



**TRANSIT ORIENTED DEVELOPMENT PLAN MARKET ANALYSIS  
RED-PURPLE BYPASS**

# **Final Market Analysis Report**

**March 2017**

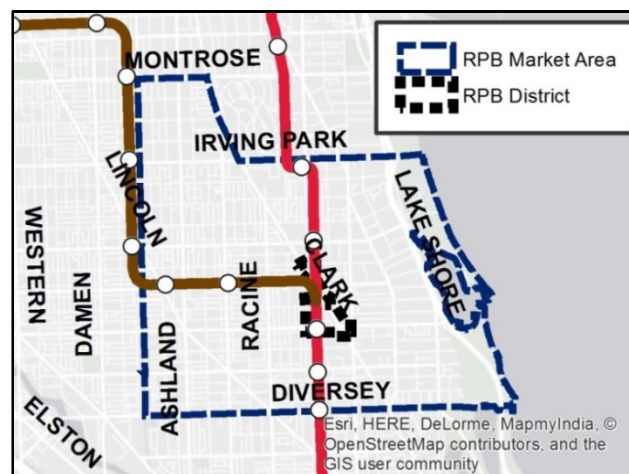
**GOODMAN WILLIAMS GROUP**  
— REAL ESTATE RESEARCH —

From: Goodman Williams Group  
To: Chicago Transit Authority  
Date: April 30, 2018  
Re: RPB New & Proposed Development Update

The Red-Purple Bypass Market Analysis completed in March 2017 provided data on a large number of developments that were recently completed, under construction, permitted, and proposed. As a measure of the vitality of this area, the Market Area (defined as the Lakeview Community Area) was expecting 23 new developments with a total of 1,224 new residential units, 650,500 square feet of new commercial space (including two new hotels with 228 rooms), and 784 parking spaces. The table on the following page provides updated information on these developments, including new unit counts, commercial square footage, parking spaces, building heights, and other details.

Of the 23 new and proposed developments listed in the March 2017 document, eight have been completed. This includes the Hotel Zachary, located within blocks of Wrigley Field. Additionally, not noted in the tables, Lincoln Park's Days Inn, now known as the Hotel Versey, recently completed a rehab and rebranding of its 135 rooms at 644 W. Diversey Parkway. Also completed during this time were six mixed-use and residential projects with a total of 264 units, and more than 120,000 square feet of commercial space, 75,000 of which accounted by the new Whole Foods at 3201 N. Ashland.

Six projects were in the pre-construction phase in March of 2017 and are now under construction. These include the boutique Wheelhouse Hotel (poised to open this summer), three mixed-use and two residential developments with a total of 265 new units, including the 100-unit Viridian on Sheridan. A 12-unit for-sale project that was proposed and has now been permitted, has not yet started construction but is expected to do so soon.



# TOD PLAN MARKET CONDITIONS REPORT RED-PURPLE BYPASS

RBP Market Area, New and Proposed Development - Update									
Project Name	Address	Developer	Proposed Use	Status	Units	Commercial SF	Parking	Floors	Notes
Hotel Zachary	3630 N Clark 3469 - 3475 N Clark	Hickory Street Capital Horizon, Marc Realty, Urban Holiday	Hotel	Newly Delivered	175 Hotel rooms	238,000		7	Includes McDonalds, Big Star and Smoke Daddy BBQ, WinTrust Bank, West Town Bakery.
Wheelhouse Hotel* The Residences at Clark and Addison	1025 W Addison	M&R Development, Bucksbaum Retail	Hotel	Under Construction	53 Hotel rooms	41,000		5	Phase 1 to be just 21 rooms. Phase 2 is remainder in abandoned building to north. 3,800 SF ground floor retail.
3833 N Broadway	3833 N Broadway	Dave Gassman	Mixed-Use	Under Construction	148	155,000	405		Commercial uses include Shake Shack, Cinemex theaters, 30,000 SF Lucky Strike Entertainment.
3921 N Sheridan	3921 N Sheridan	Lomanto Land Trust	Mixed-Use	Under Construction	134	16,000		8	Dismantling & reinstalling terracotta facade of existing building. Underground parking. Retail is food hall.
Viridian on Sheridan	734 W Sheridan	Vermillion Development	Mixed-Use	Permitted	120	11,000	14	7	Gr floor retail to include Ace Hardware. 8 affordable units on site.
Lakeview 3200*	3200 N Clark	BlitzLake Partners	Mixed-Use	Under Construction	100	3,200	59	10	
Fletcher Lofts	3141 N Sheffield	BJB Partners	Mixed-Use	Newly Delivered	90	39,000	40	8	Anchored by 30,000 SF Target; 6,000 SF office space Amenities include bike room, rooftop gym. Warehouse conversion.
508 W Diversey	508 W Diversey	Broder Diversey LLC	Mixed-Use	Under Construction	80	5,000	40	5	
3928 N Sheridan	3928 N Sheridan	Loukas Development	Mixed-Use	Proposed	56	Gr. Floor Retail	53	12	
937-945 W Belmont*	937-945 W Belmont	GW Properties	Mixed-Use	Under Construction	54	Gr. Floor Retail	11	8	
3226-3228 N Clark*	3228 N Clark	Craig Knapp Seminary Properties & Mgmt	Mixed-Use	Under Construction	33	4,000	0	7	Office or residential on floors 3-6.
3647 N Southport Ave	3647 N Southport		Mixed-Use	Proposed	24	2,500	6	7	Site of former The Alley; facade to be preserved
2941 N Clark St	2941 N Clark 1356 W	John Livaditis	Mixed-Use	Proposed	18	2,500	5	4	
1356 W Wellington	1356 W Wellington	David Trandel R & M Property Development	Mixed-Use	Permitted	12	2,600	12	4	For-sale units.
3026 N Lincoln	3026 N Lincoln		Mixed-Use	Under Construction	10	Gr. Floor Retail		2	Formerly Herdegen-Brieske Funeral Home
3423 N Broadway	3423 N Broadway	Sustainabuild	Mixed-Use	Newly Delivered	9	Gr. Floor Retail	13	3	Office space on 1st floor
The Park at Wrigley Field	3659 N Clark	Hickory Street Capital	Mixed-Use	Newly Delivered	3	Gr. Floor Office	4	3	Anchored by Cubs front office and American Airlines conference center
2950 N Sheridan	2950 N Sheridan	Wirtz Realty	Residential	Newly Delivered	N/A	Not Available			
450-54 West Belmont	450 W Belmont	Chioros Properties, Inc	Residential	Newly Delivered	82	NA	113	19	
927-929 W Irving Park	927 W Irving Park	Dave Gassman	Residential	Under Construction	80	NA	51	18	Demolition permits received 4/19/2018.
Whole Foods Market	3201 N Ashland	Whole Foods	Residential	Under Construction	28	NA	14	5	
Mariano's	3030 N Broadway		Commercial	Newly Delivered		75,000			
Total Residential Units and Commercial SF						1,224	428,400		Opened in August 2016

Source: Based on secondary sources deemed reliable as of April 2018

\* - Located within RPB District

Pink = Status change since March 2017

Since March of 2017, an additional seven projects have been proposed in the Market Area. As shown in the table below, four of these are mixed-use projects that will include residential units, and three are exclusively commercial. A key redevelopment site identified in the market study is the former Lakeview Learning Center at 3300 N. Clark, located within the smaller RPB District. It has since been acquired by Blitzlake Partners, which proposes 140 new rental units and 11,500 square feet of ground floor commercial space.

The other three new mixed-use projects in the Market Area include the Artis Senior Living development at 3535 N. Ashland. This development has received a permit to build 136 new age-restricted units above ground floor commercial. The strictly commercial projects include two new bar/restaurant establishments and a 3-story climbing gym on the site of the former Taco Bell on Addison Street. Tied House, a project from the owners of Schubas Tavern, has recently been completed and is open for business.

RPB Market Area, New and Proposed Developments since March 2017									
Project Name	Address	Developer	Proposed Use	Status	Units	Commercial SF	Parking	Floors	Notes
Lakeview Learning Center*	3300 N Clark	BlitzLake Partners	Mixed-Use	Proposed	140	11,500	20	8	66 bike parking stalls.
Artis Senior Living	3535 N Ashland	Artis Senior Living	Mixed-Use	Permitted	136	Gr. Floor Retail	34	5	Permitted 7/11/2017
3200 N Southport	3200 N Southport		Mixed-Use	Proposed	24	4,500	7	5	
3122 N Broadway	3122 N Broadway		Mixed-Use	Proposed	17	2,200	0	4	
1035 W Addison	1035 W Addison	Terraco	Commercial	Proposed			0	2	Renderings show rooftop patio
1111 Addison	1111 W Addison	West Addison Development	Commercial	Proposed		40,000		3	Former Taco Bell site. 3-story climbing gym.
Tied House	3157 N Southport	Schubas Tavern	Commercial	Newly Delivered				2	Tied to Schubas Tavern
<b>Total Residential Units and Commercial SF</b>					<b>317</b>	<b>58,200</b>			

Source: Based on secondary sources deemed reliable as of April 2018

\* - Located within RPB District

These new projects, when added to the 23 projects noted in the March 2017 document, bring the total to 30 recently delivered, under construction, permitted, and proposed projects, with totals of 1,541 new residential units and nearly 500,000 square feet of new commercial space. For this densely populated Market Area with few large-lot redevelopment sites, the large number of new developments indicates continued strong markets for both residential and commercial space.

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## 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 is expected to 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 plans to construct a new Red-Purple Bypass where northbound Brown Line trains travel across tracks of the Red and Purple line tracks, just north of Belmont. According to the CTA, with a bypass, dedicated track for the Brown line would provide a reduction in delays and improve reliability, increase Red Line train capacity by 30 percent, add 6-9 trains per hour during rush hours, and increase Red and Purple lines speed by 60 percent at the Bypass. Also included in the project is the realignment and replacement of tracks between Belmont Avenue on the south and Newport and Cornelia Avenues on the north. 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 demand (6-10 years) 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 RPB DISTRICT AND RPB MARKET AREA

The focus of this report is the Red Purple Bypass (RPB) District, defined broadly as Wilton Avenue, Sheffield Avenue, and Clark Street, from Belmont Avenue on the south to Cornelia Avenue on the north. This district runs generally north along the CTA Red and Purple line tracks, as shown in the larger map in Figure 1.

The Market Area used for analysis in this report is defined as the Lakeview Community Area, shown in the smaller map in Figure 1, in context to the RPB District. Lakeview is one of 77 Community Areas officially recognized by the City of Chicago for planning purposes. The boundaries of the Lakeview Community Area are Diversey Parkway on the south, Irving Park Road on the north, Ravenswood Avenue on the west, and Lake Michigan on the east. Several distinct neighborhoods are located in the Lakeview Community Area, including Wrigleyville, so-called for its location surrounding Wrigley Field, home of the Chicago Cubs baseball team, located just north of the RPB District, at Addison and Clark Streets. The Lakeview Community Area will hereafter be referred to as the RPB Market Area.

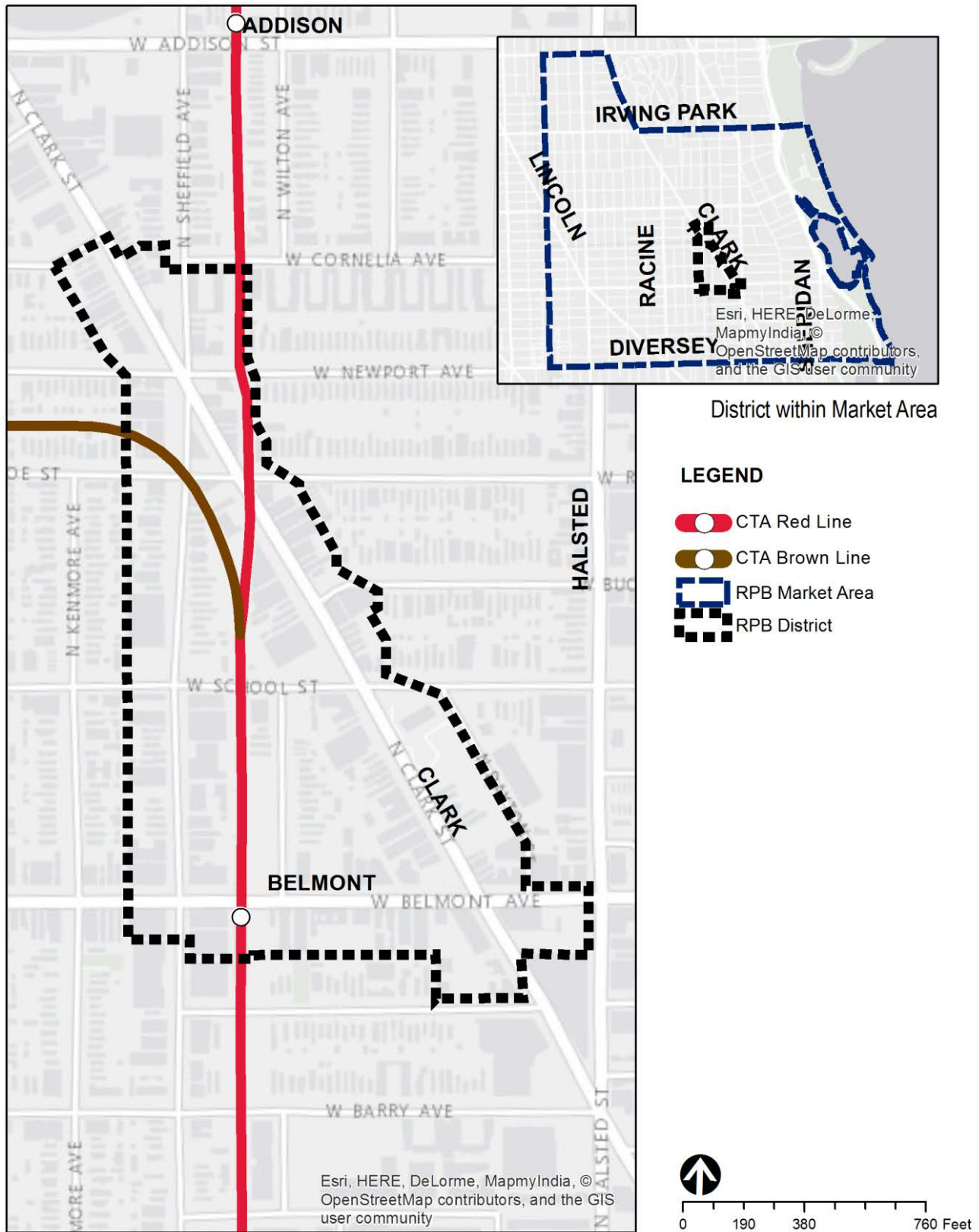


Figure 1: RPB Context Maps

Source: Goodman Williams Group

### STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) OF RPB DISTRICT

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

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>- District is well-served by transit.</li> <li>- Northside Chicago location is desirable for its commercial, cultural, and entertainment amenities.</li> <li>- The Market Area blends the comfort of neighborhood living with the ease of access to Downtown.</li> <li>- Highly educated and affluent population is attractive to developers and will support additional development.</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>- The majority of parcels in the District are smaller and difficult to assemble, making larger-scale redevelopment difficult.</li> <li>- The design and street-level treatment of the Pointe at Clark Street development (3131 N Clark) discourages pedestrian traffic to the RPB District from south on Clark Street.</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>- Potential exists for higher density development, given recent changes in TOD zoning.</li> <li>- Expected RPM improvements will further enhance area's transit offerings.</li> <li>- Chicago Cubs' 2016 World Series win raises profile of the team, ballpark, and surrounding area.</li> <li>- Vision of creating a year-round entertainment destination at Addison &amp; Clark Streets has the potential of attracting additional visitors to the area.</li> <li>- Lakeview 3200 development redefines the area of Belmont and Clark Streets.</li> <li>- A future redevelopment of the MB Bank site would further strengthen the Belmont and Clark Street corridors.</li> <li>- Potential redevelopment of 3310-3300 N Clark (Lakeview Learning Center – Truman College) presents opportunity for larger scale assembly.</li> <li>- Vacant Sports Authority center at 3134 N Clark presents opportunity for redevelopment.</li> </ul>	<p><b>Threats:</b></p> <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>- Continued development of Wrigleyville has potential of changing character of neighborhood and discouraging some segments of residential market.</li> <li>- Incidents of crime near the CTA Belmont stop and other areas have potential of making market less desirable.</li> </ul>

**Table 1:** Red-Purple Bypass SWOT Analysis

## SUMMARY OF CONCLUSIONS

### Residential Market Findings

Demand for new housing within the RPB Market Area will, for the foreseeable future, remain strong. Currently, new developments are set to add more than 1,200 new residential units to the Market Area within the next 3-5 years. Our base case forecast of new home demand based on normal levels of household growth and housing replacement suggests that the RPB Market Area will experience demand for roughly 120 ownership units and 220 rental units per year for the next 5-10 years. However, actual absorption potentials – particularly in the rental sector – could be significantly higher, considering the amount of latent demand that exists within the Market Area.

A portion of this demand will accrue to the RPB District, with absorption potentials limited primarily by site availability. The spine of the District is Clark Street, and the Clark Street corridor from Belmont to Addison will soon benefit from two new mixed-use anchors: Lakeview 3200 to the south and Addison & Clark to the north. These developments – together with other improvements and additions to the area around Wrigley Field – are expected to spur additional development interest along the corridor. A number of additional possible redevelopment sites exist along the corridor, particularly between Belmont and Roscoe. In particular, the Lakeview Learning Center at 3310 N Clark Street and the MB Bank site at the southeast corner of Clark Street and Belmont Avenue are attractive redevelopment sites, and if other adequately-sized parcels can be assembled, the corridor could accommodate a significant number of new rental units in larger-scale mixed-use buildings. Moreover, the development of smaller-scale residential and mixed-use buildings – such as those planned for 3228 N. Clark and 945 W. Belmont – is likely to continue as well.

