

= 108 North State Street =

108 North State Street is a site currently under development as an urban center located in the Loop community area of downtown Chicago , Illinois . The 3 building structure was being developed by Joseph Freed and Associates LLC , as a project inherited from the Mills Corporation . However , in 2011 Bank of America foreclosed on the property and sold it in 2012 to CIM Group . Retail development responsibilities were undertaken by Joseph Freed and Associates LLC . It is located on the square block bounded clockwise from the North by West Randolph Street , North State Street , West Washington Street and North Dearborn Street that is known as " Block 37 " , which was its designated number as one of the original 58 blocks of the city . The project broke ground on November 15 , 2005 . On July 31 , 2006 , the construction phase began . July 2008 marked the opening of the first of the three structures and the shopping center opened in November 2009 .

The Mills Corporation has also been contracted to develop an underground transit center beneath Block 37 that will be jointly funded by the City of Chicago , the Chicago Transit Authority and The Mills Corporation . The planned project includes a new subway station , track connections and a common downtown airport check @-@ in facility for train service to both O 'Hare and Midway airports . Since the purchase in April 2007 the project has stalled . The CTA has pulled out of the project and the current economic climate has stalled the project . Delays in completion have caused the project to lose major tenants .

Both Block 37 and The Mills Corporation have histories of financial difficulties . Block 37 had been demolished in 1989 for a hotly contested redevelopment plan under the then new Chicago Mayor Richard M. Daley . The debates included the demolition of the Chicago Landmark McCarthy Building , which proceeded after the Illinois Supreme Court decided private preservation groups did not have standing to challenge the city 's decision . Once the site was cleared , the initial redevelopment plan fell through , as did several subsequent plans , leaving the block vacant and undeveloped for nearly a generation . The Mills Corporation has itself been in financial difficulty in the past . This reputation and changing financial climate caused a delay in 2006 as contractors feared not getting paid . During the construction , cost overruns and delays have forced the city of Chicago and the Chicago Transit Authority to make up for a shortfall of over \$ 100 million . In November 2009 , the developer was declared in default and CB Richard Ellis was named receiver .

By February 2012 , the building remained only 26 percent occupied due to the undesirability of leasing space in bankruptcy proceedings . Construction of the apartment tower began in October 2014 . The retail spaces remained only 52 percent leased at the time .

= = Details = =

According to plans , it will be composed of three united structures : a 21 @-@ story residential condominium tower called 108 North State Condominium Tower at North State Street and West Randolph Street , a 20 @-@ story hotel tower called 108 North State Hotel Tower at West Randolph Street and North Dearborn street , and a 17 @-@ story tower called CBS Broadcast Center at North State Street and West Washington Street (for WBBM @-@ TV , CBS 2) . At one point , there was talk that the hotel tower has been abandoned in favor of a second residential tower . However , more recently it seems that the hotel tower is still anticipated . These structures will rise above lower level retail space . It is expected to have a very eclectic mix of shopping , entertainment , and dining in its lower retail floors . There were plans for an underground CTA transit station providing express service to O 'Hare and Midway airports via the " L " , as well as local connections via the CTA Blue and Red line subways (connecting the Washington / Dearborn and Washington / State stations , respectively) . The CTA superstation has been mothballed due to \$ 100 million cost overruns & limited interest in private operator of the express service . In November 2008 , the city proposed new financing to enable Loews Hotels build the 354 @-@ room planned hotel .

Architecturally , the main floor will feature transparent cornered project fascades and clear glass street level views . The multiple structures will feature approximately 400 @, @ 000 square feet (40 @, @ 000 m ²) of retail , entertainment and dining space ; 200 @, @ 000 to 450 @, @ 000 square

feet (42 @, @ 000 m ²) of office space ; a 354 @-@ room hotel ; a 200- to 300 @-@ unit residential tower ; and a state @-@ of @-@ the @-@ art CTA transit station providing service to and from Chicago ? s O ? Hare and Midway airports .

It will be flanked to the west by the Richard J. Daley Center and to the east by the former Marshall Field and Company Building . It is part of the central business district that includes Chicago City Hall and the James R. Thompson Center (the State of Illinois office building) within 2 blocks .

= = History = =

= = = Block 37 = = =

In 1829 , the legislature appointed commissioners to locate a canal and layout the surrounding town . The commissioners employed James Thompson to survey and plat the town of Chicago , which at the time had a population of less than 100 . Historians regard the August 4 , 1830 , filing of the plat as the official recognition of a municipally known as Chicago . Block 37 is one of the city 's original 58 blocks in the layout of the town , .

