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## **Keystone Finishes \$10M Office Renovations**

*By Gina Kenny*

CHICAGO-While the local suburban office market is not the rosier as of late, Keystone Property Group is choosing to "still have rose colored glasses," according to president Bill Glazer. The company, based in Conshohocken, PA, is finishing up renovations to three office complexes in Bannockburn, IL, Naperville, IL and Schaumburg, IL, says Brian Lauck, regional director of Keystone Property Group.

Glazer acknowledges that the suburban office market can be seen as gloomy. "It is pretty rough out there," says Brian Lauck, regional director of Keystone Property Group. "There are storm clouds all over the marketplace." But, tenants are still looking for space and it is usually not a decision made solely on the lowest rental rate. "It is all these other attributes, bells and whistles," Glazer says. "We really are not selling a commodity."

Keystone acquired the completely vacant 330,000-sf office building at 231 N. Martingale Rd., Schaumburg, IL for a little more than \$17 million in January 2007, as previously reported by GlobeSt.com. The class B property in the Woodfield Corporate Center had been used by IBM as a data center until it was vacated. Since Keystone acquired it, "not one inch in that building" has been leased, Glazer says. But, the building "sits right on the highway with tremendous visibility (and) tremendous access. The only problem is that our timing did not quite work," Glazer says. "We have a tremendous asset." Renovations include the addition of architectural glass to the center portions of the building for the first 11 stories and turning space on the top floor, which used to be a data center and storage, into a penthouse with a 13-foot ceiling. The lobby will is also being renovated and Keystone is upgrading the mechanical and elevator systems, he says. The estimated cost of the renovations is \$4.2 million, Lauck tells GlobeSt.com. Renovations on the property, which is located in the Northwest submarket, are expected to be complete by July 1.

The property in Schaumburg, IL, sits on slightly more than 14 acres and Keystone has plans to have a hotel and one or two restaurants developed on the site, Glazer tells GlobeSt.com. "As you exit of the highway on (Route) 53, you literally drive right onto our project," he says. "We are talking to a number of high-end hotels and restaurateurs." Keystone also has plans to add a deli, fitness center and conference center to the building, Lauck says.

The company acquired the East West Tech Center, in Naperville, IL, for \$16.7 million in late October 2006, as previously reported by GlobeSt.com. The 220,000-sf-complex is comprised of 1751 W. Diehl Rd. and 1771 W. Diehl Rd. The property is at the intersection of Diehl Road and Route 59 at the Route 59 interchange for Interstate 88, Lauck says. "You want to be where the people are and the people and money are in Naperville," Glazer says. The 129,000-sf building at 1751 W. Diehl Rd. had been constructed for a single user with four different users and "no clear definite identity," he says. Renovations, which were completed last week, included a three-story entrance to the building at 1751 W. Diehl Rd. Keystone added a "three-story curtain-wall main entrance" to the 1771 building so the two buildings would tie together, Lauck says. Renovations to both buildings included new windows and a "modern look." The cost for the renovations was approximately \$3.5 million, he says. The building at 1771 W. Diehl is more than 90% occupied. The building at 1751 W. Diehl Rd. has a total of 70,000 sf available including 50,000 sf on the second floor, which is "one of the largest contiguous blocks on one floor in suburban Chicago," Lauck tells GlobeSt.com.

Last July, GE Real Estate flipped the three building Bannockburn Lakes property to Keystone, as it closed on the 4.6-million-sf Blackstone suburban office portfolio, for more than \$1 million, as previously reported by GlobeSt.com. The buildings are at 2201 Waukegan Rd., 2333 Waukegan Rd. and 2345 Waukegan Rd. The 316,000-sf property, which is nearly 80% leased, is "more of a lease-up play," Lauck says. The company is renovating the lobby, common areas and restrooms, he says. Keystone will spend "a couple million dollars" on the renovations, Glazer says. Work should begin within the next 30 days and be complete in about 12 weeks, Lauck says.

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