



Chicago Tribune

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BUSINESS

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INSIDE COMMERCIAL REAL ESTATE THOMAS A. CORFMAN

Channel 5 trying for a studio at 401 N. Michigan Ave.

WMAQ-Ch. 5 is negotiating a lease for a special studio in the lobby of 401 N. Michigan Ave. in a deal that would give the television station a high-profile location for special broadcasts.

The studio, to be located in the northwest corner of the lobby, would give the NBC-owned station a permanent place to broadcast in front of live audiences, taking advantage of Pioneer Court, the large plaza linking the building with Tribune Tower, 435 N. Michigan Ave., sources said.

Channel 5 President and General Manager Larry Wert could not be reached for comment, but the deal would be an act of one-upmanship in its rivalry with WBBM-Ch. 2, which also is seeking a prominent studio location as part of a move to Block 37 in the Loop.

The new studio would be connected by cables to Channel 5's main studios in nearby NBC Tower, 455 N. Cityfront Plaza Drive, sources said.

Paul Zeller, president of Chicago-based Zeller Realty Corp., which owns 401 N. Michigan, could not be reached for comment.

Deal breaker: Brookfield Properties Corp.'s sale of Chicago Place mall to Somera Capital Management LLC has fallen

Reporters' notebooks

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apart, sources said.

While Santa Barbara, Calif.-based Somera was conducting its due-diligence study of the mall, Brookfield hired Urban Retail Properties Co. to handle the leasing and marketing of the 311,000-square-foot vertical shopping center. The May 21 announcement was viewed by some as a sign that Toronto-based Brookfield would refuse to renegotiate the price of about \$43 million.

A Brookfield spokeswoman would not comment.

Horizon buys building: In a complicated transaction, Horizon Realty Group has purchased the 161-unit building at 5650 N. Sheridan Rd., said Lee Kiser, senior director with Marcus & Millichap Real Estate Investment Brokerage Co., which represented the unidentified seller.

Signs of stability in suburban office market

The market for suburban office space showed signs of stabilizing during the second quarter, as the vacancy rate remained unchanged at 19.4 percent, and demand declined only slightly.

SUBMARKET	2003 VACANCY RATES		DEMAND FOR SPACE * YEAR TO DATE	
	1ST QTR	2ND QTR	2002	2003
Lake Shore	12.6%	16.9%	355,664	(227,906)
North Suburbs	11.5%	13.9%	(91,498)	(47,528)
Northwest Suburbs	21.6%	20.3%	(92,935)	308,334
O'Hare	21.7%	21.2%	(326,429)	(162,408)
East-West Tollway	19.2%	19.3%	(500,397)	(190,060)
West Cook County	21.6%	19.2%	(19,083)	59,958
South Suburbs	20.8%	21.3%	(28,134)	(126,835)
Lake County	18.1%	18.9%	(185,960)	(272,848)
Market total	19.4%	19.4%	(888,772)	(659,256)

*As measured by net absorption, the change in the amount of leased and occupied space, compared with the prior period.
Source: CB Richard Ellis Inc.

Sources said the price was \$14 million.

Chin accuses Amec: After a costly settlement with lenders on the Grand Pier project, developer Raymond Chin and his partners have filed a \$155 million counterclaim against Amec International, accusing the general contractor of interference with their loans from LaSalle Bank and Lehman Brothers Holdings Inc.

Amec declined to comment.

The lenders filed to foreclose after Amec claimed "without basis" that the project was \$14 million over budget and filed a fraudulent lien for \$8.6 million, according to the counterclaim, filed in a case brought by Amec in 2001 to collect unpaid bills.

Amec's false claims were an attempt to coerce an increase in the \$31 million contract to build the first phase, said P. Andrew Fleming of Chicago-based law firm Novack and

Macey, which represents the plaintiffs. Chin, the president of R.M. Chin & Associates Inc., has handed over the project to Lehman Brothers.

Suburban vacancies steady: The suburban office market showed a hint of bottoming out during the second quarter, as the vacancy rate remained unchanged at 19.4 percent compared with the first quarter, according to a report by CB Richard Ellis Inc.

But it's too early to say the worst is over, said Jack Durburg, managing director in the real estate firm's Chicago office.

"If we come out with another quarter with numbers that are pretty flat, that would be a really good sign," he said.

For the sixth straight quarter, demand for space, as measured by net absorption, fell.

Garage conversion: New York real estate investor Armand Lasky is conducting a condominium conversion of the 400-car garage at 400 E. Randolph St., which he bought for \$3.4 million in 1997.

Sixty-five parking spaces are under contract at an average price of \$25,000, said John Kretchmar, owner of RE/MAX Alliance Lakefront, which is marketing the spaces.