



# E-470 Corridor Growth Opportunities

November 26, 2018

# Purpose

- Overview of E-470 Corridor
- Aerotropolis Marketing Effort
- Competitive Landscape & Market Analysis
  - Jessica Osterick, CBRE
- Tools for Financing Infrastructure
  - Zach Bishop, D.A. Davidson
- Current/Future Infrastructure in the Corridor
- Wrap-Up



## Work Plan Objective 1.2.1

**Develop a balanced and vibrant economy to improve socioeconomic status.**

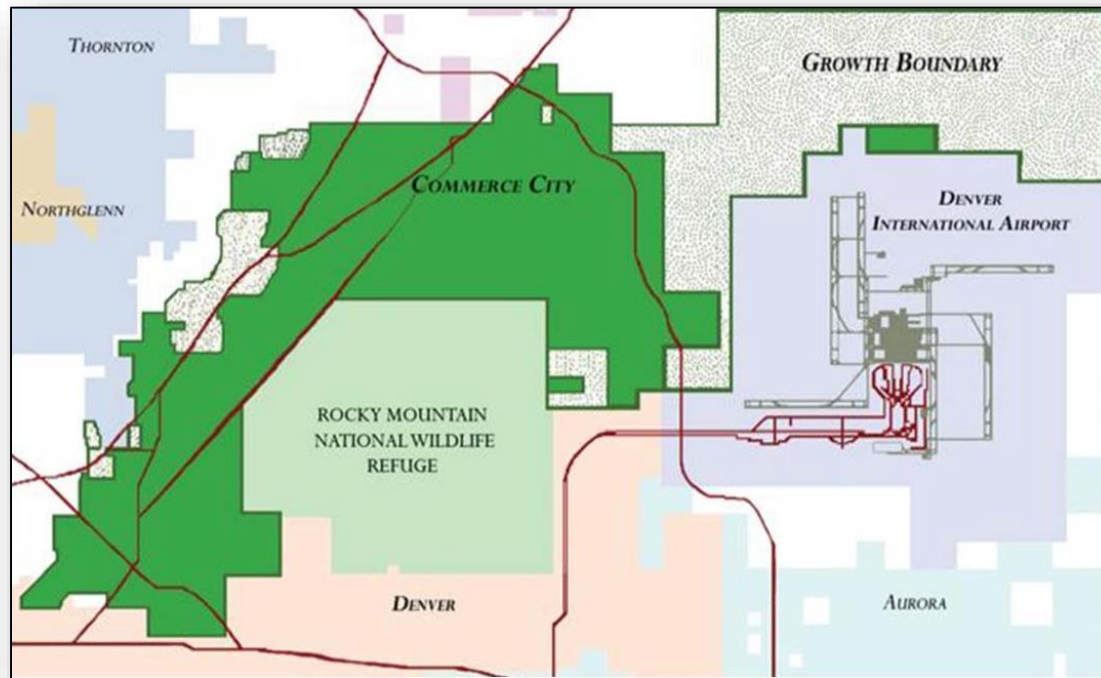


Primary job growth

Diversify the city's economy

Attract more commercial development





Commerce City's Growth Boundary Map best exhibits the opportunity for future development opportunities along the E-470 corridor:

- Large tracts of developable land; and
- Adjacent to a major highway on the west and Denver International Airport to the east and south.



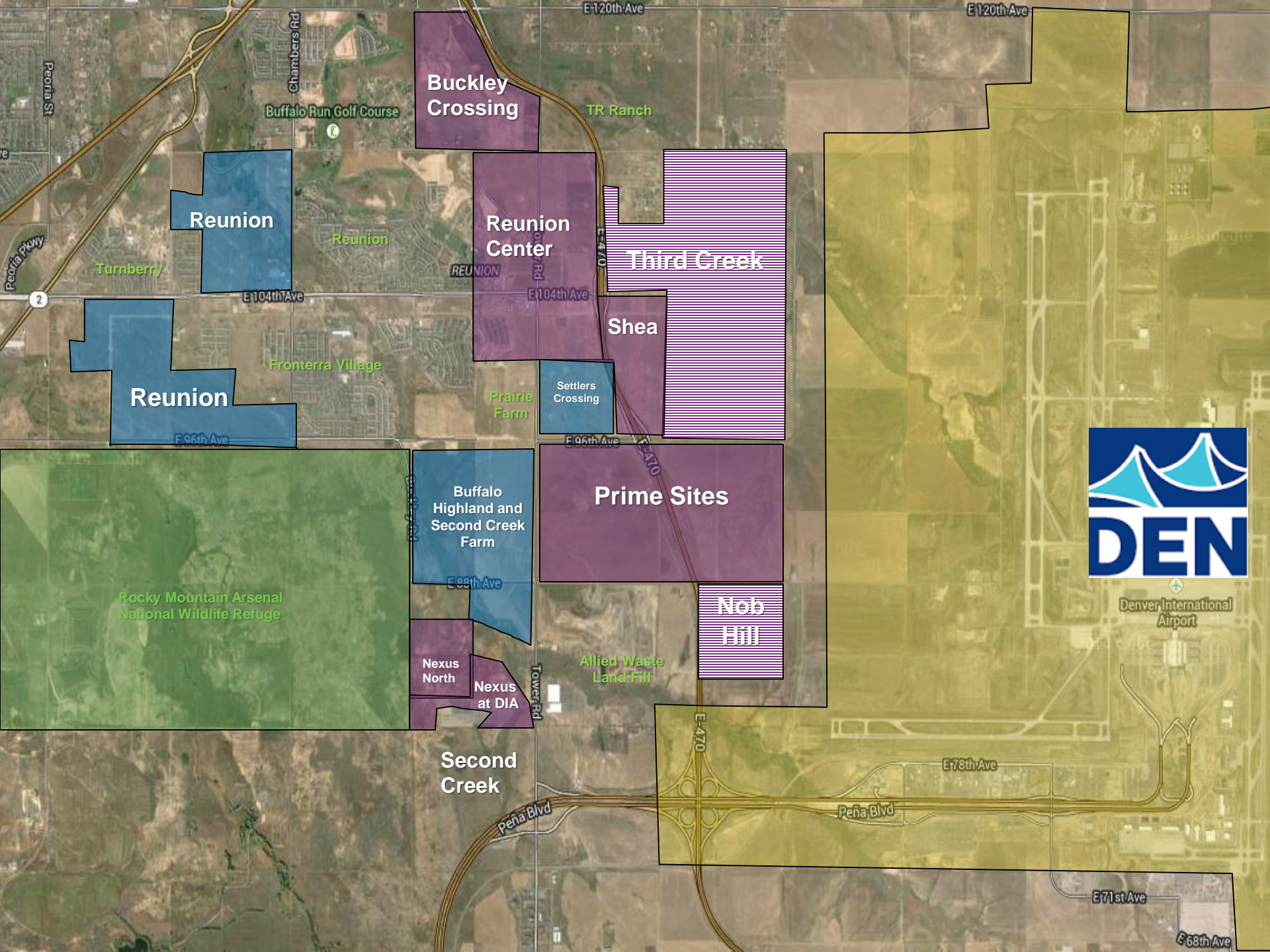


Q: Denver International Airport opened in 1995.  
Why was there no new development around it  
for over 20 years?

A: Lack of shovel-ready sites.







Denver International Airport

# Competitive Projects That Did Not Locate in Commerce City

- Gaylord Hotel
- Amazon Distribution Facility
- Amazon HQ Search
- Panasonic



# What Has Changed?

- ✓ Front range experiencing major growth
- ✓ Infrastructure investments were made during the last ten years
  - GIDs
  - Tower Rd improvements
  - T-88
  - Pena Blvd ramp
- ✓ Measure 1A passes - DEN development agreement





# Gaining Momentum . . .

## Projects Choosing the E-470 Corridor



- 20.25 acres
- 216,000 SF facility
- 255 jobs
- \$30 million in CI



- 22 acres
- 540,000 SF facility
- 380,000 SF leased to Haier (GE Appliances)
- \$30+ million in CI
- Second 540,000 SF building planned



# DEN Development Agreement

- City and County of Denver and Adams County reached an agreement to amend the 1988 IGA. Voters approve Measure 1A in 2015.
- Key components of the agreement
  - DEN will develop up to 1,500 acres
  - DEN will provide a \$10 million up front payment to Adams County communities
  - DEN will share revenue 50/50 based on the 1,500 acre development area



