

High-speed high-rises stagger Streeterville

By Kathy Bergen and John Handley
Tribune staff reporters

Streeterville residents are not a naive bunch. They moved into their condos and apartments knowing they would share their turf with hordes of tourists bound for Michigan Avenue or Navy Pier or Millennium Park. And they knew that the patchwork of surface parking lots dotting the landscape would eventually give way to more high-rises, and that those new skyscrapers, ranging from 26 to 65 stories, would block some spectacular views.

Still, many are reeling at the sheer volume of high-rise residential development storming their way at the southern end of the neighborhood. Within the next five years, another 13 high-rises will go up in the area wedged between Michigan Avenue and the lake, and Chicago Avenue and the river. That will boost the supply of apartments

No small, no slow plans

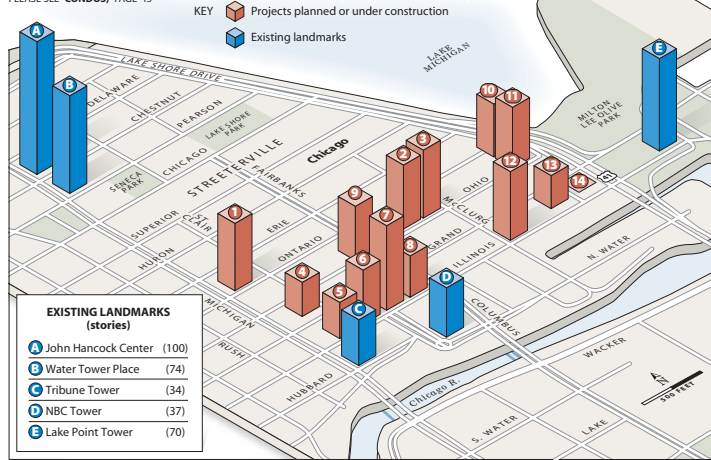
Real estate developers have big plans to transform Chicago's Streeterville neighborhood into a high-rise haven by erecting numerous condos that will alter the city skyline and increase the population density in the area.

STREETERVILLE PROJECTS

PROJECT NAME	DEVELOPER	STORIES	UNITS	PRICE PER CONDO UNIT
1 150 E. Ontario	Monaco Development	51	160	N/A
2 345 E. Ohio	Golub & Co.	49, 51	901	N/A
3 550 N. St. Clair	Sutherland Pearsall Development	26	112	From high \$200,000s to nearly \$2 million
4 Avenue East	Residential Homes of America	27	133	From mid-\$200,000s to \$1 million plus
5 600 N. Fairbanks	Centrum Properties	40, 65, 31	281*	From mid-\$300,000s*
6 600 N. Fairbanks	Urban R2 Development	41	224	From \$310,000; penthouses, \$1.6 million to \$1.9 million
7 600 N. Lake Shore	Belgravia Group and Sandz Development	40, 46	400	From high \$300,000s to \$1.7 million
8 Park View	MCL	47	270	From \$425,900
9 Name unknown	MCL	25	210	N/A
10 Name unknown	LR Development	N/A	N/A	N/A

*Units and prices for 31-story building only

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Sources: The developers

Chicago Tribune/Van Tsui and Keith Claxton

UAW being 'doggone' deliberate

Union president says GM hasn't proved case in its request for reductions in health-care benefits

By Rick Popely
Tribune staff reporter

DETROIT—Despite a calm voice and folksy demeanor, United Auto Workers President Ron Gettelfinger shows stubborn resistance to General Motors, which is pressing the union to cut its health-care benefits.

"We're going to take our time, and we're analyzing everything. Once all the data comes in, we'll make a determination," Gettelfinger says in his soft southern Indiana drawl. "It's not about being angry, it's about being thorough."

After GM lost \$1.1 billion in the first quarter, it targeted the UAW's generous health-care benefits to cut costs, angering union members and local leaders across the country.

During an interview at UAW headquarters on the east side of Detroit, Gettelfinger hammers home that the union doesn't think GM has proved its case, and the strongest language he uses is "doggone it."

loss, he says, GM has about \$20 billion in cash, still pays a quarterly dividend of 50 cents a share and has new models coming that some analysts predict will return the automaker to profitability in 2006.

"Once you concede something, it's gone. I don't remember them knocking on my door and saying, 'Hey guys, we short-changed you in the last negotiations and made so much money that we want to reopen negotiations and share with you,'" Gettelfinger points out that Chrysler AG, the U.S. unit of DaimlerChrysler AG, was once on the ropes but now is more profitable than the Mercedes-Benz division of the German American company.

"A lot of people said DaimlerChrysler wouldn't make it; count 'em out. Those are the same analysts writing the obituaries on General Motors," he said.

GM pushed the UAW to make concessions by June 30, and Chairman and CEO Rick Wagoner says "doggone it."

