

25178

GENESEE TRAIL RD

CBRE

FOR SALE



**Recently Renovated
Open Concept Office Building**

WITH SWEEPING VIEWS OF DENVER AND THE ROCKIES

25178

GENESEE TRAIL RD

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01

EXECUTIVE SUMMARY



THE OFFERING

Situated in Genesee Business Park on the ridge overlooking the Gateway to the Rockies, CBRE is pleased to offer for sale the opportunity to acquire 25178 Genesee Trail Rd—an 18,904 SF Class B office building in built in 1982. This 2-level office property offers an Owner/User or Investor the opportunity to own a property just 25 minutes from Downtown Denver and 45 minutes to the ski slopes. In addition to its easy access to Golden, Denver and skiing, the property has been beautifully renovated by the current owner for maximum efficiency and pleasing aesthetics as great as the surrounding landscapes and views. An Investor Buyer of this opportunity will be able to capitalize on leasing the entirety of the building vacated by the current owner. Similarly, a User Buyer will be able to occupy plug-and-play space vacated by the current owner with the opportunity to lease-out the 1st or 2nd level for additional income.

Investment Highlights



Class B Owner/User Opportunity located in low vacancy Genesee office market



2018 **Complete interior renovation** at a cost of ~\$600,000



New Parking Lot in 2019 at cost of ~\$50,000



Located a 45-minute drive to skiing and Denver International Airport



Two of the four **HVAC units replaced** in October 2019. Systems maintained on service contract.



Easily demised for two **Tenants - upper and lower parking lots and entrances**





Property Facts



PROPERTY ADDRESS

25178 Genesee Trail Rd.



YEAR BUILT

1982



CONSTRUCTION TYPE

Steel, Brick and Stucco exterior



TOTAL BUILDING AREA

18,904 RSF



NUMBER OF BUILDINGS

1



ELEVATORS

0 (Both levels ADA accessible)



ZONING

Jefferson County Planned Dev. (PD)



PARKING

4.44/1000 (84 Surface Spaces)



LAND AREA

6.65 Acres (289,674 SF)



PRICE

\$2,990,000 / \$158.17 RSF





PROXIMITY TO MAJOR METRO DENVER POINTS OF INTEREST



DOWNTOWN GOLDEN

15 minutes



DOWNTOWN DENVER

25 minutes



SKIING

45 minutes



DENVER INTERNATIONAL AIRPORT

45 minutes



02

PROPERTY DESCRIPTION



CONSTRUCTED IN 1982, 25178 GENESEE TRAIL RD. OFFERS ATTRACTIVE DESIGN AND QUALITY CONSTRUCTION IN ONE OF DENVER'S STRONGEST PERFORMING SUBMARKETS.

Recently renovated and designed with an open concept in mind, the property has potential for a wide variety of users looking for nice office space close to the mountains without sacrificing Denver's amenities.

With nearly a 4.44/1,000 parking ratio, this Class B value investment is an incredible opportunity for an owner-occupant or investor suitable for up to 150 employees trying to enter the supply constrained Genesee office market. With the current owner/user vacating the property, a new owner can immediately occupy and use the space for office and/or immediately begin the leasing process.

The two-story building is quality steel frame construction with a brick and stucco facade. There is no elevator on the property; however, the advantage of being on a mountain is that the parking lot wraps around the building reaching both the 1st and 2nd floors making access that much easier. The views are spectacular in all directions from looking down the I-70 corridor onto the sweeping Denver skyline to looking up and over the Gateway to the Rockies. The building is fully sprinklered and has a back up generator.

Nearby amenities include Chart House (upscale seafood restaurant), Genesee Pub and BBQ, the Buffalo Overlook, and Genesee Mountain

Complete interior renovation in 2018 at cost of **\$584,975**

STRUCTURAL: Steel Frame with brick and stucco exterior

CEILINGS: Suspended acoustical tile

FIBER: Comcast Fiber to the building. CenturyLink also nearby and available.

GENERATOR: Outside Generator conveys with property

FIRE & SAFETY: Fully Sprinklered building with Monitored fire safety and alarm systems

HVAC: Four Roof Top Units. Two replaced in October 2019. Entire system serviced quarterly with service contract.

FURNITURE, FIXTURES AND EQUIPMENT: Negotiable

SIGNAGE: Building and Monument signage

RESTROOMS: Men's and Women's renovated two stall, double lavatory restrooms on each level

ROOF: Ballasted EPDM roof replaced in October 2014

OPERATING EXPENSES: ~\$4.76/SF in 2019

2019 TAXES (PAYABLE IN 2020): \$1.93/SF

LEGAL DESCRIPTION: SECTION 13 TOWNSHIP 04 RANGE 71 QTR NW SUBDIVISIONCD 275400 SUBDIVISIONNAME GENESEE OFFICE COMMERCIAL FLG #2 L 7 EX SUR BLOCK LOT 0007 SIZE: 289674 TRACT 00B VALUE: 6.650