# Aerotropolis Regional Committee (ARC)

## Project Phases

### PHASE I

Competitive analysis, target market and  
roadmap development



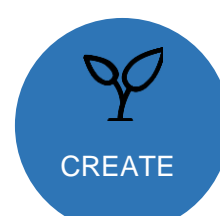
+



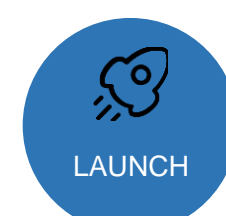
+



+

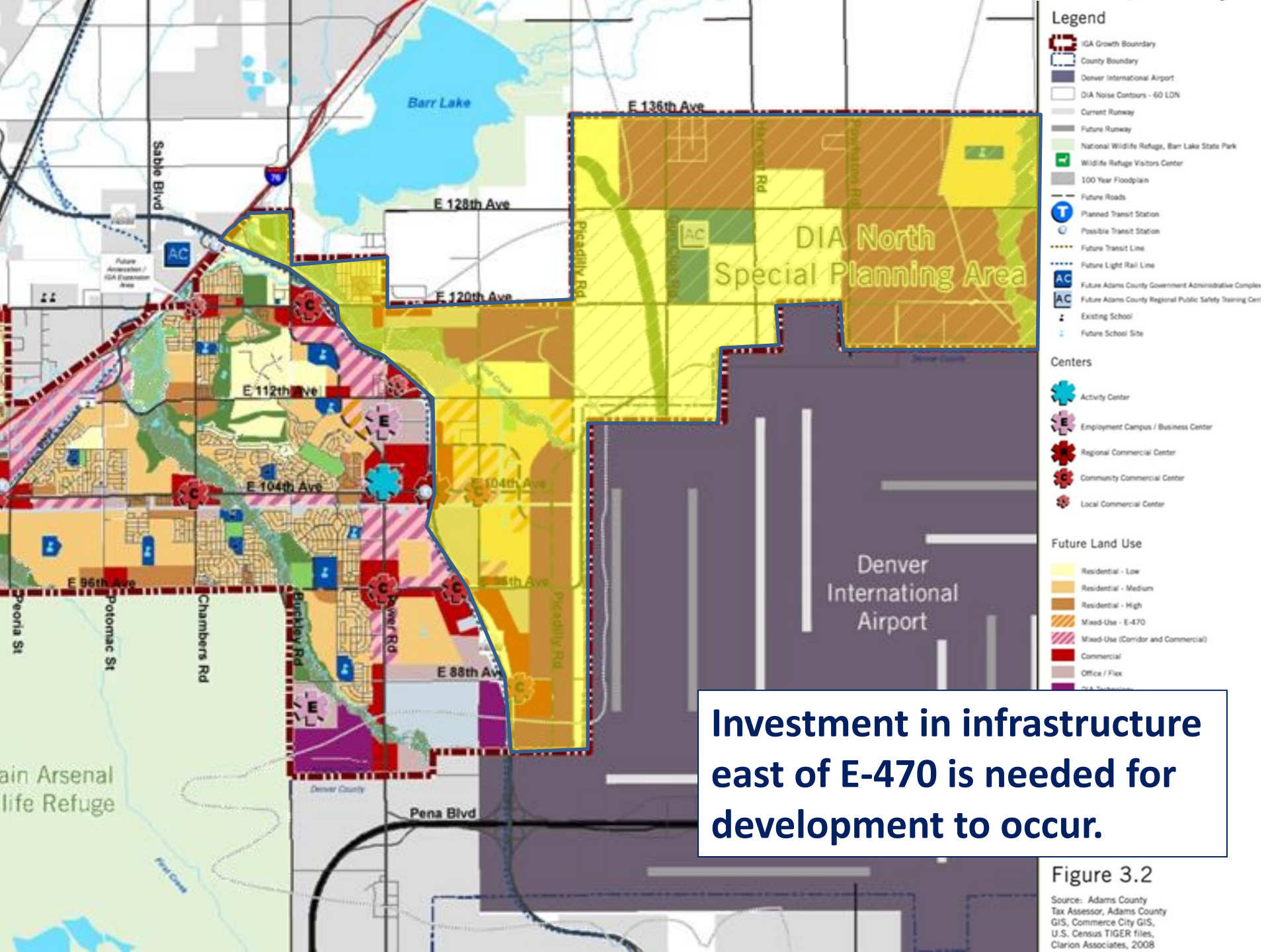


+



+





# Next Steps?

- ✓ Will the area keep growing.
- ✓ How will Commerce City stay competitive as a location of choice for employers
- ✓ Should Commerce City continue investing in infrastructure in the E-470 Corridor and what does that look like.





# Market Analysis

Jessica Ostermick  
CBRE





# Commercial real estate update DEVELOPMENT BOOM & CATALYTIC INVESTMENT

Commerce City study session  
November 26, 2018

# Agenda

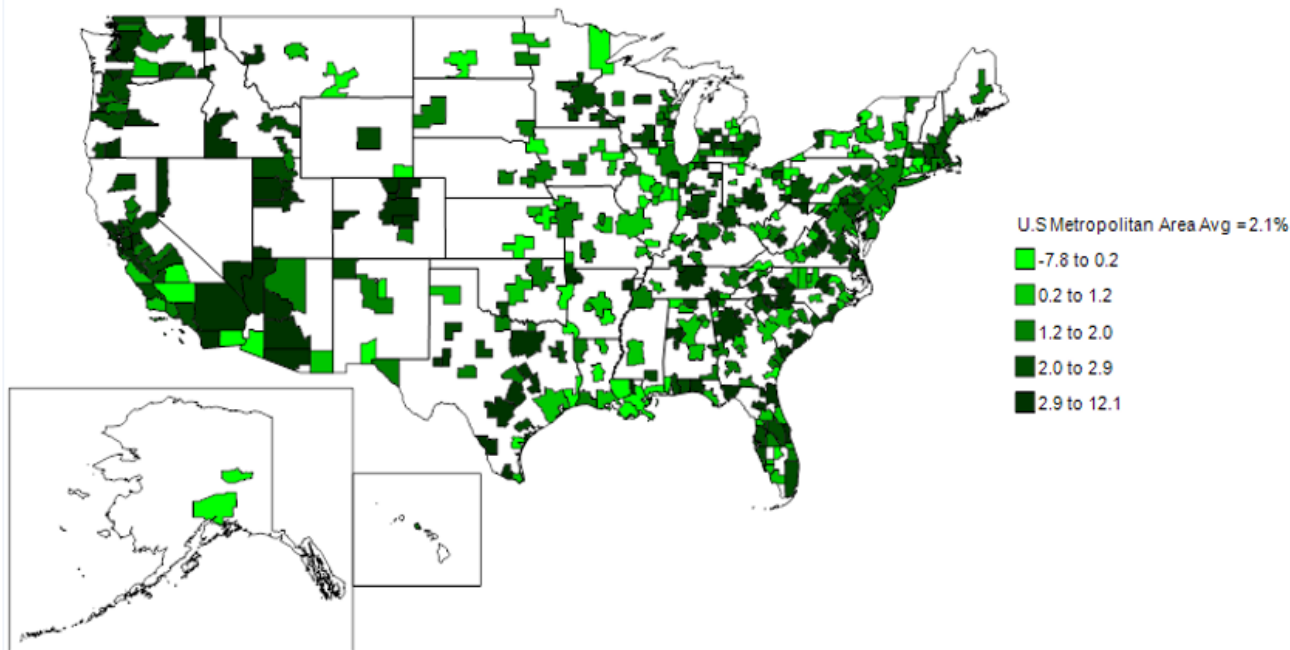
- Current Economic & CRE Market Conditions
- Airport Area Development Update
- Catalytic Investment & the Future of the  
Corridor

# ECONOMIC BRIEF — AN ALL AROUND LEADER

DENVER'S ECONOMY GREW 3.6% IN 2017, COMPARED TO THE 2.1% NATIONAL METRO AVERAGE

COLORADO WAS THE 2<sup>ND</sup> FASTEST GROWING STATE IN 2017

Percent Change in Real GDP by Metro Area, 2017



Source: U.S. Bureau of Economic Analysis, 2018; Moody's Analytics, November 2018.

