

The
FARNUM
BUILDING



STATE OF MICHIGAN

www.michigan.gov/FARNUMBUILDING

TABLE OF CONTENTS

- Aerial View of Lansing.....3
- Executive Summary.....4
- Offering Summary - Property Overview.....5
- RFP Bid Process Overview.....6
- Metro Lansing Overview.....7
- Vision/Use Concepts.....8
- Typical/Existing Floor Plan.....9
- Tax Incentives.....10
- Downtown Lansing Study.....11
- Demographics.....12
- Economy.....16
- Office Market.....17
- Mass Transit.....18
- International Air Travel.....19
- Interior Photos.....20
- Mechanical System Photos.....21
- Roof Top Views.....22
- Exterior Photos.....23
- DTMB Real Estate Division Contact Information.....24



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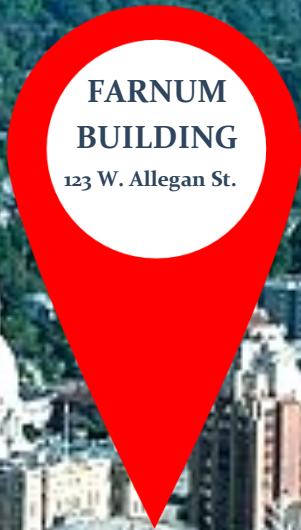
RFP No. 2017-0095

SPARROW HOSPITAL
ST. LAWRENCE CAMPUS



LANSING, MICHIGAN

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FARNUM
BUILDING
123 W. Allegan St.

VAN WAGNER
BUILDING

MICHIGAN
STATE CAPITOL BUILDING

CITY HALL

MICHIGAN HOUSE OF
REPRESENTATIVES

ROMNEY
BUILDING

COMERICA BANK

WMU COOLEY
LAW SCHOOL

RADISSON HOTEL

Capitol Ave.

Allegan St.

Michigan Ave.

Washington Sq.

GRAND TOWER

DAVENPORT
UNIVERSITY

Washtenaw St.

Kalamazoo St.
Grand Ave.

MTA
TRANSPORTATION
CENTER



The State of Michigan Department of Technology, Management and Budget (DTMB) Real Estate Division with support from the Lansing Economic Area Partnership (LEAP) is pleased to present this Request for Proposals (RFP) to acquire and redevelop the Billie S. Farnum Building located at 123 West Allegan Street in Downtown Lansing, Michigan. The Farnum Building is adjacent to the State Capitol Building and is in close proximity to the State of Michigan Executive Offices. Interested bidders should go to Michigan.gov/FARNUMBUILDING for full details on the bidding process.

This 94,930 gross square foot building offers development opportunities lending itself to many variations of commercial, high density residential, retail, and mixed uses.

This RFP is intended to identify and choose a favorable developer who has the capacity, innovation, and financial ability to purchase and develop this classic mid-century modern building. The Farnum Building's most recent use was housing The Michigan State Senate and was originally built for the Michigan National Bank.

The State of Michigan encourages all interested developers to submit proposals.

www.michigan.gov/FARNUMBUILDING

RFP No. 2017-0095



CAPITOL VIEWS

OFFERING SUMMARY & PROPERTY OVERVIEW

www.michigan.gov/FARNUMBUILDING

Site:	.18-acre site located at the southeast corner of N. Capitol Avenue and Allegan Street, in Downtown Lansing Michigan
Owner:	The State of Michigan
Property Address:	123 W. Allegan Street, Lansing, MI 48933
Building:	158.5 foot tall, ten-story office building (plus basement) containing 94,930 gross square feet and 84,200 rentable square feet
Additional Parcel:	Offering Includes a separate .20 acre parcel containing a 23-car private parking lot located at 215 South Capitol Avenue
Potential Uses	Mixed-use high-rise that may include commercial, retail, hotel, high density residential, entertainment, or similar variant/ use combination
Lots and Current Zoning	The Farnum Building lot is approximately 78 feet by 100 feet which is roughly .179 acre in size. The parking lot is approximately 53.83 feet by 165 feet or roughly .204 acre in size. Both lots are included in the G-1 Business Zoning District.

County:	Ingham County
Year Built :	1959
Construction:	Steel, masonry
Utilities:	All municipal utilities are provided to the building
Foundation:	Concrete
Floor Structure:	Poured reinforced concrete and Steel
HVAC:	Zoned A.C. hot &
Exterior Finish	Aluminum, glass,
Roof:	Flat asphalt with
Environmental:	Asbestos and Phase I Environmental Assessment Report in process

RFP Release Date:	January 22, 2018 www.michigan.gov/FARNUMBUILDING
Register for Guided Tour #1:	February 12, 2018
Guided Tour #1:	February 16, 2018 Starting at 10am EST
Register for Guided Tour #2:	March 12, 2018
Guided Tour #2:	March 16, 2018 Starting at 10am EST
RFP Questions Due:	April 13, 2018 by Due by 5pm EST
Answers posted for RFP Questions	April 27, 2018
RFP Submissions Due:	May 15, 2018 at Due by 5pm EST
Selected Developer Notified:	June 1, 2018 (If no acceptable proposals are received, the State may extend the deadline for submitting proposals)



RFP No. 2017-0095

The State will accept sealed Bid Proposals to acquire the Property in “as-is” condition via a quit-claim deed until **5:00 p.m. EST on Tuesday, May 15, 2018** (the “Due Date”). In the event the initial bid period does not produce a viable award recommendation, the State may, at its discretion, extend the bidding period until it receives a viable bid. Timelines will be moved to correspond to the accepted bid date. Notification of a bidding extension will be made on DTMB’s Real Estate Division **website www.michigan.gov/FARNUMBUILDING** (under the link “Request for Proposals and Surplus Real Property For Sale”).

