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After fall of Cabrini towers, 240 apartments going up across the street

By Micah Maidenberg



A rendering of the project planned by Gerding Edlen Development.

A West Coast real estate developer is digging deeper into the Chicago apartment boom, reeling in a \$45.3 million loan to build a tower south of the new Target Corp. store on Division Street.

A venture of Portland, Oregon-based Gerding Edlen Development Inc. took out the construction loan late last month from Pittsburgh-based PNC Bank N.A., according to Cook County property records. The firm plans to build the 240-unit tower at 625 W. Division St.

Gerding's project comes amid an apartment construction boom that shows little sign of slowing down, raising fears of a glut. Developers are expected to finish **more than 6,300 new apartments** downtown this year and next, according to Chicago consultancy Appraisal Research Counselors.

EFFECTIVE RENTS HIT RECORD

The start of the year, however, proved to be good for landlords, if tough for tenants: Effective rents in downtown's top buildings hit a record \$2.70 a square foot in the first quarter, up 2.7 percent from the year earlier, Appraisal Research said in a recent report. Occupancies were 95.1 percent, versus 95.3 percent in first-quarter 2013.

Representatives from Gerding, which is also developing a **River North** apartment tower with Chicago investor Fred Latsko, could not be reached for comment. PNC did not respond to a call.

Chicago-based GREC Architects LLC designed the 18-story building. The development site is south of the Clybourn Corridor shopping area and south of the property where the notorious Cabrini-Green public housing high-rises once stood.

NEIGHBORHOOD COMPETITION

Last fall, Target **opened** a 190,000-square-foot store across the street from the apartment site. At **Division and Halsted** streets, steps to the west of the site, Barrington-based GK Development Inc. plans a 192,000-square-foot shopping and office project.

Gerding will face competition for renters from other high-rises in the neighborhood, including **Sono East**, a 324-unit tower at 840 W. Blackhawk St.

A venture led by Chicago-based Structured Development LLC is building a **199-unit** apartment tower as part of the New City project under construction at Halsted Street and Clybourn Avenue.

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Rebuttal: build as many of them as you can before the NIMBYs move in. Remember, Houston is catching up in population.

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