

CHICAGO TRIBUNE
FRONT AND CENTER

Bigger idea for Near South Side

Central Station hasn't quenched Jerry Fogelson's thirst for development

BY ROBERT MANOR - Chicago Tribune **February 10, 2008**

Plans to build a \$4 billion mini-city partly over the Metra tracks near [Soldier Field](#) in some ways parallels development that began there about a century earlier.

That's the view of John Hudson, a [Northwestern University](#) professor who has studied geographical population trends in the greater Chicago region.

"You could say this is a periodic and not very frequent look toward the south" of Chicago, said Hudson, who added that growth there is propelled by relatively cheap land and the short commute to downtown.

Developers Fogelson Properties and [Forest City Enterprises](#) unveiled plans last week to build a 3,000-room hotel near McCormick Place, 4,000 residential units and 1.5 million square feet of office space.

Called Gateway, the development would extend Jerry Fogelson's successful Central Station project, which has helped transform the South Loop into one of the city's fastest growing neighborhoods. [Mayor Richard Daley](#) was one of Central Station's first residents.

Central Station consists of thousands of condominiums erected on what was an abandoned railroad yard and largely derelict area south of Roosevelt Road near the southeast end of downtown.

Fogelson's latest project would extend that redevelopment south to 21st Street.

"In terms of residential, this is a natural outgrowth of the development we have already seen in the South Loop," said Gail Lissner, vice president of Appraisal Research Counselors, a real estate appraisal and consulting firm.

The development area is bounded by 14th Street on the north, [Lake Shore Drive](#) on the east, Indiana Avenue on the west and McCormick Place and 21st Street on the south. Convention center officials actively support the idea of hotels locating nearby.

David Horowitz, an associate with the Staubach Co., which represents tenants in leasing office space, said the planned office tower is a different matter. The [Near South Side](#) has none of the office tower density found in the Loop.

"It would be a building in the middle of a corn field with nothing around it," Horowitz said. He said office tenants want amenities normally found in business districts, and that requires that they locate near other office tenants.

Brian Nagle, executive director of Cushman & Wakefield, a real estate services firm, said an office tower might work but not in the near future. "My thought is the office might come 10 years down the road," Nagle said. "Maybe over time when you have a critical mass from the standpoint of population density, it could support an office" tower, he said.

Timothy Desmond, president of Central Station Development Corp., said planning for an office tower simply maintains flexibility in a project that will go on for many years. Central Station started out as an office project until developers discovered demand was for housing close to downtown.

The Gateway project has yet to be formally presented to city planning officials, but the developers have met informally with planners for months. "It's in a very early stage," said Peter Scales, spokesman for the Chicago Department of Planning and Development.

So far, the department has not indicated it has found anything objectionable about Gateway. Central Station would cap a career that spans about a half-century for Fogelson. In the mid-1950s he began his career while in college building houses that sold for \$9,900.

Since then he has built rental complexes, retail spaces and other commercial property in Illinois and elsewhere.

CHICAGO TRIBUNE

Huge project proposed over Metra railroad tracks near McCormick Place

By Robert Manor and Kathy Bergen Chicago Tribune **February 6, 2008**

A developer who has helped redefine the South Loop is planning a vast new project near Lake [Michigan](#) south of downtown that would include thousands of residences, a large office tower and a major hotel near McCormick Place at a cost of \$4 billion.

Jerry Fogelson, founder of Fogelson Properties, which built the Central Station complex of thousands of condominiums and townhomes south of the Loop, said his proposal would involve building over the Metra rail yard on the west side of [Lake Shore Drive](#) near [Soldier Field](#).

"It's the only vacant piece of land on Lake Shore Drive and it's ugly," Fogelson said. "Our plan is to cover this entire area."

The project would take longer than 10 years to complete, making it one of the most ambitious developments under consideration in the city at a time when redevelopment attention continues on the [Near South Side](#), partly because Chicago's bid for the Olympics is centered in that area.

Fogelson and [Forest City Enterprises](#), a large developer based in Cleveland, want to build 3,000 hotel rooms, 4,000 residential units and as much as 300,000 square feet of retail space.

The development would be in the area bounded by 14th Street on the north, Lake Shore Drive on the east, McCormick Place on the south and [Indiana](#) Avenue on the west.

Tentative plans for the more than 23-acre development, to be named Gateway, include a monorail and an 18th Street ramp and street connecting Lake Shore Drive with Michigan Avenue. A pedway is also planned for Lake Shore Drive.

Nearly all the construction south of the Loop in recent years has been residential, typically townhomes and condominiums. But Fogelson is proposing to build 1.5 million square feet of office space, to be contained in a tall, thin building of potentially 70 stories.

Fogelson said he believes the Near South Side is ready for a signature office building because of the increasing number of residents in the area and its increasing prominence in Chicago. And a large hotel walking distance from McCormick Place is a natural, he said, as convention-goers now must travel by vehicle from downtown hotels.

Massive development projects are easy to propose but often difficult to finance. Lenders today are especially cautious when it comes to underwriting real estate projects. Fogelson says he isn't worried about money.

"We have a billion dollars in condominium development here, mostly sold," Fogelson said. Since the 1990s Fogelson has built and sold thousands of homes in Central Station worth an estimated \$3 billion.

Fogelson said he has been selling homes since the mid-1950s, and he takes a long view toward economic problems like the current scarcity of credit.

"It will pass," he said. "These phases come and go."

