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CHICAGO'S REAL ESTATE INVESTMENT MAGAZINE

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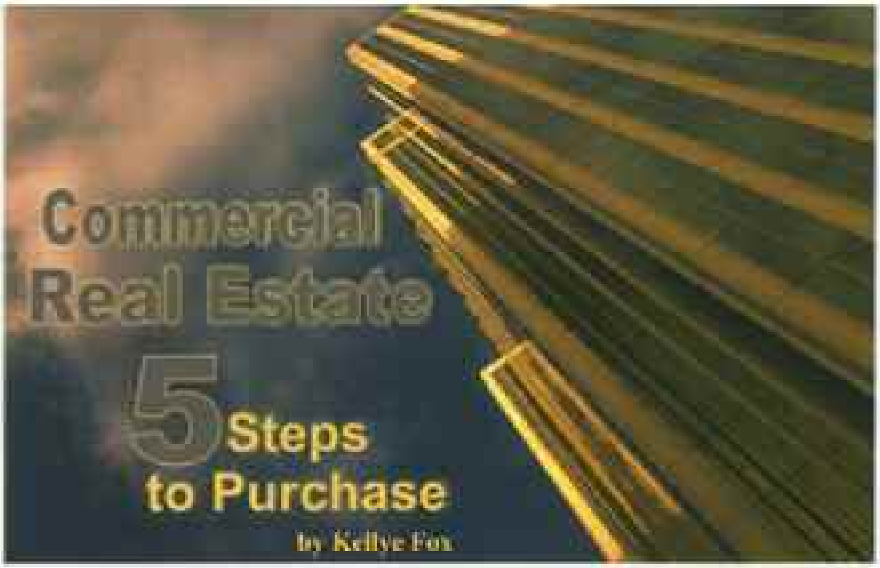

Commercial Real Estate
5 Steps to Purchase

by Kellye Fox

Terms To Know In Commercial Real Estate:

*__Lessor__ - the person who OWNS the property for lease

*__Lessee__ - the person who is trying to lease the property for their use

*__Return on Investment (ROI)__ - the ratio of money earned (or lost) on an investment to the amount of money invested

*__Capitalization Rate__ - the net operating income of the property divided by the purchase price of value of the property; a percentage of the value of the income-producing property to its projected income

*__Annual Debt Service (ADS)__ - the amount of principal and interest to be paid each year to satisfy the obligation of a loan.

*__Debt-Coverage Ratio(DCR)__ - net operating income divided by annual debt service.

*__Gross Building Area (GBA)__ - the total enclosed and unenclosed area of the building at all building floor levels

*__Rental Square Feet (RSF)__ - the area for which rent is typically charged, the usable area (USF) plus the tenant's percentage share of the building's common areas (lobby space, corridors, restrooms, etc.)

__Commercial Mortgages__

*A mortgage to be used to fund land or property which will be used for commercial purposes.

*Can also be used to purchase business assets like machinery

*Involve a more stringent set of conditions, including higher interest rates, shorter amortization schedules, and higher equity positions or down payments.

__Commercial Real Estate Agent Designations:__

*Certified Commercial Investment Member

*Counselors of Real Estate

*Institute of Real Estate Management

*Realtors® Land Institute

*Society of Industrial and Office Realtors®

Most of us begin our interest in real estate with the acquisition of some kind of residential property. Once that was done, we felt a sense of well-being and pride in having reached this milestone. But, then what? The real estate seed has been planted in our minds and we seek other gardens in which to invest. A natural progression might be to venture into commercial real estate markets. Commercial real estate is an exciting and profitable entity of the real estate market. To maximize one's success in this type of real estate venture requires a knowledge of what constitutes commercial real estate and how it is similar to, or differs from, the purchase of residential properties. The commercial real estate investor must understand some basics of the market and must have a plan of action to organize their thinking and their approach to beginning their venture into commercial property ownership.

Let us first define *commercial real estate*. Commercial real estate refers to retail properties, office buildings, shopping centers, hotels/motels, educational buildings, warehouses, apartment complexes (a.k.a. Multi-Family Housing), vacant land and manufacturing facilities. It is property that is leased or sold to achieve a business goal, or an investment to obtain a rate of return on the money invested. The property can be as simple as a gas station or as complex as a mini-mall. So, basically, it is almost any kind of real estate *other* than single family homes and single-family lots.

There are some similarities between the purchase of residential real estate property and the purchase of commercial real estate. The first similarity is that you would want to seek the assistance of a licensed real estate agent. Second, you need to have some idea about which type of commercial property investment you want to purchase and where you would want it located. Certainly, your agent would need some idea about your financial parameters and what type of financing, if any, you might need to obtain. These are the same issues you would deal with if you were purchasing residential property.

The differences that you would find between being an investor in commercial real estate instead of residential would be the type of property and the purpose for which it is being purchased. Another difference would be the amount of financial reserves needed. In commercial real estate, the unexpected expenses can be extremely costly (i.e. foundations, air conditioning systems). Commercial property generally requires a 20% cash down payment. Buying this type of real estate requires a lot of money and expert financial, legal and real estate advice.

