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\$170 million loan for Essex upgrade, apartment tower

By RYAN ORI



The owners of Essex Inn landed a \$170 million construction loan to upgrade the hotel across from Grant Park and build a 56-story apartment tower alongside it.

Chicago-based Oxford Capital Group and its investment partner, private-equity firm Quadrum Global, today announced the loan, which they said will kick off construction of the 479-unit luxury apartment tower in the South Loop.

The venture bought the 254-room hotel at 800 S. Michigan Ave. in 2014 and in 2015 unveiled plans to add apartments along the south side of the hotel. The city approved the development plan last year.

The hotel will be renamed the Hotel Essex, expanded to 271 rooms and upgraded to a “luxury lifestyle hotel” by 2019, according to the developers' statement. They did not identify the lender, which was described as “a global investment bank,” or the anticipated total cost of the project.

New York-based Mission Capital Advisors represented the Oxford venture in obtaining the debt.

Crews began putting up scaffolding today, as they prepare to demolish the parking garage on the site where the apartment tower will be constructed, Oxford founder, president and CEO John Rutledge said. Demolition will be completed within six weeks, followed immediately by construction work, he said.

The hotel renovations, slated to start in late 2018, will be completed at the same time as the Essex on the Park apartment building opens. Apartments will have high-end finishes, and the new Hartshorne Plunkard Architecture-designed building will include a multistory winter garden with an indoor pool, hot tub and other amenities, according to the developers.

Planned construction of the apartment tower comes amid concerns of a potential glut of new units as downtown experiences a **construction boom**.

“We have long been believers in the desirability and irreplaceability of Michigan Avenue real estate in Chicago,” Rutledge said in the statement. “This is particularly true of real estate directly on the park and the lakefront, where residents have beautiful and unencumbered views and open space in perpetuity.”

Oxford and Quadrum have partnered on other hotel developments in Chicago, including the Godfrey Hotel and the ongoing conversion of a vacant building at **168 N. Michigan** to a hotel.

Oxford's other Chicago developments have included the conversion of a former office building at 360 N. Michigan Ave. to the **LondonHouse**, as well as the Langham and Felix hotels.