



GRUBER COMMERCIAL

4502-4510 Wynkoop Street

OFFERING MEMORANDUM for a RiNo
Redevelopment Opportunity within
an Opportunity Zone

4502 - 4510 WYNKOOP STREET
DENVER, CO 80205





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INVESTMENT & LEASING ADVISOR

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Commercial Real Estate Services

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Gruber Commercial Real Estate Services as exclusive agents for 4502 to 4510 Wynkoop St, Denver, CO is pleased to offer a Net leased single tenant 28,342/SF of building on roughly 2.273 acres



OFFERING SUMMARY

Net leasable Area: 28,342.55/SF +/- of building on 99,030 SF of land (2.273 acres)

Occupancy: 100%

Built: 1964, with additions and updates in 1973, potentially later as well.

Site Size: 2.273 acres of land or 99,030/SF

Sales Price: \$10,000,000.00

Lease Type: Net lease to Reed Mill & Lumber CO, Inc.

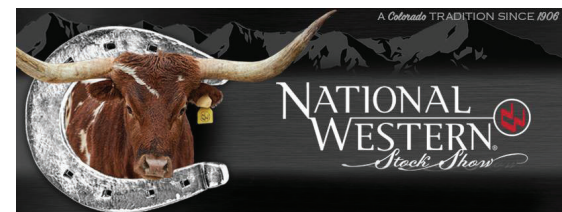
Current NOI: \$110,000.00

PROPERTY IS LOCATED WITHIN AN OPPORTUNITY ZONE!

4502-4510 Wynkoop Street is situated on the northern edge of the River North (RiNo) district and on the south end of Denver's major redevelopment of the National Western Stock Show. The property physically sits just off of Brighton Blvd. fronting on I-70 as well. The location is excellent for redevelopment and has incredible access to National Western Stock Show campus, the up and coming AEG music venue, Down Town Denver, the 38th and Blake Light rail as well as all of RiNo's amenities.

Due to the sites proximity to RiNo, National Western Stock Show and Light Rail the property lends its self to redevelopment. The site has Light Rail stops on both its eastern and north side within walking distance. The property itself is well poised for redevelopment because of its large hard to find site square footage and location.

