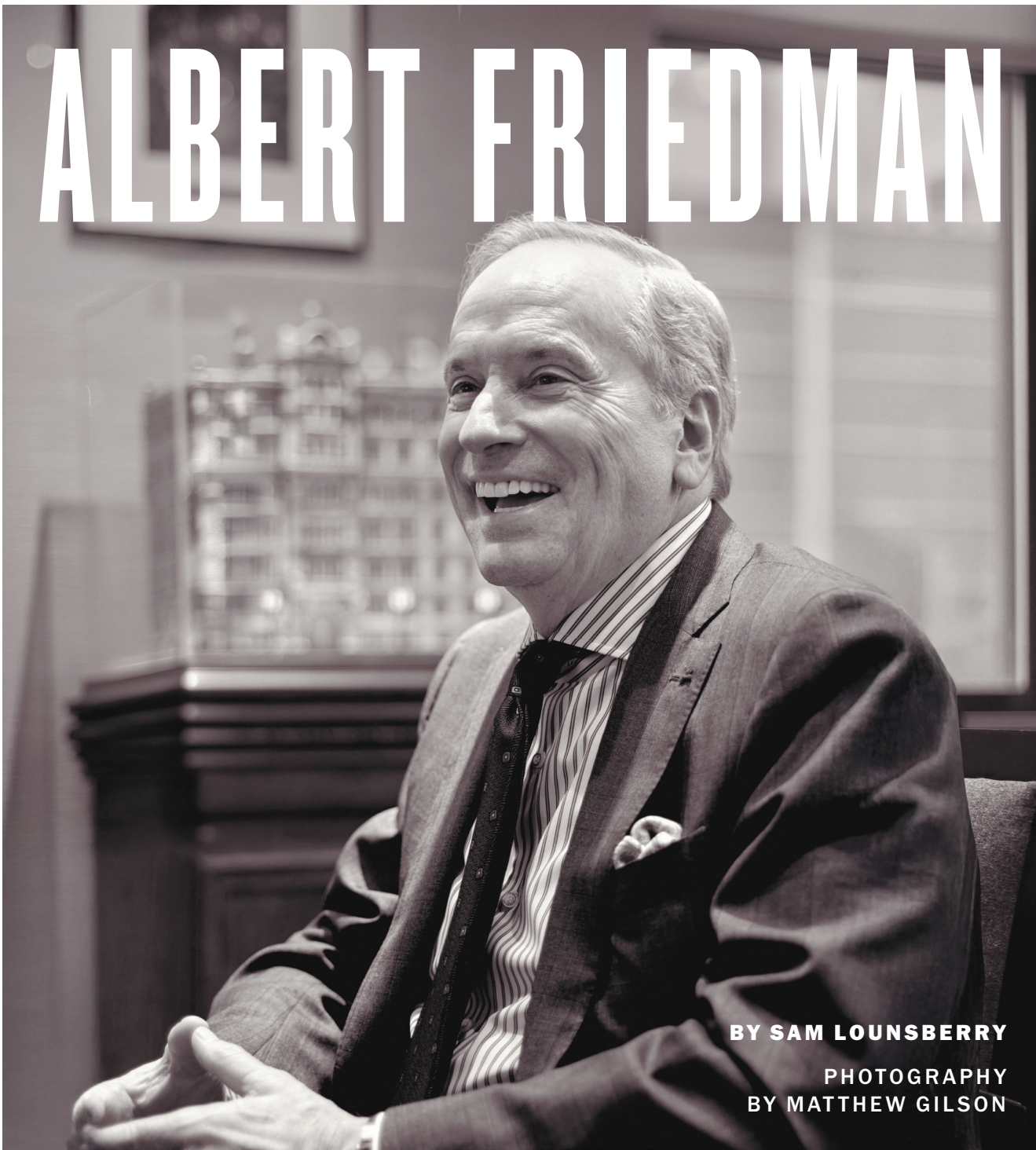


ALBERT FRIEDMAN



BY SAM LOUNSBERRY

PHOTOGRAPHY
BY MATTHEW GILSON

BORN	OCT. 27, 1948
HOMETOWN	CHICAGO
LIVES	CHICAGO
FAMILY	MARRIED, TWO CHILDREN, FIVE GRANDCHILDREN

What were you like as a kid? At age 11, my mom passed away, and from 11 on my dad and I lived together. I would come downtown and work at my dad's hot dog stand every day. I would take the train down. And by age 15 maybe, I got a special license because I did all the lunch deliveries to the marina workers.

