

## OFFICE TRENDS FOR 2Q18

Vacancy Rate	↔	10.5%
Net Absorption	↑	1,236,318 SF
Rental Rates	↑	\$26.88/SF
SF Delivered to Market		1,331,212 SF
SF Under Construction		3,886,173 SF
Sales Volume (\$)		\$609,929,789
Average Sales Price (\$/SF)	↑	\$236.74/SF

Source: The CoStar Office Report - Second Quarter 2018

## RETAIL TRENDS FOR 2Q18

Vacancy Rate	↑	4.6%
Net Absorption	↑	23,982 SF
Rental Rates	↑	\$18.57/SF
SF Delivered to Market		276,376 SF
SF Under Construction		2,375,957 SF
Sales Volume (\$)		\$294,175,119
Average Sales Price (\$/SF)	↓	\$141.58/SF

Source: The CoStar Retail Report - Second Quarter 2018

## INDUSTRIAL TRENDS FOR 2Q18

Vacancy Rate	↑	5.1%
Net Absorption	↑	231,916 SF
Rental Rates	↑	\$9.22/SF
SF Delivered to Market		1,526,253 SF
SF Under Construction		7,487,707 SF
Sales Volume (\$)		\$196,840,045
Average Sales Price (\$/SF)	↑	\$101.64/SF

Source: The CoStar Industrial Report - Second Quarter 2018

## 4 REASONS TO WATCH THE WAREHOUSING AND INDUSTRIAL SPACES

Last year, e-commerce brought in close to a half a trillion dollars, growing by over 10% from year-to-year, nationally. In order to meet that demand and the projected 10% increase over this year, retailers will need to acquire at least 50 million more square feet of industrial warehouse space.

Recently, secondary assets from Class B all the way down to Class D buildings, as long as they are close to the city, are attracting all of the attention. As e-commerce and global trade continue to strengthen the warehouse and industrial landscape, here are 4 reasons to watch warehousing and industrial spaces:

**#1: The Last Mile:** Critical to the success of any online operation these days is a distribution network that includes warehouse space within five miles of a city center. The last mile is one of the hardest links in the logistics chain to overcome precisely because of the added road congestion in the cities. Having a warehouse that is near the city limits allows big trucks to avoid delays caused by city traffic.

**#2: Limited Supply:** Industrial has been outpacing most other sectors including multifamily, office, and retail. Now that supply has vanished, getting in on the remaining few assets is proving to be quite expensive. With a huge 50 – 60 million square foot gap to fill in order to accommodate e-commerce sales increases for 2018, keep an eye on warehouse and industrial space rent increases. While Class B products are seeing rent increases nationally that is just above 10%, industrial rents are steady at around 6.5%.

**#3: Repurposing the Big Box:** One of the reasons why there is a limited supply of Class B and C products today is because of the innovative repurposing of old, unused industrial spaces and shuttering big box stores. There are as many investors looking to turn old warehouses and industrial centers into multifamily or retail space as there are retailers looking to turn them into links in their distribution chains. With some estimating that by 2030 half of all malls in the U.S. will be closed, watch for the hybrid distribution/fulfillment center plus store trend to grow in retail.

**#4: Shrinking Warehouses:** The overall design of warehouse and industrial space is changing. In fact, smaller assets are becoming the new darlings of investors in the industrial sector. Shallow bay buildings with high clearances, multi-story warehouses, and technology infused industrial spaces are part of the changes to watch this year.

(Source: NAI Global - Original Content Article (to read full article, click the link in the email.)

## HILTONS ON CANYON RECOGNIZED AS DUAL-BRAND OF THE YEAR

*BizWest; By Doug Storum — July 11, 2018*

BOULDER — Hiltons on Canyon — the Embassy Suites by Hilton and Hilton Garden Inn — that opened last fall near the corner of 28th Street and Canyon Boulevard in Boulder, has been named the Dual-Brand of the Year in the 2017 Hilton North American Development Awards.

