



- Excellent weather, nearby skiing and craft beer attract outdoorsy types.
- Even as the economy struggled, Denver doubled down on public transit.
- Denver is a great city to start a business, from cannabis to high tech.

DENVER

MILE-HIGH APPRECIATION AND AN INFUX OF MILLENNIALS ARE CREATING EXCITING INVESTMENT OPPORTUNITIES IN DENVER.

THE SOURCE, AN ARTISANAL FOOD MARKET HOUSED IN A 140-YEAR-OLD INDUSTRIAL BUILDING THAT ANCHORS THE RIVER NORTH NEIGHBORHOOD (RiNo), DOWNTOWN DENVER'S LATEST DEVELOPMENT FRONTIER, IS A GOOD SPOT FOR OBSERVING THE CITY'S ZEITGEIST. The building includes one of Denver's best restaurants, Acorn, and around the perimeter small retail shops sell fresh bread, flowers, jewelry, wine, espresso and locally raised meats. A brewery and a Mexican restaurant round out the mix. The central atrium is filled with the clicking of laptops and Lululemon-wearing moms chatting over almond-milk lattes. With a modern industrial feel balanced by exposed brick and graffiti remnants, the Source is almost always packed with millennials. The place is hot.

Although hot might be an understatement. "The word that's used most frequently in describing the last two years of Denver's real estate market is unprecedented," says Anthony Rael, chairman of the market trends committee for the Denver Metro Association of Realtors.

Freight Residences in the River North neighborhood

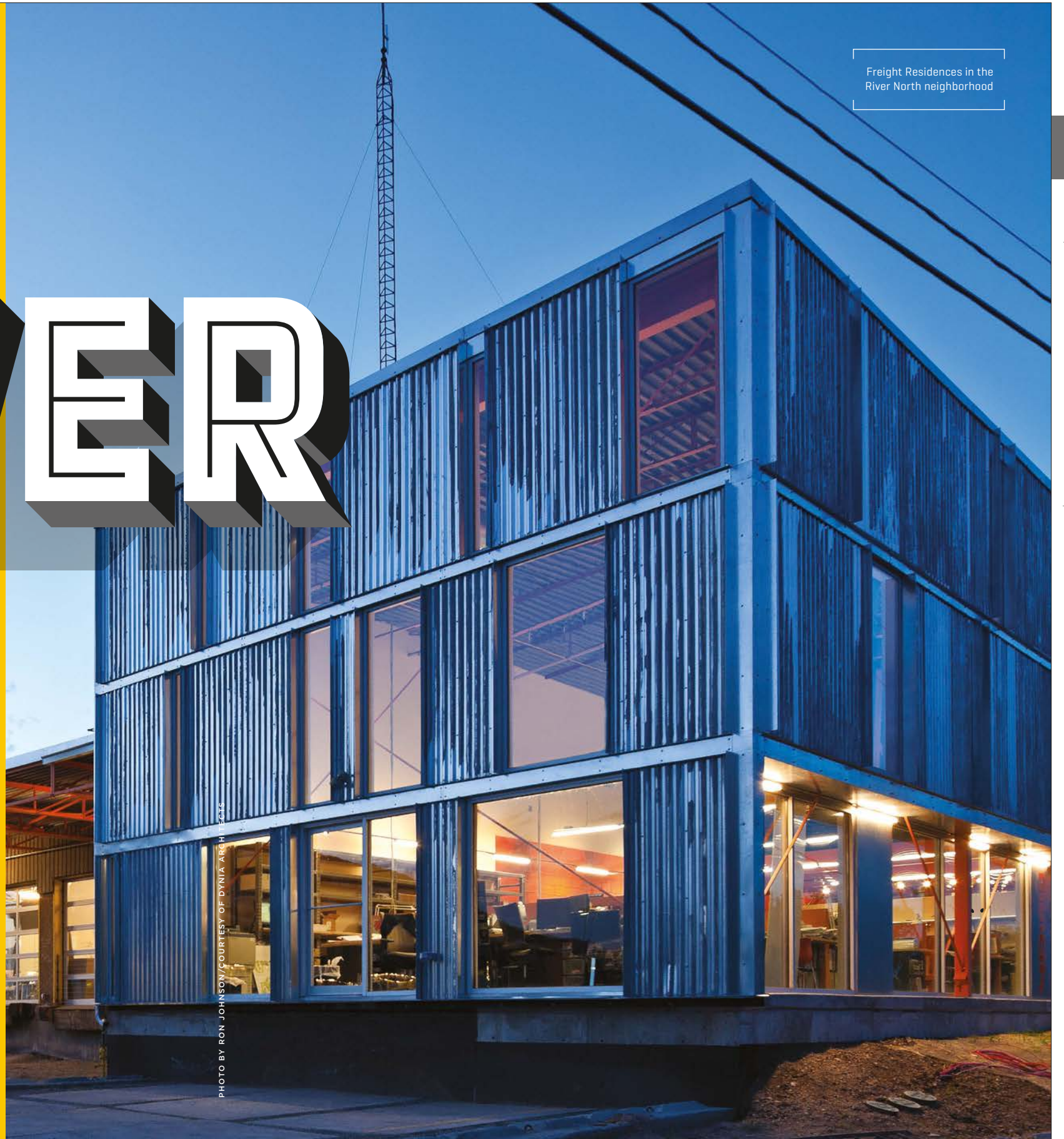


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Counterclockwise: A rendering of the Source Hotel, a project by Zeppelin Development; Kyle Zeppelin; craft brewer Mockery Brewing in RiNo. Opposite: Josh Wolkon at Vesta Dipping Grill