PARCEL #: 41-132-01-018 Jefferson County, Colorado

TAXES: \$36,000

ZONED: PD Jefferson County

OWNERSHIP: Comprehensive Software Systems Inc. dba Talisys

PRICE: \$2,990,000

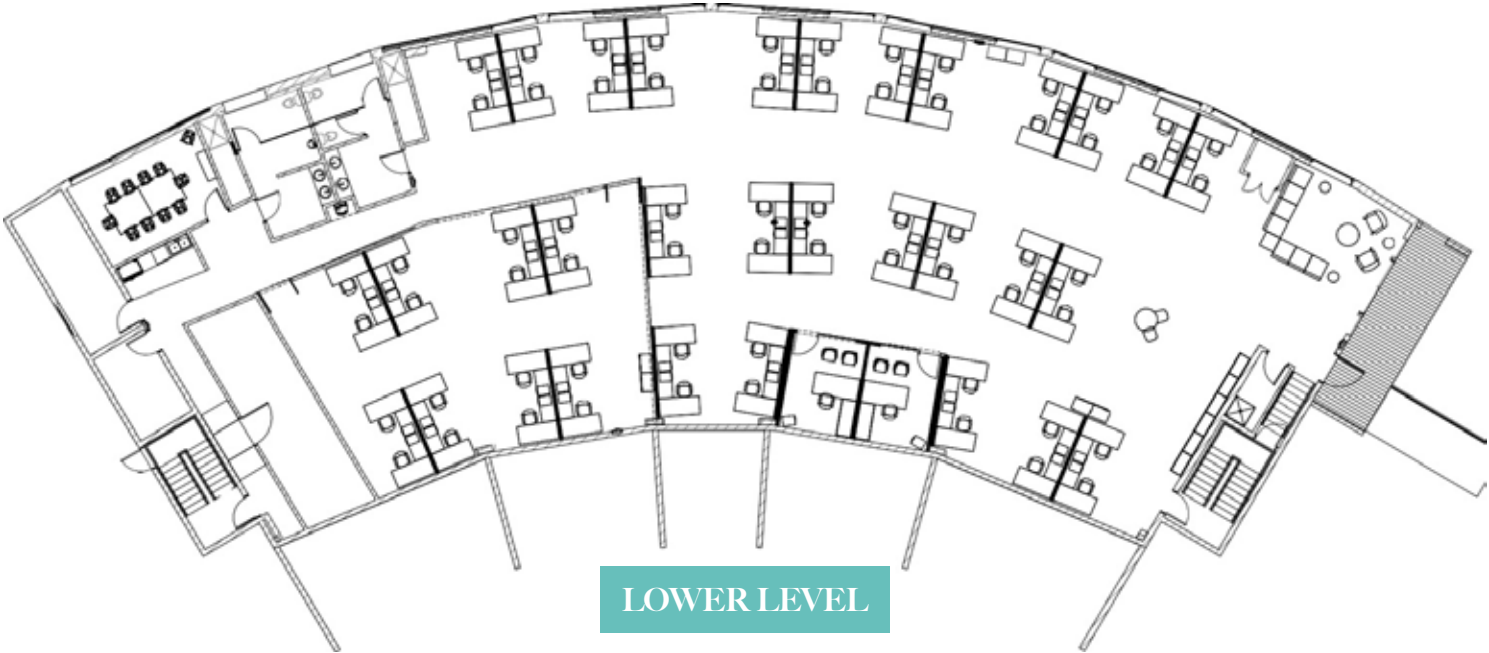




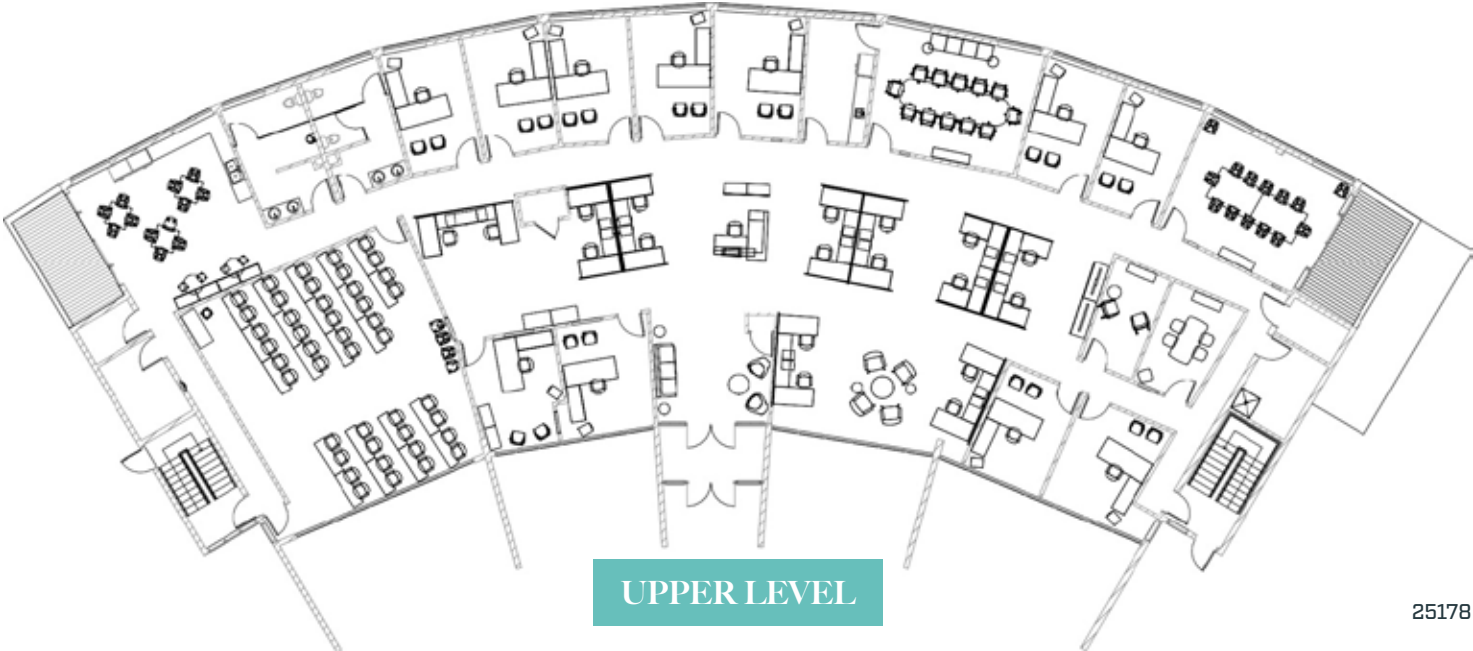


6.7 ACRES

FLOOR PLANS



LOWER LEVEL



UPPER LEVEL







03

MARKET OVERVIEW



GENESEE BUSINESS PARK OVERVIEW

The Genesee office market is defined by its relatively small inventory base (17 buildings) and its proximity to the Rocky Mountains. This small amount of inventory creates strong competition among office Users seeking space between Denver and the mountains. The Genesee office market is historically characterized by increasing occupancy rates, strong net absorption and almost no new construction (last new build came in 2001), all of which contribute to significant increases in rental rates in strong economic times. Most consider the Genesee office market to be a rare combination of excellent access to the mountains and to Downtown Denver. Evergreen—a 15-minute drive from Genesee—is home to some of the top-ranking k-12 schools in all of Colorado. As traffic on I-70 to and from the mountains

continues to grow, the ability to live and work closer to the amenities that attract people to Colorado in the first place is becoming more and more popular.

