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**Governor Pritzker Announces State Will Buy West Loop Building that Will Save \$20 Million a Year**

*State of Illinois acquires 555 West Monroe, a 17-story building in Chicago's West Loop as part of effort to optimize real estate portfolio. Acquisition will result in the elimination of \$20m in leasing expenses.*

CHICAGO - Governor JB Pritzker today announced the State of Illinois has acquired 555 West Monroe in Chicago's West Loop for a purchase price of \$73.25 million, with annual savings that will more than pay for the building. Eventually, the State will relocate over 1,000 employees to 555, including employees who work in nearby leased facilities as well as those who are currently at the James R. Thompson Center but don't need to be downtown.

"The acquisition of 555 West Monroe is an important step in our effort to optimize the State's real estate portfolio, reduce operating expenses, and enhance workforce and workplace performance," Governor JB Pritzker said. "Since I took office, I've been focused on making sure that we manage our assets efficiently and maximize taxpayer savings. This building pays for itself because we're terminating a patchwork of expensive downtown leases."

The State leases office space in seven properties in the loop, at a cost of \$21.3 million in base rent and operating costs and will continue to seek consolidation opportunities into State-owned real estate.

The acquisition of the building represents the next phase of the State's review and restructuring of its real estate portfolio. In Phase 1, Illinois Department of Central Management Services (CMS) met with all of the agencies located in downtown Chicago to understand their physical space and geographic location requirements. This was done through the lens of our new space standards, effective as of September 1<sup>st</sup>, 2020, which more closely reflect current best practices. Through this lens, CMS found that our real estate footprint could be reduced by approximately 30 percent.

As part of this analysis, CMS determined that of the state employees located in downtown Chicago, approximately 2,200 employees at the Thompson Center and 1,300 employees in leased facilities, only about 900 employees require a Loop location. The remainder of the employees can be located elsewhere.

In Phase 2, CMS developed relocation scenarios, performed a financial analysis for the commercial real estate market, identified properties with large, contiguous space, and ultimately acquired 555 West Monroe. The final Phase will include the sale of the Thompson Center.

Due to prolonged deferred maintenance and delayed capital projects, it is estimated that the cost to bring the Thompson Center into a state of good repair exceeds \$325M and is projected to increase to over \$525M by 2026. The facility is costly to operate with annual operating expenses exceeding \$17 million and is the subject of employee dissatisfaction as a result of its design flaws. By selling the oversized, outdated and expensive facility, the State can relocate its core services to more appropriate and efficient replacement spaces. This strategic relocation effort will reduce operating costs, increase productivity, and better serve constituents.

555 was constructed in 2002 and designed by Skidmore, Owings & Merrill. It previously served as a regional office for a Fortune 100 company. In 2008, it achieved LEED Silver for Existing Building certification. LEED or Leadership in Energy and Environmental Design, was created by the U.S. Green Building Council and is an internationally recognized green building certification system to ensure it was designed and built using strategies aimed at improving energy usage, indoor air quality, water efficiency, and selecting building materials that protect our natural resources. By comparison, 555's annual operating expenses are approximately \$10.80 per square foot.

CMS has been reviewing its downtown Chicago real estate portfolio to identify opportunities for efficiency improvements, space consolidation, and other strategies that produce real savings while maintaining a productive workforce.

"This purchase will provide significant operational savings while providing a state-of-the-art location that meets the specific needs of our operations", said Director of CMS Janel L. Forde.

The State also saved approximately \$2.6 million on the purchase by making the acquisition without a broker.

555 is a 429,316 rentable square foot building that includes many attributes that are suitable for State operations. The building is situated in a transit-oriented location, proximate to Union Station and Oglivie Transportation Center and walking distance to Chicago Transit Authority train stations. Unlike many older commercial office buildings, 555 West Monroe is well designed with efficient floor layouts and modern building systems. The existing layouts, as constructed and furnished, are well suited to immediately re-use by the State. Offices are positioned as adjacent to the building center and workstations flank the perimeter affording all occupants daylighting and views. The building has been designed to incorporate modern security protocols including entry lobby turnstile access controls as well as programmable proximity reader access controls on each floor. Operational enhancements, including existing data center, mailroom, and loading dock, are well maintained. Workstations, furniture, select equipment are all included in the acquisition cost.

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