

# AT&T Corporate Center Mission Critical Single-Tenant Office

2401 West Grace, Chicago, IL 60618

CONFIDENTIAL OFFERING MEMORANDUM



**Quantum Real Estate Advisors, Inc.**

**CHICAGO | [www.QREAdvisors.com](http://www.QREAdvisors.com) | LOS ANGELES**

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## Confidentiality Agreement

QUANTUM REAL ESTATE ADVISORS, INC. ("QUANTUM") has been retained as the exclusive broker by the Owner of Record, who is a licensed real estate broker in the state of Illinois, ("the Owner") for the single-tenant office building, located at 2401 West Grace in Chicago, IL, in connection with the sale of certain properties ("the Property") as described in this Offering Memorandum.

This Offering Memorandum has been prepared by Quantum for use by a limited number of parties, and does not purport to provide a necessarily accurate summary of the physical or economic aspects of the Property or any of the documents related thereto, nor does it purport to be all inclusive or to contain all of the information which prospective investors may need or desire further, the Offering Memorandum is limited to the matters set forth therein. All budgets or projections have been developed by Quantum and Owner, and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Quantum and therefore are subject to variation. Each of Quantum and Owner makes no representation as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Quantum and its employees, and Owner, and its trustees, officers, and employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omissions from the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property Owner as of the date of preparation of the Offering Memorandum.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors. Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers regarding the property, and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner and the Board of Trustees of Owner and a written agreement for the purchase of the Property has been fully executed, delivered and approved by Owner and its legal counsel, and any conditions to Owner's obligations hereunder have been satisfied or waived. This Offering Memorandum and the contents, except such information that is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Offering Memorandum, you acknowledge that you have executed, and have agreed to be bound by, the Confidentiality Agreement with Quantum and Owner.

If you have further questions please contact Quantum Real Estate Advisors, Inc.:

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## Description

**Quantum Real Estate Advisors, Inc.** ("QREA") has been retained to exclusively offer for sale a mission critical single-tenant office building located at **2401 West Grace in Chicago, IL**. The property was originally constructed in 1959 and is currently leased to **AT&T Services, Inc. (S&P: BBB)**, a subsidiary of AT&T Inc. AT&T operates a training and contact center from this location. AT&T recently **extended lease through April 2027**, showing significant commitment to space. The tenant has two additional three-year options thereafter.

This mission critical facility is only **one of five corporate contact centers** in Illinois, making it an irreplaceable operation in the state. Annually, this center handles **millions of inquiries** related to a wide spectrum of AT&T services, including wireless, broadband and video, both on a consumer and business level. Additionally, AT&T's recent improvements to the property have made this one of the **most technologically advanced contact centers in America**.

The property is strategically located in the heart of **the North Center Neighborhood**, an affluent neighborhood in Chicago's northwest side. This dynamic trade area is home to a significant concentration of **national retailers, restaurants, grocery stores**, and is home to the highly sought after award winning **Lane Tech** magnet high school and **Alexander Graham Bell School (K-8)**. The **in-fill and irreplaceable** qualities of this location make it a **generational** piece of real estate with true long-term fundamentals.

## Property Overview

<b>Purchase Price:</b>	Subject to Offer
<b>NOI:</b>	\$1,228,608
<b>Building SF:</b>	93,086 SF
<b>Land Size:</b>	2.12 Acres
<b>Tenant:</b>	AT&T Services, Inc.



## Demographics

	<b>.25 mile</b>	<b>.5 mile</b>	<b>1 mile</b>
<b>Population</b>	2,493	9,059	51,611
<b>HH Income</b>	\$124,675	\$136,385	\$121,799
<b>Daytime Population</b>	3,080	8,629	40,764

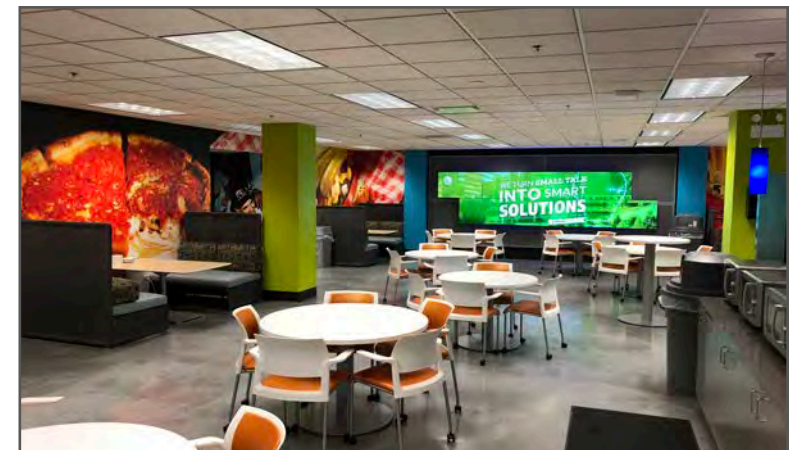
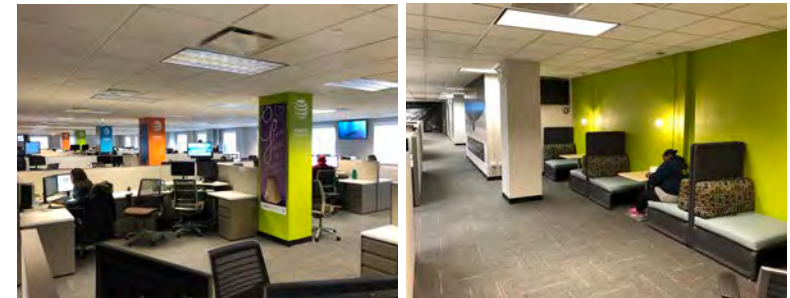