Successful new rental developments in the District will feature a high level of design, and offer upgraded unit finishes and appliance packages and in-building amenities that will appeal to Millennials. Supportable rents for studio, one, and two-bedroom units are likely to fall in the \$3.00 - \$3.15 per square foot range (in 2017 dollars). Housing affordability will likely continue to be an issue for some households, as rental rates continue to rise. Since many of these renters will be working in the Central Area, demand for parking in this area that is exceptionally well-served by transit is expected to be minimal.

As the post-recession condominium market continues to strengthen, future smaller-scale for-sale development is also possible in the District. Flats and smaller condominium buildings are more likely to be located along Belmont, Sheffield, or Wilton than along Clark Street. The target market for these units would likely be aging Millennials seeking “move-up” options that offer more space and better amenities. Prices (in 2017 dollars) will likely begin in the upper \$300,000s for one-bedroom units and low to mid-\$500,000s for two-bedroom units, not including the cost of parking.

### Commercial Market Findings

The RPB District is a vibrant commercial area that thrives on its proximity to Wrigley Field and the Belmont CTA station. The new hotel and commercial developments near the intersection of Clark and Addison will contribute to making Wrigleyville a year-round entertainment destination, strengthening demand in particular for eating and drinking establishments. Within the RPB District itself, more than 55,000 square feet of new commercial space (not including hotel rooms) has

recently come on line or is proposed in the near-term, including the 30,000 square foot Target under construction at Lakeview 3200.

Limited net absorption figures in recent years suggest that much of the commercial activity that has occurred along Clark Street, Belmont, and Sheffield has been churning—new tenants coming in to replace tenants moving out. In some cases, particularly along Belmont, more national tenants have moved in. This trend has contributed to rents that have risen to an average in excess of \$41 on a net per square foot basis.

While the District has some national retailers and entertainment uses, its character has primarily been shaped by the presence of smaller, independently owned businesses. A survey of 170 ground-floor commercial spaces in the District included 54 restaurants, 16 bars, 33 retailers, and 21 personal service businesses, the vast majority of which were locally owned. At the time of our survey, 16 ground-floor commercial storefronts were vacant, for a vacancy rate of 9%. Some of these vacancies are in buildings that are being acquired by the CTA for the RPM construction or are on sites that are in various stages of redevelopment.

Most retail development is supported by households living close by, so future residential development in and adjacent to the RPB District bodes well for commercial growth. To the extent that new commercial space catering to residents is built in the RPB District, it will likely occupy ground floor space in new mixed-use developments with residential on the upper floors. Typical tenants would be fitness studios and personal service businesses as well as retailers and food and beverage operations.

The market for upper floor commercial uses in the RPB District is more limited, and would likely prove less attractive financially than residential units. Possible upper floor non-residential uses could include office space (either for a company or co-working spaces), event space, and fitness uses. Additionally, a community-focused space, perhaps with a cultural theme, could be considered, but would likely need to be subsidized. In some cases, a developer might be willing to accept lower-than-market rent for upper floor space if the overall development were profitable, and the community use brought people to the building.

Visitors to the RPB District are a large and growing source of demand for new commercial development. The Chicago Cubs' home games are estimated to attract more than 3.2 million fans per season. Improvements to Wrigley Field (The 1060 Project), additional programming inside and outside the stadium on the new Plaza, new theaters, bowling alleys, restaurants, and other entertainment venues will bring more people to the District from the Market Area, other parts of the City, and from the region. Additionally, more than 220 new hotel rooms will add overnight visitors. In combination, these visitors will support additional bars and restaurants, as well as some specialty retailers.

Smaller in-fill projects will continue to represent opportunities for limited commercial development in mixed-use projects, such as at 945 W Belmont. However, 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 RPB District that could accommodate ground floor commercial space.

## DEMOGRAPHIC AND EMPLOYMENT OVERVIEW

The demographic trends within the RPB Market Area form the basis for analyzing changes that have been occurring and help forecast future market conditions in the RPB District.

### POPULATION AND HOUSEHOLD CHARACTERISTICS

The RPB Market Area has continued to gain population (6.4%) between 1990 and 2016, in contrast to the City of Chicago, which lost 0.4% of its population in that time. Most of the population gain in the Market Area occurred between 1990 and 2000, with the Market Area gaining 3,786 people during those years and just 2,050 since then. The total number of households in the Market Area also increased (4.9%), as did housing units, which increased 5.3% over the same time period. After dipping in 2000 to an average of 1.65 people per household, the average household size has risen modestly to 1.74 people per household in 2016, as compared to the City of Chicago at 2.52. Despite this increase in average household size, the number of households with children below the age of 18 decreased by 255 between 2000 and 2016 (not shown on table).

Median household income in the RPB Market Area continues to exceed that of the City of Chicago. Between 1990 and 2016, median household income increased \$39,003, compared to the City of Chicago which increased \$23,230 over the same time period. According to 2016 estimates, the Market Area's median household income was significantly higher than the City of Chicago (\$80,367 vs \$49,531).

Red Purple Bypass Market Area, Population and Household Trends						
Summary	1990	2000	2010	2016 Estimates	Difference 1990-2016	% Change 1990-2016
Total Population	91,031	94,817	94,368	96,867	5,836	6.4%
Total Households	52,898	54,187	54,425	55,478	2,580	4.9%
Total Housing Units	57,690	59,396	59,529	60,769	3,079	5.3%
Average Household Size	1.71	1.65	1.72	1.74		1.8%
Household Characteristics						
Family Households		14,219	13,936	13,964		-1.8%
Median Age		32.0	30.5	31.5		-1.6%
Median Household Income	\$41,364	\$53,881	\$70,746	\$80,367	\$39,003	94.3%
City of Chicago, Population and Household Trends						
Summary	1990	2000	2010	2016 Estimates	Difference 1990-2016	% Change 1990-2016
Total Population	2,783,726	2,896,016	2,695,598	2,772,357	-11,369	-0.4%
Total Households	1,025,174	1,059,177	1,045,560	1,077,914	52,740	5.1%
Total Housing Units	1,133,039	1,150,809	1,194,337	1,228,014	94,975	8.4%
Average Household Size	2.71	2.67	2.52	2.52		-7.0%
Household Characteristics						
Family Households		632,558	576,793	587,164		-7.2%
Median Age		31.5	33.1	33.9		7.6%
Median Household Income	\$26,301	\$38,625	\$46,877	\$49,531	\$23,230	88.3%

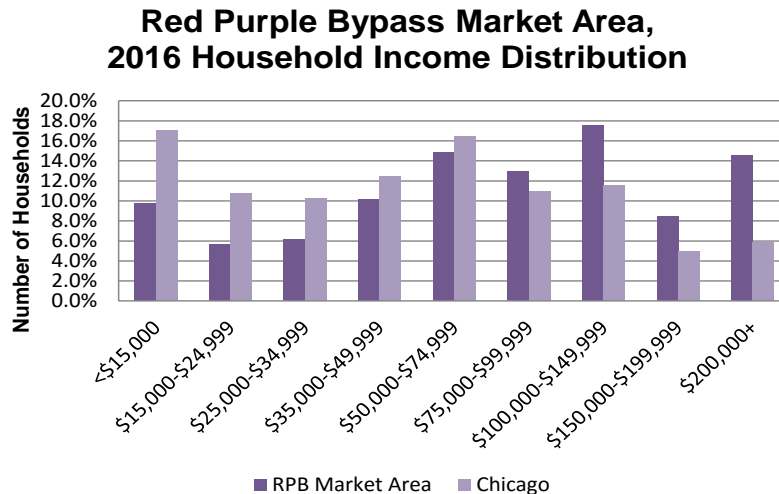
Source: 1990/2000/2010 data from U.S. Census Bureau. Where Census Data not available, estimates are from Esri Business Analyst

Note: Change in family households and median age represent the change from 2000-2016

**Table 2:** RPB Market Area/City of Chicago Population & HH Trends

### Income Characteristics

Similar patterns exist when we look at income distribution for the Market Area. 40.5% of the households in the Market Area earn greater than \$100,000 on an annual basis, significantly above the comparable City of Chicago percentage, which is 22.4%. Overall, these income numbers reflect a relatively affluent Market Area with a significant number of households at the higher end of the income spectrum (\$100,000 and above). Despite these relatively high income levels, approximately 15.4% of households in the Market Area earn less than \$25,000, still far less than in the City of Chicago at 27.8%.



**Figure 2:** RPB Market Area HH Income Distribution

Source: Esri Business Analyst, 2016 Estimates

### EDUCATIONAL ATTAINMENT

As would be expected with these relatively high income levels, educational attainment in the RPB Market Area is high. Of the Market Area population 25 years or older, 80.1% have earned a Bachelor's, Graduate, or Professional degree in 2016, as compared to the City of Chicago with a 36.1% rate for those with the same level of education. This has increased significantly since 1990, when levels were 53.1% in the Market Area and 19.5% for the City of Chicago. Further, the population with a high school diploma or less education dropped from 25.8% in 1990 to 6.4% in 2016 in the Market Area.

Population 25 + by Educational Attainment, Red-Purple Bypass Market Area						
	1990		2016		Difference 1990-2016	% Change 1990-2016
		% of Total		% of Total		
Total Population Age 25+	70,177		75,897		5,720	8.2%
No high school diploma	9,134	13.0%	1,594	0.7%	-7,540	-82.5%
High School Graduate	8,983	12.8%	4,326	5.7%	-4,657	-51.8%
Some College, no degree	11,843	16.9%	6,755	8.9%	-5,088	-43.0%
Associate's Degree	2,935	4.2%	2,353	3.1%	-582	-19.8%
Bachelor's Degree	23,072	32.9%	35,672	47.0%	12,600	54.6%
Graduate or professional degree	14,210	20.2%	25,122	33.1%	10,912	76.8%

Source: Esri Business Analyst 2016 estimates

**Table 3:** RPB Market Area Population by Educational Attainment

## AGE CHARACTERISTICS

The median age in the RPB Market Area remains largely unchanged in recent years, from 29.2 in 2010 to 29.5 in 2016, and skews younger than the City as a whole, which has a median age of 33.9. Young professionals, or Millennials, age 25-34 continue to dominate all age cohorts in the Market Area, comprising 39.6% of the total population, as compared to the City of Chicago, in which this age cohort is 18.9%. The Baby Boomer segment (55-74) grew at the fastest rate over the time period, and now represents 11.7% of the population in the Market Area, up from 10.8% in 2010.

Red Purple Bypass Market Area, Age Distribution				
Age Cohort	2010	2016 Estimates	% Change from 2000-2016	% of 2016 Total
0-14	7,918	8,281	4.6%	8.5%
15-24	14,208	12,689	-10.7%	13.1%
25-34	37,420	38,384	2.6%	39.6%
35-44	13,802	14,485	4.9%	15.0%
45-54	8,061	8,269	2.6%	8.5%
55-74	9,837	11,371	15.6%	11.7%
75+	3,122	3,388	8.5%	3.5%
Median Age	29.2	29.5		
City of Chicago, Age Distribution				
Age Cohort	2010	2016 Estimates	% Change from 2000-2016	% of 2016 Total
0-14	516,430	519,032	0.5%	18.7%
15-24	405,960	399,163	-1.7%	14.4%
25-34	515,551	522,915	1.4%	18.9%
35-44	378,139	386,995	2.3%	14.0%
45-54	338,737	328,299	-3.1%	11.8%
55-74	413,944	481,765	16.4%	17.4%
75+	126,837	134,187	5.8%	4.8%
Median Age	33.1	33.9		

Source: ESRI Business Analyst

**Table 4:** Age Distribution in Market Area vs. Chicago

## RACE AND ETHNICITY

The RPB Market Area is predominantly White, with Whites comprising an estimated 83.7% of the population in 2016. The racial diversity overall has changed over time, with Black, American Indian, and Some Other Race categories all declining between 2000 and 2016. However, the Asian/Pacific Islander population has increased since 2000, and now represents 7.4% of the total population.

In terms of ethnic composition, the Hispanic population decreased between 1990 and 2010, from 12,932 to 7,198. The 2016 estimate shows an increase back to 2000 levels and the percentage of residents in the RPB Market Area population who identify as Hispanic is now estimated at 8.6%. This compares to an estimated 30.8% Hispanic population in the City of Chicago.

Red Purple Bypass Market Area, Race and Ethnicity Trends						
Population by Race	1990	2000	2010	2016 Estimates	% Change 2000-2016	% of 2016 Total
Population Reporting One Race						
White	68,204	75,363	80,333	81,083	7.6%	83.7%
Black	5,820	4,305	3,801	3,397	-21.1%	3.5%
American Indian	368	234	189	186	-20.5%	0.2%
Asian/Pacific Islander	4,083	5,232	5,771	7,212	37.8%	7.4%
Some Other Race	5,907	3,187	2,107	2,430	-23.8%	2.5%
Population Reporting Two or More Races		2,045	2,167	2,559	25.1%	2.6%
<b>Total Hispanic Population</b>	<b>12,932</b>	<b>8,268</b>	<b>7,198</b>	<b>8,348</b>	<b>1.0%</b>	<b>8.6%</b>

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

**Table 5:** RPB Market Area Race and Ethnicity Trends

## EMPLOYMENT CHARACTERISTICS

### Employment Numbers

Overall the Market Area has gained more than 3,000 jobs since 2005, an increase of 17%. Given the large number of dining options in the Market Area, it is perhaps not surprising that Accommodations and Food Services represents the largest share of the job market, at 26.1%, and accounts for nearly half (1,355) of the jobs gained in the market since 2005. Other primary areas of employment include Retail Trade (15.4%), and Health Care and Social Assistance (14%), which picked up more than 1,000 jobs since 2005. Arts, Entertainment, and Recreation gained relative to other areas, picking up 770 new jobs, over the same time period.

Red Purple Bypass Market Area, Jobs by NAICS Industry Sector					
	2005 Count	2010 Count	2014 Count	Share	% Change 2005-2016
Accommodation and Food Services	4,006	5,121	5,361	26.1%	33.8%
Retail Trade	3,872	3,421	3,154	15.4%	-18.5%
Health Care and Social Assistance	1,784	2,501	2,865	14.0%	60.6%
Other Services (excluding Public Administration)	1,534	1,501	1,567	7.6%	2.2%
Professional, Scientific, and Technical Services	947	1,198	1,347	6.6%	42.2%
Arts, Entertainment, and Recreation	439	534	1,209	5.9%	175.4%
Administration & Support, Waste Management and Remediation	587	364	1,185	5.8%	101.9%
Educational Services	603	749	675	3.3%	11.9%
Real Estate and Rental and Leasing	745	610	582	2.8%	-21.9%
Manufacturing	653	438	522	2.5%	-20.1%
Finance and Insurance	608	534	519	2.5%	-14.6%
Wholesale Trade	480	490	386	1.9%	-19.6%
Information	344	346	342	1.7%	-0.6%
Construction	760	759	301	1.5%	-60.4%
Management of Companies and Enterprises	15	27	268	1.3%	1686.7%
Transportation and Warehousing	122	66	205	1.0%	68.0%
Public Administration	1	0	29	0.1%	2800.0%
<b>Total Primary Jobs</b>	<b>17,501</b>	<b>18,668</b>	<b>20,517</b>		<b>17.2%</b>

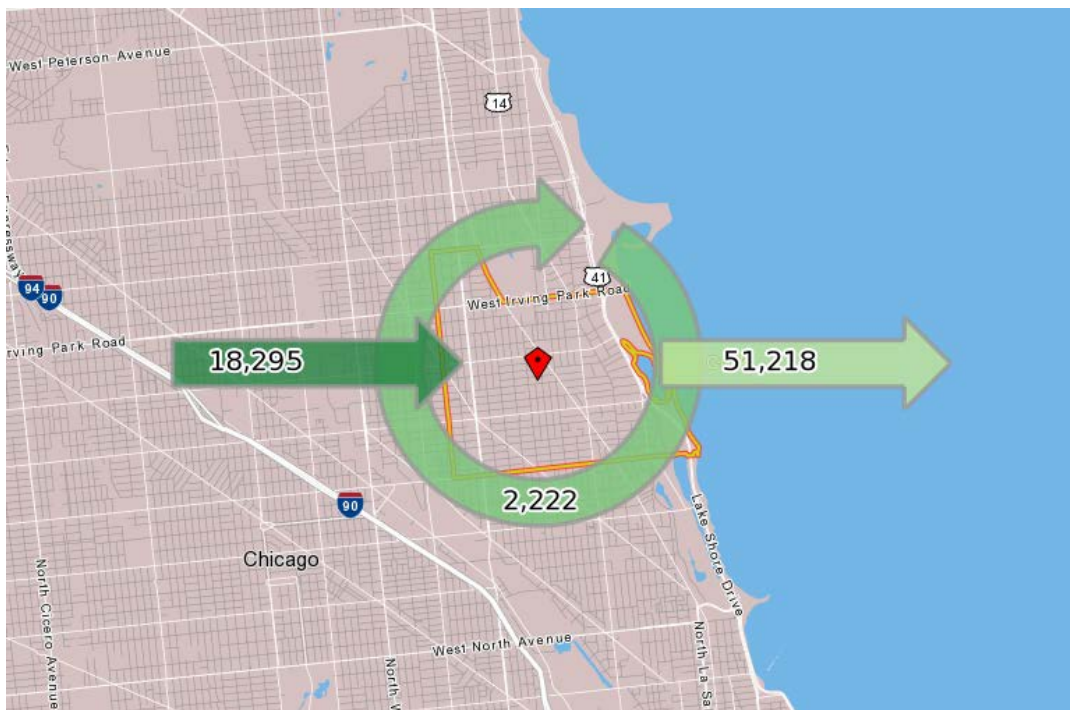
Source: OnTheMap, U.S. Census Bureau

**Table 6:** RPB Market Area Job Trends

Larger employers in the market area contribute to the number of health care workers, and include Presence Saint Joseph Hospital, and Advocate Illinois Masonic Medical Center. Other anchor employers include Northwestern University Research Department and Chicago Cubs Baseball Club.

