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Chicago Athletic Association given new life as hotel



The former Chicago Athletic Association, 12 South Michigan Ave., is set to open as a hotel in May. (Chris Walker, Chicago Tribune)

By [Ameet Sachdev](#) | March 17, 2015

Historic Chicago Athletic Association set to open as luxury hotel in May.

A new hotel in Chicago set to open in May has a lot going for it: a historic building across from bustling [Millennium Park](#) and a wealthy owner with a hospitality pedigree.

But will that be enough amid a hotel building boom?

John Pritzker has his fingers crossed. He is part owner in the 241-room hotel in the landmark Chicago Athletic Association at 12 S. Michigan Ave.

Pritzker, who grew up in Chicago, is the son of the late Jay Pritzker, founder of the Hyatt hotel chain. After working at Hyatt for 16 years, he started Geolo Capital, a San Francisco investment firm that specializes in hospitality and entertainment projects.

The new hotel will be operated by Geolo Capital's Commune Hotels and Resorts division. It's a luxury property, with average daily room rates in June of \$365, according to a hotel spokesman.

The Chicago Athletic Association is one of about nine hotels that have opened or are scheduled to open in 2015, adding about 2,200 rooms downtown. Downtown hotels enjoyed a strong 2014, with occupancy of nearly 76 percent and an average daily rate of \$198, said Hans Detlefsen, president of Hotel Appraisers & Advisors, a Chicago-based consulting firm.

Conventions and business travel have always been the biggest source of room demand in downtown Chicago, but in recent years hoteliers in the business district are seeing more leisure and international customers. The leisure market is growing thanks to the huge success of Millennium Park as a tourist attraction.

"I think hoteliers have been pleasantly surprised by how big an impact Millennium Park has been," Detlefsen said.

Pritzker said the location of his hotel will cater to leisure and business markets.

"At our front door on Michigan Avenue we have Millennium Park, Maggie Daley Park, the Art Institute and museums," Pritzker said. "And at our back door on Madison, we have the Loop. We enjoy the best of both worlds."

The renovation of the Chicago Athletic Association has been a labor of love for Pritzker.

"It's one of the more thrilling things I've ever done," he said. "I've always been a student of Chicago history and there are so many associations that are really meaningful to me. That's why I feel an enormous obligation to get this as right as we can."

The building dates to 1893 and was designed by Henry Ives Cobb, a leading 19th century Chicago architect. Its facade has been likened to the Doges Palace in Venice. An annex on Madison street was built early in the 20th century. The building is part of the Historic Michigan Boulevard District, which was designated a Chicago landmark in 2002.

The Athletic Association buildings are a throwback to an era when the affluent built clubs for themselves that resembled temples. One could exercise, enjoy a fine meal in a beautiful setting and then retire to a comfortable room for the evening, all under one roof. A person's status could be measured in part by the club that admitted him.

Pritzker, 61, said the building's history will "scream" at guests when they enter the hotel.

"People are going to be able to walk in this building and understand what craftsmanship in the 19th century looked like," he said.

Pritzker and Chicago-based Agman Partners each own 47.5 percent of the hotel. AJ Capital has the remaining 5 percent. The partners kept the Athletic Association name to honor the building's past.

The Athletic Association is one of a handful of hotel projects that involve the rehabilitation and conversion of historic and often landmarked buildings.

The Virgin Hotel just opened in the Old Dearborn Bank Building, 203 N. Wabash Ave. Around the corner, a Hampton Inn is scheduled to open in June in the landmarked Chicago Motor Club, 68 E. Wacker Place.

A block away, the conversion of the landmarked London Guarantee Building, 360 N. Michigan Ave., is underway and slated to open in 2016.

Historic settings can be a competitive advantage if the location is right, Detlefsen said.

"I like the trend as long as it doesn't become cost prohibitive in terms of what an owner can encounter in an old building," Detlefsen said.

Pritzker said he busted his budget two or three times to complete the project. A published report in 2013 estimated the cost of the renovation at \$125 million. Pritzker declined comment on the cost.

"It's not a cheap treat, but we're not concerned," he said.

The Chicago City Council has approved property-tax breaks for the hotel worth an estimated \$5.7 million over 12 years. Pritzker also has applied for federal incentives that provide a 20 percent income-tax credit for restoring historic commercial properties.