



TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS  
LAWRENCE TO BRYN MAWR MODERNIZATION

# DRAFT

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GOODMAN WILLIAMS GROUP  
— REAL ESTATE RESEARCH —

TABLE OF CONTENTS

EXECUTIVE SUMMARY .....1

DEMOGRAPHIC AND EMPLOYMENT OVERVIEW.....7

DEVELOPMENT TRENDS.....15

RESIDENTIAL MARKET ASSESSMENT.....25

COMMERCIAL MARKET ASSESSMENT.....55

FIGURE APPENDIX FOR LBMM MARKET REPORT .....81

## EXECUTIVE SUMMARY

### BACKGROUND TO THE ASSIGNMENT

Goodman Williams Group is part of the consulting team led by Solomon Cordwell Buenz and retained by the Chicago Transit Authority (CTA) to develop a Transit Oriented Development (TOD) plan to leverage the Chicago Transit Authority's investments in the Red and Purple Modernization (RPM) Project.

The RPM Project will replace old, deteriorating infrastructure and stations along Chicago's busiest rail line, and will pave the way for the CTA to increase train capacity and improve customer service. In the geographic area studied in this analysis, the RPM project includes completely reconstructing four aging stations at Lawrence, Argyle, Berwyn, and Bryn Mawr, including rebuilding tracks, support structure, bridges and viaducts. The rebuilt stations are expected to include new amenities and elevators, allowing ADA accessibility. The rebuilt Bryn Mawr Avenue station will be extended to allow a new entrance at Hollywood Avenue. The current estimated "substantially complete" date for CTA RPM improvements is mid-2020s.

This report serves as the market analysis component of the broader TOD plan, and will provide estimates of near term (1-5 years) and longer term (6-10 years) demand for residential and commercial development. The broader TOD study will also include recommendations for specific sites, acquired by the CTA for construction purposes. Portions of parcels remaining after construction of the RPM Project could potentially be redeveloped with transit oriented uses in cooperation with CTA. The market analysis is designed to be used to inform these site planning decisions and an overall implementation plan.

This report was prepared in compliance with the guidance for baseline market analysis from FTA's Joint Development Circular - FTA C 7050.1.

### DEFINITION OF LBMM DISTRICT AND MARKET AREA

The focus of this report is the Lawrence to Bryn Mawr Modernization (LBMM) District, defined broadly as the Broadway commercial corridor, from approximately Leland Avenue on the south, to Ardmore Avenue on the north, and including the perpendicular commercial streets of Lawrence Avenue, Argyle Street, Berwyn Avenue, and Bryn Mawr Avenue. The district runs parallel to the CTA Red line, as shown in Figure 1.

The LBMM Market Area used for analysis in this report is defined as the Uptown and Edgewater Community Areas. The boundaries of Uptown and Edgewater together are Irving Park on the south (4000 North), Devon Avenue on the north (6400 North), Ravenswood Avenue on the west, and Lake Michigan on the east. Foster Avenue (5200 North) is the boundary between Uptown to the south and Edgewater to the north. These are two of 77 Community Areas officially recognized by the City of Chicago for planning purposes. The Uptown and Edgewater Community Areas will hereafter be referred to as the LBMM Market Area.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

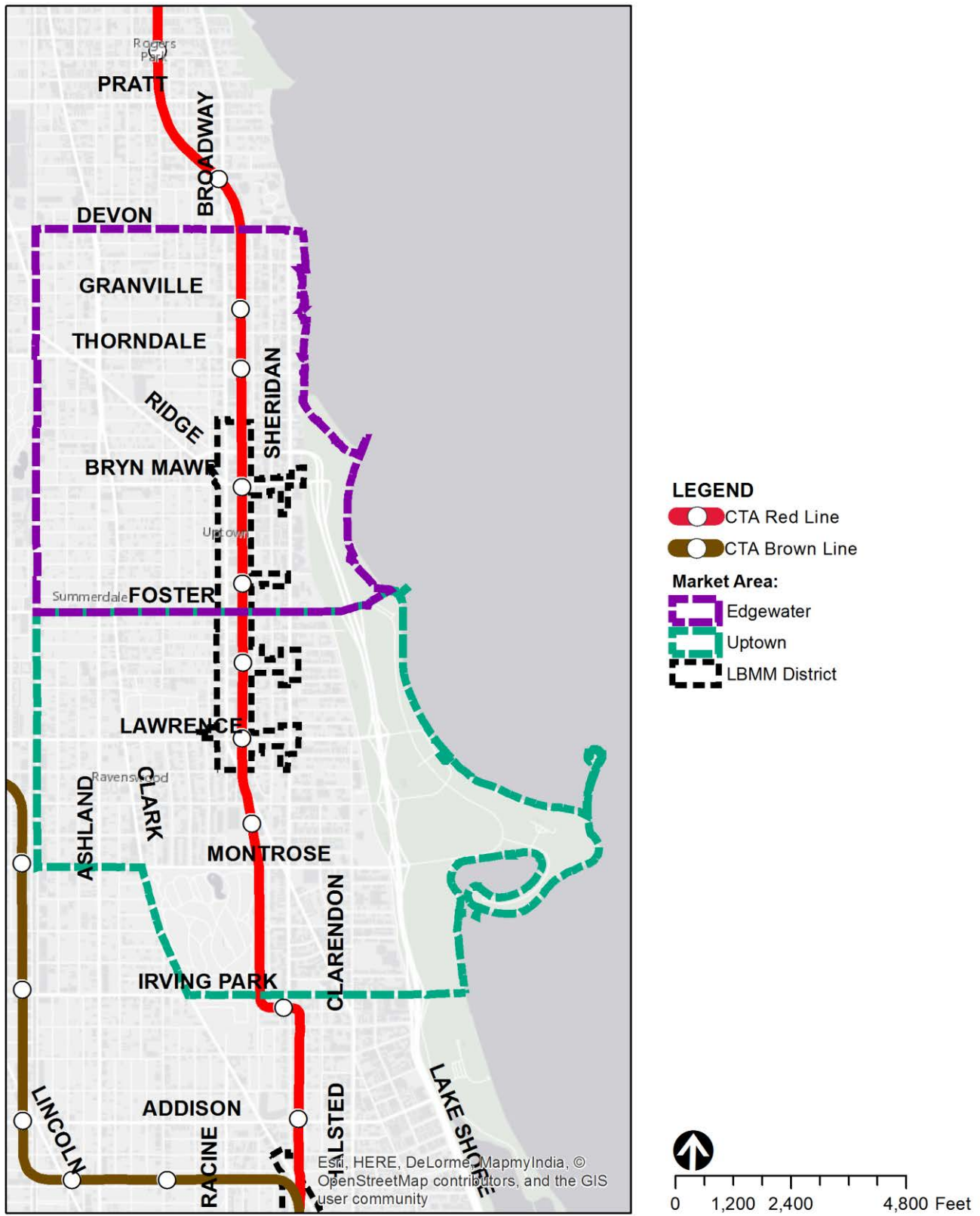


Figure 1: LBMM District in Context

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

## STRENGTHS, WEAKNESS, OPPORTUNITIES AND THREATS (SWOT) OF LBMM DISTRICT

The strengths, weaknesses, opportunities and threats of the LBMM district are considered here from a real estate market perspective.

<b>Strengths:</b> <ul style="list-style-type: none"> <li>- District is well-served by transit.</li> <li>- Northside lake-side location is desirable.</li> <li>- Recent public investment on Argyle Street has focused attention on the area.</li> <li>- Historic buildings add character to District.</li> <li>- Redevelopment of formerly vacant and under-utilized space removes blighting influences.</li> <li>- Uptown Entertainment District serves as anchor to area.</li> <li>- Cedar Street Development is building a strong brand that is attractive in the market.</li> </ul>	<b>Weaknesses:</b> <ul style="list-style-type: none"> <li>- Broadway Ave is auto-oriented and not pedestrian friendly.</li> <li>- Uptown's legacy of affordable housing, shelters, and homelessness could limit market-rate demand.</li> <li>- A key entertainment anchor, Uptown Theater, remains vacant and in need of significant repairs.</li> <li>- Attracting certain national tenants could be impacted by truncated market area, given proximity to Lake Michigan.</li> <li>- High first floor commercial vacancy rate in the LBMM District could hinder redevelopment efforts.</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>- Uptown Entertainment District has been strengthened with passage of the Uptown Square Landmark District.</li> <li>- Potential exists for redevelopment along the deeper lots on the east side of Broadway.</li> <li>- Potential exists for denser development, given recent changes in TOD zoning.</li> <li>- Improvements at Wilson CTA Station and expected RPM improvements will improve area's transit offerings.</li> <li>- Institutional investors have recently shown interest in the market area.</li> <li>- Large new redevelopments have market making potential (Broadway 5050 and Maryville).</li> <li>- The planned new station entrance at Hollywood Avenue presents opportunity for TOD.</li> <li>- The influence of Loyola's Lakeshore Campus is stabilizing to the market area.</li> </ul>	<b>Threats:</b> <ul style="list-style-type: none"> <li>- RPM construction in commercial areas could weaken existing tenants and hinder attraction efforts during construction time horizon.</li> <li>- Recently delivered and proposed new developments include more than 2,900 residential units, which has potential of over supplying the market area.</li> <li>- Incidents of crime have potential of making market less desirable overall for investment.</li> </ul>

**Table 1:** LBMM District SWOT Analysis

## SUMMARY OF CONCLUSIONS

### Residential Market Findings

The LBMM Market Area has proven to be a viable and resilient residential market that, after a period of decline and dormancy, is once again active. The area offers a unique mix of entertainment, cultural diversity, history, lakefront proximity, and easy access to transit that are important draws. As evidence, the Market Area has successfully absorbed some 850 new rental units since 2014 – most in and around the LBMM District. The resulting absorption rate of roughly 275 new units per year is higher than our base case rental demand, which forecasts 222 new units annually over the next five years in the Market Area. Of note is the fact that 18 development projects are currently proposed or under construction that would, if all built as planned, bring nearly 2,600 new units to the LBMM Market Area, potentially creating a period of oversupply.

Currently the LBMM District has a relatively limited number of residential units (when compared to the Market Area as a whole), with estimates totaling slightly more than 3,000 units. The residential units that are located along Broadway are predominately rental, located in mixed-use buildings at the northern and southern ends of the corridor. This situation may soon change, however, with Cedar Street's proposed redevelopment of 5050 N. Broadway. The redevelopment of the former Aon Insurance building and associated new construction on the east side of Broadway are expected to add more than 700 residential units and 50,000 square feet of commercial space. This development could act as a powerful catalyst, spurring future development of both residential units and commercial uses.

Future residential development in the District is likely to come in several forms, including the renovation of older existing residential buildings and the construction of new mixed-use buildings.. Cedar Street's Lawrence House, located at 1020 W. Lawrence Ave., is a good example of how an existing building can provide attractive new units with rents that are more affordable than those in newly constructed buildings. The small but highly amenitized units in this development are particularly attractive to younger tenants. The City's newly updated transit oriented development ordinance will likely spur interest in new development around the District's CTA stations. New construction is also likely to occur in many locations along the Broadway corridor in the District, where the possibility exists to create land assemblages for large-scale developments. In the near term, these projects are most likely to be rental buildings with ground floor commercial space. Unit sizes are likely to be small to keep rents affordable to the likely target markets of millennial workers and perhaps area college students from Loyola. In today's dollars, supportable rent levels for newly constructed apartments within the LBMM District range from \$1,250 for studio units to \$2,150 for two-bedroom units, averaging \$1,505 or \$2.47 per square foot.

Over time, the condominium market on the North Side is expected to re-emerge. When it does, select locations in and around the LBMM District could be suitable for this type of development. The most likely product type would be mid-rise buildings of 20-40 units in locations near train stations. Nearer term, any new for-sale residential development will likely be limited to detached single family homes and small scale walk-up buildings in the desirable residential enclaves west of Broadway.

### Commercial Conclusions

The larger LBMM Market Area has more than 6 million square feet of commercial space, approximately 1.3 million of which are contained in the District. The commercial space in the District is a mix of primarily ground floor space in older mixed use buildings and a number of neighborhood and convenience shopping centers, most of which are located on Broadway near its intersection with Foster. CoStar Realty Services reports approximately 108,000 square feet of vacant retail space in the District as of January 2017. Our inventory of ground floor uses in the District revealed 76 vacant storefronts out of a total of 414, representing an 18% vacancy rate. Absorption of new space in both the larger Market Area and in the District has been modest in recent years.

Twenty-six percent of all businesses in the District are either limited-service or full-service restaurants. The Asian restaurants on and near Argyle Street are a particular draw in Uptown. Independent retail stores and personal service businesses are also well represented in the District. These locally owned businesses give the area a unique vibe, but also contribute to a low average rental rate, reported to be \$23 per square foot on a net basis.

Recent commercial deliveries in the District have been limited. The new 20,000 square foot shopping center located at 5210-5224 N Broadway was completed in 2015 and is anchored by national tenants Chipotle and PetSmart. The ground floor of Lawrence House, which was renovated in 2016, includes an estimated 10,000 square feet of commercial space, most of which is still available.

As is the case for the residential market, the proposed mixed-use development at 5050 N Broadway may be a game-changer for the commercial market along Broadway, adding 50,000 square feet of ground floor space. As currently envisioned, the renovation of the Aon Insurance building on the west side of Broadway may include a food cooperative with additional commercial uses located on the east side. This new ground floor retail, along with the space in redevelopments such as Lawrence House, will likely represent the bulk of new commercial space in the District in the near term.

Longer term, as more people reside in and are drawn to the area by its unique features like the entertainment venues and Asia on Argyle, smaller, independently owned stores are likely to benefit and existing older storefronts are more likely to stay occupied. To the extent that new commercial space is built in the LBMM District, it will likely be ground floor space in new mixed-use projects. Larger scale redevelopment in the District is most likely to occur between Hollywood and Bryn Mawr Avenue, including the two Toyota sites that are being acquired for CTA RPM construction. Depending on final CTA designs and what is needed for construction, remaining portions of the Toyota sites could potentially be assembled with 5643 N Broadway by a private developer for a larger site, after the RPM Phase One construction is complete. Deeper lots along the east side of Broadway may also redevelop over time with mixed-use projects and ground floor commercial space. Additional opportunity sites are located at the southern end of the District along Lawrence.

The opportunity for larger-scale commercial development over the next 5-10 years will largely depend on how many appropriately sized and located sites can be assembled and entitled in the District. In addition, smaller in-fill projects will also represent limited opportunities for commercial development in mixed-use projects.

## DEMOGRAPHIC AND EMPLOYMENT OVERVIEW

### INTRODUCTION TO MARKET AREA

The communities of Uptown and Edgewater both enjoy a lakefront location on Chicago's north side, with an ease of access to Lake Shore Drive and a broad range of commercial amenities. The area is well served by lakefront recreational amenities, including Foster, Montrose, and Osterman beach. Broadway Avenue forms a commercial spine traveling through the two Community Areas, both of which are well served by the adjacent CTA Red Line. While similar, each Community Area has unique features.

Uptown has a long history of offering affordable housing options for some of the City's lower-income and immigrant populations, making it an ethnically and economically diverse community. The Community Area also has a rich architectural profile, and includes portions of the Uptown Square Historic District and West Argyle Street Historic District. Uptown is well recognized for the Uptown Entertainment District, which serves as an entertainment hub with such assets as the Riviera Theater, Uptown Theater and the Aragon Ballroom. Additionally, Argyle Street has served as an anchor for the area's Asian population with its concentration of unique Asian restaurants, grocery stores and other retail offerings. Today, key redevelopment projects are advancing, including long vacant or under-utilized properties such as the former Maryville Academy, located at Montrose and Clarendon, and the Combined Insurance/Aon Building, 5050 N Broadway, which have the potential to deliver significant new housing and commercial offerings to the market.



**Figure 2:** Picture of Argyle Street, Uptown



**Figure 3:** Photo of landmarked homes in Edgewater.  
Photo credit: DNAInfo

Edgewater, like Uptown, is a unique lakefront community, with architectural assets all its own, including the Bryn Mawr Historic District. Prior to 1980, the neighborhood of Edgewater was part of the geographic boundaries of the Uptown Community Area. The community, however, believed the area was distinct and it was a disadvantage to be included within the boundaries of Uptown. As a result of community initiative on the matter, in 1980, it was designated a separate Community Area. Today, the Edgewater community enjoys several distinct commercial corridors including the more auto-oriented Broadway

Avenue, the Andersonville shopping district along Clark Street, and additional districts along Thorndale, Granville, Devon, and Bryn Mawr Avenue. Located just north of Edgewater is Loyola University's Lakeshore Campus, which serves as an anchor to Edgewater's housing and commercial market, as students and staff seek housing and retail offerings along Edgewater's northern boundary.

As mentioned earlier, these two Community Areas combine to make the Lawrence to Bryn Mawr Modernization Market Area. The demographic trends of the LBMM Market Area form the basis for analyzing changes that have been occurring in the Market Area and help forecast future market conditions. Today, Uptown and Edgewater look very similar demographically, but this has not been the case historically. Looking back to 1990, Uptown in particular has changed significantly in some demographic areas. Where these shifts are more apparent at the community level, data for the two communities are shown separately, including median household incomes, educational attainment and changes in race and ethnicity profiles. Otherwise, data is shown together to represent the Market Area as a whole.

### POPULATION, HOUSEHOLD, AND INCOME CHARACTERISTICS

After gaining population between 1990 and 2000, Edgewater has lost 7.6% of its population between 2000 and 2016. Despite the population decline, the total number of housing units increased by 718 units, reflecting an average household size that has decreased steadily since 1990 (1.97), to 2016 levels of 1.81.

In comparison, Uptown has lost 10.3% of its population since 2000. Today both communities are similar in overall population (57,446 vs. 56,980). Similar to Edgewater, Uptown gained marginally in the total number of housing units (531) since 2000, and experienced declines in the total number of households (1.5%) and the average household size, decreasing from 2.14 in 1990 to 1.78 in 2016.

The median household income in Edgewater has grown 6.0% between 2000 and 2016, but at a much slower rate than the City of Chicago as a whole, which increased 28.2% over the same time period. According to 2016 estimates, Edgewater's median household income was below the City of Chicago's (\$45,119 vs \$49,531).

Unlike Edgewater's modest median household income gains, Uptown's median household income jumped 41.4% between 2000 and 2016. According to 2016 estimates, a population with median incomes in-line with Edgewater and slightly below Chicago has been moving into Uptown. Given this jump, Uptown and Edgewater are now nearly identical in median household income (\$45,713 vs \$45,119 respectively) in 2016.

TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT  
LAWRENCE TO BRYN MAWR MODERNIZATION

Edgewater Community Area, Population and Household Trends							
Summary	1990	2000	2010	2016 Estimates	Difference 2000-2016	% Change 2000-2016	
Total Population	60,703	62,198	56,521	57,446	-4752	-7.6%	
Total Households	30,119	30,873	29,516	30,136	-737	-2.4%	
Total Housing Units	33,444	32,716	32,889	33,434	718	2.2%	
Average Household Size	1.97	1.95	1.82	1.81	-0.14	-7.2%	
Household Characteristics							
Households with Children	**	**	9,897	9,920		0.2%	
Median Age	**	**	37.0	38.4		3.8%	
Median Household Income	\$41,727	\$42,557	\$45,026	\$45,119	\$2,562	6.0%	

Uptown Community Area, Population and Household Trends							
Summary	1990	2000	2010	2016 Estimates	Difference 2000-2016	% Change 2000-2016	
Total Population	63,839	63,551	56,362	56,980	-6571	-10.3%	
Total Households	28,023	30,633	29,719	30,174	-459	-1.5%	
Total Housing Units	31,956	32,440	32,541	32,971	531	1.6%	
Average Household Size	2.14	1.95	1.79	1.78	-0.17	-8.7%	
Household Characteristics							
Households with Children	**	**	9,119	9,082		-0.4%	
Median Age	**	**	35.6	36.5		2.5%	
Median Household Income	\$25,582	\$32,328	\$42,749	\$45,713	\$13,385	41.4%	
<b>Chicago Median HH Income</b>	\$26,301	\$38,625	\$46,877	\$49,531	\$10,906	28.2%	

estimates and projections are from Esri Business Analyst

\*\* - Data not available. Where 2000 data not available, change is from 2010 to 2016

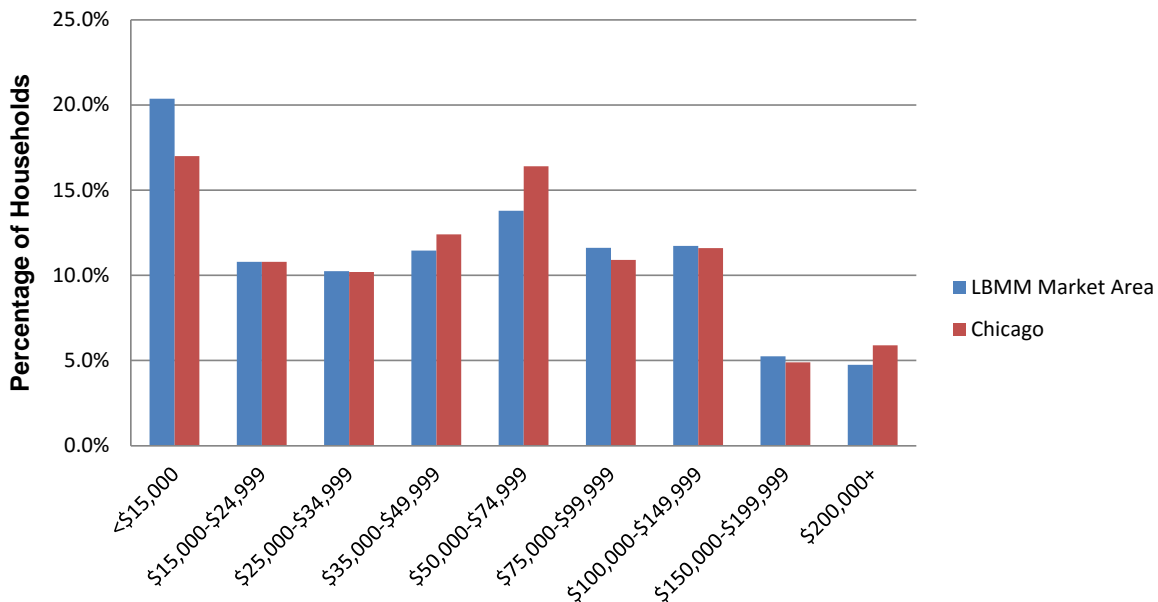
**Table 2:** Community Area Population and Household Trends within LBMM Market

The population of the LBMM District, according to Esri estimates for 2016, stands at 5,270 (representing 4.6% of the current population of the LBMM Market Area overall) distributed among 2,784 households. The District has added 195 people, an increase of 3.8%, since the 2010 Census, while the number of households has grown by 124, or 4.7%.

## INCOME CHARACTERISTICS

When we look at the income distribution for the LBMM Market Area as a whole, despite gains in median household incomes, 20.4% of the population has income less than \$15,000, as compared to the City of Chicago at 17.0%. Conversely, 21.6% of households are earning more than \$100,000, slightly lower than City of Chicago at 22.4%. These income numbers reflect a diverse Market Area with households on both ends of the income spectrum.

**Lawrence to Bryn Mawr Modernization Market Area,  
2016 Household Income Distribution**



Source: Esri Business Analyst, 2016 Projections

**Figure 4:** LBMM Market Area Income Distribution

## EDUCATIONAL ATTAINMENT

The patterns across the two Community Areas that were seen in median household income, are also apparent in educational attainment.

In Edgewater, of the population 25 years or older, those with a high school diploma or less education dropped from 40.0% in 1990 to 20.6% in 2016. Conversely, population 25 years and older with a Bachelor's, Graduate or Professional degree increased from 35.2% of the population in 1990 to 56.9% in 2016, surpassing City of Chicago levels (36.1%).

The patterns in Uptown are similar, but more pronounced. Similar to Edgewater, Uptown has also seen declines in population across all education levels with less than a Bachelor's degree. The population with a high school diploma or less education decreased from 48.9% in 1990 to 25.1% in 2016. Over that same time period, there has been a significant shift in those with a Bachelor's, Graduate, or Professional degree, increasing from 27.9% in 1990 to 55.9% in 2016.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT

## LAWRENCE TO BRYN MAWR MODERNIZATION

Today these two communities look very similar in their population's (age 25+) educational attainment levels. Edgewater has 56.9% of the population with either a Bachelor's or Graduate/Professional degree, versus Uptown at 55.9%, representing a more highly educated population than the City of Chicago as a whole, at 36.1%.

