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OFFICE

## THE ROOKERY

CHICAGO, ILLINOIS

### PROJECT TYPE

An outstanding restoration of a historic, century-old, 12-story office building. The developer's strategy was to restore the 293,962-square-foot building's historic architectural interiors on the ground and mezzanine levels and to incorporate state-of-the-art HVAC (heating, ventilation, and air conditioning), electrical, elevator, security, and telecommunications systems into the upper floors of office space without losing the feeling of the old building. This project sets the standard for future commercial renovations and proves that the cost of expensive, high-quality restoration can be recovered in Class A rents.

### SPECIAL FEATURES

- Historic preservation
- Landmark office building
- Successful conversion of a vacant, deteriorated building into modern Class A office space

### DEVELOPER

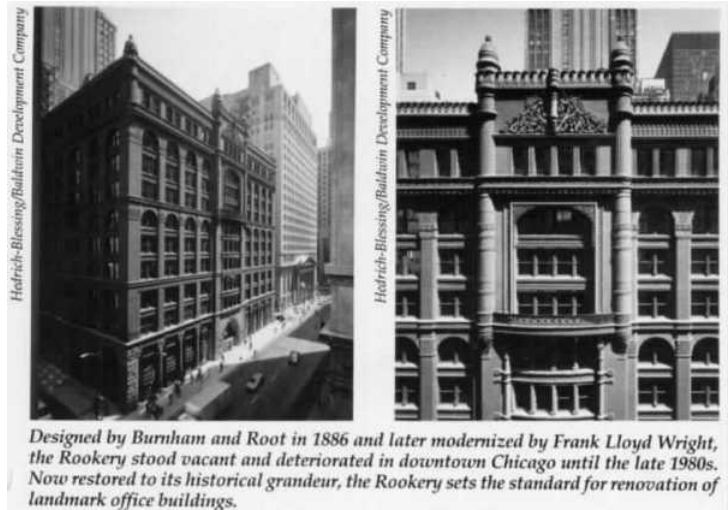
Baldwin Development Company  
209 South LaSalle Street, Suite 400  
Chicago, Illinois 60604  
312-553-6100

### OWNER

Rookery Partners Limited Partnership  
209 South LaSalle Street, Suite 400  
Chicago, Illinois 60604  
312-553-6100

### RESTORATION ARCHITECT

McCluer Corporation  
401 East Illinois, Suite 625  
Chicago, Illinois 60611  
312-836-7700



## GENERAL DESCRIPTION

Following one of the most extensive restorations of a historic office building ever undertaken, the 109-year-old Rookery Building, located in the heart of Chicago's financial district, has reclaimed its former splendor. With painstaking exactitude, Baldwin Development Company and its restoration architect have brought back elements of the Rookery's three eras—Daniel Burnham and John Wellborn Root's original 1886 design, Frank Lloyd Wright's 1905 modernization of the interior, and a 1931 remodeling by William Drummond—while at the same time renovating the office floors to compete with the most expensive, recently constructed office space inside Chicago's Loop.

Though the Rookery was designated a National Historic Landmark in 1972, it stood blackened and crumbling from decades of neglect and artless makeshift alterations until the late 1980s. L.T. Baldwin III, a successful futures trader with no previous real estate experience, bought the building in 1988 and embarked on a three-and-a-half-year, \$110 million labor-of-love restoration.

## BUILDING HISTORY AND DEVELOPMENT PROCESS

When the 12-story Rookery opened in 1886, it was one of the tallest and most expensive office buildings of its day, and also one of the first built on speculation. The Central Safety Deposit Corporation, the original developer and owner of the building, held the land on a 99-year lease from the city of Chicago. Central Safety Deposit owned the property until it reverted to the city in the early 1980s.

Occupying a quarter block on the corner of LaSalle and Adams streets, the Rookery was heralded for its hollowed-square plan, which exposed every office to the maximum amount of natural light and ventilation, as well as for its many technological innovations. These advances included a unique metal frame construction, one of the most extensive early uses of electricity, and the provision of hot and cold running water. The contrast between the Rookery's dark reddish-brown brick and granite exterior—often described as Richardsonian or Romanesque yet in fact unique—and the dazzling light and ornamentation inside is as striking today as it was 100 years ago.

John Wellborn Root's genius for making graceful use of light and space is evident in the Rookery's two-story light court and the cast-iron glass-enclosed oriel stairs that spiral up the 12-floor light well. The light court, with its lacy glass ceiling, mosaic floor, and curvilinear staircases, received immediate acclaim. In 1905, when Root's heavily ornamented interior surfaces were thought to be dated, Frank Lloyd Wright was hired to modernize the public spaces. Without making any structural changes to the building, Wright re clad much of Root's cast-iron ornamentation with expanses of white Carrara marble. Nearly every surface of the marble was covered with intricate Moorish-inspired incising filled with gold leaf.