Even before the Chicago Fire , the block was home to one of Chicago 's largest theaters . During the late 19th century , tall office buildings proliferated on the block . By 1970 , the block was densely developed with 11 buildings , housing theaters , offices , a YMCA , and retailers like Stop & Shop , a grocer . On June 14 , 1973 , Mayor Richard J. Daley announced a broad urban renewal initiative centered on the North Loop theater district . Over the ensuing 16 years , numerous private developers , notably the Rubloff Company and JMB Realty , planned large mixed @-@ use developments on the site , with a mall along State Street and hotels and office towers above . Property assembly was facilitated by Mayor Harold Washington 's creation of the North Loop tax increment financing district in 1983 , which gave the urban renewal effort a steady revenue stream and eminent domain authority .

There was much consternation when it was demolished in 1989 , after Mayor Richard M. Daley approved its demolition to erect a multi @-@ use skyscraper with retail , hotel , office , and residential spaces . The McCarthy Building , a Chicago Landmark , was even stripped of landmark status over the objection of preservationists and public interest groups in order for the block to be cleared . Due to Block 37 's central location in the Loop , between the State Street retail district , the city / county government complex , and the Randolph Street theater district , its history is a microcosm of the city 's history . Block 37 was a nearly vacant city block from 1989 until 2005 after several attempts at redevelopment failed due to Chicago politics and insufficient funding of several past developers . The single remaining building from the pre @-@ 1989 Block 37 architecture is an active Commonwealth Edison transformer building that distributes power to a great portion of the Loop .

In 1988 , Chicago Mayor Harold Washington approved a \$ 24 million subsidy to FJV Venture to develop Block 37 . There were a series of subsequent alternate redevelopment plans . Among the prior redevelopment plans for the block were the original Block 37 Towers , for which the original block was demolished and which included a 47 @-@ story tower designed by Murphy / Jahn , Inc . Another failed plan was a Solomon Cordwell Buenz plan including a 711 @-@ foot 66 @-@ story residential tower and a 12 @-@ story Marriott Hotel towering over a 4 @-@ story retail base . This had followed the 39 @-@ story Kohn Pedersen Fox Associates design scheduled for 2004 completion . The developments fell through , which put the property back into the city 's possession . In 2002 , the city initiated a competition for the development rights to the property . In 2004 , the city sold the property to Mills Corp. at a \$ 20 million loss . Mills sold the development rights to Joseph Freed and Associates in 2005 , when the city committed \$ 42 million in tax @-@ increment funding . In 2007 , the city learned the development was \$ 150 million over budget . The complex was originally being developed by commercial real estate developer Mills Corporation , best known for its ownership of numerous super @-@ regional shopping malls . However , Joseph Freed and Associates LLC has inherited the development rights .

== The Mills Corporation ==

=== Corporate difficulties ===

Mills' troubles began in November 2005, with revelations of large losses on failed projects, a cash crunch and a U.S. Securities and Exchange Commission investigation into its accounting. The SEC inquiry was upgraded to a formal investigation in March 2006. The reclassification as a formal investigation allows for the use of additional techniques such as subpoenas. On April 6, 2007 Simon Property Group, Inc. announced the joint acquisition of Mills Corporation along with Farallon Capital Management for \$25 @. \$25 per share of common stock.

=== Block 37 troubles ===

In March 2006, contractors halted construction because of fears that they will not be paid. This caused Morningstar to reconsider their lease commitment. As a result, the value of the project declined, which made the resale of the project rights difficult. Mills was close to a deal with German investment firm, Deutsche Immobilien Fonds A.G. prior to the difficulties. DIFA had outbid Chicago developer Golub & Co., which then became the frontrunner. Golub, an international real estate investment company headquartered in Chicago, has closed on the office space portion of the project. Mills eventually sold the retail space rights to Chicago developer Joseph Freed & Associates, who had previously purchased the nearby Carson, Pirie, Scott and Company Building (located at 1 South State Street) that closed in early 2007.