In summary, residential real estate focuses on the wants and needs of a homeowner and is a more emotional decision. Residential sales are for individual use and are usually housing for family units. Subjectivity is rarely a factor in deciding to buy a commercial property. Return on Investment (ROI) is the determining factor. Renting out your commercial space can certainly be an excellent way to earn income and build equity. However, it is important to take into account your time, skills and investment goals when making this decision.

So, you want to buy your first piece of commercial property. Here's a review:

1) ASSESS YOUR FINANCIAL PICTURE & GOALS

Do you have the finances to support this type of project? Seek advice from a loan officer or financial advisor. Are you looking for something long-term to generate income over time or do you need a steady income?

2) DECIDE ON WHAT TYPE OF PROPERTY TO PURCHASE

Conduct research and/or ask for advice. What interests you? What area of expertise do you have that fits the type of commercial property available? You need to narrow down your criteria, property type, location and size. Be watchful of your local market and identify opportunities.

3) LOCATE A COMMERCIAL REAL ESTATE AGENT

Check out the National Association of Realtors website. The webpage (http://www.realtor.org/commercial/index.html) allows you to search for a Commercial Real Estate Broker in a particular office, e-mail address, city, state, name, designation or field of business. Simply click under Commercial Resources, find a Broker and go! The search results allow you to view the agent's address, personal phone number/fax/e-mail, website, license number, designations and Board affiliations.

4) CONTACT THE AGENT

You've narrowed down your search to an agent who is experienced in the area of commercial real estate that you would like to purchase. Make contact with them via telephone, e-mail or an office visit. Discuss your needs and ask them to answer any questions you may have.

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determine if additional credit counseling is required.

Timeline

After receiving an application, the mortgage broker has 10 days to submit the required information to the predatory database. Once received, the DFPR will mail a determination of credit counseling within seven days. If the borrower is required to take credit counseling, he/she will have 10 days from receipt of the letter to select a HUD certified credit counselor and complete the credit counseling. The credit counselor has seven days to render their opinion and get it back to the DFPR. At this point, a "Certificate of Compliance" will be issued and the loan can close.

Consequences for Non-Compliance

The consequences for non-compliance of this law are simple: If the DFPR has not issued either a "Certificate of Compliance" or a "Certificate of Exemption", then the mortgage is not recordable nor is it enforceable…ever.

Summary

- The Predatory Lending Database is a pilot program set for implementation on September 1, 2006 and continuing for four years. Its purpose is to monitor lending in certain zip codes and to determine if borrowers need mandatory credit counseling.
- Mandatory credit counseling is required when: The loan has a prepayment penalty, results in "negative amortization", or has total fees and points of more than five (5) percent of the loan amount, the borrower's credit score is less than 620, or the borrower's credit score is 621-650 and certain conditions are true.
- It applies to ALL borrowers purchasing property in the following zip codes: 60620, 60621, 60623, 60628, 60629, 60632, 60636, 60638, 60643, and 60652.
- If mandatory credit counseling is necessary, then the borrower has 10 days from time of notice to complete the counseling through a HUD certified credit counselor.
- The counselor will review the terms of the loan, interview the borrower to make sure he/she understands the terms of the loan, and suggest whether or not the borrower should go through with the loan.
- The counselor's suggestion is just that, a suggestion. The borrower is free to disregard the counselor's recommendation.
- Mortgages in the 10 zip code area without either a "Certificate of Compliance" or a "Certificate of Exemption" are non-recordable and unenforceable.

About the author, Karen Kusumakar specializes in no-money-down loans for people with bad credit. If you would like to take advantage of this program, go to www.HouseForNoDown.com

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5) LOCATE A PROPERTY/MAKE AN OFFER/CLOSE THE DEAL

Once you've located a property you're interested in, work with your agent to negotiate the best deal possible and accomplish your goal requirements. With time, you will learn to structure deals too good to pass by. Be sure to check with your local zoning ordinances to make sure your type of commercial business will be allowed in your area.

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... continued from page 15 - 4 Major Factors of Transitioning

The fourth major factor is comparing the difference between the profit margins. The thought of losing money gets a commercial contractor's attention just as much as a residential contractor. The problem is that profits on commercial projects are generally three times as much so the impact is greater causing more attention. Commercial construction costs are calculated on a different scale and it includes things such as labor rate increases, trade professional rate charges, standard mark up percentages, etc. Because the risks are far greater, the rewards are in line with such large risks. The requirements at each phase of construction have charges and risks that are normally included in the bid of the project or a contingency is established that allows for such unknown expenses. At an average, you will find subcontractor profit margins to be anywhere between 15% and 25%. With profit margins like these, commercial construction projects can attract competition from all corners of the building industry. The thing to remember most with commercial projects is that with great rewards come equal and opposite risks. So it is imperative to ensure all the proper faculties of a project are considered to allow for the maximum profit margin.