25178 Genesee Trail Rd. is located within Denver's West office market and Genesee's micro market that reported a direct vacancy rate of just 1.3% at the end of the 4th quarter 2019 down from 23% at the end of 2014. In the past 5 years, average rental rates have increased annually 2.3% (from \$16.91/SF FSG at the end of 2014 to \$18.87/SF FSG through Q4 2019). The Genesee office market consists of 17 buildings totaling 319,950 SF of inventory, which makes this building nearly 6% of a market that will benefit tremendously from the trend of employees wanting to live near the mountains.

Search Analytics

INVENTORY SF
320 K 0%
Prior Period 320 K

UNDER CONSTRUCTION SF
0 -
Prior Period 0

12 MO NET ABSORPTION SF
4 K +1,170.9%
Prior Period (374)

VACANCY RATE
2.5% -1.3%
Prior Period 3.8%

MARKET RENT/SF
\$20.39 +4.3%
Prior Period \$19.55

MARKET SALE PRICE/SF
\$164 +7.1%
Prior Period \$153

MARKET CAP RATE
8.5% -0.1%
Prior Period 8.6%

Key Metrics

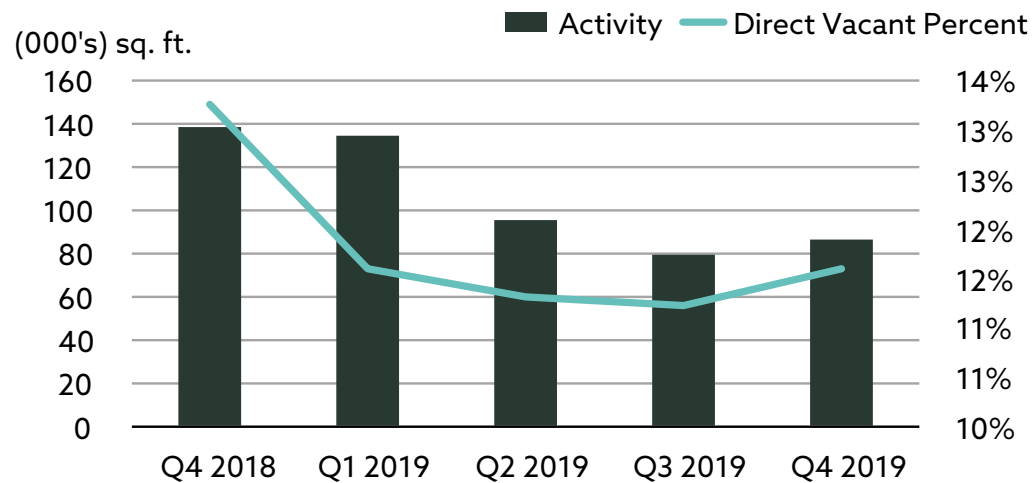
Availability		Inventory	
Vacant SF	8.1 K ↓	Existing Buildings	17 ↓
Sublet SF	0 ↓	Under Construction Avg SF	-
Availability Rate	6.6% ↑	12 Mo Demolished SF	0 ↓
Available SF	21.1 K ↑	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$18.96 ↑	12 Mo Construction Starts SF	0 ↓
Occupancy Rate	97.5% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	97.5% ↓	12 Mo Avg Delivered SF	-
Sales Past Year		Demand	
Asking Price Per SF	\$154 ↑	12 Mo Net Absorp % of Inventory	1.3% ↑
Sale to Asking Price Differential	-6.7% ↓	12 Mo Leased SF	9.4 K ↓
Sales Volume	\$1.4 M ↓	Months on Market	4.7 ↓
Properties Sold	1 ↓	Months to Lease	-
Months to Sale	7.6 ↑	Months Vacant	-
For Sale Listings	-	24 Mo Lease Renewal Rate	74.2%
Total For Sale SF	-	Population Growth 5 Yrs	0.1%



