

Business

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### For new offices, it's all about the ride

**Buildings in southeast Denver that are near light rail have no problems leasing, but other new projects aren't filling up.**

By Margaret Jackson



*The Palazzo Verdi office building at 6401 S. Fiddlers Green Circle in Greenwood Village is fully leased to Ciber and Newmont Mining. (Karl Gehring, The Denver Post )*

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New office buildings opening in southeast Denver are leasing well as long as they're next to a light-rail stop.

Developer John Madden's Palazzo Verdi, which has direct access to the light-rail line, is 100 percent leased to Ciber and Newmont Mining. The building opens next week.

But Shea Properties' Maroon V, which does not have direct access to light rail, is sitting vacant. The building opened before Shea's Village Center Station, which is under construction along the rail line and is fully leased. Wireless-service provider Cricket and Shea will occupy the building.

One Lincoln Station at the end of the rail line in Lone Tree is fully leased to directory publisher Dex. The rail line runs from downtown along Interstate 25 and up Interstate 225.

"If you're on the (light-rail) line, the market is pretty . . . good," said Bob Whittelsey, a principal at Colliers Bennett & Kahnweiler Inc., who handled leasing for Palazzo Verdi. "If you're off the line, the market is fairly soft."

The southeast market had a 17.5 percent vacancy rate for the third quarter, compared with an 11.5 percent vacancy for downtown, according to a report by Grubb & Ellis. The vacancy rate for metro Denver was 15.8 percent.

Cricket chose to pay more to locate at Village Center rather than go to Opus Northwest's Parkside project because of Village Center's proximity to light rail, said Todd Roebken, managing director of Jones Lang LaSalle.

"They did it for their employees," Roebken said. "Everything that's on a light-rail stop is leased. As Denver grows, those locations are going to become more and more important."

Several projects both on and off the light-rail system didn't get underway before the credit markets came to a screeching halt this fall.

Buildings proposed for sites not on rail never got off the ground because there was little interest from tenants. But the economy is to blame for those proposed along the rail line. Among them was a building proposed by Trammell Crow Co. on Continuum Partners' property at Belleview Station, a site Roebken said he believes would have done well had office space been built.

But Tom Gougeon, chief development officer for Continuum, said escalating construction costs forced the company to delay the project.

"We certainly have office space planned," Gougeon said. "It just felt like we were trying to force it."

Continuum also has had to rethink how it's going to develop its retail and restaurant space since Hanover Apartments at East Belleview Avenue and I-25 decided to hold off on developing its multi-family project, he said.

"We have to make sure we don't lose the opportunity to capture some of those national restaurants and retailers who want to be there," Gougeon said.

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