

REAL ESTATE

Looking
SOUTH

The South Loop is cashing in on its convenient location near downtown, transportation, Lake Michigan, and Grant Park (above). South Prairie Avenue (right) was one of the city's most desirable neighborhoods in the late 19th Century.



Construction in the South Loop is booming, but buyers are taking their time

By John Handley
Special to the Tribune

To see what's going on in Chicago's South Loop, take a drive or walk around what could be called "Crane City." New condos are sprouting up in all directions. Signs advertise new projects at almost every corner.

The South Loop outperformed other parts of downtown in 2005 new-construction residential sales and has increased its share of the condo market to 44 percent, according to Appraisal Research Counselors, a Chicago firm that tracks residential sales.

"Huge activity is going on in the South Loop. It's the most active part of the city," said Gail Lissner, vice president of Appraisal Research.

From a decaying commercial area, the South Loop has been transformed into a hot place to live, extending from Congress Parkway to Cermak Road (22nd Street) and from the lake to the Chicago River.

The rebirth took baby steps in the early 1990's and now it is sprinting. The South Loop is cashing in on its convenient location near downtown, Lake Michigan, Grant Park and transportation.

And the perception of the South Loop has changed as dramatically, according to Bonnie Sanchez-Carlson, executive director of the Near South Planning Board. "Back then, people would ask, 'You're going where?' Now people are rushing here."

"It was rough in 1986," added Robert Frankel of Bluestone Development. "It was like Berlin after World War II. There were huge potholes and cracked sidewalks. It was a neglected area."

When Central Station started in 1991, it was big enough to add credibility, and when Mayor Daley moved there, it created a perception of safety and security," Frankel said.

"Conversion of loft buildings began in the early 1990's. Later, there was construction of new mid-rises and high-rises," he said.

Lissner said 6,200 housing units are on the market in the South Loop and two-thirds have

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been sold. "In the next couple of years, 6,100 more units are proposed."

James Kinney, president of Rubloff Residential Properties, confirms the growth: "It's going to end up being a whole other city down there."

And that means growing pains, added Sanchez-Carlson. "Some residents complain about new buildings blocking their views. As street level parking lots are built on, parking is becoming a problem."

The city requires one parking place for each residential unit built. In addition, some of the new buildings will have additional parking for the public.

"I'm positive about 95% of the new developments, but I criticize the city planning department for allowing less than one parking space for each unit in some of the new condos," said Jeff Thomas, owner of Blackie's restaurant and a longtime South Loop resident. "Even if the people walk to work, all have cars. Retail is hurting because of lack of parking."

Terri Haymaker, deputy commissioner for the central district in the city's Department of Planning and Development, said of the new construction that "the city's goal is to help it get along."

She added that some parts of the South Loop, including Central Station, Dearborn Park and Printers Row, have a true neighborhood feel.

Dearborn Park dates from the early 1980's, while the conversions in Printers Row started in the mid-'80s, said Keith Giles, a veteran developer in the South Loop.

South Prairie Avenue is returning to its "Millionaires Row" roots. In the late 19th Century, it was where Chicago's movers and shakers lived, including Marshall Field, George Pullman, and Philip Armour.

While most of those mansions are gone, a few survive and new ones have been built to blend in south of 18th Street.



A crane hovers over the construction site at One Museum Park, a 62-story condo to be built at the south end of Grant Park.

Today, though, the big story in the South Loop is the high-rises. "Greater density is appropriate for the South Loop mainly because of its proximity to downtown. From a regional planning perspective, it makes sense to have housing close to the central business district. People can take public transportation. It gets them out of their cars," said Pater Skosey, vice president of external relations for the Metropolitan Planning Council.

Haymaker said the proposed high-rises even extend to on Prairie Avenue, where they will be set back with townhouses along the street. "Modern design there is acceptable," she added.

The volume leader in high-rises is the Enterprise Companies, the Chicago builder of the Museum Park section of Central Station, the 80-acre master-planned development that anchors the east side of the South Loop.

Ronald Shipka Sr., principal of Enterprise, said his firm plans to build 3,400 to 3,600 more units in high-rises on 10 acres at Museum Park Place, near the south end of Central Station.

Construction has begun on the first of four high-rise condos Enterprise is building on Roosevelt Road between

Michigan Avenue and Lake Shore Drive.

"Sales are down to 20 to 25 percent, but we're maintaining an acceptable pace. People are more cautious now," Shipka admits. "They're taking 12 to 16 weeks to decide. It used to be three to four weeks."

But "there's no sense of a bubble in the South Loop," said James Colella, general manager of Garrison Partners, which is marketing Chess Lofts and Aristocrat Tower. He also points out that there has been a leveling off in the market.

This year, the best-selling building in the South Loop is CMK Development's 33-story glass-and-steel tower at 1720 S. Michigan Ave., where 325 of the 498 units have been sold.

"People either like a glass box or they hate it," said Colin Kihnke, president of CMK.

Kihnke noted that the city has broadened its architectural guidelines. "Since Millennium Park, everything has changed. Everything is no longer just red brick."

CMK's tower will be built on the former site of the Cotton Club, a jazz venue modeled after the famed club in New York's Harlem.

Another condo slated for a historic site is the Lexington Club, planned for 336 units for Michigan and Cermak. That site held the Lexington Hotel, Al Capone's headquarters from 1928 to 1931.

Lower prices than on the North Side are luring buyers from throughout the area. "In 2005, the average sale in the South Loop was \$341,000, \$497,000 in Streeterville and the Gold Coast," Kinney said.

Brian Hilsen and his wife, Chantana, are among them. They lived in Brookfield but have purchased a two-bedroom, two-bath condo at 30-story Astoria Tower at 9th and State Streets.

"In ten years, you'll be hard-pressed to find a better place in the city than the South Loop," said Brian. "We looked in the West Loop and on the North Side, which is overpriced. You get more for your money in the South Loop. We both work downtown and we like the central location of Astoria." They expect to move there in 2008 when the building is completed.