4Q19 West Snapshot

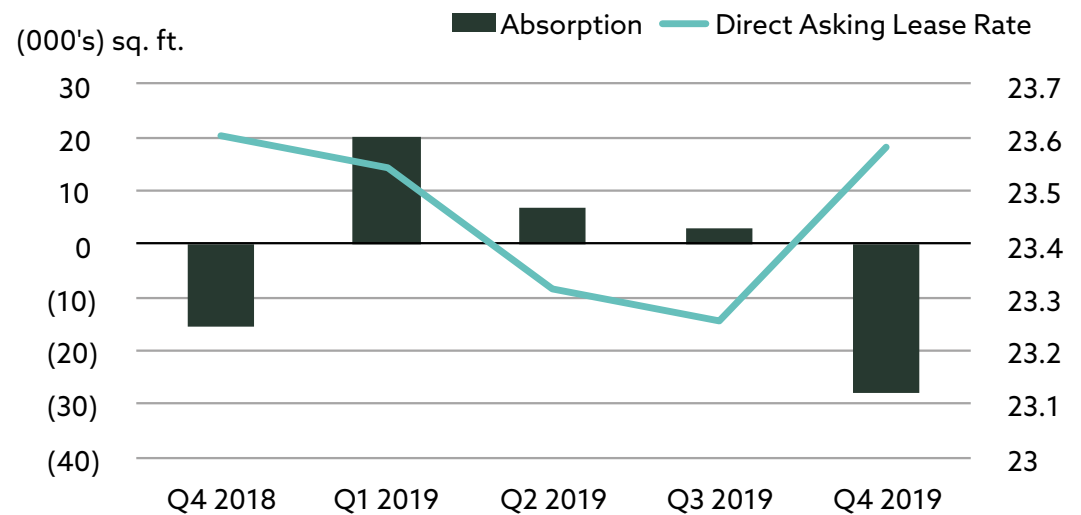
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
TOTAL NRA	7,275,395	7,275,395	7,275,395	7,308,503	7,308,503
UNDER CONSTRUCTION SF	N/A	N/A	N/A	N/A	N/A
DIRECT VACANT %	13.3	11.6	11.3	11.2	11.6
SUB. VACANT %	0.5	0.5	0.4	0.6	0.7
DIRECT AVAILABLE %	17.5	16.4	16.1	15.2	14.5
SUB. AVAILABLE %	1.2	1.7	1.4	1.5	1.5
SUB. AVAILABLE SF	89,573	124,233	101,509	107,303	112,323
ABSORPTION SF	(15,678)	20,339	7,010	2,840	(27,754)
DIRECT ASKING LEASE RATE- \$	23.60	23.54	23.32	23.26	23.58
ACTIVITY SF	138,410	134,558	95,922	80,061	86,806

ACTIVITY VS. DIRECT VACANT PERCENT



ANNUAL STATS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
# OF BUILDINGS	130	131	131	131	132	132	133	132	131	131
TOTAL NRA	7,063,999	7,094,005	7,094,005	7,094,005	7,137,005	7,137,005	7,165,263	7,262,198	7,275,395	7,308,503
UNDER CONSTRUCTION	30,006	N/A	N/A	43,000	N/A	N/A	N/A	175,000	N/A	N/A
DIRECT VACANT %	15.2%	15.2%	17.8%	18.4%	19.6%	18.9%	16.4%	17.2%	13.3%	11.6%
TOTAL AVAILABLE %	21.1%	22.7%	25.9%	26.4%	25.5%	24.1%	21.2%	21.0%	18.7%	16.0%
SUB. AVAILABLE SF	174,536	158,617	237,801	209,454	124,728	108,951	112,207	64,935	89,573	112,323
YTD CHANGE IN AVAIL.	(105,657)	119,140	227,554	37,771	(55,932)	(103,007)	(195,369)	1,208	(162,186)	(189,841)
DIRECT ASKING LEASE RATE	\$18.38	\$17.99	\$17.90	\$19.06	\$20.11	\$20.29	\$21.36	\$22.02	\$23.60	\$23.58
ABSORPTION	(47,833)	19,172	(179,938)	(43,038)	(49,381)	49,509	268,898	117,426	123,963	2,435
ACTIVITY	600,905	520,218	422,955	636,471	647,046	744,927	757,014	705,814	658,741	397,347