## Lease Highlights

- **AT&T (S&P: BBB) corporate lease was** recently extended for an **additional six years** (through April 2027), which provides stable and growing cash flow due to annual rental increases
- **Net-leased asset with minimal landlord responsibilities** – Landlord shall only be responsible for replacement of capital improvements
- **Long-term occupancy (60+ years)** – AT&T (or its predecessors) has been an occupant of the building since its construction in 1959

## Building Capital Improvements

- AT&T has **invested millions into capital improvements** making this one of AT&T's most advanced contact centers in the country. Recent improvements include;
  - Upgraded elevator systems
  - Uninterruptible Power Supply (UPS system)
  - LED lighting in parking lot, including new pole lights
  - Upgraded kitchens, bathrooms and breakrooms
- AT&T's capital improvements have created an **amenity rich building** aimed at **attracting top-tier talent** from the surrounding area. Some amenities include;
  - Game rooms
  - Cafés on each floor
  - Lounge areas for employees
  - Attractive Chicago based artwork throughout the building
  - New high-end furniture







## Location Highlights

- **In-fill high-barrier to entry location**, with substantial surrounding population household incomes
- **Roughly 1.5 acres of surface parking**, over 350 parking spots, which is incredibly rare for this area
- Additional **retailers in the immediate trade area include**: Mariano's Fresh Market, Jewel-Osco, Target, Walgreens, Chipotle, Starbucks, Potbelly, MOD Pizza, Verizon Wireless, Wendy's, Chase Bank, and Waveland Bowl
- Additional area **traffic generators** include: WGN TV Studios, Bell School, Lane Tech High School, DeVry University, Advocate Chicago Irving and Western - Hospital, Hu-Friedy Manufacturing Co., Chicago Police Department & Cook County Courthouse

## Risk Mitigation Highlights

- Significantly **below market rent** at \$13.20/SF, mitigating the down-side risk in the unlikely event AT&T were to leave.
- **Long-term redevelopment opportunity** - in the unlikely event AT&T vacates current zoning allows for +/- 200,000 SF of commercial space or a current by-right, as-is zoning F.A.R. of 2.2
- Purchaser will collect roughly \$7,800,000 in rent through the remainder of the Lease, which would put their un-leveraged basis in the property at significantly below land value.





## Lease Summary

<b>Tenant</b>	<b>AT&amp;T Services, Inc</b>
<b>Address</b>	<b>2401 W Grace Street, Chicago, IL</b>
<b>Lease Guarantor</b>	AT&T Services, Inc. (S&P: BBB)
<b>Purchase Price</b>	<b>Subject to Offer</b>
<b>Monthly Rent</b>	\$102,384
<b>Annual Rent</b>	\$1,228,608
<b>Remaining Term</b>	5.9 Years
<b>Lease Commencement</b>	May 1, 2007
<b>Lease Expiration</b>	April 30, 2027
<b>Renewal Options</b>	(2) 3-Year Options
<b>Rental Increases</b>	2% Annually
<b>Rent per SF (Building)</b>	\$13.20
<b>Building Size</b>	93,086 SF
<b>Land Size</b>	2.12 Acres
<b>Year Built</b>	1959
<b>Lease Type</b>	Net Lease
<b>Property Taxes</b>	Tenant Responsibility
<b>Insurance</b>	Tenant Responsibility
<b>Utilities</b>	Tenant Responsibility
<b>Common Area Expenses</b>	Tenant Responsibility
<b>Roof &amp; Structure</b>	Tenant Responsibility

\*Tenant pays Property Taxes, Insurance and CAMs direct

\*Tenant is responsible for the maintenance and repair of all capital repair items, however, Landlord is responsible for the replacement of any capital items.

\*Article 4 of Lease Amendment 2 stated that the tenant will pay 95% of Fair Market Rent during option periods

## Rent Schedule

Rent Schedule						
Term	Commencement	Expiration	Monthly Rent	Annual Rent	Rent/SF	% Increase
Primary	May 1, 2021	April 30, 2022	\$102,384	\$1,228,608	\$13.20	
Primary	May 1, 2022	April 30, 2023	\$104,432	\$1,253,180	\$13.46	2.0%
Primary	May 1, 2023	April 30, 2024	\$106,520	\$1,278,244	\$13.73	2.0%
Primary	May 1, 2024	April 30, 2025	\$108,651	\$1,303,809	\$14.01	2.0%
Primary	May 1, 2025	April 30, 2026	\$110,824	\$1,329,885	\$14.29	2.0%
Primary	May 1, 2026	April 30, 2027	\$113,040	\$1,356,483	\$14.57	2.0%
Options						
Option 1	May 1, 2027	April 30, 2030	*95% of Fair Market Rent			
Option 2	May 1, 2030	April 30, 2033	*95% of Fair Market Rent			



## Tenancy

**AT&T Services, Inc, a subsidiary of AT&T Inc.**

**Credit Rating:** Baa2 (Moody's)  
BBB (S&P)  
BBB+ (Fitch)

**Website:**  [www.ATT.com](http://www.ATT.com)



**AT&T Services, Inc.** tests, commercializes, and markets Internet services to residential and commercial customers. The company was formerly known as SBC Services, Inc. The company was incorporated in 1996 and is based in San Antonio, Texas. AT&T Services, Inc. operates as a subsidiary of AT&T Inc. with revenues in excess of \$2.2B and over 37,000 employees.

