

HEAVY HITTERS *In Commercial Real Estate*



Jim Bolt
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TOP INDUSTRIAL BROKER 2018 Production: \$374,657,933

Please share some information/details about your biggest, most memorable deals that you were involved in/completed in 2018.

The Pauls Portfolio on behalf of the Pauls Corporation, with 1.9 million square feet in Denver and another 1.8 million square feet spread across Dallas, Atlanta and Las Vegas, as well as land in Atlanta to build 1.2 million square feet. This was a very large and complex transaction that was marketed internationally, nationally and regionally. The transaction was complicated by the fact that we marketed Denver separately, as well as in a master portfolio so we received offers in a variety of forms. We had overwhelming response and greatly exceeded the sellers expectations, closing at approximately \$350 million.

Describe the overall performance/state of your submarket for 2018? Biggest surprises (positive or negative), challenges, obstacles, successes.

2018 was the year of big Class-A industrial portfolio sales. The Pauls Portfolio, HUB25 at \$65 million and Crossroads at \$95 million led the way. These sales of Class-A product were the first real evidence of where investors were willing to value the best product in our market. Cap rates for Class A product moved from 5-5.25% in 2017 to 4.25-4.50% in 2018.

On the user side, the industrial market had one of its best statistical years in its history in 2018 with record setting absorption of just over 2 million square feet and rising lease rates.

What are your predictions for your submarket for 2019?

More development starts and completions than we have ever seen in the Denver metro area. Fortunately, this is being met with strong demand beginning the year, but many occupiers are opting to build their own buildings vs. leasing spec product. That said, we will see more large user leases and sales this year, continuing the trend from 2017 and 2018.

Setting aside the recently closed Etkin/Johnson Group portfolio sale, I don't expect to see the same capital markets activity in 2019 that we saw in 2018, especially large Class A portfolio trades.

What is going to be the biggest commercial real estate story for the Denver area in 2019?

Overwhelming capital chasing opportunity zone assets.

Jim's Walk Up Song:

"The Royal Scam" by Steely Dan

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