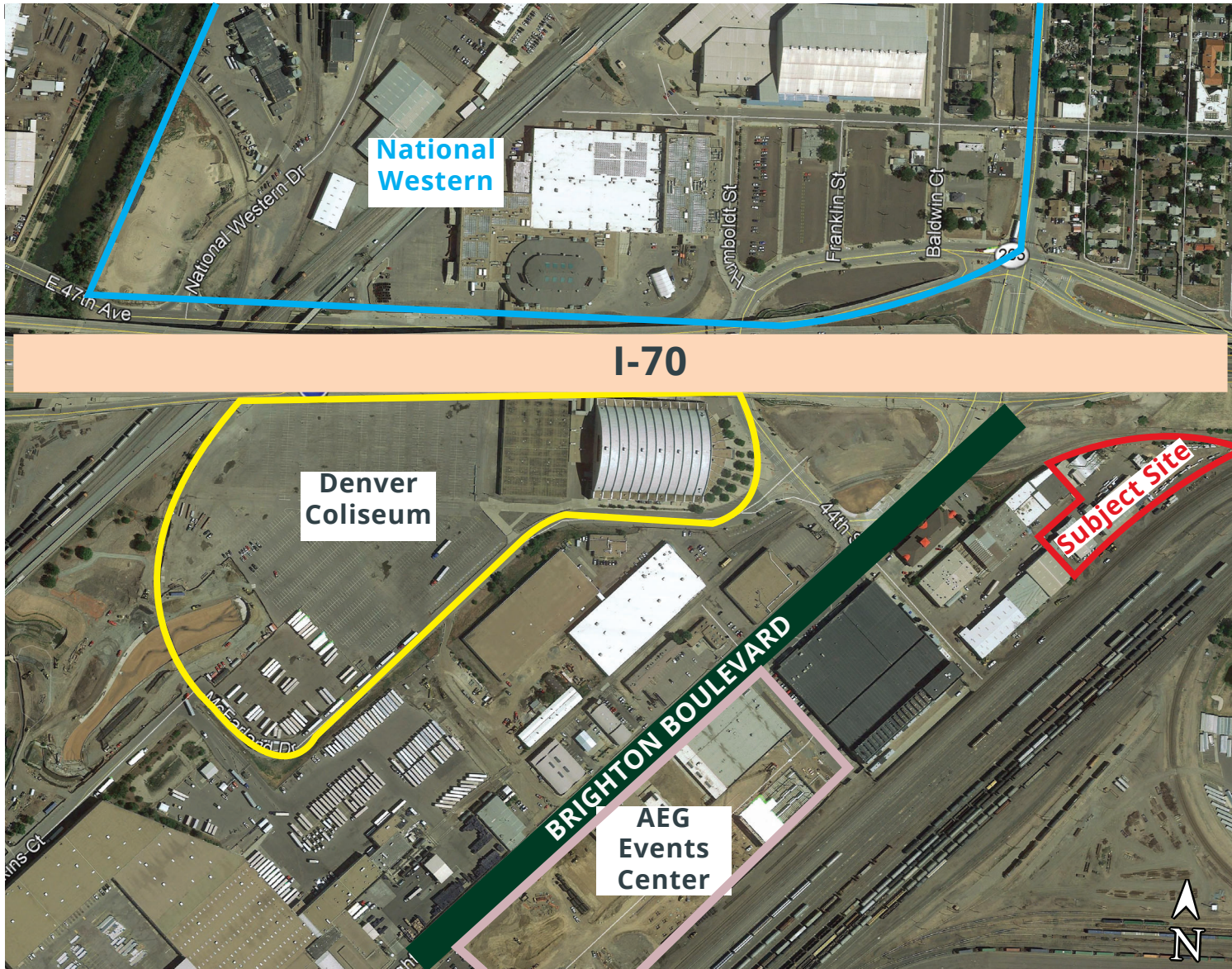
The property consists of multiple buildings on either side of Wynkoop Street that are geared toward the lumber and milling industry. All buildings are serviced by grade level loading and 3-phase power. Denver County records has the buildings date of construction as 1964 and 1973. It's likely that several buildings came after their dates as well. The current zoning is I-A but the property falls into an area where I-MX-8 is a natural up zone and there is potential for 12 story zoning based on the 38th and Blake Height amendments made in 2016 by the City of Denver.



PROPERTY OVERVIEW



PROPERTY OVERVIEW



PROPERTY OVERVIEW

Property Address: 4502 & 4510 Wynkoop Street
Denver, CO 80205

City/County: Denver

Building square footage total per existing survey: 28,342.55/
SF

Acres: 99,030/SF site (2.273 acres)

Loading: All buildings are at grade level with drive-in loading

Property Taxes: \$53,092.96 (2017 total for all 3 parcels) 4502
Wynkoop Street \$16,580.69, 4510 Wynkoop Street \$34,448.62
& \$2,063.65.

Heating: Gas forced air

Gas/Electric : Service from Xcel

Water/Sewer: Public (Denver) 4502 Wynkoop water tap is 1”
& 4510 Wynkoop Water Tap size is 1”

Power: 3 phase (to be verified)

PROPERTY HIGHLIGHTS

- Zoning: I-A with natural up zone to 8 story, potential for 12 story.
- 5 minutes from Downtown Denver
- Large central site fronting on Highway in hottest Denver Neighbourhood.
- \$1 Billion plus City Investment into the National Western Stock Show neighbouring property.
- Walking distance to two (2) Light Rail Stops.

