

Investors see Rogers Park, Edgewater as Chicago's next destinations for priced-out North Siders



The nine-story Sheridan Court Apartments sold to an out-of-town joint venture for almost \$18.9 million. (Handout)

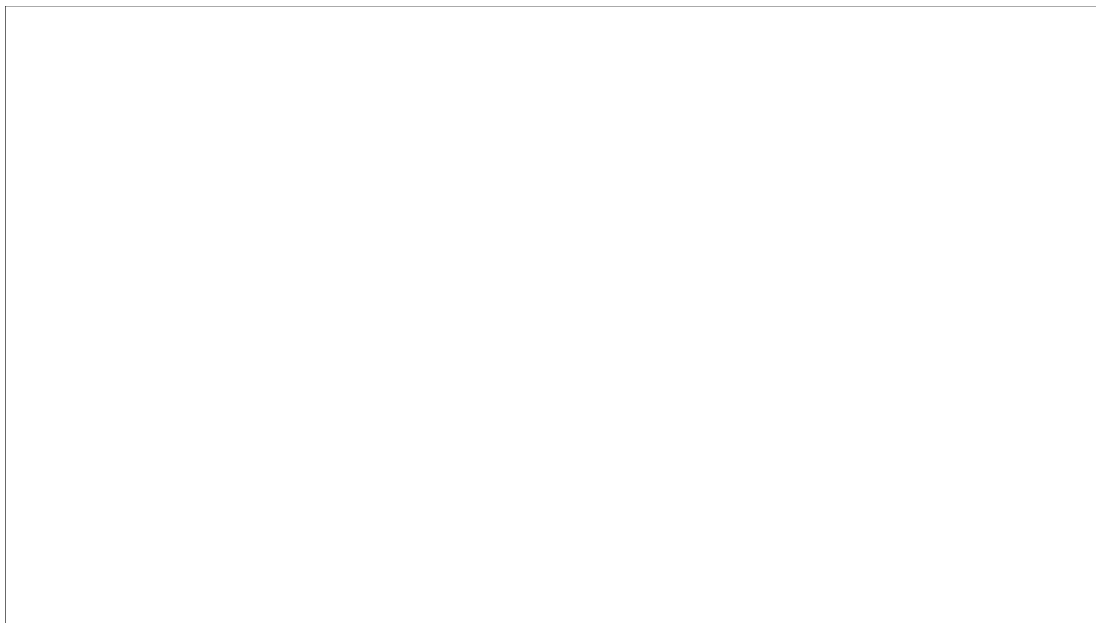
By **Ally Marotti**
Chicago Tribune

DECEMBER 13, 2016, 9:50 AM

An out-of-town joint venture has paid almost \$18.9 million for a mixed-use building in Rogers Park, joining other investors in a neighborhood attractive to young professionals searching for cheaper rents on Chicago's North Side.

Spirit Bascom Ventures bought the 160-unit Sheridan Court Apartments in a deal that closed last week, said Scott Zwilling, principal with Stamford, Conn.-based Spirit Investment Partners, one-half of the Spirit Bascom joint venture.

ADVERTISING



"We've been looking at the northern neighborhoods a lot in Chicago," Zwilling said. "We're seeing a huge migration of young millennials and young professionals that are getting priced out of the more expensive areas."

The nine-story building at 6807 N. Sheridan Road is one block from the beach, and four blocks north of the Loyola stop on the CTA Red Line. Spirit Bascom plans to renovate the 1920s-era building to help fill the area's void in luxury rental units.

It is the second building Spirit Bascom has acquired in the area in just more than a year. The joint venture, a partnership between Spirit Investment Partners and Irvine, Calif.-based Bascom Group, bought a 223-unit building at 5200 N. Sheridan in Edgewater Beach in November 2015.

Renovations underway at that building, now called The Edison, include stone countertops, stainless steel appliances and a rooftop deck.

Zwilling declined to comment on specific renovation plans for Sheridan Court but the building will get a new name.

The seller of both buildings was Skokie-based Kopley Group, which bought Sheridan Court in December 2001 for \$9.75 million.

Kopley took advantage of a market investors are doubling down on, said Todd Stofflet, managing partner for Chicago-based brokerage firm KIG, who represented the Kopley Group in the sale.

"Rogers Park has seen a little bit of a renaissance recently," Stofflet said. "There's a big rent spread between that and downtown, but until recently there hasn't been any new product or renovated product to live in."

Loyola University's proximity continues to be a draw for investors. But the area's existing rental stock is generating new interest from institutional investors, backed by pension funds or real estate investment trusts, that are confident in their ability to attract tenants, said Lee Kiser, principal of Chicago commercial real estate brokerage Kiser Group.

Traditionally, those types of investors stuck to newly constructed high-rises downtown, he said.

In August, Chicago-based Golub & Co. and real estate private equity firm Alcion Ventures paid \$37 million for a 20-story apartment building at 5600 N. Sheridan that will be renovated.

Clients of Kiser are acquiring three buildings with 109 units in Edgewater Beach in a deal set to close Thursday, and another four buildings in Rogers Park next month.

Increased investor interest could cause a problem for tenants who can't afford the rent increases that could come with newly renovated apartments.

"That's sort of what the process for pricing people out of a neighborhood might look like," Geoff Smith, executive director of the Institute for Housing Studies at DePaul University.

Average rents in the Rogers Park neighborhood have increased 12 percent in the last five years, according to data from KIG. In Edgewater, average rents increased 19 percent over the same time period.

amarotti@chicagotribune.com

Twitter @AllyMarotti

Copyright © 2016, Chicago Tribune