With careful management over these factors the potential owner of a commercial construction project is armed with ample support to allow for a successful project and experience maximum profits with minimum delays. The right team and a well devised plan allow you the opportunity to wield a well-oiled tool and produce a wonderful product that will make you proud for years to come.

Shaun Gray is the President of Three Six Zero, Inc., a General Contractor/Construction Management company. For more information, he can be reached at (773) 424-8576 or sgray@threesixzero-inc.com.

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"The goal of diversification is to lower the risk of a portfolio for a given level of return. Because of their declining correlations with other types of investments, REITs offer a significant source of portfolio diversification." Michael C. Henkel, President, Ibbotson Associates

According to the National Association of Real Estate Investment Trust, REITs offer an attractive risk/reward tradeoff for investors. In addition, the correlation of REIT returns with other asset classes has declined over the past 30 years. Finally, REITs may boost return or reduce risk when added to a diversified portfolio. These are three powerful reasons the REIT makes an excellent choice for diversification in a portfolio.

The REIT industry has been on a terrific run over the past forty years. This fact was solidified in 2001 when Standard and Poor's recognized REITs as a legitimate investment opportunity for investors by adding them to their major indexes, including the S&P 500. This was a great opportunity for REITs to really hit the mainstream. Finally, their viability as a powerful investment is beginning to be realized.

The question remains, will you do the due diligence required to find out if the real estate investment trust is the right investment vehicle for you? Don't take our word for it, you are encouraged to research and/or ask your financial professional for more information and advice on the REIT. It just may be the investment that could solve your retirement concerns.

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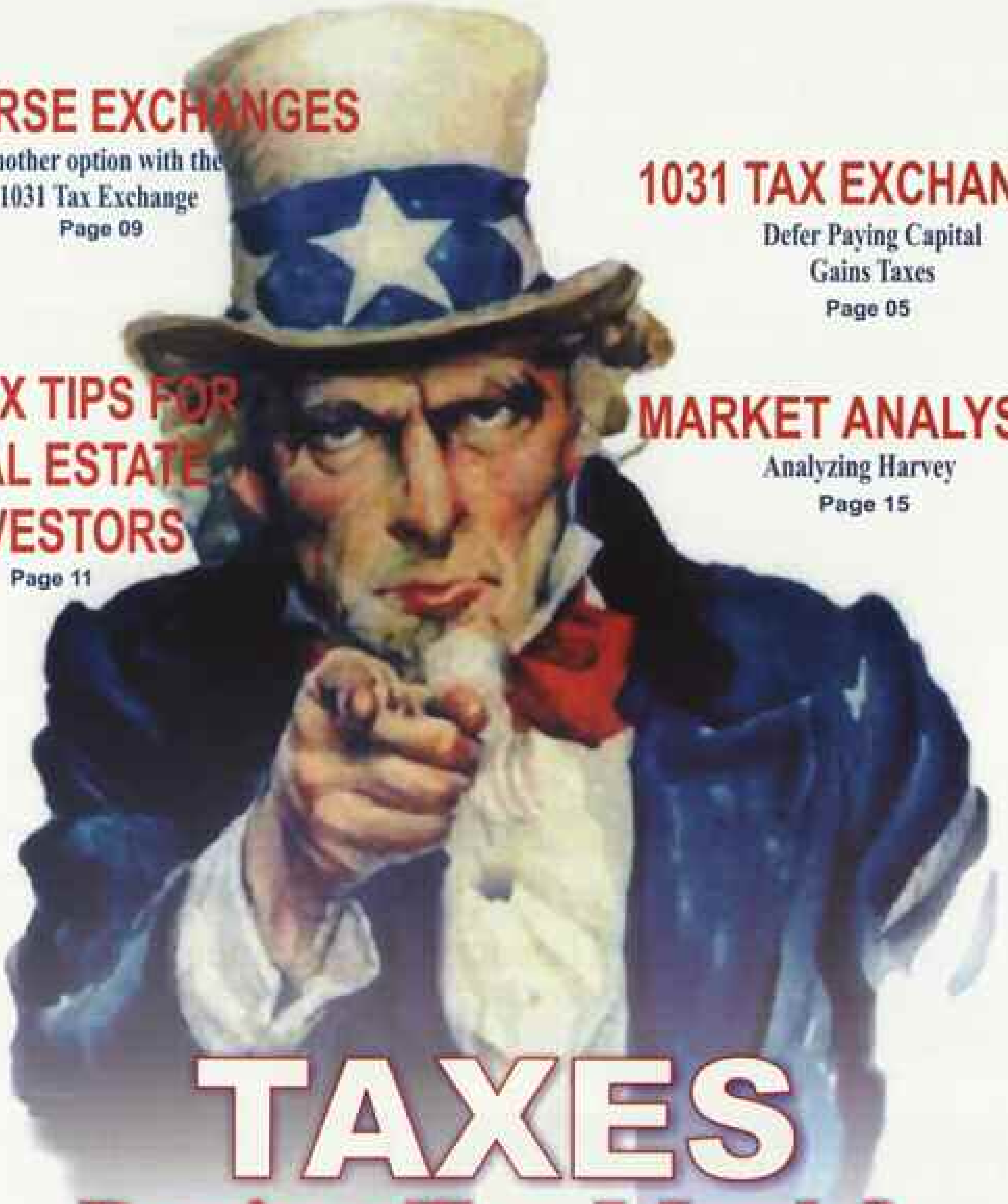

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TAXES

Paying Too Much?

