

## It's a Good Time to be a Vulture

Triumph is continuing to lead the way in the acquisition of opportunistic investment properties during this down-cycle of the real estate market.

### SPOTLIGHT:

#### Allison Terrace Apartments

In July, Triumph teamed up once again with Millennium Realty Advisors to acquire Allison Terrace Apartments in Arvada, Colorado. The attraction to this 60-unit community, purchased for less than \$39,000 per unit, is that it is about to be surrounded on three sides by the Water Tower Residential Village, an all-new multifamily development just south of Olde-Town Arvada. Significant renovations and upgrades are planned for Allison Terrace, soon to be re-named The Reserve @ Water Tower. We will keep you posted on our process.



Above: Proposed renovation.

Left: Before renovation.

### UPDATES FROM LAST ISSUE:

- **3020 E. Platte Avenue, Colorado Springs, CO.** With renovations complete and our tenant in occupancy, the property was refinanced in June with an appraised value over 30% higher than total cost.
- **Greens at Meridian, Englewood, CO.** Although we sold this 30,000 square foot office building in January, three months after acquiring it, we have completed the build-out of our new offices in the building and taken occupancy- feel free to stop by when you're in the area!
- **2219 Chamberlayne, Richmond, VA.** Our tenant took occupancy of this newly renovated industrial building in July. The property was refinanced with an appraised value nearly 35% higher than total cost.

With several more acquisitions and new development projects in the pipeline, we'll continue to work hard and create value in commercial real estate. To discuss these or any of our upcoming projects, please call Paul Ruff directly at (303) 858-0922.

### Informed clients make the strongest business partners

We like to arm our clients with the latest in commercial real estate business intelligence through our news letters and web site. However, we find the best way to service our client's needs is by direct contact. We invite you to contact us if you have any commercial real estate questions.

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# Informed

Triumph Beyond Success

## No Stone Unturned

By: Ronald D. Boraks, Vice President, General Counsel, and Director of Property Management

**One of the most exciting aspects of managing commercial real estate is assuming management of ongoing operations of an existing facility.**

The task is all the more exhilarating when the facility has been mismanaged and suffers from physical, financial and administrative shortcomings. Why does one apartment community have fifty empty apartments while the community next door is filled to capacity? Why does one office building lose money every month while a similar building reaps huge profits? How does one shopping center attract consumers while another turns them away? These are examples of the questions we ask early in the Transition Phase and continue to ask throughout our tenure as managers.

At Triumph Real Estate Corporation, we understand and appreciate that successful management begins with the Transition Phase. This phase is central to the development and implementation of a meaningful Management Plan. Triumph uses a multi-discipline approach to tackle new management projects. We insert a team of experts in accounting, law, finance, construction, public relations, and administrative and operations management. This team examines every nook and cranny, leaving no stone unturned. We quickly identify areas of hidden costs and revenue opportunity. The team then develops a Value Enhancement Opportunities Survey, and a Management Improvement and Operating Plan consistent with our client's short and long-range objectives. This Plan,

which is the subject of constant review, analysis, and adjustment, establishes the basis for the physical, financial, and administrative management of the real property and creates the opportunity to enhance the value of the asset over the long term.

When you love what you do, you do it well. At Triumph, we love the challenge presented by under performing real estate assets. We are expert at correcting other people's mistakes. Whether we are managing for our own account or the account of others, the same care and dedication goes into each project. Either way, we manage real estate from the owner's perspective. We leave no stone unturned and we do a damn good job.

### Beyond Success:

Triumph's core philosophy is that we can be better than the rest by constantly challenging the status quo from the standpoint of economics, strategy, and execution. Mainstream thinking allows many real estate companies to invest, develop, and manage assets "successfully", but to us, that is not enough. To achieve our goal of becoming the premier commercial real estate firm in the region, we stand prepared to do what it takes to deliver results that are "Beyond Success".