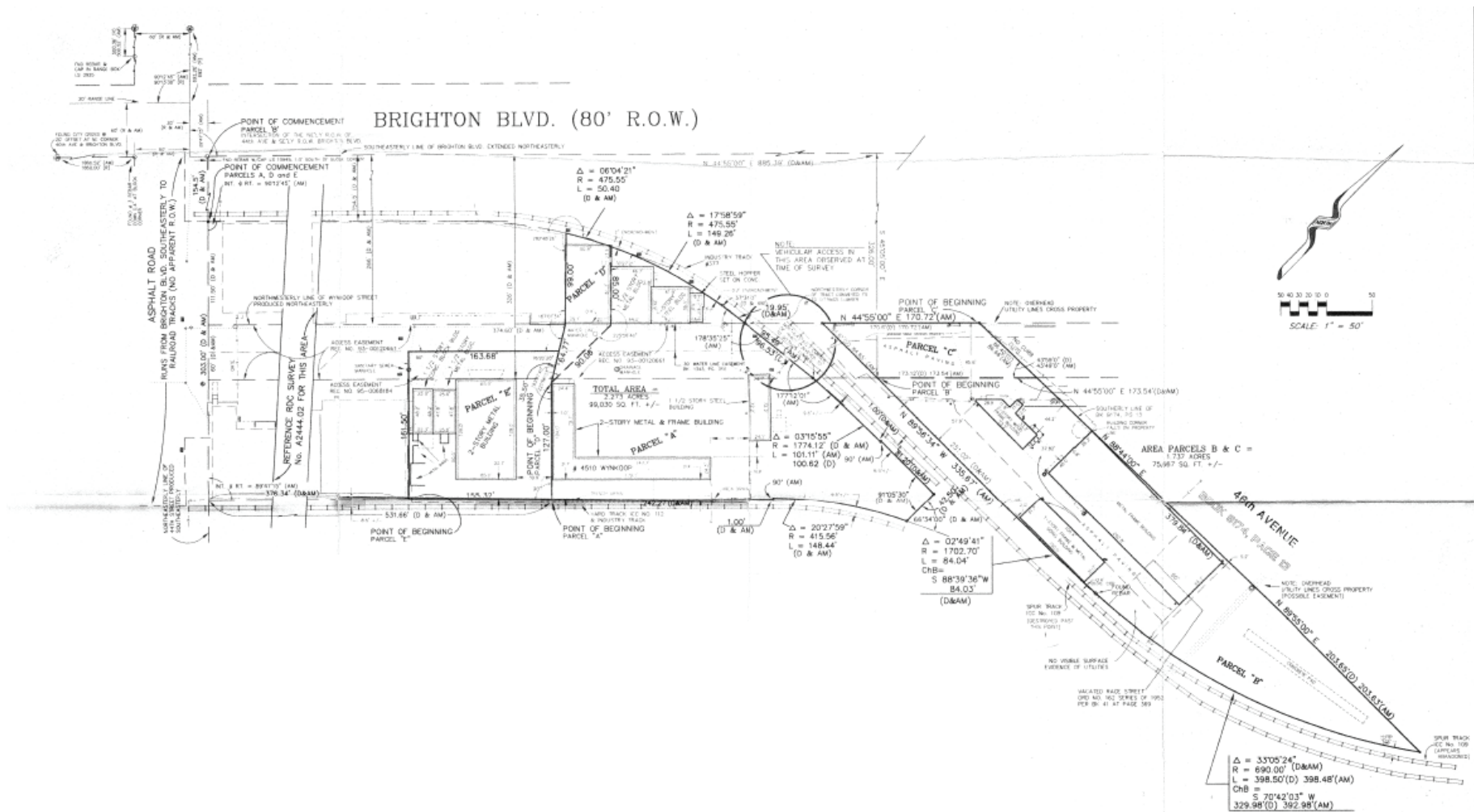


- Easy access to I-70, Downtown Denver, RiNo and Denver International Airport
- RiNo (River North Arts District) neighbourhood
- Great front range views that could be unobstructed once property is redeveloped.
- Abutting I-70 major revamp and improvement.
- Property is within an Opportunity Zone.

PROPERTY OVERVIEW

PROPERTY SURVEY*

*Parcel C not included in the sale - Owned by CDOT





I-70 AS SEEN FROM 4510 WYNKOOP

LEASE HIGHLIGHT

4502 & 4510 Wynkoop Street are leased to Reed Mill & Lumber CO, Inc on a triple NET rent lease with roughly 10 remaining. Reed Mill and Lumber occupies all 28,342/SF of onsite buildings plus the entire 2.273 acre site. This allows a unique opportunity to have NNN income in place on a rare upcoming development site.

FUTURE REPURPOSE OR DEVELOPMENT

Because of the subject sites proximity to RiNo, The National Western Stock Show redevelopment, Downtown, Light Rail, large site and I-70 frontage it's positioned extremely well for redevelopment or repurposing. Many of the neighboring developments are transforming older industrial buildings and sites into modern office, building new Class A Office and retail properties with \$25.00 +/- Net rents. In addition to the Office and retail developments there are hotels, condo and multifamily projects continuing to break ground in an area where land has run out. Many land purchase prices are in the \$175/SF to \$225.00/SF price range due to a lack of available real estate.

