

OPPORTUNITY/CHALLENGE

The Adler School of Professional Psychology (Adler), a premier graduate and post-graduate school of higher learning inspired by new leadership, was experiencing explosive growth in 2005. At the time, Adler occupied 28,000 square feet across multiple floors at 65 Wacker Place and they wanted to greatly increase the size of their space to support this growth. Adler retained Transwestern to develop a long-term real estate strategy supporting the school's mission statement and growth initiatives.

SOLUTION

Transwestern worked diligently with Adler to identify viable relocation alternatives that met all of Adler's needs & requirements: secure urban space to support mission & operational needs, minimize occupancy costs and risk, increase flexibility, enhance operation efficiency and maximize return on investment.

Given Adler's 501(c)3 tax-exempt status, Transwestern modeled a "Lease vs. Own" analysis showing the financial impact of each scenario. The conclusion of the analysis was that owning versus leasing was a more cost-effective solution for Adler.

Transwestern completed this highly complex, multiple-party transaction, which entailed relocation of existing tenants, recapturing space, creating vertical subdivision for condominiums, creating reciprocal easement agreements and negotiating a purchase agreement.

VALUE ADDED BY TRANSWESTERN

Transwestern successfully represented Adler in the \$40 million transaction, which includes 100,796 square feet, consisting of the entire 15th and 16th floors and approximately 2,500 square feet of ground floor space at One North Dearborn Street.

Adler's new campus will more than double its size and allowing for linear growth and the addition of exciting new graduate and post-graduate programs. The result is a state-of-the-art LEED® Silver certified vertical campus. Highlights include a new, sustainable home for the school with a separate entry, connecting stairwells, rooftop deck, an El stop and the ability to continue the explosive growth.

The impact on the CBD and the community is substantial; the lease provides \$2.5 million in revenue to a building where the premises have been vacant for several years. The occupancy will generate approximately \$1 million in property tax revenue. The faculty and staff employment provides additional revenue and tax benefit. The space build-out, exceeding \$14 million in 2010, utilizes exclusively Chicago-based trades and consultants.