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Changing price points in the South Loop

NEW DEVELOPMENT EXPLODING IN AREADana Dubriwny **Staff Writer**Would you like to
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When Tomislav Pavic purchased a parcel of land at 16th and State streets in 1999, he had no idea the area was heading for a colossal transformation.

"At the time, there really was a lot of undeveloped property in the South Loop," says Pavic, owner of Chicago-based development firm IT2K. "I saw the area was starting to come around, and the land was cheap enough for me to purchase."

Four years later, Pavic's development is now awaiting building permits. When completed, the parcel will house a seven-story, 74,000 square foot condominium complex with 43 units and four retail spaces.

Architect Ivan Kutlesa, principal of IK + Associates, says the design of 16th and State was intended to reflect the neoclassic streetscape of the resurging neighborhood. Using a classic Indiana limestone, Kutlesa also incorporated a two-toned brick intended to bring a unique element to the design.

By default, designing the 16th and State project encouraged Kutlesa to not only research the South Loop, but prompted him to compare the area to other neighborhoods for his own residential needs. The most obvious comparison was the West Loop, which was beginning to experience a development surge but has seemingly slowed down.

"It started in the late nineties with loft conversions, and the North Loop became saturated while the South Loop was still an undesirable place to live," Kutlesa says. "The natural expansion went west, but the market isn't there anymore. Converted condos started to lose their appeal, so those with foresight began developing in the South Loop."

John Jaeger, vice president of residential projects for Chicago-based Appraisal Research Counselors, has completed nearly 50 feasibility studies on the South Loop within the last five years. He says the problem is that the West Loop has height restrictions that the South Loop does not.

"What you have with height restrictions are a lot of homogeneous developments offering the same low rise, cookie-cutter product," Jaeger says. "The south, however, can capture a more diverse product."

And that it does. One of the largest projects in the South Loop is Gerald Fogelson's Central Station, a \$3 billion, 14 million square foot development comprising of more than 3,500 homes, 2.5 million square feet of office space, 250,000 square feet of retail, hotels, senior living, and 25 acres designated for special commercial and residential uses.

Another prolific project is State Place, the transformation of the former Chicago Police department headquarters. Located on State Street between 11th Street and Roosevelt Road, the brick, stone and steel structure will house 243 condominium units, a health club, Walgreens Pharmacy and 20,000 square feet of additional retail space.

State Place's developer, Jim Loewenberg of Near North Properties, says the South Loop offers a variety of amenities, attracting developers and residents alike.

"It can really become a self-fulfilling prophecy when the numbers and values are there," Loewenberg says. "Value after value, one is always begetting the other."

Development often proving cyclical, the South Loop saw its glory days in the 19th Century when business tycoons Marshall Field and George Pullman built mansions on the empty plain, along Prairie Avenue between 16th and 22nd streets.

The boom only lasted a short time, and in the turn of the century headed for the Gold Coast and North Shore suburbs. Ironically, says Jaeger, it seems that a polar trend now is taking place for the resurrecting South Loop.

Because of its attractive amenities, which include highway access, the ability for residents to live closer to work, access to Museum Campus, Harold Washington Library and Grant Park, Jaeger says the area will attract residents from a variety of neighborhoods, including northern neighborhoods which is against the grain of customary relocations.

"Traditionally, residents in the northern suburbs are attracted to the northern neighborhoods and the south neighborhoods pull residents from the southern suburbs," Jaeger says. "With the amenities in the South Loop, however, I think it's changing and pulling in people from wider geographic areas."

Once considered the Gold Coast of Chicago, the South Loop seems to be re-establishing its previously impressive reputation. Following the lead of Chicago's mayor, people are now looking at the South Loop as a place to live and work.

"We think that with people watching what's going on as they pass by on the highway, it's going to change the price point of the South Loop," Jaeger says. "The area is going to become a fairly prestigious point, with high-end projects being developed over the next few years, which will match Gold Coast- and River North-type places."



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