

HEARTLAND REAL ESTATE BUSINESS™

VOLUME 5, ISSUE 9

MAY 2007

WWW.HEARTLANDREBUSINESS.COM

ILLINOIS
MINNESOTA

•
•

INDIANA
MISSOURI

•
•

IOWA
NEBRASKA

•
•

KANSAS
OHIO

•
•

MICHIGAN
WISCONSIN

WINDY CITY RETAIL OUTLOOK

Chicago's downtown and suburban retail markets are growing rapidly in every direction.

Jonathan Lee and Greg Moyer

With another year of significant retail property completions and slowed growth in the pace of consumer spending, vacancy is expected to increase slightly in downtown Chicago this year. Property performance will vary, however, between submarkets within the city and in the suburbs. In terms of rent growth, retail properties located in the city's downtown and near-north neighborhoods are expected to outperform the rest of the metro area. With vacancy hovering in the 4 per-

cent range, expect properties throughout prime Chicago neighborhoods, such as Wrigleyville and Lincoln Park, to command rent growth in excess of 5 percent.

On the employment front, in which any growth bodes well for downtown retail, Chicago will gain 40,800 new jobs this year. This represents a 0.9 percent gain following a 1.3 percent increase in 2006. The professional and business service sector is expected to lead job growth.

SEE CHICAGO, PAGE 74

A GREENER WORLD

Baum Development is creating Green Exchange, the country's first green business community, in Chicago.

Amy Bigley

For the country's first sustainable business community, Green Exchange developer Baum Development of Chicago is looking to create a green-friendly business environment for retailers and customers.

"Our first goal for the project is to create a venue in which green businesses can grow and flourish," says Phil Baugh, director of leasing for Baum Realty Group, a sister company to Baum Development. "Our second

goal is to help advance the green economy from niche to mainstream, and third, is to help increase public awareness about sustainable products and services, and how sustainability can be incorporated into daily routines."

Green Exchange is a 250,000-square-foot adaptive reuse development of the former Frederick Cooper Lamp Company factory located at 2545 West Diversey Avenue in Chicago's Logan

SEE GREEN, PAGE 78

Milwaukee City Highlights p. 46

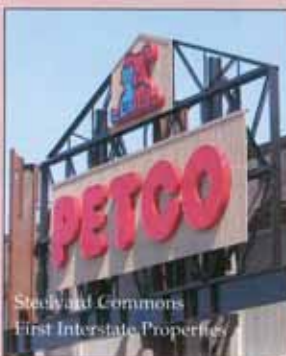
Directory of Retail Lenders p. 60

Fannie Mae DUS Lenders Guide p. 66

Miller-Stauch Warms Up Kansas City Lofts p. 77

MIDWEST RETAIL DEVELOPMENT SPOTLIGHT

The Promenade Bolingbrook ... 68	Broad & High..... 72
Bolingbrook, Illinois	Columbus, Ohio
Steelyard Commons..... 70	Mall of America, phase II..... 73
Cleveland, Ohio	Bloomington, Minnesota



PRESRT STD
U.S. POSTAGE PAID
Lebanon Junction, KY
Permit No. 140

A GREENER WORLD

GREEN from page 1

Square neighborhood. The redevelopment will feature 80,000 square feet of retail/showroom space on the first and second floors, and 120,000 square feet of office space on the third and fourth floors, with all units ranging from 600 to 62,000 square feet.

With 15 tenants currently committed to the project, Baum Development is only marketing Green Exchange to retailers that offer sustainable products and services, and are actively working to expand the green marketplace and environmental initiatives. Along with signed tenants such as Consolidated Printing, Greenmaker Supply, Distant Village Packaging and Green Building Exchange, Green Exchange is looking to attract a bicycle retailer; a sustainable kitchen showroom; an organic clothing store; an organic restaurant and catering service; green publications; an eco-friendly furniture company; socially responsible investment advisors; green architects and interior designers; a green residential cleaning company; an environmentally conscious beauty salon/spa and an environmentally responsible dry cleaner.

"What's unique about Green Exchange is that we've created a busi-

ness concept that uses sustainability as the competitive advantage," Baugh explains. "Incredible power and opportunity is created by combining all these like-minded businesses, which are focused on sustainability, under one roof."

Along with the like-minded business community, Baum is creating www.greenexchange.com, an online green community with expert blogs and bulletin boards offering green products and services, and a database of green businesses and customers that can be used to locate sustainable products, services and events. Tenants will be automatically included in the shared customer database, and will have access to the web site, client newsletter and public relations support.

Creating a concept-focused community helps to establish a reliable and shared customer base for all



Baum Development is building Green Exchange on Diversey Avenue in Chicago.

designer that focuses on green or talking with someone about sustainable investments," Baugh says. "There's a real synergy with being able to share customers across that pool."

