

Strategic Business Decisions Drive Finish of 2020 CRE Sales in Northern Colorado

Sometimes December commercial real estate activity is highly charged as budgets are fulfilled, tax motivations satisfied, strategic goals implemented, or annual goals met. 2020 certainly featured many sales in the NoCO CRE market [Larimer, Weld & Boulder counties]. Still, 33 deals were recorded over \$1 million in specific deal size. Many of the December deals reflected these various end of year motivations.

Medtronic out of Boulder utilized a sales-leaseback strategy to provide capital to the expanding firm. It sold its 7 building campus to Crescent Real Estate, a capital investment fund company, for \$36.5 million. Covidien [a division of Medtronic] occupies all 450,000 SF of space in the deal, and will lease back the space from the new owner. Crescent has a significant presence in Colorado, including ownership of Boulder's 1 million square foot, Flatiron Park campus.

Boulder was also the location for three portfolio sales, each consisting of two flex/industrial properties. The first is located on Wilderness Place. This \$11,150,000 [\$250 PSF prox.] sale was for 45,000 combined square feet. The second [unrelated] sale was two buildings, each sold separately. Total square footage is approximately 58,000 SF, and the combined price was \$7.9 million. Unique aspect of this two property deal was the tenancy of cannabis-industry tenants, highlighting the continuing mainstreaming of that industry. The third such sale was adjoining properties on Sterling Drive, where the multi-tenanted 27,600 SF combined sold for \$6.2 million. The investor paid \$225 PSF for this transaction.

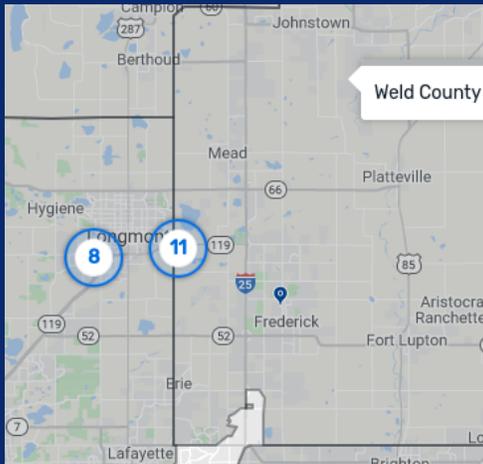
A 115,000 SF beer distribution center in the Crossroads district of Loveland sold for \$7.768 million. Anheuser-Busch sold this property to a Georgia based buyer. While the sales price was significantly lower than what AB originally purchased the property for, it was part of a restructuring of the brewery's distribution program nationwide. Thus, the low price [by current market standards] per square foot likely was due to a related business sale outside of the real estate purchase itself.

Loveland also featured in the big deals with a former K-Mart building sale on W. Eisenhower. The 91,000 SF property sold for an even \$5 million. The sale helps establish a market price for empty "big box" properties. Local retailer Jax Outdoor bought the property to expand its presence in the area. One of the thriving retail market segments in the Covid era has been sporting and outdoor goods sales. An established auto dealership on Byrd Drive in Loveland sold in December. The Elway Dealership group purchased the BMW/Mini properties and business. The real estate buildings totalled just over 35,000 SF, on 7 acres. Sales price was approx. \$17.8 million.

Weld county's I-25 corridor always has interest from users and investors. December featured a relatively new multi-tenant industrial building sale on the Frontage Road. The 23,000 SF facility sold for almost \$200 PSF, at \$4.65 million. This pricing point is showing the rising interest in well positioned industrial property. Cap rate obtained by the Buyer was reported as 6.16%. The growing southwest section of Weld has seen high activity due to its strategic location to serve northern CO and the Denver metro area.

19 New Construction Projects on the I-25 Corridor near SW Weld County

I-25 Corridor near Longmont is drawing increasing developer interest. 19 projects are actively being built in this region, between Weld & Boulder counties. Strategic positioning to serve the northern CO region as well as metro Denver may explain the high interest in the area.



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