**AT&T Inc.:** In 1876, Alexander Graham Bell invented the telephone. That was the foundation of the company that would become AT&T – a brand that is now synonymous with innovation in communications.

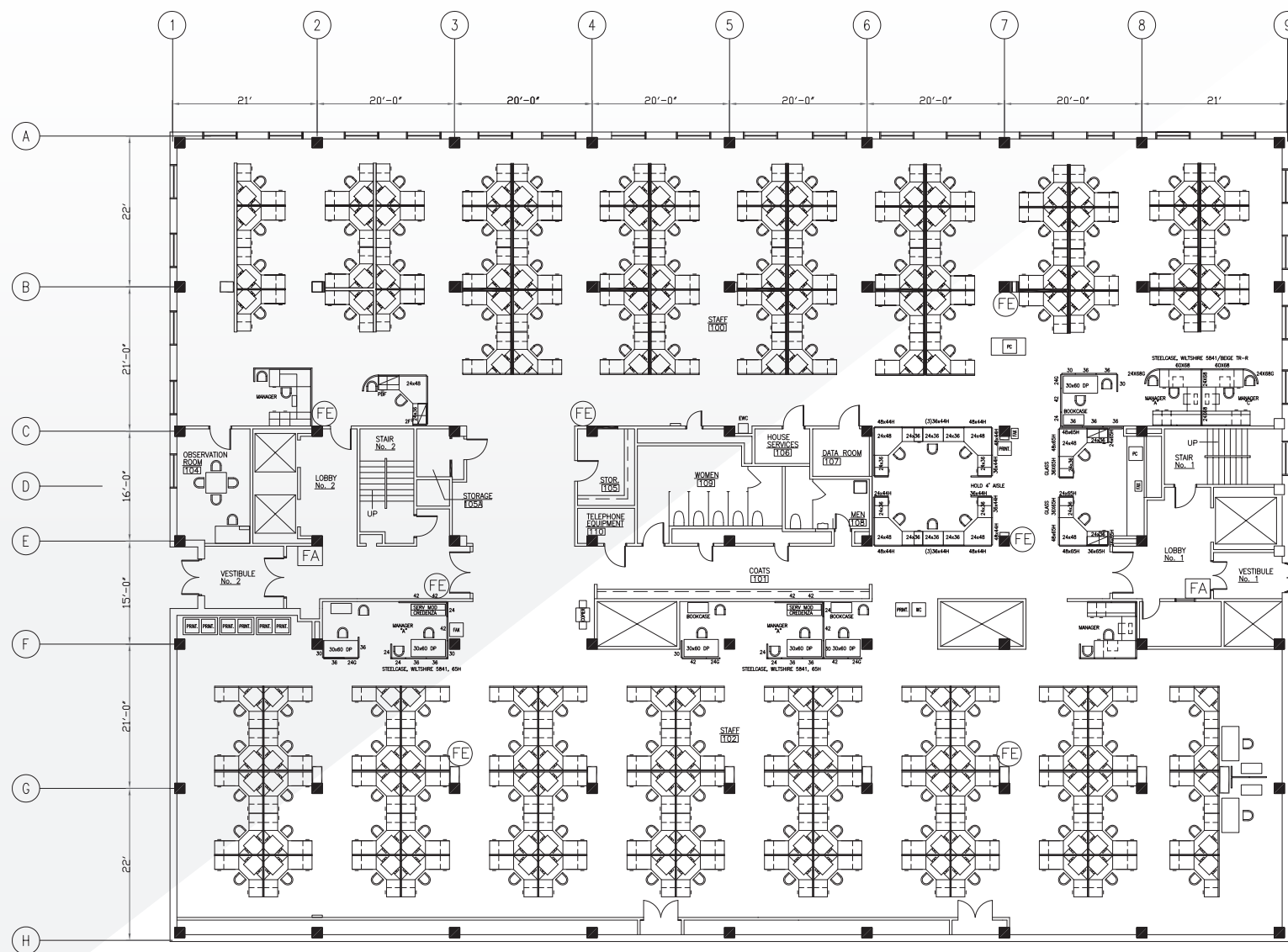
In 1984, the former AT&T agreed to divest its local telephone operations but retain its long distance, R&D and manufacturing arms. From this, SBC Communications Inc. (first known as Southwestern Bell Corp.) was born. Twelve years later, the Telecommunications Act of 1996 drove major changes in the competitive landscape. SBC expanded its U.S. presence through a series of acquisitions, including Pacific Telesis Group (1997) and Ameritech Corp. (1999). In 2005, SBC acquired AT&T Corp., creating the new AT&T, a leader in global communications for businesses.

The acquisition of BellSouth in 2006 consolidated ownership of Cingular Wireless. And AT&T led one of its most significant transformations in communications since the invention of the telephone...the birth of the mobile internet. In 2013, AT&T bought Cricket to give customers in the growing prepaid market more access to mobile internet services. In 2015, they completed our purchase of 2 Mexican wireless companies, Iusacell and Nextel Mexico.