LEASE DETAILS





WWW.REEDMILL.COM

TENANT LEASE DETAILS

REED MILL AND LUMBER CO, INC

- **Tenant:** Reed Mill and Lumber CO, Inc

- **Lease Commencement:** January 1st, 2015

- **Initial Lease Term:** 15 years (180 months)

- **Current Lease Expiration Date:** December 31st, 2029 (Holding over is 150%)

- **Security Deposit:** \$11,250.00

- **Net Lease:** This is an absolute Net Lease, and, except as is otherwise expressly herein provided, all taxes, utilities, costs of improvements, maintenances repairs, alterations, additions, replacements, and insurance relating to the property shall be at the sole cost and expense of the Tenant.

- **Lease Guaranty:** This Lease is personally Guaranteed by Jason Whitaker (shown in Exhibit B of lease)

TENANT LEASE DETAILS

01. PROPERTY MAINTENANCE

Landlord shall, at its perform all necessary maintenance, repairs and replacements to the exterior surfaces of the Building, which term shall expressly include the roof, roof membrane, exterior walls, structural walls, floor slabs, masonry, foundations and water tightness of the Building; except that Landlord shall not be responsible for necessary maintenance, repairs and replacements of any Tenant Improvements or damage caused by Tenant.

03. UTILITIES

Tenant shall pay the costs of all utility services to the Premises, including, but not limited to, water (including water for landscaping/irrigation), electric, telephone, and gas services and pay all expenses associated with heating the Premises, including , but not limited to, fuel, oil, gas, coal or electrical charges. Tenant shall be responsible for arranging for utility service to the Premises directly with the supplier of such service and for payment of any deposits or other charges relating to such service.

02. TENANT OBLIGATIONS

Tenant shall pay the following expenses of the Premises: maintenance, replacement and repair expenses related to landscaping, irrigation systems, Premises fencing and gates, pipes, ducts, wires, electrical systems and fixtures, mains and conduits, plumbing, heating, air conditioning, window and doors (including glass), all Tenant improvements, trade fixtures and equipment; provided, however, that Tenant shall not be required to pay expenses related to the maintenance and repair of the Building structure.

04. RENT SCHEDULE

01/01/15 - 12/31/17 Annual base rent is \$100,000.00 (\$8,333.33 monthly)
 01/01/18 - 12/31/20 Annual base rent is \$110,000.00 (\$9,166.67 monthly)
 01/01/21 - 12/31/23 Annual base rent is \$121,000.00 (\$10,083.33 monthly)
 01/01/24 - 12/31/26 Annual base rent is \$133,100.00 (\$11,091.67 monthly)
 01/01/27 - 12/31/29 Annual base rent is \$146,410.00 (\$12,200.83 monthly)