The first qualifying bid that is received and accepted will end the RFP period, unless the RFP period is extended as provided elsewhere in this RFP. It is the intention of the State to notify, no later than **Friday, June 1, 2018** the successful Bidder who is the most responsive and responsible and offers the highest price or highest value to the State. Notification will be via phone, followed in writing.

The State reserves the right to waive any irregularity or defect in any submission; request clarification or additional information regarding Bid Proposals; to conduct a Best and Final Offer (BAFO); to cancel this Request for Proposal (RFP) and to reject any and all Bids at its sole discretion. The State shall assume no liability whatsoever for any expense incurred by a Bidder in replying to this RFP.

Please go to the following link for full RFP requirements and directions:

www.michigan.gov/FARNUMBUILDING

TOURS AND LIABILITY WAIVER

Two guided tours of the subject property for prospective bidders are scheduled for **Friday, February 16, 2018** and **Friday, March 16, 2018, with each one starting at 10:00 a.m. EST**, rain or shine. The tours will be substantially the same and offer the same views of the property interior and exterior spaces. Prospective bidders are strongly encouraged to participate in at least one of the two tours, but is it not required.

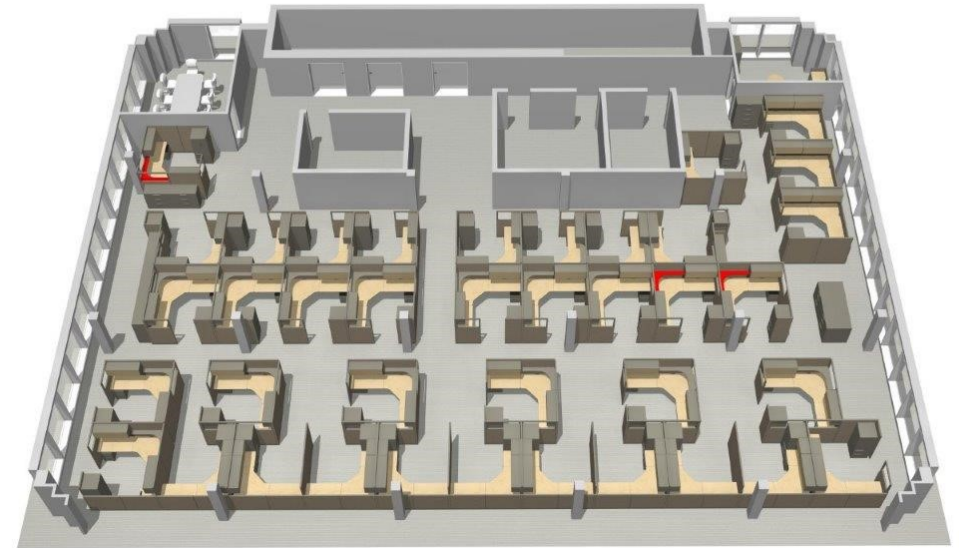
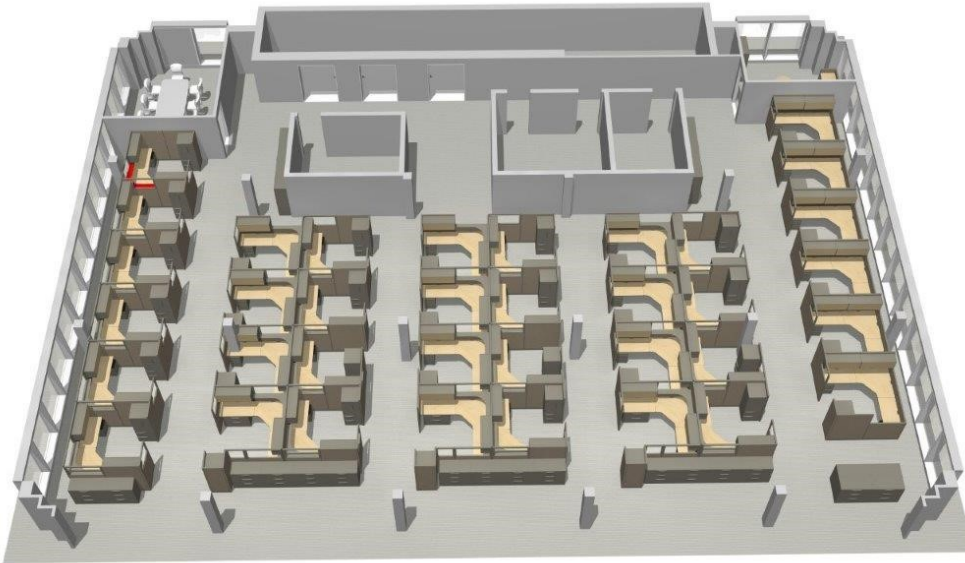
Tour participants will need to complete and submit the accompanying “Release of Liability” form in advance of each tour of the Property. Your successful submission of a completed “Release of Liability” form doubles as your registration to participate on one of the two tours.

It is requested and recommended that interested parties each submit their completed “Release of Liability” form no later than the Monday immediately before the tour date. For the **Friday, February 16, 2018** tour, the requested date to submit the form is **Monday, February 12, 2018**. For the **Friday, March 16, 2018** tour, the requested date to submit the form is **Monday, March 12, 2018**.

