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U of C pays \$20 million for new Jewel-Osco in Woodlawn

The store became a symbol of the neighborhood's comeback, bringing fresh produce and other healthy food options to a South Side "food desert," providing 200-plus jobs and generating momentum for a broader community-development push in the neighborhood.


ALBY GALLUN  

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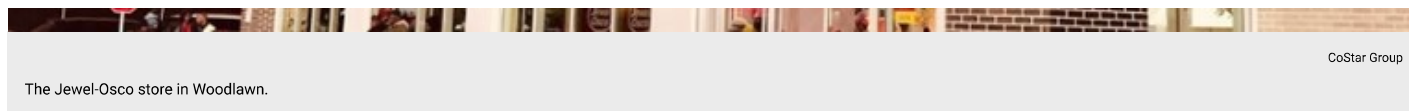
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Less than a year after opening, the [Jewel-Osco](#) in Woodlawn has a new owner: the [University of Chicago](#).

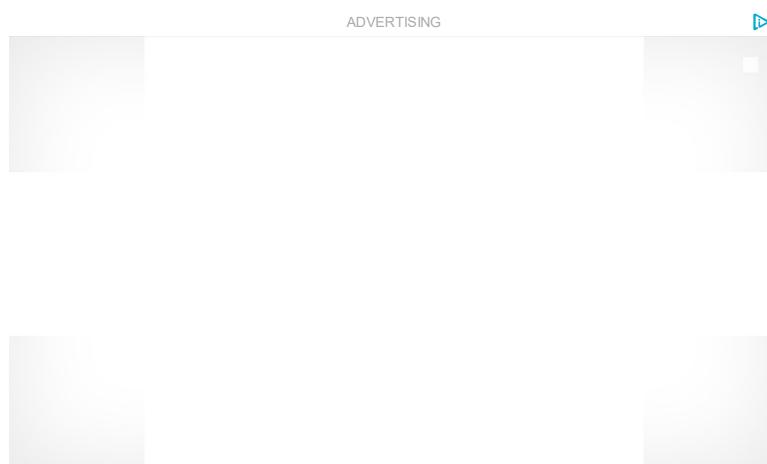
A venture connected to the university paid \$19.8 million in November for the 48,000-square-foot grocery-and-drug store at 61st Street and Cottage Grove Avenue, according to a deed filed with [Cook County](#). The venture acquired the store from the developers that built it, Chicago-based DL3 Realty and Wilmette-based Terraco Real Estate.

The store, which is leased to Jewel-Osco parent Albertsons, became a symbol of Woodlawn's comeback when it opened last March, bringing fresh produce and other healthy food options to a South Side "food desert," providing jobs for more than 200 people and generating momentum for a broader community-development push in the neighborhood.

The sale also validates the idea that Woodlawn offers attractive returns for investors that put their capital into commercial properties there, said DL3 Managing Partner Leon Walker.

"As this investment helps the market stabilize, it encourages other (businesses) to see Woodlawn as a place of opportunity," he said.

Yet the deal still needed a subsidy to work out. DL3 and Terraco financed the Jewel-Osco project, which cost more than \$20 million, with \$11.5 million in New Markets Tax Credits acquired by [Northern Trust](#).



Walker declined to get into financial specifics but said the project generated a good return for its investors even though the \$19.8 million sale price fell short of its total cost.

The University of Chicago considered the Jewel-Osco "an important community asset and decided to purchase the property to ensure that it remains locally controlled rather than going to a national buyer," university spokesman Jeremy Manier wrote in an email.

"The University is committed to making sure the store remains a valuable resource for the community, similar to other commercial properties that the university owns in the area," he wrote.

The university financed its acquisition with a \$14.8 million loan from Beverly Bank & Trust, according to a mortgage filed with the county.





Brokerage Greenstone Partners arranged the sale. Greg Dietz, managing partner in Greenstone's Chicago office, said a confidentiality agreement prevented him from discussing the transaction.

Just south of thriving Hyde Park, Woodlawn has started to attract investment after decades of population loss and decay. One big project has received the lion's share of the attention: the proposed Obama Presidential Center in Jackson Park, on the east end of the neighborhood.

But plenty of dollars are flowing in from other sources. Preservation of Affordable Housing, a Boston nonprofit, has [invested heavily in Woodlawn](#), with properties including Woodlawn Station, a 70-unit apartment project at Cottage Grove and 63rd Street that opened in 2018.

DL3 may be best known in Chicago for developing [Englewood Square](#), a shopping center in Englewood anchored by a Whole Foods Market. But the firm has been busy in Woodlawn. DL3 is working on a 72,000-square-foot office-and-retail project on the site of the current Washington Park National Bank Building, also at Cottage Grove and 63rd. At another corner on the intersection, DL3 plans a 42,000-square-foot building that will include medical office space and a fitness center.

The increased investment has fueled concerns about potential gentrification, as rising apartment rents push people out. Parts of the neighborhood east of Cottage Grove are [vulnerable to displacement](#) because of significantly rising prices, according to the Institute for Housing Studies at [DePaul University](#).

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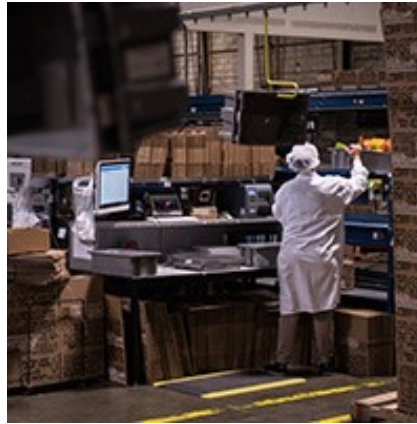
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