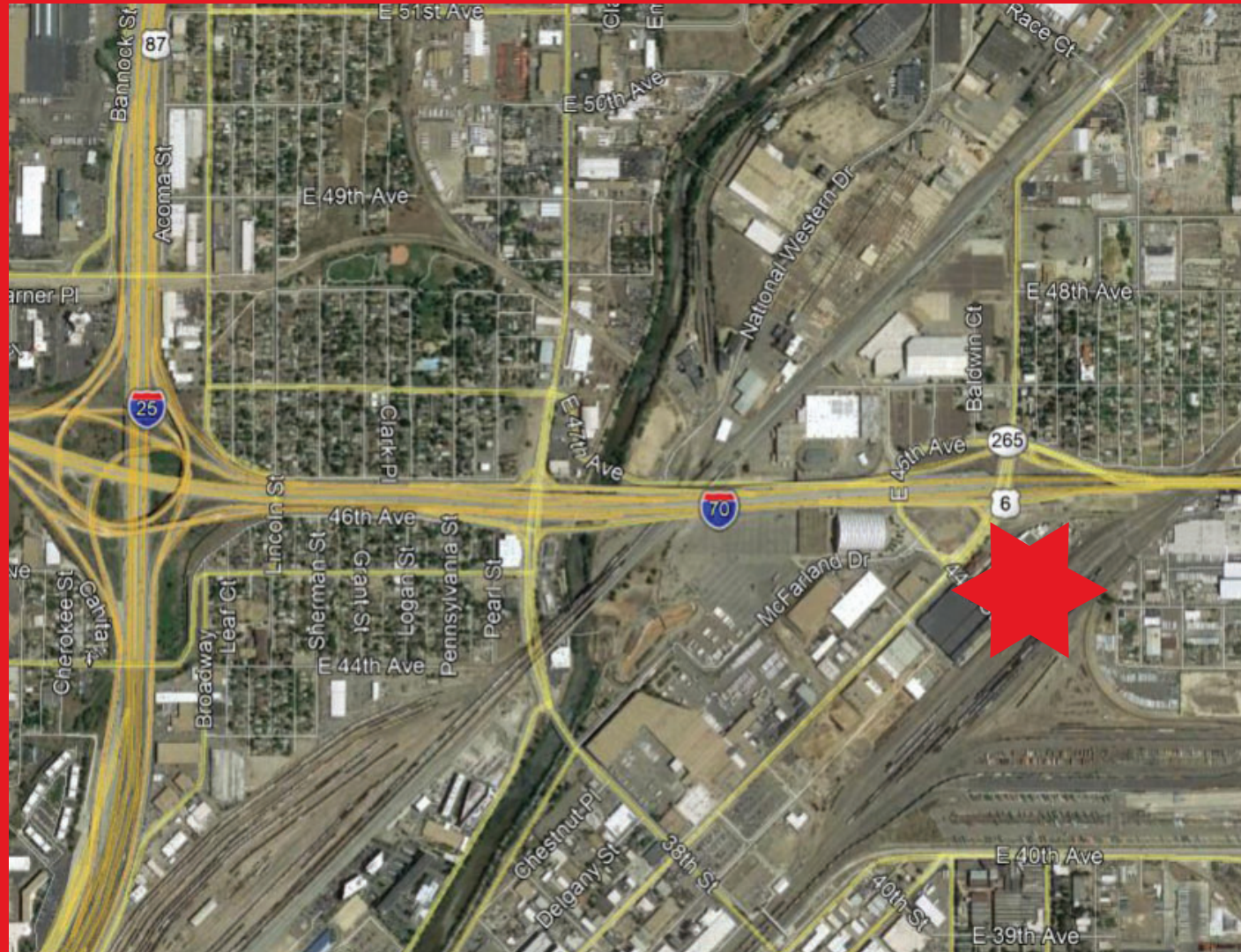
TENANT LEASE DETAILS

05. SALE BY LANDLORD

Landlord shall have the right to sell the Property, Building, or portion thereof at any time, including during the Term of this Lease, without prior notice to Tenant. In the event that Landlord sells the Property, Building or a portion thereof, and the purchaser terminates this Lease, and further provided that no Event of Default by Tenant exists beyond any applicable notice and cure period, then Landlord hereby agrees to reimburse Tenant the lesser of (i) Four Hundred Thousand and no/100th Dollars (\$400,000.00) or (ii) the actual amount of Tenant's reasonable moving expenses incurred during Tenant's relocation into new premises ("Moving Allowance"). For purposes of this Lease, Moving Allowance shall only include expenses actually incurred by Tenant for relocating its equipment, inventory and business operations to new premises and shall exclude any rent differentials, broker's fees, advertising expenses, etc. Landlord shall pay to Tenant the Moving Allowance within thirty (30) days following Landlord's receipt from Tenant of fully paid invoices indicating the amount of such moving expenses and that the same have been fully paid. Landlord and Tenant agree that the payment of the Moving Allowance to Tenant is conditional and is made by Landlord in reliance upon Tenant's faithful and continued performance of the terms, conditions and covenants of this Lease and the payment of all monies due Landlord hereunder. The provisions of the Section 13.4 shall survive the expiration or sooner termination of this Lease.



