

Durango

COMMERCIAL/INVESTMENT COMPASS



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The State of Commercial Real Estate

By Scott Kurlander

Despite a slow down in La Plata County real estate last year, local industry leaders remain optimistic about commercial sales in 2009.

Real estate brokers and developers say low interest rates coupled with market softening and increasing inventory in the commercial sector give the local commercial real estate market a good chance of recovery in the immediate future.

Affordability is at a 20+ year high, but if you are going to jump back into the water you need guidance from a knowledgeable realtor and lender. La Plata County commercial real estate sales in the first 4 months of 2009 remained active with 11 properties pending sale or closing.

Rental rates and sales of retail

properties remain stable and the La Plata County Assessors Office reports they are seeing a slight uptick in the Capitalization rate (“CAP rate”), a measure of the ratio between the net operating income produced by real estate and its capital cost (the original price paid to buy the asset) or alternatively its current market value. La Plata County Assessors Office is seeing 7% CAP rates in the central business district, and they report CAP rates in the Grandview/Wal-Mart/Bodo area for commercial properties average 6.75% with Commercial condos also coming in at a 7% CAP. The balance of the City of Durango indicates a lower 6.25% CAP rate with mini storages coming in the highest at a 7.5% CAP.

There seems to be an opportu-

Burtoni Joins C/I Associates

Prudential Triple S Realty Commercial/Investment Associates is pleased to welcome Joe Burtoni to their team. Joe is a consistent top producing agent, recognized for his excellent communication and negotiation skills. Joe offers his clients outstanding service with support from his team, which includes his sales assistant Heidi Burtoni and his personal assistant and office manager, Leslie Swanson. Contact Joe at Prudential Triple S Realty at 970-375-3253.

nity for re-development of commercial properties by either converting the use, i.e. warehouse into office, or motel into residential units, and to condominiumize large buildings into more affordable smaller units and then selling or leasing to businesses has proven to be successful. The Riverside Professional building next to the new library is a good example of such redevelopment.

On the busy corner of County Road 250 and Florida Road, the East Animas & Florida LLC is just completing a mixed use project known as East Animas Village, which consists of four different building uses. First is a commercial building with retail on the main level (Star Liquors) and multiple professional offices on the upper level. The sec

How to Calculate CAP Rates

CAP rates are calculated using this simple formula:

Annual net operating income / cost (or value) = Capitalization Rate

For example, if a property is purchased for \$1,000,000 and it produces \$100,000 in positive net operating income (the amount left over after fixed and variable costs are subtracted from gross lease income during one year, then: $\$100,000 / \$1,000,000 = 0.10 = 10\%$ The asset's CAP rate is 10 percent.

CAP rates are an indirect measure of how fast an investment will pay for itself. In the example above, the purchased building will be fully capitalized (pay for itself) after ten years (100% divided by 10%). If the CAP rate were 5%, the payback period would be twenty years. Note that a real estate appraisal uses net operating income. Cash flow equals net operating income minus debt service. Where sufficiently detailed information is not available, the capitalization rate will be derived or estimated from net operating income to determine cost, value or required annual income.

Continued on Page 4



DOWNTOWN BUSINESS OPPORTUNITY. Ariano's Northern Italian Cuisine, successful Durango restaurant. 2 blocks from the train station, Ariano's has location – location – location! All furnishings & fixtures included. MLS #625092. \$195,000



GREAT OPPORTUNITY FOR DEVELOPER/BUILDER. This rare N Main parcel has gone through City Planning and received preliminary approval for office & residential use. All civil, engineering and building plans are complete. MLS # 625190, \$385,000



FOR LEASE. Newer building, plenty of parking, ground level space. Offices, or supply house, doctors, accountants, reasonable Exposure. Lessor will Negotiate tenant improvements. \$2000/ month approx 1500SF MLS#596999 CROWTHER