Edgewater Community Area, Population 25 + by Educational Attainment						
	1990		2016		Difference 1990-2016	% Change 2000-2016
		% of Total		% of Total		
Total Population Age 25+	44,397		43,699		-698	-1.6%
No high school diploma	8,715	19.6%	3,408	7.8%	-5,307	-60.9%
High School Graduate	9,036	20.4%	5,593	12.8%	-3,443	-38.1%
Some College, no degree	8,560	19.3%	7,560	17.3%	-1,000	-11.7%
Associate's Degree	2,475	5.6%	2,272	5.2%	-203	-8.2%
Bachelor's Degree	9,569	21.6%	13,940	31.9%	4,371	45.7%
Graduate or professional degree	6,042	13.6%	10,925	25.0%	4,883	80.8%

Uptown Community Area, Population 25 + by Educational Attainment						
	1990		2016		Difference 1990-2016	% Change 2000-2016
		% of Total		% of Total		
Total Population Age 25+	43,274		44,626		1352	3.1%
No High School Diploma	12,936	29.9%	4,462	10.0%	-8474	-65.5%
High School Graduate	8,205	19.0%	6,739	15.1%	-1466	-17.9%
Some College, no degree	7,653	17.7%	6,426	14.4%	-1227	-16.0%
Associate's Degree	2,380	5.5%	1,964	4.4%	-416	-17.5%
Bachelor's Degree	7,194	16.6%	14,816	33.2%	7622	105.9%
Graduate or professional degree	4,906	11.3%	10,130	22.7%	5224	106.5%

Source: 1990 U.S. Census, 2016 estimates from Esri Business Analyst

**Table 3:** LBMM Market Area Educational Attainment

### AGE CHARACTERISTICS

The median age in the LBMM Market Area has grown marginally older, from 36.3 years in 2010 to 37.5 according to 2016 estimates. Overall, the median age in the LBMM Market Area skews slightly older than the City of Chicago as a whole (37.5 vs 33.9). While, there was a slight decline (4.9%) in the 25-34 age cohort, it remains the largest age group, as Young Professionals or Millennials choose to reside in the market, slightly above the City of Chicago percentage of 18.9%.

The Baby Boomer segment, those age 55-74, represents the largest growth in the Market Area, gaining 2,834 residents since 2010, or 15.6%, mirrored by the City of Chicago's population growth in this age segment.

LBMM Market Area, Age Distribution				
Age Cohorts	2010	2016 Estimates	% Change from 2010 - 2016	2016 Total
0-14	12,263	12,726	3.8%	11.1%
15-24	14,124	13,375	-5.3%	11.7%
25-34	27,521	26,183	-4.9%	22.9%
35-44	19,251	19,251	0.0%	16.8%
45-54	15,609	15,717	0.7%	13.7%
55-74	18,128	20,962	15.6%	18.3%
75+	5,987	6,414	7.1%	5.6%
Median Age	36.3	37.5		

Source: ESRI Business Analyst

**Table 4:** LBMM Market Area and Chicago Age Distribution

## RACE AND ETHNICITY

As seen with other indicators such as median income and educational attainment, there have been significant shifts in the Edgewater and Uptown Community Areas in terms of racial composition. Overall, the Market Area has become less diverse since 1990.

Edgewater has been gaining white population since 2000, and it now represents 61.2% of the total. Conversely, during that same time period, the community's black population has continued to decline, representing 12.9% of the population, down from 19.9% in 1990. There has been a marginal increase in the Asian population gaining 897 residents since 1990, as residents are drawn to the concentration of Asian restaurants and other offerings on nearby Argyle Street.

Edgewater Community Area, Race and Ethnicity Trends							
	1990	2000	2010	2016 Estimates	% of 2016 Total	% Change 1990-2016	% Change 2000-2016
Population Reporting One Race							
White	31,070	29,782	35,575	35,132	61.2%	13.1%	18.0%
Black	12,087	10,813	8,337	7,418	12.9%	-38.6%	-31.4%
American Indian	316	283	334	336	0.6%	6.3%	18.7%
Asian/Pacific Islander	7,321	7,308	6,678	8,218	14.3%	12.3%	12.5%
Some Other Race	5,707	5,492	3,637	4,094	7.1%	-28.3%	-25.5%
Population Reporting Two or More Races	**	2,898	1,960	2,248	3.9%	**	-22.4%
<b>Total Hispanic Population</b>	10,567	12,176	9,318	10,455	18.2%	-1.1%	-14.1%

Source: 1990/2000/2010 data from U.S. Census Bureau. Where Census Data are not available, estimates are from Esri Business Analyst

\*\* Data not available

**Table 5:** Race and Ethnicity Trends in Edgewater

Uptown's shifting racial composition has been even more pronounced, with the white population now representing the majority (56.7%), up from 38.7% in 1990. During the same time period, every other racial category has declined since 1990, including black (34.4%), American Indian (60.7%), Asian (14.4%) and Other Races (49.6%). Over the last 50 years, Uptown has been a home for many different Asian communities, exhibited by the location of the Vietnamese Association of Illinois headquarters, the Chinese Mutual Aid Association, and multiple Cambodian churches all located within the Uptown Community Area. Today many people from these same communities, as well as Laotians, Hmongs, and others still call Uptown their home, which creates a unique atmosphere in Chicago.

Historically, Uptown has also been a center for Native Americans in Chicago. In November, 2016, it was announced that the American Indian Center located in Uptown was closing its doors, after offering job training, housing assistance, and civic lessons for the last 50 years for Native Americans. The center is expected to relocate to Albany Park.

TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT  
LAWRENCE TO BRYN MAWR MODERNIZATION

Uptown Community Area, Race and Ethnicity Trends							
	1990	2000	2010	2016 Estimates	% of 2016 Total	% Change 1990-2016	% Change 2000-2016
Population Reporting One Race							
White	24,743	26,784	32,674	32,291	56.7%	30.5%	20.6%
Black	15,735	13,880	11,500	10,316	18.1%	-34.4%	-25.7%
American Indian	652	383	286	256	0.4%	-60.7%	-33.2%
Asian/Pacific Islander	9,263	8,340	6,485	7,932	13.9%	-14.4%	-4.9%
Some Other Race	8,241	5,567	3,647	4,153	7.3%	-49.6%	-25.4%
Population Reporting Two or More Races	**	2,831	1,770	2,032	3.6%	**	-28.2%
<b>Total Hispanic Population</b>	14,398	12,674	8,009	9,074	15.9%	-37.0%	-28.4%

Source: 1990/2000/2010 data from U.S. Census Bureau. Where Census Data are not available, estimates are from Esri Business Analyst

\*\* Data not available

**Table 6:** Race and Ethnicity Trends in Uptown

In terms of shifts in ethnic composition, both Uptown and Edgewater also saw a decline in their Hispanic population; Edgewater lost 112 Hispanics since 1990, while Uptown's loss was more significant at 5,324. Edgewater maintains a slightly higher Hispanic population at 18.2%, with Uptown slightly lower at 15.9%, as compared to the City of Chicago at 30.8%.

### EMPLOYMENT CHARACTERISTICS

The LBMM Market Area's employment picture has shifted over the years with the loss of some large institutional anchors. Uptown was formerly home to the Frank Cuneo Memorial Hospital, a 140-bed children's hospital that opened in 1957. When the hospital closed in 1988, it was converted into the Maryville Academy, which was used to evaluate and house wards of the State, until it too closed in 2009. Likewise, the Edgewater Medical Center, closed in 2001, after a string of financial problems. Despite the loss of these large institutional employers, the market area has gained in overall employment since before the recession.

#### Employment Numbers

Overall, the Market Area gained jobs between 2005 and 2014, with employment growing from 20,143 to 21,622. At the community level however, Edgewater lost a total of 1,251 jobs, while Uptown gained 2,730 jobs. Despite the loss of institutional health care anchors in these communities, Health Care and Social Assistance employment has held steady, and even grown in Uptown, representing 44.2% of employment in Uptown and 32.5% in Edgewater.

Other significant job areas in Edgewater include Accommodation and Food Services (17.1%), Retail Trade (13.2%) and Professional, Scientific and Technical Services (8.2%), an area which shed significant jobs from 2005 (2,081 jobs lost). In Uptown, primary areas of employment beyond Health Care and Social Assistance include Education Services (11.7%), Retail Trade (8.7%), and Accommodation and Food Services (7.1%).

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

## LBMM Market Area Jobs by NAICS Industry Sector

	Uptown Community Area				Edgewater Community Area			
	2005 Count	2014 Count	2014 Share	Percent Change	2005 Count	2014 Count	2014 Share	Percent Change
Health Care and Social Assistance	4,060	5,441	44.2%	34.0%	3,048	3,018	32.5%	-1.0%
Educational Services	987	1,436	11.7%	45.5%	328	505	5.4%	54.0%
Retail Trade	836	1,076	8.7%	28.7%	961	1,229	13.2%	27.9%
Accommodation and Food Services	623	873	7.1%	40.1%	966	1,591	17.1%	64.7%
Other Services (excluding Public Administration)	505	696	5.6%	37.8%	502	601	6.5%	19.7%
Real Estate and Rental and Leasing	342	734	6.0%	114.6%	294	368	4.0%	25.2%
Professional, Scientific, and Technical Services	282	574	4.7%	103.5%	2,839	758	8.2%	-73.3%
Finance and Insurance	398	433	3.5%	8.8%	160	162	1.7%	1.3%
Wholesale Trade	542	331	2.7%	-38.9%	196	174	1.9%	-11.2%
Administration & Support, Waste Management and Remediation	253	199	1.6%	-21.3%	441	114	1.2%	-74.1%
Manufacturing	188	167	1.4%	-11.2%	215	183	2.0%	-14.9%
Arts, Entertainment, and Recreation	126	157	1.3%	24.6%	172	127	1.4%	-26.2%
Information	119	65	0.5%	-45.4%	186	50	0.5%	-73.1%
Transportation and Warehousing	59	58	0.5%	-1.7%	113	71	0.8%	-37.2%
Construction	94	43	0.3%	-54.3%	81	50	0.5%	-38.3%
Public Administration	0	26	0.2%	260.0%	1	106	1.1%	10500.0%
Management of Companies and Enterprises	179	14	0.1%	-92.2%	47	192	2.1%	308.5%
<b>Total Primary Jobs</b>	<b>9,593</b>	<b>12,323</b>		<b>28.5%</b>	<b>10,550</b>	<b>9,299</b>		<b>-11.9%</b>

Source: OnTheMap, U.S. Census Bureau

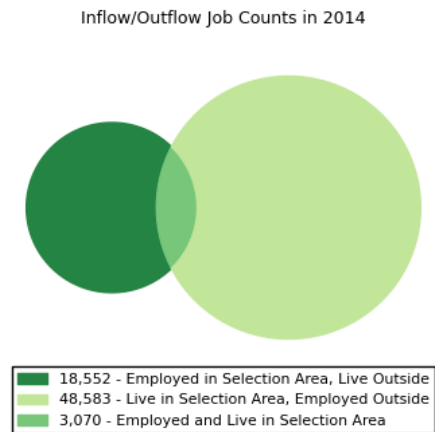
**Table 7:** LBMM Market Area Job Trends

Loyola Lakeshore Campus, located just north of Edgewater, is an anchor employer with 2,500 employees (and approximately 10,000 students). Other educational institutions, such as Harry S Truman College, Nicholas Senn High School, Pierce International School, and Uplift Community High School, are larger employers in the market area. Weiss and Thorek Hospitals in Uptown are remaining hospitals that employ nearly 1,800 people combined. In addition to institutional anchors, the Market Area's grocery stores, including Whole Foods, Jewel Osco, and Mariano's serve as major employers.

### Worker Inflow and Outflow

In addition to looking at the employment counts within the LBMM Market Area, we also examined worker inflow and outflow patterns. As shown below in Figure 5, worker inflow and outflow data considers whether workers who reside in the LBMM Market Area are working within the defined Market or elsewhere. In 2014, of all workers living in the LBMM Market, 94.1% (48,583) were employed elsewhere. Less than 6% (3,070) lived and worked in the Market, while an additional 18,552 people commuted into the area to work in the LBMM Market Area.

Of those commuting outside of the Market for work, the largest concentration of employment location was, not surprisingly, the Central Area and West Loop at 36.7%. Other minor employment location clusters for residents of the LBMM Market included Evanston (Northwestern University), O'Hare, Hyde Park (University of Chicago), Loyola University, and Schaumburg.



Source: U.S. Census Bureau

**Figure 5:** Worker Inflow-Outflow Patterns

## DEVELOPMENT TRENDS

The market area for the Lawrence to Bryn Mawr Modernization (LBMM) District is experiencing significant levels of development activity, with even greater numbers of projects currently proposed. Some of the largest new projects, or those in various stages of planning, are the redevelopment of older facilities that have been vacant or underutilized for many years. These projects include the redevelopment of the Maryville Academy site (Montrose & Clarendon), the former Combined Insurance / Aon Building (5050 N Broadway), the Edgewater Medical Center, and Lawrence House, at 1020 W Lawrence. The redevelopment of these projects alone has the potential to remove underutilized and problematic properties from the market, while also delivering a significant new supply of residential units, commercial space, and neighborhood amenities.

## CATALYSTS FOR DEVELOPMENTS

The significant levels of development proposed in the market are accounted for in part, by several catalyzing developments, anchors, as well as by the 2015 TOD ordinance, as discussed below.

### Cedar Street Development

One development company in particular is having a major impact on the market. Cedar Street Development has created a successful brand by redeveloping older buildings and delivering smaller living units, called FLATS Chicago. FLATS properties are represented as offering smaller units, in well-designed buildings with ample amenities, intended to foster community. There are currently twelve FLATS properties (according to North Magazine, a FLATS publication, Nov. 2015), located primarily in the LBMM Market, with an additional 4 developments currently proposed (see New and Proposed Developments table). Of those recently delivered is Lawrence House. Like other projects being developed by Cedar Street in the Market, Lawrence House is a renovation of a historic structure, with 344 units, (primarily studio and 1-bedroom) designed to include an amenity rich environment in an area well-served by transit.

### 2015 TOD Ordinance

In 2015, Chicago's City Council passed a new transit-oriented development reform ordinance that doubled the distance around train stations where dense development can be built, from within 1/8 mile of a CTA station to a quarter mile, with significantly reduced parking requirements. More specifically, the City of Chicago Zoning Ordinance and Land Use Ordinance permits "Transit Served Locations" to receive certain parking reductions, Floor Area Ratio (FAR) bonuses, and other benefits. Generally, for projects located in Business (B), Commercial (C), and Downtown (D) zoned districts, minimum off-street automobile parking ratios for residential uses may be reduced if located within 1,320 feet of a CTA or METRA rail station entrance or within 2,640 feet of a CTA or METRA rail station entrance along a pedestrian street or a pedestrian retail street. Additionally, projects located in B-3 and C-3 districts located within the same boundaries are eligible for increases in maximum building height and allowable development square footage known as FAR. Additional incentives include reduction in the Minimum Lot Area (MLA), which allows for an increase in the total number of dwelling units to be built on site. Zoning and parking bonuses also exist for the inclusion of on-site affordable housing.

Both additional FAR (floor area ratio) and the reduced provision of parking can dramatically change development financials of a potential project, making new sites and projects more financially feasible. The LBMM market is well served by the CTA's Red Line, including stops at Wilson, Lawrence, Argyle, Berwyn and Bryn Mawr, and is the beneficiary of this new zoning tool which has unleashed additional development potential.

### Wilson Yards and Wilson Street CTA Station Reconstruction

The redevelopment of the former CTA Wilson Yards paved the way for future redevelopment opportunities around Wilson Avenue. Holsten Real Estate Development acquired 6 acres from the CTA for a mixed-use development that broke ground in 2010. Two, seven-story subsidized multifamily buildings were developed with a total of 178 units. The retail program included a 180,000 SF Target, and an additional 24,000 SF of in-line retail.



**Figure 6:** Picture of Wilson Yard Target

Furthering the efforts around Wilson Avenue, is the \$203-million-dollar reconstruction of the Wilson Street CTA station, which began in 2014 and is projected to be completed in 2018. Once completed, the rebuilt station will allow transfers between the Red and Purple lines, and will include a modern ADA accessible station, with enhanced lighting and security, and the restoration of the 1923 Gerber building and former clock tower. With Wilson Yards serving as an anchor, the redevelopment of this station, together with the new TOD ordinance, is catalyzing development near the Wilson Avenue station, including 975 W Wilson, the Wilson Avenue Theatre (1050 W Wilson), Stewart School (4525 N Kenmore), and 4601 N Broadway (all further profiled in Table 8).



**Figure 7:** Artist's rendering for planned reconstruction of Wilson Red Line station, looking Northwest from Wilson/Broadway. Photo credit: CTA

### Loyola University

Loyola's Lake Shore Campus is located in Rogers Park, and just north of the LBMM market area. The Lake Shore campus is home to almost 10,000 students and more than 40 buildings. In recent years the university has been aggressively pursuing redevelopment on and proximate to their campus, including partnering with the CTA to rehab the Loyola CTA station, new commercial development along Sheridan Road, and the vacation of two-city streets, Kenmore and Winthrop between Sheridan Road and Rosemont Avenue, for campus facilities.

According to University officials, roughly two thirds of students attending Loyola reside between W. Sheridan Road and Granville, with the remaining residing north of the primary campus, in proximity to the Loyola Red Line station. In addition to the student body, the majority of faculty lives within 3.5 miles of campus, and incentives are available to purchase a residence in proximity to the University. The university's increasing presence can be expected to positively impact real estate market potentials, particularly at the northern end of the market area.



**Figure 8:** Photo of Loyola University. Photo credit: Uniquevenues.com

### Uptown's Entertainment District

Uptown's Entertainment District has the potential to catalyze redevelopment in the heart of Uptown, centered around Lawrence and Broadway Street. While the Uptown Theatre remains closed, there are nine entertainment venues in the area, including the Riviera Theatre, the Aragon Ballroom, and the Green Mill Lounge. According to the local community development organization, Uptown United, the entertainment district as a whole attracts 240,000 attendees per year. In December, 2016, Chicago's City Council passed the Uptown Square Landmark District which will further protect and enhance historic properties in the entertainment district. The District includes 42 historically significant structures.



### Reconstruction of Argyle Street

In June 2016, the City of Chicago passed an ordinance that formally created the Shared Street Pilot Program, creating Chicago's first shared street on Argyle Street, along a 3 block stretch between Broadway and Sheridan. Led by the Chicago Department of Transportation (CDOT), major elements included raising the level of the roadway, eliminating curbs, widening sidewalks and adding decorative pavement.

The goal of the \$3.6 million project was to create a plaza-like effect, making the corridor more suitable for sidewalk cafes and street fairs, such as the night markets that occur on Argyle Street. These weekly Argyle Night Markets offer fresh produce and meats, local vendors, and entertainment on Thursdays throughout the Summer, and are cosponsored by the Chicago Department of Cultural Affairs and Special Events and local partners, such as Uptown United.



**Figure 10:** Picture of Argyle Night Market. Photo credit: Uptown United

### NEW AND PROPOSED DEVELOPMENTS

The pipeline of new and, in particular, proposed developments in the LBMM Market Area is robust. If all proposed projects come to market as envisioned, there is a potential for more than 2,900 new residential units to be delivered, and more than 140,000 SF of commercial space developed. Two of the largest developments, 5050 North Broadway and Montrose and Clarendon (Maryville Academy) are further described on the following pages.

In general, new and proposed developments are split between mixed use projects, offering ground floor commercial space, and residential developments, which are almost exclusively multi-family. On the residential side, the projects range in size from 710 units proposed at 5050 N Broadway to 15 single family homes at 1675 W Edgewater. The largest commercial mixed use projects include 5050 N Broadway and Maryville Academy, which will be anchored by a new Treasure Island grocery store. There is only one purely retail project, which is currently under construction at 918 W Montrose (28,000+ SF), anchored by a new Ross Dress for Less. It should also be noted that additional development projects could be in more informal stages of planning, with information not yet publicly available.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

LBMM Market Area, New and Proposed Development								
Map ID	Project Name	Address	Proposed Use	Status	Residential Units	Commercial SF	Parking	Notes
1	5050 N Broadway**	5036-5066 N Broadway	Mixed-Use	Proposed	710	50,000	650	Former Combined Insurance Building; Heritage Coffee as lobby tenant with outdoor café, plans include potential food co-op anchor
2	4601 N Broadway	4601 N Broadway	Mixed-Use	Proposed	197	11,500	41	
3	4420 N. Sheridan	4420 N Sheridan	Mixed-Use	Proposed	33	Gr. Floor Retail	0	
4	3901 N Broadway	3901 N Broadway	Mixed-Use	Permitted	100	2,200		
5	1825 W Lawrence	1825 W Lawrence	Mixed-Use	Proposed	114	10,000	152	Three new structures: one-story Chase bank, 4-story building with retail and apartments, and 4-story residential building
6	1101-09 W Granville	1101 W Granville	Mixed-Use	Proposed	20	5,000		Ground floor arts uses
7	Wilson Avenue Theater	1050 W Wilson	Mixed-Use	Proposed	110	Gr. Floor Retail	21	Parking lot is adjacent to historic theatre, Cedar St. owns both
8	Lawrence House**	1020 W Lawrence	Mixed-Use	Newly Delivered	344	Gr. Floor Retail		Amenities include fitness room, rooftop deck, lobby bar, outdoor theatre, indoor pool. Heritage Outpost is only ground floor retail, other storefronts remain vacant.
9	975 W Wilson	975 W Wilson	Mixed-Use	Proposed	147	7,000	29	
10	Montrose & Clarendon	826 W Montrose	Mixed-Use	Demolition	381	36,000	278	Treasure Island Foods anchor (30,000 SF)
11	6145 N Broadway	6145 N Broadway	Residential	Proposed	187	0	60	Micro-unit apartments
12	Agudas Achim Synagogue	5029 N Kenmore	Residential	Proposed	40	0	21	Rehab of former synagogue
13	Sarah's Circle	4654 N Sheridan	Residential	Proposed	90	0		NPO building homeless housing for women.
14	1630 W Wilson	1630 W Wilson	Residential	Proposed	32	NA	16	
15	4740 N Clark	4740 N Clark	Residential	Proposed	24	0	48	Townhomes
16	Stewart School	4525 N Kenmore	Residential	Under Construction	64	0		Rehab of former Stewart School
17	Jeron Electronics	1743 W Rosehill	Residential	Proposed	39	0		No retail. Ground floor parking garage.
18	1675 West Edgewater	1675 West Edgewater	Residential	Newly Delivered	15	0		SF homes
19	Edgewater Medical Center	5700 N Ashland	Residential	Permitted	141	0	78	Includes new park, 50% green roof
20	Overture Edgewater Beach	5440 N Sheridan	Residential	Proposed	174	0	190	Senior housing (55+)
21	4027 N Broadway	4027 N Broadway	Residential	Newly Delivered	20	0		
22	918 W Montrose	918 W Montrose	Retail	Under Construction		28,975	73	Anchored by Ross Dress for Less
Totals					2982	140,675	1657	

**Table 8: LBMM Market Area**  
New and Proposed Developments

Source: Based on secondary sources deemed reliable and Goodman Williams Group field work, Nov. 2016

\*\* - Development located within LBMM District boundaries

## TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

The map below shows the geographic location of new and proposed developments in and around the Market Area. As proposed, a greater concentration of development is to occur south of Foster Avenue, which acts as the boundary between Uptown and Edgewater. Further, the majority of development is proposed to occur along Broadway, and east towards the lake, and in proximity to the CTA Red Line.

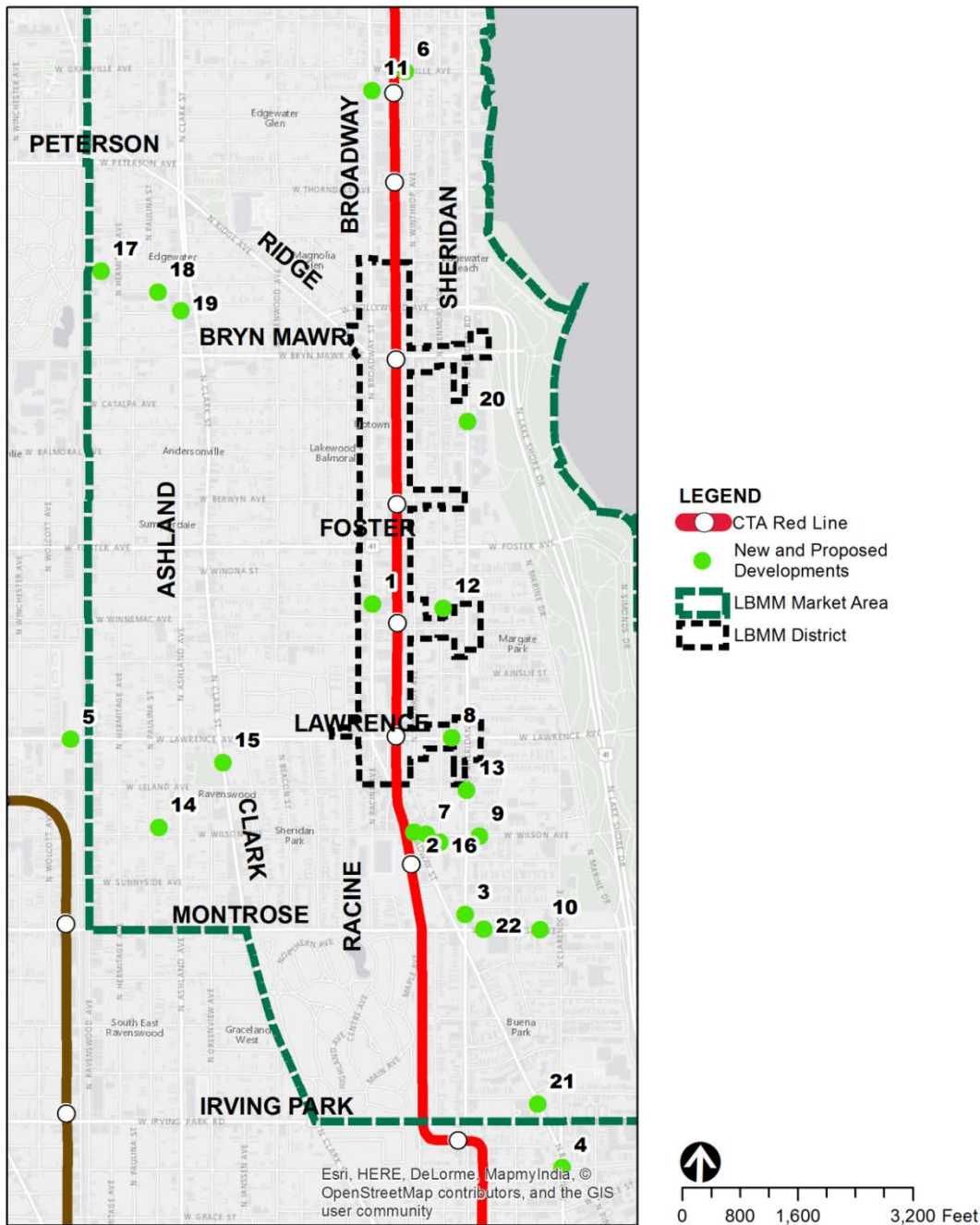


Figure 11: New and Prop. Developments Source: Goodman Williams Group

While the LBMM Market Area has a robust development pipeline of proposed projects, two developments are especially significant, both due to their size and the fact that they are converting formerly vacant and underutilized facilities that had a blighting impact on the community.

