

Complex's new owner says it's unsafe, sues previous owner

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BUSINESSDEN

Landlord neglect has left LoDo's Market Center out of code, with an unsafe roof and dangerous elevator, and will cost its new owner \$6.5 million to repair, that company says.

"Occupancy rates have seen a steep drop ... to approximately 50% currently, with the remaining tenants paying rent at well below market rate," Oconee Real Estate Holdings claims.

Oconee, an affiliate of New York's Voya Financial, took over the 121,000-square-foot complex at 1624-1660 Market St. in March through a foreclosure sale. Oconee, which had loaned its previous owner \$27 million, submitted a credit bid of \$18.3 million. It took the title April 7.

Then, on June 17, it sued Market Center's prior owner for allegedly letting it deteriorate.

A burst pipe went unrepaired, new electrical panels are badly needed, three of the complex's four boilers must be replaced, water has damaged a mechanical room and the area under the 17th Street sidewalk, and the chillers at Market Center are so old that the refrigerant they require is no longer manufactured, according to Oconee's lawsuit.

"The roof is well past its useful life expectancy and has numerous unsafe issues," the owner claims. "Failure to maintain safe elevators has recently resulted in an incident where a member of the property's staff was injured when operating one of the service elevators."

So, Oconee is seeking at least \$6.5 million from Seattle-based Urban Renaissance Group, which did not return BusinessDen's requests for comment on the allegations.

Oconee's lawsuit was filed by attorney William Meyer in the local office of Polsinelli.

Market Center consists of multiple adjacent buildings, all three or four stories, that take up most of the 1600 block of Market Street. The complex has 85,000 square feet of office space, with the remainder retail. Restaurant tenants include Oskar Blues and Delectable Egg.

Market Center is one of two Denver office properties that Urban Renaissance Group lost to a lender this year. In January, it executed a deed-in-lieu of foreclosure for its one-story, 71,000-square-foot building at 2399 Blake St. It still owns 2301 Blake and the KDVR building at 100 Speer Blvd.