Despite its huge first-quarter

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Photo for the Tribune by Jeff A. Kowalsky

"We recognize there is a health-care problem, but it's a national problem. We can't resolve it at [GM]."
—Ron Gettelfinger, president of the United Auto Workers



Carol Ernst, right, waits with daughter Shanna Sherrill for the trial to begin Thursday in Ernst's suit against Merck & Co. She says use of Vioxx caused her husband's fatal heart problem.

Merck's case-by-case defense on Vioxx aims to cap payouts

By Bruce Japsen
Tribune staff reporter

Merck & Co. began defending the first of more than 3,500 state and federal lawsuits over its once-popular arthritis drug Vioxx in a south Texas court room Thursday—enacting a case-by-case strategy analysts expect will limit what the company might have to pay.

In Texas, the family of Robert Ernst alleges the drug caused

Ernst's heart arrhythmia, or irregular heartbeat, and led to his death in 2001 after about eight months on the drug. Merck pulled Vioxx from the market Sept. 30 after a study showed increased risks of heart attack and stroke.

Because an estimated 20 million people worldwide took Vioxx, some analysts believe future settlements by Merck could be one of the drug industry's most expensive product liabilities

in history.

The controversy has already led to stricter warning labels for some of the nation's best-known pain pills and the possibility of legislation to enhance government oversight of drugs once on the market.

Merck has vowed to fight this and every future case on an individual basis, hoping to avoid a massive settlement that a likely

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WALL STREET WATCH

Malone seeks to enliven Liberty with spinoff of stake in Discovery

This week kicks off a new *Your Money* feature that will examine stocks and sectors in the news. Look for Wall Street Watch in the Business section's *Your Money* chapter each Sunday.

By Leon Lazaroff
Tribune national correspondent

NEW YORK—Owning Liberty Media Corp. has always been about owning a piece of John Malone.

As a leading cable TV mogul, the cunning and charismatic Malone can usually be expected to do something daring—and profitable.

But for the past four years, Liberty Media's chairman, chief executive and all-around guru has been unable to move his stock much above the low double-digits.

Investor frustration is understandable: The stock touched \$25 before the Internet bubble burst in March 2000; lately, it's been grounded at roughly \$10 a



John Malone, chairman of Liberty Media Corp., is adopting a bold tactic to spark his company's stock price.

The parts

2004 revenues (with Liberty Media's ownership stake in various companies):

DISCOVERY HOLDINGS
Discovery Communications Inc. (50 percent): \$2.4 billion
Ascent Media Group (100 percent): \$631 million
LIBERTY MEDIA
Liberty Media: \$7.6 billion
QVC shopping channel: \$5.6 billion
Stargate Entertainment Group: \$963 million
Additional holdings:
IAC/InterActiveCorp. (20 percent), News Corp. (18 percent), Time Warner Inc. (4 percent), Vivendi Universal (4 percent), Motorola Inc. (3 percent), IDT Corp. (11 percent), Sprint PCS Group (20 percent), Viacom (1 percent), Court TV (50 percent), Game Show Network (50 percent)

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CONDOS: Residents worry about density, traffic

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and condominiums by more than a third, to 12,523 units. The building boom could bring another 5,250 residents to a neighborhood already housing 15,555, according to some estimates.

"Streeterville had been a totally overlooked sub-market, but now it's hot," said Gail Lissner, vice president of Appraisal Research Counselors.

"The new wave of Streeterville development has started," said Daniel McLean, president of MCL Cos., which already has built three residential high-rises and plans two more. "We're halfway."

The speed of change is making some residents sweat.

"It seems kind of overwhelming," said Deborah Mitchell, a marketing consultant who owns a one-bedroom condo on East Ohio. "The numbers I've heard seem staggering."

The concerns weighing on the neighborhood are many. What will happen to already congested traffic, to panoramic views, to property values? What will happen to the character of the neighborhood, to the way it feels to walk down the street?

"Most people who live in the area find this a good place to live," said James Houston, president of the Streeterville Organization for Active Residents (SOAR). "Our concern is that if we get excessive density and begin to approach the feel of Midtown Manhattan, we may begin to see a decline in interest in living in this area. I don't think we're there yet, but we need to consider this as development proceeds in the future."

Not everyone yawns

"Parking lots are not the best use of space," said Connie Buscemi, a spokeswoman for the city's Department of Planning and Development. "This is a high-density corridor, and people want to live there because there is so much to do."

An increase in residents should spell big business for the stores on North Michigan Avenue. Streeterville residents "shop locally, and that's part of the reason North Michigan Avenue has been a phenomenal success," said John Maxson, president and chief executive of the Greater North Michigan Avenue Association.

The area was zoned for high-rise development 20 years ago, noted Ald. Burton Natarus (42nd).

"We've been struggling to negotiate with developers, on a volunteer basis, to reduce the size and alter the projects," Natarus said. "Also, we've been working with SOAR on their neighborhood plan, which does not have the effect of law but gives ideas on how to change."

The plan urges developers to preserve historic elements, maximize street-level natural light, use architectural screening on above-ground parking, and include landscaped areas in new developments, among other things.

