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River City condo owners not sold on apartment conversion

By Alby Gallun



River City

PHOTO BY FLICKR/RYAN

A Chicago developer is coming up short in its bid to convert the River City condominium complex in the South Loop back into apartments, unable to persuade enough owners in the building to support the move.

Chicago-based Marc Realty Capital in January **offered to acquire** the 448 condos in the quirky riverside building at 800 S. Wells St., which would have been the biggest downtown property to join the “**deconversion**” trend in the city. The **strong rental market** has pushed up apartment values so much that some developers are profiting by turning apartment-turned-condo buildings back into rentals.

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Under Illinois condo law, owners of 75 percent of units need to vote in favor of the sale. But only 58 percent of River City's condo owners have voted yes, short of the required threshold, said Marc Realty Capital Principal David Ruttenberg. Twenty-five percent of the owners voted against the proposal, while 17 percent didn't vote, he said.

"We made a very strong offer," Ruttenberg said. "It's disappointing that the owners didn't take advantage of this unique point in time."

Though Ruttenberg is conceding defeat, the final tally could change between now and June 28, when the building's condo board reviews and ratifies the results of the vote. Condo owners have been voting by proxy and some who have yet to submit their proxies are expected to vote in person at the meeting, said lawyer Kelly Elmore, principal at Kovitz Shifrin Nesbit, which represents the River City condo association. Also, some who have voted yes by proxy may change their votes by the meeting.

The meeting "is a formality, but some people can still change their minds," said Micheline Magharious, president of the building's condo board. She declined to comment further.

River City, designed by Chicago architect Bertrand Goldberg, opened as an apartment building in 1986 but was converted to condos in the early 2000s.

Marc Realty Capital offered \$225 per square foot for the condos—\$86.2 million overall—much higher than the average price of \$125 per square foot for recent sales in the building, Ruttenberg said. The proposal did not include the building's commercial space.

Meanwhile, the firm is working on a few other deconversion deals in the Chicago, he said, declining to offer specifics.

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Joe T. · 3 hours ago

I always liked this building in theory. In practice, not so much. I briefly looked at it when my wife and I were buying a weekend place in the city. Assessments were (and are) far too high, and if I recall correctly, way too many underwater owners at the time (2010).

It's hard to believe that any owner there turned down \$225/foot, let alone one in four.

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