



# COLORADO REAL ESTATE JOURNAL

## Considerations for the right site selection

**D**enver continues to be one of the most popular cities in the U.S. for commercial and residential expansion. The thriving economy, diverse industry landscape and year-round mild climate makes Denver the perfect environment for sustainable long-term growth. Selecting the right location for your company and avoiding unnecessary expenditure is key for our community's healthy long-term growth.

It is no secret that this economic boom, albeit great news, has created a shortage of construction workers, which is having a big effect on construction pricing and project schedules. With the variety of new buildings sprouting up all over the Denver metro area, it can be challenging for real estate brokers and site selectors to create a true comparative analysis for their clients that shows apples-to-apples financial comparisons for site selection.

Performing a successful site search and establishing probable cost model requirements for new headquarters, corporate office relocations and retail roll-outs requires a detailed understanding of a building's existing or proposed infrastructure and extensive experience with the design and construction process. It is great to see so many companies receiving economic incentives and securing large tenant improvement allowances to spur expansions, relocations and new growth across the metro area. Selecting a site that optimizes a company's success is critical but the site conditions, restrictions and requirements may hold a host of cost surprises that could postpone or, in some cases, devastate a company's future.

Site selectors typically have preferred requirements for their clients that will dictate a certain geographic location with specific demographic requirements. Requirements like, "We have a lot of millennials in our compa-



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ny and need to be close to light rail," might suggest evaluation of buildings close to Union Station in Lower Downtown or along the Interstate 25 corridor down to Lincoln Station or up U.S. 36 to Boulder. Due to this demo-

graphic requirement, you may be comparing a historic building to a modern one. This can add another layer of complexity to the cost-model comparisons.

The Denver Tech Center has more mid- to modern-aged buildings as a whole. LoDo has numerous historic buildings built in the early 1900s, which creates intense due diligence for building evaluation. Also, LoDo has been the epicenter for new building development downtown. Site searches in LoDo may dictate an evaluation of a historic building versus a mid- to modern-aged building.

New building developments like 16M, ZBlock, Triangle or Village Center DTC may require the detailed analysis of narrative core-and-shell versus tenant-improvement-allowance requirements. Details like post-tension versus steel-framed structures could impact whether an internal stair is allowable or cost prohibitive. Fine details like true delivery dates for floor possessions may become big cost items if basic items, such as the new concrete slab hydration process, are not fully understood.

Concrete slabs when newly poured can take a long time to dry out. If the slab is not dried out, new flooring will not adhere well and you may have to perform expensive remedies, such as bead blasting the floor and



*Analysis that shows apples-to-apples financial comparisons for historic, mid-aged and new buildings in metro Denver can be challenging.*

adding an epoxy coating to trap the moisture from rising. Building access for deliveries may be impeded when other floors are under construction. New elevators and stairwells may have extensive inspection and reviews could slow the completion of customization for common areas.

Mid-aged buildings like 1801 California, Three Maroon Circle and 1225 17th Street are pretty straightforward for evaluations. Items like direct digital controls, Americans with Disabilities Act upgrades to core components, or maintenance of LEED certified building requirements can be quickly identified and allocated appropriately. Where this process can get tricky is creating a clear understanding of who should be responsible for each scope item and clearly define who is financially responsible as a tenant or landlord cost.

Historic buildings along Wazee and Wynkoop streets are preferred by lots of tenants and owners because of the buildings' character and historic features, including exposed timber framing and brick facades. These historic buildings may have items like asbestos, lead paint, uneven floors, dated mechani-

cal systems and other code compliance requirements for ADA. When making changes to the exterior to add canopies, new windows or roof decks you need a Lower Downtown Design Review Board approval prior to starting construction. In some instances, we have had to investigate the feasibility of joining historic buildings together with an adjacent building to create an open environment, which has a big impact on fire life safety, synchronizing building controls with varying systems and structural impacts to the building structure. All of these existing conditions can be easily addressed if identified early.

As site selectors and real estate brokers continue to enjoy this economic boom and as we continue to prioritize and seek out these preferred demographic requirements for a company's success, we have to keep an eye on the last part of the puzzle. A thorough due-diligence process is critical with every transaction to identify any financial and schedule impact items early in the site-selection process so as to allocate the appropriate funding and to ensure all financial and schedule expectations are communicated and achieved.▲