The easiest and fastest way to submit your completed “Release of Liability” form is via e-mail to the attention of the **Farnum Building Sale Project Manager** at dtmb-realestate@michigan.gov. However, no one who arrives on time for one or both of the tours and submits a properly completed copy of the Release of Liability form prior to entry will be turned away. Note that each copy of the Release of Liability form can only accommodate the release and registration of one person for one tour date.

Please go to the following link for full RFP requirements and directions:

www.michigan.gov/FARNUMBUILDING



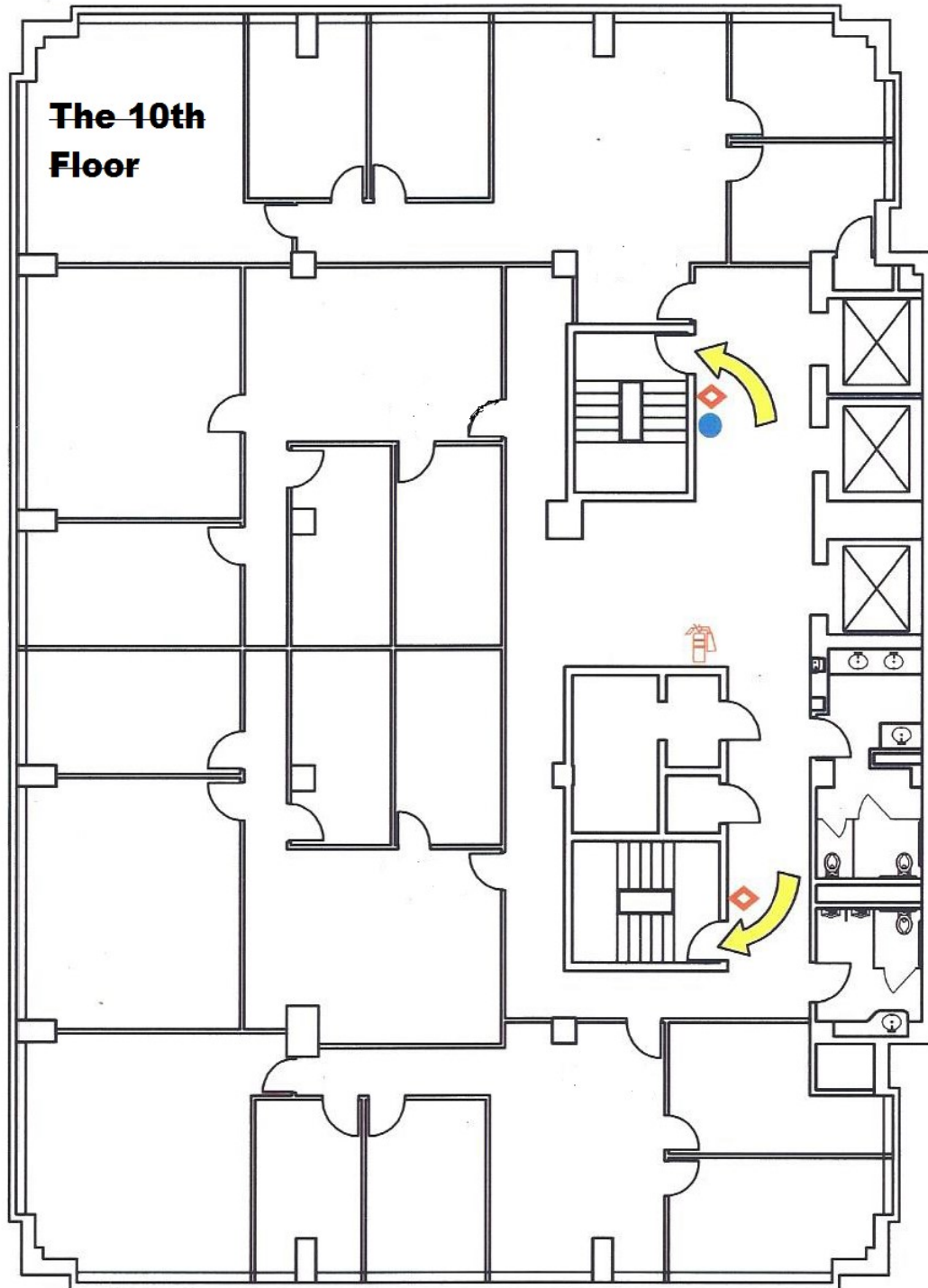
OPEN SPAN CONCEPTS



VISION:

This premiere 94,930 square foot site offers developers 10-floors of useable open span office space options.

The location and build quality of the site offers Developers the opportunity to build a significant and modern mixed-use high-rise that could include a variety of commercial, retail, entertainment, hotel, or high-density residential concepts, all within a direct view of the State Capitol.



SITE/PARCEL LAYOUT



The City of Lansing, with its economic development agency, Lansing Economic Area Partnership (LEAP), stands ready to aggressively assist a new private owner of the Farnum Building. The City of Lansing and LEAP are experts at packaging the following incentives.

Brownfield Tax Increment Finance (TIF)

If a developer is willing to initially invest in certain eligible brownfield activities such as: internal demolition, environmental clean-up, lead and asbestos removal, parking, or site prep; then the Brownfield TIF can reimburse these costs back to the developer over a number of years. Local and state millage can be reimbursed. The building must qualify as a brownfield or be functionally obsolete as determined by the city's assessor. Reimbursement of the state education millage must be approved by the Michigan Economic Development Corporation (MEDC), Michigan Strategic Fund Board (MSF). Please note that this building resides in the city's Tax Increment Finance Authority (TIFA), and may potentially be required to capture some of the new revenue as well.