The hotels feature more than 1,500 original art pieces by Colorado artists and a rooftop heated saline-based pool where free yoga classes are being offered this summer.

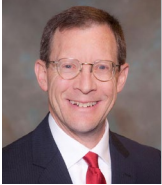
The project was developed by Denver-based Sage Hospitality and NAI Shames Makovsky. They were designed by Johnson Nathan Strohe, a Denver-based architecture and interior-design firm.

The Hiltons on Canyon has two five-story building's with a combined 376 guest rooms, 8,435 square feet of meeting and event space, and two fitness centers.



Hilton's Development Awards recognizes the passion, creativity and innovative spirit of Hilton developers who are committed to quality projects, meet or exceed brand standards and have an impact on the local community. Winners are selected by the Hilton development team.

## PROPERTY MANAGEMENT



### Mark Katz

Title Director of Property Management  
Direct 720-881-7544  
E-mail mkatz@shamesmakovsky.com

Shames Makovsky Property Management handles numerous properties throughout the greater metropolitan area. The properties include retail, office, industrial and special use facilities. As most of you are aware, Colorado has had a very high rate of significant wind/hail events, many of which have caused considerable damage over the past few years.

The insurance industry has been making adjustments to their policies and coverages to account for the large amount of claims they have been paying to property owners. One of the biggest adjustments that we have encountered on a majority of properties that we manage is a separate deductible being included in the policy for a wind/hail event. The deductibles being included in most policies for a wind/hail event are anywhere from 1% to 3% of the insured value of the property.

For example, if you own a property that is insured for \$5,000,000 and the insurance policy carries a deductible of \$10,000 for any normal loss under the policy (fire, water, slip & fall, etc.), the deductible on the exact same policy for losses incurred from a wind/hail event could range from \$50,000 to \$150,000. This very much protects the insurance

company while placing a substantial burden on the property owner.

To combat this large wind/hail deductible, we have been working with our insurance agents and insurance companies to purchase supplemental policies to basically insure against the large wind/hail deductibles. We have found insurance companies who will write a supplemental policy which reduces the wind/hail deductible down to much more manageable amounts (for example, we could purchase a supplemental policy at a cost of "X" which buys the wind/hail deductible down to the \$5,000/\$10,000 range).

While the premium for the supplemental policy is a sunk cost, we are finding most of our clients would much rather spend money for additional insurance rather than taking the risk of incurring very large deductibles if their property sustains damage from a wind/hail event.

We have found that these large deductibles are being applied to properties that have a loss history as well as properties that have never had losses. According to industry professionals we work with, this will affect more and more properties as time goes on and it will take a period of years with no catastrophic area-wide losses before the insurance companies even consider reversing this policy.

If you are a property owner, please talk with your agents about this matter to make sure you fully understand your coverages and to make sure you don't have any unpleasant surprises in the event of a wind/hail loss.

## BROKERAGE



### Evan Kline

Title Managing Broker  
 Direct 303-565-3028  
 E-mail ekline@shamesmakovsky.com

As we finish the second quarter and head into the second half of 2018, the national economy and particularly the Denver economy show no signs of slowing.

The industrial sector continues to present an interesting dichotomy. New construction continues and the product being built is primarily large blocks of hi-cube distribution space. The local industrial user requiring for example 20,000 SF with a 3 acre yard has virtually no options.

The office market continues to be very strong and we are beginning to see the early evolution of the co-working phenomenon. Bifurcation by industry or gender is only the beginning and will result in a shake out of some of the players. New retail is dominated by experiential concepts and the paradigm shift away from traditional retail will continue and accelerate.

Our agents are involved in some of the largest and most complicated transactions in the area. We are among the region's most active firms in Cherry Creek, RiNo and the I-70 industrial corridor. We are in a rapidly changing market and we are fortunate to concentrate our business in the Denver area.