#### Worker Inflow and Outflow

In addition to looking at the employment numbers within the RPB Market Area, we also examined additional employment characteristics. As shown in Figure 3, worker inflow and outflow data considers whether residents of the RPB Market Area are working within the defined Market or elsewhere. In 2014, 95.8% (51,218) of the workers living in the RPB Market were employed elsewhere. Less than 5% (2,222) lived and worked in the Market, while an additional 18,295 people commuted into the area for work. Of those residents who were commuting outside of the Market, the largest employment destination was, not surprisingly, the Central Area, which in 2014 captured more than half of Market-Area-based employees.



**Figure 3:** Worker Inflow/Outflow Patterns

Source: 2014 American Community Survey

Other minor employment location clusters for residents of the RPB Market included Evanston (Northwestern University), Hyde Park (University of Chicago), O'Hare, and Rush University Medical Center.

## DEVELOPMENT TRENDS

### CATALYSTS FOR DEVELOPMENT

The RBD District is book-ended by major new development at its south end (Lakeview 3200) and just north of the District (Wrigley Field and environs). The type and amount of development proposed in the District is impacted by these developments as well as by the 2015 TOD ordinance, as discussed below.

#### Wrigleyville Developments

The Ricketts family, owner of the Chicago Cubs baseball team, is aggressively pursuing the goal of creating a year-round entertainment destination at Wrigley Field and the surrounding area. Changes to the Wrigley Field stadium, known as the 1060 Project, are underway. The Project includes structural upgrades, improved player facilities, new fan amenities, outfield signage, new premier clubs, expanded concessions, and improved restroom facilities. The project began in 2014, and is being rolled out in 4 phases, to conclude in 2018. Contributing to the excitement of these improvements to the stadium is the fact that the 2016 Chicago Cubs won the World Series for the first time in 108 years.



**Figure 4:** Wrigley Field after the Cubs' 2016 World Series win.  
Photo credit: Yahoo Sports.

Several key developments adjacent to Wrigley Field include Addison & Clark, The Park at Wrigley Field, and Hotel Zachary (profiled individually on the following pages). Taken together, these are expected to dramatically change the Wrigleyville neighborhood and impact the residential and commercial markets.

Year-round offerings are expected to include a summer concert series, college football games inside Wrigley Field, an outdoor plaza with year-round programming, and other entertainment options at the Addison & Clark development, such as bowling and an upscale movie theatre.

Similar in vision, Fenway Park in Boston serves as a model of a year-round entertainment destination. The historic ballpark is located within a vibrant mixed-use neighborhood. Over the last

decade, a new wave of development has occurred around Fenway Park, bringing to the area new dining and entertainment venues, as well as new residential development to support these new neighborhood businesses. In addition to the improvements in and around the ball park, the colleges and hospitals located nearby contributed to the investment in the neighborhood.

#### Lakeview 3200

Lakeview 3200 is a new mixed-use development at the northwest corner of Belmont and Clark Streets that will be delivered to the market in 2017. Its location provides a southern anchor to development in the District. It is further profiled in the following pages.

#### 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 of a mile of a CTA station to a 1/4 mile, with significantly reduced parking requirements. Both additional FAR (floor area ratio) and the reduced provision of parking can dramatically change the financials of a potential project, making new sites and projects more feasible. The RPB District is well served by the CTA's Red, Brown Line and Purple lines, with the junction at Belmont Avenue. The larger market area includes a total of seven CTA stops. According to the *Transit Oriented Development Plan Existing Conditions Report*, many sites within the District are "transit served locations" and are eligible for a parking reduction and/or FAR increases. This new zoning tool has already benefitted developments in the area, such as Lakeview 3200, and has the potential of unleashing additional development potential in the RPB District.

### NEW AND PROPOSED DEVELOPMENTS

The pipeline of new and proposed developments in the RPB Market Area is robust. If all the currently proposed projects are delivered to the market as envisioned, there is potential for more than 1,200 new residential units and 650,000 SF of commercial space, including several large-scale developments that will have a larger impact on the Market. Of this commercial total, 393,000 SF (60%) is represented by two projects adjacent to Wrigley Field, Hotel Zachary and the Addison & Clark Development.

In general, the market is delivering a greater number of mixed-use projects (16), as compared to residential only projects (3), or retail only projects (2). Mixed use development offers the benefit of adding new residential units to the Market, while maintaining ground-floor commercial amenities. On the residential side, the multi-family (check throughout report: not multifamily?) projects range in size from 148 units at Addison & Clark to 19 units at 2941 N Clark Street. Excluding hotels, the largest commercial development is also at the Addison & Clark development, with 155,000 SF.

Of the exclusively retail projects under construction, both are new grocery store anchors in the Market Area. They are Whole Foods Market and Mariano's (3030 N Broadway), which together represent 148,700 commercial SF, or 22% of the total. In February 2017, Target announced it will move into the 31,000 SF space at 3300 N Ashland Avenue, which is being vacated by Whole Foods, with its move to a larger store at 3201 N Ashland.

As discussed above, more of the developments in the pipeline have been utilizing the City's 2015 TOD Ordinance and providing less parking for residents and customers. Lakeview 3200, for example, is offering 40 parking spaces for 90 residential units and 39,000 square feet of commercial space, with 38 being set aside for the retail uses. Additionally, Fletcher Lofts is an 80 unit building with 5,000 square feet of commercial space on the ground floor and only 40 parking spaces. There are more developments proposed aiming to take advantage of lower parking requirements including a 54-unit development with only 11 parking spaces at 3928 N. Sheridan, a 120 unit mixed-use project with only 14 parking spaces at 3921 N. Sheridan and a mixed-use project with 33 residential units and zero parking proposed for 937-945 W. Belmont.

It should also be noted that additional development projects could be in more informal stages of planning, with information not publicly available. This is likely occurring on Diversey Avenue east of Clark Street, where several buildings have recently been demolished, and older single-story commercial space is underutilized at 600-606 W. Diversey, 521 W. Diversey, and 538 W. Diversey.

RPB Market Area, New and Proposed Development										
Map ID	Project Name	Address	Developer	Proposed Use	Status	Residential Units	Commercial SF	Parking	Floors	Notes
1	Hotel Zachary	3630 N Clark	Hickory Street Capital	Hotel	Under Construction	175 Hotel rooms	238,000		7	To include McDonalds, Big Star and Smoke Daddy BBQ, WinTrust Bank, West Town Bakery
2	Wheelhouse Hotel*	3469-3475 N Clark	Horizon, Marc Realty, Urban Holiday	Hotel	Demolition	53 Hotel rooms	41,000		5	Includes abandoned building just north of formerly vacant lot; 3,800 SF ground floor retail
3	Addison & Clark	1025 W Addison	M&R Development, Bucksbaum Retail	Mixed-Use	Under Construction	148	155,000	405		Commercial uses include Shake Shack, Cinemex theaters, 30,000 SF Lucky Strike Entertainment. Res. mix includes studio, 1 bd, 2 bd luxury units.
4	3833 N Broadway	3833 N Broadway	Dave Gassman	Mixed Use	Under Construction	134	Gr. Floor Retail		8	Dismantling and reinstalling terracotta facade of existing building. Two levels of below ground parking.
5	3921 N Sheridan	3921 N Sheridan	Lomanto Land Trust	Mixed-Use	Permitted	120	11,000	14	7	Gr floor retail to include Ace Hardware. 8 affordable units on site.
6	3901 N Broadway	3901 N Broadway	Vermillion Development	Mixed Use	Permitted	100	3,200		10	
7	Lakeview 3200*	3200 N Clark	BlitzLake Partners	Mixed-Use	Under Construction	90	39,000	40	8	Anchored by 30,000 SF Target; 6,000 SF office space
8	Fletcher Lofts	3141 N Sheffield	BJB Partners	Mixed-Use	Under Construction	80	5,000	40	5	Amenities include bike room, rooftop gym. Warehouse conversion.
9	508 W. Diversey	508 W Diversey	Broder Diversey LLC	Mixed-Use	Permitted	56	Gr. Floor Retail	53	12	
10	3928 N. Sheridan	3928 N Sheridan	Loukas Development	Mixed-Use	Proposed	54	Gr. Floor Retail	11	8	
11	937-945 W. Belmont*	937-945 W Belmont	GW Properties	Mixed-Use	Proposed	33	+/- 10,000	0	6	Office or residential on floors 3-6
12	3226-3228 N Clark*	3228 N Clark	Craig Knapp	Mixed-Use	Proposed	24	2,500	6	7	Site of former The Alley; facade to be preserved
13	3647 N Southport Ave	3647 N Southport	Seminary Properties & Mgmt	Mixed Use	Proposed	21	2,500	6	5	
14	2941 N. Clark St	2941 N Clark	John Livaditis	Mixed-Use	Permitted	19	4,600	14	4	Anchored by Roots Pizza
15	1356 W Wellington	1356 W Wellington	David Trandel	Mixed-Use	Under Construction	10	Gr. Floor Retail		2	Formerly Herdegen-Brieske Funeral Home
16	3026 N Lincoln	3026 N Lincoln	R & M Property Development	Mixed-Use	Under Construction	9	Gr. Floor Retail	13	3	Office space on 1st floor
17	3423 N Broadway	3423 N Broadway	Sustainabuild	Mixed-Use	Under Construction	3	Gr. Floor Office	4	3	
18	The Park at Wrigley Field	3659 N Clark Street	Hickory Street Capital	Mixed-Use	Under Construction	N/A	Not Available			Anchored by Cubs front office and American Airlines conf. ctr.; 50,000 SF open air plaza; Starbuck's Reserve 2,700 SF
19	2950 N Sheridan	2950 N Sheridan	Wirtz Realty	Residential	Under Construction	82	NA	113	19	
20	450-54 West Belmont	450 W Belmont	Chioros Properties, Inc	Residential	Proposed	80	NA	51	18	
21	927-929 W Irving Park	927 W Irving Park	Dave Gassman	Residential	Proposed	28	NA	14	5	
22	Whole Foods Market	3201 N Ashland	Whole Foods/Novak Construction	Retail	Under Construction		75,000			New location to become second largest in Chicagoland
23	Mariano's	3030 N Broadway		Retail	Newly Delivered		73,700			Opened in August 2016
Total Residential Units and Commercial SF						1224	650,500			

Source: Based on secondary sources deemed reliable as of February 2017 and Goodman Williams Group field work, Nov. 2016

\* - Located within RPB District

**Table 7: New and Proposed Developments Proximate to RPB Market Area**

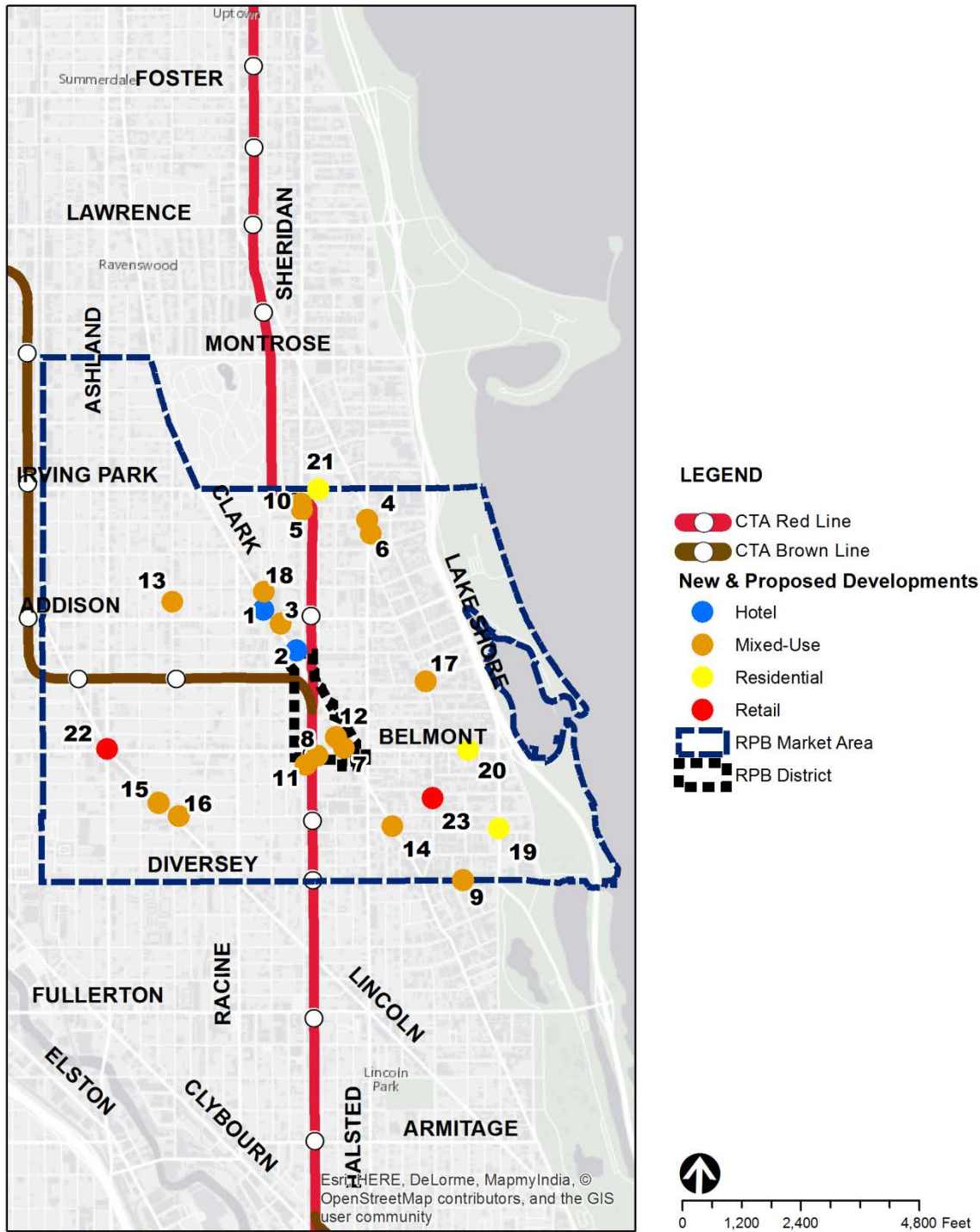


Figure 5: New & Prop. Developments Source: Goodman Williams Group

As shown in Figure 5, the majority of new and proposed development in the RPB Market Area is occurring east of Racine, and along some of the primary corridors, including Belmont, Clark Street, Lincoln Avenue and Broadway.

## PROFILE OF SELECT NEW DEVELOPMENTS

As discussed previously in the report, the redevelopment around Wrigley Field is a significant catalyst for development in the RPB District and the larger Market Area. The redevelopment of this area includes improvements at Wrigley Field itself (The 1060 Project), as well as key developments around it including Addison & Clark, The Park at Wrigley Field, and Hotel Zachary, as shown in Figure 6.



Figure 6: Wrigley Field Related Developments Source: Goodman Williams Group

### Addison & Clark Development

The Addison & Clark development has been in the planning stages since 2007 and is now under construction at the southeast corner of Addison and Clark Streets, directly across the street from Wrigley Field. The mixed-use development, with 148 residential units and 155,000 of commercial space, is designed to create an “experiential retail” environment. In the face of on-line shopping competition, developers of mixed-use developments are recruiting tenants that not only draw foot traffic but create a neighborhood gathering spot. The commercial program includes a 30,000 SF Lucky Strike bowling alley, a fitness center and a 31,000 SF Cinemex Theater, which is an upscale movie theater with food and drink offerings. Other retail tenants include Starbucks, 7-Eleven (2-locations within development), and other restaurants and breweries that are in discussions.



**Figure 7:** Rendering of Addison & Clark.  
Photo credit: AddisonParkonClark.com.

A large structured parking deck will include more than 400 parking spaces. Approximately 70 of the spaces will be reserved for residents, 200 spaces will be utilized for game-day parking, with the remaining approximately 130 spaces reserved for shoppers.

The residential program includes 148 units, and is further profiled in the Residential Section of this report. The development is expected to be complete in the Summer of 2018, with pre-leasing to begin in February 2018.

Two existing businesses, Luis Auto Repair and Sports World Chicago will remain in their current space, with Addison & Clark developed around them.

### The Park at Wrigley Field

The mixed-use development located adjacent to Wrigley Field is being developed by Hickory Street Capital, a real estate development company owned by the Ricketts family, the owners of the Chicago Cubs baseball team. A hallmark of the Park at Wrigley Field Development is the 50,000 SF open air plaza that is expected to be used for year-round programming including an ice rink, family movie nights, and farmers' markets. This follows in the Ricketts' vision of creating more family friendly activities, particularly on non-game days.



**Figure 8:** Rendering of new Cubs office building overlooking the outdoor plaza.  
Photo credit: WrigleyField.com.

In addition to the plaza, the development includes Cubs front office space, an American Airlines branded conference center, and a Starbucks Reserve. A Starbucks Reserve is an enhanced Starbucks experience with premium coffees, furnishings, and menu offerings. The first Reserve opened in 2014 in a 15,000 SF location in Seattle and has been called the “theatre of coffee.” The plaza is expected to be ready in July 2017, with the Cubs new office space ready in early 2017.

