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Loukas, Cedar Street plot downtown housing projects

By Micah Maidenberg



Cedar Street Cos. plans to buy the historic Bush Temple of Music building, built in 1901 and named a city landmark in 2001. Photo from CoStar Group Inc.

Two Chicago real estate firms are buying development sites steps from each other on Chicago Avenue downtown, with plans to build residential units on each.

Loukas Development, affiliated with the Chicago family best known for owning the Cubby Bear bar and **rooftop buildings** that overlook Wrigley Field, plans to buy the property at the northwest corner of Chicago Avenue and Wells Street, according to a person familiar with the site.

Loukas wants to demolish smaller commercial structures along Wells Street and put up either apartments or condominiums, the person said. It's unclear whether Loukas would redevelop three- and four-story buildings right at the corner of Wells Street and Chicago Avenue or raze them as part of the new project. The price the firm is paying for the property could not be determined.

Two blocks east, at the northwest corner of Chicago Avenue and Clark Street, Chicago-based Cedar Street Cos. plans to buy the historic Bush Temple of Music building, people familiar with the transaction said. Once headquarters of a piano manufacturer, the six-story, 80,000-square-foot structure has ground-floor retail spaces and upper-floor offices that are mostly vacant.

One competing real estate firm offered \$11 million for the property, but Cedar's price wasn't immediately available. Best known for its investments in North Side neighborhoods like **Uptown**, Cedar Street aims to convert the distinctive French Renaissance Revival-style property into apartments, the people said. Two small commercial structures north of the main building are part of the deal.

LOOKING FOR SITES

The pending sales illustrate how developers are **turning** over every stone they can to find places to for residential projects downtown, betting the **white-hot market** for rentals has room to run yet and the condo market will continue its **steady** re-emergence. The rush is allowing longtime owners, like the trusts that own properties that Loukas and Cedar Street are buying, to cash out.

"I think it's the perfect storm of low interest rates and high rents," said David Ruttenberg, principal at Chicago-based investor Marc Realty Residential who's not involved in the deals. "You've got two different sellers who realize market conditions are allowing people to pay big numbers, historically speaking."

Executives at Loukas Development and New Metal Crafts Inc., a lighting distributor, manufacturer and restoration company that owns the Chicago Avenue and Wells Street properties through trusts, didn't return messages. The properties together form a 19,000-square-foot development site near a Brown Line CTA stop, according to marketing materials from CBRE Inc., the brokerage selling the property.

Loukas Development has pursued a range of new development projects, according to its [website](#). Earlier this year, the company pitched an eight-story residential building in east Lakeview, according to [materials](#) Ald. James Cappleman (46th) posted to his website.

Cedar Street Managing Partner Alex Samoylovich declined to comment about the deal for the Bush Temple of Music.

The firm listed as the building's property manager on real estate data provider CoStar Group Inc. did not return a call, and the beneficiaries of the trust that owns the property could not be determined. A lawyer who is said to be advising the sellers also could not be reached yesterday.

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Built in 1901, for decades the property was the headquarters and showroom for Bush & Gerts Piano Co., which manufactured the instrument, according to the city of Chicago's historic buildings [survey](#). The City Council designated the property a historic landmark in 2001.

Landmark status will limit how Cedar Street will be able change the building but also potentially allow the firm access to historic tax credits to help finance a redevelopment. The renovation of such an old structure will likely prove challenging.

"It needs a ton, a ton of work," said Milan Rubenstein, a partner at Chicago-based Windy City RE LLC, which tried to buy the property. "It feels like a very complicated, huge project on a small scale."

Mr. Rubenstein said his company bid \$11 million for the Bush Temple and wanted to convert the upper-floor space into 24 condominiums, in part to distinguish the residential component from the 295-unit [apartment](#) tower Chicago-based Smithfield Properties LLC is building immediately to the west.

Mr. Rubenstein added that so-called adaptive reuse [deals](#) are a key part of Cedar Street's operations here, describing them as a "good fit" to buy the structure and convert it.

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