# Texas family office buys vacant Chicago office complex at massive discount with bold leasing incentives



In a striking demonstration of evolving dynamics within the Chicago-area commercial real estate market, Texas-based family office Woodcrest Capital has acquired the fully vacant 800,000-square-foot 4 Overlook Park office complex in Lincolnshire for a mere $6.2 million. This all-cash transaction, completed earlier this month, represents a staggering decrease from the $148 million purchase price paid by VEREIT a little over a decade ago, equating to roughly $7 per square foot – a drop of nearly 96%.

Michael Roy, Woodcrest’s president of property management, described the company’s leasing approach as unprecedented in the current market. Speaking to Bisnow, he said, “We want to offer something that the market has either never heard of, or they haven't heard of it in decades.” To attract tenants, Woodcrest is prepared to extend up to five years of free rent alongside some rental rates as low as $5 per square foot, significantly undercutting competitors who continue to seek $20 to $30 per square foot and face prolonged vacancies.

This acquisition exemplifies a broader trend where opportunistic investors are seeking value in distressed suburban office assets, deploying strategies such as aggressive leasing terms and targeted property upgrades to capitalise on price resets caused by the pandemic’s impact on office demand.

According to Colliers’ first-quarter 2025 office report, eight downtown Chicago office properties changed hands, with central business district (CBD) office sales steadily increasing since mid-2023. However, the suburban market remains challenged, with vacancy rates rising 0.76% quarter-over-quarter to 32.2%, particularly across Class-B and C properties, while Class-A vacancies have declined. Downtown vacancy also increased slightly to 23.4%. Despite this, some brokers anticipate that leasing activity may gain momentum later this year.

Woodcrest’s purchase comes amid continued hesitation from established investors wary of the suburban market’s high vacancies. Yet bolder players are making moves to seize discounted offerings. Glenstar, another notable investor, acquired the 200 S. Wacker property in January for approximately $68 million, a considerable reduction from the $151 million nonperforming loan value it bought from Bank of China. Glenstar planned an extensive $30 million renovation including amenities such as a large conference facility, a premium fitness centre, and a riverside lounge to enhance tenant appeal.

Jeff Koukol, Glenstar’s Executive Director, highlighted their investment thesis, explaining to Bisnow, “We've targeted buildings that are what we view [as] buildings that got hurt because of Covid and no other reason why. They're fantastic buildings. They're in great submarkets where tenants want to be, and they're high-quality buildings within that submarket. Those buildings were just impaired financially, and they needed that reset basis to make it a viable business plan for that next person.”

Koukol emphasised Glenstar's focus on competing within the ‘next tier’ of office buildings, complementing rather than rivaling premier, top-quality properties whose market remains robust.

Woodcrest’s acquisition was executed without lender involvement, capitalising on traditional real estate listing platforms CoStar and Ten-X to identify the opportunity. By paying a rock-bottom price, the company can afford to offer tenant incentives that other landlords, constrained by higher purchase costs, cannot match.

Roy noted the importance of this low-cost basis, telling Bisnow, “Other landlords don't make money if they lease it out at $5 [per SF], but we will.” While Woodcrest anticipates carrying costs on its large vacant space until leases materialise, its strategy is positioned to take advantage of current market dislocations.

Market observers note that despite generally somber office statistics, there is emerging potential for value-driven investment. The scarcity of new office developments in Chicago's downtown area — with only one project underway late last year — alongside a reduction in sublease inventory, further shapes a landscape ripe for repositioning.

In this context, Koukol summarised the evolving market conditions, highlighting a shift towards new ownership structures willing to invest capital for building improvements and tenant engagement. “You finally are seeing some buildings going through short sales and foreclosures and going to a new buyer, who is going to invest capital in and make some attractive space for new tenants,” he said. “So I think when you kind of take all those factors combined, [investing] feels better.”

This wave of strategic acquisitions and landlord reinvestment signals a transformative period in the Chicago office market, where adaptive approaches to leasing and property enhancement seek to redefine tenant demand and asset viability following pandemic-induced disruptions.

Source: [Noah Wire Services](https://www.noahwire.com)

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