

[Cooperation from local governments remains a key to development](#)

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With the rise in spec and build-to-suit development taking place in Chicago, the cooperation of local government in fostering such development continues to play an important role. That was the view of The Return of Development panel at last Thursday's 11th Annual CIP Summit.

John Greuling of the Will County Center for Economic Development moderated the panel featuring: Howard Green, Meridian Design Build; Adam Miller, Summit Design Build; Dan Fogarty, Conor Commercial Real Estate; Tim Hennelly, Ryan Companies US Inc.; and Kevin Matzke, Clarius Partners.

Hennelly said the spec market overall is healthy in certain submarkets, while others like the I-80 Corridor will not see a spec building for quite a while.

Green said the number of recent spec projects in the Chicago area is leading to greater competition.

"With the influx of spec product, it seems like everybody is back in the pool at the same time, which is good, but I think everybody is trying to beat the other guy and have the first building on market," Green said.

Regardless of whether the development is a spec project or a build-to-suit, panel members said it is important to have the cooperation of local units of government.

"When we're analyzing sites for a development opportunity, we get in front of a municipality and make sure that they're going to be a partner in the deal, and if there is any sense of swimming upstream, the deal is half-dead at that point," Fogarty said. "We have a limited amount of human capital and we want to focus on where we're going to have our best opportunities. That's where you have cooperative municipalities and counties that are looking to support you and are saying the word yes from the time you walk in the door."

Miller said the city of Chicago is very supportive and is very aggressive in terms of creating jobs.

"We see a lot of cooperation, whether it's TIF, 6b or working on any of the other entitlements," he said. "It's a huge part of every project that we're involved in."

At the state level, Matzke said more transparency in the state's overall incentives program would be beneficial.

"The places that have done a good job with incentives have dealt with them in more of an open book kind of way," he said.

As for challenges to the speculative and build-to-suit markets in the future, Matzke said the demand is not as robust as it was in 2005 and 2006.

However, Fogarty said that back then, there was too much capital that "wasn't checking the risk boxes."

"Now there is a lot of capital that is available and it wants to get into the game, but the fundamentals are much more sound," he said.