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Cress Capital buys 23 buildings in Fort Collins in \$55.6M deal

by Jill Jamieson-Nichols

Cress Capital completed its biggest acquisition in Colorado – and a huge deal for Northern Colorado – with the approximately \$55.6 million purchase of 23 office and flex buildings in Fort Collins.



The building at 1625 Sharp Point Drive, occupied by Advanced Energy, was part of a 23-building portfolio deal.

Cress purchased the “Prospect Portfolio,” which consists of 23 buildings totaling 505,359 square feet. The Pauls Corp., which bought the portfolio in 2015, was the seller.

“We were attracted to the Prospect Portfolio’s historical resilience, competitive positioning in the market and durable cash flow profile,” said Tom Parnell, a partner in Cress Capital and head of the company’s newly opened Denver office.

The buildings were developed by W.W. Reynolds Cos. from 1984 to 2004, and are located a mile west of Interstate 25, near the intersection of Prospect and Timberline roads. They were approximately 92 percent occupied. Advanced Energy, a technology company; Indivior, a pharmaceutical firm; and Larimer County are among the largest of more than 50 tenants.

“I thought it was interesting that we had both institutional and private interest,” said Jeremy Ballenger of CBRE, who handled the sale with Geoff Baukol of Brue Baukol Capital Partners and CBRE’s Tyler Carner. “It’s obviously a large transaction for the

Fort Collins market, and to have a lot of interest, including national interest, I think tells the potential that people see in Fort Collins.

“It’s a pretty rare, large transaction that has value-add potential through pushing rents. It’s also unique in that it’s a good opportunity to control a large amount of product in that market.”

“There is just such great momentum in the Northern Colorado market, with very strong fundamentals and limited supply,” said Baukol. “The growth rate in Fort Collins and all the positive momentum that they have was really what investors saw in this portfolio.” “We did have several offers on it,” Ballenger added.

“We thought Cress was a great buyer. They already owned product in Northern Colorado and really had a lot of interest in it.”

The portfolio included One Prospect, which comprises 94,445 sf; the 73,140-sf Plum Tree Plaza; several buildings on Midpoint Drive, including the 63,627-sf Midpoint 4; River Center, which has 57,600 sf; and others.

Contributing to Cress’ interest in the portfolio is Fort Collins’ “vibrant economy,” anchored by a major research university, along with its a strong quality of life and diverse employer base. Unemployment is 2.1 percent, the third lowest in the country.

The company has been an active investor in Colorado over the past three years, acquiring properties in Boulder, Broomfield and Greeley.

The latest deal comes on the heels of Parnell joining Cress Capital as partner and head of its Rocky Mountain operations. The company also acquired Sandpointe, two office buildings totaling more than 300,000 sf in Orange County, California. Combined, the deals amounted to approximately \$110 million.

Cress Capital Managing Partner Ryan Parkin said Parnell “further expands Cress’ deep capital markets expertise, which the firm combines with street-level property knowhow and relationships. While each of these deals appealed to us for different reasons, both underscore our company’s value-add approach,” he said.

Based in Newport Beach, California, Cress Capital specializes in the acquisition of primarily office and industrial properties in the Western U.S.