

## “Smart Growth” Infill Development vs. Sprawl

The history of Chicago suburban growth dates back to the 19th Century. Families left Chicago neighborhoods seeking open space, lower taxes, better schools, affordable housing, peace and safety.

Smart-growth is best defined as a collection of ideas aimed at discouraging urban sprawl, reducing traffic congestion and preserving natural habitats. The goal is to promote development in older communities, where infrastructure already exists, rather than expending large sums to extend roads and sewers beyond the urban fringe.

### TRANSPORTATION CORRIDORS

The development of transportation corridors — first commuter rails followed by new expressways and O'Hare International Airport facilitated the suburban expansion. Commuter rail lines first opened up communities of the North Shore including Evanston, Wilmette, Winnetka, Lake Forest and Highland Park. Additional commuter communities opened in the Villages of Park Ridge, Oak Park and Hinsdale.

The development of the interstate highway system, authorized by President Dwight D. Eisenhower in 1956, literally paved the way for the move from apartments in the City to new homes in the suburbs. The Congress Expressway, later renamed the Eisenhower, opened the way to the western suburbs, including Oak Park, Maywood, Westchester and DuPage County.

The Edens Expressway opened the North Shore, and the Northwest Tri-State Expressway, later renamed the Kennedy, created a pathway to the northwest suburbs.

More recently I-355 links the north and south suburbs. More cars and easier access to Chicago meant development was no longer limited to commuter rail lines.

### POPULATION GROWTH

From 1950 to 1995, the population around Chicago grew by 48 percent while land development grew at a rate of 165 percent. Population growth recently has been only about 4 percent, but land development continues to explode. The Chicago metropolitan region now sprawls across 13 counties in three states.

### INCENTIVES AND SMART EXAMPLES

Proponents of smart-growth want the state to use incentives to preserve Illinois' disappearing open land. Last year voters in Lake, Kane and Will Counties approved \$195 million in bond issues to buy forest preserve land, and DuPage County took similar action two years earlier. The state also set up a \$160 million trust for wildlife habitat acquisition.

Several examples of smart-growth have recently been cited by Mary Sue Barrett, president of Chicago-based Metropolitan Planning Council. Prairie Crossing subdivision in north suburban Grayslake was chosen for its traditional street layouts and emphasis on environmental preservation. Lake Forest boasts its downtown Market Square as a postcard depiction of small-town life for 100 years. Geneva seems to have perfected the balancing act of tourism for its antique shopping and commerce.

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## Market Focus River North Snapshot

River North. Has the hottest neighborhood in the City finally put on the brakes? Are there any more buying opportunities?

### OFFICE MARKET

On the surface, the office market appears healthy. Overall vacancy rates hold steady at 9.24 percent. The Alter Group's 382,000 square foot Dearborn Plaza targeted for occupancy in Spring, 2000, represents the first new office construction in River North in ten years. However, upon closer examination of the project, over one-third of the building's tenancy is comprised of hotel user, Milepost. So the question remains, what is the depth of the office market?

Loft office sales have slowed over the last six months as interest rates creep up. Capitalization rates, which were approaching 9 percent last year, are over 10 percent for some properties. Buyers are beginning to resist bidding on office product with owners asking unrealistically high prices per square foot. The office market has stabilized and will continue along a more gradual appreciation curve.

### RESIDENTIAL MARKET

The slowing in the office market has had little affect on residential development. Fifiield Realty Corp. in

conjunction with Magellan Development Group sold out all 172 condominiums in three days for Admiral Pointe, to be built at the northeast corner of Ontario and Kingsbury. Prices on developable land sites continue to escalate. Bidding on a 10,000 square foot site on the northwest corner of LaSalle and Kinzie, exceeded \$330 per square foot. Apartment towers are in demand as evidenced by the immediate sale upon completing construction of One Superior Place, an 815-unit development and 121 West Chestnut, a 230-unit development. Christopher Hill, director of Chicago's Department of Planning and Zoning, promises to be more restrictive on upzoning parcels, consequently, restricting land values.