#### Hotel Zachary

The 238,000 SF Hotel Zachary will be developed at the northwest corner of Addison and Clark Streets. The 175-room hotel is also being developed by Hickory Street Capital. The developers are aiming to attract local restaurant operators, and have secured agreements for several local restaurants, including Big Star, Smoke Daddy and West Town Bakery. The local operators are intended to attract both tourists and local Lakeview residents. Restaurants will be clustered on floors one and two, with the hotel rooms offered on floors three through six.



**Figure 9:** Rendering of Hotel Zachary.  
Photo Credit: HotelZachary.com.

#### Lakeview 3200

The southern end of the RPB District will be anchored by The Lakeview 3200 development, located at 3200 N Clark Street at the northwest corner of Clark and Belmont Streets. The project was years in the making, as it required assembling several privately-owned parcels of land. The mixed-use project will offer 90 residential units and 39,000 SF of commercial space. It is nearing completion with the first residents expected to move-in in January 2017. A smaller format Target will occupy 30,000 SF of space on the first two-levels. The third floor features 6,000 SF of office space.



**Figure 10:** Picture of Lakeview 3200.  
Photo Credit: 3200 N Clark Street

The development is capitalizing on a transit-rich location. While 40 parking spaces are included with the development, 38 of those are dedicated for Target shoppers; no parking is expected to be available for the residential units. In addition to nearby Divvy stations, more than 100 bike parking spaces are being offered on-site. Other on-site amenities include a 24-hour doorman, fitness room, sun deck, and resident lounge.

The development is being positioned to appeal to those who want the ease of access to the Downtown, with the convenience of Lakeview living. Its residential offerings are further profiled in the Residential Market section.

## POTENTIAL DEVELOPMENT SITES IN RPB DISTRICT

In addition to new and proposed developments discussed, the RPB 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; and
- Uses that seem inappropriate for the location or that are known to be leaving the District.



**Figure 11:** Picture of MB Bank site.  
Photo Credit: Goodman Williams Group

Some of the opportunity sites shown on the following table are adjacent to sites the CTA will be using for RPM construction. Site assembly may make smaller CTA sites (defined here as any portions of parcel required for CTA construction that may become available after the project is complete) more attractive for development at the conclusion of RPM construction. A Development Opportunities Map that shows the locations of all these sites is included in this report as Figure 38.

In addition to the sites noted below, land adjacent to the Hattie Callner apartments, owned by the Chicago Housing Authority (CHA) at 855 W Aldine, may potentially present a redevelopment opportunity longer term. In another location, CHA has voted to approve a contingent ground lease for a new mixed-use development, adjacent to the Caroline Hedger Apartments at 6418 N Sheridan, potentially indicating a willingness to consider development adjacent to existing buildings, where land is available.

RPB District Opportunity Sites		
Address	Existing Use	Notes
3458 N Clark	Interior parking for Cubs games; other seasonal uses	Building in disrepair
3467-3455 N Clark	Vacant	Former Einstein Bagel's location, irregularly shaped parcel
3408 N Clark	Active commercial	Irregularly shaped parcel. Adjacent to CTA site. Vacation of Roscoe Street could enhance large development possibility.
3310-3300 N Clark	City Colleges of Chicago	Low-density, under-utilized.
3252 N Sheffield	Active commercial	Jerry's Auto Repair, incompatible use.
3211 N Clark	Surface parking lot	
3153-3179 N Clark	MB Bank site	Parcel is for sale.
801-807 W Belmont	MB Bank site	Parcel is for sale.

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

**Table 8:** RPB District Opportunity Sites

## RESIDENTIAL MARKET ASSESSMENT

### RESIDENTIAL MARKET FUNDAMENTALS

The RPB Market Area (also referred to in this section as “Lakeview”) encompasses a diverse array of housing types including vintage apartment units in courtyard-style buildings, rental apartments and condominiums in classic Chicago greystones and walk-ups, newly constructed luxury apartment buildings, and single family homes. Lakeview’s housing stock reflects both its working class roots and its recent attractiveness to an eclectic mix of young professionals.

Unofficially, Lakeview is subdivided into smaller neighborhoods. These include residentially dense Lakeview East (from Halsted Street east to Lake Michigan), where most of the Market Area’s high-rise buildings are located, and less dense West Lakeview (generally Southport Avenue west to Ravenswood Avenue), where single family homes and 2-4 unit walk-up buildings are prevalent. Between these neighborhoods, running from Belmont Avenue to Irving Park Road, sits Wrigleyville, named for its close association with Wrigley Field. Clark Street serves as the primary commercial thoroughfare running the length of Wrigleyville, and its large and varied collection of bars, restaurants, sports memorabilia stores, and music venues gives Wrigleyville its unique, boisterous character.

While consisting of numerous enclaves that vary in their housing composition and pricing, Lakeview as a whole is immediately recognizable to most Chicagoans as a desirable Northside neighborhood. As previously discussed, the Market Area for the RPB District is defined as the entire Lakeview Community Area. The largest single portion of market support for any new housing developed within the RPB District will emanate from within this Market Area, although it can also be expected to draw new residents from other areas of the City and beyond.

### Market Area Demographic Profile

The demographic profile within the Market Area has changed over the last three decades, bringing with it increased housing price escalation and gentrification. Lakeview East, known for its large gay, lesbian, bisexual, and transgendered (LBGT) population, includes the North Halsted enclave known as “Boystown” that became, in the late 1990s, the country’s first officially recognized Gay Village. In addition, families are also evident throughout Lakeview, with the Southport Avenue corridor a particular magnet for parents with young children. Generally, however, Lakeview retains its youthful character and is home to a large number of younger singles who enjoy the diverse nightlife and other entertainment offerings as well as easy access to Downtown Chicago employment via CTA trains and buses.

As of the 2010 Census, more than 51% of households within Lakeview consisted of one person (compared to 35% for the City of Chicago as a whole). However, the aging of Millennials will continue to drive demographic change within the Community Area. For example: while persons age 20-24 made up 13.6% of the population of Lakeview in 2010, that percentage is expected to fall to 8.3% by 2021. Moreover, the number of residents aged 25-44 is expected to increase as a percentage of population during this timeframe. These changes will impact the local housing market, primarily by driving increased demand for “move-up” housing options in both the rental and for-sale sectors.

Population by Age RPB 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	4,369	4.6	4,154	4.3	4,261	4.3	107	2.6
5-9	2,197	2.3	2,474	2.6	2,684	2.7	210	8.5
10-14	1,352	1.4	1,653	1.7	1,700	1.7	47	2.8
15-19	1,416	1.5	1,631	1.7	1,508	1.5	-123	-7.5
20-24	12,792	13.6	11,058	11.4	8,225	8.3	-2,833	-25.6
25-34	37,420	39.7	38,384	39.6	40,884	41.5	2,500	6.5
35-44	13,802	14.6	14,485	15.0	16,209	16.5	1,724	11.9
45-54	8,061	8.5	8,269	8.5	7,997	8.1	-272	-3.3
55-64	6,110	6.5	6,617	6.8	6,300	6.4	-317	-4.8
65-74	3,727	3.9	4,754	4.9	5,132	5.2	378	8.0
75-84	2,069	2.2	2,236	2.3	2,500	2.5	264	11.8
85+	1,053	1.1	1,152	1.2	1,125	1.1	-27	-2.3
<b>Total</b>	<b>94,368</b>	<b>100.0</b>	<b>96,867</b>	<b>100.0</b>	<b>98,525</b>	<b>100.0</b>	<b>1,658</b>	<b>1.7</b>
<b>Med. Age</b>	<b>30.5</b>		<b>31.5</b>		<b>32.4</b>		<b>---</b>	

<sup>(1)</sup> Estimate

<sup>(2)</sup> Projection

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

**Table 9:** RPB Market Area Population by Age

The population of the RPB District, as estimated by Esri, stands at 1,725 (representing 1.8% of the current population of Lakeview overall) distributed among 962 households. The District population has grown by 84 people, or 5.1%, since the 2010 Census, while the number of households has grown by 42, or 4.6%.

## OCCUPANCY AND TENURE CHARACTERISTICS

As of the 2015 American Community Survey (ACS) there were an estimated 57,412 housing units within the RPB Market Area, of which 52,403 were occupied. Not surprising, given its relatively young age profile, Lakeview exhibits a high renter-occupancy rate of 63.8% when compared to the City of Chicago as a whole, at 55.7%.

Housing Occupancy Characteristics RPB Market Area & City of Chicago		
Attribute	Lakeview	Chicago
Total Housing Units	57,412	1,192,544
Occupied Housing Units	52,403	1,035,436
Owner-Occupied	18,990	458,593
Percent	36.2	44.3
Renter-Occupied	33,413	576,843
Percent	63.8%	55.7%
Vacant Housing Units	5,009	157,108
Homeowner Vacancy Rate (%)	2.5	3.1
Rental Vacancy Rate (%)	5.3	7.0

Source: U.S. Census Bureau

**Table 10:** RPB Market Area Housing Occupancy Characteristics

According to ACS estimates, slightly more than 5,000 housing units in Lakeview are vacant. Of these, 483 are for sale and 1,878 are for rent, equating to vacancy rates of 2.5% for ownership units and 5.3% for 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 considered moderately high for ownership units and low for rental units. (By comparison, in markets national-wide, ownership and rental vacancy rates of 1.5% and 7.4%, respectively, are considered balanced.) It should be noted, however, that the for-sale market in Lakeview has strengthened considerably since data for the 2015 estimates were collected, and it is highly likely that the current *actual* ownership vacancy rate is lower, as evidenced by tight inventory conditions within the Lakeview for-sale market. Nevertheless, vacancy rates within Lakeview are significantly lower than those for Chicago as a whole, at 3.1% and 7.0% for ownership and rental units, respectively.

### INCOME BY HOUSING TENURE

Shown below is an analysis of income by housing tenure utilizing data from the American Community Survey. (Note that these data may differ from other measures of current household income, as they reflect the Census Bureau's five-year estimates from 2011-2015.) As shown in the following table, significant income disparity exists among homeowner and renter households within the Community Area. Specifically, among homeowner households in Lakeview, the median household income stands at \$133,252, more than 127% higher than that of renter households, at \$58,625. Note that this discrepancy can be explained in part by the fact that renter households are generally younger than homeowner households. Specifically, within the Market Area the median age of renter householders is 32 while that of homeowner households is 44.

Households by Housing Tenure & Income RPB Market Area						
Income	Owner		Renter		Total	
	HH	%	HH	%	HH	%
Less than \$5,000	344	1.8	1,717	5.1	2,061	3.9
\$5,000 - \$9,999	100	0.5	1,294	3.9	1,394	2.7
\$10,000 - \$14,999	98	0.5	1,552	4.6	1,650	3.1
\$15,000 - \$19,999	252	1.3	1,264	3.8	1,516	2.9
\$20,000 - \$24,999	269	1.4	1,264	3.8	1,533	2.9
\$25,000 - \$34,999	434	2.3	2,646	7.9	3,080	5.9
\$35,000 - \$49,999	1,048	5.5	4,655	13.9	5,703	10.9
\$50,000 - \$74,999	2,103	11.1	6,684	20.0	8,787	16.8
\$75,000 - \$99,999	2,254	11.9	4,184	12.5	6,438	12.3
\$100,000 - \$149,999	3,908	20.6	5,086	15.2	8,994	17.2
\$150,000 or More	8,180	43.1	3,067	9.2	11,247	21.5
<b>Total</b>	<b>18,990</b>	<b>100.0</b>	<b>33,413</b>	<b>100.0</b>	<b>52,403</b>	<b>100.0</b>
<b>Median</b>	<b>\$133,252</b>		<b>\$58,625</b>		<b>\$76,829</b>	

Source: U.S. Census Bureau

**Table 11:** RPB Market Area Households by Housing Tenure and Income

Commensurate with the relatively high cost of for-sale homes in Lakeview, nearly 64% of owner households in the Community Area have annual incomes of \$100,000 or more and 43.1% have incomes of \$150,000 or more. Conversely, just 13.4% have incomes below \$50,000.

Among renter households, income is more widely dispersed. While 43.1% have incomes below \$50,000, 32.5% have incomes between \$50,000 and \$100,000, and 24.4% have incomes of \$100,000 or more. Thus, significant numbers of renter households fall within the bottom and top ends of the income spectrum.

### 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.

In the Lakeview Community Area, according to ACS estimates, 75.3% of owner households and 60.3% of renter households are *not* considered housing cost burdened by the 30% rule. These levels are significantly higher than those for the City of Chicago as a whole, at 63.7% and 47.6% for owner and renter households, respectively. However, 17,370 households in Lakeview do experience some level of housing cost burden. Specifically, 15% of owner households within the Community Area are moderately housing cost burdened, and nearly 10% are severely housing cost burdened. Moreover, among renter households, nearly 22% are moderately housing cost burdened, and nearly 18% are severely housing cost burdened.

Monthly Gross Rent/Housing Cost As a Percent of Household Income RPB Market Area				
Affordability Level	Owner		Renter	
	No.	%	No.	%
Less than 30.0% (no burden)	14,130	75.3	19,367	60.3
30.0 - 49.9% (moderate burden)	2,824	15.0	7,042	21.9
50.0% or more (severe burden)	1,816	9.7	5,688	17.7
<b>Total<sup>(1)</sup></b>	<b>18,770</b>	<b>100.0</b>	<b>32,097</b>	<b>100.0</b>

<sup>(1)</sup>An additional 1,316 renter and 220 owner households were not computed.

Source: U.S. Census Bureau

**Table 12:** RPB Market Area Housing Cost as % of Household Income

Not surprisingly, the prevalence of housing cost burden is generally speaking inversely related to household income. For instance, while 56.8% of Lakeview’s owner households earning between \$50,000 and \$75,000 are considered housing cost burdened, just 10.7% of owner households

earning \$75,000 or more are housing cost burdened. Among renter households, just 5.5% of those earning \$75,000 or more can be considered housing cost burdened, while 25.8% of those earning between \$50,000 and \$75,000 can.

Housing cost burden is most pronounced at the lowest income levels. Among households earning less than \$35,000 the vast majority are considered housing cost burdened: both owners and renters.

Housing Cost Burdened Households By Household Income & Tenure RPB Market Area				
Household Income	Owner		Renter	
	No.	% <sup>(1)</sup>	No.	% <sup>(1)</sup>
Less than \$20,000	530	92.3	4,194	87.2
\$20,000- \$34,999	571	81.2	3,526	90.7
\$35,000- \$49,999	805	76.8	2,647	57.5
\$50,000- \$74,999	1,194	56.8	1,689	25.8
\$75,000 or More	1,540	10.7	674	5.5
<b>Total<sup>(2)</sup></b>	<b>4,640</b>	<b>--</b>	<b>12,730</b>	<b>--</b>

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

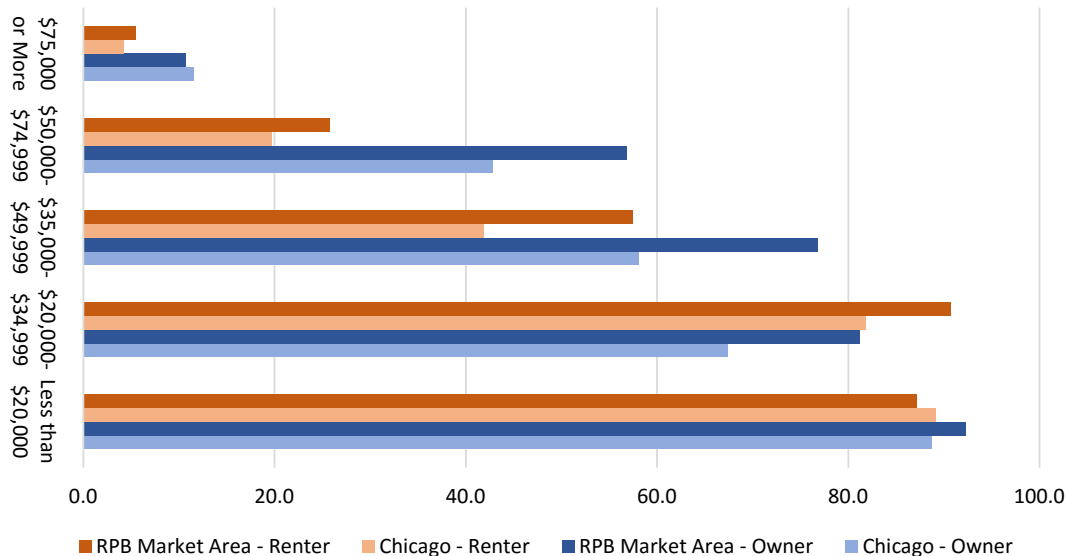
<sup>(2)</sup>An additional 1,316 renter and 220 owner households were not computed.

Source: U.S. Census Bureau

**Table 13:** RPB Market Area Housing Cost by Income & Tenure

Finally, as shown in the following graph, when compared to the City of Chicago, Lakeview exhibits noticeably higher levels of housing cost burden for both owner and renter households at most lower and middle income levels. This disparity is most acute in households earning \$35,000 - \$75,000.

### Percent of Households Paying 30% or More of Income for Housing by Tenure & Income Level



Source: American Community Survey

**Figure 12:** Percent of Households that are Housing Burdened by Tenure and Income Level

It should be noted that Census estimates of housing costs do not take transportation costs into account. Some research suggests that in transit-rich areas such as Lakeview, lower transportation costs (i.e., not needing to own a car) can offset higher housing costs. 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 shown in the table below, the RPB Market Area is expected to add 833 new households over the next five years, spurring demand for new housing.

Further, as housing stock ages homes inevitably fall into obsolescence and disrepair and are subject to demolition. Others are ruined by fire or natural disasters. In markets across the nation, roughly 0.26% of the existing housing stock is lost each year, creating replacement demand for new homes.

