

Here are the biggest commercial real estate stories of 2016

By [Ryan Ori](#) December 29, 2016

In Chicago-area commercial real estate, 2016 was the year that immovable objects moved.

Leading the way was news that McDonald's, long synonymous with Oak Brook and the western suburbs, will move its corporate headquarters to downtown Chicago. The fast-food giant joined the likes of Kraft Heinz, Motorola Mobility, Conagra and Motorola Solutions in coming downtown from the suburbs or outside the Chicago area.

There also was long-awaited movement on some of the city's biggest but most challenging development sites, including the Old Main Post Office, the former A. Finkl & Sons steel plant and a sprawling riverside site connecting the South Loop and Chinatown.

On Michigan Avenue, the Chicago Tribune's longtime home is headed for rare changes after its tower was sold to developers.

There also was movement—albeit backward—on another high-profile property, a former steel plant site along the south lakefront. U.S. Steel and its development partner parted ways on an ambitious development plan a dozen years in the works.

Here is a look at the 10 biggest real estate stories of 2016:

MCDONALD'S COMING DOWNTOWN

Fast-food giant McDonald's **confirmed in June** that it will move its headquarters downtown in 2018, to a building developer Sterling Bay is constructing on the site of Oprah Winfrey's former Harpo Studios in the Fulton Market District.

POST OFFICE SELLS, LONGTIME OWNER DIES

Even though Bill Davies never fulfilled seven years of promises to redevelop the hulking Old Main Post Office, he maintained his flair for the dramatic until the very end. In May, the reclusive Monaco resident finalized a **\$130 million sale** of the building to New York-based developer 601W and—in news that emerged just after the sale—**died after a short illness**.

VISTA TOWER CONSTRUCTION BEGINS

China's Wanda Commercial Properties and its local partner, Magellan Development Group, **broke ground** on the 93-story Vista Tower condominium and hotel building in Lakeshore East. The tower, which will be Chicago's third-tallest, "is a \$1 billion vote of confidence in the future of Chicago," Wanda Vice President Chen Guocai said.

FINKL STEEL SITE SOLD

Sterling Bay completed its **\$140 million purchase** of the former Finkl plant along the river in Lincoln Park. Depending on what type of zoning the city allows, the Sterling Bay venture could invest **\$1 billion or more** developing office, retail and residential buildings on well over 30 acres of land it has assembled in the historically industrial area.

RELATED TAKES CONTROL OF 62-ACRE SITE

Residential developer Related Midwest took control of a **62-acre site along the river**, where it is expected to develop a massive city within the city connecting the South Loop and Chinatown. The site has been covered with

weeds and shrubs for years after the developer who previously controlled the site, power broker Antoin “Tony” Rezko, was imprisoned after a federal probe that also brought down his friend, former Gov. Rod Blagojevich.

TRIBUNE TOWER SOLD

Los Angeles-based CIM Group and local partner Golub paid \$205 million, plus a potential \$35 million later, for the **36-story Tribune Tower**. They are expected to redevelop the existing building and seek approval for a new tower just east of 435 N. Michigan Ave. The seller, Tribune Media, plans to **move its offices across the river** to 303 E. Wacker Drive.

APARTMENTS SET RECORDS DOWNTOWN AND IN SUBURBS

Downtown and suburban apartment buildings each set records for overall sales volume. Downtown landlords are bracing for a **tough year ahead**, after a record 3,830 apartments were completed in 2016. Another 4,500 are expected to be completed in 2017, according to Appraisal Research Counselors, ramping up supply and likely pushing down rents.

SOUTH WORKS PROJECT COLLAPSES

After nearly 12 years working together on the ambitious South Works development along the South lakefront, Chicago developer McCaffery Interests and property owner U.S. Steel **parted ways** without building a single structure. U.S. Steel is now **courting developers** to buy as much as 430 acres of land.



AMAZON GOBBLES UP WAREHOUSE SPACE

Online retailer Amazon continued building a huge distribution network in the area, confirming plans for six new warehouses since May. Amazon most recently disclosed plans for **two buildings in Aurora** and **one in Waukegan**.



HOTEL SELLS FOR RECORD PRICE PER ROOM

Hamburg, Germany-based investment manager Union Investment Real Estate **paid \$315 million** for the LondonHouse hotel, a Chicago record at \$697,000 per room. A venture of Chicago-based Oxford Capital Group redeveloped the former 22-story office building at 360 N. Michigan Ave. into a 452-room hotel that opened in the spring.

This item has been corrected to show that \$697,000 was the price per room.
