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Castle Rock - A Small Colorado Town Attracting Big Development

Wave of New Commercial Real Estate Projects, Including White Whale That is Condos, Coming to Longtime Bedroom Community



Pictured: Riverwalk, Confluence Cos.' \$60 million mixed-use project currently under construction in downtown Castle Rock.

The town that has long been a stop between Denver and Colorado Springs, CO for outlet shopping has become a development destination in its own right, with new projects of all kinds adding up to hundreds of millions of dollars of construction.

Castle Rock earned its reputation as a retail waystation, thanks mostly to the Outlets at Castle Rock, a nearly 500,000-square-foot commercial center with close to 100 stores. That distinction has been bolstered in recent years by the construction of The Promenade at Castle Rock, a 1 million-square-foot retail

development located adjacent to the outlets.

But a handful of local developers and economic development officials have bigger plans for the town of roughly 65,000 that has spent decades as a bedroom community for workers commuting north and south.

Anthony DeSimone, of Golden, CO-based Confluence Cos., is a resident of Castle Rock who noticed that the development patterns in the town were lopsided, benefiting the north end near the outlet shops while the historic downtown went mostly unchanged.

"My concern was that without people living and working downtown, the retailers downtown would start to die off," DeSimone told CoStar News this week.

So his company began looking for development sites in downtown Castle Rock, finally settling on one fronting Wilcox Street near Sellars Gulch Trail. There, the company is building Riverwalk, a \$60 million mixed-use project that will include 230 apartments, 30,000 square feet of retail and 10,000 square feet of office space in two buildings with 300 parking spaces.

The first building is slated to be complete by the end of the year, and the second is scheduled for delivery by spring of 2019.

Next door to Riverwalk, at 221 N. Wilcox St., Confluence is planning a second development, one composed of that white whale of metropolitan Denver development - condos.

Condo development along the Front Range has been tightly constricted in recent years, with developers and builders blaming laws that made it easier to file lawsuits over construction defects. The potential for litigation made it too risky and costly to build attached, for-sale product, they argued. Housing-rights groups, on the other hand, say developers stopped building condos because the apartment market just became more lucrative.

A decision by the Colorado legislature and a court ruling, both in 2017, made it more difficult to bring legal action, and since then, some developers have been testing the waters on condo development.

Confluence is ready to take the plunge, with a small, 39-unit foray into condos, DeSimone said. The project is making its way through Castle Rock's planning process now.

Another local developer, Centennial-based Castle Brae Development, led by Castle Rock resident Tom Kahn, is taking a bigger swing at condos, with a 102-unit project called



Festival Park Commons.

Festival Park Commons near the intersection of Wilcox and South streets.

The developers are banking that projects such as Riverwalk and a \$6 million investment in nearby Festival Park, as well as new office projects, will revitalize Castle Rock's downtown into a destination similar to other Denver suburbs such as Arvada or Golden, said Frank Gray, president and chief executive of Castle Rock

Economic Development Corp.

The Move, an office building catering to technology companies, was completed last year with the idea of replicating trendy office spaces found in Denver's River North district, and later this month, construction will begin on the Collaboration Campus, a 100,000-square-foot building that will serve as a facility for Arapahoe Community College, Colorado State University and the Douglas County School District.

In addition, the two-building Collaboration Campus will host programs for children and seniors in the community and will house a southern outpost for the Innosphere, a Fort Collins-based science and technology startup incubator, Gray said.

But it's not just northern and downtown Castle Rock that's getting attention from the development community.

To the south, Chicago-based P3 Advisors is working on a bond issue it expects will raise about \$15 million to begin work on a 65-acre site that was once a landfill but has been vacant since 1979.

P3 purchased the land for \$7.8 million in 2017, and plans to use about half of its bond issue for cleanup on the site, with the other half going to prepare the site, according to Shawn Temple, managing director and co-founder of P3. The company then plans to sell the prepared pads to developers.

As envisioned, the project, called Miller's Landing, will include as



much as one million square feet of commercial space, including office, retail and a hotel - a major shift for a town the size of Castle Rock.



Miller's Landing.

Also coming to the town is an industrial project that, while small in comparison to monster projects under construction in the metropolitan area's industrial hot zones, is meaningful in an area with little industrial supply.

Sedalia-based Polo Properties is preparing to develop up to 40,000 square feet of industrial space at 2801 N. Highway 85, in a part of metropolitan Denver's southern suburban market that has historically seen very little industrial construction.

The industrial vacancy rate in and around Castle Rock in the first quarter of 2018 was 1.7 percent, compared with Denver's 3.8 percent, according to a report from Castle Rock-based commercial real estate firm, NavPoint.

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