

# Urban Land

THE NEW FACE OF



# CHICAGO'S SOUTH LOOP

Sparked by Central Station, the conversion of an abandoned rail yard, Chicago's South Loop now is the fastest-growing area of the city.

DEBORAH JOHNSON

The Great Chicago Fire of 1871 destroyed more than 2,000 acres of land and 18,000 buildings. Yet, for all the destruction the fire caused, one can argue that its most adverse effects ultimately were felt in those parts of the city the flames did not devour. While Chicago's devastated North Side experienced what was known as the Great Rebuilding, much of the South Side was left in its 19th-century state, the two districts divided by the Loop, the city's main business district. Thus, as far back as the late 19th century, the area has had a reputation as "the wrong side of the Loop."

However, just as blame for the fire has been lifted from Mrs. O'Leary's cow, so too has the negative image of the South Loop. Over the past decade, billions of dollars in development have transformed the once run-down area into a high-end residential section of the Loop. The driving force behind the South Loop's revitalization is the 80-acre Central Station development, the largest mixed-use development in the city's history.

Central Station is replacing the abandoned tracks of the former Illinois Central (IC) Railroad, which for more than a century dominated the entire Near South Side. When completed, the \$3 billion Central Station development will consist of 14 million square feet of new construction, including 8,000 new for-sale and rental homes, retail space, hotels, offices, and space for specialized commercial uses. The rental component will include senior living and market-rate apartments.

The development's size, location, and history make it integral to the city's plans for the South Loop, according to B. Timothy Desmond, president of Central Station Development Corporation, the master developer. "The South Loop has been the fastest-growing area in Chicago over the past few years, and Central Station has led the way," Desmond told a recent gathering of Chicago-area ULI members.

Central Station Development Corporation is a joint venture between Chicago-based Fogelson Properties, Inc., and Cleveland-based Forest City Enterprises, Inc. After purchasing the vacant IC rail yard in 1989, Gerald Fogelson, the chairman of Fogelson Properties, teamed up with Forest City, which has 80 years of development experience nationwide. The \$4 billion Ohio firm currently is heading the 4,700-acre Stapleton mixed-use redevelopment in Denver, Colorado, the largest urban development in the country, and the development of the *New York Times* headquarters in Times Square.

In the early 1990s, the city of Chicago designated Central Station as a tax increment financing (TIF) district. Since then, the original TIF district has been expanded to include more development in the South Loop. It currently funds the area's infrastructure and



a new public magnet school and teachers' academy on the Near South Side. "The original Central Station TIF, which now is called the Near South TIF, was absolutely vital to the success of this project. It has allowed the neighborhood to keep up with its own phenomenal growth," says Fogelson.

### Facing a Challenge

Because Central Station was the first major venture of its kind in the South Loop, developers were faced with the added challenge of overcoming the negative image of the area that existed among homebuyers and potential business partners. In 1989, public perception of the South Loop was that of a run-down area surrounding an abandoned railroad yard. The Chicago Police headquarters at 11th and State was a strong presence in the neighborhood, but added little to its residential value. "It was no-man's-land between the museums, McCormick Place, and Grant Park," says Fogelson. "To many Chicagoans, the area was just a good place to park when going to a Bears game. When the game was over, you got out of there."

Furthermore, the North Side of Chicago was better known for shopping, dining, and nightlife, making the South Loop a tough sell. Despite the fact that Central Station and the famed Gold Coast neighborhood on the North Side are equidistant from the Loop, the viability of the former as a residential area was, to most people, far-fetched.

## CENTRAL STATION TIME LINE

**1851:** The Illinois Central (IC) Railroad builds a double-track trestle on Lake Michigan from Randolph to 22nd Street.

**1871:** Fire destroys Chicago's Loop and North Side, but leaves the area south of Roosevelt Road untouched. Natural forces and debris from the fire fill in the

bottom of the lake, forming the land around Central Station. Later, this artificial land also is the site of Grant Park and the Museum Campus.

**1887:** The Glessner House, home of well-known industrialist John Glessner, is built on Prairie Avenue, one of the wealthiest streets in America and home to Marshall Field, George Pullman, and Phillip Armour.