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10 TAX TIPS For Real Estate Investors

by Kellye Fox

Tax season is here! For those who base their financial income in real estate investments, this is the time of year when Uncle Sam wants to share in your profits. While every real estate investor is different, some of the tips should apply to you. Please note that this article is informative in nature and research-based, but not legal advice. Be mindful to keep accurate real estate records and you should consult with your tax accountant or lawyer for more specific tax concerns, procedures and forms.

Once you have decided to enter the world of real estate investing, it is advisable to take a little time to learn the Internal Revenue Service's (IRS) tax codes, as well as the basic tax procedures and exemptions of your state. Now, with all of the legal jargon out of the way, here are ten tax tips to ease your wallet this season.

1 Holding Pattern

Property kept less than a year (but not owner occupied) and sold is considered a short-term gain and can be taxed at ordinary income tax rates as high as 35%. To avoid a high tax rate, consider living in it over a year, then selling the property (long-term capital gain). This will allow you to be taxed at about 15%. An even better alternative is if you own and live in a property for two years (does not have to be consecutive) because you will not have to pay any tax from the sale. The only caveat is that the condition of the home that you buy has to be equal to or of greater value than your sold property.

2 1031 Exchange (Internal Revenue Code Section 1031)

This tax tip is probably the most recognized of all. It is applicable if you're planning to buy a property, but not live in it. Normally, a property owner is taxed on any gain from the sale. In this type of transaction, you can defer taxes owed on the property if you trade it for another of like kind, same nature or character. For example, you can trade your residential rental home for a commercial property. The 'like' property must be an asset that produces income, not a personal residence. A taxpayer only has 45 days after the date that the property is transferred to locate a maximum of three replacement properties. Additionally, the exchange must be closed within 180 days after the transfer of property. No extensions are given to meet the time limits. Keep in mind that you are NOT avoiding paying a tax, but deferring the tax payment, which allows you to have more money available to invest in another property. Another note to mention is that the 1031 Exchange is not limited to real estate. Property held for productive use in a business, trade or investment is eligible.

Please refer to Section 1031 of the IRS code for more information on the requirements for a valid exchange, different types of exchanges and general guidelines.

3 Property Management

Investors who leave the day-to-day details to a property manager, but still participate in major decisions like repair policies and tenant selection, can gain when it comes to taxes. There's no question that property managers are important to owners who are sensitive to location or time restrictions. Real estate investors who meet the 'material participation test' of owning a minimum of 10% interest can enjoy the maximum tax benefits. The allowance is a deduction of up to $25,000 of your investment property losses against your taxable income, only if your adjusted gross income is less than $100,000. Most property losses are called 'paper loss' (rather than actual cash loss), because they aren't out-of-pocket losses. Most paper losses come from depreciation deductions. Commercial properties are deductible over 39 years and residential rentals for over 27.5 years.

4 Rental Income

According to the IRS, rental income is defined as any payment you get for the use or occupation of property. Your gross income must include all amounts you receive as rent for the year you actually or constructively receive it. The expenses of renting property can be deducted from your gross rental income. Security deposits do not need to be included in your income if you plan on returning it to your tenant at the end of the lease. However, if you plan on keeping part or all of it during any year because the lessee did not live up to terms of the lease, the amount to be kept should be included in your income that year. Also, if your tenant pays any of your expenses, those payments are rental income and must be included in your income. Lastly, if your tenant provides property or services in lieu of rent (i.e. paints property instead of paying two months rent), the fair market value of the property or service should be included in your rental income (i.e. the amount the tenant would have paid for two months rent).

Please refer to Publication 527 of the Internal Revenue Service for more information about Residential Rental Property.

5 Tax-Free to Taxable (Internal Revenue Code Section 121)

To piggy-back on the subject of rental income, there is a code on the IRS books that new real estate investors need to know about. Imagine that you bought a new home and instead of selling your principal residence, you decide to rent it out.

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The standard Section 121 says that if you owned and lived in a home for at least two of the last five years, you don't pay tax on the first $250,000 of gain ($250K for singles; and $500K for married couples and those filing jointly). However, since that principal residence was turned into a rental, that tax-free gain converts to taxable gain if the property isn't sold in the first three years. There are two key notes to remember about Section 121. One is that if you don't have any appreciation in your old home (the one to be rented), you're not losing the capital gain benefit by converting to a rental. Secondly, if you do have a lot of appreciation and you want to use that equity to buy a rental, consider selling your old home, then using the tax-free gain to purchase a rental.

