy, which has ranged from about 7 (percent) to 9 percent over that same period," added Griffin, who, with associates Susan Karsh and Tucker Brooks of Frederick Ross, specialize in retail investment sales with the firm's retail invest group, Griffin Karsh & Brooks.

Since 2001, the metropolitan area has experienced \$1.6 billion worth of retail sales, based on transactions of \$5 million and higher. Average cap rates have decreased from nearly 10 percent to approximately 7.2 percent and the average per-sf price has increased to more than \$144 from around \$94 over the same time frame.

The sales per sf, the most significant number to track, according to the report, jumped 3 percent in 2005 over the prior year while the volume of sales decreased by 20 percent. The cap rate range reported in 2005 was between 9.17 percent and 6.1 percent, although 60 percent of sales did not report a cap rate.

"Cap rates have receded for several reasons," noted Griffin. "The most often cited is lower interest rates, which makes borrowing money cheaper. This enables an investor to pay a higher price and achieve the same leveraged return had he/she paid a lower price in a higher-interest-rate environment."

As well, receding cap rates are a result of investors' lack of confidence in other investment opportunities and a shortage of properties available for purchase.

Moving forward, demand for retail assets will remain strong as buyers are continuing to compete for a limited number of properties, putting upward pressure on prices.