Obsolete Property Rehabilitation Act (OPRA)

If the Farnum Building is declared functionally obsolete by the city's assessor, and if substantial new investment into the building occurs, taxes on the building can be frozen at its current newly appraised level. (It is currently at zero.) The new investment is not taxed (other than school millage capture, which also can be waived by the Michigan Department of Treasury). This tax benefit can remain in place for up to 12 years.

Public Act 328

If a qualified tenant or end user, like a corporate headquarters, IT or major office, currently not located in the city or not in downtown Lansing, locates to the building, they may request a PA 328, or 100% personal property exemption for up to 12 years.

Community Revitalization Program (CRP)

The MEDC utilizes the CRP and has the authority to grant, loan or provide an equity investment of up to \$1.5 million to support substantial mixed-use projects, job creation and investment. The project must have a significant financial gap to qualify. These incentives must be approved by the MSF Board.

Business Development Program (BDP)

The MEDC has incentives available for businesses, who create over 50 new net jobs in Michigan; and where there is state-to-state competition. BDP grant monies are based on job creation and investment milestones. These incentives must also be approved by the MSF Board.

Some of these tools can be over-lapped, others not. The tools must be negotiated based on financial need by the end user. All local incentives are subject to approval by the Lansing Mayor and then Lansing City Council. LEAP will be your one-stop-shop on every economic development issue and everything you need. LEAP cuts the red tape and lays out the red carpet in Lansing. For more information, please contact LEAP at: www.purelansing.com



Source: LEAP

The profile assembled for the Downtown Lansing Drive Time Market is based upon information contained in a series of Esri reports generated for a three, five and ten-minute drive time area.

The **three-minute drive-time** market profiles a “captive” resident and convenience-oriented market for downtown Lansing. The population residing and working within the three-minute drive time area would also be more likely access downtown on foot, bicycle or via other alternative modes of transportation. Demographic and psychographic data could be particularly useful for assessing performance and expansion opportunities for convenience-oriented businesses and uses, and for analyzing and profiling the composition of the current and potential downtown Lansing area housing market.

The area plotted for the **five-minute drive time** extends to surrounding neighborhoods and commercial areas. Data and information for the five-minute drive time area could be helpful for comparing the traits and characteristics of the “close to downtown” population with that in the wider region. The consumer profile may also be indicative of the “comparison market” for downtown Lansing service, retail and eating & drinking uses.

The **ten-minute drive time** extends along major arterials and travel routes. Consumers, particularly at the outer reaches of this wider region and all things being equal, may be more naturally inclined to frequent commercial areas in other parts of Lansing or neighboring communities and commercial centers based on convenience, broader variety or anchor tenants. Opportunities for downtown Lansing to capture consumers from the broader region, and to increase its retail market share, will most likely revolve around retail and service anchors; specialty retail and destination-oriented eating & drinking places; recreational attractions and venues; festivals and special events; and the ability to appeal and cater to the downtown workforce.

Downtown Lansing Drive Time Markets			
Fast Facts			
Population	3 Min	5 Min	10 Min
2010 Census	1,581	13,409	106,301
2017 Estimate	1,695	13,706	107,647
2022 Projection	1,773	13,997	109,414
Change: 2017 - 2022	4.6%	2.1%	1.6%
Daytime Population	3 Min	5 Min	10 Min
2017 Daytime Population	26,931	55,247	162,694
Workers	26,140	47,783	104,734
Residents	791	7,464	57,960
Daytime Change	1488.8%	303.1%	51.1%
Households	3 Min	5 Min	10 Min
2010 Census	1,033	6,204	43,388
2017 Estimate	1,113	6,420	44,209
2022 Projection	1,167	6,599	45,076
Change: 2017 - 2022	4.9%	2.8%	2.0%
Median HH Income	3 Min	5 Min	10 Min
2017 Estimate	\$25,136	\$27,143	\$40,590
2022 Projection	\$26,502	\$27,597	\$43,000
Change: 2017 - 2022	5.4%	1.7%	5.9%
Source: Esri Market Profile.			

Source: LEAP

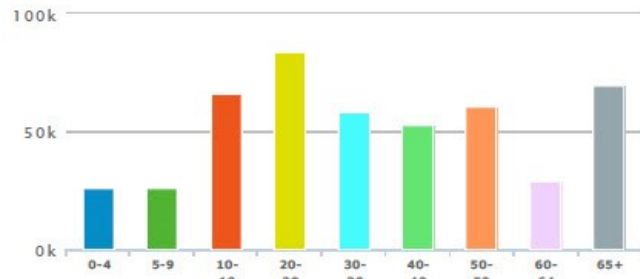
Demographics Report (Lansing & East Lansing MSA)

Source: Applied Geographic Solutions, 2017

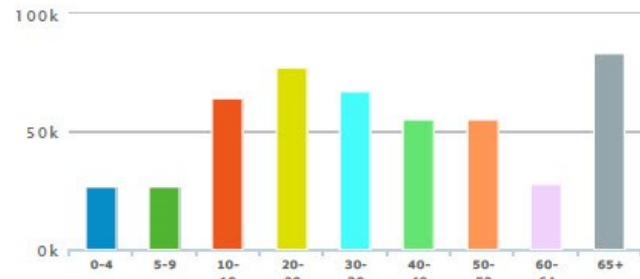
Population (2017)	
TOTAL	473,097

Population (2022)	
TOTAL	484,783

Age Distribution (2017)