#### 5050 North Broadway

Cedar Street Development has proposed a large new development, which includes the redevelopment of the former Combined Insurance/Aon Building, on Broadway, just north of the recently completed streetscape project on Argyle Street. The project is anticipated to occur in two phases. Phase I includes the renovation of an existing 12-story and 6-story buildings on the west side of Broadway into 345 rental residential units. The proposal calls for a mix of studios, 1-bedroom, and 2-bedroom units. Fifteen percent is expected to be made available for affordable housing units. Additionally, 30,000 SF of commercial space is anticipated, with the majority to be occupied by a potential new food cooperative.



**Figure 12:** Rendering of 5050 N Broadway;  
Photo Credit: Booth Hansen

Phase II is on the east side of Broadway Street and includes plans for a parking garage with 650 parking stalls, and new construction with a 7-story residential building including approximately 365 rental residential units and upwards of 20,000 SF of commercial space. The entire development is expected to be phased over approximately 5 years.

#### Montrose & Clarendon (former Maryville Academy)

The redevelopment of the Maryville Academy is an important catalyst for the area, reactivating a long vacant (since 2005), formerly institutional space. Developed in partnership with JDL Development and Harlem Irving Companies, the site is unique for its size and near lakefront location. The proposal calls for 381 residential units and 278 parking spaces on the west side of Clarendon Avenue in a 26-story mixed use building, anchored by a new 30,000 SF Treasure Island grocery store. Property east of Clarendon will include a one-store building with 6,000 SF commercial space and an additional 11 parking spaces. Tax increment financing in the amount of \$15.8 million was approved for the project.



**Figure 13:** Rendering of Montrose & Clarendon Development;  
Photo Credit: JDL Development and Harlem Irving

## POTENTIAL DEVELOPMENT SITES

In addition to new and proposed developments discussed, the LBMM District has additional opportunity sites where redevelopment may occur in the future. According to the *Transit Oriented Development Plan Existing Conditions Report*, these opportunity sites were identified using the following criteria:

- Low density (single story) sites with significant vacancies
- Vacant parcels or underutilized parcels with surface parking
- Uses that seem inappropriate for the location or that are known to be leaving the District

Additionally, some of these opportunity sites are adjacent to sites the CTA will be using for RPM construction. Site assembly may make smaller CTA sites more attractive for development at the conclusion of RPM construction. A Development Opportunities Map that shows the locations of these sites is included in this report as Figure 39.

LBMM Opportunity Sites		
Address	Existing Use	Notes
5643 N Broadway	Active commercial; Public Storage	Adjacent to CTA Redevelopment Sites 01 and 02
5408-5410 N Broadway	Vacant building and lot	
1122 W Foster	Vacant building	Former Edgewater Auto Repair
4809 N Broadway	Active commercial; Just Tires	Adjacent to CTA Redevelopment Site 05
4750 N Winthrop	Surface parking lot	Recently purchased by Cedar Street, no current development proposal
1063 W Lawrence	Surface parking lot	Aragon Ballroom parking

Source: SCB and Goodman Williams Group field work, November 2016

**Table 9:** LBMM Opportunity Sites

## RESIDENTIAL MARKET ASSESSMENT

### RESIDENTIAL MARKET FUNDAMENTALS

The LBMM Market Area rose to prominence in the early 20<sup>th</sup> century as a prohibition-era hot spot for music, theater, film, and nightlife concentrated in venues located primarily along the Broadway corridor. During this time, thousands of residential units were constructed in highrise buildings along the lakefront and along the commercial corridors, as well as in lower-density walk-up buildings and single family homes in interior residential enclaves. However, beginning in the 1950s, as increasing suburbanization around the Chicago metropolitan area encouraged middle class residents to abandon Uptown and Edgewater for newer, outlying locals, the area fell into decline.

A residential building “boomlet” in the early years of the housing market run-up in the early 2000s brought several thousand new condominium units, generally in mid-rise buildings, to Clark Street, Sheridan Road, and other primary corridors. However, this new development momentum was short-lived, and the residential market succumbed earlier than most northside communities to advancing competitive pressures and declining sales that marked the beginning of the housing market collapse.

Now, however, as noted previously in this report, the Market Area is seeing renewed development interest, led by renovation and adaptive reuse projects that have already brought hundreds of new rental apartment units and could potentially bring thousands more.

### Market Area Demographic Profile

As noted previously, the LBMM Market Area demographic profile has changed over the years, yet this remains one of the most diverse areas of the City in terms of race and ethnicity, age, and income. As such, the Market Area encompasses a wide variety of housing types, including a substantial number of low-income affordable units, senior housing, modest and upscale market rate apartments and condominiums, and high-value historic single family homes.

Population by Age LBMM Market Area								
Age (Years)	2010		2016 <sup>(1)</sup>		2021 <sup>(2)</sup>		Change (2016-2021)	
	Pop.	Percent of Tot.	Pop.	Percent of Tot.	Pop.	Percent of Tot.	Gain/ Loss	Percent
0-4	5,488	4.9	5,215	4.6	5,346	4.6	131	2.5
5-9	3,624	3.2	4,105	3.6	3,943	3.4	-162	-3.9
10-14	3,151	2.8	3,406	3.0	3,361	2.9	-45	-1.3
15-19	4,719	4.2	4,819	4.2	4,507	3.9	-312	-6.5
20-24	9,405	8.3	8,556	7.5	8,486	7.3	-70	-0.8
25-34	27,521	24.4	26,183	22.9	26,505	22.9	322	1.2
35-44	19,251	17.1	19,049	16.6	18,976	16.4	-73	-0.4
45-54	15,609	13.8	15,717	13.7	14,980	13.0	-737	-4.7
55-64	11,588	10.3	12,763	11.2	13,201	11.4	438	3.4
65-74	6,540	5.8	8,199	7.2	9,204	8.0	1,005	12.3
75-84	4,045	3.6	4,325	3.8	4,851	4.2	526	12.2
85+	1,942	1.7	2,089	1.8	2,199	1.9	110	5.3
<b>Total</b>	<b>112,883</b>	<b>100.0</b>	<b>114,426</b>	<b>100.0</b>	<b>115,559</b>	<b>100.0</b>	<b>1,133</b>	<b>1.0</b>
<b>Med. Age</b>	<b>36.2</b>		<b>37.4</b>		<b>37.7</b>		<b>---</b>	

<sup>(1)</sup> Estimate

<sup>(2)</sup> Projection

Source: U.S. Census Bureau, Esri, Inc. (2016 estimates, 2021 projections)

**Table 10:** Population by Age  
in LBMM Market Area

Future housing need within the Market Area will be driven, in part, by lifestage dynamics among its residents. As shown in Table 10, according to population growth forecasts from Esri, persons age 25-34 make up nearly 30% of the current Market Area population and are expected to remain the dominant age group over the next five years, growing by 1.2%. Meanwhile, the area's senior population age 65 and over is expected to grow much faster, and by 2021 the area is projected to have 1,641 more seniors than it does today. Meanwhile, the 35-44 and 45-54 year age cohorts, while remaining significant as a percentage of the total population, are expected to shrink.

### OCCUPANCY AND TENURE CHARACTERISTICS

As of the 2015 American Community Survey (ACS), there were 64,741 housing units within the LBMM Market Area, of which 57,906 were occupied. Nearly two thirds (66.2%) of households within the Market Area rent their homes, while roughly one third are homeowners – a significantly higher proportion of renter households than that of the City of Chicago as a whole.

<b>Housing Occupancy Characteristics LBMM Market Area</b>		
<b>Attribute</b>	<b>Market Area</b>	<b>Chicago</b>
Total Housing Units	64,741	1,192,544
Occupied Housing Units	57,906	1,035,436
Owner-Occupied	19,548	458,593
Percent	33.8	44.3
Renter-Occupied	38,358	576,843
Percent	66.2	55.7
Vacant Housing Units	6,835	157,108
Homeowner Vacancy Rate (%)	2.0	3.1
Rental Vacancy Rate (%)	8.2	7.0

Source: U.S. Census Bureau

**Table 11:** Housing Occupancy Characteristics

According to the ACS, 6,835 housing units within the Market Area are vacant. Of these, 398 are for sale and 3,444 are for rent, equating to vacancy rates of 2.0% and 8.2% for ownership and rental units, respectively. (Note that while a number of additional units are temporarily unoccupied due to seasonal use and other factors, these are not included by the Census Bureau in vacancy rate calculations.) These vacancy rates are somewhat high for both tenure types. By comparison, in most markets across the nation, vacancy rates of 1.5% for ownership units and 7.4% for rental units are considered balanced. Compared to the City as a whole, vacancies in the market area are significantly lower for ownership units and higher for rental units. (Note that Census data consider all rental units, including built-for-sale units that are currently being rented, as part of the overall pool of rental housing; thus, ACS measures can differ significantly from more specific – and current – measures of conventional market rate apartment vacancy, as discussed in the Rental Apartment Overview section.)

### INCOME BY HOUSING TENURE

In addition to the broad analysis of income levels within the Uptown and Edgewater Community Areas presented earlier in this report, we performed a more nuanced analysis of household income levels by housing tenure (i.e., owner versus renter households) within the Market Area as a whole,

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

utilizing data from the American Community Survey. (Note that these data may differ from measures of current household income, as they reflect the Census Bureau's five-year estimates from 2011-2015.)

As shown in the following table, at the time of survey, the median household income among homeowner households in the Market Area stood at \$87,013 – more than 170% higher than that of renter households, at \$32,143.

Households by Housing Tenure & Income LBMM Market Area						
Income	Owner HH %		Renter HH %		Total HH %	
Less than \$5,000	403	2.1	2,544	6.6	2,947	5.1
\$5,000 - \$9,999	271	1.4	4,153	10.8	4,424	7.6
\$10,000 - \$14,999	443	2.3	3,542	9.2	3,985	6.9
\$15,000 - \$19,999	463	2.4	3,142	8.2	3,605	6.2
\$20,000 - \$24,999	292	1.5	2,736	7.1	3,028	5.2
\$25,000 - \$34,999	1,414	7.2	4,278	11.2	5,692	9.8
\$35,000 - \$49,999	1,443	7.4	5,188	13.5	6,631	11.5
\$50,000 - \$74,999	3,605	18.4	5,551	14.5	9,156	15.8
\$75,000 - \$99,999	3,008	15.4	3,588	9.4	6,596	11.4
\$100,000 - \$149,999	3,683	18.8	2,499	6.5	6,182	10.7
\$150,000 or More	4,523	23.1	1,137	3.0	5,660	9.8
<b>Total</b>	<b>19,548</b>	<b>100.0</b>	<b>38,358</b>	<b>100.0</b>	<b>57,906</b>	<b>100.0</b>
<b>Median</b>	<b>\$87,013</b>		<b>\$32,143</b>		<b>\$46,870</b>	

Source: U.S. Census Bureau

**Table 12:** Households by Housing Tenure & Income

Among homeowner households, 42% have annual incomes of \$100,000 or more. However, a third earn between \$50,000 and \$100,000, and nearly a quarter earn less than \$50,000. Reflective, in part, of the Market Area's large stock of affordable and subsidized housing, 42% of renter households have incomes less than \$25,000 per year. Yet nearly 24% of renter households have incomes between \$50,000 and \$100,000, and 9.5 percent have incomes of \$100,000 or more. Thus, while low-income households make up a large portion of Market Area renter households, a significant number have annual incomes that could generally be considered supportive of new market-rate apartment housing.

## HOUSING AFFORDABILITY

A standard measure of housing affordability – used widely by the Department of Housing and Urban Development (HUD) and others – is the “30% rule of thumb.” By this measure, a household that spends 30% or more of its income for housing (inclusive of all rent and housing payments plus standard utilities) is considered “housing cost burdened” – a condition that may leave too little income left after housing to pay for other necessities. Housing cost burden is often further divided into “moderate burden” (30.0% to 49.9% of income spent on housing) and “severe burden” (50.0% or more of income spent on housing). Conversely, a household that spends less than 30.0% of income on housing is not considered housing cost burdened.

Within the LBMM Market Area, according to ACS estimates, roughly 66% of owner households and 51% of renter households pay less than 30% of their household income for housing costs and are thus not considered housing cost burdened. These levels are roughly in line with those for the City of Chicago as a whole, at 63.7% and 47.6% for owner and renter households, respectively.

Within the Market Area, however, nearly 6,600 owner households and 18,000 renter households do experience some level of housing cost burden. Specifically, 20% of owner households and 25% of renter households pay between 30% and 50% of their household income for housing costs and are thus considered moderately housing cost burdened. Moreover, 14% of owner households and 24% of renter households are considered severely housing cost burdened, paying 50% or more of household income for housing costs.

Monthly Gross Rent/Housing Cost As a Percent of Household Income LBMM Market Area				
Affordability Level	Owner		Renter	
	No.	%	No.	%
Less than 30.0% (no burden)	12,864	66.1	18,792	51.1
30.0 - 49.9% (moderate burden)	3,856	19.8	9,184	25.0
50.0% or more (severe burden)	2,727	14.0	8,781	23.9
<b>Total<sup>(1)</sup></b>	<b>19,447</b>	<b>100.0</b>	<b>36,757</b>	<b>100.0</b>

<sup>(1)</sup>An additional 1,601 renter and 101 owner households were not computed.

Source: U.S. Census Bureau

**Table 13:** Housing Burden - Renters and Owners

Generally speaking, the prevalence of housing cost burden varies inversely to income level. Within the LBMM Market area, the vast majority of the roughly 17,700 households earning less than \$35,000 per year experience some level of housing cost burden. Moreover, for those earning between \$35,000 and \$50,000 per year, two-thirds of owners and one-third of renters are housing cost burdened. At the top end of the income spectrum (here, households earning \$75,000 or more per year), just over 11% of owner households and slightly less than 2% of renter households are housing cost burdened.

Housing Cost Burdened Households By Household Income & Tenure in LBMM Market Area				
Household Income	Owner		Renter	
	No.	% <sup>(1)</sup>	No.	% <sup>(1)</sup>
Less than \$20,000	1,340	90.6	9,542	79.6
\$20,000- \$34,999	1,365	80.0	5,480	78.9
\$35,000- \$49,999	957	66.3	1,719	33.4
\$50,000- \$74,999	1,670	46.3	1,087	19.6
\$75,000 or More	1,251	11.2	137	1.9
<b>Total<sup>(2)</sup></b>	<b>6,583</b>	<b>--</b>	<b>17,965</b>	<b>--</b>

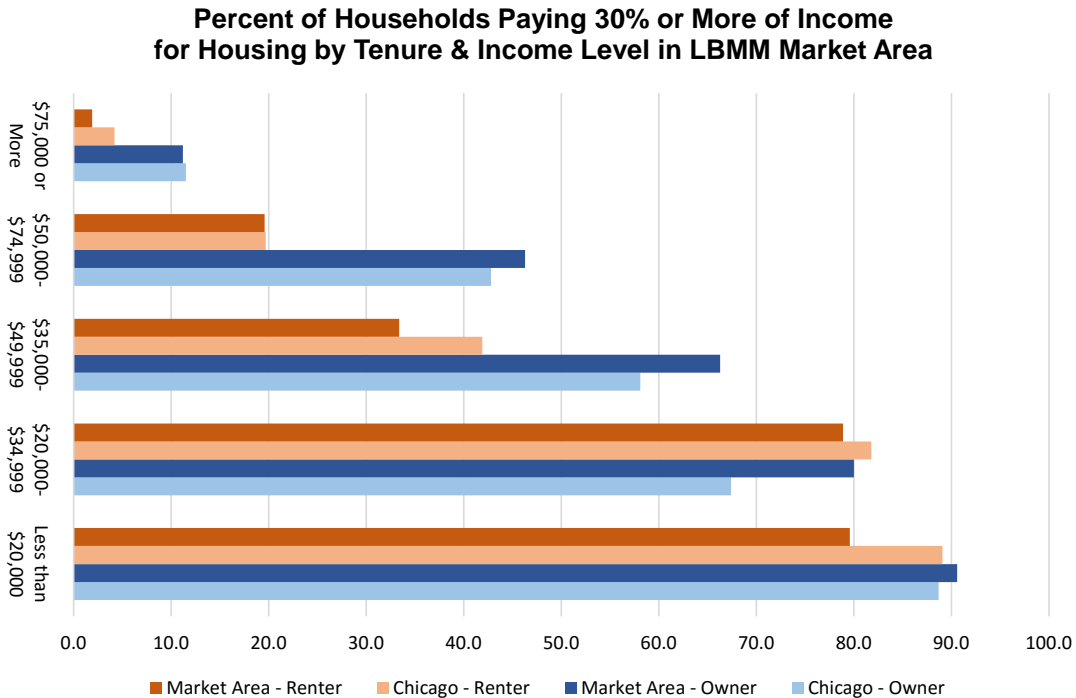
<sup>(1)</sup>Indicates percent of all households within income and tenure category.

<sup>(2)</sup>An additional 1,601 renter and 101 owner households were not computed.

Source: U.S. Census Bureau

**Table 14:** Housing Burden by Household Income and Tenure

Patterns of housing cost burden among Market Area owner households at the top and bottom ends of the income spectrum are similar to those seen within the City of Chicago. However, at income ranges between these two extremes, housing cost burden is significantly more prevalent among Market Area households than for the City as a whole. For renter households, housing cost burden among households earning between \$35,000 and \$49,999, as well as those earning less than \$20,000, is significantly *less* prevalent within the Market Area than within the City as a whole. This is likely due to the significant stock of affordable and subsidized housing located within the market area that generally serves households at these income levels.



**Figure 14:** Housing Burden by Housing Tenure & Income Level

It should be noted, however, that Census estimates of housing costs do not take transportation costs into account. Some research suggests that in transit-rich areas such as the LBMM District, lower transportation costs (i.e., from not needing to own a car) offset higher housing costs to a degree. Increasingly, households are taking a broader look at housing and transportation costs together when making housing choices, as discussed further in the Residential Conclusions & Recommendations section of this report.

### NEW HOME DEMAND

New home demand is supported first and foremost by household growth—that is, the increase in the total number of resident households either by in-migration (movement into a market area) or the formation of new households within the market. As discussed previously in this report, the LBMM Market Area is expected to add 699 new households over the next five years, spurring demand for new housing.

Derivation of New Home Demand Potentials 2017-2021 - LBMM Market Area	
Households, CY Estimate	60,310
Households, 5Y Projection	61,009
Projected HH Growth	699
Total Housing Units, CY Estimate	66,405
Expected Loss, Units (0.26%/year)	863
Gross Housing Demand, Units	1,562
Ownership Units (33.8%)	527
Vacancy Requirement (1.5 Percent)	8
Total Owner-Occupied Demand	535
Average Per Year	107
Rental Units (66.2%)	1,035
Vacancy Requirement (7.4 Percent)	77
Total Renter-Occupied Demand	1,111
Average Per Year	222

Source: Residential Planning Partners, LLC

(Household and housing tenure estimates and projections from Esri, Inc.)

**Table 15:** Derivation of New Home Demand Potentials

for ownership homes and 7.4 percent for rental units.

Our derivation of new home demand potentials supported by household growth and housing replacement – factoring in current housing tenure rates, expected housing unit loss due to abandonment and demolition, and the need to retain vacancy balance – suggests that the LBMM Market Area will experience demand for 535 new ownership units and 1,111 new rental units over the next five years, as show in Table 15. This can be seen as a *base case* demand forecast, based upon “normal” levels of household growth.

#### ADDITIONAL SOURCES OF DEMAND

Highly urbanized housing markets like the LBMM Market Area are often extremely dynamic, affected not only by prevailing economic and labor market conditions, but also by more unpredictable factors such as evolving consumer preference and changes in localized housing supply. While a measure of demand based on projected household growth and the need for housing replacement is useful as a base case forecast, other factors can – and regularly do – impact the actual absorption potentials of new housing.

The profile and reputation of the LBMM Market Area is even now growing, and the renovation and repositioning of older apartment buildings to provide contemporary units has drawn new residents and further development and investment interest to the area. This strengthening of the localized market is likely to continue, given the numerous residential and mixed-use development projects currently either in planning or under construction in both Uptown and Edgewater. Thus, household growth has the potential to be significantly higher than the base case projections upon which the housing demand forecast above is based.

Further, as any housing stock ages, homes inevitably fall into obsolescence and disrepair and are subject to demolition. Others are destroyed by fire or man-made or natural disaster. On average, in markets across the nation, roughly 0.26% of the existing housing stock is lost each year, creating replacement demand for new homes.

Finally, a third (though smaller) factor contributing to new home demand based on household growth is the need to retain a certain amount of vacancy within the market for the purpose of efficient unit turn. As discussed previously, research shows that balanced vacancy rates are 1.5 percent

Moreover, some amount of latent demand for new housing among households currently living within the Market Area undoubtedly exists and is helping to fuel recent unit absorption levels. While impossible to accurately quantify, we anticipate that actual absorption potentials for new units within any given year of the forecast period could be significantly higher than the base case. How much higher will largely depend on the supply of new units that are introduced, including their number, character, and pricing. Within the rental sector, however, we can easily see a scenario in which actual unit absorption potentials double the base case demand forecast. This is supported in part by actual absorption levels over the last three years, when nearly 850 units were successfully introduced to the Market Area.

The LBMM District has the potential to capture a significant amount of the growing demand for new housing within the Market Area, as it provides excellent connectivity to transit, is home to a burgeoning arts and entertainment district, and has an ample stock of both potential redevelopment sites and older buildings suitable for renovation and/or adaptation to residential use.

### LONGER TERM DEMAND POTENTIALS

Over the longer term – i.e., a five to ten-year time horizon – the economic wellbeing of Chicago as a whole will greatly influence demand for new housing. Simply put, in a market where the labor market is growing and incomes are rising, more in-migration will occur and demand for new housing will rise. Absent these stimuli, demand will be more modest – or even non-existent. However, given current patterns of economic growth within the City – and, in particular, relatively rapid labor market growth within the Central Area, it is reasonable to assume that current demand potentials within the LBMM Market Area – as in many other areas of the City – will prevail for the foreseeable future.

### EXISTING HOUSING STOCK

The LBMM Market Area is a relatively dense portion of Chicago's north side, as evidenced by the fact that more than 57% of housing units within the Market Area are located in buildings with 20 or more units. Smaller scale multifamily buildings of 5-19 units are also an important component of the area housing stock, encompassing nearly a quarter of all housing units, while walk-up buildings with 2-4 units account for approximately 12% of housing units. Single family units in attached (i.e., townhome/rowhome) and detached forms account for less than 7% of all housing units.

Generally speaking, larger-scale buildings (i.e., those with 50 or more units) are located east of Broadway, with single family homes and 2-4 unit walk-up buildings located to the west. High-rise condominium buildings are, not surprisingly, concentrated east of Sheridan and along Lake Shore Drive to take advantage of Lake Michigan views. Single family homes are more prevalent in

Housing Units by Units in Structure LBMM Market Area		
Type of Structure	Total Units	Percent of Total
1-unit, detached	3,317	5.1%
1-unit, attached	999	1.5%
2 to 4 units	7,640	11.8%
5 to 19 units	15,541	24.0%
20 or more units	37,185	57.5%
<b>Total</b>	<b>64,682</b>	<b>100.0%</b>

Source: U.S. Census Bureau

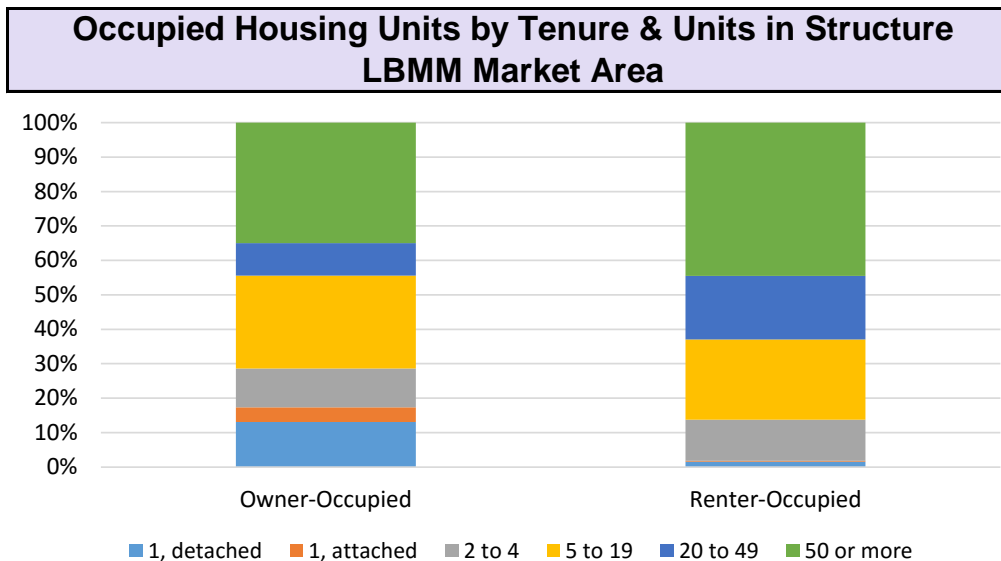
Note: Mobile Home, Boat, Van, etc. not included.

