



Apartment tower for Cherry Creek

14-story luxury high-rise bucks economic trend

By John Rebchook

Saturday, August 30, 2008

At a time when many major real estate construction projects are being delayed or killed, RedPeak Properties has broken ground on a 14-story, \$58 million luxury apartment high-rise in Cherry Creek.

The 148-unit tower, scheduled to open in 18 months, is the final phase of the Seasons of Cherry Creek project RedPeak bought three years ago for \$75 million at 3329 E. Bayaud Ave., two blocks from the Cherry Creek Shopping Center. The initial deal included land for the third tower and a 15-story and nine-story building.

The health of Cherry Creek and demand from renters willing to pay about \$2,000 to \$4,000 a month persuaded RedPeak CEO Mike Zoellner to move forward on the project.

RedPeak also owns the 1600 Glenarm apartment building downtown, where monthly rental rates range from \$1,200 to \$5,000.

The biggest units in the Seasons building will have more than 1,800 square feet. Typically, the average size of a unit in a new apartment building is 850 to 900 square feet, he said.

"Cherry Creek is one of the locations that does not feel the impact of economic cycles as much as other locations," Zoellner said. "When you consider the state the capital markets are in today, you really only want to develop high-quality projects in unique locations that bring long-term value with them."

Another reason to move forward: "We are seeing some softness in hard costs," Zoellner said.

"Most of it is coming in reduced labor costs. Some of our line items, such as for concrete, have gone down substantially, mostly because of reduced labor charges."

Because many planned projects are not moving forward, subcontractors are hungry for work, he said.

Zoellner said about 15 percent to 20 percent of the renters are using the units as second homes, often to be close to their children.

The Seasons of Cherry Creek is the only major apartment community in the tony shopping and restaurant district.

"The neighborhood and large owners in Cherry Creek by and large are opposed to high-rise buildings," Zoellner said.

© Rocky Mountain News