6 Improvements

Some real estate investors are under the assumption that they can write off all of the amounts they spend to improve a property. Any expense that improves the utility (usability) and/or increases the life of the property needs to be depreciated over the next 27.5 years for residential or 39 years for nonresidential. Bottom line, the money spent improving or renovating a home cannot be written off except through depreciation. That $10,000 you spent to fix up your investment property will be slowly written off over the next decades. Instead, maintain the property as well as possible as you go. For example, general repairs, new carpeting and repainting should be deductions in the year of the expenditure.

7 Property Taxes

As a general rule, taxpayers can deduct property taxes on all of your personal holdings, but mortgage interest can only be deducted on your primary residence and one other home, up to $1.1 million of combined debt. According to Forbes.com, they may be able to be 'bundled' condensing them into the same year, if you do not have enough itemized deductions for a given year. This will allow for a bigger deduction. By doing this, you may be paying your property taxes in advance to take advantage of the deduction in a particular year. Speaking of property taxes, if you feel that the assessment conducted on your home is not accurate, you can contest it in the future. The protest could payoff with a tax refund or a reduction in future assessments.

8 How to Depreciate Property (Internal Revenue Code Section 179)

The Section 179 deduction of the IRS allows a sole proprietor, partnership or corporation to fully expense tangible property in the year it is purchased. According to an article on *Marketwatch.com*, Section 179 allows you to deduct up to $108,000 of costs that would normally be appreciated and capitalized. So, that equipment and furniture you bought in 2006 and put into service can qualify you for the deduction. The property has to be considered personal property, not real property. Therefore, you cannot deduct those new windows you installed in a rental property.

9 Thinking of marriage?

This may be a weird tip to include, but it could be helpful. If you are considering selling your house and getting married in the same year, you might want to re-think that if your mate has been living with you. As we learned in Tip #5, when you sell a home, $250,000 of that profit is tax-free (double that for married couples). The only thing to remember is that your mate should have lived at that home for at least two years.

10 Define Yourself

My last tip has to do with what a definition of your work is, instead of a tax deduction. The IRS has different definitions for real estate investors. There's the dealer, developer, professional and investor. Which one are you?

- **Real estate dealers** buy and sell real estate for short-term profits. They are the flippers or rehabbers.
- **Real estate developers** renovate or change the property.
- **Real estate professionals** are those who are involved in real estate activities, own 5% or more of their business and spend a minimum of 750 hours in real estate.
- **Real estate investors** buy property with the intention of holding them *and* gaining a financial return.

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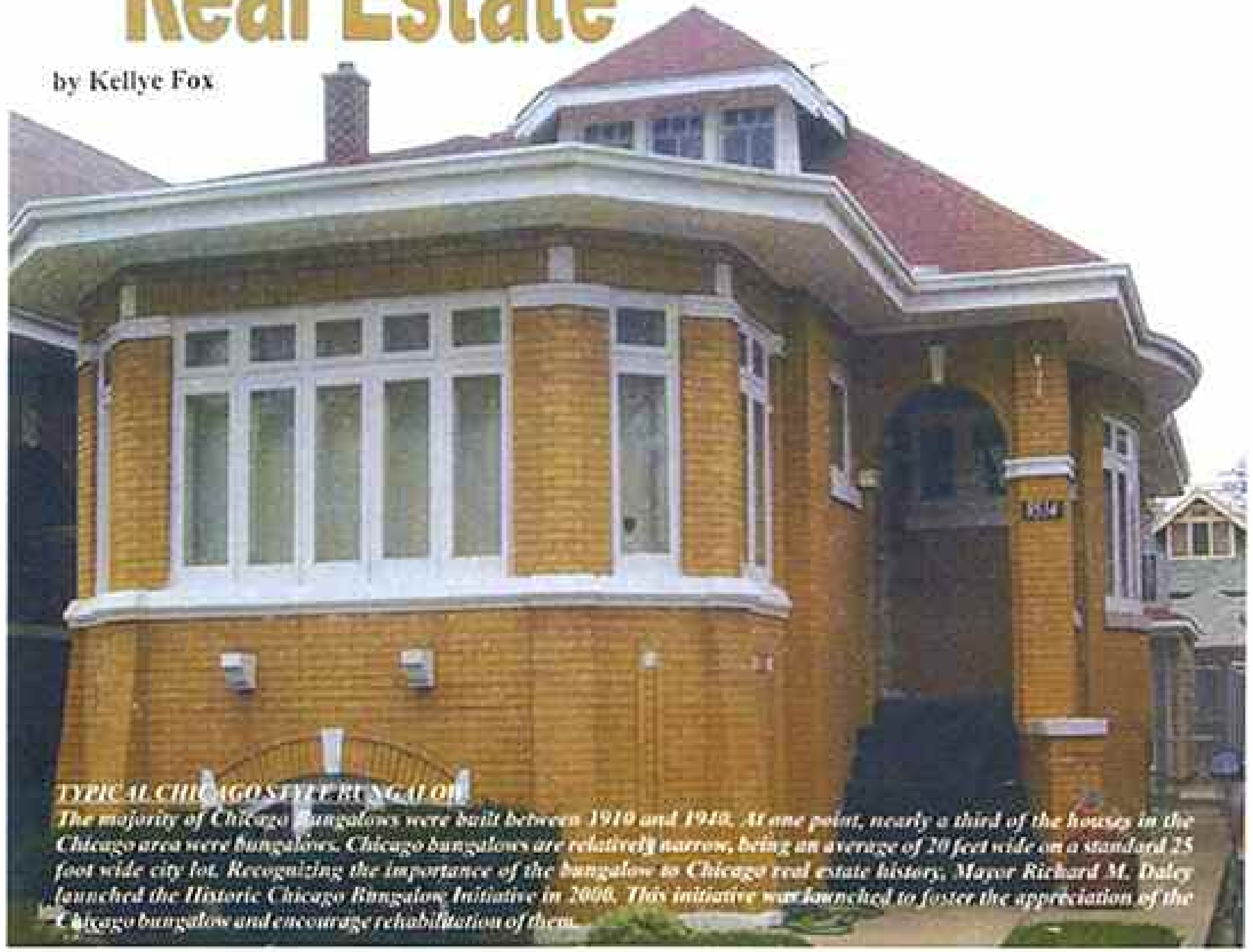
The HISTORY of CHICAGO Real Estate