**Table 16:** LBMM Market Area Housing Units by Units in Structure

Edgewater than in Uptown, and are largely concentrated in residential enclaves west of Broadway between Norwood Street and Granville Avenue.

The Market Area's rental unit stock tends to be located in higher-density buildings when compared to owner-occupied units. For example, 44.5% of the Market Area's renter-occupied units are located in buildings with 50 or more units, while 35.0% of owner-occupied units are located in these larger-scale buildings. Moreover, the proportion of renter-occupied units located in buildings of 20-49 units is twice as large as that of owner-occupied units.

Conversely, attached and detached single family units comprise more than 17% of owner-occupied units but less than 2% of renter-occupied units.



Source: U.S. Census Bureau

Note: Mobile Home, Boat, Van, etc. not included.

**Figure 15:** Occupied Housing Units by Tenure & Units in Structure

### LBMM DISTRICT HOUSING CHARACTERISTICS

According to Esri estimates for 2016, there are 3,059 housing units within the LBMM District, of which 2,784 are occupied, yielding an overall occupancy rate of 91.0%. According to Esri, 72.7% of households within the District rent their homes – a somewhat higher proportion than that for the LBMM Market Area as a whole (at 66.2%). (See page one for definitions of the LBMM District and Market Area.)

The housing stock within the District is almost entirely of older construction; much of it of historic vintage (i.e., early 20<sup>th</sup> Century), though a significant number of mid-century buildings also exist. Contemporary and new construction is almost entirely absent from the District, though significant renovation and rehabilitation has occurred among many older buildings.

Housing within the District is composed primarily of rental apartments and condominiums, with very few single family homes in evidence. In keeping with residential development patterns generally throughout the LBMM Market Area, building scale within the District is smaller near Broadway and larger along Sheridan Road.

In addition to this broad description, the District can be characterized more specifically as follows:

- The Broadway corridor through the entire length of the LBMM District, with its mix of largely auto-oriented uses, contains very little housing of any kind. Housing that does exist is concentrated in mixed-use buildings at the very northern and southern ends of the corridor, surrounding the Broadway and Bryn Mawr and Broadway and Leland intersections. Apart from this, a few smaller-scale mixed-use buildings with rental units above retail dot the corridor, primarily located at intersections.
- The Winthrop Avenue corridor is the primary residential street running the north-south length of the district. The west side of Winthrop (aligning the CTA tracks) falls within the LBMM District. This corridor is heavily residential in nature from Hollywood Avenue south to Foster Avenue (i.e., through Edgewater), then more lightly residential – with intervening commercial and institutional uses, south of Foster to Lawrence Avenue (i.e., through Uptown). The corridor encompasses a mixture of rental apartments and condominiums in buildings of 2-4 and 5-49 units, though several larger-scale buildings of more than 50 units are also located here.
- The LBMM District also consists of four “nodes” extending along Lawrence, Argyle, Berwyn, and Bryn Mawr from Broadway to Sheridan. A significant proportion of the housing units within the District are located along these nodes, with the buildings of largest scale aligning Sheridan.

### HOUSING STOCK AGE

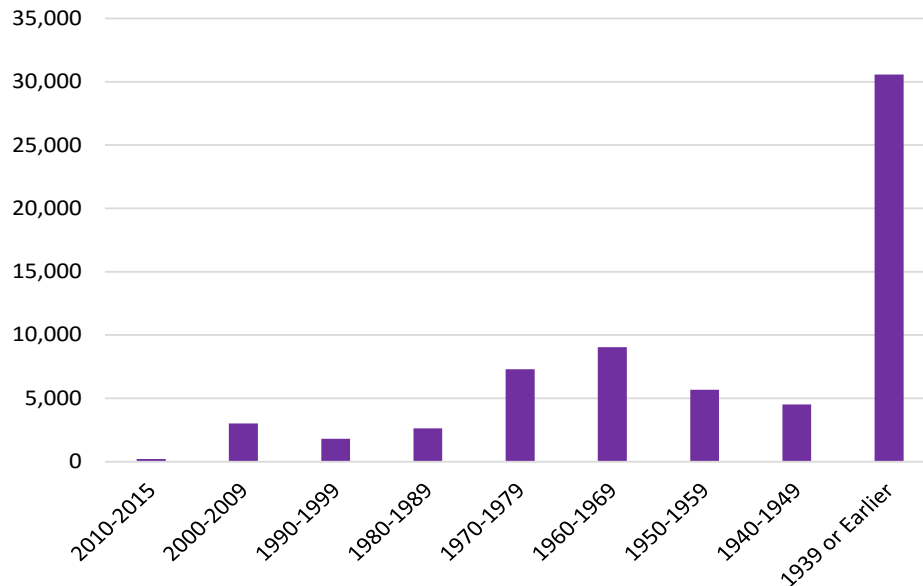
Nearly half of the existing housing stock within the LBMM Market Area was built prior to 1940, and many of these homes are preserved in the numerous historic districts in and around the LBMM District.

The post-war years saw moderate levels of construction, but growth accelerated in the 1960s and 1970s, when, in particular, the development of highrise buildings peaked. More than 25% of the existing stock was built during this period, amounting to nearly 10,000 units.

Residential development within the Market Area declined dramatically after the 1970s and remained suppressed for two decades. In total, fewer than 4,500 units added during the 1980s and 1990s, amounting to less than 7% of the existing housing stock.

As the market heated up after 2000 – in the run-up to the housing bubble – new condominium projects added some 3,000 units to the Market Area housing stock. As mentioned previously, however, this period of relatively robust development was short-lived, and since the market crash very little new development has occurred.

### Housing Units by Year Built LBMM Market Area



**Figure 16:** Housing Units by Year Built  
Source: Residential Planning Partners

#### AFFORDABLE AND SUBSIDIZED HOUSING

The LBMM Market Area has a long history of providing affordable housing to low-income individuals and families. Generally speaking, designated affordable housing developments can be classified as either rent restricted or rent subsidized.

*Rent restricted developments* are often financed in part through the utilization of Low Income Housing Tax Credits (LIHTC). In exchange for tax credits (and/or other incentives), rental rates within these developments are restricted to levels that are considered affordable to income-qualifying families and individuals earning no more than a set percentage of the Area Median Income (AMI) as determined by HUD. In practice, this percentage often ranges from 50-60%, though some units may also serve households at the 30% or 80% levels. Utilizing this structure, developers and community groups within the LBMM Market Area have renovated dozens of older buildings and created or preserved thousands of affordable units.

*Rent subsidized developments* offer units in which qualifying tenants pay no more than 30% of household income. The gap between what the household can afford and the pre-determined “market rate” rent for the unit is paid in the form of a government subsidy – often through the Federal Government’s Section 8 program. In practice, subsidized housing most often serves families and individuals earning no more than 30% of AMI.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

Currently, there are 30 affordable developments within the Market Area offering rent restricted units. Together, these developments encompass 2,875 units

Affordable Rental Apartment Developments - Rent Restricted in LBMM Market Area					
<u>Rent Structure/ Development</u>	<u>Location</u>	<u>Owner</u>	<u>Units</u>	<u>Population Served</u>	<u>LBMM District</u>
<b>Rent Restricted</b>					
The Belle Shore	1052 W. Bryn Mawr Ave.	Holsten Management Corp.	140	All	Y
Pines of Edgewater I	5101 N. Kenmore Ave.	The Habitat Co.	12	All	N
Bryn Mawr Apts.	5550 N. Kenmore Ave.	Holsten Management Corp.	231	All	Y
Sheridan Park	4536 N. Magnolia Ave.	The Related Cos.	51	All	N
Magnolia Gardens	4848 N. Magnolia Ave.	Robert S. Levinson	56	All	N
Wilson Yard - Family	1026 W. Montrose Ave.	Holsten Management Corp.	78	All	N
The Coronado	1061 W. Rosemont Ave.	Hunter Properties	122	All	N
Ruth Shriman House	4040 N. Sheridan Rd.	Interfaith Housing Dev. Corp.	83	All	N
Sheridan Plaza Apts.	4607 N. Sheridan Rd.	Horizon Realty Group	140	All	N
Eastwood Towers	4640 N. Sheridan Rd.	East Lake Mgmt. & Dev. Corp.	226	All	N
Harold Washington Apts.	4944 N. Sheridan Rd.	Mercy Housing Lakefront	69	All	Y
936 W. Sunnyside Ave.	936 W. Sunnyside Ave.	Seminary Prop. & Mgmt., Ltd.	20	All	N
Winthrop Terrace Apts.	5734 N. Winthrop Ave.	Ardmore Winthrop Prop.	106	All	Y
Carroll North Apts.	5736 N. Winthrop Ave.	Park Inc.	44	All	Y
Lake View Towers Apts.	4550 N. Clarendon Ave.	Lake View Towers Residents Assoc.	105	All	N
Pines of Edgewater II	5946 N. Winthrop Ave.	The Habitat Co.	18	All	N
Sunnyside Kenmore Apts.	847 W. Sunnyside Ave.	Chicago Comm. Dev. Corp.	26	All	N
Uptown Preservation Apts.	900 W. Windsor Ave.	Chicago Comm. Dev. Corp.	77	All	N
Marquis Apts.	6133 N. Kenmore Ave.	The Related Cos.	66	All	N
Crossroads of E. Ravenswood	1614 W. Wilson Ave.	The Related Cos.	124	All	N
Ridge Manor Apts.	5662 N. Ridge Ave.	LR Development Co.	73	All	N
Lake Lane Apts.	6214 N. Winthrop Ave.	Lakeside Tower, LLC	94	All	N
CHA - Kenmore	5400 N. Kenmore Ave.	Chicago Housing Authority	100	Senior	N
Wilson Yard - Senior	1026 W. Montrose Ave.	Holsten Management Corp.	99	Senior	N
Hollywood House	5700 N. Sheridan Rd.	Heartland Alliance	198	Senior	Y
Major Jenkins Apts.	5012 N. Winthrop Ave.	Mercy Housing Lakefront	160	Sp. Needs	Y
Malden Arms	4727 N. Malden St.	Mercy Housing Lakefront	83	Sp. Needs	N
Miriam Apts.	4707 N. Malden St.	Mercy Housing Lakefront	66	Sp. Needs	N
San Miguel Apts.	907 W. Argyle St.	Heartland Alliance	71	Sp. Needs	N
Leland Apts.	1207 W. Leland Ave.	Heartland Alliance	137	Sp. Needs	N
<b>Total Restricted</b>	---	---	<b>2,875</b>	---	

**Table 17:** Rent Restricted Affordable Developments in LBMM Market Area

In addition to these rent restricted developments, there are 27 developments in the Market Area offering rent subsidized units. These developments encompass another 3,237 units – or fully 5.0% of all housing units within the Market Area. The proportion of subsidized units as a percentage of total housing units within the Market Area is significantly higher than most other areas of Chicago's Northside. For example, the adjacent Lakeview Community Area, which is home to 57,412 housing units, has just 730 subsidized units, or 1.3% of the total housing stock

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

## Affordable Rental Apartment Developments - Rent Subsidized in LBMM Market Area

### *Rent Subsidized*

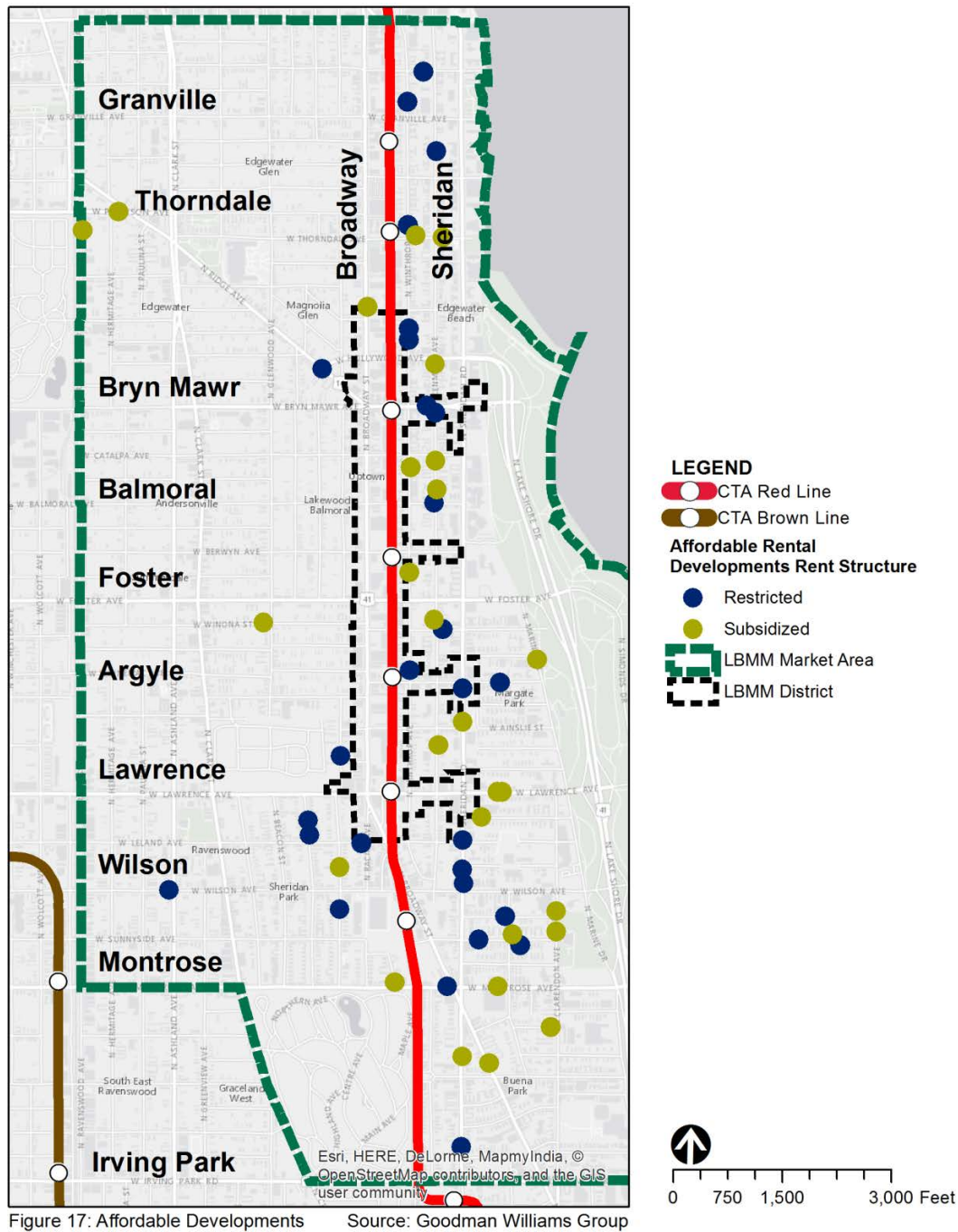
Scotland Yard	4215 N. Broadway	RMK Mgmt. Corp.	157	All	N
Clarendon Court Apts.	4500 N. Clarendon Ave.	Clarendon Court Assoc.	152	All	N
Clifton Magnolia Apts.	4416 N. Clifton Ave.	Chicago Comm. Dev. Corp.	59	All	N
808-812 W. Junior Terrace	808 W. Junior Terr.	Dimensions Mgmt., Inc.	125	All	N
Pines of Edgewater I	5100 N. Kenmore Ave.	The Habitat Co.	21	All	N
Pines of Edgewater	5427 N. Kenmore Ave.	The Habitat Co.	30	All	N
Lakeside Square Apts.	920 W. Lakeside Pl.	Radney Mgmt. & Investments, Inc.	308	All	N
Lakeside Tower	910 W. Lawrence Ave.	Robert S. Levinson	89	All	N
Carlton Terrace Apts.	4626 N. Magnolia Ave.	Mercy Housing Lakefront	70	All	N
Carmen Marine Apts.	5030 N. Marine Dr.	Cmc Mgmt. Office	300	All	N
912 W. Montrose Ave.	912 W. Montrose Ave.	Voice of the People Uptown, Inc.	9	All	N
Peterson Plaza	5969 N. Ravenswood Ave.	The Kaplan Partners, Ltd.	189	All	N
White Chapel Apts.	4900 N. Sheridan Rd.	TLC Mgmt. Co.	119	All	N
Sunnyside Apts.	840 W. Sunnyside Ave.	Group Fox	124	All	N
Hazel-Winthrop Apts.	4861 N. Kenmore Ave.	Voice of the People Uptown, Inc.	30	All	N
Pines of Edgewater I	5238 N. Winthrop Ave.	The Habitat Co.	22	All	N
Pines of Edgewater II	5443 N. Winthrop Ave.	The Habitat Co.	38	All	N
Pines of Edgewater II	5944 N. Winthrop Ave.	The Habitat Co.	14	All	N
Lake View Towers Apts.	4550 N. Clarendon Ave.	Lake View Towers Residents Assoc.	395	All	N
Judge Fisher Apts.	5821 N. Broadway	Chicago Housing Authority	199	Senior	N
Pines of Edgewater I	5450 N. Kenmore Ave.	The Habitat Co.	26	Senior	N
The Pomeroy	5650 N. Kenmore Ave.	Chicago Housing Authority	104	Senior	N
Heiwa Terrace	920 W. Lawrence Ave.	Japanese American Svc. Committee	200	Senior	Y
Schneider Apts.	1750 W. Peterson Ave.	Chicago Housing Authority	174	Senior	N
Serway Towers	4225 N. Sheridan Rd.	The Benchmark Group	180	Senior	N
Thorndale Manor Apts.	1020 W. Thorndale Ave.	Realty & Mortgage Co.	72	Senior	N
Winwood Apts.	1406 W. Winona St.	United Methodist Homes & Svcs.	31	Senior	N
<b>Total Subsidized</b>	---	---	<b>3,237</b>	--	

**Table 18:** Rent Subsidized Affordable Rental Developments in LBMM Market Area

These developments serve a variety of segments of the population. While the majority (41 developments, encompassing 4,212 units) serve a general population of individuals and families, 11 developments (encompassing 1,383 units) are reserved for – and provide special services to – seniors, while five developments (encompassing 517 units) are reserved for individuals with special needs (and who are often recently homeless or at risk of homelessness).

Finally, it should also be noted that in addition to these designated affordable developments, some market-rate developments will have a limited number of units set aside as affordable as mandated by City ordinance or for other reasons.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION



The vast majority of the affordable developments are located east of Broadway, and all but three are located east of Clark Street. Seven rent restricted developments and one rent subsidized development are located within the LBMM District itself. Together, these developments encompass 1,148 units, including 590 units for a general low-income population, 558 units for seniors, and 160 units for individuals with special needs.

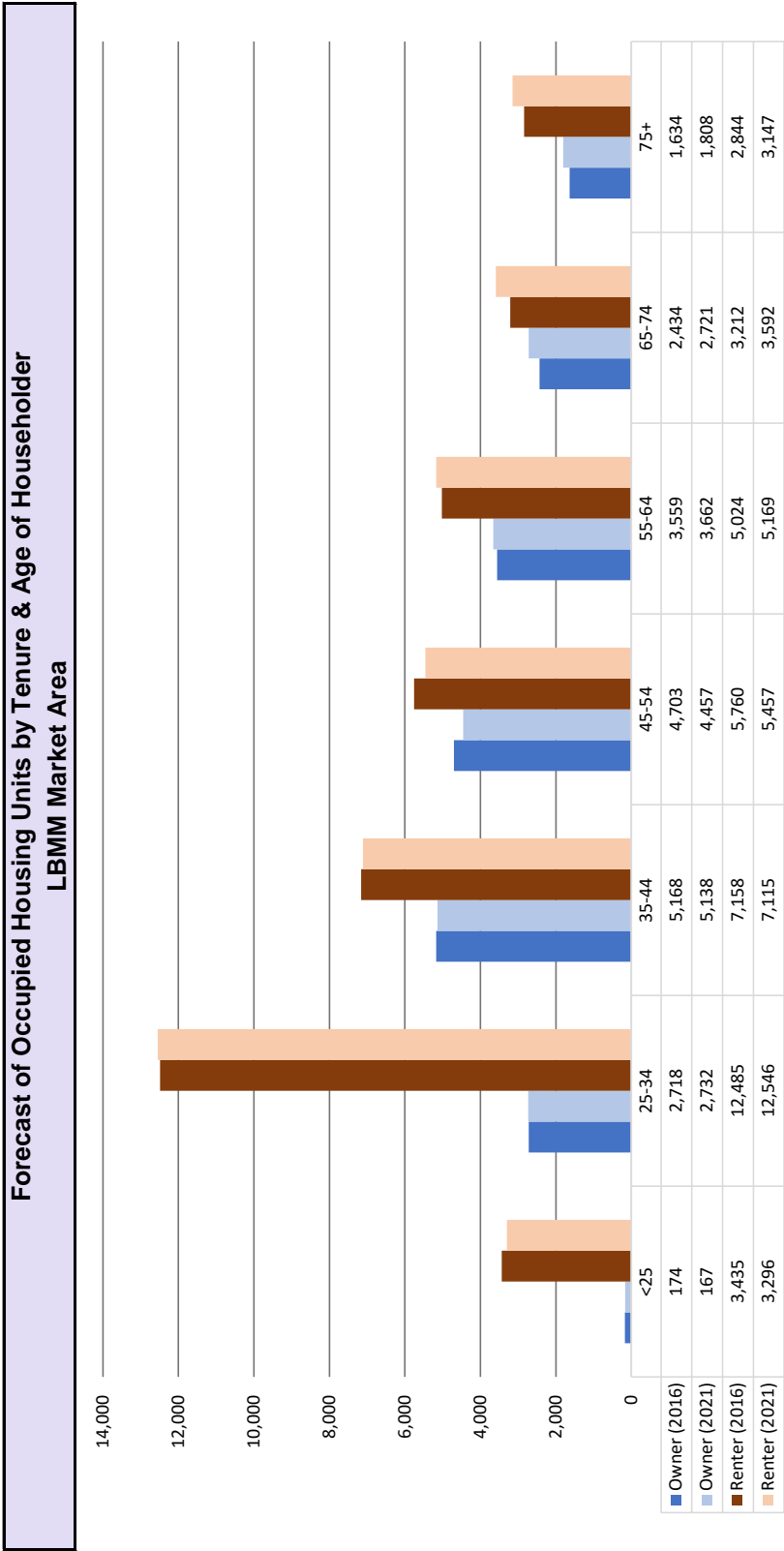
### DEMOGRAPHIC CHANGES AND HOUSING STOCK BALANCE

A primary aspect of housing market balance is the correlation of available housing product to the needs of the resident population based on lifestage and lifestyle (as delineated by housing tenure choices). As discussed previously, the largest changes in the Market Area age profile are expected to take place among age cohorts 55 and older. Specifically, by 2021, the Market Area is expected to have 2,079 more residents age 55 and older than it does today. Moreover, the 25-34 year old age cohort is expected to grow by 322 persons during this time. Conversely, the market area is expected to have significantly fewer residents age 45-55 in 2021 than it does today.

Utilizing Esri estimates and projections and incorporating Census estimates of housing tenure by age of householder (from the 2015 American Community Survey), we have produced a model predictive of current and future housing occupancy within in the LBMM Market Area by housing tenure (ownership or rental) and age of householder. This model should be seen as illustrative of potential housing needs and market opportunities. While it is not meant to serve as a forecast of housing demand potentials, it provides insight into the likely character of future housing occupancy.

In broad terms, householders age 44 and younger will occupy essentially the same number of housing units in 2021 as they do currently. The model also shows that renters age 25-34 will remain by far the largest single tenant pool for the Market Area's rental units. Finally, the model also suggests that the aging of members of the Baby Boomer generation into their late 60s and beyond could influence housing stock balance within the Market Area over the next five years. The growth of this age cohort could produce a need for additional ownership and rental units geared for this age group.

It should be noted that the demographic projections that form the basis of this model are themselves based largely on the current characteristics of the resident population. Thus, they do not take into account the potential of outside forces to reshape the demographic profile of the area. Chief among these forces is the potential for new housing supply to draw specific demographic groups (e.g., students and Millennials) to the area.



Source: U.S. Census (tenure estimates); Esri Business Analysis (2016 estimates and 2021 projections); Goodman Williams Group

Figure 18: Forecast of Occupied Housing Units

## COMPETITIVE MARKET OVERVIEW & MARKET INDICATORS

### Rental Apartment Market Overview

According to data from CoStar, the current LBMM Market Area conventional apartment inventory consists of 21,299 market rate units distributed among 613 buildings. (This generally excludes “built for sale” units that may currently be rented.) Of these, 1,926 units in 12 buildings can be characterized as Class A (generally the top of the market in terms of rental rates, age and/or condition, and features and amenities offered). However, the bulk of the market (18,722 units in 601 buildings) is characterized as Class B/C.