RIVERSIDE PROFESSIONAL BUILDING. 1701 SF professional/medical office. Common areas have been remodeled to class A standards. Elevator access. Located next to new Durango Public Library On the Animas River trail. Excellent parking. For a sale or lease. Ready to occupy. MLS# 599992



THE CASTLE. Formerly law offices now a construction company this is the most distinctive property on Main. Plenty of exposure, ample parking, outdoor areas for employees. 2419 SF with additional space for office condos or even live-work. Owner terms possible. \$995,000 MLS# 609866



HISTORIC DOWNTOWN DURANGO. This Unit #1 is the main floor of the Colorado Heritage Plaza Building. It currently is leased to one of Durango's best restaurants. Other building tenants include Lawyers and Business. Parking has 2 assigned spaces, as well as the right to use the full lot in the evening. Located just 1/2 block off Main Ave. \$1,175,000 MLS# 624598



EXCEPTIONAL INVESTMENT OPPORTUNITY. Eleven unit apartment complex in the heart of Cortez, CO. Very low tenant turnover, dependable cash flow, low maintenance, and within walking distance of government and retail service centers. \$689,900. MLS #623878



PRIME HIGH DENSITY RESIDENTIAL & COMMERCIAL PROPERTY located between Durango's Super Wal-Mart and Home Depot. Highest traffic count in La Plata County and growing daily. 10+ acre commercial site in the midst of several planned large-scale developments to include hotel/motel, restaurants, retail outlets, and high density residential. \$4,500,000. MLS #597497



LA PLATA MINI STORAGE in the fast growing Grandview area of Durango. 198 units of varying sizes with high visibility in one of the highest traffic count areas of SW Colorado. Also a 1000 sf residence and 390 sf office. Priced at \$1,715,000. MLS# 623266



GOOD INVESTMENT OPPORTUNITY. GEM Storage located on US Hwy 160 between Durango and Bayfield, CO. 81 units with variety of sizes. Priced at \$680,000. MLS #623293



1.36 ACRES ON NORTH MAIN AVENUE in Durango. Zoned Light Commercial, this parcel has loads of potential. Currently used as a residential rental, there is a 4 bedroom, 2 bath home with 1,944 sq.ft. featuring fantastic views overlooking Durango and the Animas River. Live in or rent the home until you develop. Priced at \$799,900. MLS# 620354.



GREAT VISIBILITY, EASY ACCESS. 2,000 SF +/- building with 15 to 20 parking spaces plus a storage shed. A 2 BR, 800 SF house on commercial approved 1.41 acre site with Hwy 172 frontage. Previously used as a restaurant. CDOT access approval in process. Many possibilities. \$395,000. MLS #567421



CENTENNIAL CENTER. Units P & Q for lease. Use as retail, service or office. Highway visibility. Abundant parking. Annual C.A.M. charges covers parking lot and roof maintenance, taxes and insurance. Plenty of anchor stores keep this center busy. \$5,729/mo + utilities + C.A.M. fees. MLS #624520



MIXED-USE DEVELOPMENT PROPERTY. Completely annexed, approved and entitled. All commercial options considered. Approved for commercial retail with residential units. Adjacent to Home Depot with highway visibility and access. 0.88 acres. \$1,275,000. MLS#603583



HIGH VISIBILITY. 1.09 acre corner lot. Project in process of subdivision. City will allow building coverage up to 14,763 SF retail use with 45 allocated parking spaces. Stoplight at entrance to Durango Mall. Annexed into the City of Durango. Build immediately. Build to suit options available with 5-10 yr leases. \$1,700,000. MLS #617777



CENTRALLY LOCATED. This 0.48 acre commercial lot is located in downtown Ignacio. Flat. All utilities underground. Excellent access. Ready to build. Next to the Ignacio Post Office and Walker's Do It Best Hardware/Car Wash. \$144,000. MLS #617445



RARE OPPORTUNITY TO OWN DOWNTOWN COMMERCIAL. Completely remodeled in 1999, including insulation, drywall, windows, electrical, plumbing, roof and installed sound system. \$298,000. MLS #608290



