

Appraisal Research Counselors

400 E Randolph Street, Suite 715  
Chicago, Illinois 60601-7388

T: 312-565-0977  
F: 312-565-3436

[Click here to view AppraisalResearch.com](http://AppraisalResearch.com)



Professional Service Since 1968

*Appraisal Research Counselors®*



[Get Email News Alerts](#)

- [DAILY NEWS](#)
- [THIS WEEK'S CRAIN'S](#)
- [INDUSTRY NEWS](#)
- [MULTIMEDIA](#)
- [LISTS](#)
- [SMALL BUSINESS](#)
- [BLOGS](#)
- [SPORTS](#)
- [FINANCE](#)
- [GOVERNMENT](#)
- [HEALTHCARE](#)
- [LAW](#)
- [MANUFACTURING](#)
- [MARKETING/MEDIA](#)
- [CONSUMER](#)
- [TECHNOLOGY](#)
- [TOURISM](#)

[Home > Industry News >](#)

[Email this Story](#)

[Print | Reprints](#)

[Comments | Related Stories](#)

# Nearly vacant condo tower goes back to lender

By: [Eddie Baeb](#) May 26, 2010

(Crain's) — A Near South Loop site where Chicago gangster Al Capone once had his headquarters, and where Geraldo Rivera famously found nothing in Mr. Capone's vault, has gained new notoriety as the city's biggest condo tower to be taken over by its lender in the current housing crisis.

The 35-story Lexington Park, near Michigan Avenue and Cermak Road, was surrendered last week by its Irish developer through a deed-in-lieu of foreclosure. The private-equity venture that now owns the property acquired Corus Bank's the distressed condo loans after the Chicago-based lender failed last fall.

Just three buyers have closed on Lexington Park's 333 units, according to property records. The tower, 2138 S. Indiana Ave., was supposed to be ready for occupancy in 2008.

Limerick, Ireland-based Chieftain Group Ltd. borrowed \$84 million from Corus in fall 2006 to finance the tower's construction, and also obtained \$10.6 million in financing from 47 individuals in Ireland, according to mortgages recorded in Cook County.

A Chieftain executive who had overseen the development declines to comment and referred questions to ST Residential LLC, a venture led by Greenwich, Conn.-based Starwood Capital Group and TPG Capital of Fort Worth, Texas.

"The building's in strong hands," says a spokesman for ST Residential. "We just took ownership last week, and we're evaluating our next steps."

The three sales that have closed are in a seven-story portion that consists of 36 lofts, sources say. Condos in the tower seemed to be gearing up for closings late last year, says one buyer, when a flood on an upper floor caused damage to units and the elevator shaft and further delayed the project.

In the past few months, the project's Web site was taken down and Chieftain employees were no longer responsive, says Tom Kolek, who in fall 2006 put down a \$15,000 earnest-money deposit for a \$300,000 one-bedroom unit on the 18th floor.

"Nobody seems to have any information," says Mr. Kolek, a 44-year-old IT professional who lives on the North Side and now wants his deposit returned.

A lawyer with Chieftain's local law firm, Brown Udell Pomerantz & Delrahim Ltd., declines to comment.

Enter your

[CRAIN'S LIVE SEARCH](#)

TODAY'S FEAT



Society — WT  
Dan Schmidt and R  
Harris Theater for a  
Chaka Khan perform

Your Opin

Please pa

C

of

BORDER="0">

About 55% of Lexington Park's 333 units are under contract, according to data from Appraisal Research Counselors. But some of those units were bought by speculators when sales kicked off in 2006. The speculators are sure to walk away now rather than close, given the dramatic fall in condo values. Others buyers probably will no longer qualify for mortgages.

The lack of closings may be a blessing for ST Residential, which could convert the units to apartments or tear up the existing contracts and try to sell the units at discounted prices that reflect today's market.

"The fact that closings have not taken place in the tower gives them more options," says Gail Lissner, a vice-president with Chicago-based Appraisal Research. "Certainly it's better to be in this situation with no closings rather than having 10 or 20 buyers in the tower."

The ST Residential spokesman says the firm will notify buyers once its plans are determined.

Starwood and TPG in October won a bidding contest run by the Federal Deposit Insurance Corp. (FDIC) to acquire an equity interest in a new venture that holds Corus' \$4.5-billion portfolio of loans and real estate. The FDIC retains a 60% ownership stake in the venture, but the investors are managing the assets.

The transaction, which the firms described as one of the nation's largest acquisitions of distressed commercial real estate, was valued at about \$2.77 billion.

The Lexington Park mortgage was one of the biggest local Corus loans in that deal.

The development's site was home to the Lexington Hotel for almost 100 years, from 1892 to 1980. The landmark hotel, which Mr. Capone used as his headquarters from 1928 to 1932, was demolished in 1995, according to the Chicago History Museum's Electronic Encyclopedia of Chicago.

Mr. Rivera, a TV broadcaster, hosted a live television special in 1986 where he opened Mr. Capone's vault. The much-hyped syndicated special, "The Mystery of Al Capone's Vault," yielded a huge viewership for Mr. Rivera, but he found only dirt and several empty bottles.

[Read more news on Crain's ChicagoRealEstateDaily.com](#)

SPONSORED BY  
 Advocate Physician Partners  
[CLICK HERE](#)

## What do you think?

You must be logged in to leave a comment. [Login](#) | [Register](#)

Submit

Today's Most Viewed

[Groupon represents Internet glory](#)

[Loyola buys su](#)

[Stocks plunge c financials help](#)

[Motorola also e](#)

[Feds tell Union ratio](#)



USEFUL LINKS

REVIEWS

[Special Car Review](#)

[Chicago Restaurant](#)