

Hines

Realizing Real Value In Real Estate Investments

Challenge:

Finding the right partner to manage real estate investments

In the early 1990s, the General Motors Pension Plan determined to invest some of its capital in real estate. But first, the group needed an investment partner experienced in finding and evaluating properties with the potential for a healthy financial return, and the marketing expertise to make it happen.

Solution:

Find, acquire and turn around properties with value potential

The GM Pension Plan chose Hines as its acquisition partner. The team immediately established investment criteria-outstanding location, quality architectural design and availability-and developed a database of existing retail, office and mixed-use projects with those characteristics. Keeping in mind the group's investment goals, Hines' local market professionals and national financial specialists reviewed and rated each property. In late 1992, a "Class A" office building in northwest Washington, D.C. looked promising. Located at 700 11th Street NW, the 12-story, SOM-designed Edward Bennett Williams Building was less than one year old and 56 percent occupied. The property had been acquired through foreclosure by its primary lender, Wells Fargo Bank, which was offering it for sale.

USA Washington, D.C.

700 ELEVENTH STREET



Result:

A productive partnership and an effective team

The Hines/GM acquisition team acquired the property at 70 percent of replacement cost, closing in May 1993. The low purchase price allowed Hines to implement a very aggressive leasing campaign, offering below market rental rates and variable lease terms. By November 1994, the building was 100 percent leased, and has thereafter maintained full occupancy. The successful acquisition and repositioning of 700 Eleventh Street was the beginning of a fruitful partnership with GM Pension Plan. The Hines team has amassed more than 6.1 million square feet of investment office space.