In 1931, William Drummond, who once worked for Frank Lloyd Wright, won a design competition to modernize the building and made significant structural alterations to the Rookery. Drummond gutted the two-story street entrance lobbies and rebuilt them as single-story spaces, and he removed the original four marble staircases from the entrances. He also replaced the original hydraulic open-cage elevators with electric elevators in enclosed shafts and installed the elegant elevator doors that are still in use today. During the next 50 years, numerous small alterations diminished the original design of the building; the most unfortunate was the tarring over of the glass ceiling above the light court, apparently to prevent leaks.

When ownership of the Rookery reverted to the city of Chicago in the early 1980s, the city realized that extensive work was required to make the landmark building functional. It decided to sell the property while retaining easements to preserve the architectural integrity of the exterior and key interior spaces. In 1983, Continental Illinois Bank, whose headquarters was located next door, bought the Rookery and announced a five-year restoration plan. The bank had completed a thorough cleaning of the outside of the building when financial misfortune forced it to halt the renovation and put the Rookery back on the market.

In December 1988, L. Thomas Baldwin III bought the 293,962-square-foot Rookery from Continental for \$28 million cash, formed Baldwin Development Company, and began to assemble a team to renovate the building. It took nearly two years to obtain financing, which came from Europe after 100 top U.S. banks turned down the project. The original construction loan came from ING Bank in the Netherlands; a Dutch real estate fund joined as joint venture partner; and a major U.S. corporation made an additional equity contribution, in return for restoration tax credits plus a share of the residual value. The project qualified for a 20 percent federal tax credit on the total construction cost, amounting to \$14.5 million. No other incentives were available for preservation.

## DESIGN AND RENOVATION

Baldwin was determined to disprove the widely accepted notion that historic buildings are not perceived as Class A buildings and that the cost of expensive, high-quality restoration cannot be recovered in rents. Baldwin's strategy was to restore the Rookery's historic architectural features and to incorporate up-to-the-moment heating, air-conditioning, electrical, elevator, security, and telecommunications systems into the upper office floors without losing the feeling of the old building. Essentially, floors three through 12 were a gut rehab with a full restoration of the old Burnham and Root library on the 11th floor.

The development team did not attempt to restore the Rookery to its original design. Rather, the team restored elements from the building's major design and construction eras in some instances, reconstructed them in others, and added some new features. The focus of the restoration was to return the first two floors—the public spaces—to the Wright period. Thomas "Gunny" Harboe of McClier Corporation, chief restoration architect for the project, used surviving documentation of the building and fragments of original materials as guides in reconstructing the light court and street lobbies. Researchers used microscopes and computers to replicate original materials, colors, and patterns. Workers employed some decidedly low-tech materials as well; they laboriously removed 20 coats of paint from the copper-plated cast-iron oriel stairs using low-pressure dry-blasting with crushed walnut shells.

Harboe tracked down dozens of sources for the specialized materials and craftsmanship needed to restore the public spaces. For instance, after sandblasting the iron fretwork in the light court ceiling, workers replaced the tarred and painted-over original glass with 5,000 pieces of clear patterned glass fabricated in Tennessee. A Chicago foundry duplicated the patterned cast-iron storefronts that face the light court with cast aluminum. Harboe traveled to Italy to select the 25,000 square feet of Carrara marble needed to reconstruct the LaSalle and Adams street lobbies as they were in the Wright era.

As much as 200 ounces of 23-carat gold leaf was used to fill in the arabesque patterns incised into Wright's white marble walls and columns. A particularly tough challenge was replicating the double-ribbed glass globes in the ten Frank Lloyd Wright light fixtures hanging in the light court; a small firm in Pennsylvania finally made them to Harboe's satisfaction. Of the light court's many-splendored details, the reconstruction of Root's mosaic floor (torn out by William Drummond) is the crowning touch. The new floor was crafted locally with Portuguese marble at a cost of \$1 million.

An important new feature of the building is a glass roof capping the open light well. The simple glass roof protects the ceiling of the light court ten floors below as well as the original white-glazed walls of the light well and the yellowish terra-cotta banding over the windows.

## TENANTS AND FINANCIAL PERFORMANCE

The Rookery opened in May 1992 with 48 percent of the space leased at a time when commercial space in downtown Chicago was extremely oversupplied. Brooks Brothers opened a 12,174-square-foot store on the ground floor of the building before renovation was completed. Other early tenants were Brinson Partners, a financial trading firm that occupied the top three floors, and Quantum Financial Services, which leased one floor. At the time of this writing, the office space is 86 percent leased and the retail space is 77 percent occupied. The Rookery's average asking lease rates of \$26 per square foot for office space and \$32 to

\$54 per square foot for retail space match those of the newest Class A space.

