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Strategic Pays \$82M for Portion of Tower

By Dana Dubriwny

CHICAGO-Strategic Hotels & Resorts Inc. has agreed to purchase 15 floors of the pre-developed 82-story Aqua building for \$82.4 million, or approximately \$412,000 per key. The tower, expected to be complete by 2009, is a development of Lakeshore East LLC, an affiliate of Magellan Development Group LLC.

The Aqua building is a mixed-use residential building in Magellan's 28-acre Lakeshore East development across North Columbus Drive and adjacent to the Strategic Hotels' Fairmont Chicago property. The company purchased the Fairmont last year from an affiliate of the Swig Co. of San Francisco for \$154.7 million, or \$224,000 per room.

The hotel portion of Aqua will consist of approximately 200 luxury suites averaging 650 sf each, a 20,000-sf glazed ballroom with outdoor terrace space overlooking Lakeshore East Park, boardrooms and other general hotel support facilities. Strategic Hotels anticipates that the new hotel will be operated in conjunction with its existing Fairmont asset, to which it will be physically linked.

"With the addition of 200 luxury suites and approximately 30,000 sf of unique meeting and prefunction space," says Laurence Geller, CEO of Strategic Hotels & Resorts, "the Aqua Building hotel development beautifully complements our Fairmont Hotel asset and builds overall portfolio value."

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