
Hotel project next to Millennium Park lands \$61 million construction loan

By Alby Gallun  June 11, 2013

The developers that plan to convert the former Chicago Athletic Association buildings into a 240-room hotel have landed a \$61 million construction loan, clearing a key hurdle for the project across from Millennium Park.

The joint venture between Chicago-based AJ Capital Partners LLC and San Francisco-based Geolo Capital have begun demolition inside the landmark buildings at 12 S. Michigan Ave. and 71 E. Madison St. and plan to finish construction in fall 2014, said Jasin Alfaro, AJ Capital's chief operating officer. It is one of several hotel projects under way amid a building boom **that will add 2,700 rooms** to the downtown market.

The joint venture is financing the \$105 million development with the \$61 million loan from New York-based Junius Real Estate Partners, about \$14 million in historic tax credits and equity from AJ, Geolo and Agman Partners, a Chicago-based investment firm, Mr. Alfaro said. The construction loan comes due in May 2016, with a one-year extension option, according to a mortgage filed with Cook County.

AJ Capital, which developed the **Hotel Lincoln** in Lincoln Park and **Soho House** in the West Loop, **teamed up on the project** last year with Geolo, an investment firm headed by hotelier John Pritzker. The hotel doesn't have a name yet, but it will be part of Commune Hotels & Resorts, a San Francisco-based management company run by Mr. Pritzker that includes the Thompson Hotels chain.

Thompson also will run the former Sutton Place hotel in the Gold Coast, which AJ Capital and Walton Street Capital LLC are **redeveloping and rebranding** as the Thompson Chicago.

The new Michigan Avenue hotel, which will include a rooftop bar and restaurant overlooking Millennium Park, will compete in the "upper upscale," four-star plus, category, Mr. Alfaro said. It will join several newer hotels in the neighborhood, including the **Radisson Blu** in the Aqua building, the Wit hotel on State Street and the **Virgin Hotel**, which is under construction at Wabash and Lake streets.

"We think it's an unparalleled comp, given its location, its access to Millennium Park and given its rooftop bar," Mr. Alfaro said.

Bulley & Andrews LLC, a Chicago-based construction firm, is the project's general contractor, while Chicago-based Hartshorne Plunkard Architecture is the architect.