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EXCLUSIVE REPORTS

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86,000 square feet taken off the market at MCI building

Carter & Burgess leases space to bring employees together

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Denver Business Journal

Carter & Burgess signed a lease on Sept. 30 for 86,000 square feet in downtown Denver's MCI Tower, representing one of the largest office transactions for the quarter.

The lease is a boost for the 550,000-square-foot building at 707 17th St., which reached a vacancy rate near 50 percent this summer.

Troubled telecom company WorldCom Inc. is currently the largest tenant in the building, according to CoStar Group, which tracks office data nationwide.

The move is an expansion for Fort Worth, Texas-based Carter & Burgess. The company is now on six floors at Columbine Place at 216 16th St and leases one floor at Trinity Place at 1801 Broadway. The company leases approximately 60,000 square feet in both buildings.

Duane Johnson, vice president and Denver office manager for Carter & Burgess, said bringing the company's disconnected operations into one contiguous space was a priority.

"We've been on a fast-growth curve for the past four-and-a-half to five years," Johnson said. "During that time, we've more than tripled our office space." The company has about 275 employees.

Carter & Burgess provides planning, engineering, architectural and construction management consultation. The firm often handles transportation projects and works frequently with the public sector.

Anticipating further growth — and a September 2003 lease expiration at Columbine Place — Johnson said he wanted to "get ahead of the game," and started working with brokers Sam de Pizzol and Brian Wells of tenant representation firm The Staubach Co.

In today's soft office market, the brokers were able to identify several buildings that could have accommodated Carter & Burgess, including 1670 Broadway, 1801 California and The Denver Post Tower at 1560 Broadway, de Pizzol said.

In addition to the company's space needs, management and employees wanted to stay downtown.

"About two-thirds of our business is related to [transportation], and the location downtown fits that," Johnson said.

In addition, many employees take public transportation, "so staying downtown was very important," Johnson said.

Initially, Carter & Burgess will occupy 73,000 square feet in MCI Tower on three adjacent floors. In nine months, it must take another half a floor — totaling 86,000 square feet — and has the option at that time to take up to 98,000 square feet, or a full floor.

The lease term is 11 years; the financial terms are not being disclosed, according to de Pizzol.

Carter & Burgess is moving out of Columbine Place about six months before its lease expires.

According to de Pizzol and Wells, Fort Worth-based Crescent Real Estate Equities, which owns MCI Tower, used a combination of incentives — including three lease assumptions — to make the deal work.

Crescent is also landlord to Carter & Burgess' corporate headquarters in Fort Worth.

The incentives included a generous tenant improvement package, de Pizzol said.

Greystar Construction West LLC has been hired to complete the improvements and IA is designing the space.

"We went out to five different contractors and five different design firms," said Don Fitzmartin, a vice president with Staubach's design and construction services department, which is handling the build-out on behalf of Carter & Burgess.

Greystar won the contract, in part because it was able to accommodate the tight construction schedule.

"It's not technically complex, but the time frame and other factors will make it challenging," said Bollie Bollenbach, president and CEO of Greystar Construction.

About 45 percent of Greystar's work right now is in tenant improvements, said Mike Martines, division manager of Greystar's special projects division.

"It's an 11-week schedule," Martines said of the Carter & Burgess project. "It's fortunate that we've had three to four weeks to plan it."

The tenant improvements will cost about \$22 per square foot. Carter & Burgess had budgeted between \$22 and \$26 per square foot. "We're happy about that," Fitzmartin said of the lower improvement costs.

Carter & Burgess plans to move into its new offices in December.

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