## A new addition to the Triumph team

Ronald Boraks has joined Triumph Real Estate Corporation as Vice President and General Counsel. He is responsible for directing the firm's Property and Asset Management Services Groups. Mr. Boraks comes to us with over 26 years experience in the valuation, financing, acquisition, disposition, and management of multi-family, retail, industrial and office developments. He is a welcome addition to our growing team.

## 22 Ways To Be A Better Advisor To Corporate Clients ... Maybe 40 Ways By Stephen B. Epling, Principal

The following article appeared in the Spring 2003 issue of Development Magazine. The article was written by Ron Derven, co-editor of the magazine. The article was so right on the mark I thought I would share it with you. The points in the article as well as those that follow are exactly what we at Triumph Real Estate strive to achieve with every client. The article is in italics. Here goes...

*Speaking at CoreNet Global's San Diego Conference, consultant David Maister of Boston, Massachusetts, offered 22 tips on how to become a better advisor.*

### **Do your clients say this about you?**

*My real estate advisors ....*

- 1. Seem to understand us, effortlessly, and like us.*
- 2. Are consistent: We can depend on them.*
- 3. Always help us see things from fresh perspectives.*
- 4. Don't try to force things on us.*
- 5. Help us think things through. (It's our decision.)*
- 6. Don't substitute their judgment for ours.*
- 7. Don't panic or get over emotional. They stay calm.*
- 8. Help us think and separate our logic from our emotion.*
- 9. Criticize and correct us gently, lovingly.*

- 10. Don't pull their punches: we can rely on them to tell us the truth.*
- 11. Are in it for the long haul. (The relationship is more important than the current issue.)*
- 12. Give us reasoning (to help us think), not just their conclusions.*
- 13. Give us options, increase our understanding of those options, give us their recommendation and let us choose.*
- 14. Challenge our assumptions: help us uncover the false assumptions we've been working under.*
- 15. Make us feel comfortable and casual personally (but they take the issues seriously).*

- 16. Act like a person, not someone in a role.*
- 17. Are reliably on our side, and always seem to have our interests at heart.*
- 18. Remember everything we ever said (without notes).*
- 19. Are always honorable: they don't gossip about others. (We trust their values.)*
- 20. Help us put issues in context, often through the use of metaphors, stories and anecdotes. (Few problems are completely unique.)*
- 21. Have a sense of humor to diffuse (our) tension in tough situations.*
- 22. Are smart. (sometimes in ways we're not).*

**Sage advice indeed and something Triumph Real Estate's Corporate Services Group strives to achieve with every client. I would personally add a few more to the list.**

*My real estate advisors ...*

- 1. We understand them too, effortlessly, and we like them.*
- 2. Are constantly growing and are true students of their profession. They recognize there is more to learn ... a lot more.*
- 3. Are willing to lose money on smaller transactions in order to make sure the client receives complete service. The bigger ones will offset the loss.*
- 4. Even though we are a smaller firm, they treat us the same way they treat their bigger clients.*
- 5. Stay in touch on a regular basis and keep us informed as to all of our critical real estate dates. This communication gives us peace of mind and allows us to concentrate on our core business.*
- 6. Can handle our requirements as adroitly in San Diego (or wherever)*

- as they can handle our requirements in their Denver backyard.*
- 7. Don't delegate us to someone we have never met in a distant market where we need space.*
- 8. Produce large volumes of extremely accurate work very quickly.*
- 9. Never slow down a real estate transaction. They work late and do whatever is necessary to ensure our needs are timely met.*
- 10. Serve as an extension of our organization.*
- 11. Are knowledgeable in all aspects of real estate.*
- 12. Understand our user perspective and the owner's perspective as well. This understanding facilitates getting transactions done.*
- 13. Use team members to assist them when our requirements differ from*

- their core expertise. They know real estate is too diverse a field to be a generalist. They specialize to provide the best service.*
- 14. Treat every member of our company with the same respect and the cordial manner they do the CEO.*
- 15. Actually read our leases and provide good advice regarding them.*
- 16. Prefer to do business with us on a handshake, the old fashioned way.*
- 17. Save us time and money and provide us the opportunity to make well-informed business decisions.*
- 18. Aren't afraid to say they don't know the answer... but will go get it every time.*



