



Commercial Real Estate Report

1ST Quarter Edition 2019



Welcome to my newsletter. Every three months, I publish a review of commercial real estate and the current state of the market. Below you will find the following: the Market Review, the News, and Featured Article. The [Market Review](#) offers a narrative on the current market condition, terms, and statistics. The [News](#) furnishes examples of marketplace transactions with pictures of the buildings and their terms. The [Featured Article](#) section provides you useful information to enhance your knowledge about getting the most out of your commercial real estate. If you have any questions, please call me at (303) 449-2131 Ext. 149, or e-mail me at jason@coloradogroup.com.

Prepared by Jason P. Kruse, CCIM
(303) 339-5049 jason@coloradogroup.com

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Featured Article:



Larry, the fire breathing dragon, has made an unwelcome visit to Boulder County. Larry has one goal and one goal only! **TO BRING A BLODDY AND TRAGIC END TO THE COMMERCIAL REAL ESTATE MARKET.** Villagers of the county are wary of Larry trying to anticipate his every move. Larry has several friends, the largest being the Boulder city government. When Larry sleeps, which is rare, it's usually under the city and county building at 1777 Broadway. Three recent developments have helped Larry. The first is the building moratorium which could prohibit any development for an 18-month time frame in a 2.5 square mile area (in a nutshell the boundaries are east of 28th Street, west of 55th Street, north of Arapahoe and south of Valmont).

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According to the state of Colorado's website, [Opportunity Zones](#) may help address some challenges:

- Promoting economic vitality in parts of the state that have not shared in the general prosperity over the past few years
- Funding the development of workforce and affordable housing in areas with escalating prices and inventory shortages
- Funding new infrastructure to support population and economic growth
- Investing in startup businesses that have the potential for rapid increases in scale and the ability to "export" outside the state of Colorado
- Upgrading the capability of existing underutilized assets through capital improvement investments

Larry likes to stay up really late when the city council discusses important issues. At one of the city's new and "emergency" regulations for some the properties in the BC-1 and BC-2 zones. Larry's friends at the city would prohibit lodging uses and change previously permitted uses, such as residential, schools, office and medical to conditional uses which would require a costly and lengthy use review. In doing this, this goal of the city is to "preserve commercial retail uses in the zoning districts by restricting residential, and other ground floor uses." City council raised concerns the residential development may be detrimental to the existing "commercial charter" of some areas in the city. This makes Larry happy because he likes it when

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the city determines what is best, not market forces. Villagers are puzzled with the cities long-standing affordable housing issue and how this might help that cause?? The biggest looming issue is the upcoming property tax valuations. Not later than May 1st, the assessor will send Notice of Valuations to all property owners. Larry promotes increased property taxes because commercial leases in Boulder County are mostly triple net leases, meaning that the increases in taxes are paid by the companies that occupy the buildings. The increase in property taxes, specifically in downtown Boulder, has caused an exodus of companies who are seeking lower expenses.

On the bright side, Larry has some opponents that will keep the Boulder commercial real estate market free of his fire. A skilled labor force, high quality of life and a growing economy are all positive factors. The difficulties and costs of new developments further increase the value and price of existing buildings. While you are driving around Boulder, enjoying the Pearl Street Mall or on a hike, be on the lookout for Larry. His new year resolution is to see that the commercial real estate market perishes!

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News: Recent Market Leases and Sales

Recent Leases in the Boulder County Market

Address	Tenant	Square Feet
5755 Central Ave	Avero	6,950
4699 Nautilus	Focus 12	2,240
1750 55 th Street	Meyers Heating	7,138
1351 S. Sunset	St. Vrain School District	30,974
3 Superior Drive	SCL Health	14,702

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Recent Sales

1750 15th Street



City	Boulder	Square Feet	29,256 S/F
Price	\$16,600,000	Price S/F	\$567
Date Sold	9/25/2018	Year of Construction	1950

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2144 Main Street



City	Longmont	Square Feet	15,616
Price	\$4,350,000	Price per S/F	\$278
Date Sold	10/1/2018	Year of Construction	2006

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7490 Clubhouse



City	Boulder	Square Feet	13,632
Price	\$3,730,535	Price S/F	\$273
Date Sold	10/9/2018	Year of Construction	1977

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1880 55th Street



City	Boulder	Square Feet	18,200
Price	\$3,000,000	Price S/F	\$164
Date Sold	11/30/2018	Year of Construction	1974

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[2525 Frontier](#)

City	Boulder	Square Feet	13,000
Price	\$3,550,000	Price S/F	\$273
Date Sold	12/20/2018	Year of Construction	1983

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About The Colorado Group, Inc.

Founded in 1980, [The Colorado Group](#) is Boulder County's top performing commercial real estate team. The independent brokers at the Colorado Group average in excess of 17 years of experience and offer an extensive array of commercial real estate services, including land and building development, commercial sales and leasing, property management, and residential sales and relocation services. For more information please email Jason at jason@coloradogroup.com

For more information, or to discuss your particular interests, please contact Jason Kruse at 303-339-5049 or jason@coloradogroup.com

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