

Pulling Clybourn Corridor's Mojo South



Top: A rendering of the shopping center. Bottom: The southeast corner of Division and Halsted streets.

A Barrington developer wants to build a big shopping center and office complex south of the Clybourn Corridor, betting tenants will migrate that direction as space becomes scarce in the busy shopping hub.

GK Development Inc. plans about 192,000 square feet of retail shops and medical offices in two buildings at the southeast corner of Division and Halsted streets, company President Garo Kholamian confirmed. Planning for the development, which could cost as much as \$90 million, is in its early stages, he said.

In an uneven retail market recovery, developers in the city have focused on the strongest submarkets, and especially in the Clybourn Corridor, an area north and south of North Avenue from roughly Halsted Street on the east to the Chicago River on the west.

GK's proposal shows how developers believe Clybourn's boundaries are set to expand, since a horde of tenants — from DSW and Nordstrom Rack to Eddie Bauer and Pier 1 Imports — already have snapped up spaces in the shopping district.

ENOUGH PROSPECTIVE TENANTS?

The New City development's 360,000-square feet of retail space under construction at Halsted and Schiller streets and Ogden and Clybourn avenues, meanwhile, is about 80 percent leased.

For GK, the question is whether there are enough tenants willing to pay high enough rents to get the project off the ground.

“I think the New City project gave validity to that amount of new retail coming online,” Zeb McLaurin, head of Chicago-based McLaurin Development Partners Ltd., said of GK's deal. Mr. McLaurin's real estate firm developed the new Target Corp. store at 1200 N. Larrabee St., less than a half-mile east of where GK wants to build.

Called the Bridges, GK's development would include a two-level, nearly 28,000-square-foot building along Division to the east of Halsted, according to marketing materials. South of Division and east of Halsted, the firm wants a six-story building with 137,800 square feet of retail space, 26,000 square feet for medical offices and two floors dedicated for parking. Surface parking and a plaza would split the two structures.

'A LOT OF PEOPLE AND A LOT OF DOLLARS'

“I think there's probably going to be a lot more retail in that market over time,” Mr. Kholamian said.

“That whole Clybourn Corridor and North Avenue area have been filled up with retailers. But I think you still have, compared to typical suburban trade areas, a lot of people and a lot of dollars in that area.”

The raft of new residential developments on the drawing board south of the site will help attract future shoppers to the project, Mr. Kholamian said. GK hired the local office of New York-based brokerage RKF to find tenants for the proposed development, while Chicago-based OKW Architects Inc. will design it.

To move ahead, the company must assemble land for the project, including a parcel at the southeast corner of Division and Halsted that includes a parking lot and an older three-story building. A venture of Chicago-based Sonoc Architects & Associates owns the property, according to Cook County records. A Sonoc executive did not return calls.

NEEDS ZONING, FINANCING

A venture of Lincolnwood-based investor Barry Fields owns three empty parcels along Halsted Street, south of Division Street, according to the records. Mr. Fields didn't return calls. Mr. Kholamian declined to discuss the acquisitions. GK also will need a zoning change from the city to allow for the development, in addition to construction financing.

GK's project is across the street from a riverfront site at 1168 N. Halsted St. where Watsonville, California-based boating supplies retailer West Marine Inc. signed a 15-year lease to open up a 20,000-square-foot store in a new building developed by InSite Real Estate LLC, according to Cook County property records and construction industry website BidClerk.com.

West Marine's current 10,000-square-foot Chicago store is slightly less than a mile away at 627 W. North Ave., according to real estate data provider CoStar Group Inc. It's unclear when the new store will open, or whether the retailer will shutter its existing location.

A spokeswoman for West Marine declined to comment, and Gerald Kostelny, managing director at Oak Brook-based InSite, did not return calls. An InSite venture bought the property, the former Phillips Towing Service Inc. parking lot, in a deal last year.