

Appraisal Research Counselors

400 E Randolph Street, Suite 715  
Chicago, Illinois 60601-7388

T: 312-565-0977  
F: 312-565-3436

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## Trump to ask for later loan due date

By Alby Gallun, Sep. 24, 2008

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(Crain's) – Amid stalled condominium sales at his new downtown high-rise, Donald Trump expects to ask lenders to push back the due date on the construction loans that financed the 92-story riverside project.

But the project's 339-room hotel, which opened in January, is performing better than expected, with an average daily rate of more than \$350 a room and 65% occupancy rate, according to Donald Trump Jr., the celebrity developer's son, who is working on the project.

Both Trumps were in town Wednesday with other family members to commemorate the recent completion of the top of the building and, more importantly, generate some publicity to get condo sales going again.

But the gloomy economic outlook and lack of mortgage financing is likely to make it even harder to sell condos at the Trump tower, where sales have been stuck at the same level for more than two years. Buyers had signed contracts for 365, or 75%, of the project's 486 residential condos by July, according to Appraisal Research Counselors, a Chicago-based real estate consulting firm.

"From a high-end perspective, Chicago may be one of the worst (condo) markets" in the country, Mr. Trump said.

As a result, the developer plans to extend the project's construction loans, which come due in a few months, the younger Mr. Trump said, declining to provide a specific date. The developer financed the project at 410 N. Wabash Ave. with \$770 million in loans from Deutsche Bank and Fortress Investment Group LLC.

It's not unusual for a developer to extend a construction loan, especially in today's slow market, and Mr. Trump said "we had projected to do that anyway." The developer has also [hired a broker to sell the project's 83,000 square feet of retail space](#), which could raise money to pay down the construction loans.

Though condo sales at the project have been scarce, the good news is that buyers who signed contracts a few years ago are showing up at the closing table. About 20 buyers have already closed on their residential condos since Aug. 1, and only two have walked away from their contracts, Mr. Trump said.

The hope is that sales will pick up now that prospective buyers can see completed units, rather than just look at floor plans and sales models.

Many buyers "want to come and see it, touch it, feel it," said Cyndy Salgado, vice-president of development marketing at Koenig & Strey GMAC Real Estate, the brokerage firm hired to market the project. "We've only now begun to be able to do that."

The hotel, meanwhile, is "doing phenomenal," said the younger Mr. Trump, adding that it made Conde Nast Traveler's 2008 list of hottest hotels. Its \$350-plus average daily rate (ADR) is about 10% higher than its competition, he said.

Yet the Trump hotel is still cheap compared to city's four most expensive hotels, said Hans Detlefsen, director at HVS Hospitality Services, a hotel consulting firm. The ADR for the Park Hyatt, Peninsula, Four Seasons and Ritz-Carlton is about \$390, he said.

He expects high-end hoteliers to keep trying to push up room rates, giving up some occupancy in the process. Though the Trump hotel has benefited from a strong hotel market, demand for rooms is expected to fall as the country slips into recession and the crisis on Wall Street ripples through the economy.

"The question," Mr. Detlefsen said, "is how long and how deep does that cut."

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