



BUILDING FOR THE FUTURE

By Patricia Campbell

Establishing the combined trading floors at 141 West Jackson at the Chicago Board of Trade (CBOT) was the big decision of the CME Group Inc. merger team, say those involved. It was the most logical place for several reasons.

Redundancies and back-up systems are critical to any business, so imagine how vital they are to two exchanges that together will have volume approaching nine million contracts per day, representing approximately \$4.2 trillion in notional value.

The newest and largest floor in Chicago, where CBOT financial products are currently traded, boasts the following:

- Electrical capacity with 10 feeds stemming from seven different Commonwealth Edison substations
- A dozen telecommunications providers in the building, with 17 diverse fiber feeds

- A dual cooling system to be sure air conditioning never fails
- A two megawatt generator, with room and infrastructure for two additional generators of similar size.

Of course the CBOT has multiple data centers elsewhere, their operations team confirmed, and the CME does as well.

SIZE MATTERS

CBOT's "east" building, a 215- by 245-foot clear-span box declared in pre-opening publicity to be "large enough for a 747," was designed in 1997 by Fujikawa Johnson & Associates. The fourth floor there is where CBOT financial products are currently traded. Spreading over 60,000 square feet, it has unparalleled infrastructure, according to sources from both the CBOT and the CME, and plenty of available pit and booth space to accommodate the CME products and family.

That financial floor adjoins the 32,000 square foot CBOT agriculture floor where there is a seamless ability to move from one to the other through wide doorways. The ag floor is quite crowded, CBOT members and staffers say. Every booth space is filled. The ag floor is technically the fourth floor of the CBOT's "south" building, a property acquired by the CBOT in 1977, which became a black glass and steel addition designed by Murphy/Jahn in 1983. Within that "south" building is a sunny atrium ringed with offices.

Combined floor footage at the CBOT for the merged entity should be enough to last as long as open outcry trading will exist there, exchange real estate experts believe.

LOCAL FOOTPRINTS

Merger partners Terry Duffy and Charlie Carey told members at special meetings that it will be about 18 months before the move-in is completed. Abandoning the two vertically-connected CME floors of about 35,000 square feet apiece does not create a real estate glut on the CME's books – those floors are leased space. In fact, all of the CME space is leased. Currently, staff, operations and trading are spread from the lower 10 floors at 10 South Wacker Drive, across the 10-floor, flat-topped trading complex in the middle, to floors one through 10 at sister tower 30 South Wacker.

In August 2006, the CME announced plans to lease 200,000 square feet of office and operational space at 550 West Washington, in Chicago's West Loop neighborhood just a few blocks from the current site. CME said it planned to begin relocation in the second quarter of 2007. A press release stated the move was intended to locate 60 percent of the CME's 1,500-person, Chicago-based workforce by 2010.

Holly Duran, of Holly Duran Real Estate Partners, LLC, has been the CME real estate advisor for more than two decades. "CME has always had tremendous flexibility. They renewed their lease for five years in 2002 (at the South Wacker Drive addresses) with an option to stay here," Duran said. That short-term lease has proven to be ingenious.

Another consideration involved in the who-should-be-where-when-and-why consolidation study is business continuity. "It is a principal objective," said Duran. "They don't put all of the eggs in one basket. The CME's logic is, 'We can't just separate data, we need to separate people, too,'" as all companies face new concerns in the age of increased security.

In the event that CME does not wish to use all of the leased space at 550 West Washington, it can sublease, or assign the space to a substitute tenant, Duran confirmed.



Holly Duran, Owner & Principal of Holly Duran Real Estate Partners, LLC

THE BELLE OF THE BALL

Duran expects the CBOT building to become increasingly popular for trading firm clients seeking close proximity to the floor of CME Group Inc. "They call me and ask, should we go now, before the run?" C-B-T Corporation Vice President of Real Estate Operations Kevin Lennon also reports that there is increased talk about leasing, but decisions about any corporate relocation do not happen overnight.

Lennon said that renovations in the CBOT's "north" building, which dates back to 1930, have kept pace with the technology needs of cyber traders and data and information providers who call it home today. He said the offices and trading rooms benefit from CBOT gearing constant upgrades to technology and infrastructure, with far less focus on aesthetics.

Not surprisingly, Charlie Carey is getting calls from members from both exchanges about parking – no small matter.

The "east" building of CBOT has parking in the basement, a coatroom and lobby at street level. Above the

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"CME has always had tremendous flexibility."

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lobby are floor support, a restaurant for anyone who has access to the trading floor, interstitial space, the financial trading room, and finally a fifth floor observation gallery. The roof is not the final frontier, says Lennon, as the structure's foundations are capable of supporting a future trading floor or vertical expansion for other purposes.

Another key decision not inked into the merger but quite important nonetheless: What is to become of Ceres (formerly known as Sign of the Trader), the lobby-level restaurant and pub that has provided breakfast, lunch and cocktails for generations of Chicago brokers and traders? Ceres the restaurant is nearly as legendary as her namesake, the aluminum, 31-foot high goddess shining down from 900 feet atop the landmark CBOT building.

Fond memories abound, making it unlikely that Ceres will go away, or be replaced when the CME Group Inc. takes hold. Terry Duffy made his "maiden voyage" to this pub with friend and now partner Charlie Carey on October 19, 2006, just after the merger announcement (and, incidentally, the first anniversary of the CBOT's IPO.) The place, while not especially elegant, has many unique virtues.

"Everyone knows about the fish sandwiches," Lennon quipped, referring to the restaurant's trademark giant buns filled with batter dipped sole which are the Friday special. "That sandwich is an institution itself."

Restaurateur Lou Bournakis, who runs the eateries within the CBOT complex, including Ceres, is quivering with delight at the prospect of the added volume for snacks and drinks. "You can't wipe the smile off his face now, because the CME will be such a boon to his business," said a regular of the pub.

READY FOR COMPANY

It's doubtful that public relations minds will attempt to replicate ceremonies that occurred at 141 West Jackson on June 1, 1930, when exchange members and dignitaries marched in a parade from the previous trading floor headquarters, at the corner of Clark and Van Buren, several blocks to the new structure. Trading was set in motion by U.S. President Herbert Hoover, as he touched a golden telegraph key in Washington, D.C. to signal that markets were open.

But just in case, The Chicago Board of Trade Building – recognized by Chicago, the state of Illinois, and nationally as an historic landmark – has been groomed for her glorious new stature. Luster was restored in 2005 and 2006 by a \$20 million facelift to the icon, called "a chiseled, perfectly proportioned Art Deco skyscraper" by *Chicago Tribune* architecture critic Blair Kamen. Exterior gray limestone is repaired, and water mist-cleaned. Can lights somehow stuck into the lobby ceiling have been torn out and replaced with cross-shaped deco fixtures that are not only prettier, but much brighter. Nickel silver crown moldings once hidden in falsely lowered ceilings glimmer. Elevator cabs no longer sport fake wood; now, backlit glass and chrome features mirror the other design stewardship.

Grandeur should be sufficient for "Day One" of the CME Group Inc. The Chicago Board of Trade Building is ready. She even has her own slogan befitting of the merger and decades beyond: "Landmark for the Future." •

Patricia Campbell has been part of SFO for 3-1/2 years, helping to arrange for cover feature interviews and to create SFO's American Heroes Series of special events.



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SFO Magazine. Originally published December 2006.
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