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West Loop apartments fetch \$32.5 million

By: [Alby Gallun](#) February 12, 2014

A development venture that converted a West Loop warehouse into 74 high-end apartments sold the property for \$32.5 million, another sign that investors are taking note of the neighborhood's renaissance.

The joint venture between and Los Angeles-based Ares Management LLC and local investor Seth Martin sold 1313 Randolph Street lofts, a building at 1313 W. Randolph St., to an affiliate of J.P. Morgan Investment Management Inc. last month, Cook County property records show.

The price is so high — about \$439,000 a unit — partly because the building includes about 31,000 square feet of retail space, but it also reflects the increased investor demand for properties around West Randolph and Fulton streets. The neighborhood has become one of the hottest in the city, known best for its trendy restaurants but more recently as [the future Chicago home of Google Inc.](#)

"After (the Google) announcement, we've seen a multiplier effect," said Ron DeVries, vice president of Appraisal Research Counselors, a Chicago-based consulting firm. "Everybody's scrambling to stake out their space there."

The buyer, a unit of New York-based JP Morgan Chase & Co., the largest U.S. bank, also shows that the neighborhood is starting to attract the interest of big investors that normally don't stray too far beyond downtown Chicago or the safest suburbs.

'BECOMING A VIABLE INSTITUTIONAL MARKET'

"That speaks to what's going on in the West Loop," Mr. DeVries said. "It's becoming a viable institutional market over there."

JP Morgan declined to comment on the acquisition.

New York-based Area Property Partners, which Ares acquired last year, **teamed up with Mr. Martin** on the conversion project in 2011, paying \$8.1 million for the 130,000-square-foot building and borrowing \$12.9 million to finance the development, county property records show.

An Ares spokesman declined to say how much the venture spent on the project, but an Area executive said in 2011 that it would cost between \$12.5 million and \$15 million. Mr. Martin, now an executive at Chicago-based Pritzker Realty Group LLC, did not respond to an email.

Investors have paid up for Chicago apartment buildings the past couple years amid high occupancies and rising rents. The question is how much higher prices can go given an [expected slowdown in rent growth and construction boom](#) that is forecast to add more than 6,000 apartments to the downtown market by the end of 2015.

1313 Randolph is just a couple blocks north of a 216-unit apartment building being developed by Chicago-based Ascend Real Estate Group LLC.

Though the Google move has added legitimacy to the neighborhood as a corporate location, the area has been a dining and entertainment mecca for a long time, with restaurants including Girl and the Goat, Next and Au Cheval. City Winery, a restaurant and music venue, is just a block east of 1313 Randolph.

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