**1st** Overall Best State

Economy – 2017 US News & World Report

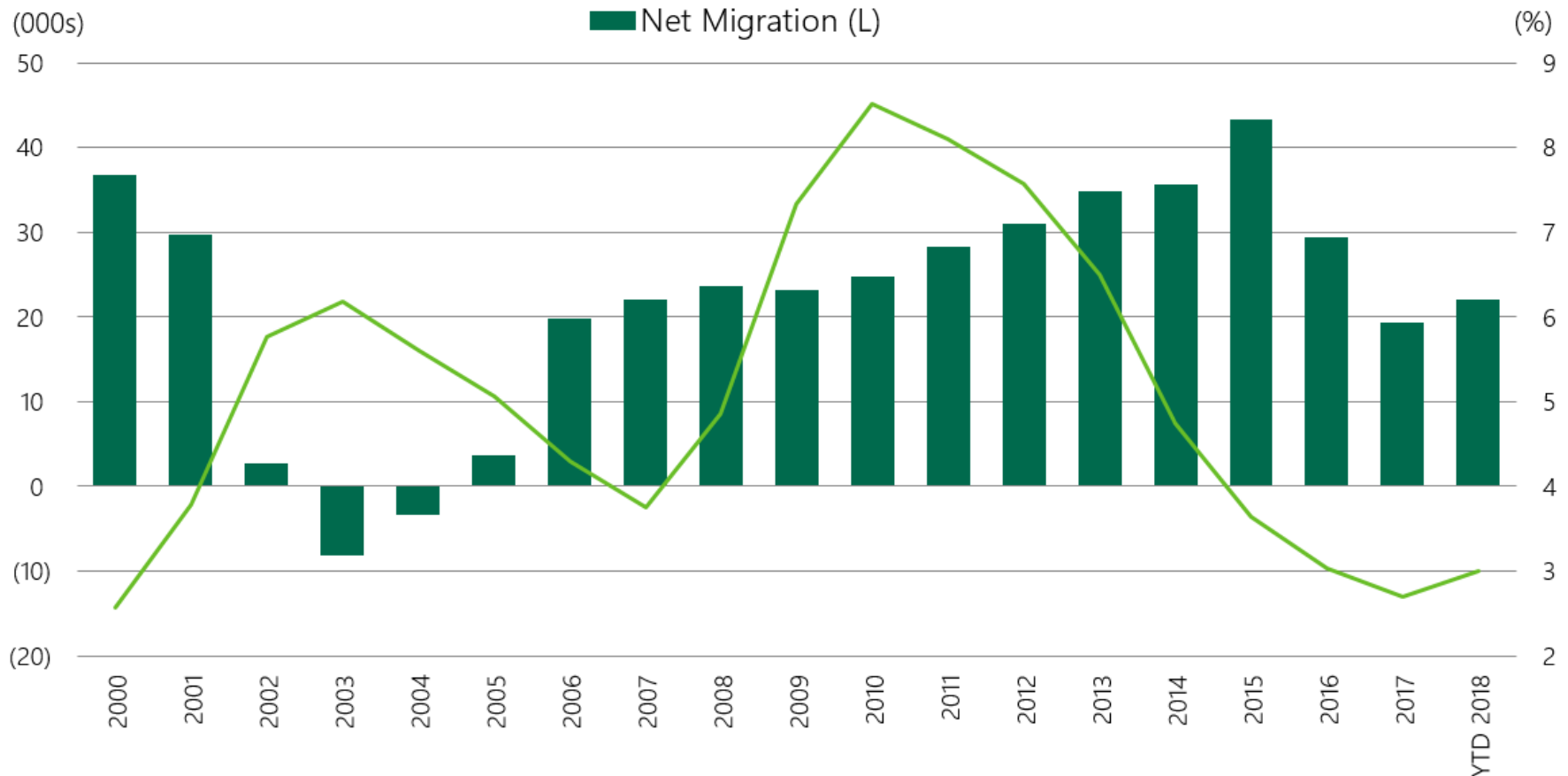
**2nd** Fastest Growing State Economy by GDP – 2017

**2nd** Fastest Wage Growth Metro – 2017 Payscale

**2nd** Best City for Job Seekers – 2017 Wallet Hub

# NET MIGRATION & UNEMPLOYMENT

## NET MIGRATION PROPELS THE LABOR MARKET

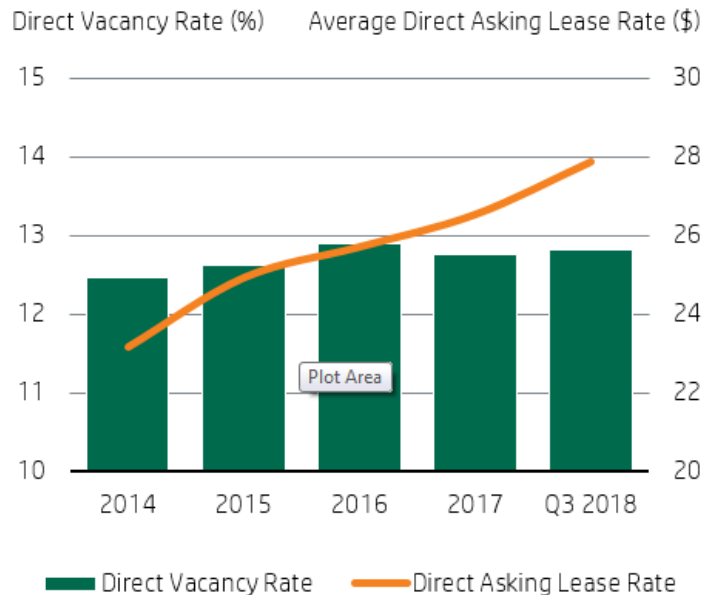


Source: Moody's Analytics; U.S. Bureau of Labor Statistics, October 2018.

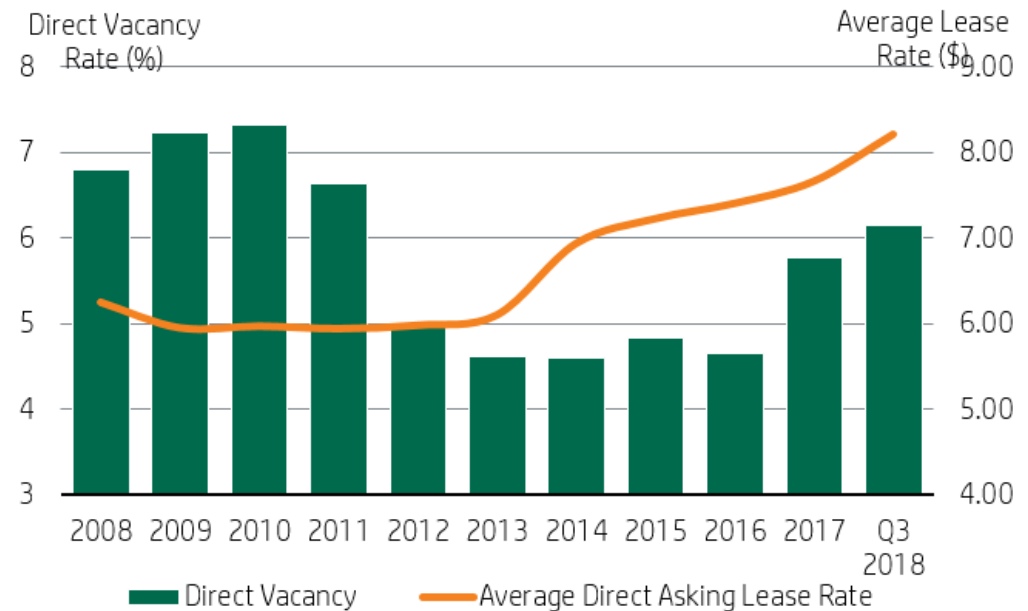


# CRE Market Brief

## Denver Metro Office Fundamentals



## Denver Metro Industrial Fundamentals



Source: CBRE Research, Q3 2018

## Commerce City CRE Fundamentals

|                            | Office  | Industrial | Retail    | Flex    | Multifamily            |
|----------------------------|---------|------------|-----------|---------|------------------------|
| RBA SF                     | 533,611 | 10,153,138 | 1,550,765 | 267,906 | 1,744 units            |
| Vacancy Rate               | 13.6%   | 1.4%       | 2.6%      | 0.0%    | 5.0%                   |
| Avg. Asking Lease Rate PSF | \$23.24 | \$9.00     | \$14.05   | \$14.60 | \$884 (1 bdrm per mo.) |
| Under Construction         | 0       | 560,977    | 0         | 42,500  | 0                      |
| Deliveries Post 2013       | 133,939 | 628,082    | 84,513    | 0       | 111 units              |

Figure 1: U.S. GDP Growth

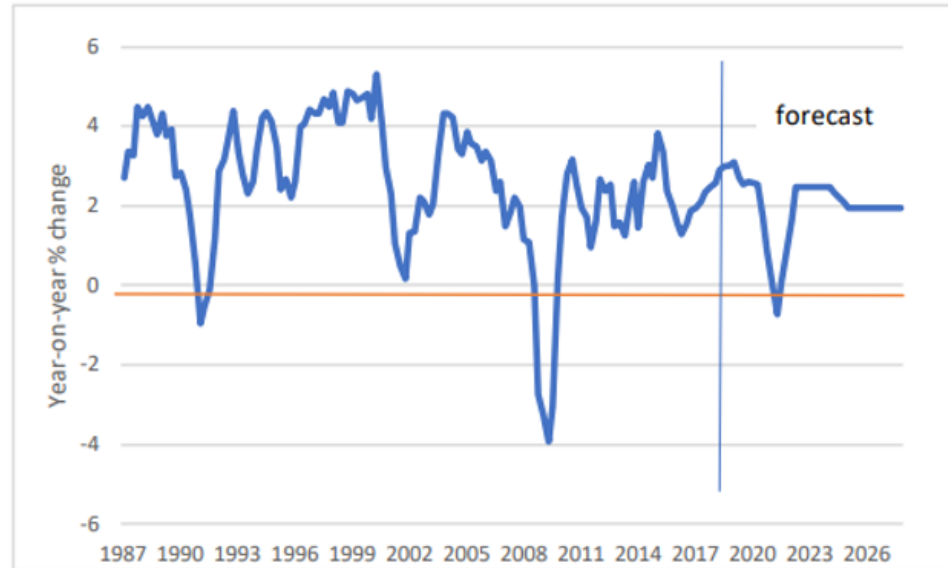
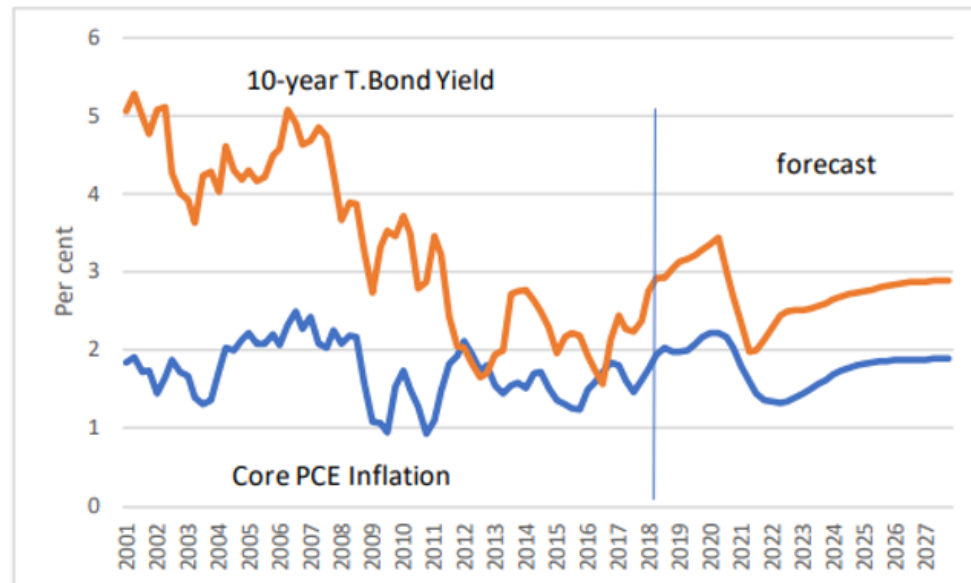
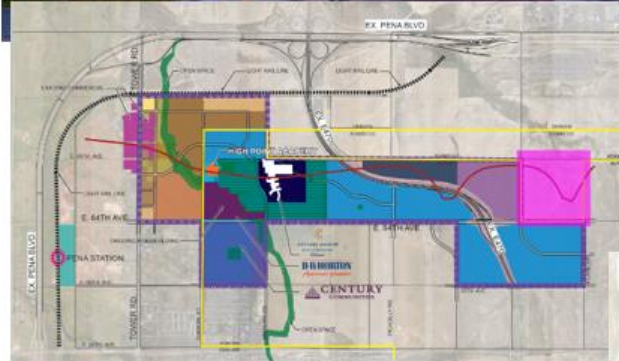


