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Gold Coast apartment tower sells for \$80.5 million

By Ryan Ori



Golub & USAA bought Chestnut Place in the Gold Coast.
Photo from CoStar Group Inc.

Amid the city's apartment development boom, a venture of Golub & Co. and USAA Real Estate Co. paid \$80.5 million for a 1980s tower in the Gold Coast that it plans to spruce up.

The venture bought the 30-story Chestnut Place tower at 850 N. State St. last week, paying \$287,500 per unit, according to Cook County records.

In their first deal together, Chicago-based Golub and San Antonio-based USAA plan to spend about \$5 million to upgrade the 280-unit tower's apartments, common areas and retail, said Golub President and CEO Michael Newman.

The tower is at State and Chestnut streets, near Loyola University Chicago's downtown campus and across the street from a 35-story apartment tower Chicago-based Newcastle Ltd. is **constructing at 845 N. State St.** That is part of a wave of about 6,800 rental units expected to hit the market this year and in 2015, according to Chicago-based Appraisal Research Counselors.

"If the market does get a bit overbuilt, (renters) gravitate to location, amenities and price point," Mr. Newman said. "For this location, we'll be a lower-cost alternative, with an updated building."

The tower, completed in the early 1980s by a group of local investors, had never been sold. Robert Drucker of Wilmette, the managing partner of the venture that sold the tower, declined to comment on the sale.

ground-floor retail.

The property includes a four-story, 196-space parking garage and 6,500 square feet of

LEASED AT BELOW-MARKET RATES

Chestnut Place's units, which average 769 square feet, are 99 percent leased at below-market rates of about \$2.05 per square foot, according to Mr. Newman. After replacing appliances, countertops and cabinets and making other cosmetic improvements, rents could eventually push into the mid-\$2.00 range, he said.

The venture also plans to improve the facades of the retail spaces and add new shops, Mr. Newman said. The only two retailers in the building are a dry cleaner and a car rental office.

After the all-cash acquisition, the venture is now seeking to take out a loan on the building, Mr. Newman said.

Golub and Boston-based General Investment & Development Cos. recently landed a **\$90 million construction loan** for a 44-story tower with 490 luxury apartments it plans at 545 N. McClurg Court in Streeterville.

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