## Featured Listings

### 2nd & Jo - Prime Cherry Creek Office Location



#### 2401 E. 1st Avenue Denver, CO 80206

PROPERTY TYPE	Office
AVAILABLE SF	1,500 - 11,374 SF
LEASE RATE	Contact Broker
BROKERS	Ana Sandomire 303-565-3029 Peter Knisely 720-881-7534

### Centrally Located, Open Floorplan, Natural Light



#### 700 E. 24th Avenue Denver, CO

PROPERTY TYPE	Office
AVAILABLE SF	10,027 SF
LEASE RATE	\$18.00/SF NNN
BROKERS	Todd Silverman 303-565-3031 Paul Cattin 303-565-3030

### Single-Story, Office/Flex/Warehouse For Sale



#### 7268 S. Tucson way Centennial, CO 80112

PROPERTY TYPE	Office
BUILDING SF	9,653 SF
SALE PRICE	\$1,550,000 (\$160/SF)
BROKER	Bill Maher 303-565-3038

### Excellent Exposure & Visibility on Federal Blvd



#### 5400 Federal Boulevard Denver, CO 80221

PROPERTY TYPE	Retail/Industrial
SITE SF	West Bldg: 3,240 SF East Bldg: 6,171 SF
SALE PRICE	\$2,095,000 (\$223/SF)
BROKERS	Sandy Feld 303-565-3024 Jake Malman 303-565-3042

## Top Brokerage Producers for Second Quarter 2018

Congratulations Dorit, Hayden, Trent, Pete and Todd!



Dorit Fischer



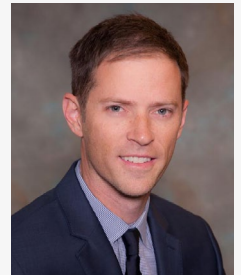
Hayden Hirschfeld



Trent Rice



Pete Wycoff



Todd Snyder

# SIGNIFICANT COMPLETED BROKERAGE TRANSACTIONS

## LEASES

Type	Tenant	SF	Address	City	Broker(s)
<b>INDUSTRIAL</b>					
New	Myr Real Estate Holdings, LLC	102,848	4250 Oneida Street, Unit A	Denver	Paul Kahn
Renewal	Hammond's Candies	36,400	5735 N. Washington Street	Denver	Evan Makovsky, Byron Johnson
Renewal	Hammond's Candies	32,800	5755 N. Washington Street, Unit A	Denver	Evan Makovsky, Byron Johnson
New	WEL LLC	30,302	4721 Ironton Street, Building A	Denver	Matt Emmons
New	Pedide, LLC	4,655	14818 W. 6th Avenue, Ste 9A	Denver	Paul Kahn
New	Ascend Performing Arts	3,675	3538 Peoria Street, Ste 500	Aurora	Matt Emmons
<b>OFFICE</b>					
New	Polaris Alpha, LLC	21,576	7979 E. Tufts Avenue, Ste 1800	Denver	Peter Knisely
Renewal	Aetna Life Insurance Company	21,424	1500 Wynkoop Street, Ste 201	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Fresenius Medical Care Sloans Lake, LLC	10,944	4097 West Colfax Avenue, Ste 2	Denver	Dorit Fischer, Hayden Hirschfeld
New	H.C. Peak & Associates	7,318	3401 Quebec Street, Ste 8100	Denver	Pete Wycoff
Renewal	Denver Agency Company	6,929	210 University Boulevard, Ste 600	Denver	Bill Maher, Dorit Fischer, Hayden Hirschfeld
New	Pay Simple	6,264	1855 Blake Street, Ste 201	Denver	Todd Silverman, Paul Cattin
New	Koda Resources Management, LLC	5,338	1400-1499 Larimer Street, Ste 300	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Mount Elbert Edgecore Services LLC	4,887	1415 Larimer Street, Ste 200	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Bayaud Enterprises, Inc.	4,342	1325 S. Colorado Boulevard, Ste 101	Denver	Todd Silverman, Paul Cattin
New	Magnolia Medical Company	2,876	1300 South Potomac Street, Ste 104	Aurora	Peter Knisely, Jake Malman
Renewal	Dfine Branding	2,831	3457 Ringsby Court, Ste 103	Denver	Dorit Fischer, Hayden Hirschfeld
New	Tributary Real Estate	2,720	1416 Larimer Street, Ste 203 & 205	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Extra Space Storage, Inc.	2,688	7000 S Yosemite Street, Ste 201	Englewood	Peter Knisely, Jake Malman
New	Anchor Network Solutions	2,384	1355 S. Colorado Boulevard, Ste C-404	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Damstra Technology	2,109	3773 Cherry Creek North Drive, Ste 927	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	HH Colorado LLC d/b/a Hope in Home	2,032	1415 Larimer Street, Ste 300	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Millwork Holdings Co., Inc.	1,800	420 Corporate Circle, Ste F	Golden	Bill Maher
<b>RETAIL</b>					
New	Projex, Inc.	6,000	1617 Wazee Street, Ste 200	Denver	Darrin Revious, Ana Sandomire, Kiley Crews
New	Montbell America, Inc.	4,537	600-616 16th Street	Denver	Dorit Fischer, Hayden Hirschfeld
New	The Game Lounge, LLC	3,233	1490 Eudora Street	Denver	Sandy Feld, Jake Malman
New	Birds of a Feather Ltd.	3,125	1526 Blake Street, Ste 100	Denver	Cory Dulberg, Darrin Revious, Ana Sandomire
Renewal	Premier Member's Federal Credit Union	2,700	9625 E. Arapahoe Road, Ste A&B	Greenwood Village	Sandy Feld, Jake Malman
Renewal	Mainspring F&B, LLC	2,494	1615 Platte Street, Ste 3/4	Denver	Dorit Fischer, Hayden Hirschfeld
New	BFW Denver, LLC	2,055	1800 Wazee Street, Ste J1	Denver	Dorit Fischer, Hayden Hirschfeld