Age Distribution (2022)



	TOTAL	%
0-4	26,217	5.54
5-9	26,361	5.57
10-19	65,894	13.93
20-29	83,786	17.71
30-39	58,235	12.31
40-49	53,171	11.24
50-59	60,524	12.79
60-64	28,993	6.13
65+	69,916	14.78

	TOTAL	%
0-4	26,921	5.55
5-9	26,529	5.47
10-19	64,574	13.32
20-29	77,260	15.94
30-39	67,409	13.90
40-49	55,185	11.38
50-59	55,287	11.40
60-64	28,214	5.82
65+	83,404	17.20

Sex (2017)



	TOTAL	%
Male	230,672	48.76
Female	242,425	51.24

Sex (2022)



	TOTAL	%
Male	236,353	48.75
Female	248,430	51.25

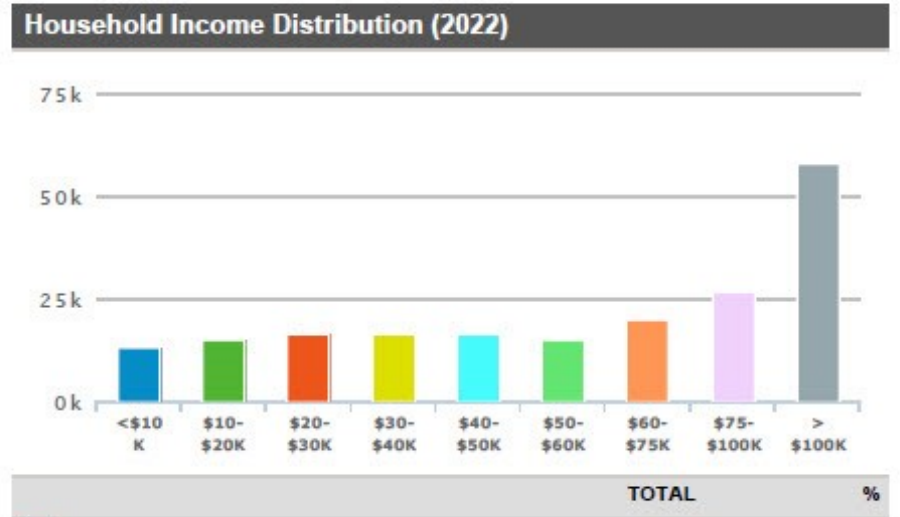
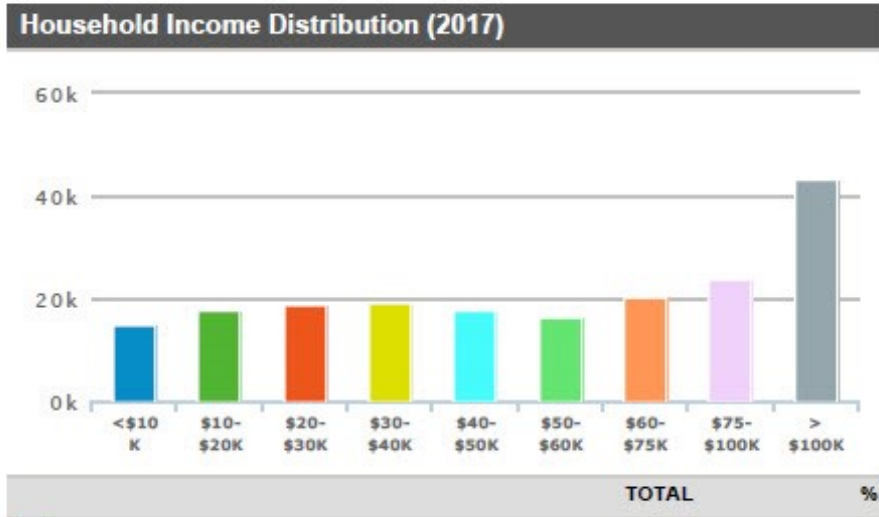
Source: Applied Geographic Solutions, 2017

Total Households (2017)		
	TOTAL	%
Households	192,292	n/a
Families	115,115	59.86

Total Households (2022)		
	TOTAL	%
Households	199,026	n/a
Families	117,638	59.11

Average Household Income (2017)	
	TOTAL
	71,069.2

Average Household Income (2022)	
	TOTAL
	86,430.52



■ <\$10 K	14,938	7.77
■ \$10-\$20K	17,836	9.28
■ \$20-\$30K	18,782	9.77
■ \$30-\$40K	19,407	10.09
■ \$40-\$50K	17,709	9.21
■ \$50-\$60K	16,302	8.48
■ \$60-\$75K	20,399	10.61
■ \$75-\$100K	23,852	12.40
■ > \$100K	43,067	22.40

■ <\$10 K	13,473	6.77
■ \$10-\$20K	15,176	7.63
■ \$20-\$30K	16,736	8.41
■ \$30-\$40K	16,472	8.28
■ \$40-\$50K	16,720	8.40
■ \$50-\$60K	15,312	7.69
■ \$60-\$75K	20,288	10.19
■ \$75-\$100K	26,987	13.56
■ > \$100K	57,862	29.07

Source: Applied Geographic Solutions, 2017

Labor Force Status (2017)



