

business

Emirate to own Tech Center

Dubai, on the Persian Gulf, will buy a British company that also owns the Meridian Business Center.

By Margaret Jackson
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Two jewels of Denver's office market, the Denver Technological Center and the Meridian Business Center, are poised to become holdings of the Persian Gulf monarchy of Dubai. Both business parks are small pieces of London's Peninsular & Oriental Steam Navigation Co., an operator of ports and ferries, which agreed Tuesday to be acquired by Dubai's DP World, wholly owned by the emirate, population 1.1 million. Dubai, one of the seven emirates making up the United Arab Emirates, "has pots of money, and they have been targeting the international ports business," said John Lawson, an analyst in London at Investec Securities. Through the acquisition of Peninsular & Oriental, Dubai will gain container terminals from Britain to China. "This is part of the great expansion of Dubai," said Stephen Pope, head of equity research in London at Cantor Fitzgerald. "They're paying a handsome premium and are buying assets that will sustain them once the oil has dried up."

The ownership change could ramp up development in Denver, said Peter Culshaw, president of DTC Meridian, a P&O subsidiary. Culshaw expects no "significant" operating changes. The Tech Center is home to 1,000 companies. DTC Meridian owns but a handful of the buildings but holds title to 100 acres yet to be developed. That's five times the size of the Union Station redevelopment downtown. The Tech Center covers 900 acres in all.

Plenty of developers would be interested in acquiring the Tech Center and Meridian if Dubai had any interest in selling, said Stephen Moyski, president and chief operating officer of Corporex Colorado LLC, a Denver development firm. "It's very well-located land, and it will continue to develop over time - no question about that," Moyski said. "Anyone would be interested in it. But I don't see anyone wanting to sell off great land in Denver at a fire-sale price just because they bought a company that's not primarily focused on real estate."

Another large developer with Colorado interests, Forest City Enterprises, has a lot on its plate and isn't inclined to take on more, said Tom Gleason, a company spokesman. "We're working with three governments at Stapleton. Throwing in a foreign government as well would be a real challenge," he said.

Mark Smith of Denver-based development firm East West Partners said he's not likely to be interested in any of the property should it be put up for sale. "We've really stayed pretty much in the urban core or the resorts," Smith said. "I would imagine there will be interest, but I still think the Tech Center is much more commercially oriented than residentially oriented." The Denver Technological Center was one of the first suburban office parks in the United States when it was developed in 1962. It is at the junction of

two major freeways, Interstates 25 and 225.

Meridian, south of the Tech Center on I-25, is headquarters or regional headquarters for such companies as EchoStar, Royal & SunAlliance, First Data, American Family Insurance, Liberty Media and CH2M Hill, according to its website. About 500 acres remain undeveloped at Meridian, a 1,600-acre office park developed about 20 years ago, Culshaw said. Besides the Tech Center and Meridian, DTC owns an 800-acre residential subdivision, Meridian Village. The company also owns an assortment of small to midsize buildings, including the Ptarmigan building in Cherry Creek, the Hudson's Bay Centre downtown, Meridian One in the Meridian Business Center, and Marina Square in the Tech Center.

DP World, Dubai's port company, offered about \$7.60 a share in cash for P&O, DP World said in a statement. That's 43 percent more than P&O's closing price on Oct. 28, the final trading day before P&O said it was in talks. The acquisition, the largest ever by a Persian Gulf monarchy, will add to the \$3.5 billion the sheikdom has spent on foreign assets this year to reduce its dependence on the region's oil. DP World will trail only Hong Kong's Hutchison Whampoa Ltd. and Singapore's PSA International Pte. after the acquisition of P&O, which was founded in 1837 to support Britain's imperial expansion.

Emirate's empire The Persian Gulf monarchy of Dubai, through wholly owned companies, also owns: B Tussauds Group Ltd., operator of Madame Tussauds wax museums in London, New York, Las Vegas, Amsterdam and Hong Kong. B Two percent of the shares of German automaker Daimler- Chrysler Group, acquired in February in a possible attempt to gain a Dubai plant. B CSX World Terminals, formerly a unit of Jacksonville, Fla.-based rail giant CSX Systems. Source: Denver Post research