Nor is he worried about acquisition of property, Fogelson said. "We already own the land," he said. Part of the development would cover Metra railroad tracks, and Fogelson said his development has secured air rights.

Fogelson's partner, Forest City Enterprises, is a publicly traded company with revenue of more than \$1.1 billion last year and experience building large, multiuse projects. For example, it is building a community aimed at 30,000 residents at Denver's former Stapleton Airport.

View has changed

Albert Ratner, co-chairman of Forest City, said his company's many years of success working with Fogelson at Central Station have changed the way he views the Near South Side.

"Originally we just thought we were going to build condominiums," Ratner said. But his interest in the area has broadened. "We think that has the potential for being the center of the South Side of Chicago," he said.

Fogelson said he would like to begin construction in 2009 but could not predict a completion.

Fogelson has said his project is independent of the city's bid for the Olympics, although the area he wants to develop is located just north of the proposed site for an Olympic Village, should Chicago win the right to host the 2016 Summer Games.

That \$1.1 billion complex, which would house about 16,500 athletes and coaches, would be converted into private housing after the competition, adding to the explosion of residential development on the Near South Side.

The Gateway's plan for 3,000 hotel rooms near McCormick Place adds to three other possibilities for hotel expansion near the convention center.

5,000 hotel rooms

These projects, together with the Gateway hotel proposal, would add more than 5,000 rooms to the area, a prospect that was welcomed by Metropolitan Pier and Exposition Authority Chairman Ted Tetzlaff.

"Our customers are very outspoken about wanting more hotels, both in downtown Chicago and near the convention center," he said Tuesday. "They are looking for significant critical mass instead of just one or two hotels -- a destination that would have

restaurants and entertainment, not just an island."

Another 3,000 rooms are expected to be added to downtown Chicago's supply of 30,000 hotel rooms by the end of 2009, according to the Chicago Convention and Tourism Bureau.

Still, the city's hotel-room supply is dwarfed by that of Las Vegas, which more than a decade ago surpassed Chicago as the nation's trade show capital. That city has 140,000 rooms.

Gateway project could cost \$4 billion *Thousands of new residential and hotel units*

<http://www.chicagjournal.com/main.asp?Search=1&ArticleID=4044&SectionID=1&SubSectionID=60&S=1>

By Micah Maidenberg, Editor

Gerald Fogelson, the real estate impresario responsible for keystone South Loop projects such as Central Station, has announced plans to build another massive development in the neighborhood.

If the project, which is still in its preliminary stages, is ultimately built, more South Loop railroad tracks, the infrastructure that once defined the area, will be covered by development. It is a process Fogelson started with Central Station, built atop an old train depot.

Gateway, as the project has been tentatively called, could include 3,000 hotel units, 4,000 residential units and 300,000 square feet of office space, according to Tim Desmond, president of the Central Station Development Corporation. An office tower could be included in the plan, said Desmond.

The parcel designated for the site measures 23 acres, and is bound by 14th St. to the north, McCormick Place to the south, Indiana Avenue to the west and Lake Shore Drive to the east. Fogelson said the project would provide pedestrian access to Northerly Island and car access to Lake Shore Drive from Indiana Avenue. The Chicago Tribune first reported on the project.

Much of Gateway would cover railroad lines currently used by Metra, the commuter rail service. It would cost \$4 billion and is expected to take a full decade to complete. Forest City Enterprises, a Cleveland-based developer responsible for such mega-projects as the Atlantic Yards buildings in downtown Brooklyn and the New York Times Co. building in Times Square, will partner with Fogelson on the project.

Fogelson said the parcel is part of land he purchased from the Illinois Central Railroad 17 years ago, when large areas of South Loop were still defined by its railroad infrastructure.

"This is potentially the most important project of my career. Lake Shore Drive is heavily trafficked, and it's not very attractive when you go by all these train tracks," Fogelson said. "This makes something beautiful that is not beautiful now."

The project has yet to be presented formally to any city regulatory agencies, though Fogelson said his firm has been meeting ("There have been many, many meetings," he said) with the Department of Planning and Development, Metra and the Metropolitan Pier and Exposition Authority, the agency that operates McCormick Place.

Fogelson said Gateway would be a boon for the convention center, which he described as "under hoteled."

"The hotels that are there, or planned, are only accessible by going down Michigan Avenue," Fogelson said. "These hotels would be facing the city and convention-goers would be able to walk out the door to restaurants, shops or to the museum campus, and never have to go outside to go from the hotel to McCormick."

Fogelson said he expects questions about traffic and the environment around the site as the formal public process about Gateway gets underway.

"There will be incredible interest, and that's as it should be," he said.

Bonnie Sanchez-Carlson, the executive director of the Near South Planning Board, said she has had discussions with Fogelson's staff about the Gateway project. She said "the volume of traffic will always be an issue" for the South Loop, but lauded Fogelson.

"When the economy, and the real estate market is falling, you have a developer not afraid of taking chances, carrying on," Sanchez-Carlson said.

"It's a concept," Sanchez-Carlson went on to say. "But it's an aggressive concept."

Contact: mmaidenberg@chicagjournal.com

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US\$4 billion development planned for 23 acres on Chicago's Lake Shore Drive

'These phases come and go,' investor says of subprime crunch
CHICAGO

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"It's the only vacant piece of land on Lake Shore Drive and it's ugly," Fogelson said in an interview with the *Chicago Tribune*.

"Our plan is to cover this entire area."

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