<b>Derivation of New Home Demand Potentials 2017-2021 RPB Market Area</b>	
Households, CY Estimate	55,478
Households, 5Y Projection	56,311
Projected HH Growth	833
Total Housing Units, CY Estimate	60,769
Expected Loss, Units (0.26%/year)	790
Gross Housing Demand, Units	1,623
Ownership Units (36.2%)	588
Vacancy Requirement (1.5 Percent)	9
Total Owner-Occupied Demand	597
Average Per Year	119
Rental Units (63.8%)	1,035
Vacancy Requirement (7.4 Percent)	77
Total Renter-Occupied Demand	1,111
Average Per Year	222

Source: Goodman Williams Group

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

**Table 14:** Derivation of New Home Demand Potentials

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 for ownership homes and 7.4 percent for rental units.

Derivation of new home demand potentials supported by household growth and housing replacement – factoring in current tenure rates, housing units lost to abandonment and demolition, and the need to retain vacancy balance – suggests Lakeview will experience demand for roughly 600 new ownership units and 1,100 new rental units over the next five years, as shown in table below. (Note that roughly 1,200 new units are today in the planning or construction stages throughout the Market Area.)

This forecast assumes that normal economic conditions will prevail throughout the forecast period and that actual rates of household growth will approximate those forecast.

### ADDITIONAL SOURCES OF DEMAND

In addition to new home demand emanating from projected household growth and housing unit replacement, other factors may bolster demand within a specific housing sector and/or geographic area. While largely unquantifiable, the potential for these sources of market support to augment demand potentials is considerable. This phenomenon is readily observable when relatively dormant market areas suddenly surge – as has happened in recent years in the Chicago neighborhoods of Bucktown, Wicker Park, and Logan Square and is now happening in the West Loop. Usually these surges are the result of a combination of improvements/additions to an area's commercial amenities, transit service, and housing stock.

Lakeview offers excellent transit service and ample commercial amenities. However, a missing ingredient in the continued growth of Lakeview has long been (with a few exceptions in recent years) the availability of new rental housing. The success of the Halsted Flats apartment development in 2014 (see “Rental Market Overview” section), however, set the stage for a new wave of multifamily development in Lakeview. More recent experience including the success of Centrum Lakeview, the number of new developments currently under construction, and new developer interest in other properties suggest that a considerable amount of latent (also called “induced”) demand exists for new rental housing in Lakeview. Thus, it could be inferred that, were more new rental options available, Lakeview would attract more residents. In other words, new residential development itself has the potential to drive household growth above what could be expected under “normal” market conditions.

Once again, these sources of additional market support are largely unquantifiable, as the number, character, and marketability of new units that will actually be developed is unknown. However, from an analytical perspective, it is relatively easy to envision a scenario in which unit absorption potentials – particularly in the rental sector – could outpace “normal” rates of household growth by 50% or more.

### LONGER TERM DEMAND POTENTIALS

Over the next five to ten-year time horizon the economic wellbeing of Chicago as a whole will greatly influence demand for new housing. In a market where the labor market is growing and incomes are rising, more in-migration will occur and demand for new housing will arise. 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 economic growth within the Central Area, it is reasonable to assume that current demand potentials will prevail for the foreseeable future.

### EXISTING HOUSING STOCK

Lakeview's housing stock is a mixture of large-scale residential buildings located along primary thoroughfares and walk-up buildings and single family homes of both historic and contemporary origin on interior residential streets. Lakeview is by no means the densest of Chicago's Community Areas, yet 91% of housing units within the area are in multifamily structures with two or more units, and more than 48% are in structures with 20 or more units. Detached single family homes make up just 6.0% of the area housing stock, and single family attached homes (i.e., townhomes) make up just 2.7%.

Housing Units by Units in Structure RPB Market Area		
Type of Structure	Total Units	Percent of Total
1-unit, detached	3,464	6.0
1-unit, attached	1,558	2.7
2 units	3,489	6.1
3 or 4 units	8,706	15.2
5 to 9 units	8,646	15.1
10 to 19 units	3,713	6.5
20 or more units	27,707	48.3
Other	129	0.2
<b>Total</b>	<b>57,412</b>	<b>100.0</b>

Source: U.S. Census Bureau

Note: Table represents all housing units; occupied and vacant

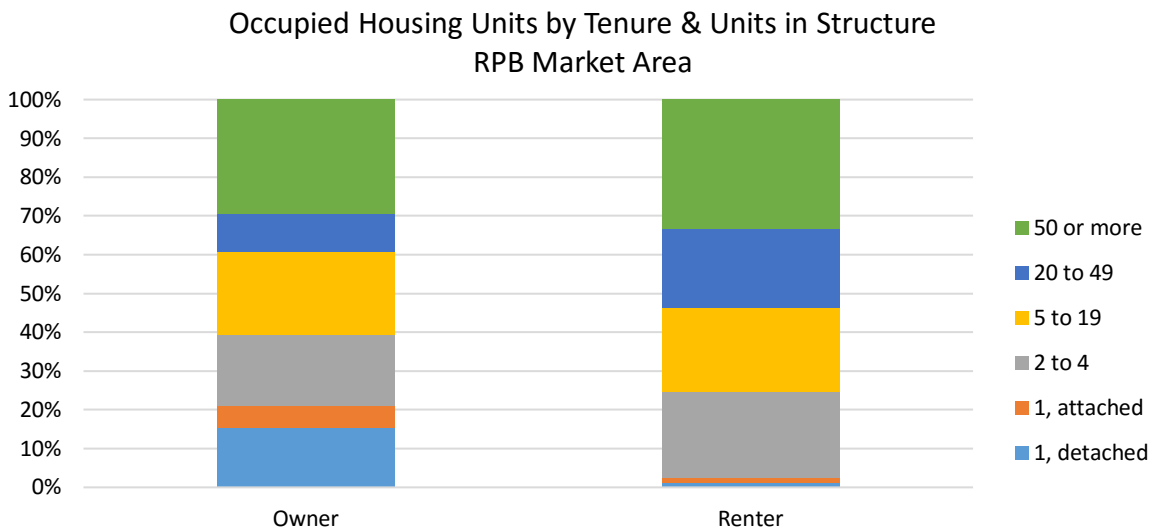
**Table 15:** RPB Market Area Housing Units by Units in Structure

encompassing more than 18% of owner-occupied units and 22% of renter-occupied units.

Single family detached and attached units make up 21% of owner-occupied units, and this proportion has increased in recent years (primarily since the resumption of new construction after 2012 with the stabilization of the localized housing market) as older multi-unit structures area replaced with high value single family homes. The majority of single family homes are located west of Racine Avenue, and very little single family housing stock exists east of Clark Street. Meanwhile, single family units have very little representation in the Market Area's rental stock and encompass just 2.5% of all renter-occupied units.

Approximately 30% of the Market Area's owner-occupied units are located in buildings of 50 or more units. For renter-occupied units, the proportion is somewhat higher, with units in these larger scale buildings encompassing a third of all renter-occupied units. The majority of these buildings are located in Lakeview East, between Broadway and Lake Shore Drive.

Two, three, and four flat walk-up buildings (including both vintage Chicago greystones and contemporary buildings) are an important component of the Market Area's housing market,



Source: U.S. Census Bureau

**Figure 13:** Occupied Housing Units by Tenure & Units in Structure

Note: Figure represents only occupied units.

### RPB DISTRICT HOUSING CHARACTERISTICS

According to Esri estimates, within the RPB District are a total of 1,023 housing units, of which 962 are currently occupied, yielding an overall occupancy rate of 94.0%. Within the District, 72.9% of occupied housing units are renter-occupied – a significantly higher proportion than Lakeview as a whole (at 63.8%) and reflective of the District’s relatively large number of rental apartments – particularly located along Clark Street and Belmont Avenue, compared to owner-occupied condominiums.

Within the RPB District, the housing stock can further be characterized as follows:

- Aligning the Clark Street and Belmont Avenue corridors are a variety of mixed-use (i.e., residential-over-retail) buildings, generally consisting of fewer than 20 units. The majority are rental apartments, though a handful of condominium buildings are located there as well. Nearing completion at the northwest corner of Clark and Belmont, the Lakeview 3200 TOD will bring 90 high-end apartments to the neighborhood in an eight-story building.
- Sheffield Avenue between Belmont and School Street and between Roscoe and Newport exhibits much the same character; however, between School and Roscoe Street, Sheffield is more residential in nature, consisting primarily of apartments and condominiums in flat-style buildings.
- Wilton Avenue, between Belmont and School, is residential in nature, with a variety of vintage and newer flat-style buildings and one significant newer condominium building, located at the southwest corner of Wilton and School.
- Finally, just one large-scale (i.e., 50+ units) market rate apartment building currently exists within the District – the vintage courtyard-style building located at the southeast corner of Sheffield and Cornelia Avenue.

## HOUSING STOCK AGE

A large number of older homes are found throughout the Market Area. These include structures of all types, from single family homes to large scale buildings. Nearly 43% of the existing housing units within Lakeview were built prior to 1940, with a great deal of this development occurring in the 1920s and before.

From 1950 through 1980, the Market Area remained an active area for residential development and saw a great deal of densification, with many larger scale multifamily buildings constructed during these decades. One third of the housing units in the Market Area today were built during this thirty-year period.

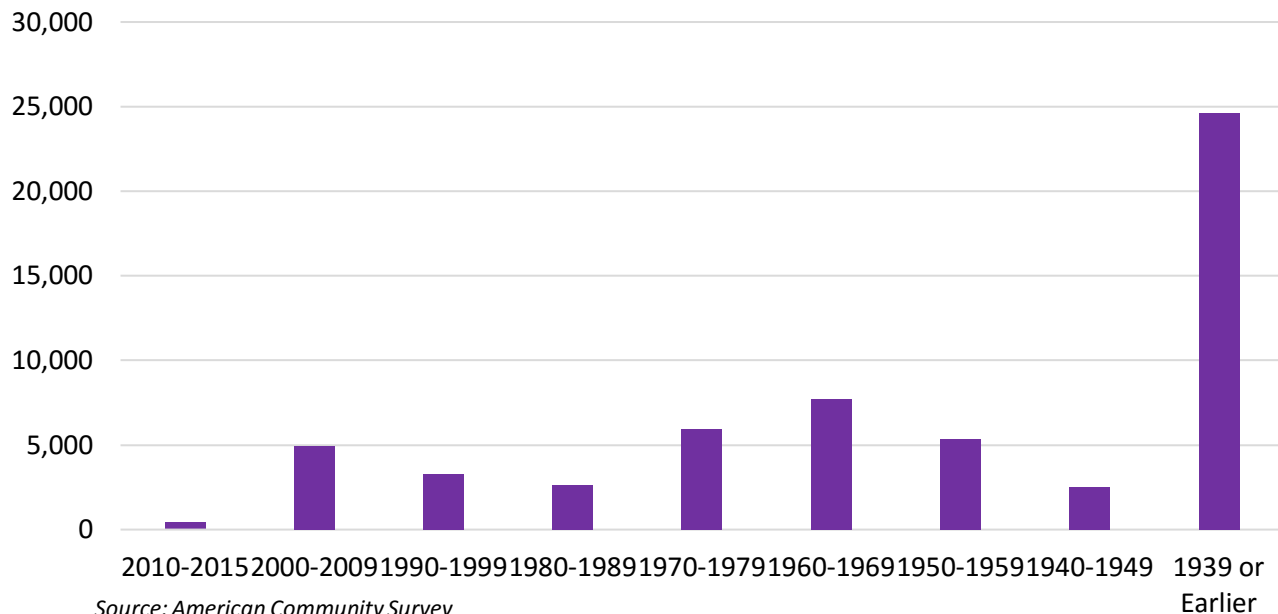
While construction activity abated somewhat in the 1980s and 1990s, it resumed in the 2000s with the run-up to the housing boom, when nearly 5,000 units were constructed. After the housing market implosion and onset of the Great Recession, new development activity dried up. However, with the continued strengthening of both the rental apartment and for-sale markets since 2012, building is once again occurring throughout the area.

Housing Units by Year Built RPB Market Area	
2010-2015	433
2000-2009	4,947
1990-1999	3,290
1980-1989	2,621
1970-1979	5,970
1960-1969	7,723
1950-1959	5,322
1940-1949	2,495
1939 or Earlier	24,611

Source: American Community Survey

**Table 16:** Housing Stock  
Composition by Year Built

## Housing Units by Year Built RPB Market Area



**Figure 14:** Housing Units by Year Built in RPB Market Area

## AFFORDABLE AND SUBSIDIZED HOUSING

Within the RPB Market Area are a number of rental apartment developments with special rental structures geared towards lower income families and individuals. 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.

*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.

As shown in the following table, five of the affordable developments within the RPB Market Area offer rent restricted units, while seven offer rent subsidized units, generally through the federal government’s project-based Section 8 rental assistance program. In practice, subsidized housing generally serves households with incomes at the 30% AMI level or less.

Affordable Rental Apartment Developments RPB Market Area					
Development	Location	Owner	Rent Structure	Units	Population Served
Bel-Ray Apartments	3150 N. Racine	Mercy Housing	Restricted	70	Sp. Needs
Britton Budd Apartments	501 W. Surf St.	Chicago Housing Authority	Restricted	173	Senior
Buffet Place	3208 N. Sheffield	Brinshore Development	Restricted	51	Sp. Needs
Greenview Place	1501 W. Melrose	Renaissance Companies	Restricted	110	Senior
Town Hall Apartments	3600 W. Halsted St.	Heartland Housing	Restricted	80	Senior
<b>Total Restricted</b>	---	---	---	<b>484</b>	---
816 W. Waveland Ave.	816 W. Waveland Ave.	Beal Properties, LLC	Subsidized	35	All
Bristol Apartments	3318 N. Lake Shore Dr.	East Lake Mgmt. & Dev. Co.	Subsidized	107	Senior
Crowder Place	3810 N. Pine Grove Ave.	Chicago Housing Authority	Subsidized	41	Senior
Gill Park Cooperative	3800 N. Broadway	Gill Park Cooperative	Subsidized	270	All
Hattie Callner Apartments	855 W. Aldine Ave.	The Habitat Co.	Subsidized	150	Senior
Parkway Apartments	710-744 W. Diversey Pky.	Diversey Lp.	Subsidized	90	All
Peter Mulvey Place	416 W. Barry Ave.	Chicago Housing Authority	Subsidized	37	Senior
<b>Total Subsidized</b>	---	---	---	<b>730</b>	---

Source: Illinois Housing Development Authority (IHDA) and CoStar

**Table 17:** Affordable Rental Apartment Developments in RPB Market Area

In total, these 12 properties encompass 1,214 low-income units, of which 484 are rent restricted and 730 are rent subsidized. A variety of populations are served; however, the bulk of the properties offer

units reserved for seniors. Three serve a general low-income population, while two are reserved for those with special needs.

Two of the developments – Buffet Place and Hattie Callner Apartments – are located within the RPB District. Buffet Place is the newest low-income housing development in Lakeview, opening in 2014 in the renovated Diplomat Hotel building on Sheffield Avenue. The building now houses 51 furnished apartments for at-risk individuals with special needs. Hattie Callner Apartments, located at the southeast corner of Clark Street and Aldine Avenue, is one of few highrise buildings along the Clark Street corridor. Occupying a large land parcel, this building encompasses 150 units for low-income seniors.

It should be noted that the City's Affordable Requirements Ordinance (ARO), instituted in 2007 and amended in 2015, requires many new developments to set aside 10% of unit inventory as affordable and/or to pay in-lieu fees for the construction of affordable housing elsewhere. The 2015 amendments to the ARO were expected to generate an additional 1,200 affordable housing units throughout the City over five years. It can be anticipated that many new developments within the RPB Market Area will trigger the new ordinance and add to the area's stock of affordable units in the coming years.