Today, they're spurring smartphone adoption and on their way to becoming a leading wireless provider in that country, too. And the 2015 acquisition of DIRECTV made AT&T one of the world's largest pay-TV providers.

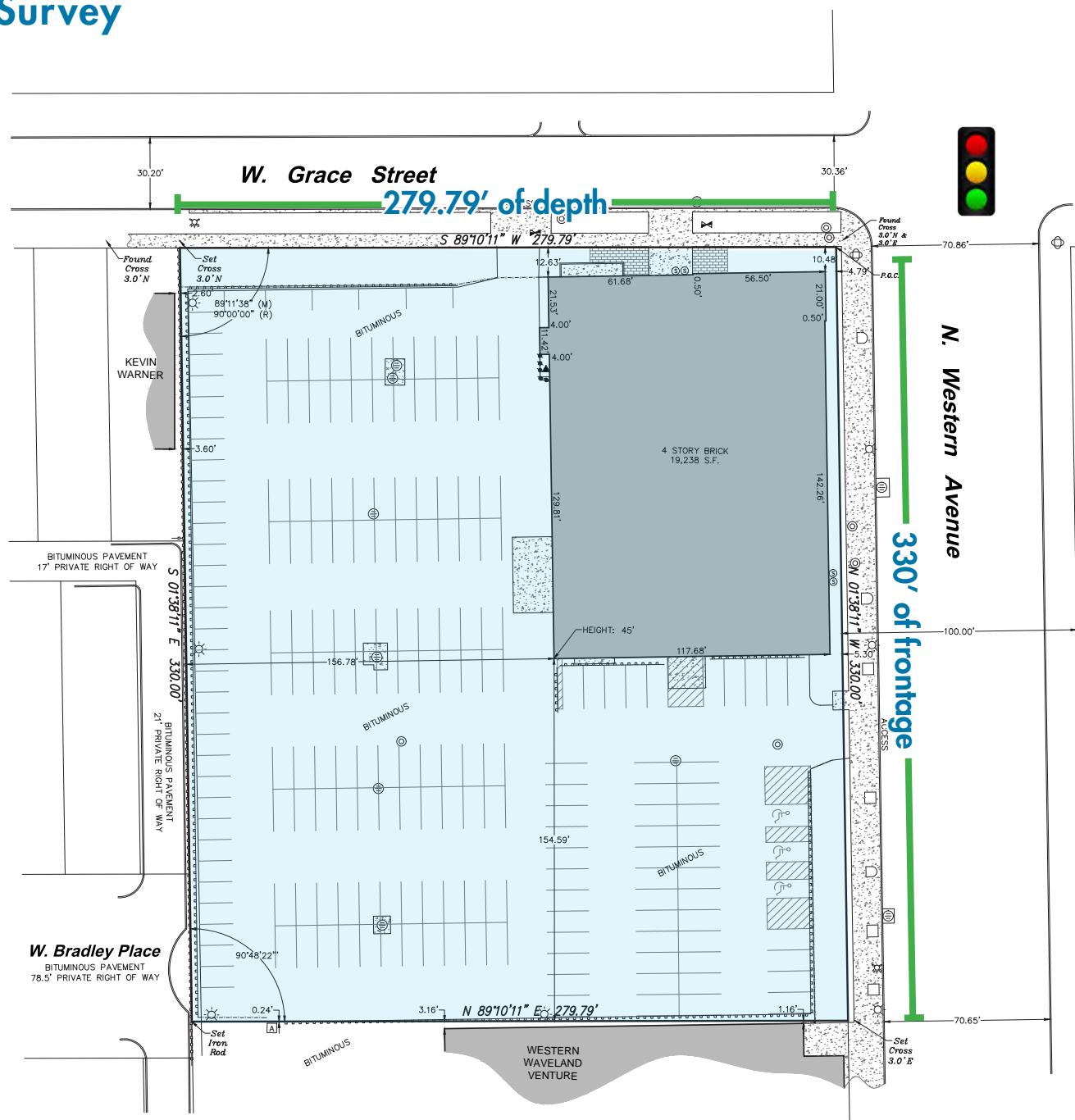
Today, they're mobilizing video the way they mobilized the internet...securing business communications from the smartphone to the cloud...and making cars, homes, machines, even cities smarter. And we're looking forward with anticipation to the future. With the pending purchase of Time Warner Inc., AT&T has positioned themselves to become the best premium content creator and distributor. By combining distribution with scaled content creation, they will be able to drive a level of competition, innovation and choice that customers have never seen before.

