
Landlord poised for big payday on South Loop apartments

By David Lee Matthews February 21, 2014

Local apartment investor Marc Realty Residential LLC picked up three North Side residential buildings and put a South Loop property up for sale, shuffling its portfolio as it explores new business lines.

Ventures led by Chicago-based MRR paid \$2.1 million last month for a failed eight-unit Wicker Park condominium project at 1739-41 N. Milwaukee Ave. and \$2.25 million for two Hermosa apartments totaling 38 units at 4421 and 4433-39 W. Fullerton avenues, Cook County records show.

The properties fit the bill for MRR, which has **built its business** acquiring failed condo projects across the city and leasing them up. The MRR venture bought the Hermosa apartments in a so-called short sale, when properties sell for less than their level of outstanding debt, and bought the unfinished Wicker Park property out of foreclosure.

The venture plans to rent out both properties and potentially convert the Wicker Park property to condos in the future, said David Ruttenberg, a principal at Marc Realty Residential.

"For apartments, we're more value-add guys," Mr. Ruttenberg said. "We're still very opportunistic."

Meanwhile, MRR has decided to sell one of its larger properties, a 94-unit South Loop building it **bought out of foreclosure** in 2012. That property, the former Motor Row Condominiums at 2300 S. Michigan Ave., which was left unfinished by its developer, is now about 90 percent leased with rents averaging about \$2 per square foot, according to listing broker Essex Realty Group Inc.

The Marc venture paid \$12.7 million for the property, now called the Shelby, a figure MRR could easily double in a sale today, said one local investor.

'THEY'RE KILLING IT'

"In hindsight I'm kicking myself," said Greg Moyer, owner of Skokie-based Moyer Properties LLC, which bid on Motor Row in 2012. "They're killing it."

Investors have done well converting failed South Loop condo projects to apartments, and with a new Green Line stop coming at Cermak Road and State Street, as well as a mayoral push for an entertainment district and new DePaul University basketball arena in the neighborhood, Mr. Moyer expects more private investment in the area. He estimates the Shelby could fetch between \$25 million and \$30 million.

Mr. Ruttenberg declined to comment on the Shelby, but his firm is busy converting a nearby 146,088-square-foot **loft office building** at 2036 S. Michigan Ave. to apartments. Aside from loft conversions, MRR also has ventured recently into retail acquisitions and is pursuing land deals for ground-up development, Mr. Ruttenberg said.

"It fits our business plan to do the value-add and once we're stabilized to sell some assets," he said.

The Shelby's original developer, Lithuanian national Andrius Augunas, left the United States and filed for Chapter 7 bankruptcy protection in 2008 after getting hit with multiple foreclosure suits. The bankruptcy case closed in 2011 after only \$47,018.54 was recovered for creditors from a 5.49-carat diamond, court records

show.

A spokesman for Akron, Ohio-based FirstMerit Bank, which sold the Wicker Park property after seizing it through foreclosure, did not return messages. A spokeswoman for Los Angeles-based City National Bank, which approved the short sales of the Hermosa apartments, declined to comment.

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