Golub and Mills are now in a legal entanglement over certain leases to Morningstar for 211 @, @ 000 square feet (19 @, @ 600 m²). Golub claims Mills knew the measurements of the floors actually totalled 237 @, @ 000 square feet (22 @, @ 000 m²) although they contracted for 211 @, @ 000 square feet (19 @, @ 600 m²). Golub claims a Morningstar affiliate "... induced Morningstar to agree in the lease to be bound by an after @-@ the @-@ fact re @-@ measurement of the space." Additionally, Golub claims that Mills has acted without Daley administration authorizations for plans such as elimination of a proposed hotel in favor of a second apartment tower, as required by an agreement between Golub and Mills. In addition, Golub has sued over the residential portion of the project, which was given to Freed. Golub claims to have accepted the office space part of the project at a low profit with the expectation of making a larger profit on the residential portion. However, a court ruling has paved the way for Mills to terminate its contract with Chicago @-@ based Golub & Co. to develop the project's two residential towers and to sell the residential portion of the Block 37 project in the Loop to developer Joseph A. Freed & Associates LLC.

=== 2009 Foreclosure ===

Lenders, including Bank of America, moved to foreclose on the retail and transit portion of the mixed @-@ use development on October 19, 2009, because the developer, Joseph Freed and Associates LLC, ran out of money. Freed technically defaulted in March. With cost overruns exceeding \$34 million as of August 25, Freed owes \$128 @. \$5 million on a \$205 million construction loan, according to a lawsuit filed in Cook County Circuit Court. On November 3, the developer announced it had landed 13 new tenants to open within the succeeding few months. On November 20, a circuit court judge stripped Freed of the development rights and turn the responsibility over to CB Richard Ellis. On the same day a partial occupancy permit for the underground pedway connecting the red line and the blue line as well as the first floor retail space was granted. Freed claimed that the loan payments were current and that the default was based on a technicality. As receiver, CB Richard Ellis was scheduled to file a status report with the court December 8 and a full report, including financials, on January 15, 2010. In March 2011, Bank of

America acquired the \$ 206 million property with a credit bid of \$ 100 million at a sheriff 's foreclosure sale . Then in February 2012 , CIM Group was expected to close on a negotiated purchase of the entire 305 @, @ 000 @-@ square @-@ foot shopping center from Bank of America Corp.

= = Progress = =

= = = Phase I construction = = =

The Mills Corporation purchased the property for the project from the city on November 11 , 2005 . Phase I of the project , the groundbreaking , began formally on November 15 , 2005 . This followed winning the competition to be master developer and having their plan approved by the city . The Mills Corporation has letters of intent from CBS 2 Chicago Broadcast Center , Boggi Milano , Sisley , Andrew ? s Ties , Banana Republic , Rosa Mexicano , David Barton Gym and new concepts by Steve Lombardo , creator of Gibson 's Steakhouse and Hugo ? s Frog Bar , and Steven Foster , creator of Lucky Strike Lanes in Hollywood as future tenant commitments . Morningstar , Inc. has signed a lease to occupy about 210 @, @ 000 square feet (20 @, @ 000 m ²) across eight floors , making it the largest tenant in the office tower . In April 2005 , Mills had announced a lease commitment with WBBM @-@ Channel 2 for about 100 @, @ 000 square feet (10 @, @ 000 m ²) of space for offices and a showcase television studio . In February 2008 , developer Joseph Freed & Associates announced Club Monaco , a Muvico Entertainment LLC theatre , a David Barton Gym , a Rosa Mexican restaurant , a coffee shop and a yet @-@ to @-@ be @-@ named Lettuce Entertain You Enterprises Inc. restaurant will be located in the State Street complex . In June 2008 , Puma confirmed it is opening a two @-@ level flagship store on Block 37 . Also , the Muvico Theatre was reported to have an eight screen multiplex . In October 2008 , Spanish clothing store Zara signed a lease for Block 37 along with German athletic @-@ wear company Puma athletic wear and British clothing label Ben Sherman . Other confirmed retailers include clothier Steve Madden , Godiva Chocolatier , sporting apparel seller Lululemon Athletica Inc . , hair and skin products retailer Aveda as well as body and bath products retailer Sabon . Other stores rumored to be considering Block 37 at that time were Apple Computer and Crate & Barrel home furnishings

= = = Phase II construction = = =

On July 31 , 2006 , the retail and CTA construction began . The retail portion entails the construction of the CBS 2 Broadcast Center building at North State Street and West Washington Street . The building will also serve as the corporate headquarters of Morningstar , Inc . This 17 @-@ story building will be 276 feet (84 m) in height . After a series of previous failures on this project , this marks the first time redevelopment has gone past ground breaking to the construction phase . The construction of the condominium Tower at State Street and Randolph was visible on May 2 , 2007 .