## Typical Floor Plan





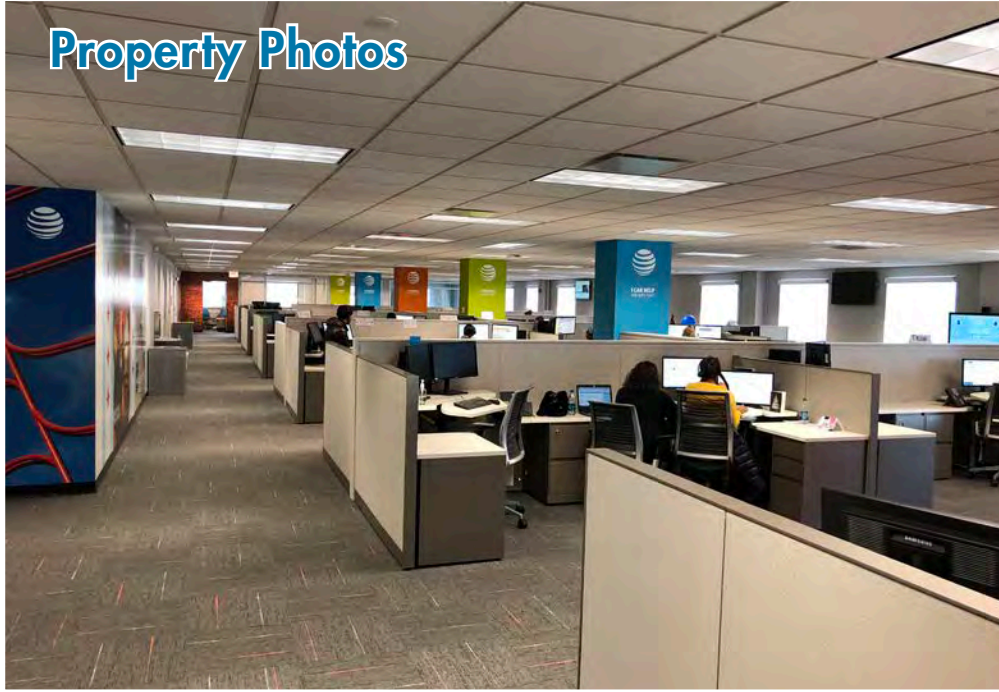
## Survey



<b>Land Size:</b>	2.12 Acres
<b>Land Size SF:</b>	92,347 SF
<b>F.A.R Zoning allows for:</b>	203,163 SF
