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## IBM going condo, too?

By Alby Gallun  
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The owner of the landmark IBM Building is considering joining the growing ranks of downtown office buildings that are converting in whole or in part to residential condominiums.

After losing its two largest tenants, and with the office market in a deep slump, landlord Prime Group Realty Trust would likely find it easier to sell condos than lease commercial space in the 52-story tower, one of famed architect Ludwig Mies van der Rohe's most celebrated buildings. The high-rise is 32% vacant after the departure of IBM Corp. Law firm Jenner & Block LLP, which leases 22% of the building, moves out in 2010.

Prime Group would start out by redeveloping vacant space on the lower floors into condos, with the option of converting the rest of the tower later on, say people familiar with the plans. Jeffrey Patterson, CEO of the Chicago real estate investment trust, did not return calls.

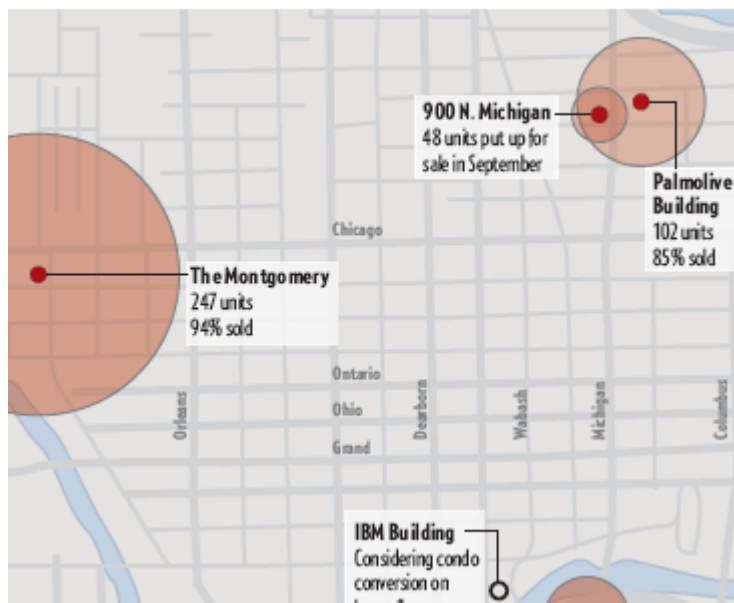
### APPEALING OPTION

Amid a booming downtown condo market, condo conversions have become an appealing option to office landlords with big chunks of vacant space. After the largest office tenant at 900 N. Michigan Ave., WPP Group PLC, relocated to another building, the landlord, an affiliate of JMB Realty Corp., decided to convert the vacant space into 48 luxury condos (*Crain's*, March 21). A conversion is also in the works at 55 E. Monroe St., which is losing its second-largest tenant, law firm Seyfarth Shaw LLP.

Yet the IBM Building, on the Chicago River at 330 N. Wabash Ave., would be the most prominent downtown office building to go condo. It's lost some of its cachet as the West Loop, with its proximity to the train stations, has become a more attractive location for office tenants.

"I think it's a challenging location" for office space, says Todd Lippman, an executive vice-president in the Chicago office of broker CB Richard Ellis Inc.

### POTENTIAL SELLING POINT



Prime Group plans to spend more than \$100 million to renovate the building and remove asbestos, costs that will be difficult to recoup by leasing office space.

Condo buyers would live next door to Donald Trump's new skyscraper, which will block most of the IBM Building's east views but will bring more restaurants and retail and add a health club.

The IBM Building's architecture could be a selling point. "For the people that love Mies, it might have an attraction," says residential broker Tricia Fox.

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