Market Rate Rental Apartment Inventory Trend LBMM Market Area								
	Class A		Class B/C		Market Area Total		Deliveries <sup>(1)</sup>	
	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units
2012	8	1,301	596	18,547	604	20,444	1	18
2013	8	1,301	596	18,547	604	20,444	0	0
2014	9	1,461	597	18,707	606	20,765	1	320
2015	12	1,554	598	18,722	610	20,874	4	108
2016	12	1,926	601	18,772	613	21,299	4	422

<sup>(1)</sup>Includes buildings with substantial renovations.

Source: CoStar and Goodman Williams Group

**Table 19:** Market Rate Rental Apartment Inventory Trend

### Rent and Occupancy Trends

According to the most recent data from CoStar, current average asking rents among LBMM Market Area developments stand at \$1,235 for Class A buildings and \$1,064 for Class B/C buildings. The average unit size among Class A buildings is 628 square feet, while that of Class B/C buildings is 647 square feet. Note that these average unit sizes are relatively small when compared to those for most contemporary apartment product and are generally reflective of the older nature of the majority of the Market Area rental stock. On a square foot basis, current average asking rents equate to \$1.98 per square foot for Class A buildings and \$1.71 per square foot for Class B/C buildings.

Asking rent growth within the Market Area in 2016 was 1.6% for Class A buildings and 3.8% for Class B/C buildings. However, over the longer term, rent growth has been strongest for Class A buildings, at 7.2% on a three-year, annualized basis and 6.9% on a five-year, annualized basis – reflecting newly renovated buildings coming onto the market at higher price points.

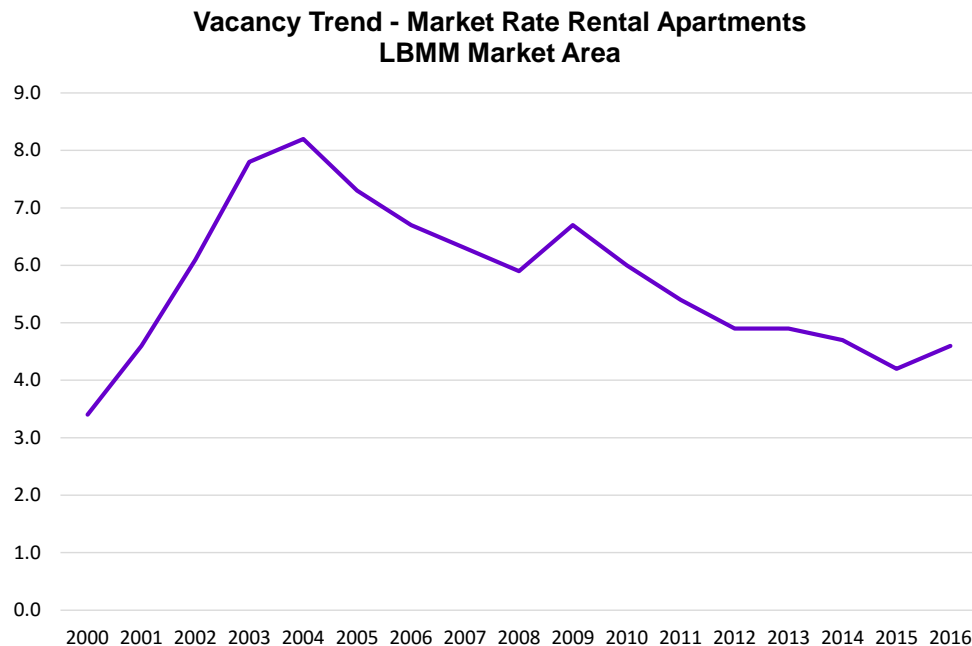
Rent & Occupancy Characteristics Market Rate Rental Apartment Market LBMM Market Area		
	Class A	Class B/C
Avg. Unit Size (SF)	628	647
Avg. Asking Rent	\$1,235	\$1,064
Avg. Asking Rent/SF	\$1.98	\$1.71
Asking Rent Growth (%)		
One-year Annualized	1.6	3.8
Three-year Annualized	7.2	3.2
Five-year Annualized	6.9	2.6
Total Inventory Units	1,926	18,772
Occupied Units	1,754	17,911
Vacant Units	172	861
Occupancy Rate (%)	91.1	95.4

<sup>(1)</sup>Excluding Lawrence House, currently in lease-up, current market occupancy is 96.6%.

Source: CoStar and Goodman Williams Group December 2016

**Table 20:** Rent & Occupancy Characteristics - Market Rate Rentals

The occupancy rate for Class A units currently stands at 91.1%. However, this includes Lawrence House (explained further on next page), which is now in its initial lease-up phase and is approximately 68% occupied. Excluding units yet to lease in this building, the Class A occupancy rate is much tighter, at 96.6%. Occupancy within Class B/C buildings is also relatively tight, at 95.4%.



**Figure 19:** Market Rate Rental Apartment Vacancy Trend

Longer term vacancy trends show that the market has tightened considerably since 2004 – at the height of the for-sale housing boom. In 2015, vacancies stood at just 4.2% market-wide, representing a decline of 400 basis points from the cyclical high. A slight uptick in the vacancy rate in 2016 is attributable to the lease-up of Lawrence House and not indicative of a weakening market.

#### Recent Rental Apartment Development

In the last three years, the LBMM Market Area rental apartment market has seen a great deal of activity. However, very little of this is taking the form of ground-up construction of conventional apartment buildings – as, for example, is being seen to the south in Lakeview and Lincoln Park. Rather, while some 850 apartment units have been delivered onto the market since 2014, the bulk of these have been in renovated older buildings. Developers and property managers have found opportunity in the purchase and renovation of these buildings to create contemporary-styled units which offer tenants a lower-cost alternative to buildings in other, more expensive neighborhoods.

In many cases, the lower cost is made possible by smaller size. At Cedar Street Companies' newly opened Lawrence House, studios are as small as 235 square feet, while one-bedroom units begin at 410 square feet. At The Maynard at 1325 W. Wilson, studios begin at 268 square feet, while one-bedroom units begin at 399 square feet. By comparison, in comparable developments in Lakeview, studios begin in the 425-550 square foot range, and one-bedroom units typically start at 600 square feet. (In many cases the small unit size makes market rent comparison on a dollars-per-square foot basis difficult, as small units usually carry higher rents on a dollars-per-square foot basis than larger units, though their marketability lies in offering much lower monthly rents on a whole dollar basis.)

Several renovated and/or repurposed historic buildings now offer a range of apartments with the contemporary design, finishes, features, and amenities that are in demand by today's market rate renters. Moreover, developer interest is growing within this segment of the market, and more projects are either planned or currently underway.

Within the last several years, the following key buildings within and immediately around the LBMM District underwent extensive renovation and rehabs. These buildings now represent the top of the localized conventional apartment market and offer a basis of establishing market potentials.

- **Lawrence House.** Built in 1928 as the Lawrence House Hotel, this art deco building was purchased in 2014 by Cedar Street Companies. A multi-million dollar renovation transformed the former 372-room hotel into 344 contemporary apartments over tenant-serving retail. The development offers studio and one-bedroom units, plus a limited number of two and three-bedroom units. Current base rents range from \$925 for studios to \$1,400 for one-bedroom units, not including a monthly utility fee (ranging from \$65 to \$85). Two and three-bedroom units range from \$2,500 to \$2,800 (with a utility fee of \$95 to \$110). The development is in initial lease-up and is approximately 68% occupied.



Figure 20: Lawrence House

- **The Maynard at 1325 W. Wilson.** This 1931 apartment building located at 1325 W. Wilson just west of Truman College was purchased and renovated by Cedar Street in 2015, but was sold this year to CLK Properties. Similar to Lawrence House, the building's 86 units are mostly studio and one-bedroom plans, located over tenant-serving retail space. (One two-bedroom unit is also available.) Current average asking rents stand at \$945 for studio units and \$1,335 for one-bedroom units. The development is currently 95.3% occupied.



Figure 21: The Maynard

- **Somerset Place Apartments.** Located at the northeast corner of Sheridan Road and Argyle Street, Somerset Place was formerly a nursing home that was shuttered by City officials in 2010 for numerous violations. The building remained vacant until it was purchased by Zidan Management Group in 2013. After a \$20 million renovation, the building reopened late in 2014. In contrast to Lawrence House and The Maynard at 1325 W. Wilson, Somerset Place is positioned as a luxury apartment development with more standard-sized units. The building now houses 160 apartments with high end features, finishes, and amenities. (However, the units do not include in-unit laundry facilities; a significant amenity for most renter households.) Current asking rents for the studio, one, and two-bedroom units range from \$1,200 to \$1,942 and average \$1,352 for 644 square feet of living space, or \$2.15 per square foot. The development is currently 97.5% occupied.



Figure 22: Somerset Place Apartments

**Uptown Regency.** Uptown Regency was one of the first post-recession apartment renovation projects within the LBMM Market Area. Located at 5050 N. Sheridan Road, the Uptown Regency building was purchased by Horizon Realty Group in 2012 and underwent a substantial renovation that updated its 143 units to contemporary standards. Current average asking rents for the apartments range from \$1,281 for one-bedroom units to \$1,685 for two-bedroom units and average \$1,309 for 632 square feet of living space, or \$2.07 per square foot. The development is currently 96.5% occupied.



Figure 23: Uptown Regency

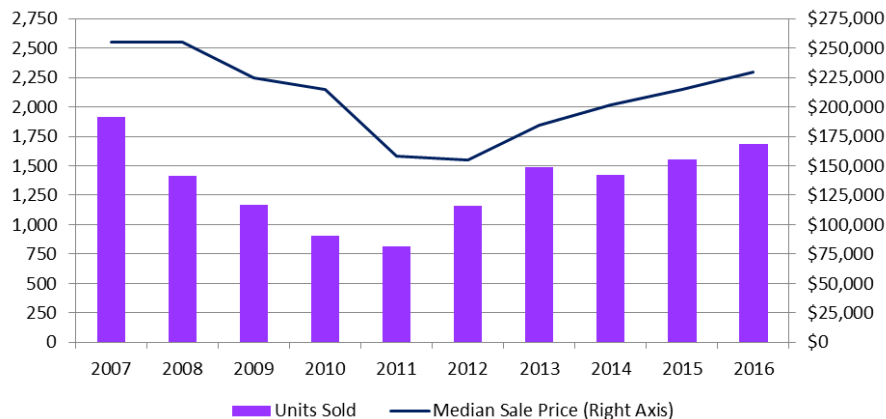
In addition to these developments, numerous other projects are in various stages of the development planning pipeline. One, Morningside Group's redevelopment of the Graeme Stewart Elementary School at 4525 N. Kenmore Avenue, is now under construction and will bring 64 new residential units to the market. Another, much larger, development is the planned redevelopment of the former Maryville Academy campus at Montrose and Clarendon avenues by JDL Development and Harlem Irving Companies. In total, the new development will encompass 381 units. And finally, Cedar Street has announced a plan for a massive transformation of the former Aon Insurance Building at 5050 N. Broadway (with associated land and a parking structure across the street) into 710 new apartments.

If all announced projects were to go forward as currently planned (which, even in the best of markets, is unlikely to happen), nearly 2,600 new apartment units would enter the LBMM Market Area in the coming years. However, it should be noted that at any given time other development projects could be in more informal stages of planning, with information not yet publicly available. This is particularly true of the LBMM Market Area, where a large supply of older buildings with upside potential in terms of rent revenues is increasingly attracting a variety of interests including institutional investors.

### FOR-SALE MARKET OVERVIEW

The LBMM Market Area was hit hard by the housing market crisis and recession. According to data from the area Multiple Listing System (MLS), sales volumes for attached homes (inclusive of condominiums and other attached unit forms) within the area reached a relatively robust 1,911 units in 2007, only to plummet for the next four years, with the cyclical trough reached in 2011 – a year which saw only half the sales volume of 2007. Median sale pricing, meanwhile, experienced a similar decline, falling from \$255,000 in 2007 and 2008 to \$155,000 in 2012 – a drop of more than 39%. Since then, however, the area has experienced a sustained period of recovery, with 2016 seeing the highest volume of sales since 2007 and median sale prices moving steadily upward. The market can now be characterized as stabilized; however, sales volumes in 2016 remained 10.8% below 2007 levels, and median pricing stood 11.6% below peak levels.

**Sales and Pricing Trend - Attached Homes  
LBMM Market Area**



Source: Midwest Real Estate Data/Multiple Listing Service

**Figure 24: Sales & Pricing Trend - Attached Homes**

Average market time – i.e., the number of days needed to sell a home once listed on the MLS – is an additional indicator of localized market strength. The average market time for attached units within the LBMM Market Area peaked in 2011 at 179 days. Since then, however, it has fallen considerably, ending 2016 at just 72 days – the lowest level in more than ten years. This, combined with concurrent price strengthening (of more than \$70,000 in terms of median sale price), is further evidence of market stabilization.

The market for detached single family homes within the LBMM Market Area is not large, with average annual sales volumes over the last ten years standing at fewer than 100 units. However, this segment of the market has also strengthened considerably, with both sales volumes and median sale prices growing considerably since 2008. In 2016, 119 detached single family homes were sold within the area – a level well above the ten-year average – while the median sale price reached \$815,000, representing a 54% increase over the cyclical low of \$530,450 in 2010.

### Sales and Pricing Trend - Detached Homes LBMM Market Area



Source: Midwest Real Estate Data/Multiple Listing Service

**Figure 25:** Sales & Pricing Trend - Detached Homes

#### Current Inventory Conditions

Given strengthening conditions in both segments of the for-sale market and a general dearth of new construction within the LBMM Market Area (see Table 21), current inventory levels for both attached and detached units are extremely low. As shown in the following table, within the detached segment, less than five months of supply is currently available at every pricing level (when current inventory levels are measured against 2016 sales rates by price). Meanwhile, in the attached segment, less than three months of supply is available at every pricing level but one. Overall, just 3.1 months of detached supply and 1.7 months of attached supply are available. By comparison, for most markets a supply of 6.0 months is considered balanced (i.e., neither a seller's nor a buyer's market). Inventory levels this low suggest that, should market fundamentals remain strong, future price escalation is likely.

TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT  
LAWRENCE TO BRYN MAWR MODERNIZATION

For-Sale Unit Inventory by Price Range LBMM Market Area						
Sale Price Range	Detached Units			Attached Units		
	2016 Sales	Active Listings <sup>(1)</sup>	Months Supply <sup>(2)</sup>	2016 Sales	Active Listings <sup>(1)</sup>	Months Supply <sup>(2)</sup>
Less than \$49,999	--	--	--	4	0	0.0
\$50,000 - \$99,999	--	--	--	143	18	1.5
\$100,000 - \$149,999	--	--	--	270	53	2.4
\$150,000 - \$199,999	--	--	--	275	48	2.1
\$200,000 - \$249,999	2	0	0.0	263	30	1.4
\$250,000 - \$299,999	--	--	--	243	34	1.7
\$300,000 - \$349,999	1	0	0.0	173	18	1.2
\$350,000 - \$399,999	3	0	0.0	141	12	1.0
\$400,000 - \$449,999	5	2	0.0	73	7	1.2
\$450,000 - \$499,999	5	1	2.4	49	10	2.4
\$500,000 - \$549,999	15	1	0.8	22	2	1.1
\$550,000 - \$599,999	5	1	2.4	14	3	2.6
\$600,000 - \$699,999	8	1	1.5	17	0	0.0
\$700,000 - \$799,999	12	1	1.0	1	1	12.0
\$800,000 - \$899,999	13	4	3.7	1	0	0.0
\$900,000 - \$999,999	10	4	4.8	--	--	--
\$1,000,000 - \$1,999,999	40	14	4.2	--	--	--
\$2,000,000 - \$2,999,999	--	2	N/A	--	--	--
\$3,000,000 - \$3,999,999	--	--	--	--	--	--
\$4,000,000 - \$4,999,999	--	--	--	--	--	--
<b>Total</b>	<b>119</b>	<b>31</b>	<b>3.1</b>	<b>1,689</b>	<b>236</b>	<b>1.7</b>

<sup>(1)</sup>As of Jan. 4, 2017.

<sup>(2)</sup>At 2016 sales pace.

Source: Midwest Real Estate Data & Goodman Williams Group

**Table 21:** For-Sale Inventory by Price Range

#### New Construction Market Overview

Despite low inventory levels, the LBMM Market Area is not at this time a particularly robust market for new home construction (i.e., when compared to areas to the south, such as Lakeview and Lincoln Park). Nevertheless, a modest amount of both detached and attached home construction has occurred in recent years, generally in residential enclaves located west of Broadway. Where it is occurring, new construction tends to be positioned as “luxury” product with high end finishes, features, and amenities. Attached units are typically constructed in buildings of three to six units, and the vast majority feature three or more bedrooms.

In order to garner an understanding of the current market for newer for-sale homes within the LBMM Market Area, we analyzed MLS sales data for homes sold in 2016 that were built between 2012 and 2016. In total, 18 detached homes and 44 attached units of this vintage were sold during the course of the year. This equates to 15.1% of all detached home sales and 2.6% of attached home sales for the year.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT

## LAWRENCE TO BRYN MAWR MODERNIZATION

Sale prices for the detached homes sold ranged from \$1,120,000 to \$3,800,000, with a median of \$1,750,000. Attached homes ranged in price from \$425,000 to \$1,850,000, with a median of \$727,500.

New Home Sales Summary LBMM Market Area Jan. - Dec. 2016				
		Sale Price		Premium <sup>(1)</sup>
Unit Type	Sales	Range	Median	(Percent)
Detached	18	\$912,000 - \$1,525,000	\$1,218,750	49.5
Attached	44	\$399,000 - \$785,000	\$534,500	132.4

<sup>(1)</sup> Compared to all sales of unit type.

Source: Midwest Real Estate Data

**Table 22:** New Home Sales Summary - LBMM Market Area

These prices represent “whole dollar” premiums of 49.5% and 132.4% for detached and attached units, respectively, when compared to the market as a whole. However, these premiums are reflective not only of new construction status but, as mentioned, generally higher end product types (often including enhanced design and architectural detailing, high end finishes, expanded and/or upgraded appliance packages, and extensive outdoor space) as well as larger unit sizes.

Of special note, six of the 18 new construction sales that occurred within the detached segment of the market originated from within the Edgewater Square II development. This development, located in the 1600 block of W. Edgewater Avenue, immediately northwest of the former Edgewater Medical Center facility, is the second phase of a high end single family home development from CA Development Inc. and represents the largest new construction development currently underway within the Market Area. The current phase will add 15 new homes to the 27 developed in the initial phase. The two-story homes feature 3,600 square feet of living space, four to six bedrooms, and three-car garages. Sale prices for the six homes sold in 2016 ranged from \$1,002,485 to \$1,159,501.

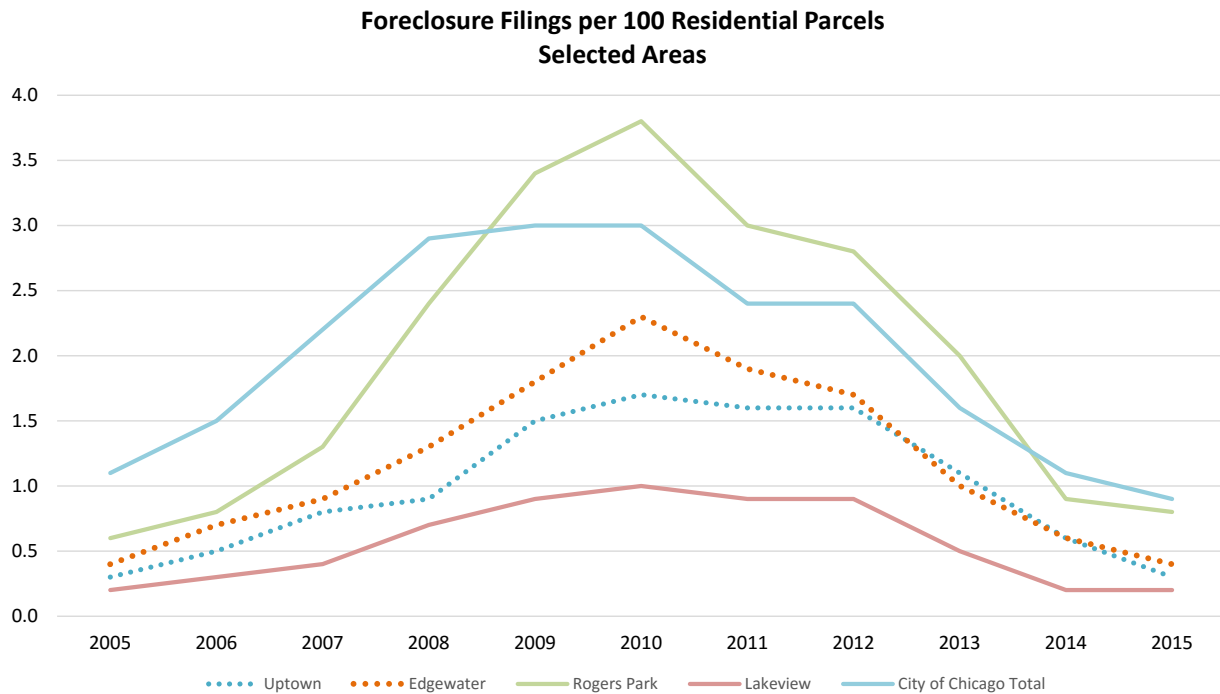
Finally, it should be noted that, after the brief flurry of condominium construction in larger-scale buildings (generally containing 20-60 units) that occurred prior to the recession, this type of new home development has yet to return to the LBMM Market Area, as with many of areas of Chicago.



**Figure 26:** Photo of New Construction in Edgewater

### Foreclosure Activity

Analysis of foreclosure activity is an important ingredient to understanding housing markets, as heightened levels of foreclosures can suppress markets by generating neighborhood instability and dragging down home values.



**Figure 27:** LBMM Market Area Foreclosure Comparisons

We analyzed data on foreclosure filings within the Uptown and Edgewater Community Areas for the ten-year period between 2005 and 2015 and compared this to the adjacent Community Areas of Lakeview and Rogers Park, as well as for the City of Chicago as a whole. As shown above, Uptown and Edgewater experienced moderate levels of heightened foreclosure activity during the years that represent the run-up to the housing bubble, the market collapse, and the recession and its aftermath. However, foreclosures began declining after 2010 and by 2015 had reached more normalized levels. Moreover, while foreclosures in Edgewater peaked at a higher level than in Uptown, activity in both Community Areas remained much lower than in Rogers Park and for the City of Chicago as a whole.

## RESIDENTIAL CONCLUSIONS AND RECOMMENDATIONS

Demand for new housing within the LBMM Market Area is expected to continue to grow. The area offers a unique mix of arts and entertainment, cultural diversity, history, lakefront proximity with its ample recreational opportunities, and easy access to both transit and Lake Shore Drive that is hard to find elsewhere within the City. The attractiveness of the area plus newly available rental housing at relatively affordable levels is drawing more residents to the Market Area.

Yet, the LBMM Market Area continues to face challenges that could dampen future rent and absorption potentials. Chief among these – deservedly or not – is the perception that crime remains a significant issue in many parts of the Market Area (and, in particular, in and around the LBMM District, from Broadway east and south of Foster). Moreover, vacant or underutilized land and buildings – particularly along the Broadway corridor – while providing potential opportunities for redevelopment, currently subtract from the appeal of this otherwise eminently walkable neighborhood.

### Market Influences and Patterns of Future Development

Despite its challenges, the LBMM Market Area has proven to represent a viable and resilient residential market that, after a period of decline and dormancy, is once again active. As evidence, the market area has successfully absorbed some 850 new rental units since 2014 – most in and around the LBMM District. The resulting absorption rate of roughly 275 new units per year is nearly 24% higher than our base case rental demand forecast of 222 new units annually over the next five years. Given this ongoing level of market support, it is thus reasonable to assume – provided that current economic conditions continue to prevail and that new investment continues to strengthen the profile and appeal of the LBMM Market Area – that significant upside absorption potentials exist above and beyond our base case forecast.

Given the relatively large number of parcels located along the Broadway corridor that have the potential for mixed-use redevelopment, and assuming the continued re-emergence of the LBMM District and Market Area overall, development potentials within the District are seen as excellent. While actual unit absorption will depend on the availability of developable land, the character and pricing of units developed, and prevailing market conditions at the time of development, rental unit absorption potentials within the District could amount to 30% or more of overall Market Area demand over the next ten years.

On a more cautious note, there are 18 development projects currently proposed or under construction that would, if built as planned, bring nearly 2,600 new units to the LBMM Market Area. (Note that this does not include those that were recently delivered, such as the 344 units at Lawrence House). If all were developed within the next five years, nearly 500 units would, on average, need to be absorbed each year for these projects to achieve stabilized occupancy. While it is highly unlikely that all of the proposed projects will actually be built, even the delivery of a significant portion of them at any given time has the potential to create oversupply unless substantial additional market strengthening occurs.

