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Hotel firm checks in on Michigan Avenue

Planning 50-story tower across from Hard Rock

BY ALBY GALLUN AND THOMAS A. CORFMAN

A Florida real estate developer is drawing up plans for a 50-plus-story luxury condominium and hotel project on Michigan Avenue just south of the Chicago River, adding competition to a crowded high-end hotel market.

Peebles Corp., one of the country's biggest black-owned development firms, has signed a contract to pay about \$32 million for 300 N. Michigan Ave., according to people familiar with the deal. It's currently the

site of two buildings that house a Walgreens drugstore, Subway restaurant and Radio Shack store.

The company's chairman and C.F.O., R. Donahue Peebles, plans to raze the structures and build a 400,000-square-foot tower that would include a 200-room five-star hotel, about 35 condo-hotel suites, as many as 45 condos, retail space and restaurants. The condos would be among the city's priciest, ranging from \$800 to \$1,200 a square foot. The most expensive unit would top out at \$10 million.

Designed by Arquitectonica, a Miami architecture firm, the building would cost about \$215



million, Mr. Peebles says.

"We want it to be a signature project," he says. "It's a very prominent corner and Michigan Avenue is one of the great streets of the world."

Mr. Peebles says he's courting international hotel brands for the project, but declines to name them. One that has expressed interest is Regent Hotels & Resorts Inc., a unit of Minneapolis-based Carlson Hotels Worldwide Inc. that has six hotels around the world and eight more

in the works, says a person familiar with the project. A Regent spokesman declines to comment.

Peebles has agreed to buy the property from a group that includes local developers Charlie and Harry Huzenis and Michael Lerner.

Mr. Peebles, 47, has projects in Miami Beach, Detroit, Las Vegas and San Francisco. He started scouting sites in downtown Chicago about a year-and-a-half ago.

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Hotel set for Michigan Ave.

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Mr. Peebles isn't the only hotel developer in the neighborhood aiming at the high end of the market. Five other luxury projects are in the works within five blocks of the Peebles site, including Donald Trump's 286-room tower along the Chicago River. And investor Sam Roti says he plans to convert the long-vacant Chicago Motor Club building just west of the Peebles site into a boutique hotel.

Mr. Peebles "is not the sort of guy I would bet against," says Laurence Geller, CEO of Strategic Hotels & Resorts Inc., a Chicago real estate investment

trust that owns the Fairmont Chicago and the InterContinental Chicago. But "you've got an awful lot of luxury hotels in a small space in a city that's not renowned for high room rates."

Mr. Peebles is unconcerned, noting that the projects in the works are relatively small considering the size of the downtown hotel market. "That market can handle the new hotel inventory that's coming on line," he says.

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