

Chicago's new hotspot for tech startups

By John Pletz February 17, 2014

When Dan Wagner went looking for bigger space for his fast-growing startup, Civis Analytics Inc., he wanted cool, affordable loft space downtown near other tech companies.

Sounds like River North, right?

Yes. But increasingly it also describes Chicago's newest tech hot spot, the Near West Side just beyond the Kennedy Expressway, which is where Mr. Wagner found a place with exposed brick walls and ceiling timbers, hardwood floors, a wide-open floor plan, a fat Internet pipeline and bicycle storage—all at a rent about 10 percent cheaper than in River North or the Loop.

So it was goodbye to the East Loop, where Mr. Wagner had been subleasing space for **his data-analytics firm**, and hello for his 40 employees to the seventh floor of a 106-year-old building on West Jackson Boulevard that had been home to Braintree Inc.

“It came down to three places—all of the choices were over here,” says Mr. Wagner, who launched the company in 2012 after leaving Barack Obama's re-election campaign.

The Near West Side, an old warehouse and food-distribution district, is known for Greektown, upscale restaurants that line West Randolph Street and Oprah Winfrey's Harpo Studios. Now more tech startups are joining them, attracted by proximity to the West Loop and, perhaps more than that, [Google Inc.'s new regional headquarters](#), which is being constructed in a former cold-storage facility on West Fulton Market Street.

RIVER NORTH SATURATION

River North still is the city's epicenter of high tech, thanks to state-funded startup incubators 1871 and [Matter](#) in the Merchandise Mart and such anchors as Groupon Inc. and Google's Motorola Mobility, which begins moving into the Mart this month. But with rents rising—they climbed 11 percent over the past two years, twice the increase of the overall market, according to CBRE Group Inc.—and space harder to find, more startups are looking west.

Among those that have moved to the Near West Side are data-analytics firm [Food Genius](#) on West Fulton Market, clothing retailer BucketFeet on West Randolph and e-commerce travel company [Rocketmiles](#) on West Washington Street.

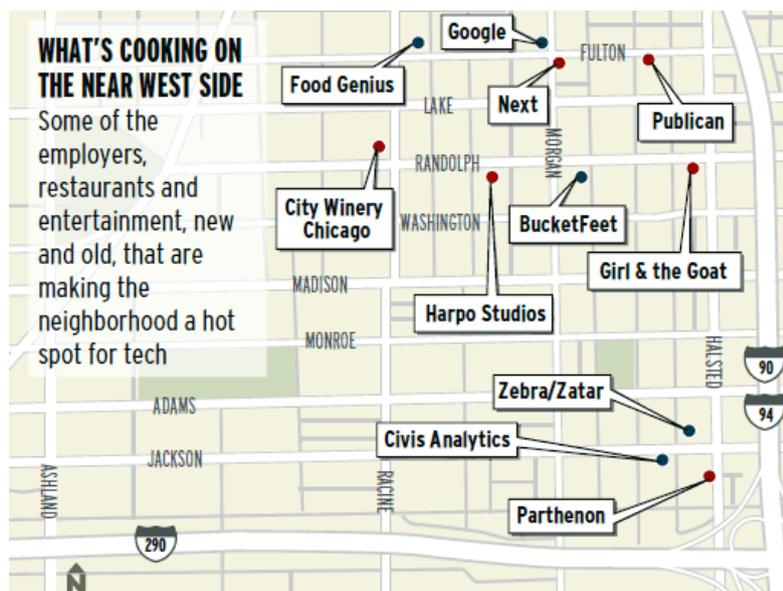
“Two years ago, everybody was completely focused on River North. Now, companies looking for 2,000 to 10,000 square feet are asking, 'What's available in River North, and what's available over by Google?’ “ says Jarrett Annenberg, a broker at CBRE in Chicago who specializes in working with technology tenants. “Some people think it's cooler than River North, a little grittier. Some people are averse to going into the Loop and River North and the congestion—people who bike and drive.”

The Near West Side has been popular with gaming studios, such as Robomodo and [Wargaming West](#) (formerly Day 1 Studios), Wideload Games and Phosphor Games. More established companies, such as Lincolnshire-based Zebra Technologies Corp., are moving in, too. When the suburban maker of bar-code printers set up a new software unit around 18 months ago, it chose a loft on West Jackson. About two dozen workers inhabit the loft near Greektown.

“It’s a good place to attract software developers and go after recent graduates who want to live in this general area,” says Phil Gerskovich, a senior vice president who oversees Zebra’s [Zatar unit](#). “We get people from both the city and the suburbs.”

PARKING NIGHTMARE

Nearby are TastyTrade and [Dough](#), two online firms related to financial trading launched by Tom Sosnoff, who moved from River North to a 12,500-square-foot building on North Sangamon Street. “It’s really interesting to watch the neighborhood develop,” says Mr. Sosnoff, whose TastyTrade studios frequently do webcasts with local tech entrepreneurs. “It’s funny how many people come in to do the show who say they walked here.”



Already, however, some people are fretting that techies will need to find a new neighborhood soon. “A lot of startups come here because rent is reasonable, but it’s probably going to go up,” says Josh Tsui, co-founder of Robomodo, an 18-employee studio in about 10,000 square feet at Aberdeen Street and Washington Boulevard. “Parking’s already a nightmare, so that’s going to get worse. Once there’s more and more people here, how is the infrastructure going to support it?”

Mr. Tsui, who came to the neighborhood a decade ago with his first gaming startup, Studio Gigante, then moved back a little more than two years ago with Robomodo, jokes about the gentrification around him. “When Google comes down here, it will be like when Wal-Mart comes to a small town.”