

## Grubb & Ellis Buys Office Building for \$21M

By [Gina Kenny](#)

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6400 Shafer Court

ROSEMONT, IL-Grubb & Ellis Co. has purchased an 180,000-sf office building at 6400 Shafer Court for \$21.5 million from a partnership of locally based Foresite Realty Partners and BayNorth Capital LLC, based in Boston. The property was purchased by a subsidiary company to be sold at a later date to Grubb & Ellis Realty Advisors Inc., says Janice McDill, vice president for public and investor relations for the company. "This is part of the strategy that would allow us to facilitate the assets that need to be purchased by Realty Advisors for Realty Advisors to be able to complete its initial business combination," she says.

Foresite bought the property in September 2005. Shapiro would not disclose the sales price but, according to a Foresite press release from January 2006, CapitalSource Finance provided a commitment for a \$17.7-million mortgage loan for the purchase and renovation of the property. "It had been owned by numerous groups over the past six to seven years. It had been in a court reported receivership," he says. "The property did not receive the type of tender loving care and the capital improvements necessary to present it to the marketplace." Renovations to the property included upgrades to the elevators, restrooms the restaurant and the conference facility and "huge aesthetic improvements to the lobby," he says. The parking lot and landscaping were also redone.

Foresite normally holds properties anywhere from 18 months to four years. "We were approached on a very quiet basis from a group who was looking to buy property and we decided to take advantage of the market and sell," Shapiro says. Foresite's current headquarters is in the office building and, Shapiro says, it will remain in the building for now. The seven-story class A office building is currently 55% leased, says Donald Shapiro, president of Foresite. "In 2005, it was leased at a 63% level on its way down to about 47%," he says. Foresite had to wait for some of the building improvements to be completed before leasing the building and new tenants moved into about 10,000 sf of space on Feb. 1. Asking rent for class A office buildings in the O'Hare submarket is about \$25.37 per sf, according to a Grubb & Ellis fourth quarter market report.

Realty Advisors, formed about a year ago, is a special purpose acquisition corporation that will purchase primarily industrial and office properties. "Part of Realty Advisors' strategy is to acquire undervalued properties, reposition them and then sell them at a profit," McGill says. Grubb & Ellis has also recently purchased the Abrams Centre, in Dallas, for \$20 million and plans to purchase the 1.1-

million-sf Danbury Corporate Center in Danbury, CT for \$86 million. Along with the purchase of the office building in Rosemont, the three properties would have a high enough aggregate value for Realty Advisors' business combination, which has to be equal to \$110 million in assets, McGill says. The sale of the properties to Realty Advisors will first have to be approved by Realty Advisors board of directors and shareholders.