SOURCE: COURTESY OF DYVIA ARCHITECTS; ZEPELIN: HELEN H. RICHARDSON/ THE DENVER POST; MOCKERY: COURTESY OF MOCKERY BREWING; WOLKON: THE DENVER POST

Rael's stats show that the median price for detached single-family homes increased 30 percent from March 2012 to March 2016. The condo market is even stronger, posting 37 percent growth during the same period. "We have seen boom-and-bust cycles here," he says. "But the last 18 to 24 months? We've never seen anything like it."

Tom Clark, CEO of the Metro Denver Economic Development Corp., expects 2016 to be the best year ever for the city's economy overall. "We've got the lowest unemployment on record, the highest wages and our economy has never been more diverse," he says.

Denver's growth is a function of that diversity. The key sectors driving the economy: aerospace, finance, telecom, software, clean energy and brewing (craft beer is big here). Most of these businesses are in the so-called innovation space—in other words, new technologies building new companies which ultimately pay higher wages to educated workers.

The growth is also thanks to the fact that Denver was better prepared than many cities to rebound from the 2008 recession. The city already had launched its multibillion-dollar transit initiative—focused on expanding the light-rail network—when the market collapsed, and it proved to be a forward-looking move that made the city appeal to upwardly mobile young people. Millennials are attracted to funky, urban spaces, and Denver's developers are creating the kind of housing that appeals to the demographic.

One such developer is Mickey Zeppelin, a Denver native who has been transforming fringe urban neighborhoods for 45 years. Zeppelin Development built the Source along with several other residential and commercial properties in the RiNo neighborhood. "We're kind of the black sheep of the industry," says Kyle Zeppelin, copresident of Zeppelin Development and Mickey's son, referring to the duo's interest in sites that others have given up on. "We find unique opportunities."



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Their initial RiNo project, Taxi, transformed an old depot that housed yellow cabs into a collaborative work environment catering to creative types. Now the team is partnering on a hotel next to the Source and another food hall concept, Zeppelin Station, at the new RiNo light-rail stop. "We've done a lot of this without neighborhood infrastructure," says Kyle Zeppelin, although he notes that the city is now investing \$25 million to improve the main RiNo thoroughfares. "We're excited to see that investment from the city."

Such public-private collaboration is common in Denver. Josh and Jen Wolkon, owners of Secret Sauce Food & Beverage, a restaurant group, have opened four Denver eateries in the last 19 years, but they say the current pace of growth is unlike anything they've seen.

The couple launched their first restaurant, Vesta Dipping Grill, in lower downtown (LoDo) in 1997, just two

years after the baseball stadium Coors Field opened, marking the beginning of downtown Denver's evolution. He recalls discussing "the rise of the creative class" with then mayor (and now governor) John Hickenlooper back then. City leaders knew Denver had the location and potential to draw diverse talent.

"People in Denver at that time knew that we had this great foundation, and we needed independent restaurants and retail to take us out of the 'cowtown' days," says Wolkon. "There was an awareness that people were craving something new." Entrepreneurship, born in part out of the city's pioneer history, combined with investment in projects like the light rail and Coors Field to reinvent the city. "Denver is a super desirable place to live," says Wolkon. "There's a great energy and a real sense of work-life balance."

The light-rail project, which will connect downtown Denver to its suburbs and redeveloping urban neighbor-



Light rail at Union Station; marijuana warehouse grow facility in Denver

hoods, couldn't come at a better time. A severe inventory shortage is driving starter home prices out of reach for most young people, and inventory is further constrained by a complex state-wide housing law that has practically halted new condominium development. The law, which allows homeowner associations to file class-action lawsuits, has made insurers blanch at backing any condo development for fear of crippling legal challenges.

Thirty miles north in Boulder, Colo., the market is also seeing record appreciation and a dearth of inventory. But unlike Denver, which still has older metro neighborhoods to mine such as RiNo, Boulder is essentially built out—prices and desirability are quite high. “These days the piece of land for a house runs about \$600,000,” says David Scott, president of the Boulder Area Realtor Association. “You’ll sometimes pay more for land without the house because it’s going to cost money to tear down the existing home.”

Ever since Colorado legalized recreational marijuana in 2012, commercial real estate has also been tight. The initial “green rush” sent marijuana businesses searching for cheap warehouse



space in which to grow their crops, and because most lenders didn't allow marijuana tenants in mortgaged buildings, those who owned warehouse space outright found themselves in high demand. In Denver there is now at least 3.7 million square feet of industrial space devoted to growing cannabis, according to commercial real estate firm CBRE. The state collected \$135 million in tax revenue from \$996 million in total marijuana sales in 2015, and the cannabis industry is on track to bring in more than \$1 billion in total revenue in 2016.