Still, random chats with neighborhood residents indicate many harbor concerns, the biggest ones centering on traffic.

On summer evenings, traffic can get into gridlock, especially when there are special events in the area, said Stephen Daniels, a legal researcher who owns a condo on East Ohio as a second family home.

On such nights, "traffic-wise, it's almost unbearable," he said. "And with what's on the books, it will only increase."

The city is trying to be proactive on the issue, said Brian Steele, a spokesman for the Department of Transportation.

For instance, the city is considering a \$4 million program to coordinate the timing of all traffic signals in Streeterville so they will work in sequences tailored to meet the traffic flow needs at peak times. The program is expected to go into effect next year.

Within Streeterville, there is no room to build new roads or expand existing ones, "so our goal is to manage the capacity we have," Steele said.

The city also works with developers to come up with ways to prevent traffic problems, he said.

Views indefinite

Then there's the issue of views.

Many residents understand that the views they've enjoyed will not last forever.

"If I really wanted a view of the lake, I would have paid for a place with a lake view," Daniels said. "I can't complain because I'm not paying a premium for a



Amanda Feltman and Shawn Raad would consider moving from their 35th-floor apartment on East Ohio if a condo tower to the east were to block their view of Navy Pier. A nearby temporary park where they walk their puppy, is also considered a building site.

Tribune photos by Abel Litke



The Streeterville area, viewed from the John Hancock building, has more than a dozen condo projects planned.

view."

Others are less sanguine. Law student Shaun Raad and his girlfriend, attorney Amanda Feltman, would consider moving from their 35th-floor one-bedroom apartment on East

Slices of Streeterville history

In 1834, what is now St. Clair Street was the shore of Lake Michigan and aptly named Sand Street.

In 1886, "Capt." George Wellington Streeter ran his steamboat, Reutan, aground on a sandbar between what is now Superior Street and Chicago Avenue. "Cap" Streeter filled in the area between the shore and his vessel with Chicago Fire debris, calling his settlement the "District of Lake Michigan."

Sources: Chicago Public Library, Chicago Tribune, Encyclopedia of Chicago, RedEye, Streeterville Organization of Active Residents, Wikipedia

By 1889, Streeter and his common-law wife, Maria, were evicted from the land only to return. By the following year, combat opened between police and residents of the District, which had become home to prostitutes, gamblers, drunks and assorted other undesirables.

The early 1900s saw an influx of factories and warehouses into the south end of the area. The North Pier Terminal stands as a reminder of the neighborhood's past.

The 1920 opening of the Michigan Avenue Bridge over the Chicago River created the prime real estate now known as Streeterville.

Though Streeter died in 1921, his nieces and nephews continued to lay claim to the land until a court ruling awarded the area to Chicago Title and Trust.

Streeter's home, by the way, was on the site now occupied by the John Hancock Center.

Ohio if a planned development to the east should block their view of Navy Pier, Raad said.

The couple also has grown attached to a small, temporary park about a block from their home, where they take their 10-week-old golden retriever, Wrigley.

"It's beautiful and we've met tons of people here," Raad said as he walked Wrigley through

the landscaped patch between Illinois Street and Grand Avenue, near Peshtigo Court.

"We've been told they are going to put up condos here," he said.

In fact, it's something of a neighborhood joke, he said.

"People say, 'That's what we need around here. More condos,'" he said. "You can't look around without seeing more

condo ads."

Two residential high-rises are planned for the site, but a permanent park will be built between the new buildings, the city said.

The volume of units coming on the market has other residents concerned.

"Basic economics tell you if there is oversupply, it will depress prices," said Mitchell, the

'We've been struggling to negotiate with developers, on a volunteer basis, to reduce the size and alter the projects.'

—Ald. Burton Natarus (42nd)

marketing consultant who lives on East Ohio. She also is an adjunct marketing professor at the University of Chicago.

Others say there will be sufficient demand since the build-up will be gradual.

"I do not see a glut with new buildings half-empty," said Gail Spreen, who is vice president of the Streeterville residents organization and who sells and rents residential properties in the area.

Boomers drive boom

Real estate analyst Steven Friedman, president of S.B. Friedman Co., said he does not expect prices to drop as a result of the building boom.

"Strong Baby Boomer demographics are underlying the strength of the downtown housing market," he said.

"Boomers are emptying out of the suburbs and moving downtown. They especially want larger and higher-quality units," Friedman said.

The Streeterville organization does have some concerns about aesthetics.

The group is encouraging developers "to create a contiguous feel, from one building to the next and from one block to the next, and to create as much green space as possible," said Spreen, who is chairman of the group's Neighbors Action Task Force, which works with developers.

The group also is advocating for loading docks with adequate space, underground parking, and street-level facades with windows, and in some cases, retail.

"We really don't want this to be like a concrete jungle," said Spreen.

So far, the group has found developers responsive, she said.

"I feel very optimistic," she said. "I think the developers appreciate what a great location this is, and that the projects will be there for the long term."

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