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Thompson Center buyer eyes another major LaSalle Street project

Developer Michael Reschke is in talks to purchase a pair of massive distressed office properties in the heart of the historic Loop corridor, raising his already big bet on downtown's recovery.

DANNY ECKER

115 S. LaSalle St.

Google

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The Chicago developer that is revamping the James R. Thompson Center in the Loop is closing in on a deal to acquire a massive distressed property a few blocks away, a purchase that would raise its already big bet on LaSalle Street's future.

Prime Group is in talks to purchase a \$191 million loan tied to the office buildings at 115 S. LaSalle St. and 111 W. Monroe St., according to sources familiar with the discussions. The buildings have long been home to the Chicago office of BMO Harris Bank and law firm Chapman & Cutler, which occupy around 900,000 square feet combined in the properties but are relocating to the recently-completed BMO Tower next to Union Station.

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Sources said negotiations are ongoing about the price Prime Group would pay for the debt, which [has been marketed for sale](#) in recent months as an opportunity to assume control of the connected 37- and 23-story towers along Monroe Street between LaSalle and Clark streets. But the sale price is expected to be a fraction of the balance of the loan from New York-based Union Bank.

If the purchase is completed, it would mark another ambitious gamble on the future of the Loop by Prime Group and its veteran CEO, Michael Reschke, at a time when vacant office buildings and a lack of daily foot traffic have plagued the center of the city's urban core. Big tenant defections from

historic LaSalle Street buildings were in the works even before the COVID-19 pandemic brought the rise of remote work and gutted demand for downtown workspace.

Reschke already proved his confidence in a LaSalle Street renaissance when he struck a deal with the State of Illinois [to purchase the Thompson Center](#) and revamp it as offices. The state will buy back a portion of the building when a massive renovation is completed, while Prime Group will hunt for tenants for the remainder of the property's office space.

Reschke did not respond to a request for comment on his plans for the BMO buildings, but a source familiar with the discussions said he is planning to invest heavily in amenities that would help revive them as offices. That would be a bold move at a time when office demand remains uncertain and vacancy sits at an all-time high.

Reschke would have some income in place to help fuel a renovation and buy time for the market to recover, as BMO still has multiple lease commitments in place, including a large portion of its space leased through 2025, according to research firm Real Capital Analytics.

A spokesman for Union Bank couldn't be reached.

The sale of the properties—which total more than 1.5 million square feet, according to a Jones Lang LaSalle flyer marketing the debt for sale—would likely complete a huge financial haircut for both Union Bank and their owner, a venture of Seoul, South Korea-based Samsung Life Insurance. The Samsung venture took out the Union Bank loan to finance its \$314 million acquisition of the BMO buildings in 2015, according to Cook County property records. BMO in 2018 announced it would leave for its new namesake tower, and Chapman & Cutler followed suit.

Those losses gutted the value of the properties, likely wiping out all of Samsung's equity in the buildings and making it difficult to refinance the debt. That's why the firm is poised to hand over the keys to whomever buys the Union Bank loan rather than facing a likely foreclosure lawsuit.

Reschke's talks come as another massive and mostly vacant office building next to the BMO properties is in distress. New York-based Amtrust Realty is negotiating a deal to hand over its 1.3 million-square-foot office building at 135 S. LaSalle St. to its lender. That building was formerly home to Bank of America's main Chicago office before it relocated to a new namesake tower on Wacker Drive.

Reschke also has other downtown projects on his plate at the moment. He said last year he was on track to open a new boutique hotel in 2022 on five floors above a small office condo he owns at 208 S. LaSalle St., dubbed the LaSalle Hotel. He was also hired last year by Spanish luxury hotel owner RIU Hotels & Resorts to develop a nearly \$200 million, 388-room hotel at 150 E. Ontario St. in Streeterville.

CoStar News first reported that Prime Group was in talks to buy the debt on the BMO properties.

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