	TOTAL	%
Labor Force	243,906	n/a
Employed	236,358	96.91
Unemployed	7,348	3.01
In Armed Forces	200	n/a
Not In Labor Force	144,667	n/a

Labor Force Status (2022)



	TOTAL	%
Labor Force	251,263	n/a
Employed	243,499	96.91
Unemployed	7,559	3.01
In Armed Forces	205	n/a
Not In Labor Force	148,952	n/a

Total Number of Housing (2017)



	TOTAL	%
Total Dwellings	201,056	n/a
Owner-Occupied Dwellings	124,894	64.95
Renter-Occupied Dwellings	67,398	35.05
Housing Units Occupied	192,292	95.64

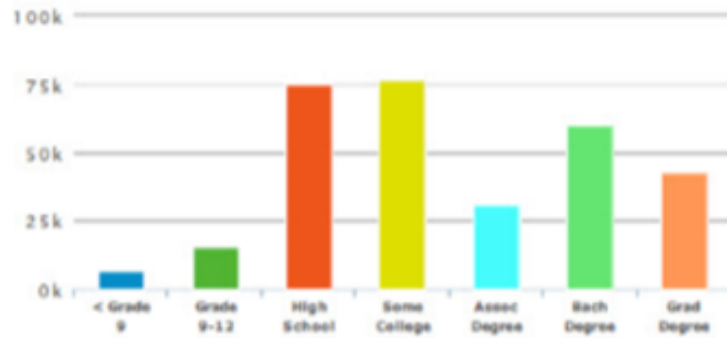
Total Number of Housing (2022)



	TOTAL	%
Total Dwellings	207,765	n/a
Owner-Occupied Dwellings	131,653	66.15
Renter-Occupied Dwellings	67,373	33.85
Housing Units Occupied	199,026	95.79

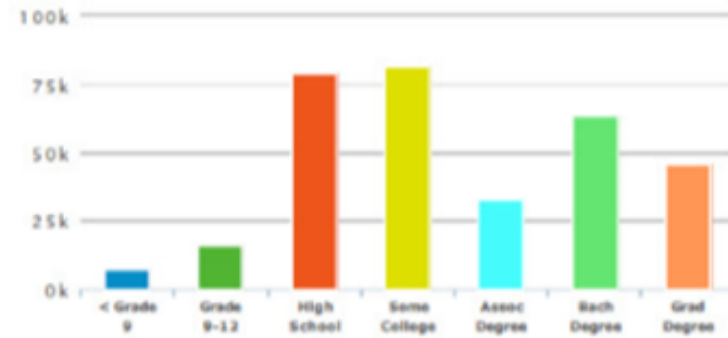
Source: Applied Geographic Solutions, 2017

Education Attainment (2017)



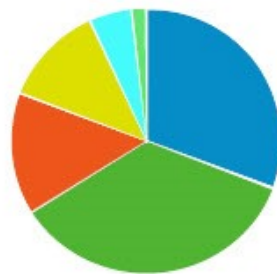
	TOTAL	%
< Grade 9	6,739	2.19
Grade 9-12	15,277	4.97
High School	75,074	24.40
Some College	77,037	25.04
Assoc Degree	30,820	10.02
Bach Degree	59,994	19.50
Grad Degree	42,749	13.89

Education Attainment (2022)



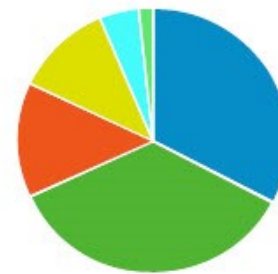
	TOTAL	%
< Grade 9	7,276	2.22
Grade 9-12	16,302	4.98
High School	79,252	24.23
Some College	81,573	24.94
Assoc Degree	32,582	9.96
Bach Degree	63,971	19.56
Grad Degree	46,107	14.10

Size of Household (2017)



	TOTAL	%
1 Person	58,565	30.46
2 Person	67,222	34.96
3 Person	28,134	14.63
4 Person	23,258	12.10
5 Person	9,591	4.99
6+ Person	3,486	1.81

Size of Household (2022)