by Kellye Fox



TYPICAL CHICAGO STYLE BUNGALOW

The majority of Chicago Bungalows were built between 1910 and 1940. At one point, nearly a third of the houses in the Chicago area were bungalows. Chicago bungalows are relatively narrow, being an average of 20 feet wide on a standard 25 foot wide city lot. Recognizing the importance of the bungalow to Chicago real estate history, Mayor Richard M. Daley launched the Historic Chicago Bungalow Initiative in 2000. This initiative was launched to foster the appreciation of the Chicago bungalow and encourage rehabilitation of them.

Chicago, "The City of Big Shoulders", has been predestined to stand out in this state and country from its beginning. The history of any city is unavoidably linked to the development of its land. The history of the development of land and the social, economic and political history of a city are often parallel.

The history of Chicago's real estate is as rich and interesting as Chicago's social, economic and political history. The colorful characters that are weaved throughout the history of this great city are equally interesting and colorful.

Many great individuals contributed to the beauty, success and landscape of Chicago. A significant segment of this cast of characters made their impact on Chicago's history through their vision and ventures in the development of Chicago real estate. There are too many people to name who 'built' Chicago and made this city a standard of excellence. Chicago's streets and architecture to this day bear their names. Their knowledge, finances and expertise contributed tremendously to the evolution of Chicago as the great real estate city that it is today.

EARLY EXPLORATION

French explorers, missionaries and traders all contributed to the mapping and exploration of present day Chicago. Explorers in the 17th century succeeded in mapping the Great Lakes, establishing trade posts and staking new routes. In 1672, Jesuit Missionary Father Pere Jacques Marquette and explorer Louis Jolliet (or Joliet), set out to explore the Mississippi River. In 1673, they reached the Mississippi River, which was a swampy, muddy passageway or portage point between two waterways (now 48th Street &

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Harlem Avenue). Marquette and Jolliet followed an Indian path, which led them to three Indian villages; the Peoria, Moingwena and the Illinois (Illiniwek). After extending peace and kindness to the explorers, the Indians led them to the Des Plaines River where the Chicago River & Lake Michigan meet. The chief of the Illinois Indians called the river, "Che-cau-gou", which meant "great" or "wild onion." Legend has it that the name comes from the odor of wild onions that grew near the lake. In 1682, French explorer Robert Cavalier Sieur de La Salle claimed the entire Mississippi Valley, including Illinois, for France. The newly found Chicago Portage was an integral development in mapping the Mississippi River because it linked the Chicago River, the Illinois River and Lake Michigan to the Des Plaines and Mississippi River system.

A French speaking black man from Santo Domingo, Haiti began trading with the Indians as early as 1772. His name was Jean Baptiste Point du Sable. A descendant of a French father and Haitian mother, du Sable arrived from New Orleans (after moving from Haiti) to farm and trade, and was Chicago's first permanent resident. He lived in a single-room log cabin on the mouth of the Chicago River with his wife Catherine, a Potawatomi woman, and their children. Du Sable was well known for trading goods and renowned for his elaborate home furnishings and modern conveniences, including a fruit orchard, two barns, a mill, bake house, workshop, large livestock holding and poultry house. For a long time, Du Sable was Chicago. He prospered for 20 years before selling his property in 1800 and heading to St. Charles, Missouri. This first "real estate transaction" netted Du Sable $1200, which was a great amount of money for that time.