ABSORPTION VS. DIRECT ASKING LEASE RATE



TRENDS AT A GLANCE* YEAR-OVER-YEAR QUARTER-OVER-QUARTER

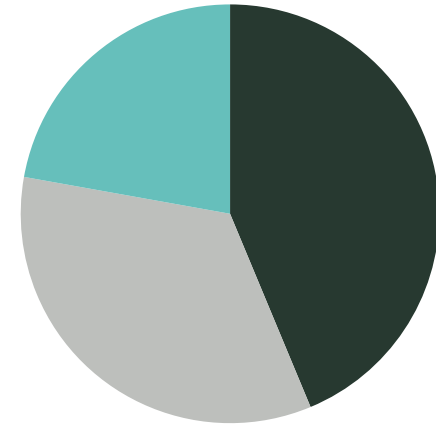
CONSTRUCTION

VACANCY

ABSORPTION

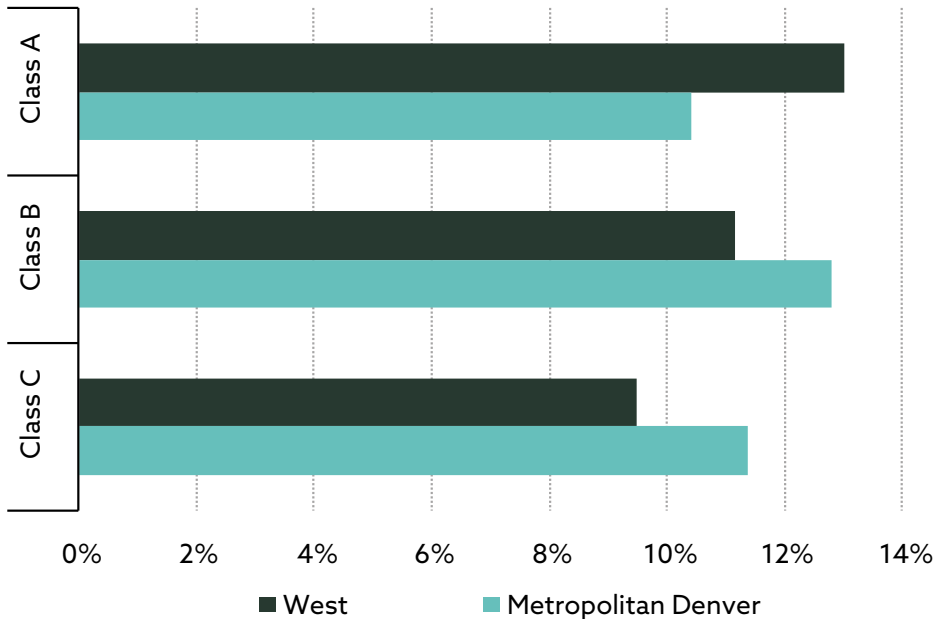
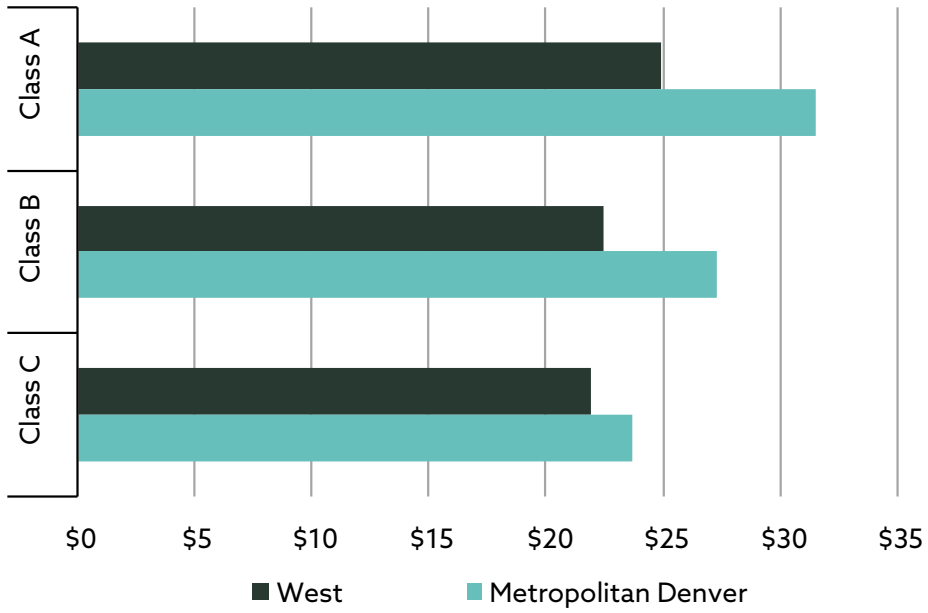
LEASE RATES