Figure 2: Inflation & Interest Rates



# Development Boom



amazon



## Aerotropolis project

- 21,000 acres
- 10 million square feet of retail space
- 30 million square feet of office space
- 40 million square feet of industrial and commercial space
- Includes the Aurora Highlands, which could have up to 23,000 new homes





# Development Boom



## REDEFINING DEVELOPMENT BOOM:

### Gaylord Rockies Resort & Convention Center

- \$900 million facility
- 1,500 rooms
- 485,00 sq. ft. of convention space
- Opening late 2018

### Denver International Airport Expansion

- DEN is the 6th busiest airport in the U.S. and the 19th busiest in the world
- 61 million passengers in 2017
- \$1.8 billion main terminal renovation and \$1.5 billion gate expansion

### FasTracks 61st and Pena Station

- Last stop before DEN and 6 stops from Denver Union Station
- 23-mile line connecting Denver Union Station to Denver International Airport
- 800 parking spaces

### Pena Station NEXT

- Smart, sustainable connected community and Panasonic's prime demonstration zone
- 382-acre, transit-oriented community including 250 multi-family units under construction and 225 room Hyatt Place opening Spring 2019
- [www.penastationnext.com](http://www.penastationnext.com)

### Stapleton and Shops at Northfield

- 4,700 acres of 12,000 homes and 15.8 million sq. ft. of commercial space
- 1.2 million sq. ft. shopping district

### High Point

- 1,800 ac mixed use development
- 10 million sq. ft. business district
- Homebuilders underway on thousands of single family homes

### Aerotropolis

- Long term planning efforts underway for 14,000 acres of development around the airport over 20+ years
- 9,000 acres of developable land in Denver and 5,000 in the Aurora Highlands
- Funding mechanism for infrastructure improvements in place in Adams County

### Opportunity Zone Adjacency

- Thousands of acres in census tract 8353 are a designated opportunity intended to spur development due to tax benefits for ownership

### Spaceport Colorado

- Nearby Front Range Airport received a commercial space flight license for tourism, satellite deployment and scientific research discoveries

### Amazon Distribution Center

- 1.1 million sq. ft. state of the art e-commerce distribution center

### Nexus at DIA

- Speculative industrial development by Becknell Industrial
- GE and McLane FoodService are current tenants

### Porteos

- 1,200-acre development
- 1 million sq. ft. Walmart Distribution center proposed (169 acres)
- J.A. Green purchased 75-acres for a cargo related industrial development



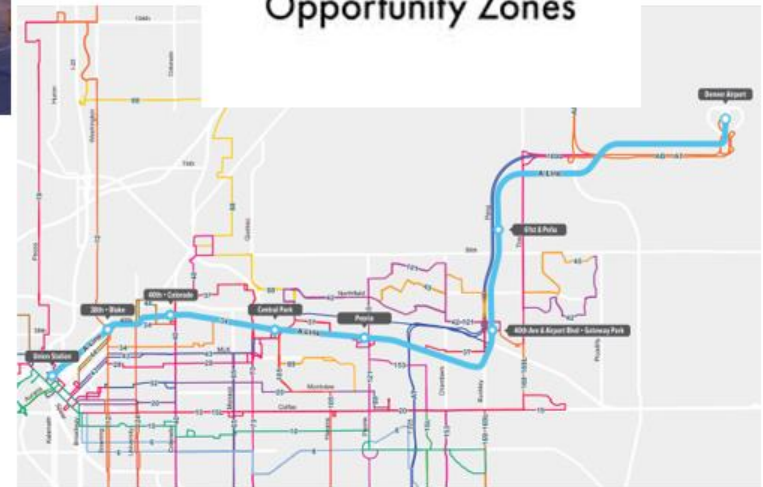
*Why now...20+ years  
after DEN opened?*



# Catalytic Investment & Policy



Opportunity Zones

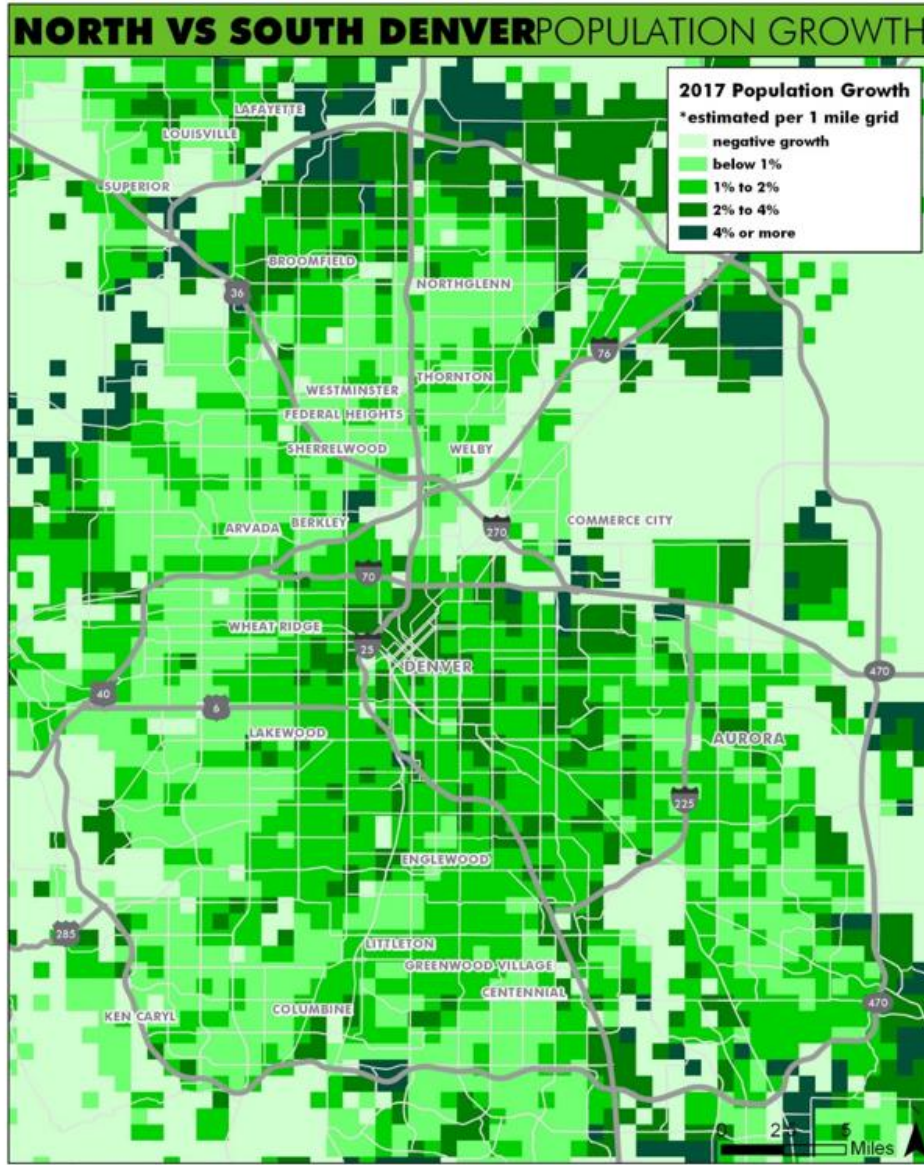


**LOCATION, LOCATION, LOCATION & “SHOVEL**

**INFRASTRUCTURE READY”**  
UTILITIES  
ACCESS

**ZONING**  
TAXES /MILL LEVY  
LABOR AVAILABILITY

# Population Boom = LABOR



©2018 CBRE, Inc. The information has been obtained from sources believed reliable. We have not verified and make no guarantee, warranty or representation about it. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. This analysis and opinion should not be used as a sole, independent investigation of the property to determine its value. Consultation with the seller of the property for your needs. CBRE and the CBRE logo are service marks of CBRE, Inc. and are its affiliated or related companies in the United States and other countries. All other marks displayed in this document are the property of their respective owners. Ask Us: [www.CBRE.com/askus](http://www.CBRE.com/askus) (800)222-6222 or (312)355-6000 (US & Canada). Data Source: CBRE Global Market Research. Data as of 12/12/18.





