

## Developer plans 110 apartments near McCormick Place

By Alby Gallun October 03, 2016

Another developer is diving into the neighborhood around McCormick Place, buying an empty warehouse near the convention center that it plans to convert into 110 apartments.

3L Real Estate has acquired the five-story vintage building at 57 E. 21st St., betting that the city's push to reinvigorate the neighborhood will attract more people who want to live there. The property is about a block west of a 1,206-room Marriott Marquis hotel and 10,000-seat arena that will host DePaul University basketball games and other events.

3L plans to redevelop the former warehouse, also known as the Yellow Cab building, into mostly studio and one-bedroom apartments, said Joe Slezak, CEO of the Rosemont-based firm. With so many new luxury rental projects in the city, 3L is aiming for the midmarket, with plans to rent its studios for \$1,095 a month and one-bedrooms for about \$1,400, he said.

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Though the South Loop has been a hot spot for residential development for a while, most of the construction activity has been well north of McCormick Place. But the city wants to transform the area around the convention center into a thriving mixed-use district with restaurants and nightclubs that will appeal to conventioners and locals alike. The agency that runs McCormick Place recently gave the neighborhood a new name, McCormick Square.

The area has already caught the attention of residential developers. About a block east of 3L's building, two developers converted a warehouse building into Vesta Lofts, with 59 apartments. In 2014, Marc Realty Capital made a big profit when it sold the Shelby, a building at 2300 S. Michigan Ave. it had turned into 94 apartments.

3L bought the warehouse at 57 E. 21st from Chicago-based Marc, which also had planned to convert it into apartments. But Marc decided to sell the building because it's busy with other projects and was able to get a high price, said David Ruttenberg, director of acquisitions and investments for the firm.

"We've got a lot of development deals that are in what we consider core locations," Ruttenberg said. "The profit was solid enough for us not to take the development risk."

Ruttenberg and Slezak declined to say what 3L paid for the property. A Marc venture bought it for \$4.0 million in August 2015, according to Cook County property records.

Jordan Gottlieb, managing director at Chicago-based Essex Realty Group, brokered the sale of the building.

3L plans to spend about \$10 million converting the 80,000-square-foot building into apartments, not including the cost of the building or "soft," nonconstruction costs like architecture fees, Slezak said. 3L is in the process of obtaining a construction permit and expects the project to take about 18 months, he said.

Slezak said he likes the property because of its proximity to the new arena and the CTA Green Line stop on Cermak Road. By offering moderately priced apartments, 3L aims to appeal to students, recent graduates and

young professionals.

The acquisition is 3L's second in Chicago since Slezak, a former executive at Park Ridge-based BJB Partners, founded the firm last year. Over the summer, 3L bought three residence halls with 391 units on the South Side from the University of Chicago.

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