Green Exchange is being designed to promote integration among the tenants. The project features a 9,000-square-foot courtyard garden area, shared meeting rooms and a business center, as well as wiring throughout the building so tenants can network to shared resources. The Green Exchange will also host regular networking opportunities for tenants to share ideas, best practices and business referrals. The green world is a very open business community, Baugh notes, where businesses want to help each other improve sustainable initiatives.

The renovation project, which was designed by Hartshorne & Plunkard Architecture to become a LEED Gold certified building, includes typical LEED-certification elements, including a green roof, which will reduce the heat island effect as well as reduce storm water runoff; increasing the water and energy efficiency of the building; incorporating recycled materials, which includes reuse of an existing building, construction waste recycling and high-recycle cotenant of new materials; increasing indoor environmental quality by using low VOC emitting paints, sealers, adhesives, carpets and composite wood materials; and sustainability, which includes the use of regional materials, wood from certified forests, bicycle storage and changing rooms, priority parking for low emissions vehicles and parking for I-GO Car Service.

More unique green elements that Baum is incorporating into the project include a 60,000-gallon rain cistern, which will collect rainwater off the building, and a green escalator designed to reduce energy loss when the escalator is not in use. The excess rainwater collected in the cistern will

be used to irrigate the building's green room and sky garden, and will be cycled into the project's water-cooling tower. The green escalator, which is prominent in contemporary European design, is designed to dramatically reduce the speed of the machine's moving parts to a slow crawl when it is not being used, which conserves energy. The machine is sensor activated so a normal speed is resumed when an individual approaches the escalator.

As the building is designed with sustainable elements, Baum is requiring tenants to build out interiors according to the company's green interior standards, including using low VOC paint and nontoxic sealant, so the building will have a clean-air quality environment. The company also worked closely with green businesses to determine building features and programs that are most beneficial to green tenants.

"There have been numerous studies that show [a clean-air environment] will lead to increase retail sales per square foot and dramatic increases in employee productivity in an office environment," Baugh notes.

Mayor Richard Daley's pursuit to make Chicago the greenest city in the country, coupled with the city's interest in sustainability, puts Chicago in a perfect situation to receive the Green Exchange.

"The mayor has really put a focus on making Chicago the greenest city in the United States, which has really helped spur our cause," says Douglas Baum, president of Baum Development. "[Recent media activity] has also put [sustainability] on the public agenda."

As a development company specializing in adaptive reuse and historic preservation, Baum focuses its efforts on redeveloping old buildings and facilities, which dovetails with the sustainability theory of recycling and reuse. The company also plans to develop more Green Exchange concepts around the country, with Chicago's Green Exchange becoming a prototype for future developments.

With construction beginning this summer and initial occupancy slated for mid-2008, the Green Exchange concept is poised to become a national trend in sustainable development.

"We anticipate that Green Exchange will become somewhat of a think tank, where business leaders will share best practices and ideas to help elevate each other to an higher level of performance and sustainability," Baum notes. □

Lofts, continued from page 77

during the redevelopment. "We had a master plan before any work was done, but there were some things that had to be refined once we got the building opened up and thawed," he explains. "These were items that were done, not exactly on the fly, but that could only be designed and engineered once the building was open and evaluated."

Some examples include the inclusion of the defining atrium and the plan for the HVAC condensing units, which, due to the layout of the building, had to be placed on the roof. It took careful planning and engineering to route all of the pipes vertically through the building while maintaining the proper levels of cooling.

All the hard work paid off, as the project came in on budget and on time. The Cold Storage Lofts, which once housed 38 million cubic feet of cold food storage space, now boasts 224 apartment lofts, many designated as affordable housing units (90 percent affordable living/10 percent market rate). The lofts range from 700 to 1,300 square feet, with rents running from \$575 to \$1,300 per month.

The project, through its use of tax credits and efficient budgeting, offers

amenities that belie the preconceived notions of affordable housing. The ground floor includes a small store offering some food items and other goods, as well as a recreation area with a fitness room and an indoor running track. There is also room for a restaurant within the first-floor commercial space. The building offers 130 indoor parking spaces and 150 surface parking spots. And on the roof, there is much more than just the HVAC condensing units — it features a swimming pool and recreation area.

The project was completed within its 14-month schedule and occupancy began at the start of the year. The residents run the gamut from young professionals to entire families to empty nesters moving back into the city. The work of the development, design and construction teams on the Cold Storage Lofts shows that, with dedication and creativity, almost any type of building can be brought back to life in a new form. Moving forward, as the conversion of existing structures into new uses becomes more common in crowded cities, it will take similar vision and teamwork to complete unique projects such as this. □