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Chrysler building hits the market

Brochure trumpets Windsor's bright future

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The city's most prestigious office building, which cost Windsor taxpayers \$50 million to spur its construction nine years ago, has been quietly put up for sale.

Photograph by: Dax Melmer, The Windsor Star

WINDSOR, Ont. -- The city's most prestigious office building, which cost Windsor taxpayers \$50 million to spur its construction nine years ago, has been quietly put up for sale.

One Riverside Drive West, commonly known as the Chrysler building after its main tenant, is described in an online brochure as a "well-leased," attractive and well-maintained "institution-quality" 14-storey tower at a prime location overlooking beautiful riverfront parkland. It's the only A-plus rated office building in Windsor and Essex County.

No asking price is listed by [Avison Young](#), a Toronto-based commercial real estate brokerage that also manages the building, built in 2002 by Canderel Stoneridge Equity Group. Canderel sold the building in 2004 for \$47.5 million to Commerz Immobilien GMBH, a German investment bank. Avison Young vice-president Robin White said it's not unusual for there to be no asking price for such a building in today's business environment. He declined to comment on the sale, explaining the owner wishes to remain "low-key and quiet."

He said the building was put up for sale quite recently.

That came as a surprise to developer Joe Mikhail, who owns the next-best office building, the A-rated Bank of Commerce building across Ouellette Avenue. Mikhail said he's wanted to buy the Chrysler building for five years, albeit at the right price.

In today's depressed market for commercial real estate in Windsor, he figures its worth perhaps \$30 million, well below what Commerz Immobilien paid for it.

"It's what your rents are, what your future rents are projected to be, and what return on investment you'd want," said Mikhail, who added he'd like a return of between 10 and 12 per cent.

When Chrysler first signed on as a tenant, the development was trumpeted as a 32-storey showpiece with 560,000 square feet of office, hotel and condo space on a block of historic downtown buildings known as the Norwich block. It took the city years of legal wrangling to gain possession of the Norwich properties, at a total cost of \$24 million. The city also spent about \$16 million to build an attached parking garage.

Today, the city still owns the garage and the Norwich property, which is leased to Commerz Immobilien until 2101.

What went up in 2002 was a \$50-million building half the projected size, at 14 storeys and 235,915 square feet. To get it built, the city had to commit to leasing the second and third floors, at an annual cost of around \$1 million. Eventually, the city found tenants to sublet the space, though at reduced rates that require the city to pay around \$400,000 annually.

The building's current tenants include: Chrysler, leasing 57 per cent of the space; the City of Windsor's sublet space (12 per cent); National Bank (five per cent); Investors Group (four per cent); The Keg restaurant (four per cent); and miscellaneous tenants including a Tim Hortons kiosk (one per cent), for a total of 82 per cent occupancy.

The brochure paints an optimistic picture for the building's future, citing a number of economic factors. There's the recent move by the city to build a new \$66.3-million aquatic centre downtown and the University of Windsor's exploration of moving some of its faculties into downtown sites. The brochure talks of new investment and employers coming to Windsor, including the new aircraft repair centre currently under construction. It cites the \$5-billion project to build a new bridge and access roads, and recent accolades the city has received as one of the Top 10 American cities of the future.

The brochure also mentions that Windsor is projected to outperform all other Canadian cities this year, with gross domestic product expected to grow by 3.9 per cent.

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