



## California firm's Park 100 portfolio goes back to lender

By Tom Harton

California-based Blue Real Estate lost the last big chunk of its Indianapolis portfolio last week when a lender took control of Blue's 360,000-square-foot, seven-building portfolio in Park 100.

Blue bought the collection of mostly office/flex space from Duke Realty in 2007 as part of a move into Indianapolis that began with the purchase of four Castle Creek office buildings in 2006.

Along the way, it scooped up a 17-building, 800,000-square-foot portfolio in Park Fletcher and the Century Building downtown at 36 S. Pennsylvania St. By late 2008, family owned Blue controlled 1.6 million square feet of real estate here valued at about \$120 million.

Blue still owns the Century Building, but earlier this year the Castle Creek buildings and the Park Fletcher portfolio came under the control of firms working on behalf of the lenders that held the debt on the properties.

That's the case with the Park 100 portfolio, which is about 40 percent vacant. Blue defaulted on a \$17.5 million loan affecting six of the seven buildings, according to a foreclosure lawsuit filed by Bank of America last February.

CW Capital, a special servicer of commercial debt, is now in control of the property and Jones Lang LaSalle is set to take over leasing of the Park 100 space from Summit Realty Group, sources told IBI.

Jake Sturman, a broker and senior vice president at Jones Lang LaSalle, wouldn't comment on his firm's involvement. But it appears Jones Lang LaSalle is picking up responsibility

for one former Blue property after losing another. It handled leasing of Blue's Park Fletcher portfolio until June, when Blue lost the property and CB Richard Ellis was hired to take over leasing.

Summit, likewise, is holding onto some of its former Blue portfolio. The company lost responsibility for leasing the Park 100 property as of Sept. 30, but is still in charge of leasing at the 320,000-square-foot Castle Creek portfolio, which Blue lost about six months ago.

Rich Forslund, a senior vice president and office broker at Summit, said he and Summit's Matt Langfeldt were hired by Blue to lease the Castle Creek office space about 2-1/2 years ago. Now they work for LNR Partners, a special servicer of commercial mortgage-backed securities that controls the property. He said the four-building portfolio is about 75 percent occupied.

Forslund said lenders and special servicers seem to be hanging onto properties longer before unloading them. "Now they're hiring brokers to get more creative with the assets" before selling them, he said.

Sturman agreed. "The fire-sale mentality has changed," he said. "They're taking a longer term approach to protect or increase asset value." Sturman said it's not unusual for a lender or special servicer to hold onto a property for a year or two to improve value.

Commercial real estate observers told IBI earlier this year that part of Blue's problem was that it bought here at the height of the market. The recession brought downward pressure on rents that the company couldn't withstand. •