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Alter Group unveils huge development in Grayslake

By Eddie Baeb

(Crain's) — Alter Group Ltd. is to unveil plans Monday for its biggest project ever amid one of the worst recessions in decades.

The 54-year-old development firm is moving forward on a 650-acre commercial and residential development near far northwest suburban Grayslake that's estimated to cost upward of \$750 million and take 12 years to complete.

Preliminary plans for the development, to be known as Cornerstone, call for about 3 million square feet of light industrial/office space, more than 500,000 square feet of shops and restaurants and about 800 homes — mostly townhouses, apartments and condominiums.

The plan by Skokie-based Alter would be audacious even in a good economy. But instead, the announcement comes in the teeth of a deep recession and epic housing market slump that has many developments nationwide and in the Chicago area being postponed or canceled.

"By definition we're optimists: We're in real estate," says Steve Park, a senior vice-president with Alter who is leading the project. "We believe the economy is going to turn around, and we want this project ready to go when that happens."

The site is to be annexed into Grayslake, and other governmental approvals could take six months. Grayslake officials are to unveil the plans at a news conference Monday afternoon and hold public viewings of the proposal Wednesday at village hall.

Mr. Park says the first buildings will likely go up in 2011. The development would be along Peterson Road west of State Route 83 and extending west of Allegheny Road. Alter has been working up plans for several years. The firm's founder William Alter, who died in August, bought the land more than 30 years ago, and the firm had the property de-annexed from Round Lake Park several years ago.

Grayslake Mayor Tim Perry says the project was his top initiative when he took office eight years ago and says the village has spent about \$15 million on infrastructure improvements to make the site ready for such a development.

"I don't think Lake County has ever seen anything this large. This project is going to be regional in scope," Mr. Perry says. "This has been a long time in the works, and we're moving it along."

Lake County officials estimate the fully developed project will create 9,000 jobs and \$2.2 billion in economic activity.

Mr. Perry, who is stepping down as mayor in May, says the site could have zoning approval from the village in 30 to 60 days and that the village is working on agreements with the three affected school districts. Mr. Perry says the project's timing is good.

"You're at or near the bottom of an economic trough," the mayor says. "We want to be prepared to be the first one out of the blocks, because that's where the greatest opportunity will be."

Alter's Mr. Park, a 20-year veteran of the firm, says initial marketing efforts will focus where demand is strongest: industrial and research-and-development buildings along with townhouses — where there's less of a glut in Lake County compared with single-family homes.

Some industrial buildings could be built without tenants lined up, though Mr. Park says the firm is focusing on entitlements and infrastructure planning and hasn't yet approached lenders. Cushman & Wakefield has been tapped to market the industrial and office space.

Of the 800 planned residences, only about 125 would be single-family homes while the remainder would be townhouses, condos and apartments, with some housing restricted to senior citizens. The homes will be built in a joint venture with Glenview-based homebuilder Edward R. James Partners LLC.

The retail, which Mr. Park envisions as a pedestrian-friendly, "Main Street" type of shopping center, is to be marketed by Chicago-based Stone Real Estate Corp.

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