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Blackstone unloading another suburban office complex

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The New York-based private-equity giant has agreed to sell the 1.1 million-square-foot Westbrook Corporate Center in Westchester to a venture of New York investor Group RMC for \$132 million, according to sources familiar with the deal.

The deal would be the third office complex in the Chicago suburbs that Blackstone has unloaded since December as it capitalizes on healthy investor demand for high-quality suburban office buildings.

Blackstone picked up the five-building campus, less than a mile east of Interstate 294, as part of a \$3.3 billion **portfolio acquisition** from GE Capital Real Estate in 2015. The price of the Westbrook complex was unclear, but it was estimated at the time to be valued at \$106.7 million, according to research firm Real Capital Analytics.

The pending deal—which would be one of the largest in the suburbs in two years—is another example of the gains investors can make from buying a slew of properties in a portfolio and selling them off in pieces. Blackstone recently completed a similar deal in Deerfield, where it sold **One Parkway North**—another property from the GE portfolio—for \$47 million. Blackstone had spent \$3.9 million upgrading that building but still appeared to get a windfall compared to its estimated value of \$36.8 million as part of the portfolio, according to Real Capital.

At Westbrook, Blackstone is poised to profit from a campus that's 81 percent leased, according to real estate information company CoStar Group. The largest tenants in the buildings are college bookstore chain Follett, with 164,000 square feet, and food and ingredient processor company Ingredion, with 123,000 square feet.

That occupancy is on par with the average for the eastern portion of the east-west corridor, which had a vacancy rate of 19.1 percent—among the lowest in the suburbs—as of the end of 2017, according to data from real estate brokerage Jones Lang LaSalle.

It's unclear how much Blackstone has spent on the 39-acre Westbrook campus since buying it in mid-2015, and a Blackstone spokeswoman could not be reached for comment.

In addition to Westbrook and One Parkway North, Blackstone in December sold the **Central Park of Lisle** office complex for \$129 million, the largest Chicago suburban office deal of 2017. The sales may continue: Blackstone is shopping the 700,000-square-foot Executive Towers West office complex in Downers Grove, according to a source. The company picked up that three-tower campus as part of a \$1 billion portfolio acquisition in 2011 from Duke Realty.

Including Westbrook, Blackstone will have cashed out on three suburban properties totaling \$308 million as it plows more money into Willis Tower, which it bought in 2015 for a record-setting \$1.3 billion. The company last month **refinanced the building** for the second time in a year after leasing it up, boosting the debt on the property by more than \$300 million.

For Group RMC, Westbrook Corporate Center adds to a run of properties it has snapped up in the western suburbs. The company, led by real estate investor Raymond Massa, paid \$32 million in February for the 11-building Oak Creek Center office portfolio in Lombard, according to Real Capital. The company also earlier this year bought the 121,666-square-foot office building at 601 Oakmont Lane in Westmont for \$12 million, property records show.

Group RMC oversees more than 10 million square feet of office properties in the U.S., primarily in the Midwest, according to its website. The company did not respond to a request for comment.

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