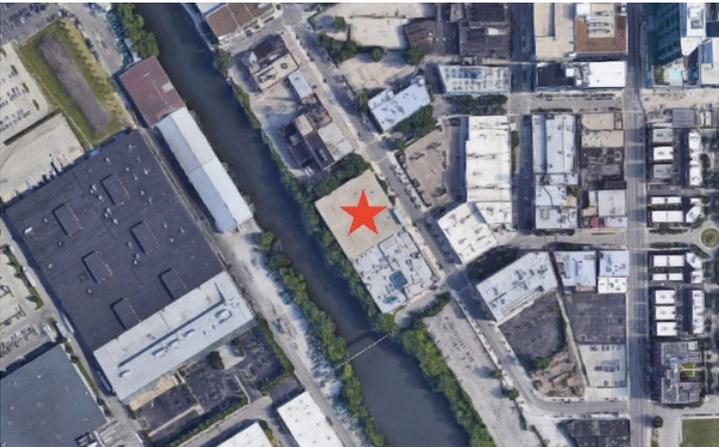


April 26, 2018

REI plans riverside store on Near North Side



REI has signed a 15-year lease for the entire 40,000-square-foot building at 1422 N. Kingsbury St., across the canal from Goose Island and just down the street from a large Whole Foods Market, according to a memorandum filed with the Cook County Recorder. The retailer is moving there from its current 32,000-square-foot store at Halsted and Blackhawk streets, its home for about 10 years.

REI is leasing the Kingsbury building from a joint venture between R2, a Chicago-based developer that has been active in the North Clybourn Avenue and Goose Island areas, and Goldman Sachs, the New York investment bank. The venture acquired the building for \$6.7 million in October 2015, county records show. R2 recently filed permits with the city to convert the building into a store. The property, an industrial warehouse, had been used as a parking garage.

“These riverfront sites surrounding Goose Island are irreplaceable,” R2 Managing Principal Matt Garrison wrote in an email. “They set up well for experiential uses. Retail tenants need to differentiate themselves from Amazon. Office tenants need to differentiate from each other. The riverfront is an alternative to boring, played out strategies.”

Garrison said he signed a confidentiality agreement preventing him from discussing the REI lease. An REI spokeswoman declined to comment.

Though the city has long turned its back on North Branch as an unsightly repository of industrial waste and other nasty things, the river is viewed as a future asset as its banks fill in with new office and residential buildings. Last year, the city approved a plan that would allow for many non-industrial uses along a 760-acre strip stretching north from Kinzie Street. Developers like R2 have been piling into the area the past few years.

In March, the City Council approved the “Wild Mile” proposal for the North Branch Canal, including \$250,000 in funding to pay for planning of walkways, fishing stations and canoe launches.

Kent, Wash.-based REI, a co-op with \$2.6 billion in sales last year, runs 151 stores in 36 states. In Illinois, the chain has two stores in addition to the Clybourn Corridor location, one in Northbrook and one in Oakbrook Terrace. The Vernon Hills store is expected to open later this year.

Outdoor gear chain REI is putting a new spin on experiential retailing in the Clybourn Corridor.

If you want to buy a kayak at a new store REI plans in the neighborhood, you can see for yourself how it handles on the water—by taking a test paddle on the Chicago River. The river’s North Branch Canal runs behind the building on North Kingsbury Street where REI recently signed a lease for the flagship store.

REI is capitalizing on the city’s push to improve the canal with a waterfront boardwalk, landscaping and a new name: the “Wild Mile.” Water access may allow REI to sell more kayaks and paddleboards, but it also could help further the city’s goal of bringing people and recreation to the North Branch, an industrial stretch of river that’s poised to explode with new office and residential development.

The move also fits with a broader trend underway in a brick-and-mortar retailing as chains try to address the major threat they face from online shopping. Unable to offer the convenience of buying on the web, some retailers are trying to spice up their stores by offering experiences that shoppers can’t get by computer.

That includes REI, which has sought out locations close to waterways or bike paths, where customers can try out kayaks and bikes that can cost more than \$1,000. The locations also create opportunities to provide lessons and other programming. An REI store in Denver is right next to a whitewater park. The chain recently leased space at a development under construction in north suburban Vernon Hills, choosing the site partly because it’s next to a canoe launch on the Des Plaines River.