ACTIVITY



■ Class A ■ Class B ■ Class C

CLASS STATISTICS	NET RENTABLE AREA	DIRECT ASKING LEASE RATES"	DIRECT VACANCY
METROPOLITAN DENVER	117,945,558	\$28.62	11.6%
CLASS A	50,919,101	\$31.54	10.4%
CLASS B	52,889,318	\$27.29	12.8%
CLASS C	14,137,139	\$23.69	11.4%
WEST	7,308,503	\$23.58	11.6%
CLASS A	3,195,018	\$24.94	13.0%
CLASS B	2,492,357	\$22.45	11.2%
CLASS C	1,621,128	\$21.95	9.5%





04

AREA OVERVIEW

Denver Office, Q4 2019

MARKET FUNDAMENTALS REMAIN STRONG FOR SECOND STRAIGHT YEAR

Positive net absorption of 429,249 sq. ft. was recorded in Q4 2019, bringing annual net absorption to just under 2.0 million sq. ft.—marking it the second highest annual net absorption since 2014.

The average direct asking lease rate at year-end 2019 was \$28.62 per sq. ft. FSG, a 1.0% increase from 2018.

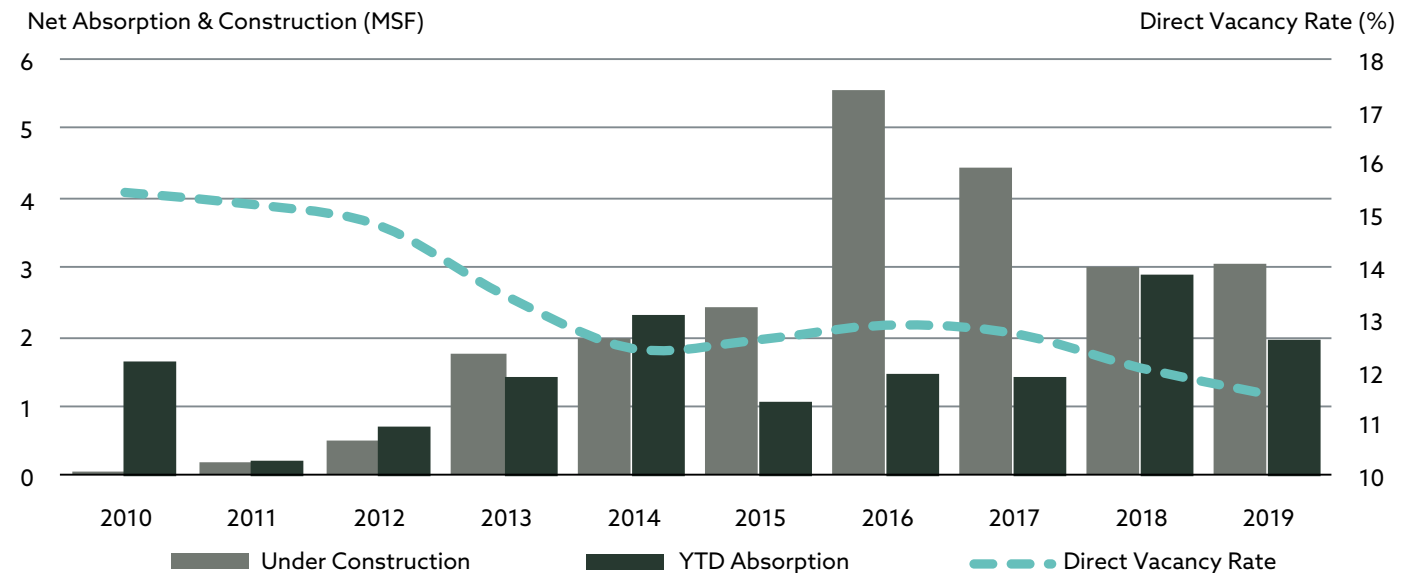
Direct vacancy was down 50 bps year-over-year to 11.6%.

Investment sales volume totaled \$524.5 million in Q4 2019, rounding out the annual 2019 sales total at \$2.9 billion—just below the \$3.0 billion volume recorded in 2018.



