Kresher buys mixed-use Champa Square

by Jill Jamieson-Nichols

Champa Square underwent nearly $8 million in renovations in 2010.

A mixed-use building on downtown Denver's 16th Street Mall sold in an off-market deal for $21.75 million, or $288.60 per square foot.

Kresher Capital, a private equity investment group with offices in Colorado and Florida, bought Champa Square through an entity called 1600 Champa LLC.

The 75,349-sf, four-story building at 1600 Champa St. consists of approximately 43,000 sf of retail space with offices on the upper floors.

While many downtown buildings are much larger and, therefore, costlier, "This is an asset someone could buy for under $25 million, so it could be a local ownership group," said Tim Finholm of Unique Properties LLC-TCN Worldwide, who said the sale offered the buyer a chance to get into the "hot" downtown Denver market.

Vacancy rates are tight on the 16th Street Mall, and at approximately 90 percent occupancy, Champa Square provides upside in leasing the vacant

space, said Finholm. It also has a 60-foot jumbotron sign at the corner of 16th and Champa that adds to the income stream.

Finholm and Unique Properties' Sam Leger handled both sides of the transaction.

Built in 1954, Champa Square once housed a JCPenney store and, more recently, a Social Security Administration office. It was redone in 1980. The seller, 1616 Champa LLC, completed a nearly $8 million renovation in 2010.

Floyd's Barbershop, Payless Shoes and Key Bank occupy street-level retail space, and a 1,700-sf lease has been signed with a new retail tenant, Finholm said. Spring International Language Center leases the entire fourth floor. The building's mix of smaller office tenants includes technology companies thoughtbot and System76.

Champa Square sold at a cap rate of approximately 6.5 percent.

Kresher Capital also owns a retail property fronting Union Station at 1720 Wynkoop St.

and acquired a historic building at 3012 Huron St. in Denver last year.