

Case Study: Dow

Corporate Capital Markets expertise drives substantial savings, provides enhanced asset control, and achieves balance sheet objectives on build-to-suit projects



Key Information

HQ Campus – Midland, MI
 Warehouses – Baton Rouge, LA
Services Engaged:
 BTS Capital Advisory, Corporate Capital Markets



**WE SAVED DOW
 \$83MM IN NET RENT
 ON TWO BTS
 TRANSACTIONS.**

Contact Us



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The Challenge

- Evaluate monetization options for 2 existing buildings on the Dow Midland, MI headquarters campus
- Dow wanted long-term control of the properties in an ultra-low cost of capital structure to achieve operating lease treatment
- Structure develop new headquarters building on same campus and 1.4 million SF of warehouse space in Baton Rouge, LA.

Unique Solution / Exceptional Client Outcome

- CBRE structured and secured in the capital markets a solution that gave Dow long-term control, operating lease treatment, and a cost of capital very near its corporate cost of debt.
- For the 2 existing buildings, the Corporate Capital Markets team structured and marketed a transaction to investors. Variability of lease term was a key component of the offering, which provided Dow with market feedback from investors on price and term, whereas the **25-year lease alternative represented a sub-5% cap-** extremely aggressive pricing considering the rural location and ground lease structure.
- The complex solution revolved around a credit-based financing structure called a CTL loan, which the team sourced among lenders. Conducting competition among investors for the ownership equity required to achieve the accounting treatment and combined the selected investor with the CTL loan, the transaction **saved Dow \$38 million** over the first 15 years of occupancy compared to a developer lease.
- Before the closing of the new HQ transaction, Dow approached team about a similar scenario for two planned warehouses totaling 1.4 million square feet near Baton Rouge, LA. CBRE employed a similar CTL-based off balance sheet structure that **saved Dow \$45 million over** the first 15-years of the lease compared to developer proposals.