LOCATION OVERVIEW

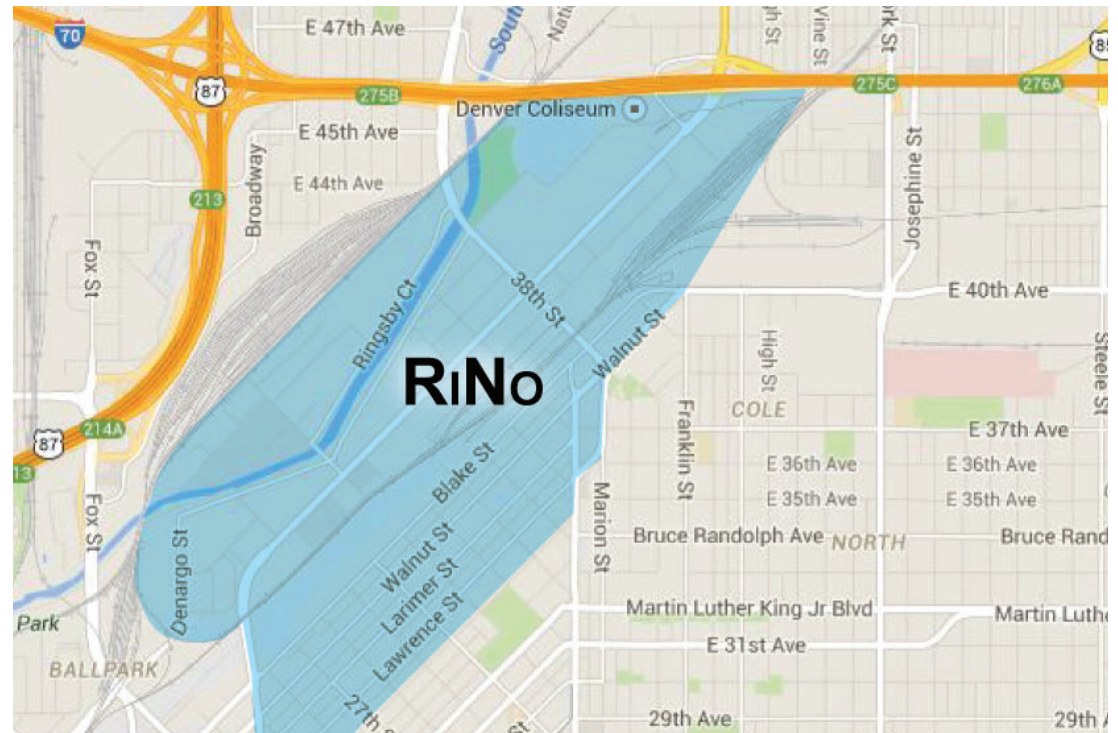


LOCATION OVERVIEW

RINO OVERVIEW

The RiNo or River North Neighbourhood is one of Denver's most desirable commercial real estate markets stretching from Broadway north between Lawrence and I-25 up to 40th Ave. near the subject property. The main access into the RiNo area comes from Brighton Blvd. and I-70 where the subject property is located. You can also access RiNo from the east coming down 40th Avenue from York and Down Town is your southern access point. The market is comprised of older industrial properties built in 1950's that are being repurposed for office, retail, mixed use and residential projects. Much of Denver's past 18 – 24 months of central construction projects have been in the RiNo area. Notable projects that are complete now include Industry, Industry 2, Catalyst, HUB (almost complete) Great Divide Brewery, Central Market, The Source, The Source 2, St. Julien Hotel, Crossing at Denargo Market and The Bindery. High demand for real estate in the RiNo area has remained in full force and there are many more development projects under way that are expected to be complete in early 2019.

Light Rail has also now made its way into the coveted neighbourhood with a Park N' Ride stop at 38th and Blake. The Light Rail stop can take you to Denver International Airport or to Down Town Denver's Union Station. This Rail Line is known as the A Line. The Light Rail Stop is within walking distance to many of the neighbourhood dining attractions, brewery's and mixed use projects.



