

EGI Sells 50%-Occupied 300 W. Adams for \$23M

CHICAGO—Samuel Zell and EGI Properties have sold the 12-story building at 300 W. Adams to Chicago-based Sterling Bay Cos. The sale price was \$23 million, or about \$96 per sf, says executive director John Gavin, with Cushman & Wakefield, which represented the seller along with Paul Lunstedt and Brian Nagle. The sale had about a 0% cap rate as it is only 50% occupied and the building will be completely redeveloped, Gavin says.

The 248,077-sf building has about 21,000 sf of retail and about 226,000 sf of office space, Gavin says. The building was constructed in 1928. EGI Properties had owned the building for about 20 years, Gavin says. “It was a long-term ownership and he is not prepared to undertake a redevelopment or repositioning, so he sold it to a group that is willing to do that.” The building will need to have sprinklers installed and “significant building upgrades” such as to the facades and the heating, ventilation and air conditioning systems, Gavin says. An estimate of the redevelopment was not available, he says. Sterling Bay did not return repeated phone calls for comment.

Gavin says that “the retail is coveted” with current tenants including Bank of America, Quiznos, Marquette Inn and Ace Hardware. Current office tenants include the state of Illinois

with 22,000 sf, ChiCor with 21,000 sf and Uniscribe Professional Services with 16,000 sf. The asking lease rates are about \$25 per sf gross for the office space and \$40 to \$50 per sf gross for retail space.

Sterling Bay was interested in the facility because of “the strategic location and the heritage of the building,” Gavin says. The building will be renovated into “a boutique either office asset or some other use,” he says. EGI had received a lot of interest in the building from a variety of different groups including groups that planned to keep the building as office space, convert it into residential condominiums, demolish the building or construct a condominium tower, in addition to interest from hotels, foreign investors and multifamily owner operators, Gavin tells GlobeSt.com. Sterling Bay was chosen because its “price was competitive (and) its strategy was compelling,” he says. Sterling Bay is a local company and plans to redevelop the building as opposed to demolishing it, Gavin says.