The Snowball Effect...  
**...you just need to get it rolling**



The background is an abstract composition of various shades of green, ranging from dark forest green to bright lime green. It features a complex pattern of overlapping, semi-transparent geometric shapes, primarily triangles and polygons, which create a sense of depth and movement. The lines of these shapes are thin and dark, contrasting with the lighter green areas.

**CBRE**

**THANK YOU**

Jessica.Ostermick@cbre.com

November 26, 2018

# Financing Infrastructure Improvements

Zach Bishop  
D. A. Davidson





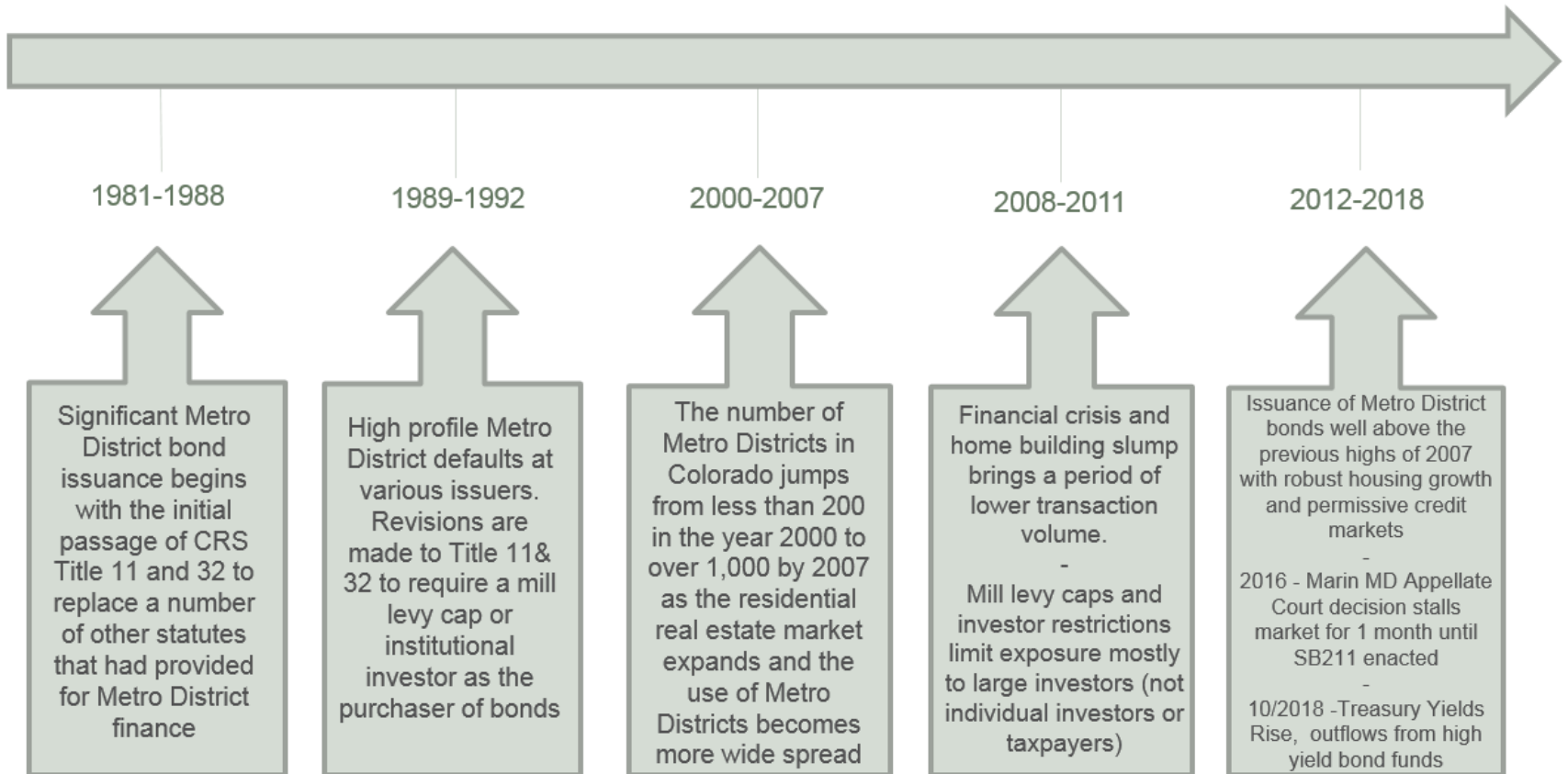


# Types of Special Districts

| District Type                 | Governance | Property Tax | Assessment | Sales Tax     | Board   |
|-------------------------------|------------|--------------|------------|---------------|---------|
| Metropolitan District         | City       | Yes          | via SID    | Yes in county | Elected |
| Special Improvement District  | City       | No           | Yes        | No            | City    |
| Local Improvement District    | County     | No           | Yes        | Yes           | County  |
| General Improvement District  | City       | Yes          | via SID    | No            | City    |
| Public Improvement District   | County     | Yes          | via LID    | via LID       | County  |
| Business Improvement District | City       | Yes          | Yes        | No            | Various |

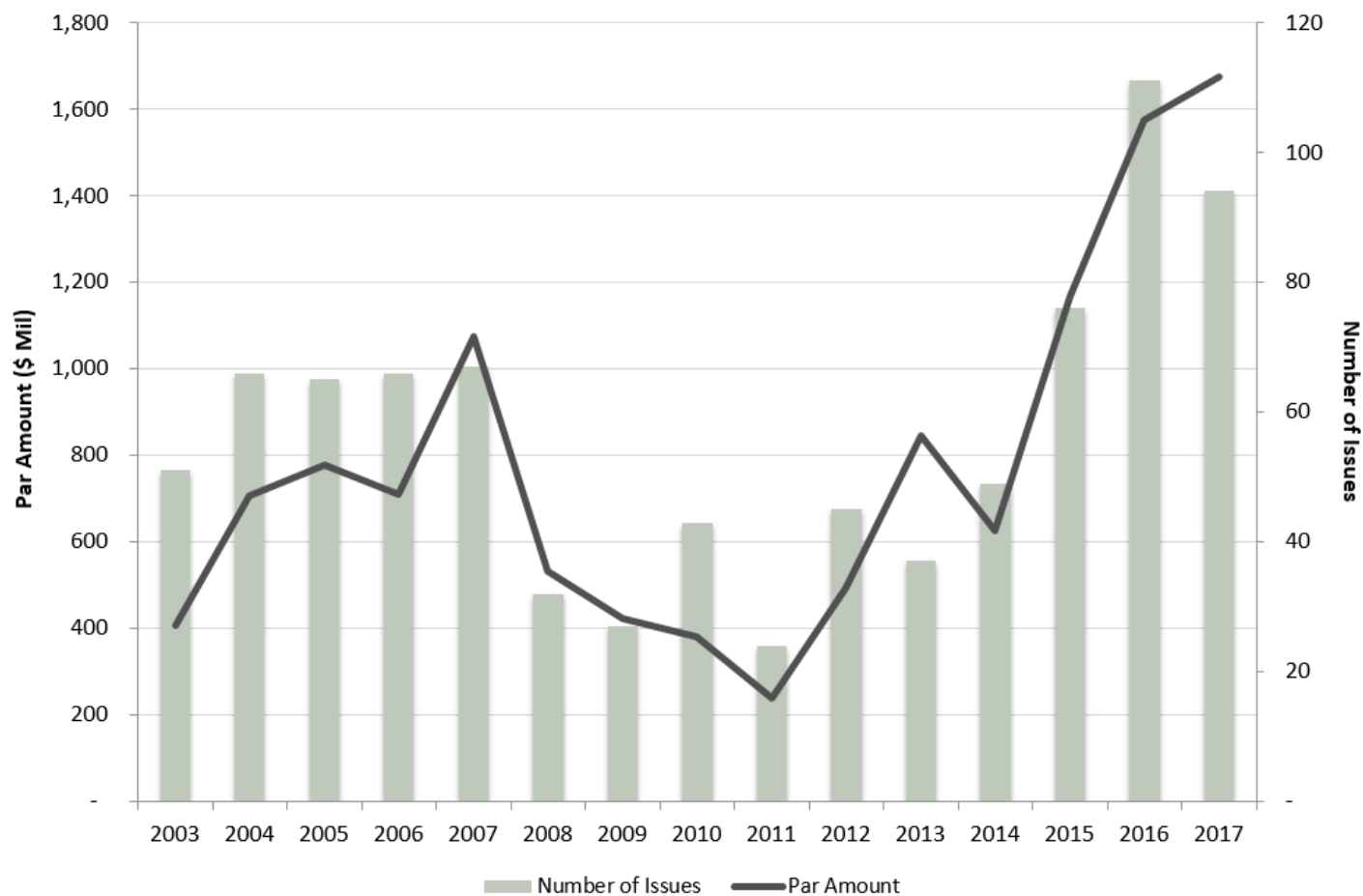


# Brief History of Colorado Metropolitan Districts





# Colorado Special District Issuance





# Sample of Metro District Usage

| Communities Using Metro Districts | Communities Not Using Metro District     |
|-----------------------------------|--|
| Aurora                            | Boulder                                  |
| Arvada                            | Lafayette (commercial districts allowed) |
| Brighton                          |  |
| Colorado Springs                  |  |
| Denver                            |  |
| Erie                              |  |
| Ft. Collins                       |  |
| Lakewood                          |  |
| Parker                            |  |
| Westminster                       |  |
| Adams County                      |  |
| Arapahoe County                   |  |
| Douglas County                    |  |
| El Paso County                    |  |
| Jefferson County                  |  |



