



## **ACORE Capital originates \$53m loan on Chicago conversion**

**By Al Barbarino**

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ACORE Capital has originated \$53.3 million in financing for the acquisition and residential conversion of a downtown Chicago office building, Real Estate Capital has learned.

The floating rate, LIBOR-based financing, which includes a senior mortgage and mezzanine loan, will allow developer DLC Residential to convert the 13-story tower in the Chicago Loop neighborhood - at 29 South LaSalle - into 216 apartments and add an additional floor for tenant amenities.

The deal is representative of the transitional, value-add real estate financings ACORE has been aggressively targeting since inception last year, having originated roughly \$4 billion across 60 deals in nine months, with loan-to-values averaging 68 percent, Boyd Fellows, managing partner with ACORE, told REC.

Millennium on LaSalle will include studio, one-, and two-bedroom apartments, and the new 14th floor amenity level will include a pool, lounge, sport court with fitness room and landscaped roof deck. The building will also feature approximately 7,000 sq ft of retail space.

"The building lays out perfectly for apartments, with large floor plates, lots of light and high ceilings," Fellows said.

The project comes at a time when the downtown Chicago area is attracting more residents, and as significant office product is likely to shift the landlord-tenant dynamics in the coming year.

Though the Chicago CBD remained a landlord's market in Q1, experiencing solid positive absorption for the fourth consecutive quarter, this is set to change, according to a report from Colliers International. Approximately 2.3 million sq ft of office space is set to be delivered in late 2016 and early 2017, shifting the market in favor of tenants.

"When this occurs, competition amongst landlords to avoid losing tenants to the new developments and the spaces their anchor tenants leave behind will likely increase concessions granted to tenants," the report states.

Acore's main equity backer is the Tokio Marine Group, a subsidiary of the largest publicly-traded Japanese insurer. The firm has received about \$2 billion in capital commitments, which allows for roughly \$8 billion in originations.