BED & BREAKFAST ZONED. Spectacular property with trees, meadows, ponds, white rail fencing and beautiful La Plata Mtn. views. It features a wrap-around deck, huge great room, living room with two fireplaces and all bedrooms have a private bath! Pines, irrigated meadows and much more! \$750,000. MLS #622163



PERFECT SPOT FOR YOUR PAGOSA BUSINESS. Rare industrial building with HWY 160 visibility on 1/2 acre; blocks from downtown. Open span building is 30' x 90' and has 3 overhead doors and yard space. Great opportunity. \$295,000. MLS #563209



APPROXIMATELY 4,000 SF of office and warehouse space for lease. Located in the Grandview area with availability for 1 or 2 tenants. 5 roll-up bay doors. Triple Net lease. \$10 - \$14 per square foot. MLS # 620890



40,225 SQUARE FEET ON 12.532 ACRES. Located right next to the City/County Airport. Includes 120 parking spaces, 10-foot ceilings, 10'x10' loading doors. Office/Warehouse Combo (apprx. 25,000 SF office and 15,000 SF warehouse). Easy to convert. Steel span building. Excellent visibility. A must see. Offered at \$4,500,000. MLS #620110



GREAT LOCATION IN BAYFIELD! Offices for sale with a lobby/waiting areas, kitchenettes, warehouses and more. Includes full setup for internet/phone. Great financing available through a local bank. Great for first time investor! \$179,000 - \$389,000. MLS #618242



SUPERB LOCATION, IN-TOWN, with spectacular views. Back to Powerline trail for easy access to miles and miles of hiking, mountain biking and more. Easy bike ride to town or FLC. Located right on the Durango Transit Route. Park, Wildlife, Nature Trail and Open Space all on-site. Fully approved subdivision. 4-5 lot packages with building plans for each unit. \$375,000 - \$630,000 MLS #623130



MULTI-PURPOSE OFFICE, WAREHOUSE & STORAGE FOR LEASE. Bodo Industrial Park, Parker Drive. Main 1910 SF; Upper 1340 SF; Office 1235 SF; Warehouse 675 SF. End unit, easy access. Zoned Commercial. \$2,000/mo MLS #624114.



Triple S Realty

Commercial Investment Associates
700 Main Avenue
Durango, CO 81301



Visit us online at:

CommercialSWColorado.com

or call us at:

970-375-3222

Commercial Update *continued from page one*

ond building completed has retail on the main level – Dominos Pizza, Rose Petal Sports, and Rylee Mac’s Market & Cooking School – and five residential penthouse condominiums on the upper level. The last buildings to be completed soon consist of residential suites offering 1 and 2 bedroom units that complement the business use with a total of 29 residential units.

Another example of a successful commercial project that has just been completed by the Durango Real Estate Holding Company LLC is the development of the “Old Telluride Iron Works property,” which now has Retail Condominiums on the main level and professional offices above.

With new inventory and competitive pricing, it seems to be a good time for new and existing businesses to lease or purchase real estate.

There also continues to be a need for restaurants and hotels east of town in the busy Wal-Mart to Three Springs corridor, but highway construction, lack of city water, sewer, and front-age road infrastructure is delaying development of this corridor. When combined with commercial land restrictions limiting locations due to city and county use codes and traffic concerns, prices for usable/developable commercial (vacant) land remain at a premium. Demand continues for assisted housing facilities and opportunities exist for light industrial properties that offer office/warehouse units with buildings for lease or purchase.

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Joe Burtoni
375-3253



Linda Crowther
375-3245



Larry Gardner
375-3205



Sebastian Hartley
375-3232



Scott Karlander
375-3219



Andy Langefels
Administrator
375-3228



Diane Purdy
259-7777



Garth Schutheis
375-3240



Russ Smith
375-3224



Larry Turner
375-3209