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PLOTS & PLOYS

Rehabbing Prisons

What's Brewing in the Real-Estate Market

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To the list of exclusive properties for sale, add this: a youth prison in suburban Chicago that includes 28 structures on 46 acres. Suggested opening bid: \$3.6 million.

"They're cool, old buildings," says Rick Levin, whose Chicago-based Rick Levin & Associates Inc. will auction the property for the state of Illinois in August.

Known as the Illinois Youth Center Valley View, it was closed in 2002 by the Illinois Department of Corrections. Mr. Levin will also auction a low-security facility on 20 acres in the eastern Illinois hamlet of Paris. Bids for the Ed Jenison Work Camp, also closed in 2002 as part of state budget cuts, start at \$1.3 million.

Mr. Levin says determining the value of the prisons was challenging. "It's not like you can just drive down the block and get comps on the other prisons," he says. For each, he is relying on the average of three appraisals.

Finding a buyer or buyers could be tough, Mr. Levin concedes. But the suburban property may be attractive to residential developers because it is near Chicago, while the Paris facility could be converted into a camp or retreat, he says.

Inland Mission

While its public rivals look to the coasts, Mission Residential LLC is aiming inland.

Private real-estate firm Mission Residential LLC is moving in the opposite direction of some of its bigger public rivals. It's buying apartment buildings in landlocked cities such as Dallas, Charlotte, N.C., and Nashville, Tenn. In the past month, for instance, Mission has acquired 1,070 units around Dallas for \$76.5 million.

Several major public apartment REITs, such as **Equity Residential Properties Trust** and **Archstone-Smith Trust**, have been selling apartments in those cities in favor of buildings on the coasts in Florida, New York and California, where they predict stronger rent growth.

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Christopher Finlay, managing principal at Vienna, Va.-based Mission Residential, says select inland markets are great investments. He cites stronger-than-average job growth and higher initial returns on investment than on the coasts. Mission has acquired 9,000 units in the past three years and is managing another 7,000 apartments. "We expect to double in size this year," Mr. Finlay says.

A Shared Experience

Two real-estate services firms have joined forces to provide shared data.

Cushman & Wakefield, a New York-based advisory firm, and Property & Portfolio Research Inc., a Boston-based research firm, say their alliance will consist of sharing market information, publishing papers together and developing research products and analytical tools.

"We're entering a point in the real-estate cycle where there will be good deals and bad deals," says Bret Wilkerson, chief executive officer of PPR. "Decisions relating to real estate are getting more difficult today than they were in the past, and we want to help our clients make better decisions."

The two firms have a relationship that spans about 20 years. But a more formal alliance is particularly relevant now because of clients' growing needs for more information analysis and advice as real estate becomes more global, says Maria Sicola, executive managing director of research for Cushman & Wakefield.

--Thaddeus Herrick, Alex Frangos and Kemba J. Dunham

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