## SALES/PURCHASES

Buyer	Seller	Sale Price	SF	Address	City	Broker(s)
<b>INDUSTRIAL</b>						
ECO Real Estate, LLC	Frogmore LLC	\$3,075,000	25,250	389 S. Lipan Street	Denver	Dorit Fischer, Hayden Hirschfeld
6295 E. 56th LP	Mandock Enterprises, LLC	\$2,625,000	15,900	6295 E. 56th Avenue	Commerce City	Paul Kahn
Mandock Enterprises, LLC	RS Properties LLC	\$604,000	8,446	91 N. Magneto Drive	Pueblo	Paul Kahn, NAI Highland
<b>OFFICE</b>						
Lennar Multifamily Communities, LLC	MegaStar Holdings Services, LLC	\$18,500,000	110,701	990 Bannock Street	Denver	Dorit Fischer, Hayden Hirschfeld
Cohen Family Partnership, L.P.	Joon S. Moon	\$3,150,000	48,690	10730 E. Bethany Drive	Aurora	Pete Wycoff
Denver Health & Hospital Authority	Rice Investment Properties, LLC	\$9,650,000	48,673	530 Acoma Street	Denver	Dorit Fischer, Hayden Hirschfeld
2800 Walnut Street LLC	Pathfinder Winfield Rino Holdings, LLC	\$14,850,000	48,123	2800 Walnut Street	Denver	Todd Snyder, Trent Rice
G.P. Muggie & Sons, LLC	Broadstone GUC Colorado, LLC	\$2,450,490	6,000	5165 W. 72nd Avenue	Westminster	Bill Maher
<b>RETAIL</b>						
Mark & Kristy Dym	Evergreen Devco, Inc.	\$635,000	3,300	6000-6030 E. Colfax Ave	Denver	Dorit Fischer, Hayden Hirschfeld
<b>LAND</b>						
Nava Real Estate Development, LLC	Housing Authority of Denver	\$7,100,000	46,174	575 E. 20th Avenue	Denver	Dorit Fischer, Hayden Hirschfeld