FIGURE 1: CONSTRUCTION, NET ABSORPTION AND VACANCY

*Arrows indicate change from previous quarter



Source: CBRE Research, Q4 2019

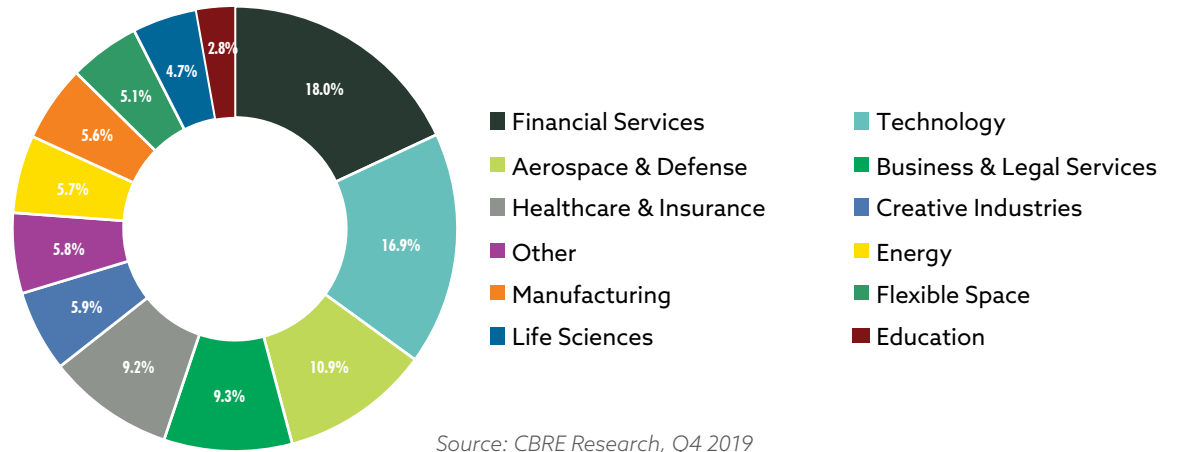
The metro Denver office market saw stable fundamentals at the end of 2019. Quarterly net absorption was 429,249 sq. ft., pushing annual net absorption to nearly 2.0 million sq. ft., which marks the second highest yearly net absorption recorded since 2014. The direct asking lease rate dipped quarter-over-quarter from \$28.80 per sq. ft. full service gross (FSG) in Q3 2019 to \$28.62 per sq. ft. FSG in Q4 2019, but remained elevated on the year.

Direct vacancy dropped 50 basis points (bps) year-over-year to 11.6% in Q4 2019. Out of the 22 office projects currently underway, 15 broke ground in 2019, bringing the total construction footprint to nearly 3.1 million sq. ft. at year-end. Investment sales in the Denver office market totaled \$524.5 million in Q4 2019, bringing the yearly volume to \$2.9 billion, just down 4.5% from the strong sales activity recorded in 2018.

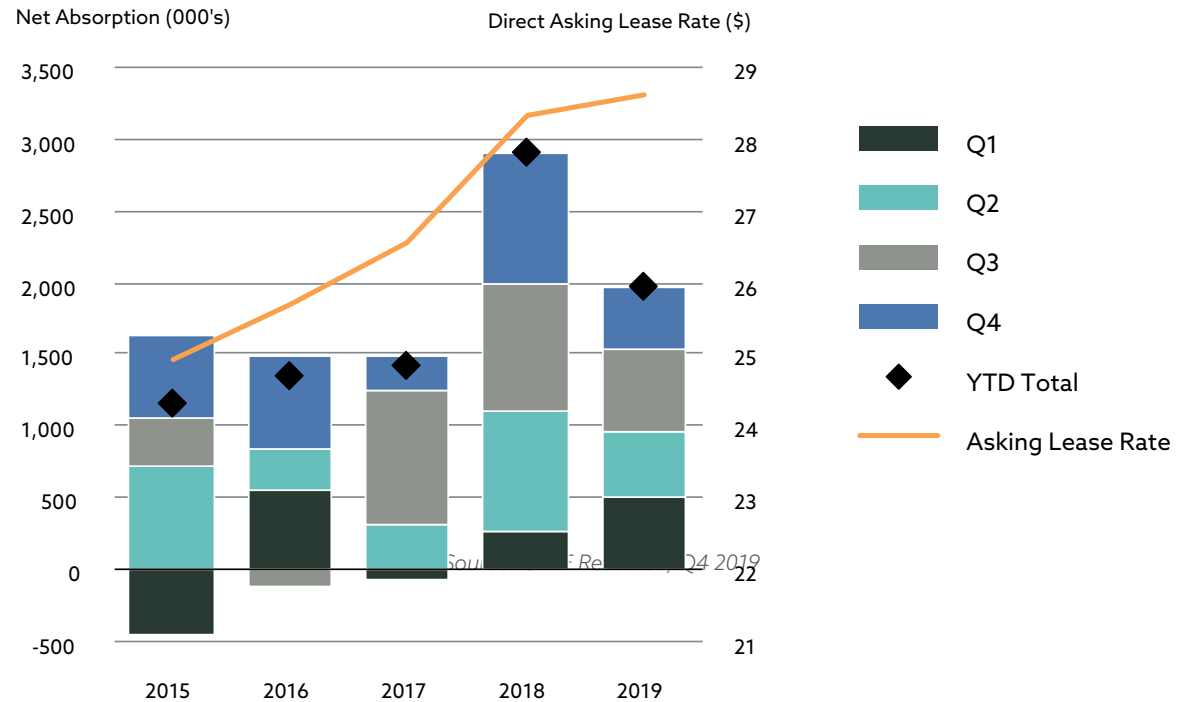
LEASING ACTIVITY

A diverse user mix drove metro Denver's leasing activity in 2019. The Financial Services sector was the leading industry, surpassing Technology companies with 1.2 million sq. ft. leased in 2019. This was largely due to Computershare's 282,802-sq.-ft. lease signed at Millennium Plaza in the Southeast this quarter. Ball Aerospace grew its footprint in the Northwest with a 106,596-sq.-ft. lease at Westmoor Technology Park. Salesforce also committed to 64,097 sq. ft. Downtown at 17th Street Plaza. The Aerospace & Defense sector recorded 10.9% of all leasing activity, which was heavily attributed to Ball Aerospace's deal and two different leases signed by Lockheed Martin for over 62,000 sq. ft. total.