The analyses presented in this report yielded the following further observations regarding the future of the LBMM Market Area and LBMM District housing markets:

- Opportunities for the LBMM District residential market include the ability to transform additional existing buildings into updated apartment units that provide lower-cost alternatives to new construction in neighborhoods to the south. Particularly as rents continue to escalate within the Lakeview Community Area, demand for apartments is likely to push northward into the LBMM Market Area. As already demonstrated by Cedar Street (at Lawrence House, in particular), among others, demand is significant for smaller apartments in older buildings that have been renovated to offer contemporary style and amenities. Among today's younger renters, more living is done "outside the home" – both in common amenities spaces within apartment buildings and in gathering places such as bars, cafes, and restaurants. Thus, smaller unit sizes are an increasingly popular option for many renters – younger singles, in particular – who may have limited financial resources and who cannot afford the rental rates commanded by new construction in areas such as Lakeview. Keeping the "chunk price" (i.e., the whole dollar price) of housing at more affordable levels has been the key to the successful marketing of these smaller units, which are expected to continue to attract a market of younger renters.
- New construction also has a role to play in the continued re-emergence of the LBMM Market Area. Already, redevelopment projects are in planning for locations throughout the area, particularly in and around the LBMM District. Developer interest has been spurred by the City's recent TOD Ordinance, which helps to mitigate the high cost of building structured or underground parking, allows for greater density, and facilitates development in locations where it may otherwise not be feasible. Moreover, within the LBMM District, the Broadway corridor affords several potential opportunities for the assemblage of significant parcels of land, which are likely to draw further interest in new construction.
- Cedar Street Companies' proposed redevelopment of the 5050 N. Broadway property is in many ways a potential game-changer for the Broadway corridor, which currently offers a limited number of residential units. The redevelopment of the former Aon Insurance building and associated new construction on the east side of Broadway – which, together, are expected to add more than 700 residential units and 50,000 square feet of commercial space to a currently underutilized section of Broadway – could act as a powerful catalyst, drawing new attention to the corridor and spurring the further development of both residential units and commercial space.
- On a more cautious note, while a significant amount of latent demand clearly exists within the LBMM Market Area for new (or newly renovated) units, rent potentials within the area remain well below those for new product recently delivered within the Lakeview neighborhood. If rent escalation occurs within the LBMM Market Area in order to justify the cost of new construction, market tolerances could easily be overshot, causing absorption of new units to quickly erode.

- In time, the multifamily for-sale (i.e., condominium) market is expected to re-emerge. When it does, select locations in and around the LBMM District could be suitable for this type of development. The development of new condominiums within and around the District will most likely occur in mid-rise buildings of 20-40 units in locations near train stations. However, development of this type is not likely to happen until the District – and Chicago's condominium market overall – have strengthened considerably. In the meantime, new for-sale construction within the LBMM Market Area will for the most part be limited to detached single family homes and small scale walk-up buildings (i.e., with 3-6 units) in more desirable residential enclaves west of Broadway.
- Finally, the growth and strengthening of the Uptown Arts and Entertainment District could have a profound impact on the area residential market. If existing theaters, restaurants, clubs, and other venues can be leveraged to draw new investment to the area, creating a higher level of commercial and cultural amenities, new residential interest will be drawn to the area. Moreover, if the long-shuttered Uptown Theater could be reopened, the corridor will benefit dramatically from such a major draw. Additionally, the continued leveraging of Asia on Argyle and the Bryn Mawr Historic District is seen as key to the continued growth of the LBMM District overall.

#### Development Guidance – Rental Apartments

Rental apartments are suitable for most locations within the LBMM District. If developed along the Broadway corridor, these will most likely be located in mixed-use buildings with ground floor retail. If developed in other areas of the District they may take the form of mixed-use or residential-only buildings, depending on the character of the immediate area. The most supportable unit types include studio, one-bedroom, and two-bedroom plans.

Within the still-emerging LBMM Market Area, we recommend a smaller unit size than would typically be found among new construction developments in more established market areas. This will help to keep rents affordable for a broader range of household income levels and will help the Market Area to retain its positioning as a lower-cost alternative to more expensive locations to the south. The recommended plan sizes range from approximately 400 square feet for studio units to 1,000 for two-bedroom units, with one-bedroom units averaging approximately 600 square feet. An appropriate unit mix for the Market Area will consist of approximately 25% studio units, 60% one-bedroom units, and 15% two-bedroom units. Thus, the average unit size, weighted by unit mix, will be approximately 610 square feet.

To achieve market acceptance, new construction units should offer a high level of features, finishes, and amenities. For new construction in today's marketplace, this includes granite or equivalent countertops, stainless steel appliances, and wood or faux wood flooring in living areas. Importantly, each apartment should include in-unit laundry facilities. Building amenities will vary by building scale, but should include, at minimum, a common space/lounge area and bicycle storage. Demand for parking by tenants in southern portions of the LBMM District that are exceptionally well-served by transit is expected to be minimal. Growing market evidence suggests that many residents of newer

TOD rental developments in highly urbanized areas expect the higher rent costs typical of these developments to be offset, to a certain degree, by the savings incurred by not owning a vehicle. However, in more northerly sections of the District – particularly near the Hollywood Avenue access point to Lake Shore Drive – residents are likely to be more auto-dependent; thus, demand for parking will likely be higher.

Supportable rent levels for newly constructed apartments within the LBMM District range from \$1,250 for studio units to \$2,150 for two-bedroom units, averaging \$1,505 (on a weighted basis), or \$2.47 per square foot for a typical new rental program.

Recommended Development Criteria Typical New Rental Apartment Programs LBMM District				
Unit Type	Percent of Units	Avg. Plan Size (SF)	Average Base Rent <sup>(1)</sup>	
			\$	\$/SF
Studio	25.0	400	\$1,250	\$3.13
1-bed	60.0	600	\$1,450	\$2.42
2-bed	15.0	1,000	\$2,150	\$2.15
<b>Average<sup>(2)</sup></b>	<b>--</b>	<b>610</b>	<b>\$1,505</b>	<b>\$2.47</b>

<sup>(1)</sup>In 2017 dollars, excluding options, premiums, and additional fees.

<sup>(2)</sup>Weighted by unit mix.

Source: Goodman Williams Group

**Table 23:** Recommended Development Criteria for New Rental Apartments

In addition to new construction, as demonstrated by recent successes in the renovation and repositioning of older, often historic buildings, smaller unit sizes are also in demand at lower rent levels. Based on recent market experience, rent potentials for renovated studio units with approximately 275 square feet are \$975; those for one-bedroom units with approximately 400 square feet are \$1,275. Multi-bedroom units are expected to be minimal within these older buildings. Where present, pricing for these larger units will vary by size, design, and floor level.

#### Development Guidance - For-Sale Product

As discussed above, the condominium market within the LBMM District remains weak. Primary residential demand within the District for the foreseeable future will continue to be for rental apartments. With the strengthening of the District and of the condominium market generally, demand for new multifamily for-sale product could emerge in meaningful proportions. However, this is not expected to occur for at least another five years. When condominium development does return to the District, typical building scale is expected to be 40 units or less. Prices will range generally from the lower \$300,000s (in 2017 dollars) to the lower \$500,000s. These development specifications are consistent with the multifamily for-sale market within the Market Area as it stood before the housing market collapse.

### Market Support and Target Markets

The demographic and housing balance analyses presented earlier in this report suggest that over the foreseeable future the primary target market for new residential units developed within the LBMM Market Area will be renters age 25-34, who will, by 2021, comprise more than 12,500 households. This is further reinforced by the likelihood that the introduction of additional rental apartments – particularly at lower rental rates than new apartments in Lakeview and other neighborhoods to the south – will continue to draw younger residents to the Market Area.

Given the development criteria presented above, the majority of this target market can be expected to be single. Those who choose to rent in newly constructed buildings will likely be at the older end of the target market age range and will have incomes ranging from \$50,000 to \$75,000. Those who rent studio or one-bedroom apartments in older, renovated buildings will, conversely, be at the younger end of the target market age range and will have incomes ranging from \$40,000 to \$50,000. Currently within the Market Area, income support among renter households at these levels is strong, consisting of some 10,000 households.

The LBMM Market Area is relatively diverse in terms of its age and income profile, however, and other target markets will also serve as secondary sources of market support for new residential units. For example, the area has a substantial population of residents age 35-44, while the population of seniors age 65 and older is expected to grow in the coming years. In addition, demand support could emanate from the Loyola University student population, particularly within the northern end of the District. Finally, the housing needs of the area's many lower income households will inevitably give rise to additional demand for affordable housing. All of these groups will help to shape the future of the area housing market and provide additional opportunities in the future for new housing development.

## COMMERCIAL MARKET ASSESSMENT

This section of the analysis examines the competitive supply of ground floor commercial uses and retail centers in the LBMM District, and examines demand for retail and other types of commercial space coming from area households, employees, visitors, and students at nearby Loyola University and Truman College. Recommendations for commercial development in the district are offered, based on what can be captured both in the near-term and longer-term.

Broadway Avenue is the primary commercial corridor running north / south through the LBMM District, with additional commercial activity along the perpendicular east / west streets of Lawrence Avenue, Argyle Street, Berwyn Avenue, and Bryn Mawr Avenue. According to the *Transit Oriented Development Plan Existing Conditions Report*, traffic volumes in the LBMM District on major roadways are within the 15,000 to 18,000 range, south of Foster Avenue. Broadway Avenue, for example, carries approximately 17,600 average daily traffic (ADT) volumes. North of Foster Avenue, traffic volumes are generally heavier, with this stretch of Broadway Avenue at 22,500 ADT and Hollywood Avenue at 27,900 ADT. Traffic on Hollywood Avenue in particular, likely represents people traveling through the area en route to Lake Shore Drive.

The CTA Red Line runs through the LBMM District with stops at Lawrence, Argyle, Berwyn and Bryn Mawr. The CTA Purple Line also runs on the same tracks during peak hours, but does not have stops in the LBMM District. There are also 8 separate CTA bus routes that travel through the LBMM District.

As a transit-rich area, significant pedestrian traffic in the area is generating from those getting on and off transit. Per the *Transit Oriented Development Plan Existing Conditions Report*, “Based on the CTA Monthly Ridership Report (October 2016), there were over 20,000 total average weekday boardings and alightings of CTA bus routes in (or adjacent to the corridor). For the same time period there were nearly 16,000 average weekday rail entries (producing over 30,000 rail trips beginning or ending at the four rail stations).”

## COMPETITIVE CORRIDORS

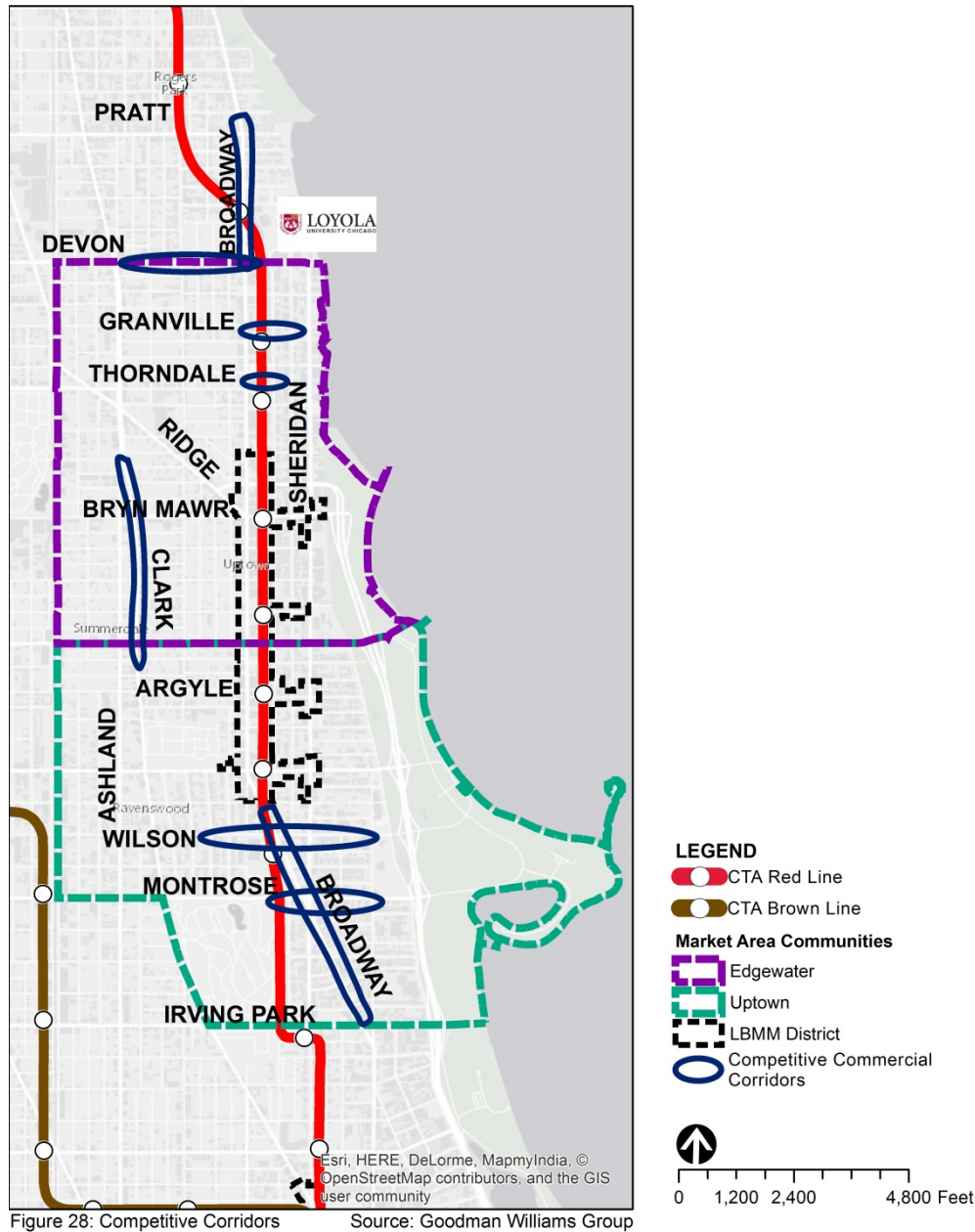
The commercial corridor along Broadway within the LBMM District competes with several other areas in Uptown and Edgewater, as discussed below, and shown in Figure 28.

- **Andersonville:** Clark Street runs through the heart of Andersonville (SSA 22) and contains a vibrant mix of shopping and dining. While the corridor has seen closures in recent months, such as restaurants Acre and Ombra, and the long-running Swedish Bakery, Andersonville has historically been a strong retail corridor and a destination in the market area.
- **Sheridan Road Corridor:** The Sheridan Road Corridor (SSA 54) runs parallel to Loyola University's Lakeshore Campus. Loyola has been very active in encouraging new development in this Corridor, as well as in the redevelopment of the adjacent CTA Red line stop at Loyola. The Corridor includes national tenants such as CVS, Five Guys, Chipotle and Potbelly. A new Target is being proposed for the corner of Devon and Sheridan within this

corridor, and a new Hampton Inn (1209 W Albion) recently opened in late 2016.

- **Broadway, Wilson and Montrose Corridors:** Within Uptown, the Broadway Corridor extends south to Irving Park. Additional commercial corridors exist along Montrose Avenue, where the new Ross Dress for Less is under construction, and along Wilson Avenue, where Harry S Truman College is located, just west of the CTA Wilson stop.

There are additional commercial corridors along Thorndale, Granville, and Devon.



### SSA AND TIF DISTRICTS

Special Services Areas (SSAs) and Tax Increment Financing (TIF) are economic development tools utilized in the City of Chicago to stabilize commercial corridors and spur redevelopment. These tools are discussed here, as they may be relevant to future commercial development in the LBMM District.

#### Special Service Areas

The LBMM District includes portions of SSA # 34 and SSA # 26. Special service areas are contiguous areas within Chicago in which special governmental services are provided in addition to typical governmental services. The cost of the special services is paid from revenues collected from taxes levied or imposed upon property located within those respective areas. Services may include maintenance and beautification, auto and bike transit improvements, façade improvements, weather modifications, and other commercial and economic development activity. In 2016, more than \$530,000 was available in SSA 26, and more than \$780,000 in SSA 34. These two SSAs include much of the area contained in the District, including the length of the Broadway Corridor. Foster is the dividing line between Uptown United to the south and Edgewater SSA to the north.

LBMM District Special Service Areas		
SSA Number	Service Provider Agency	2016 Budget
26	Edgewater Chamber of Commerce	\$535,035
34	Uptown United	\$783,322

Source: City of Chicago and Uptown United

**Table 24:** LBMM District SSAs

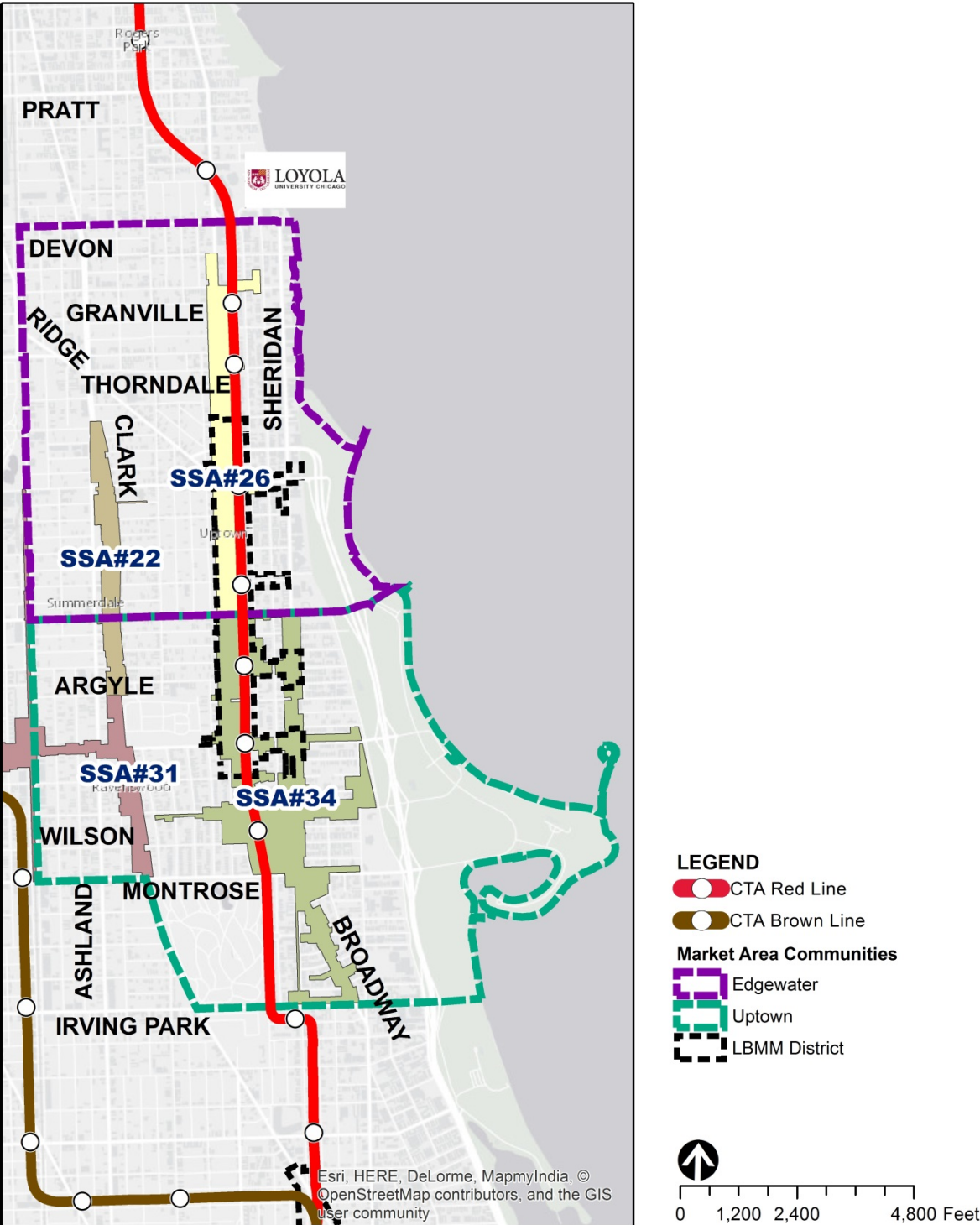


Figure 29: Special Service Areas Source: Goodman Williams Group

#### Tax Increment Finance Districts

The LBMM District includes portions of four TIF Districts, as shown below. The Bryn Mawr/Broadway TIF expires in 2019. The Wilson Yard TIF and Lawrence and Broadway TIF are set to expire in 2025, while the Hollywood/Sheridan TIF has the longest time horizon, expiring in 2031.

TIF Districts within LBMM District			
Name	Date Established	Expiration Date	Balance
Wilson Yard	2001	2025	\$14,333,547
Lawrence/Broadway	2001	2025	\$13,430,039
Hollywood/Sheridan	2007	2031	\$3,159,897
Bryn Mawr/Broadway	1996	2019	\$11,484,996

Source: City of Chicago

\*Balance represents end-of-year 2014

**Table 25:** LBMM District TIFs

In addition to these TIF Districts, the LBMM District includes portions of the newly formed Red and Purple Modernization (RPM) Phase One Project TIF. According to the *Tax Increment Financing Redevelopment Plan*, in 2016, the City was authorized to “designate a transit planning area, known as a Transit Facility Improvement Area (TFIA), for various public transit infrastructure improvement purposes, including the modernization of the Chicago Transit Authority (CTA) Red Line and Purple Line (known as the Red and Purple Modernization Program or RPM).”

Within the TFIA, a TIF District was established “for the purpose of financing the development, expansion or rehabilitation of new or existing transit passenger stations; transit maintenance, storage or service facilities; and rights-of-way for use in providing transit (together, known as “Transit Facilities”). No other purpose is allowed under the Act.” Therefore, unlike other TIF Districts, no funding will available through this TIF fund for real estate development projects.

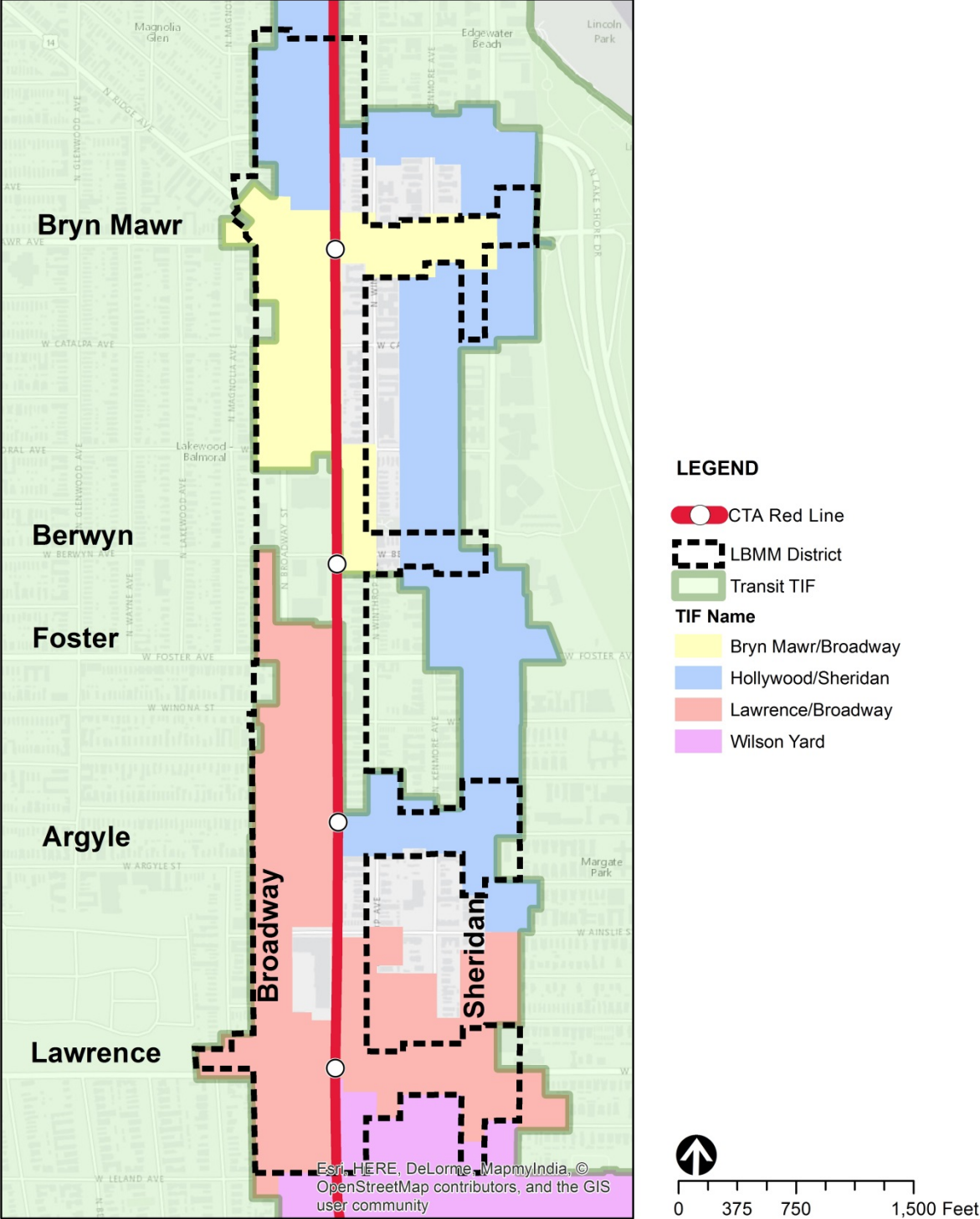


Figure 30: LBMM District TIF Map

## PROFILE OF EXISTING RETAIL MARKET

### Overview

The following overview of the retail market relies on data available from CoStar Realty Information, as of January 2017. Within the LBMM Market Area, there is a total of 6.0 million square feet of retail space. (It should be noted that this total includes some non-retail businesses that are leasing space in retail centers). The vacancy rate was 6.2%, with approximately 374,000 square feet of space available. Average asking net rents are reported to be \$20 per square foot.

