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Cherry Creek rolling along
After a successful round of high-end redevelopments, the district will see several upscale new hotels, shops and office buildings in the next few years.

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Page: K-01

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Memo: Corrections RAN 8/6/2008: Because of incorrect information provided to The Denver Post, a chart on Page 7K Sunday gave an incorrect name for the owner of 3031 E. Second Ave. The owner is DBC Properties LLC.

Cherry Creek is on the brink of another transformation that will bring several new hotels, shops and office buildings to the tony district over the course of the next five years.

"There's always one place in a city where it seems like it's decent to do business, and there's always a frenzy to find something to do there," said developer Rick Campbell of Vallejo Investments.

Campbell plans to spend up to \$100 million developing a 100-room boutique hotel on top of ground-floor retail and underground parking on the site of the former Cook's Mart at 3000 E. Third Ave.

Developer Eric Bush's plans for redeveloping the block east of Steele Street between First Avenue and Ellsworth Avenue include a 200-room hotel, office buildings and retail. He also would like to build a pedestrian bridge across Steele to **Cherry Creek** Shopping Center and another across First Avenue connecting the project, called Steele Creek, to **Cherry Creek** North.

Bush had another site, at 275 Clayton St., but sold it within six weeks of buying it.

Bush credits the high-end developments of Clayton Lane, a residential, retail and office development; Pura Vida, a upscale fitness center and spa; and NorthCreek, luxury condominiums on top of high- end retail, with sparking the latest wave of redevelopment in **Cherry Creek** North.

"All those developments set the bar very high," he said. "We've had many of the most well-known hoteliers, retailers and restaurateurs in the country inquiring about space at Steele Creek."

Developer Don Sturm took a big risk when he did not renew leases for Janus and the Tattered Cover. He spent \$18 million redeveloping the buildings he owns and the investment paid off.

"In the last 18 months, we have signed leases that will produce \$67 million in gross revenue over the lease term," said Sturm, who was able to increase his lease rates after the renovations.

Owners waiting out leases

Of the 223,000 rentable square feet of office space Sturm owns, only 4,500 square feet is available. Of the 19,000 square feet of retail space, 5,700 square feet is available.

Sturm's tenants include Factory Design Labs, Pura Vida, West Elm Furniture, American National Bank, Land Title Guarantee Co. and KSL Capital Partners.

In addition to its NorthCreek project, Western Development owns the property at 234 Columbine St., where it will develop underground parking, retail space and residences after its tenants' leases expire, said David Steel, president of the company. Western Development also has another property under contract, but Steel declined to reveal the location.

Others waiting out leases are Evan Makovsky, who owns the Phillips 66 site at East First Avenue and Steele Street, and Bill Moore, who owns the Village Inn building at 222 Columbine.

Makovsky declined to disclose his plans for the site. Moore said he hasn't decided what to do with the site, because the leases don't expire until 2013.

The U.S. Postal Service will move out of the building it occupies at 245 Columbine St. when its lease expires in September. Building owner Jim Heimbecher said he will demolish the building but does not have specific plans for the site.

The families that own the property at 212-222 Milwaukee St. are considering selling the property or teaming up with a developer to redevelop it.

"Clearly a 50-year-old office building is not the highest and best use," said Brian Stein, one of the family members. "Many family-owned properties are giving serious consideration to the opportunities."

FirstBank Holding Co. has teamed up with The Pauls Corp. to redevelop the 100 block of St. Paul Street. The bank will replace its existing building on the site and build a mix of retail, offices and residential, said Dave Baker, chief operating officer at FirstBank.

"We need to make sure we have a very good, convenient bank site for our customers," he said. "This will be a very high-quality project."

Two years ago, the boutique shopping district saw a wave of redevelopment and speculation, partly triggered by the success of developer Randy Nichols' Clayton Lane project. National chains such as Crate & Barrel, White House Black Market and Lucy joined the district's eclectic mix of boutiques and restaurants. The old Sears store was remodeled and a JW Marriott opened in 2004.

As the area gives way to the next wave of development, the Cherry Creek North Business Improvement District is working on a plan to enhance the image of the 16-block district.

It includes new graphics and signage that will enhance the recognition of the named streets and will pay special attention to Josephine Street and First Avenue on the perimeter of the district. It also would like to dress up the gateway to the district from Colorado Boulevard.

Fillmore Street will be transformed into a park between First and Second avenues, serving as the hallmark of the district. An ice skating rink will be located in the Fillmore park or in another plaza to be developed at Fillmore Street and Third Avenue.

"It's got the legacy; it's got the select buildings that are gems," said Todd Johnson, principal of DesignWorkshop, which is working on the plan. "It just needs a makeover."

The enhancements will be paid for through an \$18.5 million bond issue.