<b>Total Building SF:</b>	93,086 SF
<b>Building Stories:</b>	4



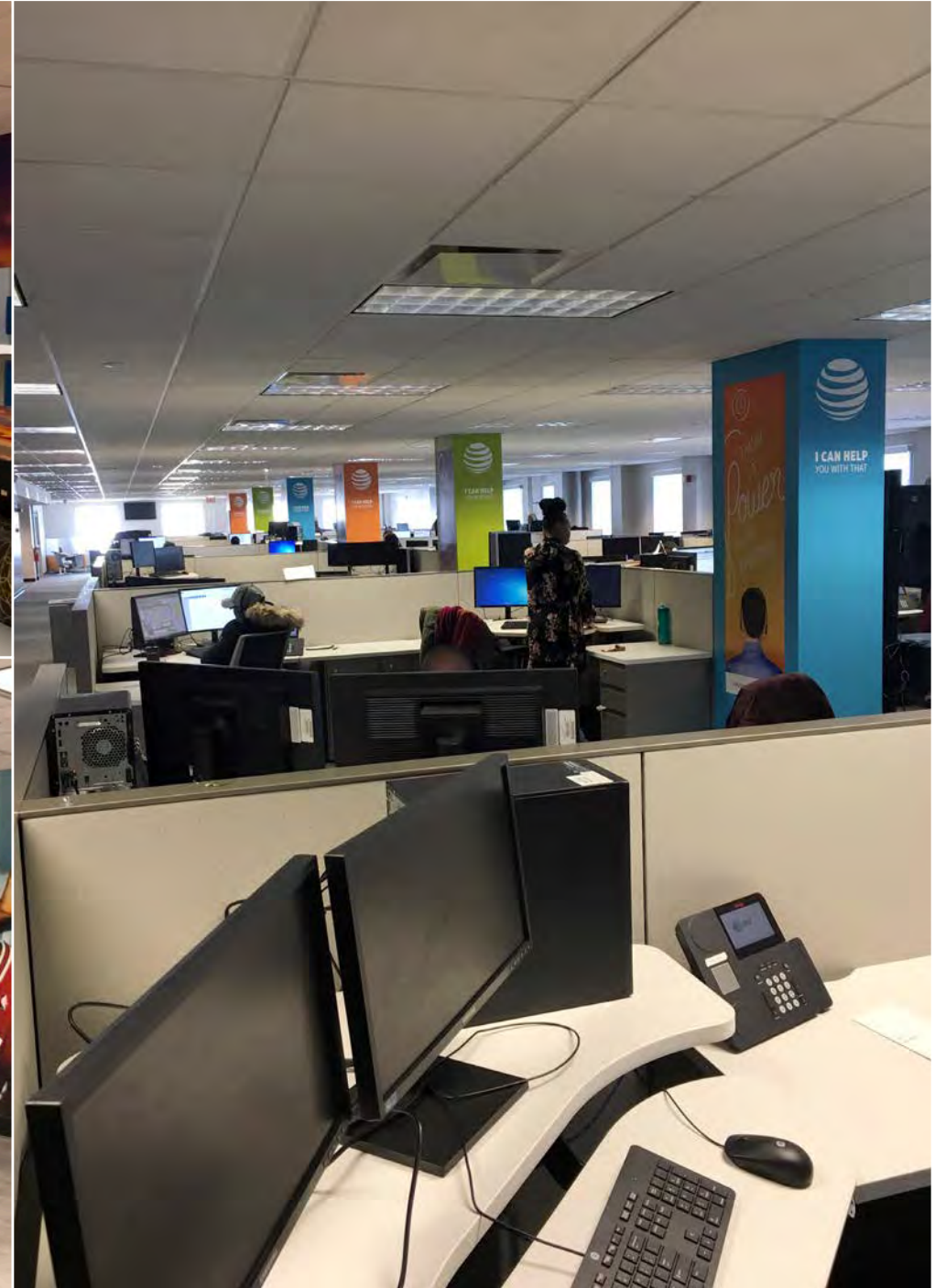
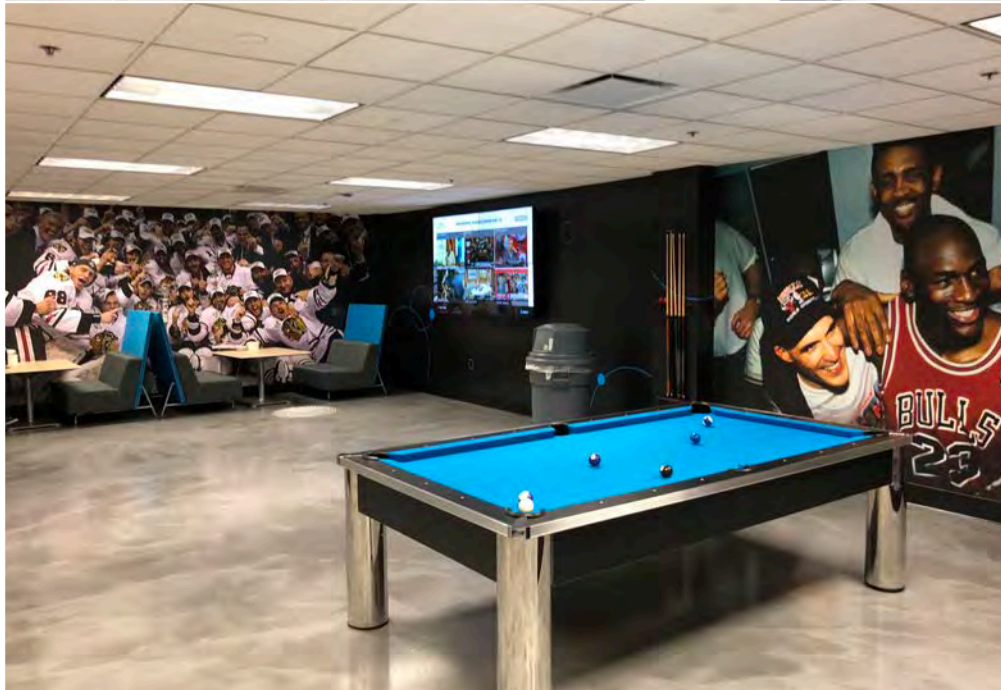
## Property Photos