### CHANGING THE FACE OF RIVER NORTH

Three major projects currently underway will have a material change on River North in the next several years. The Montgomery Ward's site, sold last year to Centrum Properties, has been parceled off to several developers with plans awaiting zoning approval. The John Buck Company's North Bridge development anchored by Nordstrom continues to attract high-end retailers and concepts including DisneyQuest and ESPNZone.

Finally, the City is focusing its attention on beautifying the Riverfront. A proposed \$280 million TIF will partly be used to finance the rebuilding of a seawall and riverwalk. The recent acquisition of a 90,000 square foot parcel on Kingsbury Street and the Chicago River is a first step in achieving that goal.



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Other offerings include Joliet's Bicentennial Park with its bicycle and walking paths; Schaumburg's Schoolhouse Square, a mix of offices, shops and day care centers. Downers Grove Main Street is noted for its connection of retail businesses to train and bus lines and redevelopment plans for downtown.

### CONFLICTING GOALS

Critics of smart-growth suggest that it may be cheaper sometimes to build new roads and make other infrastructure improvements in developing areas than to repair the aging infrastructure of older cities.

While some towns are trying to revitalize their older downtowns, they simultaneously encourage development on the fringes. Wheaton followed what would be considered smart-growth principles in its efforts to bring higher-density housing to its downtown area. On the other hand, city officials are considering plans for a 123,000 square foot Home Depot store that would boost sales tax revenue but add more traffic to the busy intersection of Roosevelt and County Farm Roads.

Development of Chicago, suburban and outlying neighborhoods will continue. The balance of the quality-of-life and smart-growth should encourage more infill developments in the future promoting a more cohesive community.

## Notes

### RECENT MJ PARTNERS SALES/LEASES

- ◆ **Chicago Lock Stock & Storage, 2001 N. Elston Avenue, Chicago, Illinois.** 132,000 square-foot self storage building with 802 units. List Price: \$7,900,000.
- ◆ **Briarcliff at Route 53, Bolingbrook, Illinois.** 8.8-acre development site. List price: \$575,000.
- ◆ **221 N. LaSalle Street, Chicago, Illinois.** 2,305 square-foot office lease. Lease Rate: \$26 per square-foot gross.
- ◆ **1011 Commerce Court, Buffalo Grove, Illinois.** 15,000 square-foot industrial lease, \$5.85 net.
- ◆ **6421-25 N. Hamlin Avenue, Lincolnwood, Illinois.** 13,000 square-foot industrial lease. Lease Rate: 15 years, \$3.75 net.

### PROMOTIONS

- ◆ **Micah E. Nathan**, has been promoted to Vice President of MJ Partners from senior associate.
- ◆ **Marc A. Boorstein**, principal with MJ Partners, has been elected as President of the Realty Club of Chicago.

### MJ PARTNERS NEW LISTINGS

- ◆ **U-Stor-It Self Storage Portfolio, Chicago and suburbs.** Eight new self storage facilities comprising 460,000 square-feet and 4,907 units. List Price: \$40,400,000.

- ◆ **Stor-A-Way Self Storage, Peoria and East Peoria, Illinois.** Two self storage facilities with 166,000 square-feet and 1,153 units. List price: \$6,000,000.
- ◆ **18-acre Commercial Development Site, Army Trail Road at Merbach Road, Carol Stream, Illinois.** List Price: \$2.95 per square-foot or \$2,343,000.
- ◆ **103 W. Roosevelt Road, Villa Park, Illinois.** 20,000 square-foot retail building on 65,850 square-foot parcel. List Price: \$1,400,000.
- ◆ **744-48 N. Clark Street, Chicago, Illinois.** 8,250 square-foot River North development site. List Price: \$2,000,000.
- ◆ **1438 W. Cortland Street, Chicago, Illinois.** 23,000 square-foot commercial/retail building on 20,000 square-foot site. List Price: \$1,900,000.
- ◆ **840 N. Milwaukee Avenue, Chicago, Illinois.** 19,400 square-foot commercial building. List Price: \$1,400,000.
- ◆ **2601 S. Harlem Avenue, Berwyn, Illinois.** 67,304 square-foot site with 13,000 square-foot building adjacent to Riverside Mall. Ideal multi-story self storage site. List price: \$1,800,000.



150 South Wacker Drive  
Suite 450  
Chicago, Illinois 60606  
312.726.5800  
www.mjpartners.com

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