



COLORADO REAL ESTATE JOURNAL

THE COMMUNICATION CHANNEL OF THE COMMERCIAL REAL ESTATE COMMUNITY

MARCH 4-17, 2020



NexGen acquires big block of vacant industrial space

by Jill Jamieson-Nichols

NexGen Properties acquired the largest block of available industrial space in the southwestern metro area in a \$7.81 million value-add deal.

The 100,550-square-foot building at 7910 Shaffer Parkway in Littleton has been vacant since longtime tenant Apria Healthcare moved out in 2017. NexGen will turn the building, which it is calling Shaffer Tech Center, into multitenant space with heavier warehouse, vs. office, build-out.

"NexGen Properties was attracted to the rare opportunity to acquire a well-constructed Class A industrial infill warehouse well below replacement cost. There just isn't anything like Shaffer Tech Center on the southwest side of town," said Matt Bernstein, NexGen director of acquisitions and asset management.

"We see a real opportunity to add value to Shaffer Tech Center by multitenanting the asset and restoring the building to its highest and best use with significantly less office space. In addition to restor-

ing the warehouse space, we plan to upgrade the building's loading capabilities, roof, HVAC, flooring, lighting, exterior paint and interior finish. NexGen Properties looks forward to bringing long-term stability to Shaffer Tech Center," Bernstein said.

With an acquisition cost of \$77.69 per sf, the project is expected to offer tenants a significant discount to lease rates compared with competitive new construction.

Built in 2002, Shaffer Tech Center features 24-foot clear height, 13 dock-high doors with four levelers, a drive-in door, an ESFR fire sprinkler system and a parking ratio of 2.9:1,000. It is located in the Ken Caryl area, which has a limited supply of Class A industrial buildings, is close to housing, and has convenient access to C-470, U.S. Highway 285 and Interstate 70.

Trevey Commercial brokers David Marulli and Patrick McGlinchey (now with SRS Real Estate Partners) represented NexGen in the acquisition.

"Finding value-add industrial

properties in this market is no easy task," said McGlinchey. "We saw immense opportunity for an industrial property of this caliber in a Denver submarket with minimal competing product."

"With nearly 60% office build-out, it was hard for prospective tenants to see vision in the property," added Marulli. "However, once it became apparent the building contained many of the core qualities of a Class A industrial building, we immediately felt it was a great fit for an active landlord like NexGen to implement a value-add strategy."

"Shaffer Tech Center fits perfectly into NexGen's business model of investing in underperforming properties," commented NexGen President Travis McNeil. "We seek to create value in real estate by leveraging our industry knowledge and in-house management capabilities. We see a tremendous opportunity to attract a diverse array of potential users to the supply constrained southwest submarket, such as defense contractors, last-mile distributors, biotech/pharmaceutical companies and outdoor recreation retailers. For users looking in Jefferson

County, this building provides a unique opportunity to be in a high-quality building with immediate access to the great outdoors."

LS General Partnership, a New Jersey group, sold Shaffer Tech Center. Doug Viseur and Matt Kawulok of CBRE represented the partnership in the transaction.

T.J. Smith and Nick Rice of Colliers International will provide leasing services for Shaffer Tech Center.

The acquisition brings NexGen's portfolio to 322,856 sf of office, industrial and retail space, primarily in Colorado. ▲