

Hard Rock Cafe planning N. Michigan Avenue hotel

Carbon & Carbide Building the site

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Hard Rock Cafe International Inc. is in final negotiations to convert the landmark Carbide & Carbon Building into a hotel and restaurant, giving a badly needed boost to Michigan Avenue south of the Chicago River.

At a cost of more than \$80 million, the project at 230 N. Michigan Ave. would include a boutique hotel in the 38-story art deco tower and a trademark Hard Rock Cafe restaurant and bar in an adjacent building, sources said. The Orlando-based restaurant and entertainment company would continue to operate its River North restaurant at 63 W. Ontario St., which is being renovated.

A final agreement with the project's

developer, Chicago-based Mark IV Realty Group Inc., is expected to be reached no later than early October, sources said.

A Mark IV executive and a Hard Rock spokeswoman would not comment.

Hard Rock is a subsidiary of London-based entertainment and leisure company Rank Group PLC. There are Hard Rock Hotels in Las Vegas and Bali, and a third property is scheduled to open next year in Orlando.

In Chicago, the hotel's success will likely turn on an adjacent Hard Rock Cafe. Although theme-based restaurants have lost much of their glamor—and some in Chicago, such as Planet Hollywood and Eerie World Cafe, have closed—Hard Rock has emerged as the class of the "eatertainment" business, not only surviving but thriving, retail experts say.

"Despite the whole meltdown of the entertainment-restaurant sector over the last 18 months, Hard Rock has managed to maintain the cachet," said

Bruce Kaplan, president of Chicago-based retail real estate firm Northern Realty Group Ltd.

Mark IV acquired the 71-year-old architectural classic three years ago, with plans to convert it into a hotel operated by Radisson Hotels and Resorts but owned independently.

But that deal proved difficult to finance amid investor concerns about a hotel-building boom that some fear could create an oversupply of rooms in the Chicago market.

Now, Hard Rock is betting that it can distinguish itself from plain vanilla hotel properties, catering to tourists and taking advantage of the firm's strong rock 'n' roll brand, sources said.

And company executives believe the hotel will benefit from its proximity to the \$270 million Millennium Park to the south and the Magnificent Mile shopping strip to the north, even though the building is located along a rather lack-



Tribune photo by Charles Che

Hard Rock Cafe officials want to transform the ebony-shaded Carbide & Carbon Building (center) at 230 N. Michigan Ave. into a hotel.

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luster stretch of Michigan Avenue.

"There's not a lot that's really flashy there," said hotel consultant Ted Mandigo, president of Elmhurst-based T.R. Mandigo & Co. "A Hard Rock Hotel could spark a whole lot of development, but it isn't going to happen overnight."

The project would be the second

with a music theme for Mark IV, which was a partner in the redevelopment of Marina City, anchored by a House of Blues Hotel.

The exact terms of Hard Rock's agreement could not be determined. Mark IV paid \$6 million for the property in 1997 and has patiently guided the project through City Hall, winning a \$5 million tax increment finance subsidy and Class L landmark property tax abatements worth \$6.2 million over the next 10 years.