How have you seen the real estate business change over the decades? When you have a core business and you operate in this fashion, it's a neighborhood and not about a building. It's about a sense of place, safety, cleanliness, the mixture of tenancy, it's about not just having a daytime, 9-to-5, Monday-through-Friday business but a 24/7 community. That's what I've tried to do in River North.

Did you ever play with calling River North "RiNo"? We never called it that. I always called it River North. I was urged to go to New York and visit SoHo, for South of Houston, and I saw the real estate template, with the art galleries, and said why don't we do it here? So I decided I wanted to change the name of this place to River North. I started to get galleries to come in, and a couple restaurants. A young man named Bayless came to me one day and said he had an idea for a Mexican restaurant. I said, "Gee, I like Mexican cuisine, but it's tacos and burritos." He said, "No, I'm talking about real Mexican food. It's my vision and my dream, would you please help support me?" And he opened a place called Frontera Grill.

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When you say you saw a vision for trying to improve the neighborhood early on, were you ever worried that things wouldn't change for the better? I never thought that I would do what I'm doing. But when my dad passed away, I had to stop everything I was doing and come back and run these businesses.

Continued on page 76

To say Albert Friedman wrote the book on real estate in Chicago's famous River North neighborhood is neither metaphor nor exaggeration.

Tim Samuelson, Chicago's now-retired cultural historian and a former colleague of Friedman's on the city Landmarks Commission, refers to River North as "Friedmanville." Friedman's holdings span 12 blocks, making him one of the city's largest and most important landlords, since he presides over an area of downtown that has nearly unmatched economic prowess.

As for the book: Friedman, 76, keeps in his office some copies of an oversized tome titled "The Transformation of River North." Published by his company, it details the landlord's influence on the neighborhood, in more than 200 pages of photos, renderings and historical insight. It reflects his portfolio of properties — as well as Friedman's own style — in that it's half marketing material and half history lesson.

In 55 years in the business, he has amassed a 5-million-square-foot commercial real estate portfolio, developed glassy new towers, including a 33-story proposal in the works, and has also preserved and renovated aging architectural landmarks. He assembled a retail empire while acquiring

and operating large office, multifamily and hotel properties. He's the landlord of famed chef Rick Bayless' first restaurant, Frontera Grill, and over decades partnered time and again with restaurateur Rich Melman's Lettuce Entertain You Enterprises, a tenant that has blossomed into one of Chicago's most well-known, with eateries throughout the region. Friedman is also landlord of Chicago's first casino, a deal set to bring in \$20 million to his firm over the next several years.

But his force has tragic origins: Friedman's mother died when he was a child, and a decade later, his father, Julius Friedman, who had started building a real estate portfolio that included the broken-down rooming house at 417 North Clark Street, called the Capitol Hotel, was killed in a car accident in 1970.

At age 21, Albert, then pursuing law, was thrust into the property management business in a neighborhood rebuilt after the Great Chicago Fire of 1871 into a working-class area sometimes (mis)characterized as dangerous.

The "Mayor of River North" whisked TRD through several of his assets — including a riverfront landmark, the Reid Murdoch Center clocktower, where Friedman made a deal with appliance giant Whirlpool to lease the space.

This conversation has been condensed and edited for clarity.

Continued from page 78

People said to me, “What are you doing?” Everyone was leaving the city back then. This was 1970 and the reasons people were leaving the city were all the same as they’re leaving the city today: They felt it was unsafe, that it wasn’t a place to educate the children. Unlike in other areas of the city where someone had a single property and may have given up, we’ve never given up, even in the toughest of times.

Given the parallel, what is the key to rejuvenating downtown Chicago from the post-pandemic lull? When people say LaSalle Street is in trouble, well of course it is. Landlords had blinders on. It can’t just change because one person does one building. It has to change because the whole neighborhood changes. Everybody is talking football stadiums, baseball stadiums. But my friend Lou Raizin, who leads Broadway in Chicago, says what we need is a cultural stadium, a sense of place. When we talk about what to do to improve, it’s not any one of these things, it’s all of them together.