# Typical Metropolitan District Revenues

- Limited Property Taxes
  - Often up to 50 mills for debt until the district reaches a debt to assessed value threshold of 50% or less
  - Operations can be limited or unlimited depending on the municipality in which the district is formed
  - Does not constitute a lien on land within the development
- Specific Ownership Tax
  - Vehicle registration fees allocated to local governments
  - Fluctuates depending on the age of vehicles registered in the county, but generally between 6-8% of property taxes collected
- Sales/Property Tax Increment
- System Development/ Impact Fees
- Public Improvement Fee



# Current and Future Infrastructure Needs in the E-470 Corridor



# Current Infrastructure

- E. 104<sup>th</sup> Ave = 4 through lanes to E-470 west ROW
- E. 104<sup>th</sup> Ave = 2 lanes to E-470 east ROW line
- E. 96<sup>th</sup> Ave is two lanes east of Tower Rd
- E. 88<sup>th</sup> Ave is two lanes east of Tower Rd
- Himalaya is a dirt/gravel road
- Piccadilly Rd does not exist
- Water/sewer exists along E.104<sup>th</sup> Ave and Tower Rd
- Drainage exists along E.104<sup>th</sup> Ave and Tower Rd



# Infrastructure Needs

- E. 104<sup>th</sup> Ave needs four through lanes to Piccadilly
- E. 96<sup>th</sup> Ave needs widening east of Tower Rd
- E. 88<sup>th</sup> Ave needs widening east of Tower Rd
- Himalaya needs to be improved
- Piccadilly needs to be built
- Drainage, water and sewer must be installed east of E-470
- Infrastructure for water storage and a different pressure zone must be installed east of E-470



# Infrastructure Funding

- City has over \$890 million of projects that must be built by time of build-out
- City cannot take on more debt for some time
- Impact fees do not cover the cost of infrastructure needed for development
- General Improvement Districts established to assist with funding improvements



# Northern Infrastructure GID

- NIGID established in 1998
- Initial authorization was for water and sewer
  - \$15 million debt issued in 1998
- Expanded to include streets in 2005
  - \$79.9 million debt issued for E.104<sup>th</sup> Avenue
- Initial mill levy was 30 mills; 27 since 2005
- Very unlikely that voters would approve more debt for a number of years





# E-470 Commercial Area GID

- ECAGID established in 2013
- Authorization is for all municipal infrastructure
- Initial mill levy was 27 mills
- No debt has been issued
- Mill levy temporarily reduced to 10 mills for 2018 and 2019
- Growing assessed value due to Nexus at DIA development



# E-470 Residential Area GID

- ERAGID established in 2013
- Authorization is for all municipal infrastructure
- Initial mill levy was 30 mills
- No debt has been issued
- Mill levy still at 30 mills
- Very little assessed value currently