In the LBMM District, the retail market has seen some recent improvements, with lower vacancy rates, greater absorption, and higher lease rates. The total retail space in the LBMM District is reported to be nearly 1.4 million square feet, approximately 22% of the space in the broader Market Area. The following points can be made from this general market data:

- The vacancy rate is slightly lower in the Market Area (6.2%), as compared to the LBMM District (7.4%), which is down from the five-year average (9.8%).
- Over the last 12 months, only 34,000 SF of retail space has been absorbed in the Market Area, of which approximately 27% was contained in the LBMM District (9,252 SF).
- Available space in the LBMM District averaged \$23/SF on a triple net basis, as compared to \$20/SF in the Market Area. Triple net refers to a lease structure where the tenant is responsible for paying base rent (the net rent), plus the additional operating expenses associated with the space, including maintenance, insurance, and taxes.

LBMM Retail Market Indicators			
	LBMM Market Area	LBMM District	
	As of Jan 2017	As of Jan 2017	5-Year Average
Total Existing SF	6,066,613	1,387,648	1,378,124
Vacant SF	374,776	103,298	107,956
Vacancy Rate	6.2%	7.4%	9.8%
12 Mo. Absorption SF	34,160	9,252	-3,272
NNN Asking Rent/SF	\$ 20	\$ 23	\$ 17

Source: CoStar Realty Information and Goodman Williams Group, Jan. 2017

**Table 26:** LBMM Retail Market Indicators

### Vacancy Trends

Trend data for the last ten years compares retail vacancy rates in the LBMM District with those in the LBMM Market Area. Historically, the vacancy rate in the LBMM District has been lower than the market area, until a shift in 2012, when vacancy rates in the District climbed higher than the Market. After 2014, the vacancy rate in the LBMM District again exceeded vacancy rates in the Market Area. The spike in vacancy rates in the Market Area in 2014 into 2015 is likely due in part to the shifting grocery store market, as Dominick's closed its doors on two locations (6009 N Broadway and 5201 N Sheridan) early in 2014.



Source: CoStar Realty Information

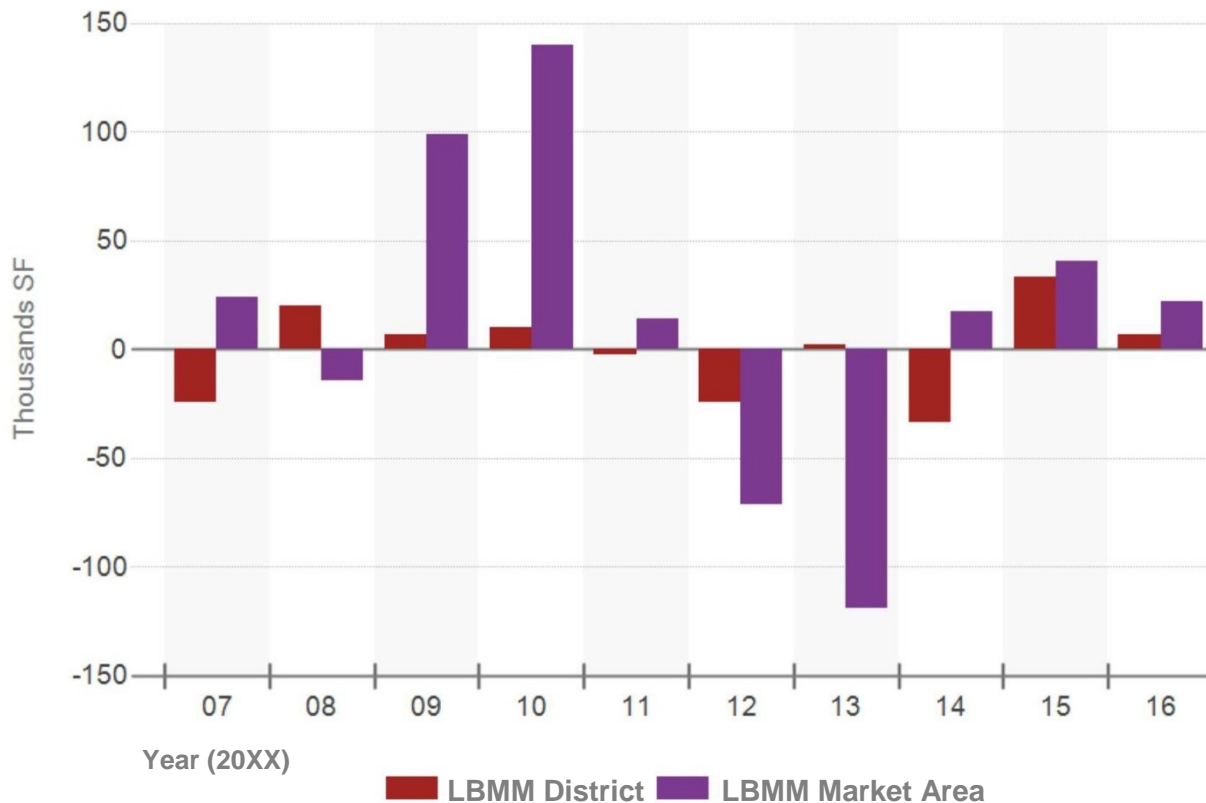
**Figure 31:** Vacancy Rate Trends

### Net Absorption Trends

Net absorption is the measure of net change in occupied square footage. Data in Figure 31 shows trends in net absorption in the Market Area and the LBMM District, according to CoStar data.

The LBMM District exhibited an average net absorption rate of only 1,972 SF during the last ten years, although annual absorption fluctuated over this time period. For example, in 2014 net absorption was negative 33,600 square feet, but an almost equal number of square feet were absorbed in 2015 when the small shopping center opened at 5210 N Broadway, replacing a closed funeral home. Much of the activity in the District represents the churning of tenants, as some businesses close and new ones move into the space.

In the Market Area, net absorption averaged 14,298 SF during the same time period. As the recession was ending, significant space was absorbed in 2009 and 2010. Conversely, the market area gave up more than 50,000 SF in 2012, and 100,000 SF of space in 2013, before absorption rebounded slightly in 2014.



Source: CoStar Realty Information

**Figure 32: Net Absorption Trends**

### Lease Rate Trends

Figure 32 shows average asking rents for available space in the LBMM District and the LBMM Market Area on a triple net basis over the past ten years. Trend data for the Market Area as compared to the LBMM District show that historically, asking rents in the District have generally followed, but lagged, the larger market since 2010. In 2016, asking rents in the LBMM District surpassed those of the Market Area, rising to \$23.00 per SF on a net basis. It should be noted, however, that this average net rent is relatively low when compared to rents in more affluent commercial corridors that have experienced more new construction.



Source: CoStar Realty Information  
**Figure 33:** Lease Rate Trends

### PROFILE OF EXISTING SHOPPING CENTERS

Within the LBMM District there are seven shopping centers. The shopping centers are a mix of smaller neighborhood and convenience centers that feature off-street parking in front. A neighborhood center is defined by the International Council of Shopping Centers (ICSC) as being “designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood, with a gross leasable area below 150,000 square feet.” They are typically anchored by a supermarket. In comparison, a convenience center is smaller, less than 30,000 SF, whose tenants provide a “narrow mix of goods and personal services to a very limited trade area.”

Total leasable space in the shopping centers is more than 310,000 SF of space, or 22% of the total in the LBMM District (1,387,648 SF). Geographically, the shopping centers are clustered around Foster Avenue, with the exception of Sun Plaza and Weiss Plaza located further south in the District, as shown in Figure 33. The only new shopping center construction, completed in 2015, is at 5210 N Broadway and 5224 N Broadway, which have a combined total of more than 20,000 SF of space. (The two addresses are listed separately by CoStar, but function as single center.) The remainder of the space was built before 1989).

Shopping Centers within LBMM District						
Building Address	Center Name	Center Type	Year Built	Gross Leasable Area (SF)	Percent Leased	Anchor Tenants
4851-4883 N Broadway	Sun Plaza	Neighborhood Center	NA	61,375	94	Broadway Supermarket
5221-5255 N Broadway	Broadway Plaza	Neighborhood Center	1989	51,328	94	Dollar Tree, Petco, O'Reilly Auto Parts, PNC Bank
5125-5135 N Broadway	Asian Village	Neighborhood Center	1911	50,000	100	Old World Market
5300-5322 N Broadway	Broadway Festival Plaza	Convenience Center	1951	27,385	100	Sleepy's Mattress, Pizza Hut
4800-4824 N Sheridan	Weiss Plaza	Convenience Center	1930	20,231	59	JJ Peppers, Currency Exchange, Cricket
5224 N Broadway	Not named	Convenience Center	2015	12,025	100	Chipotle, Mattress Firm, Harken Health
5210 N Broadway	PetSmart	Convenience Center	2015	8,356	100	PetSmart; attached to plaza at 5224 N Broadway
<b>Total</b>				<b>310,869</b>		

Notes: Shopping center as defined here is not located within a mixed-use building.

**Table 27:** Shopping Centers within LBMM District

The tenant mix in the shopping centers includes more smaller-format national tenants than is typically found in older commercial spaces in the District. Two of the centers are anchored by independent local grocery stores, Broadway Supermarket and Old World Market, a 14,000 SF grocery that specializes in African, Jamaican and Caribbean products. As shown In Figure 33, most of these shopping centers are located on the east side of Broadway just north of Foster.

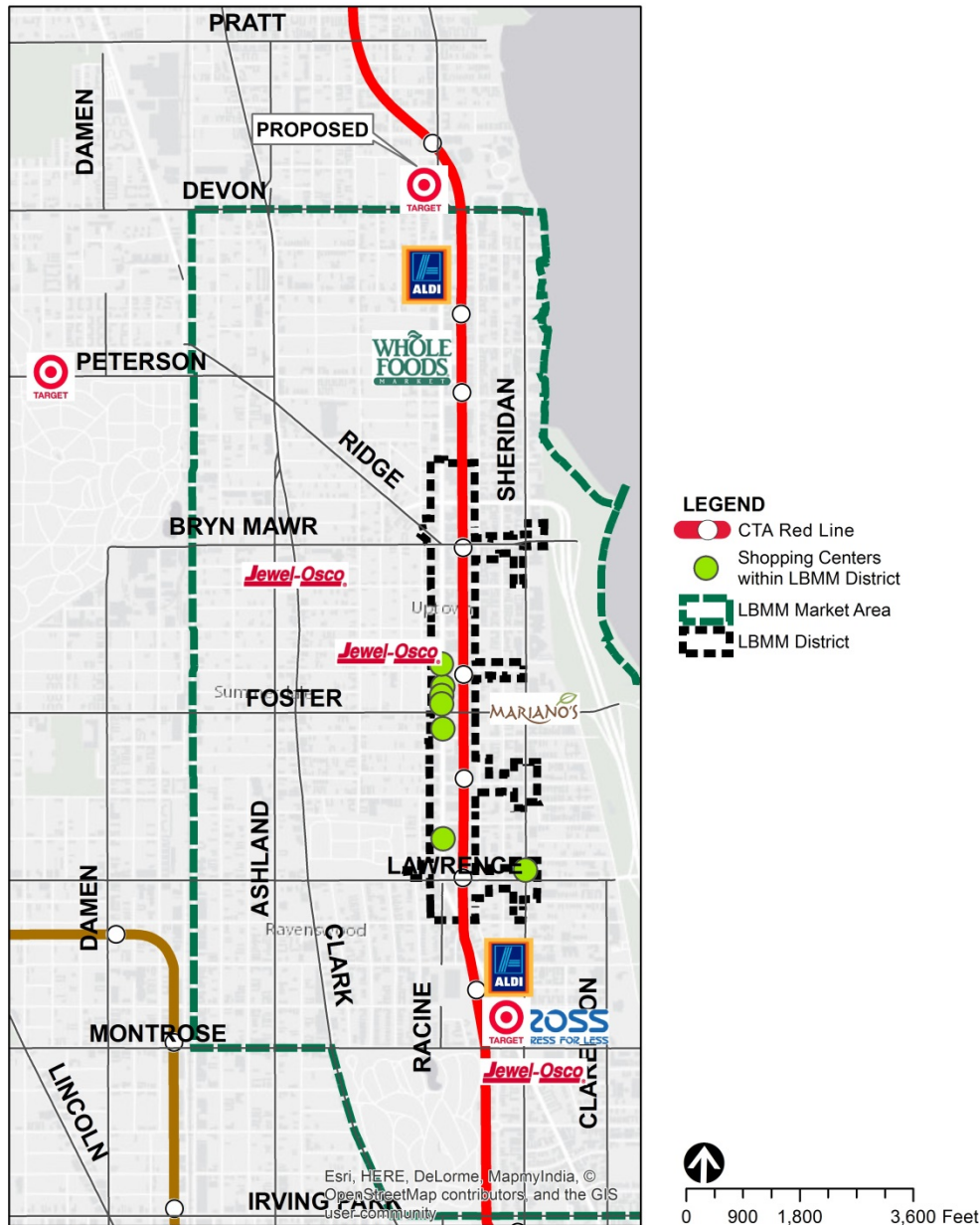
### COVERAGE OF LARGE FORMAT NATIONAL RETAILERS

Also included in Figure 33 are the location of select anchors within the Market Area, including grocery stores and larger format national retailers such as TJ Maxx, Ross Dress for Less, and Target.

## TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

Two relatively new entrants to this Market Area include Whole Foods (6009 N Broadway) and Mariano's (5201 N Sheridan). After Dominick's exited the Chicago market and closed their locations late in 2013, Mariano's took over the location on Sheridan Road and opened in April 2014, and Whole Foods took over the Broadway Avenue location and opened in April 2015.

In addition to the two existing Targets at Wilson Yard and on Peterson, a new 23,000 SF Target has been proposed at 6418 N Sheridan Road, as part of the proposed Concord at Sheridan development, just north of the Market Area in the Rogers Park Community Area.



### LBMM DISTRICT COMMERCIAL BUSINESS INVENTORY ANALYSIS

In November 2016, Goodman Williams Group conducted field work in the LBMM District to identify and categorize all first floor commercial uses in the LBMM District and to review vacant properties. Key findings of the business inventory analysis include the vacancy rate, businesses by type, retail break-out, and the balance between national and local commercial tenants.

The LBMM District's existing commercial inventory is characterized by older mixed-use buildings, and primarily older neighborhood shopping centers with surface parking provided in front. In addition to retail stores and restaurants, commercial uses include professional services, personal services, religious and cultural institutions, non-profits, limited manufacturing or maker spaces and auto oriented spaces, such as dealerships and repair shops.

#### Vacancy Rate

As of November, 2016, there were a total of 336 occupied and 76 vacant first floor commercial storefronts in the LBMM District for a total of 414 ground floor spaces. Figure 34 shows the locations of the vacancies. The overall vacancy rate in the District as measured by our field survey, which is based on storefronts, not square feet, is a significant 18%. This varies from the retail vacancy rate of 7.4% (103,298 SF) reported by CoStar in several ways:

- Most importantly, the 18% vacancy reflects vacant storefronts, as opposed to vacant square footage. The higher vacancy rate when analyzing storefronts indicates that a higher proportion of the smaller commercial spaces are vacant.
- This is a measure of first floor commercial uses only, and does not include uses on the second floor or above.
- Some of the vacant space is not currently being actively marketed, and thus may not appear on CoStar's inventory of vacant space.

In general, vacant storefronts are fairly well distributed across the District. The largest cluster includes 16 vacancies east of the CTA Red Line on Argyle Street. Other clusters include 11 vacancies on Broadway between Bryn Mawr and Balmoral, six on Lawrence Avenue between Sheridan and the CTA Red Line, and eight vacancies along Broadway between Bryn Mawr and Hollywood Avenue. Some of these vacancies may reflect recent construction on Argyle Street, and anticipated RPM construction. CTA RPM construction has the potential of negatively impacting vacancies and the overall stability of the corridor during the multi-year construction cycle.



Source: Goodman Williams Group

## CTA Red and Purple Modernization Phase One

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

## Business by Type

A total of 320 occupied, ground floor commercial businesses are located in the LBMM District as of November 2016. To further understand the business inventory, we divided the District into the Edgewater Community Area north of Foster Avenue and the Uptown Community Area south of Foster and then categorized the businesses. Key findings include:

- Twenty-seven percent of all businesses are either a limited-service or full-service restaurant. Full service restaurants are defined by the International Council of Shopping Centers as all sit-down dining establishments with table-side service. Limited-service restaurants serve prepared food, and include fast-food restaurants, takeout eating places, snack bars, cafeterias, sandwich shops, and doughnut and coffee shops.
- The Uptown Area, especially near the intersection of Broadway and Argyle Street, has a noticeable concentration of restaurants (54), nearly a third of all businesses.
- Retail businesses comprise more than 20 percent (75) of ground-floor spaces in the District. Additional break-out on the types of retailers follows.
- Professional services make up the next largest category. These uses include financial institutions, real estate, and law offices and comprise 16.3% of the total, occupying 52 storefronts
- The District has 42 personal service businesses (13.1%), the majority of which are barber shops or hair/nail salons.

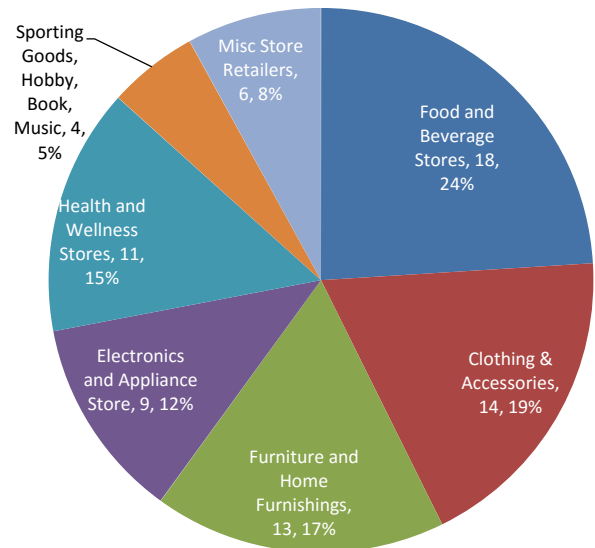
	LBMM District - Total		LBMM District - Edgewater		LBMM District - Uptown	
Category	Count	% of Total	Count	% of Total	Count	% of Total
Dining	88	27.5%	34	25.2%	54	29.2%
Retail	75	23.4%	29	21.5%	46	24.9%
Professional Services	52	16.3%	17	12.6%	35	18.9%
Personal Services	42	13.1%	25	18.5%	17	9.2%
Auto-Oriented	16	5.0%	9	6.7%	7	3.8%
Religious / Cultural Institution	13	4.1%	6	4.4%	7	3.8%
Drinking Places / Entertainment	12	3.8%	5	3.7%	7	3.8%
Non-Profit	10	3.1%	1	0.7%	9	4.9%
Other Services	9	2.8%	6	4.4%	3	1.6%
Manufacturing / Maker Spaces	3	0.9%	3	2.2%	0	0.0%
<b>Total</b>	<b>320</b>		<b>135</b>		<b>185</b>	

Source: Goodman Williams Group research, Nov. 2016

**Table 28:** Business by Category

### Retail Breakout

The retail uses for the entire LBMM District are further broken out for analysis. Of the 66 storefronts that were classified as retail, the largest categories were Food and Beverage stores (18 storefronts or 27%), Clothing & Accessories (14 storefronts or 21%), and Furniture and Home Furnishings (13 storefronts or 19%). Examples of Food and Beverage stores include local operators such as Green Arch Grocery, Edgewater Food, Wine & Spirits, and Old World Market, as well as national operator Jewel-Osco.



**Figure 36:** Retail Breakout.

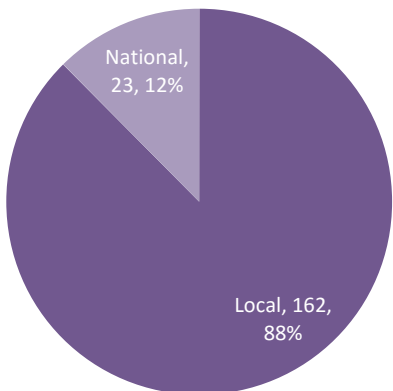
Source: Goodman Williams Group

### Local vs National Uses

Businesses in the LBMM District are generally locally owned, with independents comprising 80% of the total. These local commercial businesses tend to occupy the less expensive, ground floor spaces in older mixed-use buildings in the District. National tenants are primarily located in the neighborhood centers or as free-standing stores.

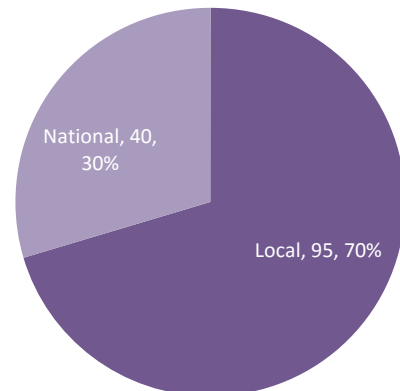
When examining the presence of local businesses versus national brands in the two distinct sections of the District, Edgewater has a much higher percentage of national brands and Uptown has more local businesses. Edgewater has 40 national retailers; almost twice the number of national brands than Uptown and more than double the percent of total businesses (30% for Edgewater, 12% for Uptown). This is likely due to the higher portion of traditional shopping centers with off-street parking located north of Foster Avenue within the District.

### National vs. Local Storefronts in LBMM District



**Figure 37:** Local vs. National in LBMM District - Uptown

Source: Goodman Williams Group



**Figure 38:** Local vs. National in LBMM District - Edgewater

Source: Goodman Williams Group

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

In addition to the large format national tenants discussed previously, smaller national tenants, some of which are franchises, located in the LBMM District include 7 Eleven, Boost Mobile, Cricket Wireless, GNC, PetCo, Pizza Hut, Subway, Dunkin Donuts and Mattress Firm, to name a few.

## New Business Start-ups

Local economic development organizations, Uptown United and the Edgewater Development Corporation (EDC), maintain data on the number and type of new businesses entering the Market Area. According to data available from Uptown United, more than 14 new businesses entered the Uptown community in 2016. In keeping with the concentration of restaurants located in the area, 11 of these new additions were new limited and full-service local restaurants, 2 were arts-related organizations, and one was a smaller fitness gym.

In Edgewater, the EDC reports 18 new businesses in the process of entering the market. Of this total, eight are new limited and full-service restaurants, with the remaining a mix of professional and personal services, medical space, and arts space. Additional data from the EDC reports 103 new businesses in the past 2 years. Consistent with previous years and new business openings in Uptown, the largest category was restaurants, representing 25 of the new business openings.

## ENTERTAINMENT VENUES

As mentioned earlier in this report, the Uptown Entertainment District is a major anchor in the southern portion of the LBMM District, attracting more than 240,000 annual attendees. Additionally, Edgewater has a large cluster of theaters. While the venues are lesser known than those in Uptown, Edgewater has 13 live-performance theaters of its own, as shown in Table 29.

One entertainment venue not profiled in Table 29 is the Uptown Theatre, located at the intersection Broadway and Lawrence (4186 N Broadway). The Uptown Theatre was one of the most ornate theaters of its time. Designed in 1925 by Chicago architects Rapp and Rapp, it opened on August 18, 1925, featuring 4,381 seats, an ornate five story lobby and an eight story façade that remains a prominent feature on Broadway Avenue. During the 1960's and 70's, as population decreased in Uptown, the Uptown Theatre began to struggle to fill seats and eventually closed permanently in 1981.

In 2008, a venture led by Jam Productions Ltd. purchased the theatre for \$3.2 million in a court-ordered foreclosure. News reports estimate that

LBMM Market Area Entertainment Venues	
Uptown	
Venue Name	Address
Aragon Ballroom	1106 W Lawrence Avenue
Flats Studio	1136 W Wilson Avenue
Profiles Theater	4147 N Broadway
Riviera Theater	4750 N Broadway
The Black Ensemble Theater	4450 N Clark Street
The Green Mill Lounge	4802 N Broadway
The Preston Bradley Center	941 W Lawrence Avenue
Uptown Underground	4707 N Broadway
Wilson Abbey	935 W Wilson Avenue
Edgewater	
Venue Name	Address
About Face Theatre	5252 N Broadway
The Edge Theater	5451 N Broadway
Berger Park Coach House Theater	6205 N Sheridan Road
Neo-Futurist Theater	5153 N Ashland Avenue
CityLit Theater	1020 W Bryn Mawr Avenue
Chicago Danztheatre Ensemble	1650 W Foster Avenue
Jackalope Theatre	1106 W Thorndale Street
Raven Theatre Company	6157 N Clark Street
Mary's Attic	5400 N. Clark Street
Redtwist Theatre	1044 W Bryn Mawr Avenue
Rivendell Theatre	5779 N Ridge Avenue
Steep Theatre	1115 W Berwyn Avenue
Quest Theatre Ensemble	1609 W Gregory Street

Source: Edgewater Chamber of Commerce and Uptown United

**Table 29:** Uptown and Edgewater Entertainment Venues



**Figure 39:** Historic photo of Uptown Theatre.  
Photo Credit: WBEZ.

renovation of the Uptown Theatre will further anchor the area as an entertainment destination, and positively impact both residential and commercial market potentials.

between \$40 and \$70 million is required to renovate the building.