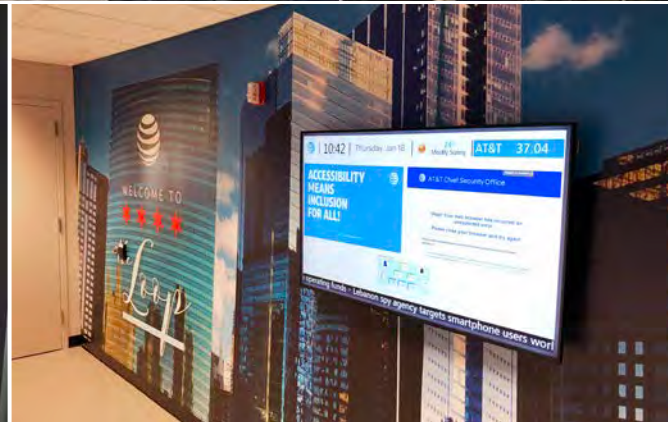
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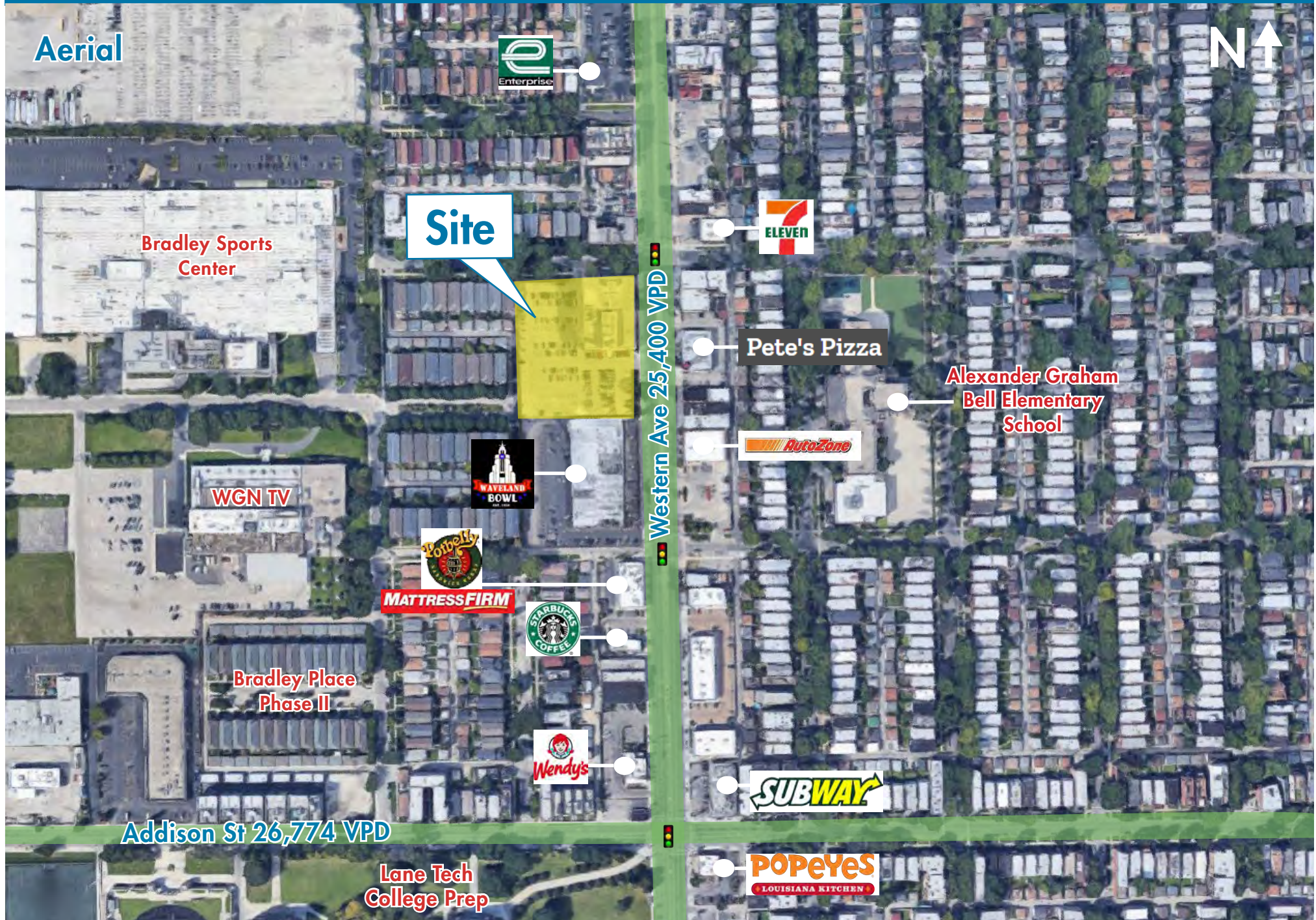
## Property Photos