Yet even in tight real estate markets like Denver and Boulder, there are investment opportunities. Developers are building apartments that look very much like condos because after seven years these new apartments can legally be transitioned to condos. One need only look at the Regional Transportation District map to see where the burgeoning markets will be. “Everyone wants to be within walking distance of the light rail,” says realtor Rael. “Just take a look at that map and buy property a mile or two on either side. It’s a no-brainer.”

CITYSCAPE

[WHERE TO WORK, INVEST AND PLAY IN DENVER]



BUSINESS

📍 DOWNTOWN DENVER PARTNERSHIP

A key point of contact for doing business in Denver's core, the Partnership coordinates tourism, business and development activities and oversees the Downtown Denver Business Improvement District. *511 16th St., Suite 200, info@downtowndenver.com, 303.534.6161, downtowndenver.com*

📍 INVESTMENT COMMUNITY OF THE ROCKIES

One of Colorado's biggest networks of real estate investors, ICOR focuses on building connections between investors, providing support and training, and linking investors with property managers and attorneys. *625 W. Mulberry St., Fort Collins, 970.682.4267, icorockies.com*

📍 STARTUP COLORADO

Backed by Silicon Valley Bank and the Rocky Mountain Venture Capital Association, Startup Colorado connects entrepreneurs from Fort Collins and Boulder to Denver and Colorado Springs. One of the website's useful features is a map of local startup hotbeds. *startupcolorado.com*



HOTELS

📍 THE BROWN PALACE HOTEL AND SPA

The Victorian-style Brown Palace has been Denver's best hotel since 1892. With three presidential suites, the Brown Palace has hosted every president since 1905 except for Calvin Coolidge and Barack Obama. *321 17th St., 303.297.3111, brownpalace.com*

📍 THE OXFORD HOTEL

In the heart of LoDo, the Oxford offers access to Coors Field and the redeveloped Union Station. The neighborhood abounds with restaurants and craft breweries, and nearby Confluence Park is a great starting point for activities along the South Platte River. *1600 17th St., 303.628.5400, theoxfordhotel.com*

📍 ST. JULIEN HOTEL & SPA

A short walk from the Pearl Street pedestrian mall, the St. Julien is a modern and luxurious way to do Boulder. It offers breathtaking mountain views from almost every room. You can dine on the terrace at its French-American restaurant, Jill's, then have a cocktail and enjoy live jazz at T-Zero Lounge. *900 Walnut St., Boulder, 877.303.9000, stjulien.com*



RESTAURANTS

📍 ACORN

With its contemporary American small-plate menu, Acorn has been a favorite among locals since opening in 2013. *3350 Brighton Blvd., 720.542.3721, denveracorn.com*

📍 FRASCA FOOD & WINE

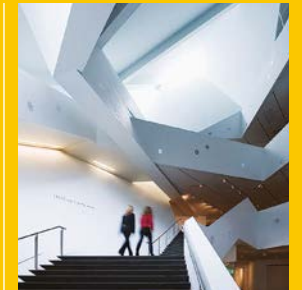
Make reservations early for this James Beard Award-winning Italian restaurant from master sommelier Bobby Stuckey and chef Lachlan Mackinnon-Patterson. *1738 Pearl St., Boulder, 303.442.6966, frascafoodandwine.com*

📍 THE KITCHEN BOULDER

Kimbal Musk's farm-to-table neighborhood bistro is a key-stone of the Boulder restaurant scene. *1039 Pearl St., Boulder, 303.544.5973, thekitchen.com/the-kitchen-boulder*

📍 STOIC & GENUINE

James Beard Award winner for Best Chef Southwest 2013, Jennifer Jasinski opened her fourth Denver restaurant last summer in the exquisitely renovated Union Station. *1701 Wynkoop St., Denver, 303.640.FISH, stoicandgenuine.com*



EXPERIENCES

📍 DENVER ART MUSEUM

With a prime downtown location, the Denver Art Museum is probably the top art museum in the central western states. Of particular interest: expansive collections of Western American art and American Indian art. *100 W. 14th Avenue Parkway, 720.913.0130, denverartmuseum.org*

📍 RED ROCKS AMPHITHEATRE

Red Rocks is widely acknowledged to be one of the best outdoor concert venues in the world. The acoustics are astounding; stand at the most distant seat and you can clearly hear a ping-pong ball bounce on the stage. Upcoming concerts include Kamasi Washington, Sufjan Stevens, The National and Joshua Bell. *18300 W. Alameda Parkway, Morrison, 720.865.2494, redrocksonline.com*

📍 ROCKIES BASEBALL

Opened in 1995, Coors Field laid the groundwork for Denver's downtown revival, and no summertime visit is complete without taking in a Rockies game. *2001 Blake St., 303.762.5437, colorado.rockies.mlb.com*

LIGHT RAIL: BOB THOMASON; GROWHOUSE: MATTHEW STAVER/GETTY IMAGES

ST. JULIEN: D'ARCH LECK; STOIC & GENUINE: MARC PISCOTTI; MUSEUM: JEFF GOLDBERG-ESTO