

Alter to Focus its Development Plans

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Alter's Corridors development in Downers Grove, IL

CHICAGO — As reported yesterday in GlobeSt.com, the 61-year-old **Alter Group** has changed its name to **Alter** and [re-focused its strategy](#). The Chicago-based firm has over the years developed close to 100,000,000 square feet of speculative projects for its own portfolio and build-to-suit facilities for corporate users, but with giant REITs and other institutional investors taking on bigger roles in the development world, Alter officials say it is time for a change.

“The economy has certainly improved, but in terms of new development it hasn’t been all that robust,” **Richard M. Gatto**, Alter’s executive vice president, tells GlobeSt.com. He points to downtown Chicago as an example, where only a few new office buildings are under

construction, even though the recession is now several years in the past. “Most of the recovery has involved the renovation of existing assets in areas like the West Loop.” Traditional bank loans to finance new development have been hard to come by, he adds, and that has helped open the field to the public REITs and other big institutional players who now mostly finance what new development does occur.

“Our balance sheet is still very strong, but it is hard for a firm like ours to compete with public levels of capital,” Gatto says. “Debt markets are not fully functional yet; it is not easy to capitalize a new development these days.” And Alter has always preferred to develop projects with its own equity. “We are going to continue to do it our way,” but only in the metro regions where it has the greatest strength.

The company once did developments in about 15 markets across the US, but from now on, “we are going to be a little more selective,” and mostly concentrate on projects in the Chicago [and Phoenix areas](#), where overall it controls about 1,500 acres. Class A offices, master-planned mixed-use developments, and medical facilities under the auspices its healthcare affiliate **Alter+Care** will make up the bulk of the new work. For example, the company now has plans to invest about \$20 million in its roughly 600-acre **Cornerstone** site in Grayslake, IL, upgrade its infrastructure, and bring it to market. “We are going to do it the old-fashioned way.”