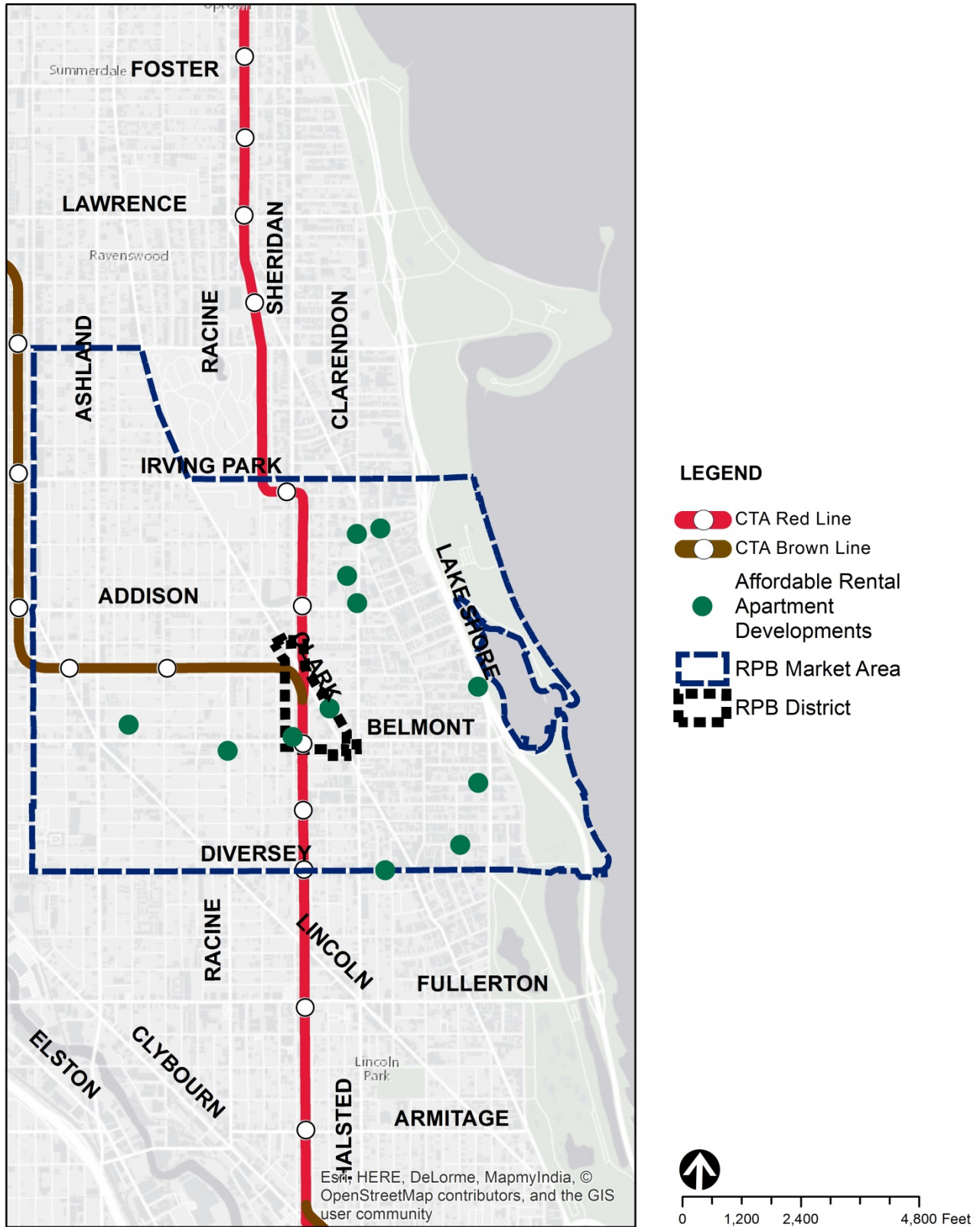


Figure 15: RPB Affordable Dev't. Map Source: Goodman Williams Group

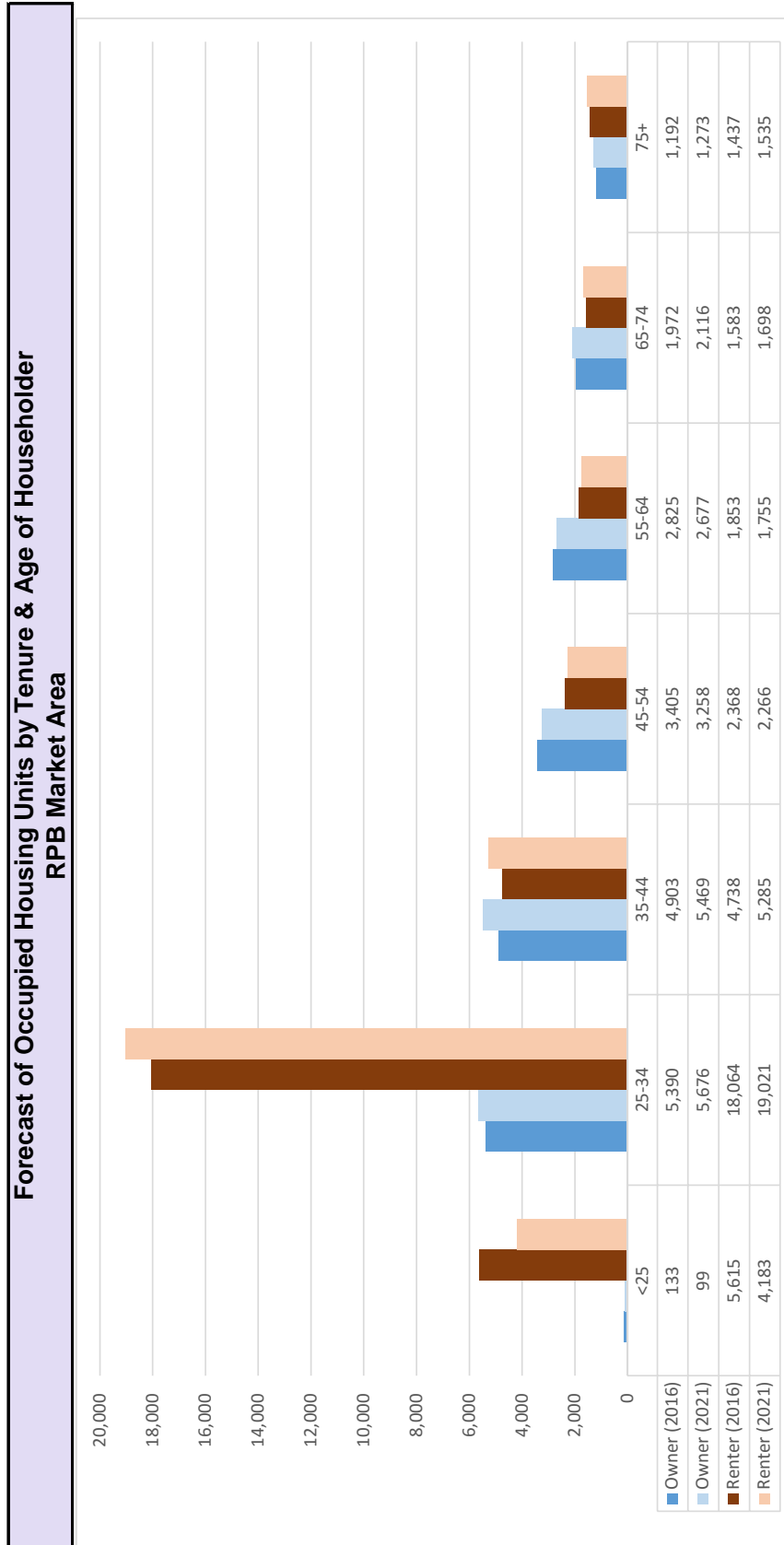
### DEMOGRAPHIC CHANGES AND HOUSING STOCK BALANCE

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 shown in the following table, four householder age cohorts in the Market Area are expected to see significant increases over the next five years, including those age 25-34, 35-44, 65-75, and 75 and older. Conversely, the number of householders younger than 25 and those between the ages of 45-54 and 55-64 are expected to decrease during the same period. These changes are largely in keeping with trends seen during the 2010-2016 period.

Utilizing these estimates and projections from Esri 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 occupied housing units in the 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 demand.

In broad terms the results, presented graphically and in tabular form on the next page, suggest that householders age 25-34 and 35-44 will exert the greatest influence on the character of new home demand within the RPB Market Area over the next five years in both the for-sale and rental segments of the market.

More specifically, the strongest influence will likely be exerted by renters in the 25-34 year age cohort. (Notably, renter households in this age cohort today make up nearly a third of all households in the Market Area.) Homeowners and renters age 35-44 are also likely to exert a strong influence on the market, while homeowners age 25-34 will exert more modest influence. Conversely, renter householders under the age of 25 – which today make up more than 10% of all households in the Market Area, are expected to decline significantly in the next five years.



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

**Figure 16:** Forecast of Occupied Housing Units by Tenure & Age of Householder

## COMPETITIVE MARKET OVERVIEW AND MARKET INDICATORS

### Rental Apartment Market Overview

The RPB Market Area's rental apartment market is in transition, moving from one that was quiet for decades to one in which new developments have added vibrancy and set new highs for rents.

Despite a reputation as a desirable place to live and good transit connectivity, and even with rising rent levels and tightening occupancies, no new apartment developments of significant scale were constructed in the Market Area in the two decades before 2014. Moreover, as the condominium market heated up in the run-up to the 2008 crash, seven apartment buildings located on or near Lake Shore Drive were converted to condos, removing more than 2,250 units from the Area rental pool. As mentioned earlier, new developments are proposed to add more than 1,200 units to the Market Area.

### Existing Inventory Overview

According to data from CoStar, the current rental apartment inventory consists of 18,907 units distributed among 570 buildings. Of these, 558 are considered Class B/C for the market area, encompassing 16,948 units – or 89.6% of the area rental inventory. Twelve buildings, encompassing 1,401 units, are considered Class A for the market (generally the top of the market in terms of rental rates, age and/or condition, and features/amenities offered). Since 2014, a total of 328 new units have been delivered, with the majority located within the Halsted Flats development. Another 35 units were delivered in 2016 with the completion of Centrum Lakeview adjacent to the Paulina Brown Line station, and 90 units (not yet reflected in the area inventory) are now nearing completion at the northwest corner of Clark Street and Belmont Avenue within the Lakeview 3200 development.

Market Rate Rental Apartment Inventory Trend RPB Market Area								
	Class A		Class B/C		Market Area Total		Deliveries	
	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units	Bldgs.	Units
2012	9	1,308	556	16,934	565	18,798	1	6
2013	9	1,308	556	16,934	565	18,798	0	0
2014	9	1,308	556	16,934	565	18,798	2	279
2015	12	1,401	557	16,942	569	18,900	1	8
2016	12	1,401	558	16,948	570	18,907	2	41

Source: CoStar and Goodman Williams Group

**Table 18:** RPB Market Area Market Rate Rental Apartment Inventory Trends

### Rent And Occupancy Trends

According to the most recent data from CoStar, current average asking rents among Market Area developments stand at \$1,955 for Class A buildings and significantly lower, at \$1,323, for Class B/C buildings. The average unit size among Class A buildings is 802 square feet, while that of Class B/C buildings is 667 square feet. On a square foot basis, current average asking rents thus equate to \$2.44 per square foot for Class A buildings and \$2.02 per square foot for Class B/C buildings.

Asking rent growth within the Market Area has been strongest among Class A buildings, at 4.8% in 2016, compared to 2.4% for Class B/C buildings. Class A rent growth within the market area has, generally speaking, been strong for several years, at 3.2% on an annualized basis from 2012-2016.

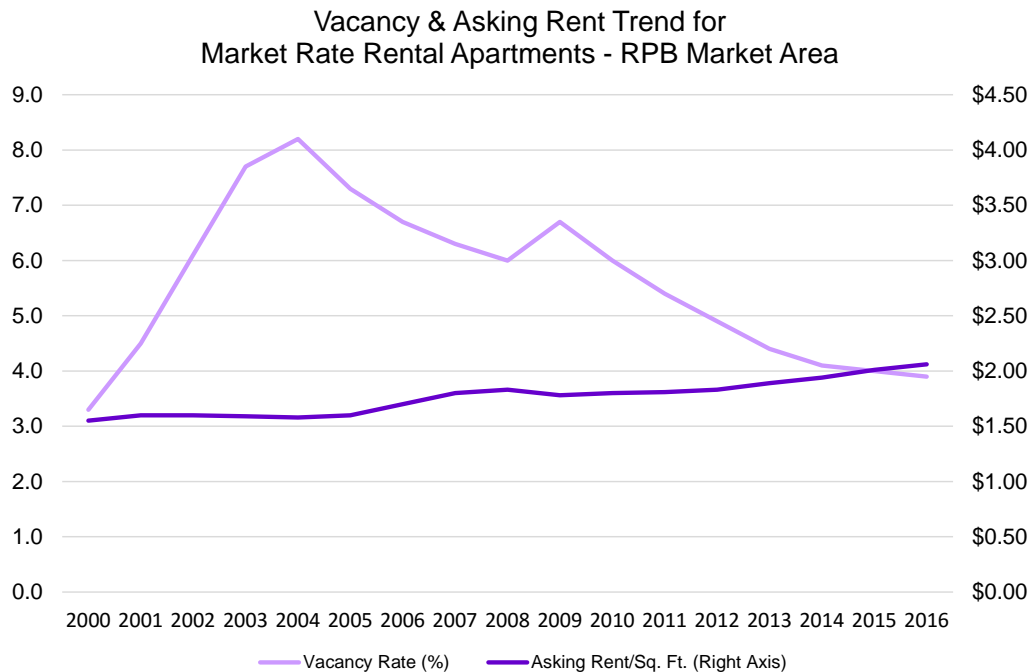
Rent & Occupancy Characteristics Market Rate Rental Apartment Market RPB Market Area			
	Class A	Class B/C	Market Area
Avg. Unit Size (SF)	802	667	678
Avg. Asking Rent	\$1,955	\$1,323	\$1,379
Avg. Asking Rent/SF	\$2.44	\$2.02	\$2.06
<b>Asking Rent Growth (%)</b>			
One-year Annualized	4.8	2.4	2.8
Three-year Annualized	2.5	2.8	3.0
Five-year Annualized	3.2	2.5	2.7
<b>Total Inventory Units</b>	1,289	16,948	18,237
Occupied Units	1,239	16,283	17,522
Vacant Units	50	665	715
Occupancy Rate (%)	96.1	96.1	96.1

Source: CoStar as of Dec. 2016 and Goodman Williams Group

**Table 19:** Rent & Occupancy Characteristics for Market Rate Rentals

Since 2000, average asking rents for the Market Area as a whole have increased from \$1.55 per square foot to \$2.06 per square foot – a rise of nearly 33%.

Meanwhile, occupancy rates among both class segments are 96.1%. Currently 50 Class A units are vacant while 665 Class B/C units are vacant. Longer term vacancy trends show the market tightening considerably since vacancies peaked in 2004 at the height of the housing market bubble (which saw millions of people nation-wide moving from rentals to for-sale homes). Since then, the market area vacancy rate has fallen 430 basis points and now stands lower than at any point since 2000.



Source: CoStar as of Dec. 2016 & Goodman Williams Group

**Figure 17:** RPB Market Area Vacancy Trend for Market Rate Rentals

### Recent Rental Apartment Development

Since 2014, two apartment buildings of significant scale have been developed in Lakeview. Three others are currently under construction. These five developments represent the high end of the localized market and are summarized below and shown geographically in Figure 5.

- **Halsted Flats.** Located at the northwest corner of Halsted Street and Bradley Place, Halsted Flats ushered a new era of apartment construction into the Market Area when built in 2014. The development, which encompasses 269 units on 15 floors with parking and ground floor retail, was the first large scale apartment building to be developed in the Market Area in more than 20 years. Current rents range from \$1,743 for studios to \$5,095 for three bedroom units, averaging \$2,152 for 718 square feet of living space, or \$3.00 per square foot. Occupancy stands at 95.2%.



Figure 18: Halsted Flats

- **Centrum Lakeview.** Completed in 2016 at the northwest corner of Roscoe Street and Lincoln Avenue, adjacent to the CTA's Paulina Brown Line station, Centrum Lakeview was built under the City's TOD ordinance and encompasses 35 units in five floors, with ground floor retail. Current rents range from \$1,822 for studio units to \$2,937 for two bedroom units, averaging \$2,445 for 774 square feet of living space, or \$3.15 per square foot. As of the latest data available, the development was still in initial lease-up, with 10 units yet to be occupied.



Figure 19: Centrum Lakeview

- **Lakeview 3200.** Nearing completion at the northwest corner of Clark Street and Belmont Avenue, within the RPB District, Lakeview 3200 will bring 90 new apartment units on eight floors, with a limited amount of second floor office space and ground floor retail space anchored by a Target store. The developer anticipates initial move-ins to begin in January of 2017. This TOD project will offer no resident parking, but will provide tenants accommodations for 100 bicycles. The development is currently pre-leasing, with asking rents ranging from \$1,525 to \$3,800 and averaging \$2,510 for 813 square feet of living space, or \$3.09 per square foot.

- **2950 N. Sheridan Road.** Currently under construction at the northwest corner of Sheridan Road and Oakdale Avenue, 2950 N. Sheridan Road will encompass 82 units in 19 floors, including four floors of parking. The developer is planning on delivery of the units in summer of 2017. Rental rates have not yet been announced, though the developer, Wirtz Realty, has previously said that units will likely range from \$2,900 to \$6,000 – potentially setting a new high for the RPB Market Area.



Figure 20: 2950 N.  
Sheridan Road

- **Addison & Clark.** Located just north of the RPB District at the southeast corner of Clark and Addison streets, Addison & Clark is the largest mixed-use development currently underway in the Market Area. When complete, the development will encompass 148 rental apartments and 146,000 square feet of retail space, together with 405 parking spaces, 68 of which will be underground spaces reserved for residents. Asking rents have not been announced, but it is anticipated they will range from approximately \$3.15-\$3.25 per square foot on average. The development expects to begin pre-leasing in February of 2018 with delivery of the units planned for April of 2018.

Two additional multifamily TOD projects currently in planning stages are located within the RPB District. These include 937-945 W. Belmont, directly east of the CTA's Belmont station and planned for 33 units over retail, and 3228 N. Clark Street, to be located directly north of Lakeview 3200 and to include 24 units over retail.

Several other multifamily development projects are in the planning and proposal stages throughout the Market Area, which together have the potential to bring approximately 550 additional units on line. Again, 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.

#### FOR-SALE MARKET OVERVIEW

The for-sale market recovered quicker in the RPB Market Area than in most areas of the City after the housing market meltdown and Great Recession. While sales volumes for attached units (inclusive of multifamily and other attached forms) remain well below those seen in 2007 (which, as the final year of the housing bubble, is not considered indicative of the true character of the localized market), they have, since 2013, stabilized at an average of 1,950 units per year. Moreover, sale prices for attached units have strengthened considerably since the cyclical low was reached in 2012, with the market area median sale price now standing at \$350,000, according to the Multiple Listing Service (MLS).