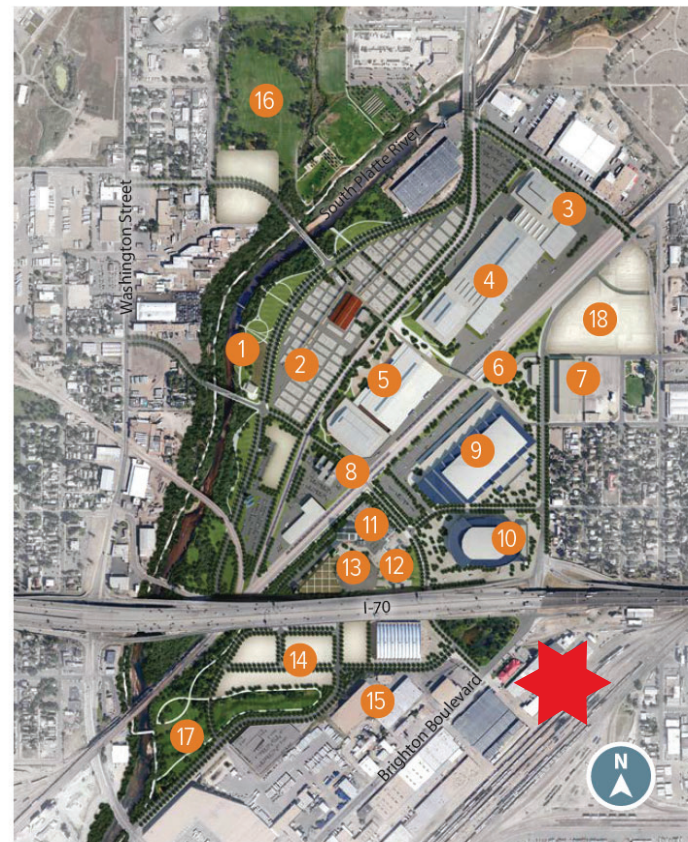
NATIONAL WESTERN OVERVIEW

In addition to the Subject property being located in the RiNo market it adjoins the highly anticipated National Western Stock Shows 250 acre redevelopment and expansion currently just getting underway. The National Western Stock Show started about 110 years ago in a tent down in the Elyria Neighbourhood of Denver. Today the Stock Show is Colorado’s most significant agricultural convention and western heritage event. In 2015 there were 682,539 people who visited the event pumping \$100,000,000.00 into the Denver economy (record year). The National Western Stock Show Campus Redevelopment and expansion are slated to be close to \$2 Billion dollars in improvements with half of that coming from private sources and the other half from the 2C oriented Tax.

The National Western Center redevelopment transforms the existing National Western Complex into a year round entertainment complex that is true to the roots of the stock show and Denver’s western heritage. The proposed development includes a number of large buildings that will be used all year for entertainment. The following buildings and uses are proposed for the site:

x New Arena x Trade Show / Exposition Hall x 1909 Stadium Arena (existing building to remain) x Colorado State University Center facility x Equestrian Center x Livestock Hall, Livestock Stadium Arena and Stockyards/Event Pavilion x Livestock Exchange Area x Maintenance Facilities x Colorado State University River Education Center

~(Information copied from January 2015 Infrastructure Master Plan, provided by City Of Denver)



Illustrative Master Plan

Key Site Elements

- 1 Water Resources Center and South Platte Riverfront
- 2 Stockyards/Event Pavilion
- 3 CSU Equine Sports Medicine Clinic
- 4 Equestrian Center
- 5 Livestock Center
- 6 NWC Transit Station
- 7 Shared Use/TOD Parking Structure
- 8 Livestock Exchange Building/Flex Space
- 9 Trade Show/Exhibition Hall
- 10 New Arena
- 11 CSU Center
- 12 Colorado Commons
- 13 Stadium Arena Market
- 14 Coliseum Redevelopment
- 15 Forney Transportation Museum
- 16 Northside Park/Heron Pond
- 17 Globeville Landing Park
- 18 Future Transit Oriented Development

National Western Center Partners



LIGHT RAIL AND THE NATIONAL WESTERN STOCK SHOW CAMPUS OVERVIEW

An important part of the NWC plan is access to the RTD North Metro Rail Line (NMRL) and the proposed station near Brighton Boulevard and 49th Avenue. The commuter rail line provides access to Denver Union Station to the south and 124th Avenue to the north.

The RTD station will consist of (2) 16-foot wide side platforms capable of holding a 4-car train. The station will have a short section of double track at the platforms and then taper to single track both north and south of the station. The station also provides 40 spaces of surface parking. Design has currently started on the project along with construction of portions of the rail line.