The first phase of construction (Phase II) had been contracted to be completed by March 2008 . This would enable Morningstar , Inc. to move before its early 2009 lease expiration at its present location , 225 W. Wacker Drive . However , financial troubles have caused delays that have necessitated that Morningstar who had intended to occupy over half of the building seek lease proposals from other downtown office towers . Morningstar would suffer holdover penalties and other damages if it were unable to move before its lease expires . Morningstar is hesitant to pursue other opportunities because their lease at 108 North State Street is at a below market price in the low \$ 20s / square foot .

On June 11 , 2008 , the CTA board was scheduled to hear the city 's plan of a three @-@ phase bailout of the construction of the rapid transit station under block 37 . The plan included \$ 20 million in additional tax increment financing . This comes on top of an extra \$ 60 ? 70 million in excess of its budgeted amount that the CTA has been forced to expend . The building developer , Joseph Freed

& Associates , has agreed to accept \$ 19 million of cost overruns . This round of assistance only covers costs that have been incurred to date . No further funds have been committed and the station 's development is being halted until such funds arise . The original budget was \$ 213 million (\$ 173 from CTA) and costs to date have been \$ 320 million . As of last year the costs were \$ 150 million over budget and the city is seeking private investment . Construction finally began on the third building , the hotel and residences in the end of 2009 .

= = = You Are Beautiful = = =

During construction , 100 local artists created cutout woodblock letters to place on the temporary construction wall . They were posted on the wall adjacent to the temporary pedestrian walkway next to the construction site . The phrase " You Are Beautiful " is spelled out in various languages .

= = = Completion = = =

In September 2008 , the mixed @-@ use 16 @-@ story building held its ribbon cutting ceremony . The CBS studio includes a 30 by 19 feet (9 @.@ 1 by 5 @.@ 8 m) outside video display , which has been a controversial addition to the Loop community . Morningstar has moved its global headquarters into the building . Also , the world 's first luxury shared office will host 100 individual workspaces for rent on the 15th floor in a space that includes a spa , pool hall , recording studio , graphic design shop , audio @-@ visual board room , penthouse suites and concierge .

The shopping center is expected to include Bebe , Coach and J.Crew. Lettuce Entertain You who also operates the food court at Water Tower Place will operate a cafe , food court and market . The top floor was to be occupied by Muvico Theaters , however they pulled out in 2009 . The David Barton Gym , the first and largest tenant of the Block 37 project , has pulled out of the project favoring , instead , the Roosevelt Collection in the south loop . The reason the gym opted out was the delayed opening of the mall , which is scheduled for fall 2009 opening rather than fall 2008 as scheduled . In March 2009 , Apple Inc. also withdrew from its leasing agreement , and less than a month later it signed an agreement to develop a new storefront in the Clybourn Corridor on property bounded by North Avenue , Halsted Street and Clybourn Avenue . After Apple backed out of its lease , Lululemon backed out of its lease to be located next to Apple . Other March 2009 tenant signings included Chicago 's haberdashery Bigsby & Kruthers , Sunglass Hut , crystal jewelers Swarovski , Starfruit Cafe , and Fast @-@ casual eatery Tahini . Also , in the face of declining advertising revenue , CBS sought to sublease part of its studio . A Loews Hotel will be built in forthcoming years .

On November 20 , 2009 , the underground pedway connecting the blue line and the red line opened . The following day Steve Madden shoes , opened the first retail establishment in the structure . As of February , 2012 , the theatre , food court and gym had not opened and were no longer planned . The building remained only 26 percent occupied at that time due to hesitance by retailers to commit to leases while lender Bank of America and developer Joseph Freed battled in bankruptcy court .

= = = Apartment building = = =

In 2014 , CIM began moving forward with adding a rental residential tower atop Block 37 . In March 2014 , rumors began that an apartment building exceeding 500 units was being planned . On September 11 , CIM issued a press release that it had obtained permits for a 34 @-@ story , 690 @-@ unit apartment tower , which Crain 's Chicago Business described as " the biggest apartment tower the Loop has seen in decades " . The official commencement of the glass @-@ walled project was on October 29 with expected completion by Summer 2016 to include amenities such as outdoor pool and spa , plus a rooftop spa and fitness center . At the time the retail spaces were only 52 percent occupied . The apartment building construction eliminated the plans to build a hotel atop the structure . The apartment building construction coincided with plans to bring an 11 @-@ screen

AMC Theatres dine @-@ in movie theater to the building . The 4th floor AMC theater opened its doors on December 17 , 2015 as scheduled as the Loop 's only major chain movie theatre . The theatre is Chicago 's first Dine @-@ In Theatre in which patrons order food by the touch of a button from their seats .

= = Gallery = =