

# Larimer & Weld Counties

## Northern Colorado: 'Millionaire' or just 'Slumdog'?

by Jill Jamieson-Nichols

Question: If you buy an office building in Northern Colorado this year, will you be a "Slumdog Millionaire" or just a "Slumdog"?

Answer: "I put the Northern Colorado office market somewhere between 'Casino Royale'

and 'There Will Be Blood,'" said Steve Griffith, an office broker with Realtec Commercial Real Estate Services.

A glum commercial real estate market got a lighthearted spin at Realtec's annual market forecast March 12. Broker Michael Ehler used words like "ouch" and "oh, boy" to describe the land market.

But not all the news was bad.

Lease rates for medical office space in Fort Collins held up nicely. It's looking like a buyer could take the 800,000-square-foot Agilent Technologies campus in Loveland off the market this year. There's good demand for net-leased investment properties, and apartment owners, who

had a good year in 2008, have a lot to look forward to.

"2008 was a good year for apartment owners in Northern Colorado," said Realtec broker Brian Mannlein. Rents were up and vacancies were down, ending 2008 at 5.8 percent. Only one new community is under construction.

"The overall apartment market in Northern Colorado continues to display strong underlying fundamentals compared with other markets in Colorado and around the country," said Mannlein, adding that, five years from now, apartments in Northern Colorado

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## Eaton steps up to the plate to attract new employers

by Jill Jamieson-Nichols

An agricultural town with a rich history, Eaton has been overlooked.

While Northern Colorado residents discovered Eaton's schools and small-town charm, accounting for new subdivisions on the west and north sides of town,

employers settled in nearby Greeley, Windsor, Loveland and Fort Collins. Even the name of the town's main street hints at an overshadowing by bigger neighbors: It's Collins Street because if you follow it straight west, you will end up in Fort Collins.

Eaton prides itself on the fact that many of the young people

who graduate from the town's only high school are drawn back to the community when they're ready to start raising families.

But outside of a couple of large employers - Agland Inc., a farmers cooperative, and Harsh International, which makes hydraulic hoists used on trucks worldwide - the jobs remain

in Northern Colorado's larger cities.

Eaton would like to change that. It has affordable land. It has highways and rail. It doesn't have a lot of red tape.

"The advantage we have is our size and our expertise. We can get projects put together faster

and probably cheaper than most of the bigger cities, if not all of the bigger cities," said Gary Carsten, town administrator for the last 32 years.

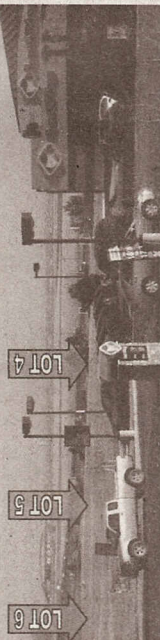
With guidance from economic development consultant Stephanie Salazar of Salazar &

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name of the game, meaning, if I loan you money, I get all your business," said Stroud.

**Land**

Land prices have dropped 50 percent from record highs in 2005, according to Ehler: Housing starts were down 50 percent in Northern Colorado in 2008, and by some estimates, the region has a 7 1/2-year supply of developed lots, he said.

While the housing market wasn't moving, there was record activity in oil and gas drilling, with 6,000 permits pulled, a third of them in Weld County.

Areas to watch for future development include the intersection of Interstate 25 and Highway 56 in Berthoud, where Aims Community College plans a 40-acre campus; I-25 and Highway 402, with Johnstown annexing three properties on the east side of the interstate and Loveland annexing two on the west; Fort Collins' North College Avenue, where there are plans for a new King Soopers-anchored center, housing and a business incubator; the newly annexed South College Avenue corridor; and Crossroads Boulevard east of County Road 5 in Windsor.▲

totaling 250,000 and Loveland has 70,000 sf of vacant big-box space.

**Industrial**

Industrial vacancy rates increased to 6.5 percent in Fort Collins, 7.3 percent in Loveland and 9.3 percent in Greeley by year-end, and they continue to increase.

"I think this year is going to be a little bit of a struggle, but we're pretty optimistic of things turning around in 2010," said broker Jeffrey Dorn, adding landlords will offer concessions to attract and retain quality tenants.

"It's a good time to negotiate your real estate if you're planning to be in the market for a long time," commented Realtor Greeley broker Mark Bradley. "If you want a bargain on warehouse space, come to Greeley. You can be on the Highway 85 corridor for close to \$2 a square foot," he said.

While much of Northern Colorado's vacancies are concentrated in functionally obsolete space, Dorn said there is good demand for warehouse space with outside storage, dock-high doors and high ceilings, as well as for spaces smaller than 2,000 sf.