~(Information from January 2015 Infrastructure Master Plan, provided by City Of Denver)



MARKET OVERVIEW



MARKET OVERVIEW

METRO DENVER OVERVIEW

After signaling a slowdown, Colorado's economy was marked by a reacceleration in 2017 and 2018. Employment growth slowed to under 1.9% in September 2017—the lowest level in almost six years—before staging a rebound that led to 3% growth in mid-2018. Likewise, real GDP growth in Colorado slowed to just 1.4% in 2016—the lowest level since 2010—before rebounding to 3.6% in 2017 and 3.5% in Q2 2018. Personal income and per capita personal income followed similar trajectories, slowing to 1.9% and 0.3% in 2016 before resuming growth. Even population net migration slowed from 69,065 in 2015 to 59,628 in 2016 and 47,640 in 2017 according to the Colorado State Demography Office.

But despite slower growth in 2015-2017, Colorado has nonetheless outperformed most other states in 2018.

Employment growth in 2018 is projected to close up 2.4%, or 65,000 jobs, reflecting an acceleration in growth that can be attributable to tax cuts, labor force entrants, and other factors. Colorado will continue to add jobs in 2019, extending employment gains to a ninth-consecutive year. Job growth will occur at a slower pace than in 2018 and the slowest pace since 2011. Constrained by slower industry growth and shortage of workers, Colorado will add 53,200 workers in 2019, or growth of 2%.

In 2019, the three private-sector industries projected to add the most jobs are Professional and Business Services; Trade, Transportation, and Utilities; and Leisure and Hospitality. The greatest pace of growth will be in Natural Resources and Mining; Construction; and Professional and Business Services.

SNAPSHOT

- Despite slower growth, Colorado will still be in the top 10 states in 2019 for employment growth; wages will increase above the national average.
- Employment growth is projected in each of the 11 industries in both 2018 and 2019.
- Commodity prices will weigh on commodity sensitive industries, including agriculture and energy.
- Population growth will slow modestly in 2019. The state will still add an estimated 76,200 people, with 50,000 coming from net in-migration according to the State Demography Office.

COMMERCIAL REAL ESTATE OVERVIEW

Commercial real estate markets in metro Denver posted another year of expansion due to positive net in-migration, diversified job growth, and capital infusion on both the development and investment fronts. Labor supply constraints and rising construction costs are real hindrances stakeholders face daily but positive market trends have yet to be deterred.

Industrial—Denver’s industrial market is primarily driven by distribution users servicing a growing regional population, along with service business and manufacturing businesses that produce and export goods to be sold locally or exported to other markets. Strong statewide population growth, robust economic growth, and e-commerce mega trends that are changing consumer behaviour led to another year of expansion in the industrial market.

As of Q3 2018, the industrial market had recorded 34 consecutive quarters of positive net absorption, which goes well beyond the six-year trend in the 1990s and reflects national industrial market trends.

Total rentable square feet surpassed 240 million square feet in 2018, and construction of 4.2 million square feet is underway. The bulk of development activity is occurring in the Northeast/Airport submarket; however, nearly all regions of Denver metro are seeing industrial development activity. Of note, Amazon’s Thornton e-commerce facility (855,000-square-foot footprint/2.3 million square feet, including mezzanine space) and Denver’s largest speculative building on record, at 701,900 square feet in Majestic Commercenter, delivered.

Construction deliveries are tracking with demand in large part but vacancy has increased nonetheless. Direct vacancy, excluding sublease space, increased 70 basis points from a year ago, to 6.1%, but remains about 30 basis points below the long-term average. New construction is also helping to elevate asking lease rates, as is pent up demand from users seeking newer, more functional space to lease.

Asking lease rates across all industrial property types increased to \$8.22 per square foot triple net (NNN) in Q3 2018, an impressive 8% year over-year gain eight years into the economic expansion cycle. Flex space commands the highest rental rate of \$10.36 per square foot NNN (+4.2% year-over-year), followed by manufacturing space, at \$7.96 per square foot NNN (+11.8% year-over-year), and warehouse space, at \$7.29 per square foot NNN (+11.6% year-over-year).

~Colorado Business Economic Outlook



INVESTMENT & LEASING ADVISOR

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