The 24,000-square-foot office floors have varying floor-to-floor heights. Brinson Partners, still the largest tenant, has expanded into another floor, leasing a total of 92,978 square feet, and has plans to lease half of an additional floor. On average, office tenants lease 15,000 square feet of space. The Rookery has added six new retail tenants on the ground and mezzanine levels since Brooks Brothers moved in: Ameritech Cellular Services, Copies Now, Papyrus, Scudder, Wall Street Deli, and Quick & Reilly.

The success of the Rookery can be measured with several yardsticks. The restoration of this architectural treasure, for example, has received many honors and awards. More important than design awards, however, from a real estate perspective, is the building's success with tenants as demonstrated by the top rental rates it commands and its healthy occupancy level. Finally, in the words of Robert Fraley, chief financial officer for Baldwin Development Company, "the combination of some creative financing, rapid lease-up, and a stroke of luck on interest rates has enabled the Rookery to meet its required debt service."

## EXPERIENCE GAINED

- For the restoration of a historical building, thorough research is important to properly determine the real scope of the project. Details are essential.
- It is important to assemble the complete project team early in the game, so that each member has full knowledge of the scope and objectives as the project evolves.
- Be flexible and be careful. Exploratory demolition at the Rookery, for example, uncovered salvageable or reproducible original historic elements.

## PROJECT DATA

### LAND USE INFORMATION

*Site Area:* 1.0 acre  
*Gross Building Area (GBA):* 293,962 square feet  
*Net Rentable Area (NRA):* 244,922 square feet  
Office: 211,314 square feet  
Retail: 22,374 square feet  
Other: 11,234 square feet  
*Building Height:* 12 floors  
*Typical Floor Size:* 24,000 square feet  
*Floor/Area Ratio (FAR):* 6.75

### OFFICE TENANT INFORMATION

*Percent of NRA Occupied:* 86 percent  
*Number of Tenants:* 12  
*Average Annual Rent:* \$26 per square foot  
*Average Length of Lease:* 10 years  
*Typical Tenant Size:* 15,000 square feet  
*Largest Tenant Size:* 92,978 square feet

### RETAIL TENANT INFORMATION

*Percent of NRA Occupied:* 77 percent  
*Number of Tenants:* 6  
*Average Annual Rents:* \$32 to \$54 per square foot  
*Average Length of Lease:* 10 years  
*Average Tenant Size:* 3,685 square feet

### DEVELOPMENT COST INFORMATION

*Site Acquisition Cost* \$27,120,000

#### *Site Improvement Costs*

Curbs/sidewalks\$	77,000
Demolition	<u>1,840,000</u>
Total	\$1,917,000

#### *Construction Costs*

Base restoration	\$20,776,000
Tenant improvements	25,715,000
Permits	<u>227,000</u>
Total	\$46,718,000

#### *Soft Costs*

Architecture/engineering	\$1,384,000
Project management	4,922,000
Leasing/marketing	2,568,000

Legal/accounting	1,153,000
Taxes/insurance	2,531,000
Construction interest and fees	19,678,000
Consultants	<u>1,044,000</u>
Total	\$33,280,000

*Total Development Cost \$109,035,000*

*Development Cost per Gross Square Foot: \$371*

*Development Cost per Net Square Foot: \$445*

## DEVELOPMENT SCHEDULE

*Site Purchased: December 1988*

*Planning Started: January 1989*

*Construction Started: January 1990*

*Leasing Started: January 1991*

*Project Completed: May 1992*

## DIRECTIONS

*From O'Hare International Airport:* Take Interstate 90 east to the Monroe exit. Go east to LaSalle Street and turn right. Proceed one block to the corner of LaSalle and Adams.

*Driving Time:* Approximately 25 minutes in nonpeak traffic.

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The Project Reference File is intended as a resource tool for use by the subscribers in improving the quality of future projects. Data contained herein were made available by the Development team and constitute a report on, not an endorsement of, the project by ULI - The Urban Land Institute.

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Hedrich-Blessing/Baldwin Development Company



Hedrich-Blessing/Baldwin Development Company



*Designed by Burnham and Root in 1886 and later modernized by Frank Lloyd Wright, the Rookery stood vacant and deteriorated in downtown Chicago until the late 1980s. Now restored to its historical grandeur, the Rookery sets the standard for renovation of landmark office buildings.*



*The two-story light court was restored to its Frank Lloyd Wright period. Storefronts face the lobby on the ground and mezzanine levels. Office floors are above the sparkling ceiling made up of 5,000 pieces of glass.*



*Hedrich-Blessing/Baldwin Development Company*

*The hollowed-square plan gives inside offices maximum exposure to natural light and ventilation. The new glass roof protects the ceiling of the light court ten floors below.*



*Workers painstakingly removed 20 coats of paint from the copper-plated cast-iron oriel staircase through the use of dry-blasting with crushed walnut shells.*



*The Adams Street lobby was restored to its original two-story height.*

