

# HEARTLAND REAL ESTATE BUSINESS®

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## PRIMING CHICAGO'S INDUSTRIAL CORRIDORS FOR 21ST CENTURY DEVELOPMENT



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As Chicago has emerged as one of the country's top tech capitals, large parcels of land across the city — many set aside for manufacturers that no longer do business there — have remained stuck in the past, serving as roadblocks to billions of dollars in new real estate development. That's about to change thanks to a yearlong effort spearheaded by Mayor Rahm Emanuel and the city's Department of Planning and Development, which recently approved recommendations for modernizing the

first of 26 industrial corridors across the city.

The recommendations are the result of a community engagement process that solicited feedback from various stakeholders, including our firm and other real estate developers. The plan will pave the way for new residential and commercial projects throughout the North Branch Industrial Corridor, which stretches from Kinzie Street to just north of Fullerton Avenue along the Chicago River. These investments, which include much-needed infrastructure and open space initiatives, will engage the adjacent riverfront and create mixed-use environments.

### The early years

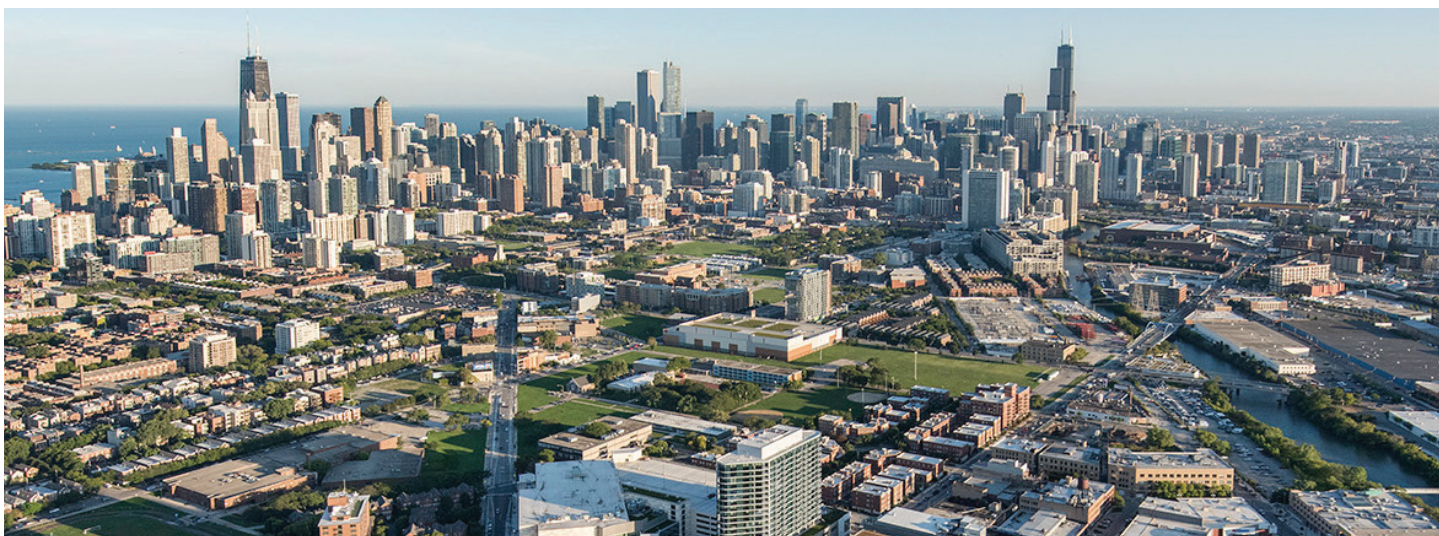
In the 1980s, the city of Chicago designated a series of industrial corridors and Planned Manufacturing Districts

(PMDs) — many along waterways and railways — to protect the city's industrial base from encroachment by residential and non-manufacturing uses.

Once viewed as a planning and development tool, the PMDs eventually felt the effects of a technology-driven evolution. Industrial opportunities were steadily declining. An analysis of city data showed jobs were trending toward high-tech applications and professional services, and away from manufacturing.

### The need for modernization

Encompassing 760 acres of land along a 3.7-mile stretch of the Chicago River, the North Branch Industrial Corridor currently houses four PMDs. Together, they cover 620 acres, or more than 80 percent of the corridor itself. As the surrounding area became less con-



The North Branch Industrial Corridor in Chicago stretches from Kinzie Street to Fullerton Avenue.





NEWCITY, a mixed-use development in Chicago's Lincoln Park, includes tenants such as Dick's Sporting Goods and Capital One.

ductive to industrial operations, many manufacturers relocated. These relocations left behind obsolete factories that sat vacant or, in the case of the A. Finkl & Sons Co. steel mill, were razed with an uncertain future.

Under the plan, much of the corridor's existing PMD zoning would be lifted to make way for new residential and commercial uses, as well as 60 acres of open space. The exception would be the industrial portion of Goose Island, home to the Wrigley Corp.'s Global Innovation Center and UI Labs, a first-of-its-kind innovation accelerator.

## The writing on the wall

Long known as a hub for retail and residential development, the Clybourn Corridor sits adjacent to the North Branch Industrial Corridor, and we have been very active in that popular neighborhood. Even prior to forming Structured Development, I had my finger on the development pulse of this Chicago enclave for over three decades.

I have been involved in several projects that helped change the face of this neighborhood, such as 1415 Dayton St. and 1333 N. Kingsbury St., both loft office conversion projects. Blackhawk on Halsted, a 224,000-square-foot mixed-use medical office and retail building, opened in 2009.

In 2015, Structured Development completed the NEWCITY mixed-use development, which includes 360,000

square feet of retail space and a 199-unit luxury rental tower.

In total, our firm has spearheaded the development of nearly 2 million square feet of real estate in the Clybourn Corridor valued at more than \$700 million. With portions of this neighborhood positioned just blocks from the eastern edge of the North Branch Industrial Corridor, the Clybourn Corridor has thrived thanks to less restrictive zoning that made projects like NEWCITY possible.

## The next generation of uses

This unprecedented zoning change presents a rare opportunity to bridge Chicago's past with its future, creating a model for urban planning and development. I view the modernization of the North Branch Industrial Corridor as having the potential to dwarf the eco-

nomic benefits of the \$490 million Millennium Park, completed in 2004. Since then, the 24.5-acre park has spurred billions of dollars in additional commercial and residential development, a ripple effect that continues today.

In the neighborhoods in and around the North Branch Industrial Corridor, I expect to see "clean" manufacturing businesses continuing to emerge. By that, I mean companies whose products are typically information, technology and logistics services. There are several sizeable parcels currently under development — or being marketed for future development — that are well suited for this purpose.

The Chicago River, once used by smokestack businesses like tanneries and foundries as a vehicle for transportation, becomes an amenity for area businesses and residents. In the North Branch Industrial Corridor, there is great potential for the rise of the city-within-a-city concept with ample opportunity for residential and commercial development, including state-of-the-art manufacturing facilities designed for modern-day use. When transposed into the city, the staid suburban office campus becomes a vibrant, urban jewel surrounded by residential and entertainment options.

Ultimately, the sky is the limit for this slice of Chicago real estate. Its proximity to the river and size has enormous potential to create high-quality jobs, spur private investment and, ultimately, generate tax revenue for infrastructure and other improvements. But this will only occur if the city and various stakeholders involved work together to realize the corridor's full potential.



Structured Development sold 1333 N. Kingsbury St., a 100,000-square-foot office property in Chicago's Clybourn Corridor, for \$27.8 million earlier this year.