



Fulton Market landlord looks to cash out

A Fulton Market building for sale is framed as one of the last redevelopment sites near the heart of the trendy corridor, home to some of the highest property values in Chicago.

[DANNY ECKER](#) JULY 21, 2022

The owner of a single-story building near the heart of the Fulton Market District has put his property up for sale, hoping to net a big windfall while real estate investors are still clamoring for development sites in the neighborhood.

West Loop real estate investor Peppercorn Capital has hired brokerage CBRE to sell the building at 941-945 W. Lake St., according to a marketing flyer. There is no asking price for the 15,000-square-foot building adjacent to the CTA Green Line Morgan Street station, but sources familiar with the offering said the building could fetch bids close to \$15 million.

A sale at that price would dwarf the \$2.3 million that Peppercorn CEO Phil Denny said his venture paid for the property in December 2012, just six months before Google announced it would move to the historic meatpacking district. That relocation helped set off the

transformation of the gritty area into what is now a corporate hub with trendy restaurants and hotels—and some of the highest property values in the city.

Peppercorn's property, which is surrounded by other ongoing or proposed redevelopment projects, will test how strongly investors crave centrally located Fulton Market parcels, as interest rates rise and [fears of a recession](#) grow. The corridor has largely defied the COVID-19 pandemic with a trail of office leases and pricey property sales, while owners in many other parts of downtown have been hurt.

CBRE frames the Lake Street building as a so-called "covered land play" for a buyer, meaning someone would purchase the building for its current use with the eventual goal of redeveloping the site. The property is fully leased to product design and engineering firm MNML for just more than five years with no renewal options, according to the flyer.

CBRE said in the flyer that a buyer could redevelop the site with various types of uses in a building as large as 173,408 square feet if it were to pay into a city fund that allows for more development density.

The brokerage points to other large projects around it as examples of what city planning officials may support. The site is one block west of where Related Midwest is building a 43-story apartment tower at [900 W. Randolph St.](#), the neighborhood's tallest building.

Meanwhile, developer Sterling Bay is under construction with a 30-story apartment building a block west of Peppercorn's site, and developers Newcastle Properties and Fulton Street Cos. are planning large projects near the property on the north side of Lake Street.

The largest remaining development site in the neighborhood is two blocks north of Peppercorn's property, where meat wholesaler Nealey Foods owns a 2.7-acre parcel running along the west side of Peoria Street and the Metra tracks running through the neighborhood. Sterling Bay earlier this year [was negotiating to buy the site](#) for more than \$100 million, though the status of those talks is unclear.

Denny said in an email that he aims to cash out of his Fulton Market development sites in order to redirect his capital several blocks west, where he owns a slew of industrial buildings, including a mostly vacant 80,000-square-foot office building at 240 N. Ashland Ave.

That neighborhood, known as the Kinzie Industrial Corridor, is zoned for limited industrial uses with far less density than Fulton Market. Denny said in an email that he is betting that will eventually change to allow residential development in the neighborhood, boosting property values.

The Lake Street listing comes shortly after Denny sold two other Fulton Market development sites at 1217 W. Washington Blvd. and [400 N. Elizabeth St.](#)

Denny purchased the Lake Street building from Trainor Glass, an Alsip-based glazing company that shut down and filed for Chapter 11 bankruptcy in early 2012.