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DeBartolo in S. Loop parcel bid

\$150 million for tract in stalled development

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A real estate firm owned by former San Francisco 49ers owner Edward DeBartolo Jr. has a non-binding agreement to buy the retail portion of a proposed South Loop development that has been stalled by several problems, including ties to controversial Democratic fundraiser Antoin "Tony" Rezko.

The development arm of Tampa-based DeBartolo Holdings LLC would acquire about 17 acres of the 62-acre property, which is located along the south side of Roosevelt Road between Clark Street and the Chicago River.

The seller is a London-based affiliate of General Mediterranean Holding SA, a conglomerate controlled by Nadhmi Auchi, an Iraqi-born billionaire.

The price would be roughly \$150 million, though it would be paid over time, based on the progress of the development, according to people familiar with the transaction.

General Mediterranean acquired the site in November for \$130 million from a partnership that included Rezko and his former partner, developer Daniel Mahru.

As a part of that transaction, Rezko formed Heritage Development Partners LLC to manage the development. But that firm has not wooed any retailers to the long-delayed project, which was first disclosed in 2001 and would include more than 6,400 residential units if completed.

However, the failure to move forward may not have been the result of a lack of interest by prospective retail tenants as much as it has been the result of developer missteps and controversy.

"The demand there is going to be extremely strong, as retailers come to learn the quality of the market that's there," said Stanley Nitzberg, a principal in Oakbrook Terrace-based Mid-America Real Estate Corp., which is not involved in the transaction. "There's every reason that site can get developed."

The deal would give DeBartolo the rights to build about 670,000 square feet of retail space and a certain number of residential units, sources said.

DeBartolo also would seek to win a badly needed tax increment financing subsidy from the Daley administration, which Rezko and Mahru were unable to obtain.

"If they want any TIF, they would seek it out themselves," said Michael Rumman, chief executive of Heritage Development Partners, who confirmed the deal.

DeBartolo expressed interest in the site a couple of years ago and held serious negotiations last summer.

Rezko and Mahru sold the site after a request for a \$140 million TIF grant was stymied when Chicago officials found that a Rezko-owned company improperly operated Panda Express restaurants at O'Hare International Airport that were supposed to be controlled by a minority-owned firm under the city's set-aside program.

Edward Kobel, president and chief operating officer of DeBartolo Development, could not be reached for comment.

Rumman declined to comment on the financial terms, but said \$150 million is "not even that accurate. There's a lot of variables associated with that."

The retail space would be located in more than a dozen buildings that would also include about 1,100 residential units, plans show. Rumman said the number of residential units DeBartolo would buy is still being negotiated, and that Rumman is exploring deals for other parts of the site.

"We have a number of parties that are talking to us about various transactions on the site," he said.

DeBartolo was chairman of Youngstown, Ohio, based DeBartolo Realty Corp. when it was acquired in 1996 by Simon Property Group Inc. of Indianapolis.

He controlled the 49ers for 20 years until 1997, when he was implicated in a casino-license scandal that also involved former Louisiana Gov. Edwin Edwards.

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