

Broe remakes history

Company buys, plans to renovate Denver's first skyscraper

By John Rebchook
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The Broe Cos. paid \$34.16 million, or about \$86 per square foot, for the 50-year-old Mile High Center office tower designed by famed architect I.M. Pei at 1700 Broadway.

The 22-story building is considered Denver's first skyscraper.

The Broe Cos. based in Cherry Creek, started a multi-million dollar improvement program over the weekend.

Broe renamed the 400,000-square-foot building 1700 Broadway.

"To us, the location is superb," Chris Matthews, executive vice president of Broe said on Monday, "We're very happy with our (purchase) price point."

Since the deal closed late last week, crews have been working around the clock, he said.

He said plans are to re-do the exterior and interior, install a new heating, cooling and security system and upgrade the lighting and carpets.

This building and the Cascades in Greenwood Village, which Broe bought last year for \$24 million, will be included in a portfolio of "value-added and value-enhanced buildings" that the company is creating, he said.

"Multi-million dollar improvements include: interior, exterior, HVAC, security, lighting, carpet, and more."

Broe bought the building from Teachers Insurance and Annuity Association, which acquired it through a foreclosure in 1986. TIAA-CREF was represented by Mike Winn and Tim Richey of Cushman & Wakefield.

Matthews said the upgrade, which includes cleaning the marble exterior to remove a half-century of pollution, is demonstrating Broe's "commitment and enthusiasm" for the building.

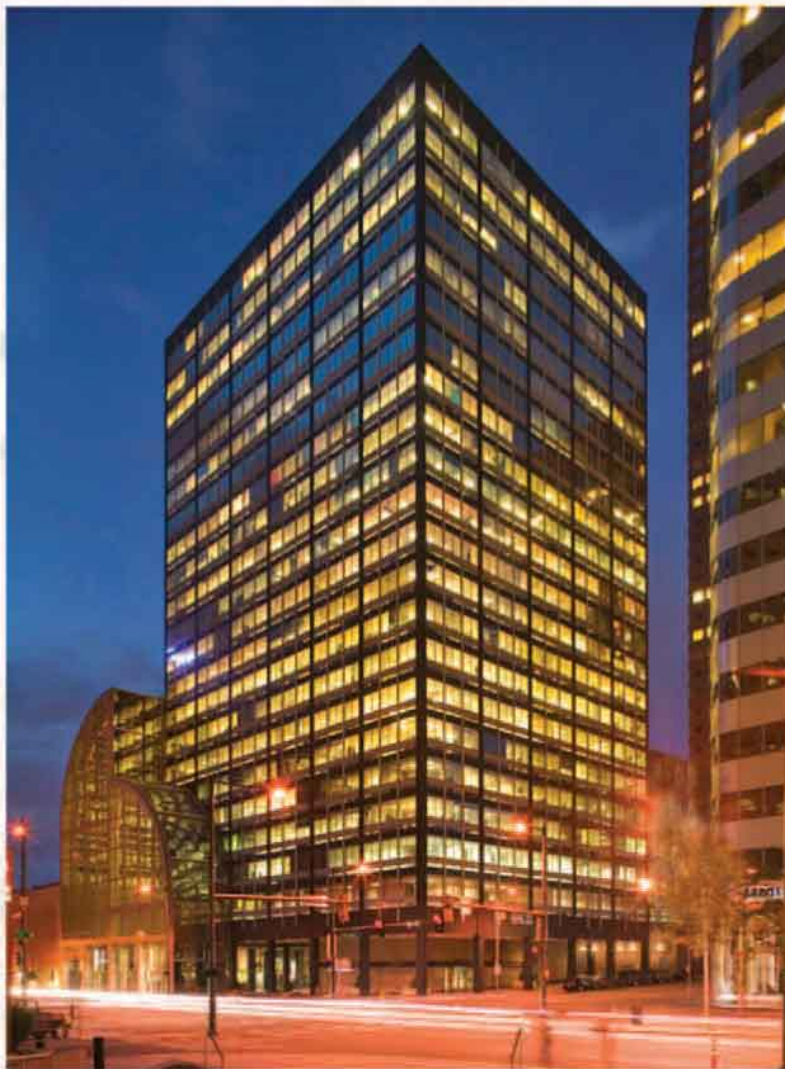


Photo of the renovated 1700 Broadway building.

Under the previous ownership, "it just kind of sat there," Matthews said. The company is hosting a breakfast for all of the tenants and the brokerage community this morning.

"They're really blowing and going in there," Winn said. "It's a strategic corner and it has an extremely large parking area (with about 900 spaces)."

Winn said TIAA-CREF is concentrating its real estate holdings on a "smaller number of larger properties," so it put the building on the market.

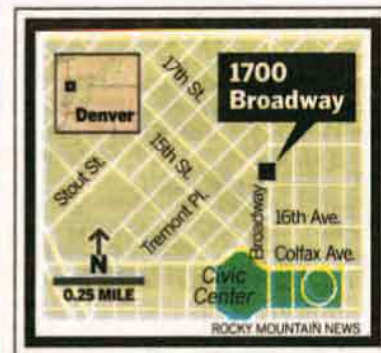
"Broe is on the lookout for well-located properties, and (the company) is currently re-inventing the building," Winn said. "The seller and the buyer were happy with the pur-

chase price. I wouldn't be surprised if a few years from now, we look back at this deal, and we see that Broe really got a great deal."

At the same time, there has been a shift in recent years where many tenants have moved to lower downtown, Matthews admitted.

"There is tremendous activity in the LoDo area, but for this type of building and the type of tenants we're going after, we don't think we're really going to be competing against LoDo," Matthews said.

"This has always been an oil and gas and law firm type of tenancy building. And frankly, with the way the oil and gas industries are growing, we



expect to renew and expand their presence there."

Matthews said the building occupancy rate is now more than 80 percent, "but we know some tenants are leaving." However, it recently renewed a 55,000-square-foot lease with Whiting Petroleum, its largest tenant. Rental rates are in the \$16 to \$18-per-square-foot range.

George Thorn, who managed and had his office in the building for the past 18 years, and named his Mile High Development company after it, said the building is steeped in history.

"It's Denver's first skyscraper and it was designed by I.M. Pei when he was 26 years old," Thorn said. "Then, he came back to design the 16th Street Mall." Pei left the mall project, however, after a design dispute with the Regional Transportation District. Pei didn't want bus stations to serve as bookends for the mall.

Thorn recently moved his office to the Bank One building at 1125 17th St.

Thorn pointed out that the Broe Cos., headed by Pat Broe, was one of the original owners of the Tabor Center and has, with partners, owned buildings in the Uptown area around Grant and 18th and 19th Streets.

Broe also owned the Sugar Building in LoDo and owned land around the convention center with Trizec.

Thorn also said he was impressed that the ink was barely dry on the sales contract when Broe launched the multi-million dollar renovation.

"You don't see that happen very often," Thorn said.

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