## Bottom Fishing: Where are all the fish?

By: Paul J. Ruff, President and Director of Investment and Development

Denver has not yet found a new job-creating machine like it had with the telecom and high-tech boom of the late 1990s, yet the office market would appear to be improving through natural economic recovery. According to CoStar Realty Information, year-to-date net absorption has been a positive 977,493 square feet market-wide, compared to nearly 3 million square feet of negative absorption in 2002. 829,000 square feet, or 85% of that total has occurred in the third quarter, compared to a loss of 980,921 square feet in 3Q 2002. As a result, the overall vacancy rates have declined a slight 40 basis points since the end of the second quarter, from 17.9% to 17.5%, although the rate is still up 20 basis points since the end of 2002, and up 140 basis points from 3Q 2002's reading of 16.0%. Rents are continuing to fall as the glut of sublease space has burned off and landlords with a significant basis in their buildings due to the price run-up of the late '90's compete fiercely for tenants in an effort to stop the bleeding. The current average is \$17.21 per square foot annually, down 6.16% from year-end 2002 and over 18% from the peak of \$21.09 achieved in Q4 2000. CoStar tracks 4,428 office buildings in the Denver market, representing over 150 million square feet of space.

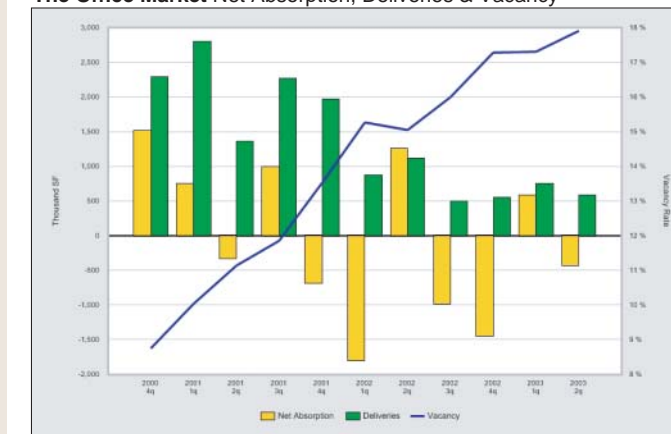
The industrial market stands at 8.8% vacant, up 70 basis points from the 8.1% seen both in 2Q 2003 and 2002 year-end. However CoStar reports that year-to-date net absorption has been a negative 235,000 square feet, on top of a negative 212,600 square feet for calendar 2002, partially due to new construction deliveries. Rents are

down 5.8% from year-end 2002 and nearly 9% from their peak in 3Q 2001. Overall, these statistics paint a fairly healthy picture of the industrial market, one many would describe as being at or near "equilibrium". CoStar tracks 5,516 industrial buildings representing 197 million square feet of space.

and 6% unemployment is not all that bad from an historical perspective, so the consumer spigot is likely to remain relatively open.

Real estate recoveries lag economic recoveries due to the fact that job growth is the last thing to return after a recession. If the current economic recovery were sustained, it would indicate that real estate would likely be soft for anywhere from 18-36 more months, depending on the pace of economic growth. Real estate markets will likely continue to produce selective opportunities, while avoiding a more broad-based decline marked by foreclosures, tax sales, etc. We look for yields to continue to rise across property types and

The Office Market Net Absorption, Deliveries & Vacancy



It is still too early to tell if the statistics represent a meaningful recovery or a temporary spurt resulting from pent-up demand. Analysis of the leading economic indicators, suggests that conditions are

unlikely to deteriorate absent a shock such as a terrorist attack. Further, with inventories now low, a slight fall-off in consumer spending resulting from poor job growth and rising interest rates ought not to cause a deflationary spiral. More significant cuts in spending could, of course, derail the recovery, but I would contend that job cuts appear to be waning

the flight of some of the more significant capital in the market due to the rise in interest rates and the rebound of the stock market.

The Industrial Market Net Absorption, Deliveries & Vacancy