John Kinzie, a silversmith by trade, arrived in the newly formed Chicago area in 1803 to trade furs and merchandise with the Indians. With Fort Dearborn formerly established as a trade post in 1804 by Congress, the usage of the Chicago waterway was crucial and significant to its future and to the history of Chicago's real estate. Kinzie stands out in Chicago history as the holder of the first recorded deed. The property built in Chicago by Kinzie was located at 401 N. Michigan Avenue.

The corner of Dearborn and Monroe, 1871, after the Great Fire

By 1830, Chicago was barely a town to boast about. With disease rampant, Indian wars, and muddy plains, it was nothing compared to other more-established cities like Philadelphia or New York. That same year, surveyor James Thompson created the first plat map of Chicago. Its area was 3/8 of a square mile. The first lots to sell were in September 1830 at an average of $34 for a 80 x 100 foot lot. As more and more lots sold, word got back to the East Coast about the abundance of land and the great business opportunities available in this fresh, new Midwest city called Chicago. Cook County was created on January 15, 1831, with a population of 200. Chicago was incorporated as a town on August 10, 1833, with little more than 400 people. It wasn't until 1837 that Chicago was incorporated as a city, with a population of 4,170. Towns that were not yet created were depicted on fictitious maps and lots were sold and re-sold at top dollar to speculators and hustlers from New England and New York - some who had not even set foot on Illinois soil. No one expected to stay. This was the height of the real estate market.

THE GREAT FIRE & REBUILDING OF CHICAGO

In 1837, real estate man William Butler Ogden was elected Chicago's first mayor after residing in the area for only 6 months. He arrived during the real estate frenzy to manage a relative's real estate investment. After recouping his brother-in-law's money, he decided to stay in Chicago. Intrigued by the real estate potential, he decided to open a real estate office.

The few lots bought during 1831 included two to Mark Beaubian, who built the Sauganash. The lots cost him $100. Jean Baptiste Beaubian also bought two lots for $102, and so did Gordon Hubbard at a price of $75 for two more. During this time, the Cook County Commissioners formed a tax rate of ½ of 1 percent on town lots and other items such as cattle and pleasure carriages. Chicago's first public building went up in 1832. It was an estray pen for loose livestock. The contract was awarded after a $20 bid, but due to an argument with the builder, it was sold for only $12. This sense of urgency for development was reflected in the new method of building construction. Balloon frame construction took over replacing the old method that used

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A balloon frame house
(The Architectural Record, August 1935.)

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heavy timber posts and beams secured by mortise-and-tenon joints. By 1834, three hundred new frame structures landscaped Chicago.

Also, in 1831, 'reaper king' Sirus Hall McCormick became the largest employer, with 120 employees. McCormick created wheat cutters, or reapers, to help revolutionize shipping and production of grain. Grain elevators also started to dominate the city's landscape. These buildings for storage and shipment of grain became Chicago's first skyscrapers. By 1858, there were 12 grain elevators littering the city's skyline.

During the 1850s, native New Yorker and real estate developer Potter Palmer, established a mighty successful retail business on Lake Street targeting women. He was responsible for causing State Street to be Chicago's main shopping area. He bought a mile of frontage when State Street was only a narrow plank road, widened it and built a row of buildings including the Palmer House, an eight-story hotel with 225 rooms. Palmer boasted it as the only fire proof hotel in the country. Ironically, it was destroyed in the Great Fire.

Many developers and real estate enthusiasts contributed economically to the formation of Chicago's downtown and outlying areas:

- Marshall Field became the most famous merchant and one of the world's richest men. After a brief stint in retail at the best store in the city at the time, Cooley, Wadsworth & Co. (owned by Potter Palmer), he bought the majority of the shares. Due to numerous re-organizations, the store became Marshall Field & Co.
- Samuel Carson, John T. Pirie and Robert Scott formed Carson Pirie Scott & Co. in 1864.
- Paul Cornell, a lawyer by trade and deemed "the Father of Hyde Park", developed the town of Hyde Park from 300 acres of virgin land in the 1850s. The suburb was for those who wanted to escape the noise of the city. Cornell also established the town of Grand Crossing for light industrial uses.

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THE PATH OF THE GREAT CHICAGO FIRE

October 7th, 1871

8:30 PM
- Fire starts at the O'Leary Barn on the west side of town at DeKoven Street and Jefferson Street

10:00 PM
- Firefighters arrive and the fire is out of control
- Strong winds are blowing the blazes toward the heart of the city

11:30 PM
- The fire ignites the waste and oil floating on the southern branch of the Chicago River
- The fire burns mills, factories, warehouses along the river banks

October 8th, 1871

12:00 AM
- A blaze of fire strikes the South Side Gas Works, adding to the intensity of the fire
- Banks and office buildings on LaSalle Street begin to burn
- Over 500+ buildings on Wells, Market and Franklin Streets go up in flames
- The fire destroys the Tribune, Palmer House, Tremont & Sherman and Marshall Fields

