

ON THE HOME FRONT

New-Urban Denver: Developers see a hot market, but pick their venues carefully

By Mark Samuelson

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Village at Hilltop opens sales Friday, March 15, a block from Trader Joe's site on Colorado Boulevard.

Despite a thawing market where developers and lenders are still cautious about launching new city residential projects, events are brightening the appeal of opportunities in Denver; egging on a new breed of development companies that focus on New-Urban projects.

"We look for properties with an element of financial distress, but once it fits that, we drill into whether it's urban infill, in a desirable area with improving demographics," says Matt Quinn, director of San Diego-based Pathfinder Partners LLC - getting set to open 16 urban-styled two- and three-bedroom townhomes at Seventh Avenue and Albion Street in Denver, a block from where gourmet grocer Trader Joe's will arrive next year.



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The location off Colorado Boulevard, near where the former campus of the University of Colorado Hospital is set for redevelopment, fits the dynamic that is creating New-Urban opportunities, according to Carl Koelbel of Koelbel Urban Homes, partnering with Pathfinder.

The first of those is the ever-growing popularity of urban dining, entertainment and associated retail - an excitement that cuts across generations, luring older buyers as well as Gen-Xers and Gen-Yers. The second is the growing scarcity of affordably priced homes in Denver - now hitting a decade low that's driving a faster rental market, forcing rents up.

Meanwhile, Denver's big infrastructure projects that came out of the last boom, including the move by hospitals to the Fitzsimons Medical Campus and impending arrivals of new RTD commuter rail corridors, are creating building sites around town that would never have appealed to residential developers two decades ago; but now look pretty good, both for the access to downtown and the scale.

"These areas have larger land footprints than we find in typical areas with this kind of city access," says Koelbel. "Redevelopment of an old hospital provides a site where you can reimagine the urban environment."

Other sites with allure: The Denver Federal Center in Lakewood, a mile-square single-use area that suddenly has great connectivity to downtown via the new West rail line set to open in April; and the industrial sites northwest of downtown that border RTD's Gold Line to Arvada, opening in 2016.

Trader Joe's impending arrival is exactly the kind of game-changer that Pathfinder seeks in an urban site, according to Quinn, a regular Trader Joe's shopper on the store's home turf in California. "The thing people out here love about it is it's healthy," he adds. "It offers a presence that's funky and hip, and feels approachable - more of a boutique, neighborhood feel than the big-box grocers have. It also has its own brands, so you don't get a double markup."

Meanwhile, price-consciousness figures into Pathfinder's and Koelbel's release of Village at Hilltop - a short walk from Snooze and other eateries close to Trader Joe's site. "One reason we're attracted to it is the rent-vs.-own metric, Quinn says. "A mortgage payment, even at only 3 percent down, is less than the monthly rent for comparable apartment space. That's always a good sign for potential sales."

Those get under way next weekend, March 15-17, when Pathfinder and Koelbel open a model in Village at Hilltop, and release eight units for sale, from the mid-\$300s. The townhomes, recovered from a lender, include two-bedroom and two-bed-plus-study units that can work for a third bedroom - all with two-car garages, all getting new carpet, paint and refinished floors in the re-release.

Koelbel Urban Homes, meanwhile, is looking at other sites. "We look for opportunities like this one, a neighborhood that's ready to fly coming out of the recession," Koelbel adds.

Mark Samuelson writes on real estate and business; you can email him at mark@samuelsonassoc.com. You can see all of Mark Samuelson's columns online at DenverPost.com/RealEstate.