

Sears landmark will be reborn

BY DAVID ROEDER
Business Reporter

In a substantial change for the Homan Square complex on the West Side, a developer has acquired its commercial buildings that once contained the Sears, Roebuck and Co. headquarters, and plans to turn them into 1,200 dwellings.

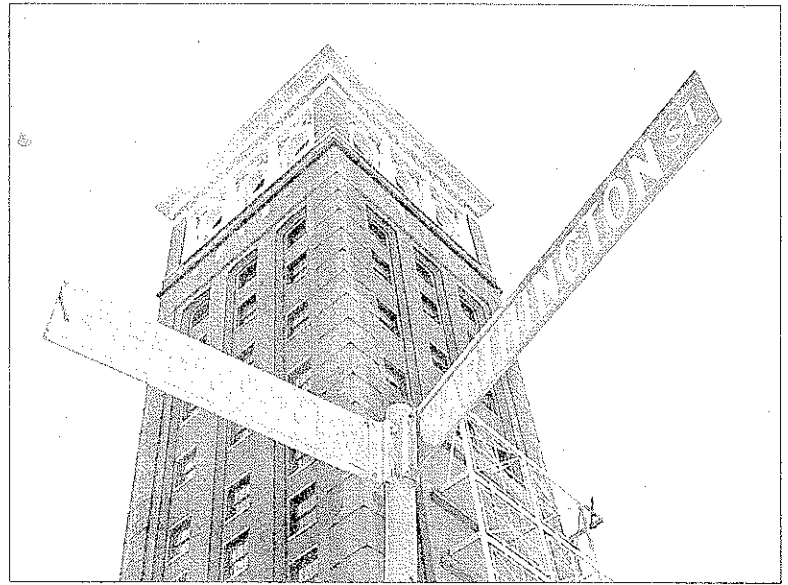
Chicago-based Royal Imperial Group hopes to extend the success of the residential development that covers the balance of the Homan Square site. Over the last decade, some 300 new homes have been built on the property, creating a stable new neighborhood in the otherwise poor North Lawndale community.

But while the complex drew home buyers, it failed to market office space. Only about 40 percent of the 810,000 square feet of office space is occupied, said Mordecai Tessler, president of Royal Imperial.

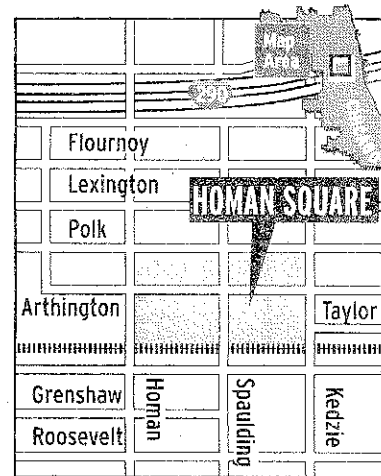
His firm acquired buildings at 3245, 3301 and 3333 W. Arthington. The plan calls for a mix of rental and for-sale units, senior housing and town houses.

"We look at the West Side as being the obvious next area of the city that will get hot," said Tessler, citing the location's proximity to downtown and the job-rich Medical Center District. It would be the West Side's biggest development since the opening of University Village south of the University of Illinois at Chicago.

The 3333 building is an official landmark, and the only one currently in use. It was built for Sears as its administration center in 1905. The 3245 building once was the home for Allstate Insurance, which Sears started. And the Sears catalog was first printed at the 3301 building, also a landmark.



This tower marks former Sears headquarters at Homan Square immediately west of properties bought by Royal Imperial Group for rehab into dwellings. —SUN-TIMES



Tessler said all the buildings are in top-notch shape. Sears left North Lawndale for downtown's Sears Tower in 1974, and then decamped for Hoffman Estates in 1992. Over the years, it donated the land and consulting services to get the Homan Square redevelopment going.

Sellers of the properties included PNL Cos. of Dallas and the Homan Arthington Foundation, which Sears launched with developer Charles Shaw. Tessler declined to provide the purchase price, and property-sales records couldn't be located.

Tessler estimated the cost of the development at \$200 million. He expects to ask the city for a zoning change in a few weeks and, provided he gets it, said work would begin in late 2005.

He said the new homes in the

neighborhood have been selling for more than \$300,000. Tessler couldn't state a price range but will come in below the markets of more fashionable neighborhoods while selling buyers on North Lawndale's potential. "The location is superior," he said. "It's an area that has had hard times but is improving."

The office renters in the 3333 building include nonprofit groups with activities on the West Side and U.S. Rep. Danny Davis (D-7th). Informed of Royal Imperial's plans, Davis praised them as offering new hope for North Lawndale, and said he'd "gladly" move his office.

"There isn't much you could do for those buildings. They're obsolete for commercial use and for industrial use," Davis said. He said the plans pose the best idea for the site since talk of moving the Cook County courts there generated community opposition.

Tessler said Royal Imperial has completed \$1.2 billion in deals, and has a pattern of investing in areas it believes are primed for a turnaround. Its renovation of the Mergenthaler building was one of the early loft projects in Printers Row south of the Loop. It also built an apartment tower at 345 N. La Salle that it later sold for condo conversion.

That building is called the Sterling and, in keeping with that theme, Tessler is calling the Homan Square project Sterling Park. The sale includes an 1,100-car parking garage.