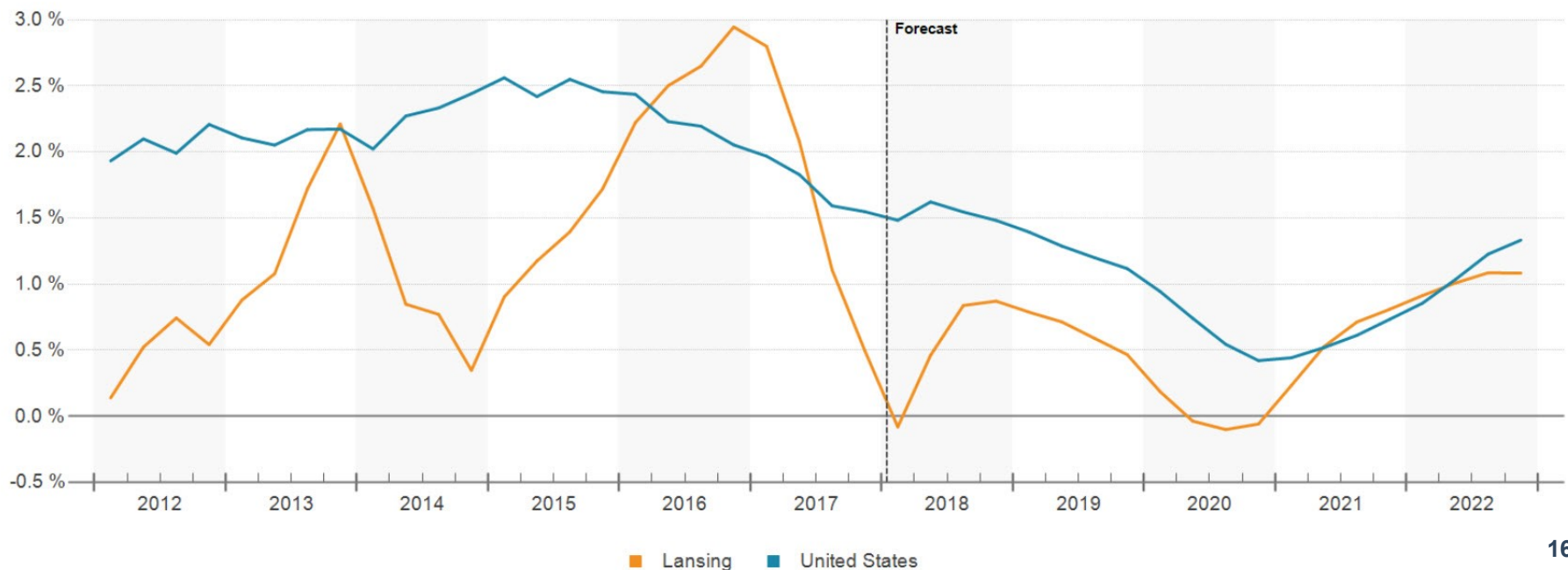
	TOTAL	%
1 Person	64,473	32.39
2 Person	69,936	35.14
3 Person	27,533	13.83
4 Person	22,550	11.33
5 Person	9,305	4.68
6+ Person	3,342	1.68

Like many Midwestern cities, Lansing is shifting away from a heavy focus on industrial employment to a more diverse economy. Lansing has fought hard to regenerate the jobs lost during the Great Recession, and it has done so with broad-based public- and private-sector employment gains for workers who wear white collars, blue collars, and everything in between. The city's job market is dominated by the government sector, which employs more than one-fourth of the state capital's residents. Michigan State University (MSU), with about 11,000 employees, is easily the metro's second-largest employer.

On top of providing additional stability, MSU carries the tantalizing potential for the research it generates to create startup companies in its own backyard. Healthcare is also an important part of the Lansing economy—Sparrow Health Systems, McLaren Health, Peckham Inc., Community Health, and Delta Dental collectively employ approximately 14,000, many of whom care for Michigan's aging population. And, Lansing has not forgotten its blue-collar roots: General Motors has about 5,000 mostly manufacturing jobs in Lansing, and Meijer, Dart Container Corporation, and Dean Transportation employ about 3,500 in industrial operations. The Facility for Rare Isotope Beams (FRIB) in East Lansing should also contribute to demand, because an estimated 1,000 international and national researchers come to the city to use the facility.

Source:  CoStar™

YEAR OVER YEAR JOB GROWTH



Vacancy levels continue to tighten in Lansing, largely thanks to positive job growth in office-using sectors, strong absorption, and limited development of new spec product over the past few years. Office space remains extremely affordable in Lansing with rents averaging around \$15.25/SF. Landlords have enjoyed positive rent growth, over the past two years after experiencing negative or stagnant growth during the earlier part of this cycle. Investment in Lansing typically involves smaller offices trading between local private investors, but one unusually high-priced deal that occurred in March 2017 has elevated this year's median pricing to significantly higher levels.

AVAILABILITY	LANSING - MI	NATIONAL INDEX
Gross Asking Rent/SF	\$16.07 ↑	\$31.02 ↑
Vacancy	5.5% ↓	10.5% ↑
Vacant SF	1.3 M ↓	803 M ↑
Available	8.9% ↓	13.9% ↓
Available SF	2.1 M ↓	1.1 B ↓

DEMAND	LANSING - MI	NATIONAL INDEX
12 Month Net Absorption SF	596 K	47.3 M

INVENTORY	LANSING - MI	NATIONAL INDEX
Buildings	1,635 ↑	321,899 ↑
Inventory SF	23.1 M ↑	7.7 B ↑
Average Building SF	14.1 K ↑	23.8 K ↑
Under Constr SF	163 K ↓	116 M ↓
12 Month Delivered SF	347 K ↑	69.4 M ↑

SALES PAST YEAR	LANSING - MI	NATIONAL INDEX
Properties	62 ↓	18,607 ↓
12 Month Sale Price/SF	\$89 ↑	\$254 ↓
Avg Sale Price	\$921 K ↑	\$8 M ↑
12 Month Sales Volume	\$21.2 M ↓	\$92 B ↓
12 Month Cap Rate	8.7% ↑	7.1% ↑



CAPITAL AREA TRANSPORTATION AUTHORITY (CATA) Transportation Center (CTC) - 420 South Grand Avenue, Lansing

The Lansing metropolitan area, enjoys fast, convenient, and efficient public bus transportation service by the Capital Area Transportation Authority (CATA). Serving Greater Lansing since 1972, CATA provides public transportation services throughout Ingham County and in portions of Eaton and Clinton counties. The authority's member municipalities include the cities of Lansing and East Lansing, and Delhi, Lansing and Meridian townships. CATA operates more than 30 fixed routes, including 24/7 campus service to Downtown Lansing, Metro Lansing, Michigan State University, Lansing Community College, and Thomas M. Cooley Law School campuses. There are three CATA bus stops within two blocks of the Farnum Building.

