

## TSG Group's New Platform Buys Downtown Indy Tower

Black Salmon, the company's recently launched CRE investment vehicle, has acquired BMO Plaza, a 444,644-square-foot, 28-story Class A office building in Indianapolis' central business district.

by Scott Baltic | Mar 08, 2018

Black Salmon, a new national CRE investment platform and business line of [TSG Group](#), of Miami, has purchased, for \$70 million, Bank of Montreal (BMO) Plaza, a 444,644-square-foot, 28-story Class A office building in Indianapolis' central business district, the buyer announced.

The prominent building, at 135 N. Pennsylvania St., near Monument Circle, is occupied by finance, government and corporate tenants, such as BMO Harris Bank, the U.S. Department of Defense and General Electric Capital Services.



*Jorge Escobar, CEO & managing partner of Black Salmon*

Black Salmon purchased BMO Plaza with general partner REDICO, of Southfield, Mich.

The property, completed in 1988, is currently 82 percent occupied, and Black Salmon is currently working to increase that to 95 percent, a Black Salmon spokesperson told *Commercial Property Executive*.

The building underwent a \$6 million cosmetic renovation in 2016 and 2017, in addition to which Black Salmon reportedly plans to further upgrade the property's common areas.



*BMO Plaza in Indianapolis*

BMO Plaza largely meets the investment selection criteria implemented by Black Salmon, including low vacancy; proximity to top-tier universities, like Purdue University, Butler University and Indiana University; and a sizable Millennial population.

Black Salmon's recent acquisitions include The Offices at Public Market, a [Class A building in San Francisco](#), for \$33 million.

*"We launched Black Salmon with the goal to reach close to \$300 million in assets during the first two to three years,"* Jorge Escobar, CEO & managing partner of Black Salmon, said in a prepared statement. *"The acquisition of ... BMO Plaza signifies the \$100 million mark for our firm."*

The seller was Hearn, of Chicago, which had purchased the building for \$40 million in April 2016 from True North Management Group. The latter had taken possession in October 2009 by means of a deed in lieu, according to information provided to *Commercial Property Executive* by Yardi Matrix.

## A STABLE MARKET, WITH A TWIST

Indianapolis office rents have been on the rise, if a bit unsteadily, since 2012, according to a report from JLL: *"New construction and building renovations have largely contributed to this trend in the past few years, especially for Class A office product."*

Another angle to the Indy office market is a trend for office tenants to be more likely to renew leases in their current buildings than relocate. Renewals/expansions jumped by nearly 10 percentage points from 2016 to 2017, JLL reported.

And in an interesting twist, Indianapolis is seeing a record surge in conversions of downtown office buildings to hotels, JLL noted. Two such conversions happened in the 1990s and two more in the 2000s, but in this decade, one has been completed, two are under way and three more are proposed.

The demand for hotels guestrooms downtown is driven by conventions, sporting events and business travelers, according to JLL, and these conversions will tighten the CBD office supply, especially in Class B space.