**Investment**

Investment properties that are

about 1 percent, as opposed to Fort Collins and Greeley, which increased." Loveland's 8.5 percent vacancy rate doesn't include the Agilent Technologies campus. "Don't be surprised if you see this facility sell in 2009," said Griffith.

Greeley posted a 17.3 percent office vacancy rate at year-end, but, extracting the 290,000-sf Hewlett Packard facility, the rate probably is closer to 10.5 percent, Griffith noted.

Fort Collins, which had 14.5 percent vacancy, absorbed nearly 100,000 sf of office space last year, mostly in large floor-plate spaces like Harmony Corporate Center. While rates generally are on the decline, medical office in Fort Collins is holding its own at an average \$20 per sf triple net.

In Northern Colorado generally, "We're seeing free rent and higher tenant improvements, more than we've seen in the last few years," said Spencer. "The best news for everyone is that the concessions in our market are modest compared with what we're seeing in the major metropolitan markets across the country."

**Retail**

"I don't think we need a crystal ball to make predictions for retail

nationwide.

The sites include contiguous, rail-served industrial parcels bordering Highway 85. Including parcels known as the Harsh and Hickman properties, there are some 200 acres of heavy industrial-zoned land. With Vestas Blades in Windsor and Brighton, Salazar views Vestas suppliers

**Eaton**

Associates, the town administration is in the process of talking to owners of and documenting data on eight tracts of land in Eaton where employers potentially could locate. Data collected from willing property owners will be shared with site selectors

as potential users.

"We would obviously like to see some employment center. We would like to see some jobs in town," said Eaton Assistant Administrator Don Cadwallader.

Eaton's opportunities include

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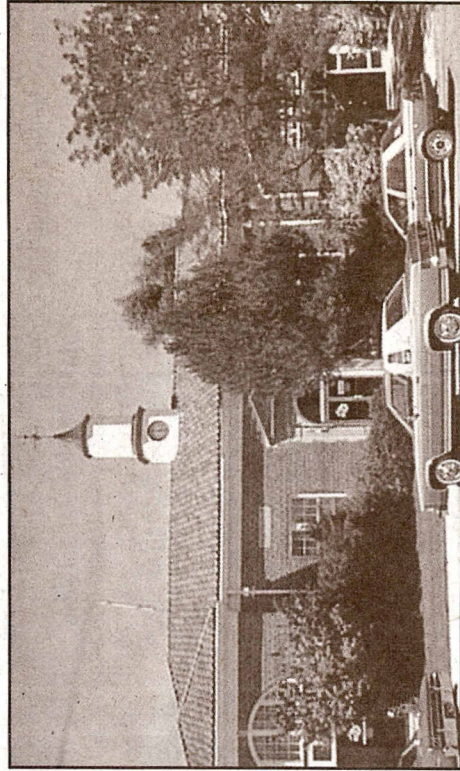
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a nearly 200-acre tract that might be suitable for medical, retail, office and light-industrial uses, Salazar said. "With proximity to UNC, CSU and CU, you could have some research in here as well as IT - anything that is going to be supported by the universities is advantageous." Other sites include six acres for commercial uses at the junction of Collins Street and Weld County Road 35.

Data compiled on the various sites will be plugged into local, regional and national economic development databases to be shared with site selectors. Most of the town is in an enterprise zone.

"Eaton has not had a lot of attention. They haven't been



*Eaton Town Hall was built for municipal purposes in 1927. Town officials are making a concerted effort to let site selectors know of opportunities that exist.*

on the radar of site selectors," ready to go, and now is a great time to start doing it because the economy is slow," Salazar said.

"I think there's some real opportunity to get these sites A notable site that adjoins the

Harsh and Hickman properties is the old sugar factory, which includes 37 acres. The site would take more attention than others because of environmental issues, however.

Eaton, with a population of 4,500, or 20,000 within a 15-mile radius, dates to 1892. It is named for the fourth governor of Colorado and irrigation pioneer Benjamin Eaton. Its town hall was built in 1927 and remains in use.

Eaton soon will become part of a pioneering effort by Open Range Communications to bring new instant, portable and low-cost wireless Internet services to 500 rural communities.

The town also is part of the Great Western Trail Authority, which is working to extend a multiuse trail system along

Great Western Railway right of way from Windsor to Eaton and connect with regional trails.

## Other News

■ The state of Colorado paid \$875,000 for 25 acres of land at the southeast corner of Weld County Road 14 and County Road 31 in Fort Lupton, where it will build a 68,000 Colorado Army National Guard Readiness Center.

The armory, designed for Silver LEED certification, will be used for training and assembly of up to three National Guard units totaling 250 soldiers.

**Fuller Real Estate** brokers **Jim Capecelatro, Russell Baker** and **Mike Kboudi** represented the seller, **Cottonwood Greens Inc.**, in the transaction.▲

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