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Tishman Speyer restructures debt on Chicago office buildings

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Tishman Speyer Properties LP reached an agreement with its lenders to restructure debt on a group of downtown Chicago office properties that it bought from Blackstone Group LP at the height of the U.S. property boom.

"We can now move forward quickly to meet current obligations and complete all leasing and capital projects, now and into the future," Casey Wold, a Tishman senior managing director, said in an emailed statement.

Tishman, a New York-based real estate investor, had been in discussions since at least last year with its lenders to rework the loans. Among the creditors was the Federal Reserve Bank of New York, which acquired a stake in the debt when it facilitated the sale of Bear Stearns Cos. in 2008.

Tishman bought the Chicago buildings from an affiliate of Blackstone for \$1.72 billion at the height of the commercial real estate market. Tishman simultaneously sold one of the buildings to an investment fund of Houston-based Hines. Blackstone had acquired the towers in its purchase of billionaire Sam Zell's Equity Office Properties Trust in 2007.

Robert Lawson, a spokesman for Tishman, declined to comment on terms of the restructuring. Jack Gutt, a spokesman for the New York Federal Reserve Bank, also declined to comment.

The properties tied to the restructuring are One N. Franklin St., 161 N. Clark St., 10 & 30 S. Wacker Dr., the Civic Opera Building on Wacker Drive, and 30 N. LaSalle St.

Demand for office space in downtown Chicago is "pretty slow," James Kutill, a vice president with Chicago-based Appraisal Research Counselors, said in a telephone interview.

"There are some people out there looking but generally it's slow," Kutill said.

Rising joblessness has hurt demand for office space in Chicago since the end of 2006, when the city's unemployment rate was 4.1 percent. The rate was 10.7 percent in April.