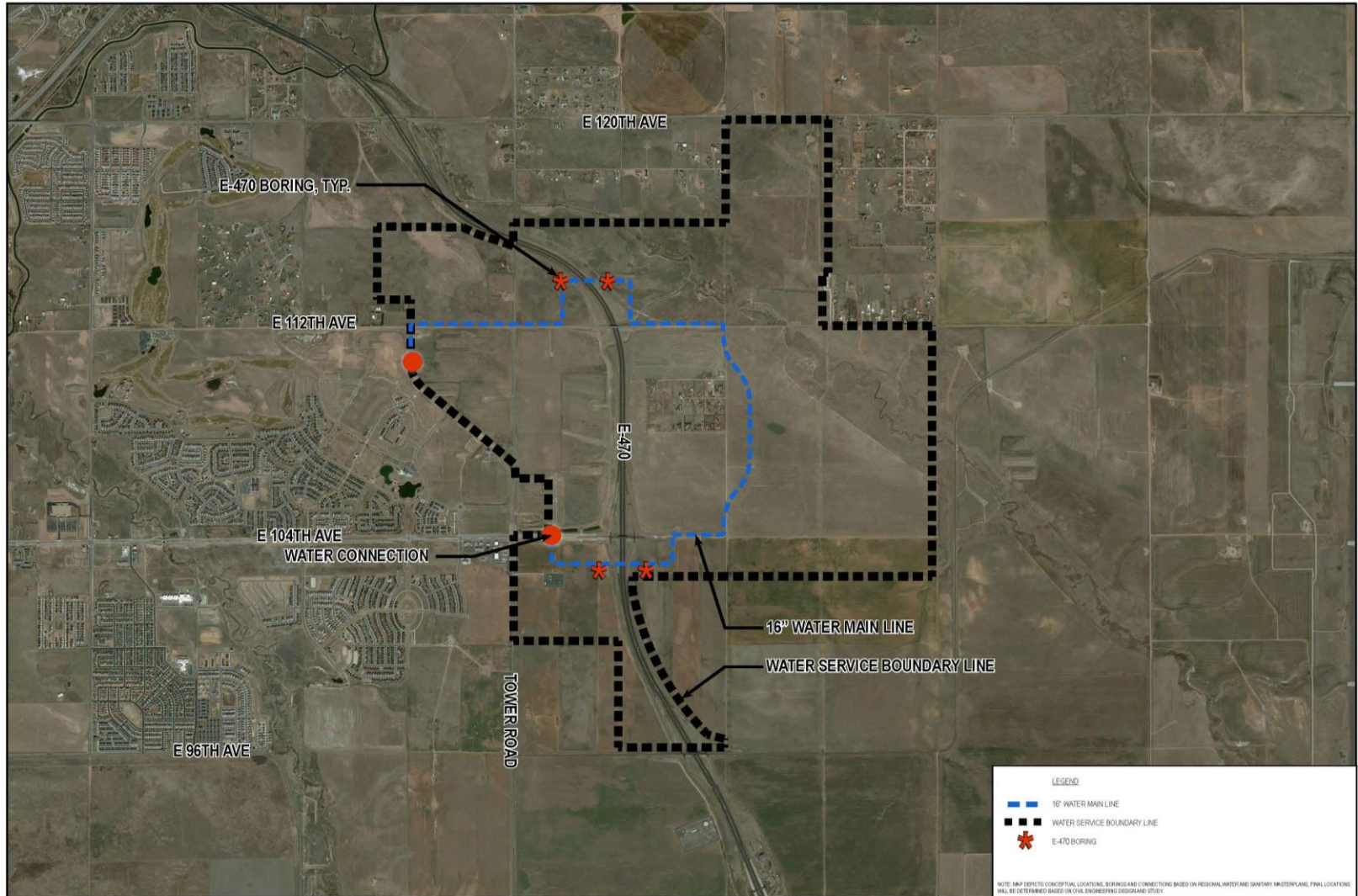




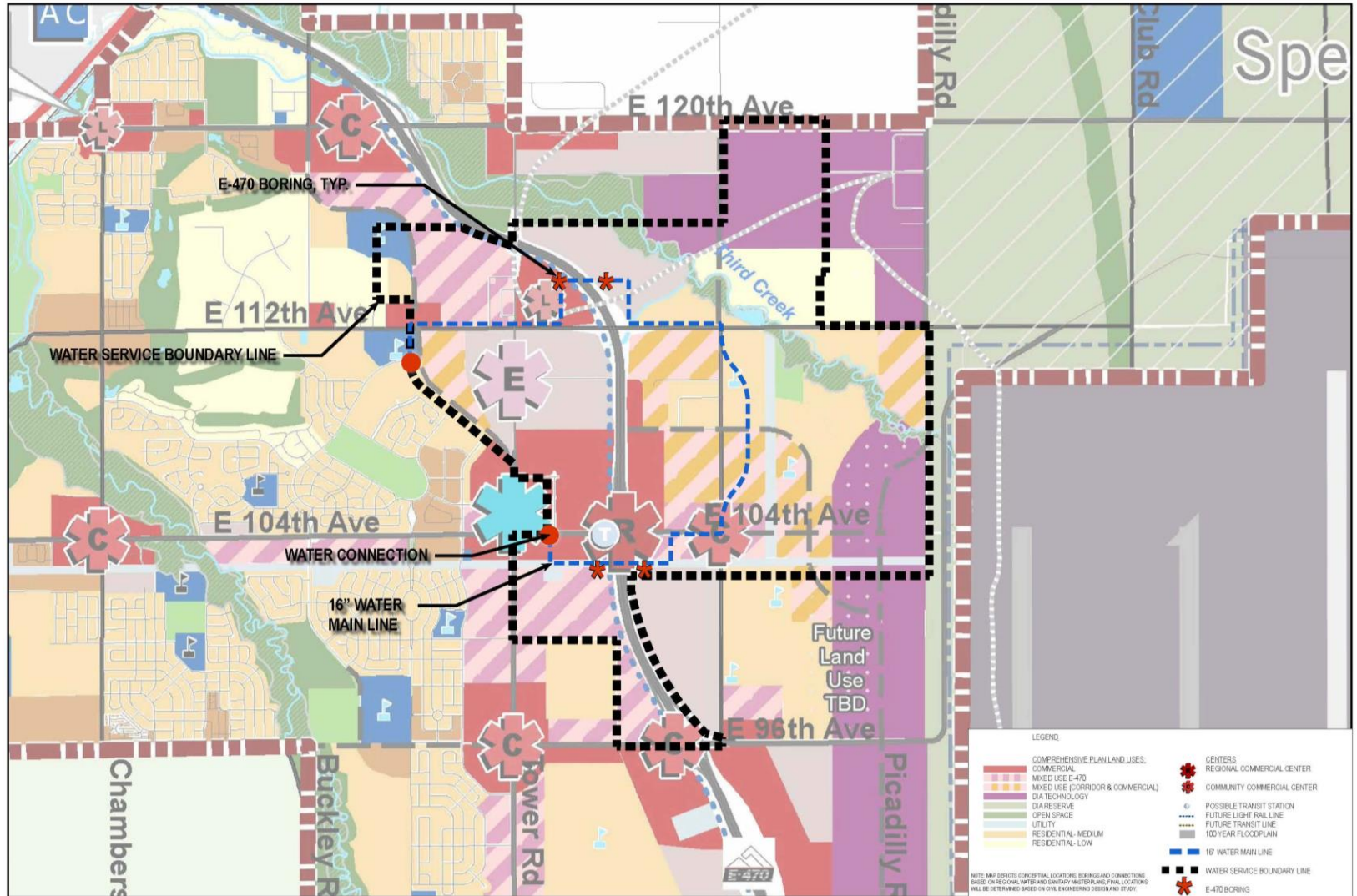




# 16" Water Main

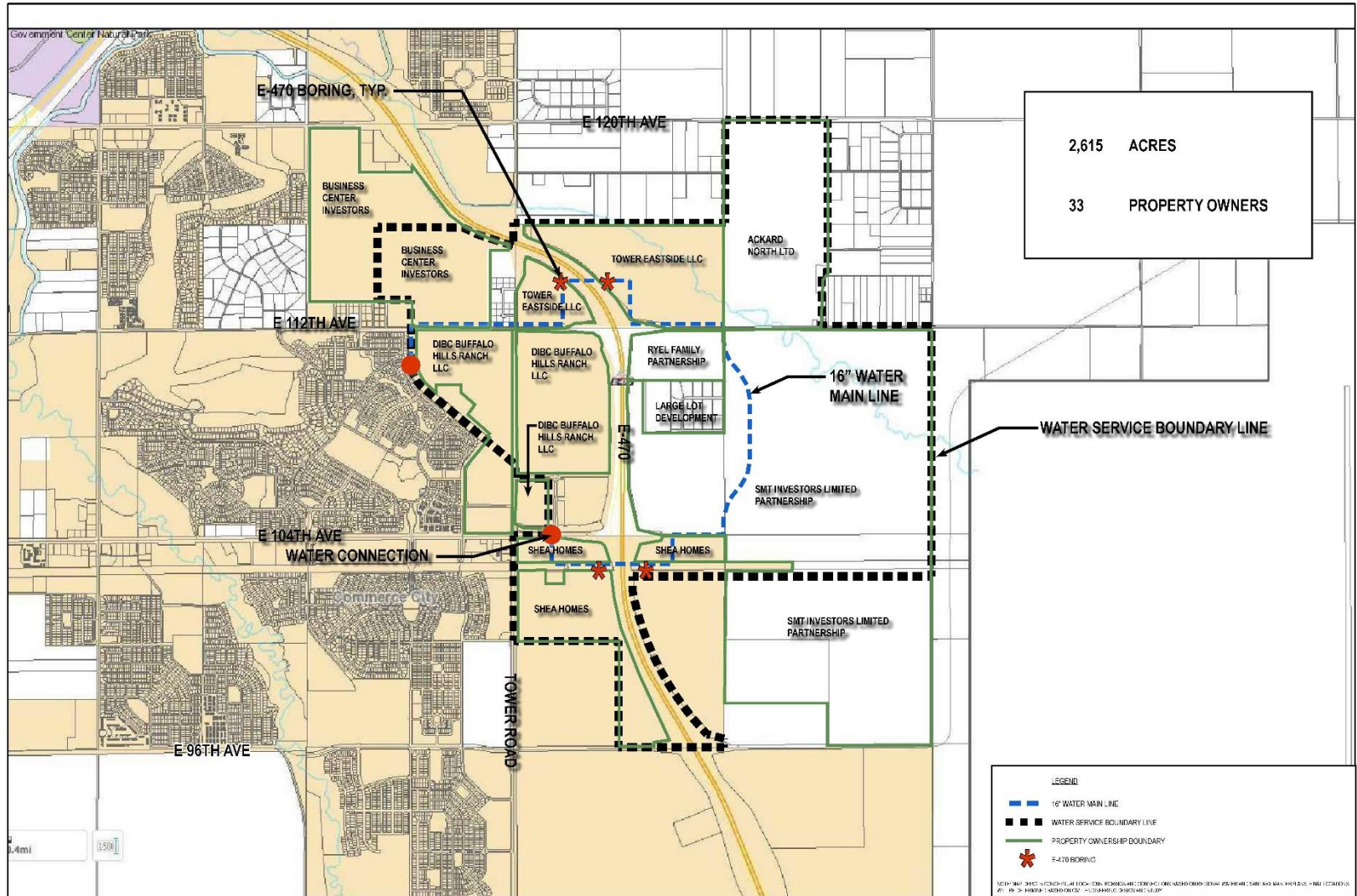


# 16" Water Main on Land Use

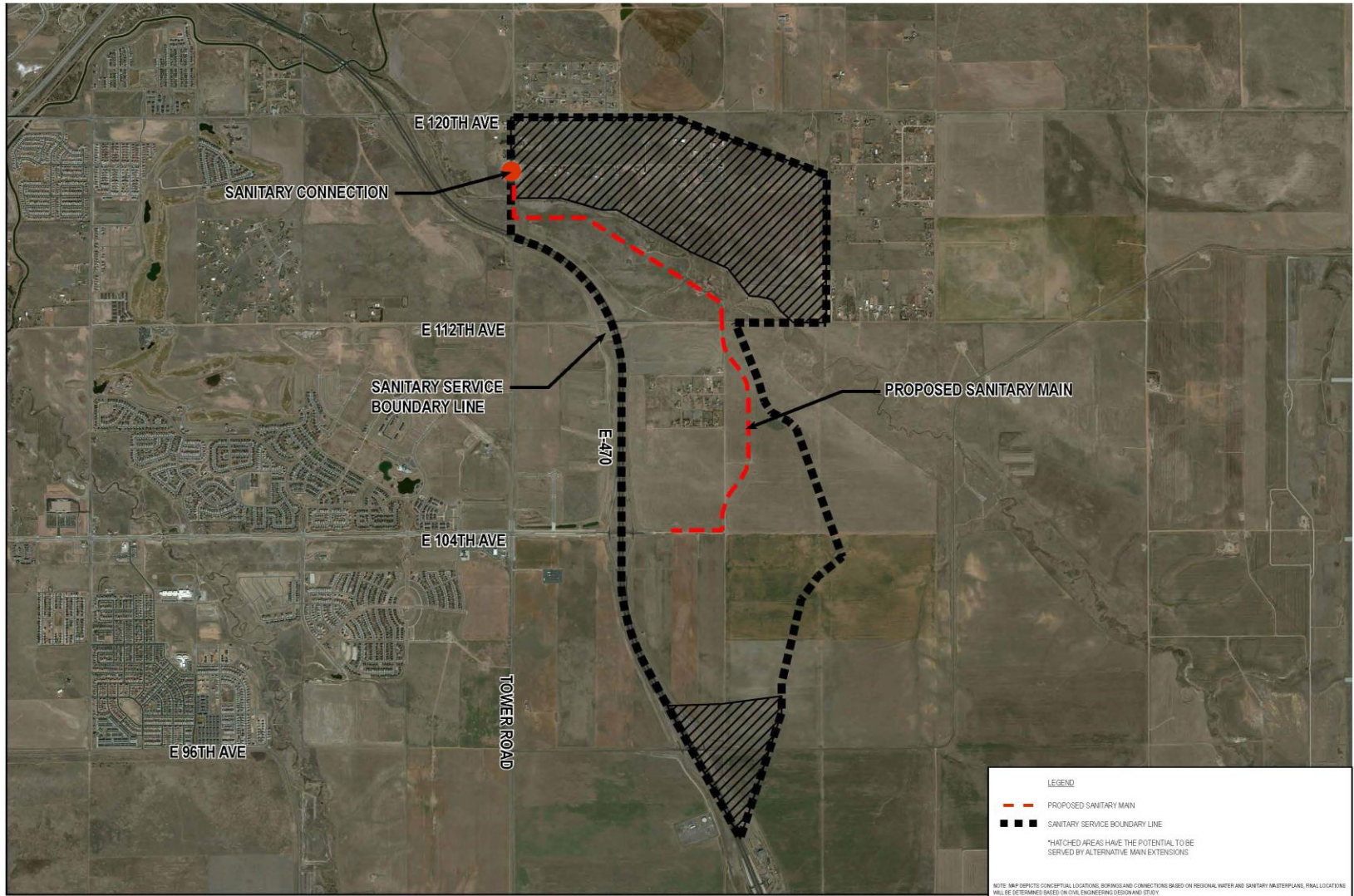




