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**Stone Real Estate wins Block 37 mall leasing job**

By: Micah Maidenberg

(Crain's) — Stone Real Estate Corp. is taking over leasing duties at the Block 37 mall in the Loop, an assignment that promises to be as challenging as it is high-profile.

Sources say Block 37's new owner, Los Angeles-based CIM Group, has picked the Chicago retail brokerage to recruit tenants for the shopping center at 108 N. State St., which is only about 30 percent leased. The 305,000-square-foot mall is still trying to find its footing after a 17-month foreclosure battle between lender Bank of America Corp. and developer Joseph Freed & Associates LLC that has stigmatized the property.

"You have to turn around the perception within the retail market and you have to convince people to take a look," says Steven Baer, principal at Metro Commercial Real Estate Inc., a Highland Park-based brokerage that did not compete for the Block 37 leasing deal.

Stone won the job over CBRE Inc., which had handled leasing at Block 37 since a court-appointed receiver took control of the property in January 2010.

David Stone, president of Stone Real Estate, declines to discuss Block 37. A CIM spokesman did not respond to a request for comment.

Much of the mall's street-level space is leased out to tenants including Sephora, Magnolia Bakery and Puma. The challenge is finding tenants to take space on the four-story building's upper floors, which are less visible to customers and a tougher sell.

The higher floors may need an attraction, such as a destination food court or entertainment venue, that would draw customers up through the building, Mr. Baer says.

Yet the Loop has become a place where more retailers want to be since the opening of Millennium Park and the rise of the area's residential population. The broader Loop's retail vacancy rate held steady at 13.6 percent last year, its lowest point since 2002, according to a Stone Real Estate report.

CIM Group bought Block 37 earlier this month for \$84 million, about 13 months after Bank of America foreclosed on the property.