Aerial







## Site Aerial







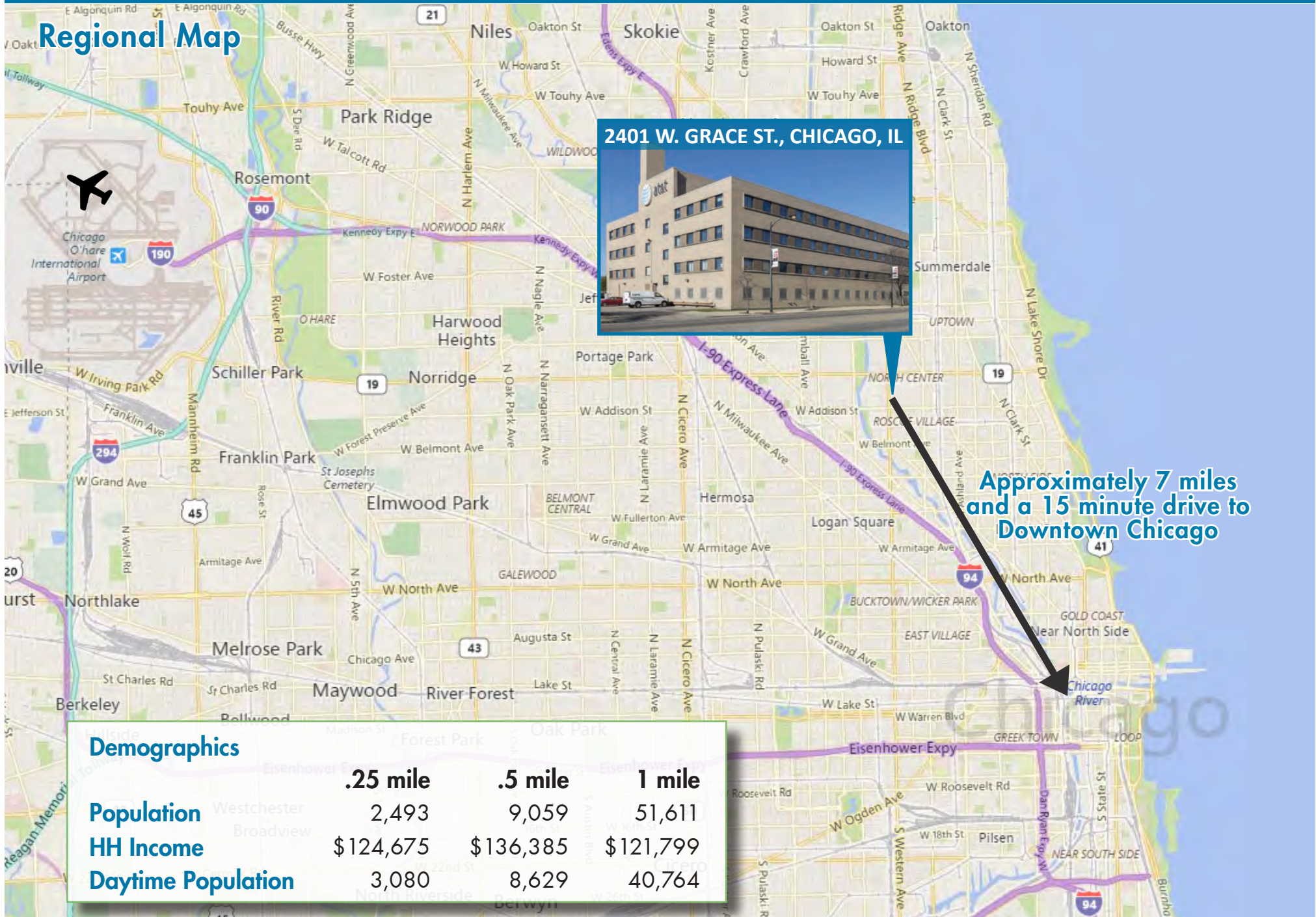
## Market Aerial







## Regional Map





## Chicago Overview

### Overview



Chicago, the third largest metropolitan area in the United States, is considered the most influential economic region in between the East and West Coasts. Situated at the geographical heart of the nation with nearly 43 million people living within 500 miles of the

city, Chicago's locational advantage has fostered its development into an international center for banking, securities, high technology, air transportation, business services, wholesale and retail trade and manufacturing and is considered the central hub of the United States. In addition, Chicago is one of the principal trading centers for commodities, financial and derivative futures products. The Chicago Metropolitan Statistical Area (MSA) includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will counties. With one of the most diversified economies of any region in the country, Chicago is less vulnerable to fluctuations in individual industries than most other large urban regions.

Metropolitan Chicago enjoys one of the finest transportation systems of any metropolitan area with its extensive highway and railroad networks, a highly skilled labor pool, quality housing and world-class medical and higher education institutions. These factors all contribute to Chicago's reputation as one of America's premier metropolitan areas, a major economic center, and a 24-hour international city.

### Economy

Chicago has one of the world's largest and most diversified economies, with the third-largest gross metropolitan product in the United States—about \$630.3 billion according to 2014-2016 estimates. Additionally, the Chicago metropolitan area recorded the greatest number of new or expanded corporate facilities in the United States for the fourth consecutive year. Chicago is a major world financial center, with the second largest central business district in the US. The city is also one of the most diversified economies in the U.S. manufacturing, printing, publishing and food processing also play major roles in the city's economy. Several medical products and services companies are headquartered in the Chicago area, including Baxter International, Boeing, Abbott Laboratories and the Healthcare Financial Services division of General Electric.

The state of **Illinois** is home to **66 Fortune 1000 companies**, while the city of **Chicago** also hosts **36 Fortune Global 500 companies** and **17 Financial Times 500 Companies**.





## Chicago Overview Continued

- In 2016, a record **350 business expansions and relocations** in the Chicago metro. These projects accounted for more than **\$2.8 billion in investment** and nearly **14,000 new jobs**.
- In a survey of tech workers by Modis, an information technology staffing company, Chicago was ranked the number one **"future tech hotspot"** by young people with professional tech degrees.
- According to World Business Chicago, **\$879.9 million in venture capital** was invested in Chicago last year, with the total number of investment rounds increasing to 91 in 2016, up from 73 in 2015.

**2.7M**  
POPULATION

**5.3%**  
Unemployment  
rate

Nearly  
**40M**  
people visit  
Chicago  
annually

POPULATION WITH  
BACHELOR'S DEGREE  
OR HIGHER **39.7%**

Chicago's nicknames include:

The Windy City

City of Big Shoulders

Second City

The City That Works

- Tech Hotspot on the Rise - Modis
- Top Corporate Metro for Fourth Consecutive Year - Site Selection Magazine
- Most Bike-Friendly City in US - Bicycling magazine

**#2**

- Top 10 Cities for Fast-Growing Companies – Inc. Magazine
- Overall Best City in the United States - Resonance Consultancy
- Best City to Visit – Conde Nast Traveler

**#4**

- Prime Global Location for Real Estate Investment - Schroders Global Cities Index

**#3**

- Overall Culinary Category – Resonance Consulting
- Community in the US for Active Living – Gallup & Healthways

**#5**

- Top Millennial Moving Destination – Mayflower Moving
- US Cities Where Global Investors are Looking to Buy – Colliers



## Market Information - North Center Neighborhood

The neighborhood known as North Center refers to a neighborhood in the North Side of Chicago, Illinois. Boundaries of North Center are Addison on the south, Montrose on the north, the Chicago River on the west and Ravenswood (1800 W) on the east. North Center has grown since the 1870s when the area was only accessible by the Chicago River and Little Fort Road (now known as Lincoln Avenue). North Center is considered a vibrant neighborhood with an eclectic mix of retailers, restaurants, live music, live theater, and service-oriented businesses. As the 'heart of the North Side,' Northcenter is home to some of the city's most iconic destinations, including Half Acre Beer Company, the world-renowned Globe Pub and one of Chicago's most popular summer street festivals, Ribfest Chicago.

It is also home to some of the best public schools in the City of Chicago. Lane Tech High School, a top ranked well-rounded and diverse high school in the state; as well as Coonley & Bell Elementary. North Center was voted one of Chicago's best neighborhoods by the Chicago Magazine in 2014. Influenced heavily by the early European immigrants that settled here, the community retains a classic charm in its architecture.







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