

Ritz-Carlton Plans Luxury Condos on Michigan Avenue

Chicago Sun-Times
March 2006
By David Roeder



A new contestant in downtown's ultra-luxury housing market was announced Thursday, a project that carries the glamorous Ritz-Carlton name and a Michigan Avenue address.

Chicago's Prism Development Co. said it will build a 40-story residential building at 664 N. Michigan, the former site of the Terra Museum of American Art. It will compete in a market segment dominated by flashy buildings, such as the Donald Trump project at Wabash and the Chicago River and a proposed 2,000-foot design near Navy Pier.

Prism's management agreement is with Ritz-Carlton Hotel Co. LLC. But the building won't be a hotel. It will offer 86 residential condominiums starting at \$1.25 million.

Ritz-Carlton will have a long-term contract to offer occupants such perks as concierge and butler services. The building will include a club and exercise room only for residents.

Construction is due to start this fall and be done in 2008. Bruce Schultz, a principal at Prism, said no rezoning of the site is needed.

Part of the site includes a city landmark, the Farwell Building. Schultz said the building will be incorporated into the design, hosting retail space, parking floors and the private club.

The design is by Lucien Lagrange Architects and is meant to invoke an aura of the 1930s. Lagrange has specialized in that type of work on the Near North Side.

The project is small in scale, but high in risk. Rising interest rates have hurt demand for expensive housing downtown. But Schultz said the grandest units – 8,000 square feet and

more – have been the hardest to sell. His building will have smaller homes, ranging from 1,370 to 5,700 square feet, he said.

“It will have a boutique appeal. Trump's building is larger and it basically is a name-branded condo, but without the services we will offer,” Schultz said.

Daniel Miranda, president of HSA Commercial Real Estate and a Near North Side resident, agreed that the building's small size works in its favor. But he said such a high-end property could be a difficult sell right on Michigan Avenue, where congestion and noise irritate condo dwellers.

Ritz-Carlton said it has managed residences since 2000 and currently has such deals in 14 locations worldwide, all in major cities or resort destinations. The company also manages 59 hotels.

Schultz said Prism has a contract to buy the property from the Terra Foundation, which operated the museum until 2004. The foundation will have offices in the development, he said.

The project has a \$150 million budget, and some financing needs to be lined up, Schultz said. Its name aspires to an exalted stature: the Ritz-Carlton Residences, Chicago, Magnificent Mile.