More recently, in 2016, Chicago's City Council approved landmark status for the Uptown Square District, which includes 42 structures clustered around the Lawrence and Broadway area, including the Uptown Theatre. The landmark designation protects the exterior elevations of contributing buildings from alteration or demolition, and makes incentives available to foster private investment and rehabilitation efforts. Building permit data for the Uptown Theatre indicates that a sum of more than \$515,500 dollars has been invested in the last six months for improvements that focus on exterior repairs including repairing fire escapes, improvements to the marquee, façade stabilization, tuck pointing and roof repairs.

Despite the continued shuttering of the Uptown Theatre, the existing live music and performance venues in Uptown do support the supply of restaurants and bars in the area. Ultimately, the

### LBMM MARKET AREA HOTELS

Lodging options in the LBMM Market Area are limited. A new Hampton Inn, opened in Rogers Park just north of Loyola University (1209 W Albion) in late 2016. The Guesthouse Hotel (4872 N Clark) is located in Andersonville, and an older Heart O' Chicago Motel is located on Ridge Avenue. Besides these hotels, and in addition to small bed and breakfasts and guest houses in the area, area organizations and Loyola University refer people to hotels in Evanston, Skokie, and Lakeview as alternatives.

LBMM Market Area Hotels					
Hotel Name	Address	Building Status	Year Built	Rooms	Notes
Heart O' Chicago Motel	5990 N Ridge Ave	Existing	1965	45	Exterior corridor motel
Hampton Inn	1209 W Albion Ave	Newly Delivered	2016	145	Recently opened north of market area in Rogers Park; ground floor retail space remains vacant
The Guesthouse Hotel	4872 N Clark St	Existing	NA	25	Began operations in 2010; expanded in 2014

Source: CoStar and sources deemed reliable by Goodman Williams Group

**Table 30:** LBMM Market Area Hotels

### LBMM OFFICE MARKET

According to CoStar definitions and real estate industry standards, Class A office space is an investment grade property, generally constructed within the last 5-10 years (or more recently renovated) with the highest quality finishes and amenities. Class B properties offer utilitarian space without special attractions, nor the amenities or prime location of Class A. Class C is a "no-frills" older building that offers basic space at more affordable rents.

Within the LBMM Market Area, there are more than 1.3 million square feet of total office space. More than 90% of this space is offered in Class B or Class C office space, with Class A comprising the remaining 9.9%. In the LBMM Market and District, Class B and C office space is typically on upper floors of older, mixed-use buildings. These properties depend chiefly on lower rents to attract tenants. The following points can be made from this general market data:

- The LBMM Market Area has a high vacancy (53.6%) of Class A office space, which is accounted for by the vacant space in the Lakeshore Medical Center, 4700 N Marine Drive. Purchased in 2012 By Zeller Realty Group, current tenants include Weiss Memorial Hospital, Fresenius (a kidney care provider) and Walgreens.
- Within the LBMM District, there is no Class A office space. The majority of office space in the District (81.2%) is Class B. Larger Class B office buildings in the District include the Institute of Cultural Affairs (182,000 SF), 4740-50 N Sheridan, and Bridgeview Bank (128,000 SF), 4753 N Broadway.
- Lease rates in the LBMM Market are estimated at \$24 /SF for Class A office space, and \$17/SF for Class B space. Lease rates in the District are similar at \$16/SF, making this a much more affordable office market overall than the Central Business District, where lease rates average \$44.18 for Class A space, \$35.86 for Class B space, and \$29.31 for Class C

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT

## LAWRENCE TO BRYN MAWR MODERNIZATION

space, according to CBRE fourth quarter 2016. These per-square-foot office rents are quoted on a gross basis, which includes expenses.

- Vacancy numbers in the District are between 5-6%, as compared to the Market Area at 10-12% for Class B and C office space.
- It should be noted, that the office space at the Aon Building has been excluded from this data, as tenants have begun finding new space, in advance of the redevelopment of 5050 N Broadway.

In addition to traditional office space, there are at least two coworking spaces located within the LBMM District, The Shift, 4101 N Broadway, and EdgeWorx, 5505 N Broadway. Coworking spaces are typically designed to offer affordable space to individuals and small companies that need work space, for short term or longer term needs. Tenants pay for individual work spaces and conference rooms as needed in a shared space where varying levels of amenities are offered.

Office Inventory for LBMM Market Area and District				
LBMM Market Area	Total Rentable SF	Available SF	Percent Vacant	Avg. Lease Rate (Gross)
Class A	135,093	72,464	53.6%	\$ 24
Class B (minus Aon Bldg)	786,013	91,551	11.6%	\$ 17
Class C	443,476	44,720	10.1%	Withheld (1 vacant space)
<b>Total</b>	<b>1,364,582</b>	<b>208,735</b>		
LBMM District	Total Rentable SF	Available SF	Percent Vacant	Avg. Lease Rate (Gross)
Class A	0	NA	NA	NA
Class B (minus Aon Bldg)	370,924	19,879	5.4%	\$ 16
Class C	86,120	44,720	51.9%	Withheld (1 vacant space)
<b>Total</b>	<b>457,044</b>	<b>64,599</b>		

Source: CoStar, February 2017

**Table 31:** Office Inventory in LBMM Market and District

### LEAKAGE ANALYSIS

One analytic tool used to identify possible retail opportunities within a market area is a calculation of the leakage, or gap, between the expenditure potential of households living in a market area and estimates of actual sales from area businesses located there. For the purpose of this study, we define the retail gap as the difference between the demand from households located in the LBMM Market Area and the estimate of sales from existing Uptown and Edgewater stores located in that same area.

A positive number suggests that demand exceeds local supply, indicating that shoppers are travelling outside of the market area ("leaking sales") for these purchases (shown in green on the table), and may represent an opportunity for additional stores. Conversely, if sales exceed the market areas' expenditure potential in various categories (shown in red on the table), the existing stores are attracting dollars from a larger area. This likely indicates a more competitive retail environment.

It should be noted that this analysis is not a definitive indicator of retail opportunities within the market area. Successfully recruiting new businesses to an area depends on, among other factors, the character and proximity of competitors or potential competitors, the demographic and socioeconomic

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

makeup of the localized consumer base, vehicular and pedestrian traffic levels, and the availability of suitable land and/or commercial space.

The following leakage analysis for the LBMM Market Area indicates that 60,310 households in this area spend more than \$2.2 billion annually on retail purchases and food and drink. Existing establishments within the market area have estimated sales of more than \$834 million, indicating that dollars are being “leaked” to stores located outside the Market Area. This leakage is occurring in almost all the standard retail categories. The two exceptions (shown in red) are Lawn & Garden Equipment & Supply and Drinking Places. Lawn and garden sales for example are likely largely represented by the popular Gethsemane Garden Center, which attracts people from outside of the Market Area.

Leakage Analysis for Lawrence to Bryn Mawr Modernization Market Area			
<b>Summary Demographics</b>			
2016 Population			114,426
2016 Households			60,310
2016 Median Disposable Income			\$36,779
2016 Median Household Income			\$37,906
<b>Industry Summary</b>			
	<b>Demand (Retail Potential)</b>	<b>Supply (Retail Sales)</b>	<b>Retail Gap</b>
Total Retail Trade and Food & Drink	\$2,211,770,269	\$834,204,225	\$1,377,566,044
Total Retail Trade	\$1,983,728,797	\$692,968,748	\$1,290,760,049
Total Food & Drink	\$228,041,472	\$141,235,477	\$86,805,995
<b>By Category:</b>			
Motor Vehicle & Parts Dealers	\$432,525,115	\$32,453,182	\$400,071,933
Gasoline Stations	\$126,442,732	\$31,443,300	\$94,999,432
Furniture & Home Furnishings Stores	\$58,219,977	\$17,123,345	\$41,096,632
Electronics & Appliance Stores	\$117,433,544	\$36,338,000	\$81,095,544
Bldg Materials, Garden Equip. & Supply Stores	\$99,403,468	\$31,445,221	\$67,958,247
Lawn & Garden Equip. & Supply	\$11,318,681	\$15,522,761	-\$4,204,080
Food & Beverage Stores	\$355,273,955	\$314,306,978	\$40,966,977
Grocery Stores	\$308,559,751	\$291,386,756	\$17,172,995
Specialty Food Stores	\$24,765,671	\$11,944,600	\$12,821,071
Beer, Wine & Liquor Stores	\$21,948,533	\$10,975,622	\$10,972,911
Health & Personal Care Stores	\$115,218,502	\$65,360,657	\$49,857,845
Clothing & Clothing Accessories Stores	\$103,307,100	\$34,147,114	\$69,159,986
Sporting Goods, Hobby, Book & Music Stores	\$50,086,237	\$12,646,638	\$37,439,599
General Merchandise Stores	\$381,818,121	\$46,249,249	\$335,568,872
Miscellaneous Store Retailers	\$82,053,993	\$49,874,407	\$32,179,586
Food Services & Drinking Places	\$228,041,472	\$141,235,477	\$86,805,995
Special Food Services	\$5,261,231	\$2,563,687	\$2,697,544
Drinking Places - Alcoholic Beverages	\$7,660,804	\$10,784,487	-\$3,123,683

Source: Esri Business Analyst, Jan 2017

**Table 32:** LBMM Market Area Leakage Analysis

A leakage analysis for the LBMM District indicates a much different story. Since a large percentage of support for businesses in the District comes from people living outside the District, very few of the categories are leaking sales. More than 13 million in sales was spent by people living outside the District. The largest categories attracting dollars in include:

- Food & Beverage Stores
- Food Services & Drinking Places
- Miscellaneous Store Retailers
- Health & Personal Care Stores

The fact that there are so many restaurants and food stores relative to the population can be attributed in part to the entertainment venues in Uptown, the high-quality Asian and ethnic restaurants and food stores that draw from a larger trade area, and some of the anchor institutions like Loyola University and Truman College. The proposed RPM transit improvements will enhance the ability of visitors to come to destinations in the LBMM District.

### COMMERCIAL CONCLUSIONS

The LBMM District includes an approximately 1.5 mile stretch of Broadway Avenue that travels through both the Uptown and Edgewater neighborhoods, and includes portion of Lawrence, Argyle, Berwyn and Bryn Mawr. The area benefits from historic assets, such as the Uptown Square District and the Bryn Mawr Historic District, and unique features including significant entertainment venues and the notable number of Asian restaurants and specialty markets that have been long-time draws in the area. Additionally, the newly envisioned Asia on Argyle streetscape improvements will likely further strengthen this unique feature in the District.

With more than 1.3 million square feet of retail space, the LBMM District contains a mix of primarily older mixed use buildings with ground floor commercial use and neighborhood and convenience shopping centers. CoStar Realty Services reports more than 100,000 square feet of retail space that was vacant as of January 2017, while Goodman Williams Group field work revealed 76 vacant first-floor storefronts, indicating a high proportion of the smaller commercial spaces being vacant.

New commercial construction in the District has been very limited, and includes the new shopping center at 5210-5224 N Broadway which was built in 2015 and is anchored by national tenants such as Chipotle and PetSmart. Asking net rents in the District reportedly average \$23/SF, which is low compared to rents in more affluent commercial corridors that have experienced higher levels of new construction.

The LBMM District exhibited an average net absorption rate of only 1,972 SF during the last ten years, although annual absorption fluctuated moderately over this time period. For example, in 2014 net absorption was negative 33,600 square feet, but an almost equal number of square feet were absorbed in 2015. These trends are representative primarily of the churning of space, with some tenants closing and others opening new stores, as opposed to large-scale new commercial construction.

In addition to these local market trends, the larger retail landscape continues to change as brick and mortar retail locations compete with growing on-line demand for products. Retailers in general are being more cautious about the amount of space they lease as they focus on extending omnichannel opportunities. Omnichannel refers to retailers' ability to utilize different methods of shopping available to consumers such as online shopping, the brick and mortar experience, or even on their smartphones. As shopping patterns have shifted, some neighborhood shopping centers and corridors have suffered as a result, with neighborhood centers leading vacancy rates among all retail center formats nationally. New tenant types that are being sought to fill vacant storefronts formerly occupied by traditional retail now include personal services, medical uses, professional office space, and a number of fitness concepts.

In addition to changes in the overall retail landscape, discussion continues on appropriate levels of parking to support commercial corridors in TOD areas. Too little parking can result in struggling retailers and corridors, while too much parking results in the lost opportunity of overall land use, urban form and density. According to the American Public Transportation Association, the share of riders using public transportation for shopping more than doubled from 8.5% in 2007 to 21% in 2017. Reflecting these trends, the RTA recommends parking standards for TOD areas at much lower levels than in non-TOD areas (*Regional Transportation Authority Access & Parking Strategies for Transit-Oriented Development, 2011*).

The 2015 Chicago TOD Ordinance goes further, saying that "minimum off-street automobile parking ratios for non-residential uses may be reduced by up to 100 percent from the otherwise applicable standards," for those sites that qualify under the ordinance. Developers and their financial backers must therefore determine the amount of parking necessary to support the commercial use. Some uses such as grocers, furniture, and appliance stores will require more parking because of the nature of their merchandise. Parking for commercial development in the LBMM District will likely reflect the more auto oriented nature of the corridor overall, which includes shopping centers and stand-alone large format stores, such as Jewel-Osco, that feature front loaded parking, balanced by the TOD nature of the area.

#### New Development Activity

Going forward, new and proposed commercial development in the larger Market Area includes an estimated 140,000 square feet, driven in part by new commercial development at Montrose & Clarendon (Treasure Island Foods), redevelopment of 5050 N Broadway, and a new Ross Dress for Less, as well as ground floor commercial uses in mixed-use developments throughout the Market. Geographically, the majority of this new development has been occurring south of Foster Avenue.

Within the LBMM District, the proposed mixed-use development at 5050 N Broadway may be a game-changer, spurring additional commercial as well as residential development along the corridor. This project is proposed to add 50,000 square feet of space in addition to 700 residential units, with Cedar Street Cos. hoping to begin construction later this year. As currently envisioned, the 5050 N Broadway building on the west side of Broadway may include a food cooperative. As the proposed food cooperative already has members from a broader market area, it may serve to draw additional people to the District, beyond those typically drawn to a neighborhood serving grocery store.

Additionally, other commercial uses are proposed on the east side of the street, along with 650 parking spaces in a renovated garage.

The only project that has recently delivered new / renovated commercial space to the District is the ground floor of Lawrence House. There is currently only one coffee shop in the estimated 10,000 square feet of commercial space. In combination, this 60,000 square feet of new space could represent a majority of new commercial space delivered in the District over the near term.

New and Proposed Commercial Development in LBMM District			
Project	Address	Status	Square Feet
5050 N Broadway	5036-5066 N Broadway	Proposed	50,000
Lawrence House	1020 W Lawrence	Recently Delivered	10,000 <sup>1</sup>
<b>Total</b>			<b>60,000</b>

Source: Goodman Williams Group, November 2016 based on sources deemed reliable

<sup>1</sup>Assumes four ground floor spaces at 2,500 SF/unit

**Table 33:** New and Proposed Commercial Development within District

As more people reside in, and are drawn to the area by its unique features, such as the entertainment venues and Asia on Argyle, smaller, independently owned stores are likely to benefit and existing older storefronts are more likely to stay occupied. While smaller restaurants, bars, stores, and personal service businesses in existing storefronts typically pay less in rent than what is charged in newer mixed-use developments, they are welcome tenants that contribute to the unique environment. When completed, the RPM improvements will also enhance demand for more commercial space.

#### Sources of Demand

Most retail development is supported by households, so new residential development within the LBMM Market Area, including 5050 N Broadway and Lawrence House, will increase pedestrian traffic and support new and existing commercial uses. The residential market assessment anticipates 107 ownership units and 222 rental units per year for the next 5-10 years. These new households will help support the existing grocers in the Market Area and the proposed food cooperative in the LBMM District. They will also help support specialty food stores, pharmacies, personal service businesses, and fast casual restaurants. However, other competitive commercial corridors in the LBMM Market Area will compete for residents' dollars including Clark Street in Andersonville.

Visitors to the LBMM District are an additional source of demand for commercial development in the Market Area. As previously discussed, entertainment venues in Uptown attract an estimated 240,000 people per year. Edgewater is also home to a strong base of local theater venues, as previously profiled. Additionally, the recently improved Argyle Street continues to draw visitors from a larger area to the area's night markets and other programming. These visitors will support additional bars and restaurants, as well as specialty retailers. Any eventual reopening of the Uptown Theater would further strengthen demand from an expected increase in visitors to the area.

A third source of demand for additional commercial space comes from local employees. Key anchors in the Market and adjacent areas, including Harry S. Truman College, Loyola University, and Thorek

and Weiss Hospitals are likely to contribute to the overall economic commercial vitality of the District, but not as significantly as households and visitors. Finally, there is a relatively significant student population at nearby Truman College and Loyola University that will similarly support the District's overall vitality to a lesser degree.

#### Future Demand Potential

To the extent that new commercial space is built in the LBMM District, it will likely be ground floor space in new mixed-use developments. The amount of square footage will largely depend on how many appropriately sized and located mixed-use sites can be assembled and entitled in the District.

As shown in Figure 40, larger scale redevelopment in the District is most likely to occur between Hollywood and Bryn Mawr Avenue, including the two Toyota sites that are being acquired for CTA RPM construction. Depending on final CTA designs and what is needed for construction, remaining portions of the Toyota sites could potentially be assembled with 5643 N Broadway by a private developer for a larger site, after the RPM Phase One construction is complete. Additional opportunity sites are located at the southern end of the District along Lawrence Avenue.

Longer term, depending on the strength of the residential market, additional commercial space in mixed-use development may be possible on the larger lots on the east side of Broadway Avenue. Future development on these larger sites is likely to drive longer-term development potentials in the LBMM District.

# TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS REPORT LAWRENCE TO BRYN MAWR MODERNIZATION

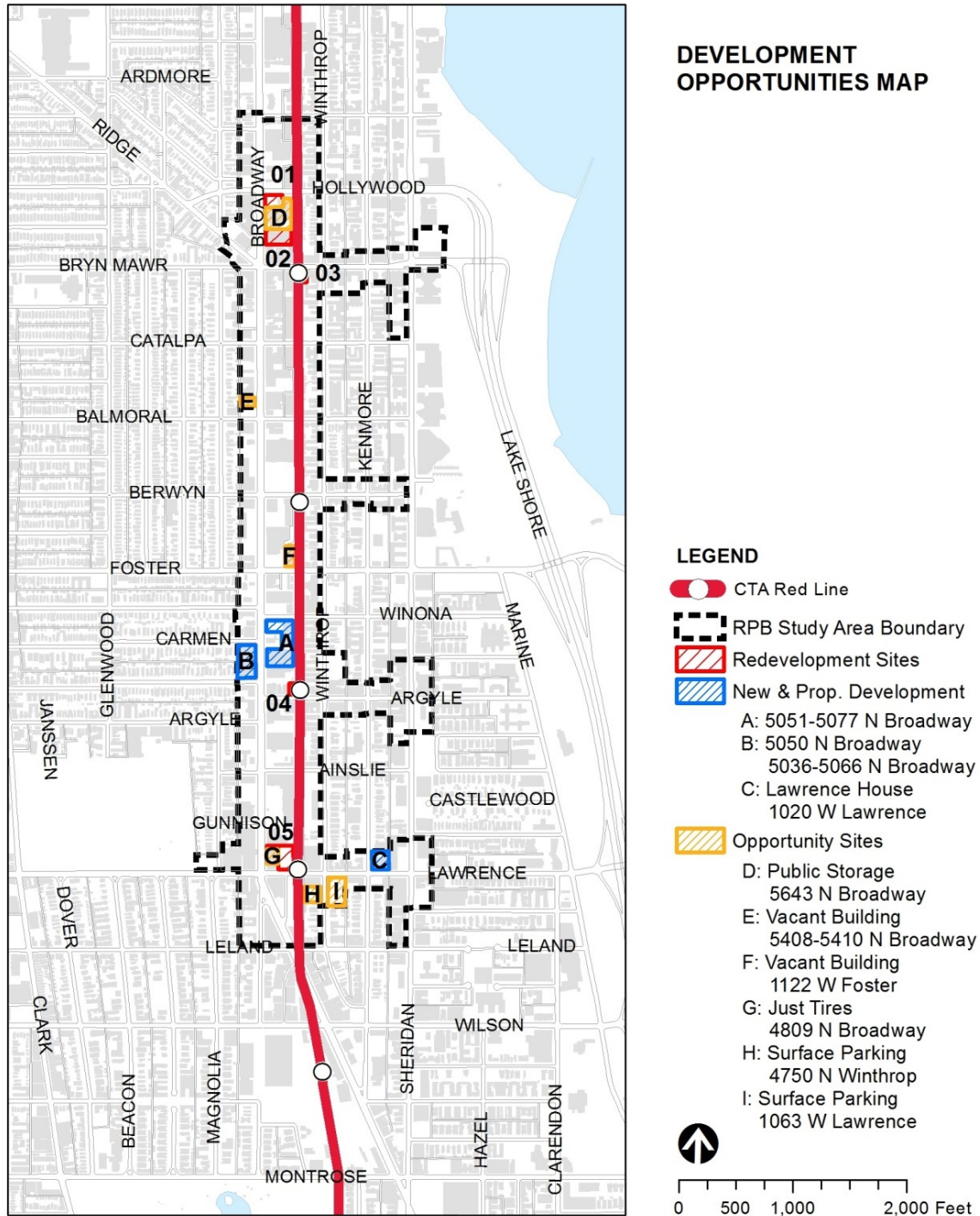


Figure 40: Development Opportunities Map

Source: CTA

## FIGURE APPENDIX FOR LBMM MARKET REPORT

### TABLES

Table 1: LBMM District SWOT Analysis
Table 2: Community Area Population and Household Trends within LBMM Market
Table 3: LBMM Market Area Educational Attainment
Table 4: LBMM Market Area and Chicago Age Distribution
Table 5: Race and Ethnicity Trends in Edgewater
Table 6: Race and Ethnicity Trends in Uptown
Table 7: LBMM Market Area Job Trends
Table 8: LBMM Market Area, New and Proposed Development
Table 9: LBMM Opportunity Sites
Table 10: Population by age
Table 11: Housing occupancy characteristics
Table 12: Households by housing tenure & income
Table 13: Housing burden - owners and renters
Table 14: Housing Burden by Household Income and Tenure
Table 15: Derivation of New Home Demand Potentials
Table 16: Housing Units by Units in structure
Table 17: Rent Restricted Affordable Developments in LBMM Market Area
Table 18: Rent Subsidized Affordable Rental Developments in LBMM Market Area
Table 19: Market Rate Rental Apartment Inventory Trend
Table 20: Rent & Occupancy Characteristics - Market Rate Rentals
Table 21: For-Sale Inventory by Price Range
Table 22: New Home Sales Summary
Table 23: Recommended Development Criteria for New Rentals
Table 24: LBMM District SSAs

Table 25: LBMM District TIFs

Table 26: LBMM Retail Market Indicators

Table 27: Shopping Centers within District

Table 28: Business by Category

Table 29: LBMM Market Area Entertainment Venues

Table 30: LBMM Market Area Hotels

Table 31: Office Inventory in LBMM Market and District

Table 32: LBMM Market Area Leakage Analysis

Table 33: New & Proposed Commercial Development in District

## FIGURES

Figure 1: LBMM Context Map

Figure 2: Picture of Argyle Street

Figure 3: Photo of Historic Edgewater Homes

Figure 4: LBMM Market Area Income Distribution

Figure 5: Worker Inflow-Outflow Patterns

Figure 6: Picture of Wilson Yard Target

Figure 7: Rendering of planned reconstruction of Wilson Line Red Line Station

Figure 8: Photo of Loyola University lakefront campus

Figure 9: Uptown Entertainment Venues Map

Figure 10: Picture of Argyle Night Market

Figure 11: LBMM New and Proposed Development Map

Figure 12: Rendering of 5050 N Broadway

Figure 13: Rendering of Montrose & Clarendon Development

Figure 14: Housing burden by housing tenure & Income Level

Figure 15: Occupied Housing Units by Tenure & Units in Structure

Figure 16: Housing units by year built

Figure 17: Affordable Developments Map

Figure 18: Forecast of Occupied Housing Units by Tenure & Age of Householder

Figure 19: Market Rate Rental Apartment Vacancy Trend

Figure 20: Photo of Lawrence House

Figure 21: Photo of The Maynard

Figure 22: Photo of Somerset Place Apartments

Figure 23: Photo of Uptown Regency

Figure 24: Sales & Pricing Trend - Attached Homes

Figure 25: Sales & Pricing Trend - Detached Homes

Figure 26: Photo of New Construction in Market Area

Figure 27: Foreclosure Filings per 100 residential parcels

Figure 28: Competitive Commercial Corridors Map

Figure 29: Map of SSA's within the Study Area

Figure 30: LBMM District TIF Map

Figure 31: Vacancy Rate Trends

Figure 32: Net Absorption Trends

Figure 33: Lease Rate Trends

Figure 34: National Retailers and Shopping Centers Map

Figure 35: First Floor Vacant Commercial Spaces Map

Figure 36: LBMM District First Floor Retail Breakout

Figure 37: Local vs. National - Uptown

Figure 38: Local vs. National - Edgewater

Figure 39: Historic photo of Uptown Theatre. Photo Credit: WBEZ.

Figure 40: Development Opportunities Map