In any case, a lot of the buildings I don’t own. I thought I would be smart enough to allow others to come in. In retrospect, I should have bought everything.

That’s your one big regret, not buying more? I’m trying to be as observant as possible. If there is another party who is the right buyer, then yes, that’s good, but most of the time everyone is focused narrowly as opposed to looking at the big picture.

You say your office buildings are doing well — but is your ecosystem of real estate at all impacted by the current problems with Chicago’s broader office market and property tax system? There’s no question they touch our ecosystem in some ways. That’s why we try to lead by example. We don’t try to follow the other people and their point of view. When you talk about safety, we have our own security force. We have our own camera system, with 400 high-definition cameras throughout this neighborhood that are monitored all the time. We clean the streets every morning and remove every bit of graffiti every day. If you come here you won’t see any of that. We have to empty the trash cans for the city. We do everything.

Is today’s office market downturn different from previous economic resets? When you see all the negativity in the office market, it’s because someone isn’t working hard enough to bring workers back. Most



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everyone is an institutional landlord. We’re not. We’re a hands-on business. The institutional players don’t have these local connections. We’re going to try to make our city a better place, it’s not just about our neighborhood. I ran the Landmarks Commission, I ran the Chicago Workforce Board, I was chairman of the convention bureau. It hasn’t been about me just owning properties, but being involved. As a company, we’re not just confined to River North, although that’s where many of our assets are. We have property in the West Loop, South Loop, in the suburbs, but we focus here because it’s an area we call home.

To get into some of your buildings, how did you add to the Reid Murdoch building? The clock tower wasn’t always usable space, was it? Our buildout of the clocktower

interior was completed in 2010. I toyed with putting my own office in there. But Whirlpool loved it. I had a feeling we could bring a tenant like World of Whirlpool. I don’t just look with two eyes. I look with the third eye at everything I do.

How are things going at 330 North Clark? It’s been stuck in neutral since its approval in 2016, and you recently pivoted to include more multifamily after previously emphasizing hotel use. Are you still looking to put up the 33-story building there next to the Reid Murdoch building? We definitely want to do that. Just like anything else, we had to put a pause on it during the pandemic and some of the economic issues. It’s not an easy project to undertake without having a plan. We have it all designed and ready to go, it’s just about appropriate timing.

What does a change in use from hotel to multifamily like that one entail in terms of costs of redesign? We may do all those uses. We’re going to see what the market looks like. I think it will take another year or so to have things stabilize. We just got a new president, my friend. Until all that shakes out, none of us knows what’s going to happen. A lot of it has to do with interest rates, the stability of the city, our elections locally, all these things play a role. You don’t invest in that type of project until you have some clarity with where you want to take it. We own this and can be as patient as we want to be.

You now own and operate some restaurants. When you were first starting out did you ever consider going more into the hospitality side of the real estate business? Whether it’s restaurants, hotels, parking garages, apartment buildings, office space, I’m happy to do any one of those things and we do all of them. I’m not focused on only office, only new construction, only restaurants. No, we do everything.

While negotiating retail leases, has a fixed rent model been the way to go, or have percentage rent clauses where you can capture a portion of a tenant’s sales been key to becoming successful together? All of our relationships when it comes to retail is; we have a formula where we give a fair rent but we participate in the upside. It’s our standard practice in all retail. There’s a formula where their success is shared and that’s why we help underwrite them and put them in business.

Specifically on Cook County property taxes, the ways those have been administered and appealed are of great concern to real estate investors. What are your issues with the process? It’s a big issue. We live in a system where taxation enables the government to stay in business. But there has to be some equity in everything. When I was chairman of the Landmarks Commission, I went to Mayor Daley and I explained people were demolishing buildings in the city because it was cheaper to tear it down than pay taxes on a beautiful old building that isn’t doing well. Why don’t we encourage people to go ahead and fix these up and come up with an incentive I called Class L? That Class L incentive has become universal, a very big initiative throughout the city, though the properties it touches have to be classified as landmarks. TRD