

Appraisal Research Counselors

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

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

[Click here to view AppraisalResearch.com](http://AppraisalResearch.com)



Professional Service Since 1968

Appraisal Research Counselors®

BROWSE

[ChicagoBusiness Home](#)

[Daily Headlines](#)

[This Week's Crain's](#)

[My Industry News](#)

[Crain's Lists](#)

[People/Profiles](#)

[Article Archives](#)

[RSS Feeds](#) 

[Search Crain's](#)



[Advanced Search](#)

[News By Industry](#)
- Please Select -  

[View All Industries](#)

Local Information

[Events Calendar](#)

M	T	W	T	F	S	S
19	20	21	22	23	24	25

[Register for Crain's Events](#)

[Add your Event](#)

[Today's Stocks](#)

[Traffic Report](#)

[Weather](#)

Special Features

[Dining Reviews](#)

[Entertain a Client](#)

[Join an Organization](#)

[Commute/Travel](#)

Business Tools

[Look up Phone/Zip](#)

[Public Records](#)

[Study Demographics](#)

[Career Resources](#)

[Research a Company](#)

By [Thomas A. Corfman](#)

 **Subscribe to an RSS feed on this topic**

Aon building mulls condos

Joins other landmarks seeking relief from slumping office market

Aon Center's owner is weighing a residential conversion of the top floors of the trophy tower overlooking Grant Park, in what is becoming a familiar formula for hard-pressed office landlords: If you can't lease it, turn it into ritzy condos.

A fixture on the Chicago skyline since 1973, the former Standard Oil Building — later known as the Amoco Building — would be the most prominent example on a growing list of towers considering converting some of their vacant space to other uses. While the John Hancock Center is reviewing hotel proposals, IBM Plaza and 55 E. Monroe St. are studying residential plans; 900 N. Michigan Ave. is already marketing 48 condos made out of vacant offices.

The trend reflects economic forces at work throughout the downtown real estate market, but especially near the lakefront.

"With office demand waning and moving westward, landlords are clearly reassessing and asking themselves if residential or hotel or even student housing is more profitable," says Louis D'Angelo, president of Metropolitan Properties of Chicago LLC. The development firm is converting into condos the offices at 310 S. Michigan Ave., the blue-globe-topped former headquarters of Encyclopaedia Britannica Inc.

At Aon Center, 200 E. Randolph St., executives with suburban Atlanta-based Wells Real Estate Funds Inc. are considering converting as many as seven vacant floors of the 80-story tower, more than one-tenth of the 2.5-million-square-foot structure, sources say. Some of that space has been on the market for up to six years. Much of it was vacated after London-based BP PLC acquired Amoco Corp. in 1998.



Newscom photo

Services

[Classifieds](#)

[Download Top Lists](#)

[Blue Dates](#)

[Meeting Planners Guide](#)

[Golf Guide](#)

[Advertise with Us](#)

[Contact Us](#)

[About Us](#)

[Subscription Center](#)

"Wells is looking at the current trends in residential conversion, but at this point, we have no plans in place," says a spokesman, who declines further comment.

While the building vacancy rate is nearly 19%, BP is paying rent until 2013 on some of the vacant space, giving Wells a financial cushion.

Advertisement

[Related Article Topics](#) | [Related Industry News](#)

paying nearly \$463 million, according to research firm CoStar Group Inc.

The building was renamed as part of insurance brokerage Aon Corp.'s move there in 2001. Two years later, an investment trust sponsored by Wells bought the building,

But Wells is bracing for the departure in 2009 of Kirkland & Ellis LLP, which has nearly 15% of the structure, primarily between the 53rd and 61st floors. While the prominent law firm is moving to a new tower, its lease runs until 2011.

How much space might be converted and the timing of the project have not been determined, sources say. A conversion would raise touchy building management questions, such as how to accommodate the differing needs of condo residents and office tenants, and delicate architectural issues, such as possibly altering the tower's austere facade with new windows or even recessed terraces.

Any residential conversion plan would have risks, amid worries that high-priced housing demand is cooling due to rising interest rates and soaring construction costs. Even so, it might still be better than the less costly alternative of finding new office tenants.

The East Loop "market is always the weakest, the softest, the slowest," says tenant representative Alain LeCoque, managing principal with New York real estate firm Newmark Knight Frank.

Gail Lissner, vice-president with Chicago consulting firm Appraisal Research Counselors, adds, "This is a location that only gets better and better by the moment for residential."

©2006 by Crain Communications Inc.

Additional Resources

Related Article Topics

Related Industry News

➤ [Real Estate - Commercial](#)

Related Resources

Today's Other Headlines

- [Motorola stays course despite Siemens-Nokia deal](#)
- [Deere acquires irrigation product maker](#)
- [MB Financial to cover fees for outside ATM use](#)
- [Exelon to proceed with PSEG deal despite criticisms](#)
- [Motorola to invest \\$25M in Israeli high-tech startups](#)
- [Audit fees for Sarbanes-Oxley compliance keep rising](#)
- [Tribune revenues climb 2% in May](#)
- [IL Supreme Court orders \\$2.2B returned to Philip Morris](#)
- [Landmark Three Arts Club building is up for sale](#)
- [Material Service sold to Hanson; Lester Crown remains chair](#)
- [Walgreen gets antitrust OK for Happy Harry's deal](#)
- [Steakhouse newcomers try exotic beef to stand out](#)
- [Layoffs ahead as Tenneco restructures some operations](#)
- [Alberto-Culver to spin off Sally Beauty Co.](#)
- [Tribune sells WCWN-TV in Albany for \\$17M](#)
- [View All of Today's Headlines](#)

Top Stories in This Week's Crain's