#### Sales and Pricing Trend - Attached Units RPM Market Area

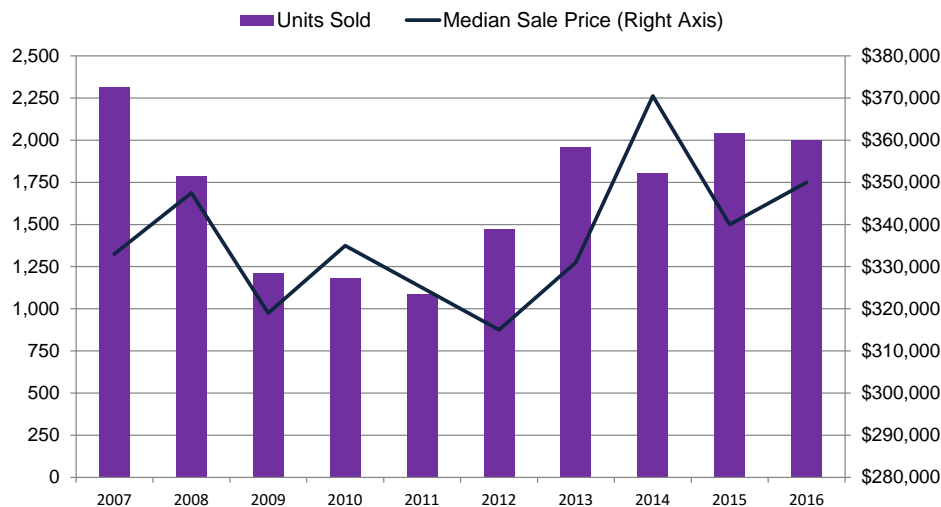
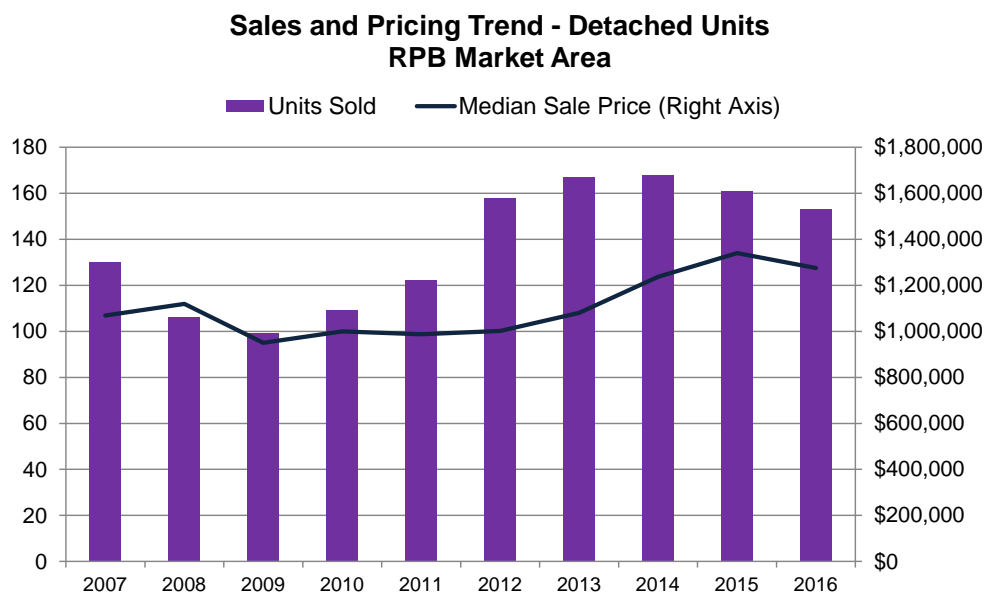


Figure 21: Sale and Pricing Trends for Attached Units: RPB Market Area

Finally, average market time – the number of days needed to sell a home once listed on MLS – is a primary indicator of localized market strength. Average market time in the RPB Market Area declined considerably after 2012 and stood at just 65 days for 2016. In other words, it took almost 100 days less for the average home to sell in the Market Area in 2016 than it did in 2011 – even though the median price was \$25,000 higher.

The Market Area is also an active market for the sale of detached single family homes. Lakeview's detached home market saw considerable price escalation after 2011, particularly as new luxury homes were constructed on the Market Area's low-density residential streets. From 2011 to 2015, the median sale price of detached homes rose more than 35%, from \$987,500 to \$1,340,000 – though prices moderated somewhat in 2016, with the year-end median price standing at \$1,275,000 on a volume of 153 sales.



**Figure 22:** Sale and Pricing Trends for Detached Units: RPB Market Area

#### Current Inventory Conditions

As the RPB Market Area's for-sale market has strengthened, available inventory has shrunk. As a result, inventory levels at all but the highest price ranges are extremely tight. For example, in the detached sector, only four homes are available for less than \$1,000,000, while in the attached sector less than two months of supply (at 2016 sales velocities) is currently available at all price segments below \$700,000. Overall, 4.8 months of supply is currently available in the detached sector, while 1.7 months is available in the attached sector. By comparison, in most markets a supply of six months is considered "balanced" – that is, neither a seller's or a buyer's market. With supply levels this unbalanced, future price escalation is likely to occur.

For-Sale Unit Inventory by Price Range RPB 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	--	--	--	1	0	0.0
\$50,000 - \$99,999	--	--	--	14	1	0.9
\$100,000 - \$149,999	--	--	--	109	16	1.8
\$150,000 - \$199,999	--	--	--	231	36	1.9
\$200,000 - \$249,999	--	--	--	245	36	1.8
\$250,000 - \$299,999	--	--	--	226	25	1.3
\$300,000 - \$349,999	--	--	--	172	17	1.2
\$350,000 - \$399,999	--	--	--	168	22	1.6
\$400,000 - \$449,999	--	--	--	167	12	0.9
\$450,000 - \$499,999	1	0	0.0	147	14	1.1
\$500,000 - \$549,999	2	0	0.0	144	9	0.8
\$550,000 - \$599,999	7	0	0.0	79	8	1.2
\$600,000 - \$699,999	6	1	2.0	141	19	1.6
\$700,000 - \$799,999	9	0	0.0	79	16	2.4
\$800,000 - \$899,999	12	2	2.0	43	13	3.6
\$900,000 - \$999,999	10	1	1.2	12	6	6.0
\$1,000,000 - \$1,999,999	86	34	4.7	21	22	12.6
\$2,000,000 - \$2,999,999	18	20	13.3	1	1	12.0
\$3,000,000 - \$3,999,999	2	2	12.0	--	2	N/A
\$4,000,000 - \$4,999,999	--	1	N/A	--	1	N/A
<b>Total</b>	<b>153</b>	<b>61</b>	<b>4.8</b>	<b>2000</b>	<b>276</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 20:** For-Sale Inventory by Price Range in RPB Market Area

#### New Construction Market Overview

Despite the current tightness in supplies of for-sale homes, larger scale condominium development has yet to return to the RPB Market Area. However, a significant amount of detached single family and lower density attached product (typically in buildings of 3-6 units) has been built post-recession. Much of this is located on individual redevelopment parcels along interior residential streets in the Central and East Lakeview neighborhoods, where older wood frame (i.e., “stick-built”) homes have been demolished. Given the rather large footprints of these buildings, it is not surprising that the vast majority of new units built contain more than one bedroom, while most contain three or more. For instance, during 2016, of the 100 newer construction attached units sold, just one contained one bedroom, while 20 contained two bedrooms, and 79 contained three or more.



**Figure 23:** Picture of new construction in RPB Market Area

To garner an understanding of the current market for newer for-sale homes in Lakeview, we analyzed MLS sales data for homes sold in 2016 that were built between 2012 and 2016. In total, 41 detached homes and 100 attached units of this vintage were sold during the course of the year. This equates to 27.8% of all detached home sales and 5.0% of attached home sales for the year.

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.

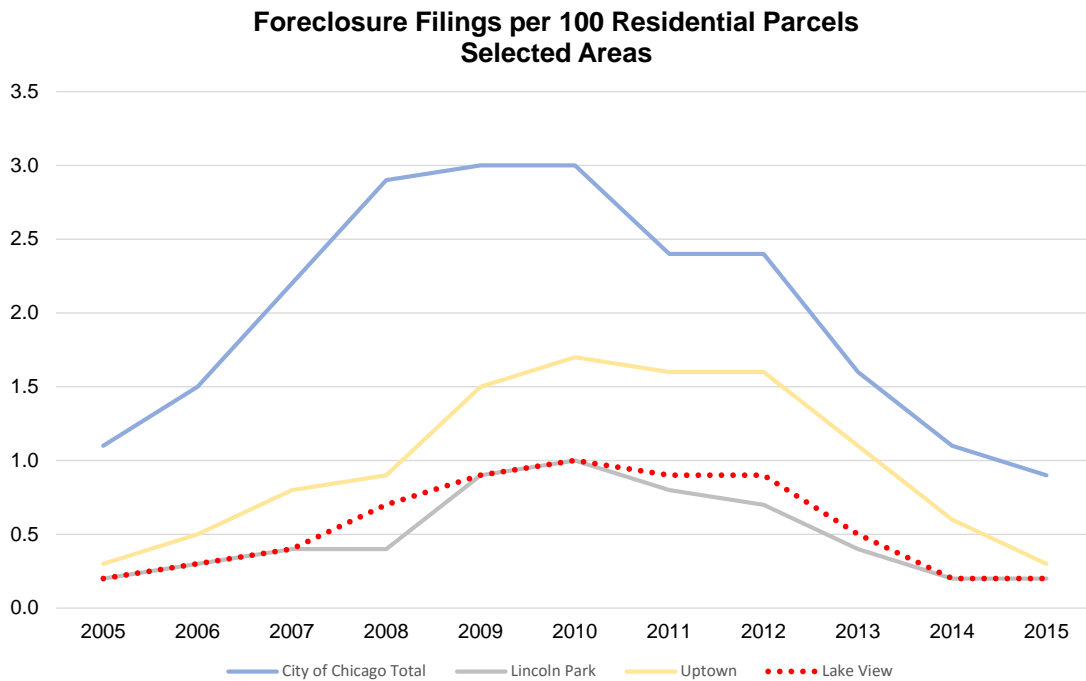
New Home Sales Summary RPB Market Area Jan. - Dec. 2016				
		Sale Price		Premium <sup>(1)</sup>
Unit Type	Sales	Range	Median	(Percent)
Detached	41	\$1,120,000 - \$3,800,000	\$1,750,000	37.3
Attached	100	\$425,000 - \$1,850,000	\$727,500	107.9

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

Source: Midwest Real Estate Data/Multiple Listing Service

**Table 21:** New Home Sales Summary in RPB Market Area

These prices represent “whole dollar” premiums of 37.3% and 107.9% for new detached and attached units, respectively, when compared to the entire for-sale market as a whole. However, these premiums generally reflect a higher level of features and amenities for recently built units when compared to the full for-sale market as a whole, particularly within the attached sector. Units built post-recession have typically been targeted to the high-end or “luxury” buyer (who was, generally speaking, less affected by the recession), and often include enhanced design and architectural detailing, high end finishes, expanded and/or upgraded appliance packages, and more extensive outdoor space. Moreover, many of the newer units – in both the attached and detached sectors – offer significantly more square footage than their older counterparts.



**Figure 24:** Foreclosure Trends in Selected Areas

#### Foreclosure Activity

We analyzed data on foreclosure filings within the RPB Market Area for the ten-year period between 2005 and 2015. We compared this to the adjacent Community Areas of Lincoln Park and Uptown as well as the City of Chicago as a whole. While each area experienced an increase in foreclosure activity during the five years that represent the run-up to the housing bubble, the market implosion, the recession and its aftermath, Lakeview and Lincoln Park fared extremely well in comparison to Uptown and the City as a whole. Lakeview and Lincoln Park experienced similar patterns in foreclosure activity during the ten year period, and from 2014-2015 matched the cyclical low (i.e., 0.2 foreclosures per 100 parcels) seen in 2005.

## RESIDENTIAL CONCLUSIONS AND RECOMMENDATIONS

The RPB Market Area, with its ample commercial and cultural amenities and strong connectivity to mass transit, continues to grow in its appeal for both individuals and families. Ongoing improvements, particularly to the Wrigleyville area, the addition of new shopping, dining, and entertainment venues, new housing options, and enhanced transit will further strengthen the neighborhood profile and help to drive demand for new housing.

However, price escalation is a growing concern for many in the Market Area, particularly as older stick-built homes – some containing more modestly priced apartments – are demolished and new high-end condominiums and single family homes are built. While the Market Area remains overall a more affordable housing market compared to Chicago's Central Area, new for-sale homes and apartments that have recently been completed or are now being introduced are beyond the reach of many current residents. As previously discussed, the median sale price of all attached units sold in 2016 was \$350,000, while that of units built from 2012-2016 was \$727,500 – 108% higher. Moreover, newer developments among Lakeview's Class A apartment buildings are routinely commanding rents well above \$3.00 per square foot, while comparable older buildings (yet still considered Class A) achieve rents in the \$2.40 to \$2.50 range. A policy challenge within the Market Area will thus be the need to balance a desire for new development with the need to retain affordable options for lower and middle-income households.

Finally, an additional challenge to new residential development within the RPB Market Area is competition from other Community Areas within the City of Chicago. While it is undoubtedly true that many people choose to live in Lakeview because of its blend of “neighborhood character”, substantial commercial and cultural amenities, and connectivity to transit, Chicago offers a number of competitive neighborhoods, each with its own blend of character and amenities. As development presses outward from the Central Area, competitive pressure emanating from other north and west side neighborhoods could intensify.

These challenges notwithstanding, future development potentials throughout the RPB Market Area, including the RPB District, are seen as excellent.

### Market Influences and Patterns of Future Development

The RPB Market Area housing market will be influenced over the next decade by a number of supply and demand factors. On the supply side, these include the availability of land for redevelopment and the number and character of housing units actually developed. On the demand side, they include the changing demographic profile and the growing desirability of the Market Area. More specifically, our analyses yielded the following findings regarding the future of the Market Area housing market:

- Demand for new housing within the RPB Market Area will, for the foreseeable future, remain strong. Our base case forecast of new home demand based on normal levels of household growth and housing replacement suggests that the Market Area will experience demand for roughly 120 ownership units and 220 rental units per year for the next 5-10 years. However, actual absorption potentials – particularly in the rental sector – could be significantly higher, considering the amount of latent demand that exists within the Market Area.
- A significant portion of this demand could accrue to the RPB District, with absorption potentials within the District limited primarily by land availability. The spine of the District is

Clark Street, and the Clark Street corridor from Belmont to Addison will soon benefit from two new mixed-use anchors: Lakeview 3200 to the south and Addison & Clark to the north. These developments – together with other improvements and additions to the area around Wrigley Field – are expected to spur additional development interest along the corridor. A number of potential redevelopment sites exist along the corridor, particularly between Belmont and Roscoe. Assuming adequate parcels can be assembled, the corridor could accommodate a large number of new rental units positioned above ground floor retail. The absorption potential within the District depends on the number of appropriate development sites (for example, the MB Bank and City Colleges opportunity sites) that could be assembled and the density of units allowed on those sites.

- Elsewhere throughout the Market Area, additional residential development is likely to occur. In residential enclaves the redevelopment of individual parcels will bring new lower density condominiums and single family homes while the renovation and upgrading of other units (particularly in classic greystone buildings) will continue. On commercial streets such as Belmont, Halsted, Broadway, Lincoln, and Ashland, new mixed-use development will occur as opportunity and market conditions allow.
- While post-recession condominium development in the Market Area has thus far been limited to small-scale – generally three to six flat-style – buildings, the re-emergence of the condominium market is now being seen in Chicago's Central Area. As the market strengthens, it is expected that the RPB Market Area will once again become a viable location for larger-scale condominium development. These will most likely in buildings of approximately 10-30 units, in elevator-served buildings of 4-5 stories. While this is not likely to occur for another two to three years (provided current economic conditions continue), when it does it will bring with it the potential for a variety of unit sizes and types that are not typically feasible in flat-style buildings.

#### Development Guidance – Rental Apartments

Given current and projected market conditions, as well as the physical characteristics of the area, the most supportable market rate residential development for most locations within the RPB District is rental product positioned over commercial space. As discussed above, new developments of this type will be located primarily along the Clark Street corridor. The most supportable unit types include studio, one-bedroom, and two-bedroom plans. On average, unit sizes will range from approximately 500 square feet for studio plans to 1,100 square feet for two bedroom plans. Some units may be larger or smaller, depending on building configuration and other factors, such as the presence of larger penthouse units. A typical unit mix will consist of 15-20% studio units, 60-65% one-bedroom units, and 15-20% two-bedroom units. The average unit size, weighted by unit mix, will be approximately 700-750 square feet.

Successful developments will feature a high level of design and offer upgraded unit finishes and appliance packages (including an in-unit washer and dryer) and in-building amenities such as a common space/lounge area, fitness center, secure entry, and bicycle storage. Demand for parking by tenants in this area that is 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 such as the RPB Market Area 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.

At the unit sizes specified, supportable rents (in 2017 dollars) for new, highly-amenitized units within the District generally range – on average, by unit type – from \$1,750 for studio units to \$3,100 for two-bedroom units. On average (i.e., across a typical plan portfolio), rent values of \$3.05 to \$3.25 per square foot are supported. Anticipated development criteria for a typical new rental development are summarized in the following table.

<b>Recommended Development Criteria for Typical New Rental Apartment Programs - RPB District</b>				
<b>Unit Type</b>	<b>Percent of Units</b>	<b>Avg. Plan Size (SF)</b>	<b>Average Base Rent<sup>(1)</sup></b>	
			<b>\$</b>	<b>\$/SF</b>
Studio	20.0	500	\$1,750	\$3.50
1-bed	65.0	700	\$2,275	\$3.25
2-bed	15.0	1,100	\$3,100	\$2.82
<b>Average<sup>(2)</sup></b>	<b>100.0</b>	<b>720</b>	<b>\$2,294</b>	<b>\$3.19</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 22:** Recommended Development Criteria

#### Development Guidance – For-Sale Product

As noted previously, the condominium market in Chicago is only now re-emerging in the most desirable portions of the Central Area. Larger-scale condominium development is not expected to return to the RPB Market Area for another two to three years. When it does, a limited amount of for-sale units could be built within the RPB District. However, the character of the Clark Street corridor does not lend itself to for-sale development as strongly as it does to rental development, as the purchasers of these units will by and large prefer quieter locations away from the bustle of Wrigleyville. Thus, any condominium development that occurs within the District will likely be located not along Clark Street but rather along Belmont, Sheffield, or Wilton. Without large development sites on these streets, the scale of any new condominium buildings will generally be limited to ten or fewer units.