# 16" Water Main & Land Owners

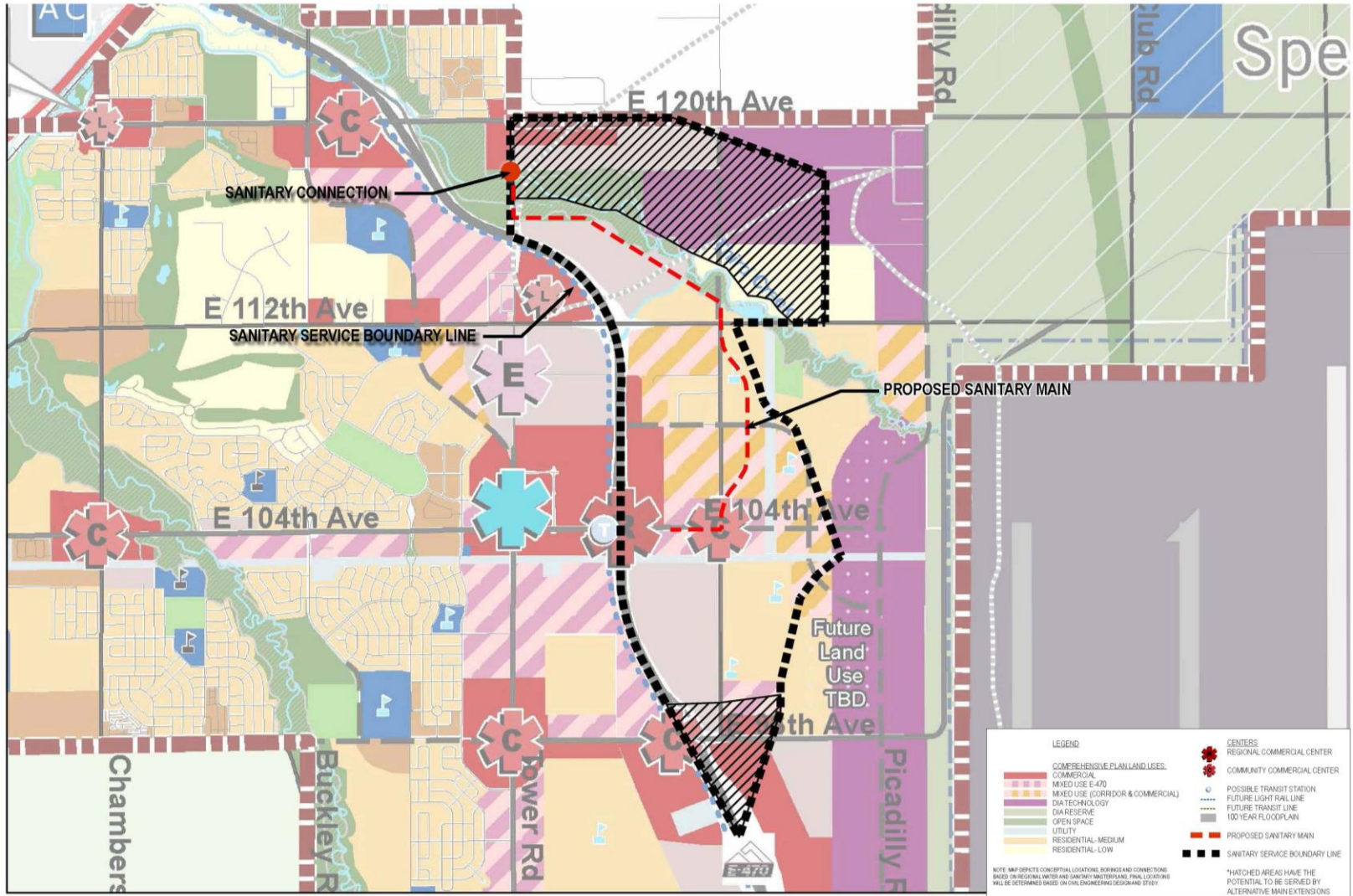


# 18" Sewer Main

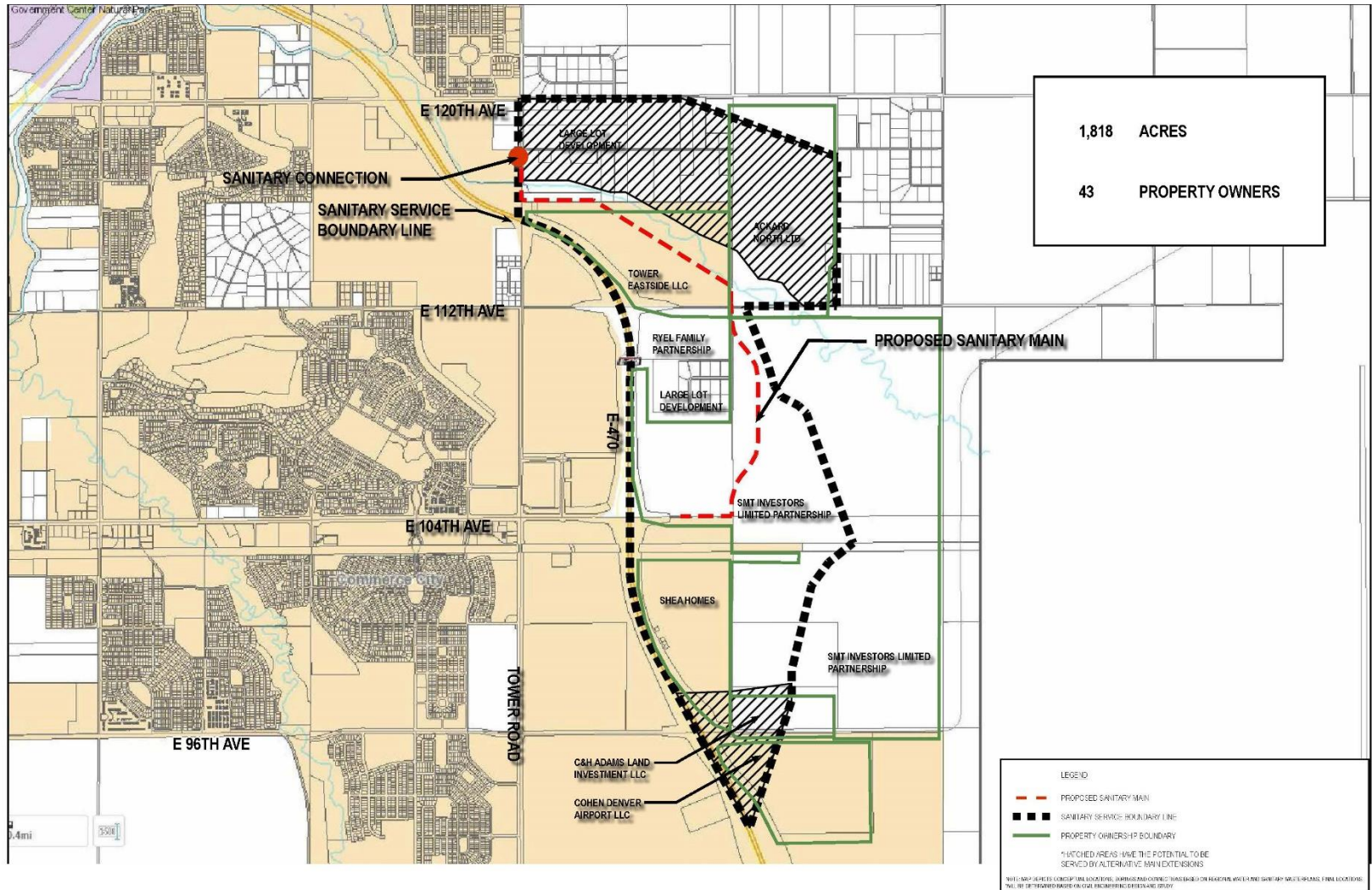




# 18" Sewer on Land Use Map



# 18" Sewer & Land Owners



# Questions