2:00 AM
- The fire reaches the courthouse, around LaSalle, Clark, Randolph and Washington Streets
- Fire starts burning on the northern branch of the Chicago River
- Fire reaches the rich districts destroying luxury homes and mansions on Cass, Huron, Ontario, Rush and Dearborn Streets

3:00 AM
- Waterworks and everything around it goes up in flames, leaving only the Water Tower building in tact

4:00 AM
- Michigan Avenue is on fire

6:00 AM
- William Ogden's Lumberyard and Railroad burns
- Illinois Central Railroad complex and McCormick Reaper Works is destroyed

8:00 AM
- The North Side of town continues to burn as the fire spreads

October 9, 1871

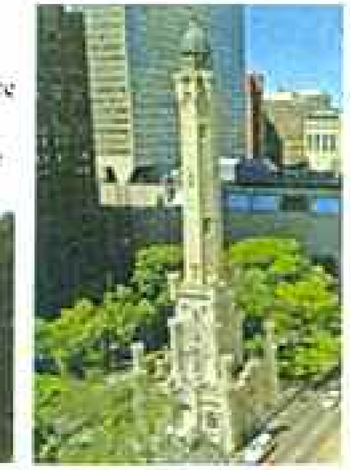
12:00 AM
The fire starts to burn out, with help from diminishing winds and rain

The Aftermath
The Great Chicago Fire of 1871 destroyed an area about four miles long, three-fourth mile wide, comprising approximately 2000 acres. 73 miles of road, 120 miles of sidewalk, 2000 lampposts, 17,500 buildings, and over $200 million in property. 100,000 people were left homeless with over 200 fatalities. In spite of the magnitude of the destruction, the city was rebuilt with very little evidence of the fire by 1875.

References
www.google.com, www.pbs.org & www.prairieghosts.com/great_fire.html

Picture to the left: The Home Insurance Building, world's first skyscraper.

Picture below: State Street circa 1907



Picture to the left: The Chicago Water Tower, built in 1869.

Picture below: 1866 pumping station

...continued from page 7 - "History of Chicago"

Drought plagued Chicago in 1871. After all, the city was built with the timber of the pine trees in Wisconsin. Legend has it, that at approximately 9:00pm on October 8, 1871, a barn owned by dairy farmer Catherine O'Leary was set ablaze from a cow that kicked over her lantern. The Great Fire of Chicago ruined all of the city's landmarks, lumber yards and railroads. Eleven blocks were destroyed in one hour and 73 miles of streets were destroyed, including 17,000 buildings. An editor from the newspaper *The Nation*, reported on the devastation and commented, "no one could yet see how the city is to recover from this blow."

Well, blow is what the Windy City did. Approximately $48 million came to help Chicago re-build, domestically and internationally. With the outpouring support, Chicago was re-built within 2 years. The value of the land was estimated at $481 million, with the South Side the most highly valued. In response to the uprising of strikes and unions in 1877, George M. Pullman created the manufacturing town of Pullman for the employees of his Pullman plant, which manufactured sleeping cars for the middle class called, "Palace Cars." His managers lived in single family homes, workers in row homes and black employees (hired as waiters) in boarding homes. During this height of development, architects began to realize that they could not build north of the city, so they built up. Improvements in the creation of structural steel and elevators made skyscrapers a reality and a wonderful aesthetic result of the Great Fire.

During the rest of the 18th century and on into the 19th century, real estate in Chicago flourished. As a city that depends on the growth and development of neighborhoods, a great mix of cultures and subdivisions resulted in an ever changing world-class city. There are many greats who contributed a tremendous amount to the architectural standards and visions of Chicago. Some of those who made significant strides include: Edward C. Waller (high-rise architecture), Peter C. Brooks (world's first office skyscraper with an elevator), John Baird (real estate legend whose family owns one of Chicago's oldest and largest independent real estate brokerage firms since 1862, Baird and Warner) and Arthur Rubloff (dubbed "Mr. Real Estate", his career spanned six decades).

The history of Chicago and the history of the development of real estate go hand in hand. The development of real estate in Chicago has made it the great metropolis it is today.

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NOTABLE FACTS:

1833	First jail built
1833	"Chicago Democrat" is the town's first newspaper
1859	Chicago was chosen to host the 1860 Republican National Convention; hotel rates were $1.50 to $2.50/night
1882	Chicago opened first cable car line
1885	World's first skyscraper is built, Home Insurance Building
1925	The Tribune Tower is completed on Michigan Avenue
1927	Midway Airport opens (originally called Chicago Municipal Airport)
1930	Merchandise Mart was built for Marshall Field & Co.
1955	Chicago O'Hare opens; named after the Congressional Medal of Honor winner Edward O'Hare, a Navy pilot killed at the Battle of Midway
1955	Ray Kroc opens the first McDonald's franchise restaurant in Des Plaines
1969	The 100-floor John Hancock Center is built
1973	Sears Tower is completed
1992	April 13, the Chicago Flood
2003	Meigs Field closes
2004	Millennium Park opens