**1893:** Central Station, the main passenger terminal for the IC, opens at 12th Street and Michigan Avenue to receive visitors to the 1893 Columbian Exposition.

Several Chicago banks told Fogelson that Central Station was too risky to finance, as the South Loop had not yet proven itself a worthy investment. So, to fund work on the infrastructure, Central Station Development Corporation sought help from the Hokkaido Takushoku Bank in Tokyo, which had a long history with Forest City.

However, even after funding was obtained and plans were approved by the city council, getting the project off the ground was no small feat. Just as the infrastructure got underway, the economy hit a recession, and construction delays caused significant extra expense in the form of taxes and operating costs. Despite these setbacks, Central Station grew steadily during the early 1990s.

The development of Central Station coincided with a resurgence in city living. The advantages available at Central Station—parking, less traffic, and lake views—quickly became clear, and the community began to prosper. According to figures from the U.S. Census Bureau, the city's population grew for the first time since the 1950s. In the 1990s, the population of Chicago's Near South Side rose by 39 percent, to nearly 10,000 residents. Desmond expects that number to double over the next two years, saying, "In 1991, there were six housing permits issued by the city for the Near South area. By 1995, there were 1,900."

In 2000, Central Station received approval for an expanded master plan, and sales and construction activity took off. Over the past year, despite another recession, rising unemployment, and the terrorist acts of September 11, Central Station has grown at its fastest pace yet. More than 600 homes were sold in 2001, and Fogelson expects the community's population to grow to more than 3,000 residents occupying more than 1,000 new townhomes, condominiums, and lofts within the next 18 months.

### In the Neighborhood

Currently, more than 1,500 homes are under development at Central Station. Museum Park is the largest community being developed there, with more than 800 new-construction homes, including three high-rise condominium buildings, 112 townhomes, and a mid-rise loft building, as well as a \$3 million private clubhouse facility. Developed by Chicago-based Enterprise Companies, Museum Park is located along Indiana and Prairie avenues between 13th and 14th streets.

Developers recently topped off the exterior of the first high-rise tower at Museum Park and broke ground late last year for the second high rise. Preconstruction sales for the Lofts at Museum Park are at the midway point, and the townhomes are nearly sold out.

Museum Park's architecture, by Chicago-based Pappageorge/Haymes, complements the classical style of the adjacent Museum Campus. "We've been able to capture a lot of detail and classicism

of the Museum Campus through the scale and monumentality of the buildings at Museum Park," says David Haymes, vice president of Pappageorge/Haymes.

The top of Tower Two at Museum Park will feature a stone-colored colonnaded cornice, in deference to the stone colonnades of nearby Soldier Field. In addition, all three towers will have lit roofs to give the same dramatic effect of the illuminated museum buildings, he says.

Farther south, at 18th Street and Prairie Avenue, is Prairie District Homes, a 23-story condominium building and 49 townhomes by Chicago-based Legacy Development Group. Prairie District Homes is located next to the historic Prairie Avenue District, the site of some of the oldest houses in Chicago, including several 19th-century Victorian mansions.

The Chicago-based architecture firm of Warman Olsen Warman, Ltd., designed Prairie District Homes to reflect the 19th-century style of the historic district, says Bill Warman, principal of the firm. "The gabled rooflines, turrets, front stairways, and arched windows of the townhomes are all part of the style of the historic Prairie Avenue District," he says. Prairie stone and limestone exteriors, bay windows, wrought-iron fencing, and vintage street lamps also work to blend the new community with the existing historic neighborhood.

Also located on the south end of Central Station is Prairie House, a 183-unit, mid-rise condominium building along with six luxury townhomes at 15th Street and Prairie Avenue. The developer is Chicago-based Bejco Development Corporation, which also has



Next to the historic Prairie District, a number of condominiums, townhomes, and high rises are adding new homes to the area.

**1971:** The last IC train leaves Central Station.

**1989:** Fogelson Properties, Inc., and Forest City Enterprises, Inc., unveil plans for an 80-acre master-planned community.

**1995:** MCL Companies builds the community's first 300 townhomes.

**1997:** Chicago begins to experience a major housing boom. By the end of the decade, the city's population will grow by 120,000 residents.

