



Part 2: Norman Bobins on Trends in the Banking Industry

by Dr.
Margot B.
Weinstein

Why Has Real Estate Weathered the Storm?

Bobins says, "To date, the recession that hit many middle market companies has had a limited impact on the financial stability of the real estate market in the Midwest. The last time we had a major recession in the 90s, real estate led us into that recession and

stayed there until the economy had come out of it. This time, Real Estate has been able to weather the storm for several reasons: "First, because banks have demonstrated better discipline and required better loan structures:

- Significant pre-leasing and pre-sales.
- Limited spec lending.
- Equity contributions required.

Second, developers are financially strong and able to support

(Continued on page 11)



**Norman R. Bobins, Chairman,
President and Chief Executive
Officer of the LaSalle Bank**

Part 2: Norman Bobins on Trends in the Banking Industry

(Continued from page 1)

projects due to a successful ten years that has been the golden age of real estate.

Last, the Federal Reserve and Mr. Greenspan are doing a terrific job at keeping interest rates down, because without question most projects work better with lower interest rates."

What Is Driving Chicago's Residential Expansion?

Bobins adds, "Several factors make Chicago a thriving City and one of the most livable cities in America:

- There is clearly a "Back to the City."
- Chicago's Public School reform.
- Rehabilitation of the city's infrastructure.
- Chicago's parks and recreation.
- "Mayor Daly is an outstanding mayor who has created an environment in which one can enjoy."

Who Is Buying Chicago's Units?

"Basically, there are three types of buyers in the market," Bobins concludes.

- Empty nesters moving back to the city.
- Young professionals who choose to buy rather than rent.
- Speculative investors who have decided to buy real estate as a very good alternative to putting their money in the stock market, and "I believe that these investors will continue to invest in real estate."

Where Is the City's Market Headed?

"Presently, most projects are significantly pre-sold. Chicago's market will continue to be strong as long as the interest rates remain low, but if interest rates increase quickly, then, it will dramatically effect particularly the for sale market in the city," says Bobins.

What Is LaSalle Bank's Commitment to the Industry?

Bobins continues, "LaSalle Bank recently celebrated its 75th anniversary, and the Bank has made a tremendous commitment to real estate industry and to Chicago. Since the 90's, when we redefined our primary goal to be the best commercial bank in Chicago and in the Midwest, our commitment to the real estate industry has doubled. We have made a series of moves into different markets around Chicago to provide outstanding services to the industry. Furthermore, we continue to be involved in real estate developments that help sustain Chicago. LaSalle Bank is participating in the financing for University Village."

How Do Developments Add to Chicago's Success?

Fundamental to Chicago's success has been real estate developments such as University Village that create neighborhoods that are open to everyone and support business and industry. Bobins says, "Over the years, I would argue there are only three other comparable projects to University Village during my career in banking that have taken a large section of land in the city of Chicago and dramatically improved the area. First, Sandburg Village built over thirty years ago by Rubloff and the subsequent conversion to condominiums improved the near North side of the city.

Second, Presidential Towers built over 15 years ago revitalized the West Loop. Last, Dearborn Park/Central Station by Ferd Kramer and Phil Klutznick, Gerald Fogelson and Albert Ratner. These two contiguous projects were truly the first entrée into the South Loop market, which has now become a prominent neighborhood in Chicago.

"University Village is a high impact project that is a perfect example of what can be done with vacant land in a prominent location in the City. The project took a University area of University of Illinois at Chicago (UIC) and basically created a campus town around it. University Village helps maintain Chicago as a thriving metropolitan area and one of the most livable cities in America, because it:

- Virtually displaced very few residents by this project.
- Will revitalize the entire retail and campus area around UIC and create a true "campus town."
- This single project will deliver conservatively 225 units per year

over the next four years, which would represent 10% of the average number of units delivered annually in the City of Chicago."

Bobins says, "we decided to participate in the financing for University Village for the following reasons: "First, it has a solid financial plan with assistance from a 58-acre TIF district approved by the City of Chicago.

Second, the University is contributing to the success of the plan by building dormitories, parking structures, etc. This plan represents the first comprehensive expansion of the University since 1965.

Third, the development team is very experienced and has had an excellent vision for the project: Mesirow Stein Real Estate, Harlem Irving Companies, and New Frontier Companies.

Last, the Master Plan contains a huge green space that that I think is critical to keeping people happy in the city. I believe that this project contributes to the City, the University and everybody who does business in Chicago, especially the real estate industry."

At the end of the day, Bobins con-

cludes, "The real estate industry in Chicago will continue to be strong, and LaSalle Bank is committed to Chicago and the real estate industry. As this City continues to promote downtown living by expanding parks, transportation, and recreation, the trend toward living in the City will remain robust."

[Editor's Note: This article is Part II in the Chicago REALTOR® of a speech by Norman R. Bobins, Chairman, President and Chief Executive Officer of the LaSalle Bank, and President and CEO of ABN AMRO North America Inc., the parent of LaSalle. Mr. Bobins spoke to a room filled with high-level real estate professionals at the Gerald Fogelson Forum at Roosevelt University on May 9, 2002. The Fogelson Forum is a premier educational series by the new Chicago School of Real Estate at Roosevelt that sponsors industry giants to present a broad scope on cutting-edge topics in real estate. As head of LaSalle Bank, one of the top real estate banks in the United States, and of ABN AMRO North America, Inc., its holding company, Mr. Bobins is a leading authority on banking. In this article, Mr. Bobins provides answers to questions on the minds of many real estate professionals on banking trends and the real estate industry, especially in Chicago.]



Dr. Margot B. Weinstein is Vice President of Kingston Group Inc., a commercial real estate company based in Illinois. She became a Certified International Property Specialist (CIPS) in May of 2002. Dr. Weinstein received her doctorate in education from Northern Illinois University in 1998. She has two master's degree from National-Louis University: one in psychology and one in adult education, and she did postdoctoral research in Finland and Russia in 2000. She is a Professional Advisor for DePaul University. She has published and presented on a wide range of topics in business and education, her expertise is in the context of real estate.