CAPITAL AREA MULTIMODAL GATEWAY - 1240 S. Harrison Road, East Lansing

Located just a few minutes east of the Farnum Building, the new Capital Area Multimodal Gateway operates as the Capital Area Amtrak passenger rail station with a state-of-the-art transportation facility which connects Metro Lansing to the regional and national light passenger rail network.

The station incorporates rail, and city, regional and national bus lines. This large, modern station provides convenient access to daily Amtrak Blue Water service to Chicago and Port Huron, Intercity buses — Greyhound and Indian Trails, and commercial Taxi service.

Source: www.CATA.org



The Capital Region International Airport (LAN) is located near major highways and only minutes from downtown Lansing. This central location allows travelers convenient access to the nation's biggest hubs and most attractive cities as well as fly directly to exotic international vacation destinations. LAN also serves as a cargo hub for many national commercial freight and courier chains.

International (seasonal)

- Cancun, Mexico (CUN)
- Punta Cana, Dominican Republic (PUJ)
- Montego Bay, Jamaica (MBJ)

Domestic (year round)

- Detroit (DTW)
- Chicago (ORD)
- Minneapolis (MSP)
- Washington, D.C. (DCA)

Source: www.flylansing.com



Detroit Metropolitan Wayne County Airport DTW is the main airport serving the Detroit Metropolitan area in Romulus, Michigan. Commonly referred to as Detroit Metro Airport it is an international airport that has a large global presence. Currently, Detroit Metro Airport is the 16th busiest airport in the United States and 24th busiest in the world.

There are two terminals (Edward H. McNamara, North) at Detroit Metropolitan Wayne County Airport. The Edward H. McNamara Terminal consists of three concourses (A, B, C) and has 121 gate. The North Terminal consists of 26 gates. The Detroit Airport's ExpressTram connects the terminals and concourses.

Detroit Metro Airport is a hub for Delta Air Lines and Spirit Airlines and serves over 20 other airlines to several domestic and international destinations.

The Willow Run Airport serves cargo, corporate and general aviation clients and has excellent services and infrastructure for airports in its class.

Sources: www.metroairport.com, www.willowrunairport.com,
& www.mapquest.com



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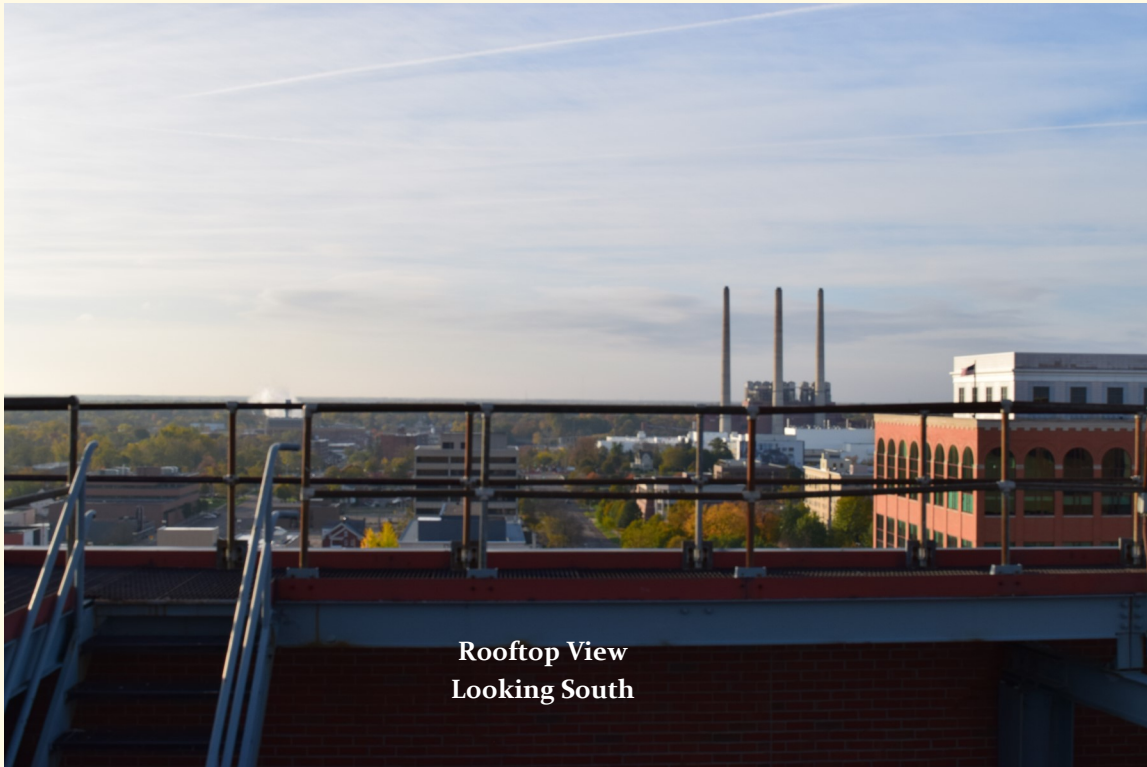




www.michigan.gov/FARNUMBUILDING



Rooftop View
Looking West



Rooftop View
Looking South





Parking Lot
Looking West

www.michigan.gov/FARNUMBUILDING



Looking East at the
Farnum Building

The Farnum Building



DTMB Real Estate Division

3111 West Saint Joseph Street Lansing, MI 48917

Ph: 517-335-6877 Fx: 517-284-7973

Email: dtmb-realestate@michigan.gov

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