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CHICAGO BUSINESS®

CHICAGOBUSINESS.COM | JUNE 18, 2007

Placing Trump Tower

Location matters, even when you're the Donald

BY JOHN T. SLANIA

According to conventional wisdom in real estate, location is everything, and any decent developer can identify a good site.

But it took an outsider from New York to envision turning an eyesore in downtown Chicago into a 92-story luxury tower with a hotel, condominiums and retail shops.

The two-acre property at Wabash Avenue and the Chicago River was home to the *Chicago Sun-Times*, housed in a dreary seven-story metal structure that was an ugly stepsister to its pedigreed neighbors, the French Renaissance-style Wrigley Building and the minimalist IBM Building.

Few saw the site's potential. What could possibly be shoehorned into a tiny property restrained by a bending curve of the river? Ignoring the doubters, Donald Trump is spending \$800 million to build his Trump International Hotel & Tower there. Construction began in early 2005, and the building currently stretches to 30 stories. The hotel is scheduled to open in December, with the rest of the building to be completed in 2009.

"What we've done is take a Class C site and turn it into a Class A property," Mr. Trump says.

It would be easy to dismiss this statement as typical Trump bravado. But some in the Chicago real estate industry believe he's right.

"He took the luxury condo market, and prices, to a new level," says Gail Lissner,

vice-president with Appraisal Research Counselors, a Chicago real estate consulting firm.

Now the property's considered prime real estate. But the remediation it took to get there has come at a price. Here are the pros and cons of Mr. Trump's decision:

PROS

Downtown proximity

Being within walking distance of the Magnificent Mile and River North restaurants and entertainment venues is one reason Mr. Trump has been able to command some of the highest sales prices in the city. Prices average \$500,000 for a studio, \$600,000 for a one-bedroom and \$2.5 million for two-bedroom, two-bath units. That's 10% higher than the market average.

Chicago River and lakefront

Many of the 826 condominiums have views of Lake Michigan or the Chicago River. Those on the 29th floor and above have some of the best views of the city's skyline of any residential high-rise in the area.

Easy access

Trump Tower's front door is on Wabash Avenue, away from the traffic congestion on Michigan Avenue.

CONS

A tiny footprint

The 2.7-million-square-foot tower will be 1,125 feet tall, making it the tallest skyscraper built in Chicago in more than 30 years. But the height and weight of the

building on such a small site meant workers had to dig down 40 feet — twice the depth of a typical high-rise project — to anchor the foundation.

The Chicago River

Building on the edge of the river meant having to take precautions to prevent flooding during the early stages of construction. With the first two floors below river level, the retaining walls had to be reinforced against leaks. And because the building sits on a prominent curve of the river, it is particularly windy. Architects took account of that by designing portions of the building with contoured lines, and by incorporating stronger building materials such as thicker windows and reinforced concrete on exterior walls.

Low profile

Now that the tower has reached 30 stories, it's hard to miss. But in the early stages of construction, the Wabash Avenue entrance gave the building a low profile. That contributed to disappointing condominium sales: More than 200 units remained unsold. Mr. Trump tried to overcome this hurdle by installing a 10-foot kiosk in front of the Wrigley Building last fall that featured an illustration of the tower, a map with directions from Michigan Avenue and condo prices. That led to criticism from city beautification groups who complained that the kiosk cluttered the boulevard. Mr. Trump responded by removing the price information, but the City Council let the kiosk remain.