

Empty nest: Birder sells loft office portfolio for \$86 million

By Ryan Ori | November 07, 2016



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For Owen Deutsch, 76, the sale of his entire Loft Development office portfolio means he'll have more time for his passion, photographing birds throughout the world.

The venture of R2 and Walton Street on Nov. 4 bought six loft office buildings with about 449,000 square feet of space combined, R2 said. The \$86 million deal includes three parking lots that the new owners plan to redevelop, according to R2. The properties are in the West Loop, South Loop and River North.

It is the first deal involving Neil Bluhm's Walton Street, whose funds typically invest in larger transactions, and R2, which invests in loft office buildings in Chicago neighborhoods including the West Loop, River North, Goose Island and Clybourn Corridor.

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"It's really difficult to aggregate creative office(s) like this in one transaction," said Max Meyers, chief investment officer at R2. "An opportunity like this opens the door to institutional capital that wouldn't be able to do a one-off deal because of the (smaller) equity check size."

R2 has previously partnered with New York-based Goldman Sachs on deals for loft offices, which were once solely the realm of smaller local investors. In September, a venture of R2 and Goldman Sachs sold a West Loop building and another in River North for \$37.5 million, a 68 percent increase from the properties' combined value in 2014.

Deutsch, chairman and CEO of Chicago-based Loft Development, has owned older buildings since buying an Old Town property in the 1960s. He used that property as a studio while he was working as a commercial fashion photographer.



Loft Development has bought more than 35 buildings in the past few decades, but the sale leaves the firm with just two self-storage buildings, which it's under contract to sell, Deutsch said.

Deutsch decided to sell now to capitalize on high property values in the neighborhoods where he owns and to spend more time traveling with his wife. He's traveled throughout North, Central and South America, Africa and Asia to photograph birds and other wildlife, with his work appearing in National Geographic and the publications of several nature and birding organizations, Deutsch said.