**2002 and beyond:** 1,500 residential units currently under development.

begun work on the contemporary-style Prairie Tower, a high-rise condominium building at 16th and Prairie.

### **Integral to Infrastructure**

In addition to new homes, the development also has brought vast improvements to the Near South Side's infrastructure. For this reason, city officials continually have had a hand in Central Station's planning.

The IC rail yard had long been a source of difficulty for the city, which wanted to improve the roadway system in the South Loop. For years, city officials tried to connect Michigan Avenue with Lake Shore Drive via Roosevelt Road, but they were not able to go through the rail yard. In 1989, Central Station purchased the land necessary for the roadway extension and donated it to the city in 1990. This gave Central Station residents instant access to Lake Shore Drive and the highways to the south. The developer also donated the land used to widen and realign Lake Shore Drive. This \$80 million roadway project enabled the completion of Museum Campus renovations and enhanced the campus's attraction as a tourist destination.

The 57-acre Museum Campus consists of some of the most respected scientific museums in the world, including the Field Museum of Natural History, the Shedd Aquarium, and the Alder Planetarium and Astronomical Museum. Soldier Field, home turf of the Chicago Bears, lies just south of the museums. The stadium and parts of the Museum Campus currently are undergoing a \$600 million renovation.

The new community also allowed for a busway to be added between the McCormick Place convention center and the hotel district. The new busway not only reduces traffic, but also serves as an added convenience to the millions of conventioners who visit Chicago each year. McCormick Place is the largest convention center in the world, with 2.2 million square feet of space and nearly \$1 billion still earmarked for its expansion. "Central Station is the hole in the doughnut," says Fogelson. "It's the piece that connects the Museum Campus, McCormick Place, and Grant Park. It's a highly visible site, and as it is improved, the improvement of the surrounding sites becomes all the more important."

### **Community Consideration**

The developers worked closely with Chicago's department of planning and development to create a community that would benefit South Loop residents, says Fogelson. It was agreed that Central Station would follow strict density requirements, so as not to crowd residents or the lakefront with overdevelopment. These requirements allow for easier on-street parking and leave open spaces for recreation. Major streets within Central Station were widened to relieve traffic in the residential areas. Residential streets, on the other hand, wind through the community to control traffic speed.

Last year, the developer of Central Station also donated more than six acres of the property to the city of Chicago and the Chicago Park District to convert to parks and green space. Donated sites include

**The Lofts at Museum Park is the only new-construction loft building located on the lakefront.**



Mark Twain Park, a playground and field; Daniel Webster Park, a one-acre landscaped garden park; and a stretch of air rights to extend Grant Park.

In addition to density and open-space requirements, stringent building guidelines control the placement and size of all buildings to protect the views of Lake Michigan and Grant Park. "The placement of the buildings and the preservation of the view corridors add tremendously to the value of the homes," says Fogelson.

"Over the last 25 years, growth on the Near North Side of Chicago has been phenomenal. To handle that kind of growth in the South Loop, we have to plan each step of the development carefully," says Desmond. "In this way, we can avoid traffic and parking problems as the population grows."

One of the early challenges to sales at Central Station was the lack of convenient retail. However, now that residents are starting to move in, retail is emerging and further strengthening home sales. Illinois's two largest supermarket chains, Dominick's and Jewel, recently opened stores in the neighborhood. The Dominick's at Roosevelt Road and Canal Street is the largest in the state. "It's the classic 'chicken or the

egg' conundrum. Homebuyers want existing retail and retailers want an existing residential community," says Desmond. "Ultimately, the two are developed side by side and fuel each other's success."

When Daniel Burnham drew the original master plan for Chicago in 1909, he decided not to include the Illinois Central railroad property because he assumed the land always would belong to the railroad. Nearly 100 years later, the land's development has added a new element to the lakefront and to Chicago. "Through Central Station and a developed South Loop, there are new options for tens of thousands of Chicagoans to enjoy downtown living," says Fogelson. Citing reasons for Central Station's success, he adds, "Part of developing a master-planned community of this size means staying flexible. Long-term projects involve short-term plans that can be changed to match demand." ■

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