YTD 2019 LEASING ACTIVITY BY INDUSTRY TYPE



NET ABSORPTION VS. LEASE RATE



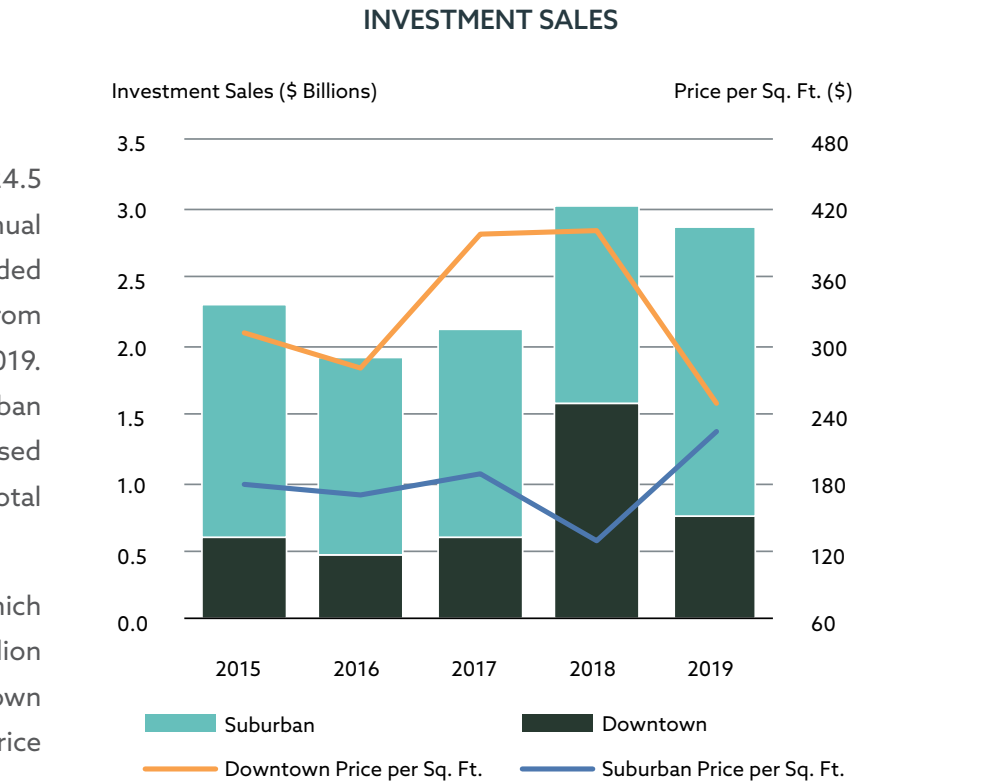
INVESTMENT TRENDS

Seventeen properties traded hands in Q4 2019 for a total sales volume of \$524.5 million, down 47.2% from the strong investment activity in Q4 2018. The annual sales volume for 2019 was \$2.9 billion, just short of the \$3.0 billion volume recorded in 2018. The overall average price per sq. ft. in 2019 was \$223.78, up 1.8% from 2018. Suburban properties accounted for 73.6% of all investment activity in 2019. The Southeast submarket recorded \$958.6 million in sales, 45.1% of the suburban volume at year-end. In the Downtown submarket, limited product offerings caused investment activity to dip 51.4% from 2018, accounting for 26.4% of the total volume in 2019.

The largest sale recorded in Q4 2019 was The Downtown Boulder portfolio, which consisted of three freestanding office buildings, traded hands for \$146.3 million (\$621.72 per sq. ft.). Centerpoint I & II, located in the Colorado Blvd/Midtown submarket, was the second largest investment sale this quarter, with a sale price of \$77.5 million (\$207.42 per sq. ft.).

MARKET OUTLOOK

The Denver office market saw solid fundamentals, stable growth and healthy activity to end 2019. Net absorption reached nearly 2.0 million sq. ft. at year-end which helped maintain balance between supply and demand dynamics and also held vacancy at 11.6%. Absorption is anticipated to remain positive into 2020 as more large users occupy already-leased big blocks of space. Contraction is expected in the Energy industry Downtown but Technology user activity is projected to remain strong, expanding into the market and backfilling vacant space. Lease rates stabilized in Q4 2019, but remained



Source: CBRE Research, Q4 2019

elevated on a year-over-year basis. Asking rates in newly constructed space are also expected to heighten, pushing up the overall average asking lease rate. New development continues to boom with over 1.0 million sq. ft. of construction expected to deliver in early 2020. Overall, confidence remains high for growth as metro Denver continues to attract and retain a diverse mix of companies due to a strong economy, quality of life and a deep talent pool.

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