Any condominiums built within the District are expected to feature a high level of unit finishes, features, and amenities. Prices (in 2017 dollars) will likely begin in the upper \$300,000s for one-bedroom units and low to mid-\$500,000s for two-bedroom units. This excludes parking, which can be expected to add \$35,000-\$40,000 to the base price of the units.

Finally, single family home building is expected to continue in the Market Area's residential enclaves as individual parcels with older stick-built homes are redeveloped. Generally speaking, the RPB District, with its many busy streets, is not seen as a viable location for these predominantly high end homes. The exception is Wilton Street, where a more modest single family attached townhome product may be appropriate.

### Market Support and Target Markets

The primary target market for any new residential units developed within the RPB Market Area for the foreseeable future will be members of the Millennial generation who will, by 2021, be roughly 25 to 41 years old. Those in their 20s and early 30s are more likely to be single and to choose rental apartments over for-sale units by a wide margin (often by necessity, given the high cost of the Market Area's for-sale housing). Older members of this target market may be in family households, with or without children, though a significant number will be single as well. While many, particularly those who are single, will choose rental apartments, with the strengthening of the for-sale market over time an equal number may opt for condominiums or single family homes.

The aging of Millennials in the RPB Market Area will generate new levels of income, supportive of the higher-end rental apartments and condominiums that are likely to be developed. As the Area's Millennials age and advance in their careers, many will look for "move-up" housing options that offer more space, better amenities, and/or more desirable locations. This is particularly true of those who start families, with the majority of these opting for condominium or (if financial resources allow) single family home-ownership.

As demonstrated previously, the Market Area is home to a large number of relatively high-earning renter households. Using the "30% rule of thumb" a rent payment of roughly \$1,875 per month (including utilities) is considered affordable for households earning \$75,000 annually. Thus, the Market Area's more than 12,350 renter households earning more than \$75,000 per year provide considerable income support for new high-end apartments within the District.

A large portion of those who rent or purchase new housing in Lakeview will have employment within Chicago's Central Area, and for them easy access to transit will be a primary draw. Thus, the continued development of the Market Area, as with many areas of Chicago, is heavily dependent upon the ability of transit service to keep pace with a growing number of commuters.

As discussed previously, the majority of the RPB Market Area's lower-income households can be considered housing cost burdened to some degree. Yet the Market Area has just 1,214 rent-restricted and rent-subsidized apartments, with the majority of these serving only seniors or those with special needs. Thus, more than 85% of the Market Area's cost-burdened lower-income households are not served by affordable housing, equating to nearly 6,500 households. Clearly, though the RPB Market Area represents an excellent development opportunity for higher-end housing, the need for more affordable options is undeniable. Particularly with its strong transit connections to Downtown employment, the addition of affordable housing options in the Market Area could provide lower-income households with a strong foundation for achieving upward mobility.

Finally, the needs of older Market Area residents should not be ignored. As shown previously, by 2021, residents age 65 or older are projected to encompass 8.8% of the Market Area population – equating to nearly 8,800 people. While senior housing is unlikely to be developed within the RPB District itself, the market and policy question of how best to serve the growing population of older residents and allow them to age in place is one to be grappled with in Lakeview, as in many other areas of the City.

## COMMERCIAL MARKET ASSESSMENT

This section of the report examines the competitive supply of commercial uses in the RPB Market Area and District, and analyzes demand for retail and other types of commercial space coming from area households, visitors, and employees. Recommendations for commercial development in the District are offered, based on what can be captured both in the near-term (years 1-5) and longer-term (years 6-10).

Belmont Avenue and Clark Streets are the primary commercial corridors in the RPB District, along with Sheffield Avenue, which has commercial clustered north of Roscoe and south of School Street. According to the *Transit Oriented Development Plan Existing Conditions Report*, average daily traffic numbers within the RPB District are highest on Belmont Avenue (14,300 ADT) and similar on Clark Street (9,600 ADT) and Sheffield Street (9,350 ADT).

Pedestrian traffic in the area is significant, as people travel to and from the Belmont CTA rail station, where the Red, Purple, and Brown lines converge, as well as area bus routes. According to the *Existing Conditions Report*, there are 5 separate CTA bus routes traveling through the RPB District:

- Route 22 – Clark
- Route 8 – Halsted
- Route 77 – Belmont
- Route 151 – Sheridan
- Route 156 – LaSalle

As further outlined in the existing conditions report, “based on the CTA Monthly Ridership Report (October 2016), there were more than 11,000 total average weekday boardings and alightings of CTA bus routes in (or adjacent to the study area). For the same time period there were nearly 14,000 average weekday rail entries at the Belmont station (producing nearly 28,000 rail trips beginning or ending at the station). In total, CTA bus and rail account for almost 40,000 transit trips on a typical weekday, within or adjacent to the RPM study area.”



Figure 25: Picture of Halsted Corridor

### COMPETITIVE POSITIONING OF RPB DISTRICT

The Clark Street and Belmont Corridors within the RPB District compete with several other areas in the RPB Market Area, as discussed below and shown in Figure 27:

- **Southport Corridor:** The Southport Corridor includes a mix of national tenants, such as Free People, Anthropologie, Lulemon, the Gap, and a newly opened Amazon Books. Local boutiques intersperse in the corridor and include clothes and accessory retailers, such as Mint Julep, Krista K Boutique, and Splendid, as well as the historic Music Box Theatre.
- **Halsted Corridor:** The North Halsted Corridor caters to the enclave known as “Boystown” that became, in the late 1990s, the country’s first officially recognized Gay Village. The corridor is a mix of nightlife, restaurants, shopping and entertainment venues.
- **Broadway Corridor:** The Broadway Corridor contains a diverse mix of uses, and is home to the newly opened Mariano’s, located at 3030 N Broadway. At the southern end, national large format anchors proliferate, including T.J.Maxx, Walmart Neighborhood Market, and Bed, Bath & Beyond.
- **Diversey Street/N Clark Street:** Diversey Street has changed significantly in recent years, ushering in a new wave on national tenants, including Akira, Urban Outfitter, Trader Joe’s, and Ann Taylor Loft. On Clark Street, south of Belmont, despite the presence of the Century Shopping Center, Michael’s, Marshall’s, DSW Shoes, and other mixed-uses, there is an absence of a strong commercial identity, given the gaps in the pedestrian experience and the scale of existing buildings.
- **Lincoln, Ashland and Belmont:** This area is emerging as a new node with the development of Whole Foods at 3201 N Ashland and Target at 3300 N Ashland, as well as a mix of smaller commercial storefronts along Lincoln Avenue.

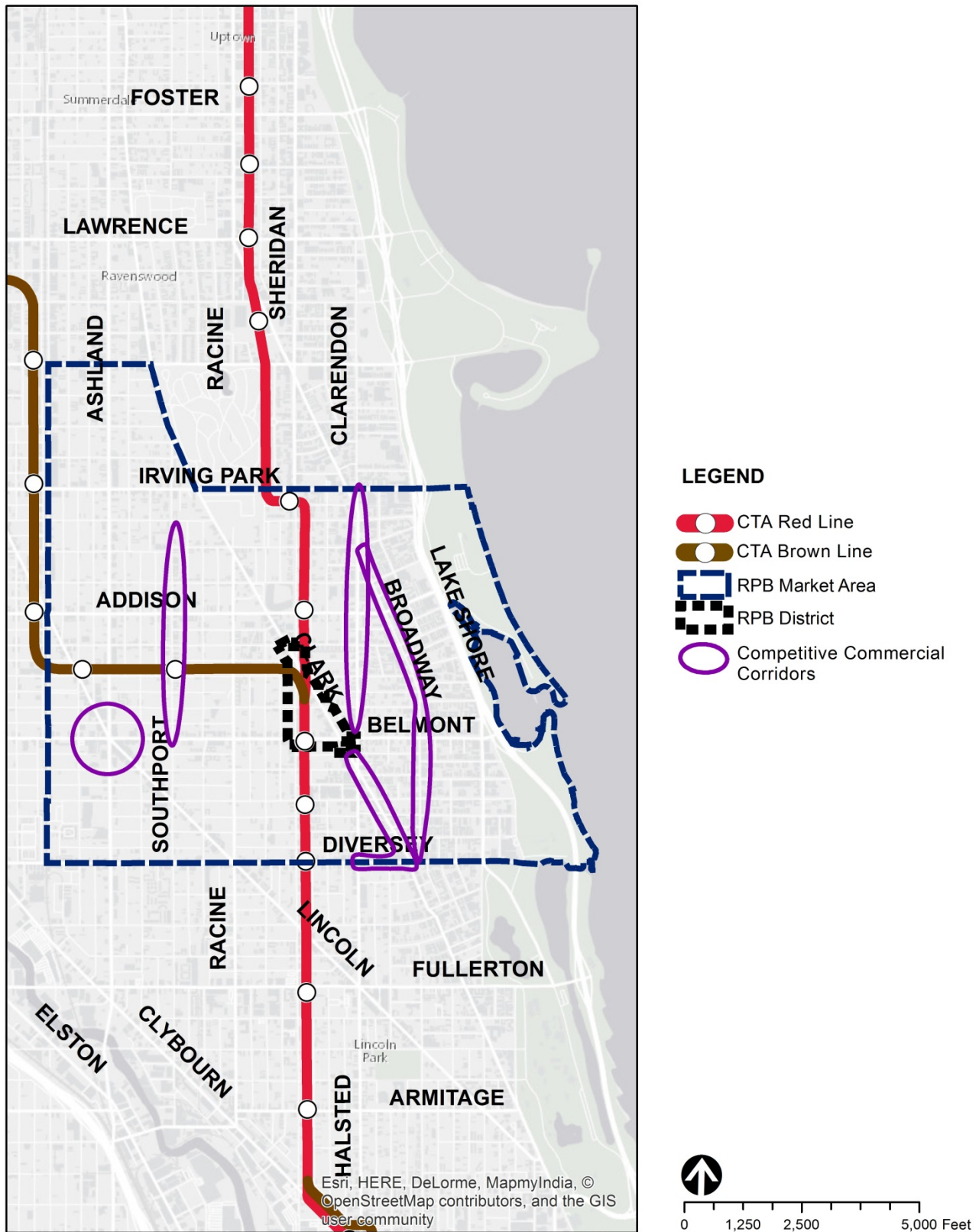


Figure 26: RPB Competitive Corridors Source: Goodman Williams Group

## SSA AND TIF DISTRICTS

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

### Special Service Areas

The RPB District includes portions of SSA # 17 and SSA # 8 (as shown in Figure 28). Special service areas are contiguous areas within Chicago in which special 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 \$760,000 was available in SSA 17, and nearly \$900,000 was available in SSA 8. The adjacent SSA 18 along Halsted Street is shown in the table below as reference, but does not overlap with the RPB District.

RPB District Proximate Special Service Areas		
SSA Number	Service Provider Agency	2016 Budget
17	Lake View East Chamber of Commerce	\$766,034
8	Lake View East Chamber of Commerce	\$899,835
18	Northalsted Business Alliance	\$512,789

Source: City of Chicago

**Table 23:** RPB District Proximate SSAs

### Tax Increment Financing Districts

The sole Tax Increment Finance (TIF) in the RPB District is the newly enacted Red and Purple Modernization (RPM) Phase One Project TIF. According to the *Tax Increment Financing Redevelopment Plan* for the aforementioned TIF, 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 be available through this TIF fund for real estate development projects.

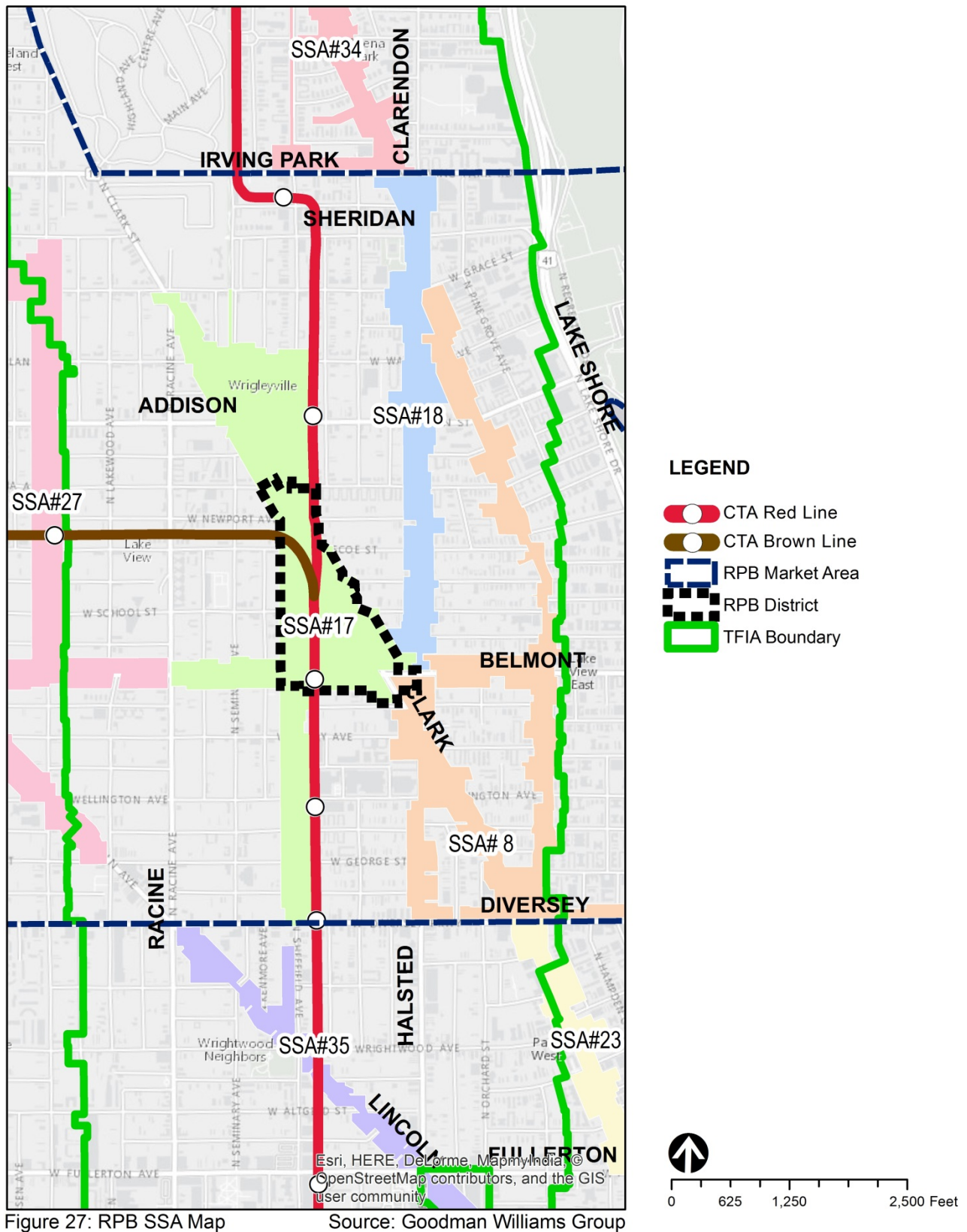


Figure 27: RPB SSA Map

Source: Goodman Williams Group

## 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 RPB Market Area, there are nearly 8.5 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 a relatively low 3.8%, with approximately 113,000 square feet of space available. Average asking net rents are reported to be \$31.00 per square foot.

The RPB District comprises just under 10% of the retail inventory in the Market Area, with a reported total of 807,189 square feet of space. The following points can be made from this general market data:

- The vacancy rate, when measured by total retail square footage, is an extremely low 1.9% in the District. This rate is half the vacancy rate in the RPB Market Area. The vacancy rate in the District has been stable over the last five years.
- Over the last 12 months, more than 112,000 SF of retail space has been absorbed into the Market Area. Absorption represents the increase in amount of occupied square footage. In the district, however, there is a slight decrease in the amount of occupied square footage. Absorption in the District was -1,153, SF, down from a 5-year average of -2,512 SF. This amount of space is roughly equivalent to the space of one small storefront. This negative absorption may be due in part to the CTA announced and actual acquisition of parcels in the District.
- Asking net rents for available space in the RPB District is high and has been rising. The average is reported to be \$41/SF, as compared to \$31/SF in the RPB Market Area. This is a significant increase from \$28/SF, the five-year average in the District.

RPB Retail Market Indicators			
	RPB Market Area	RPB District	
		As of Jan 2017	5-Year Average
Total Existing SF	8,476,957	807,189	811,932
Vacant SF	322,574	15,628	15,785
Vacancy Rate	3.8%	1.9%	1.9%
12 Mo. Absorption SF	112,828	-1,153	-2,512
NNN Asking Rent/SF	\$ 31.00	\$ 41.54	\$28.69

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

**Table 24:** RPB Retail Market Indicators

### Vacancy Trends

Trend data for the last ten years compares retail vacancy rates in the RPB District with those in the RPB Market Area. Overall, the vacancy rate in the District has historically been below that of the Market Area. Following the recession, vacancy peaked in 2009 and 2010 in the Market Area. Since 2014, the Market Area vacancy rate has been fairly stable, hovering between 3 and just above 4 percent, to its current level of 3.8%. Vacancy in the RPB District peaked in 2008, at more than 6%. Post-recession, vacancy rates decreased to a low in 2011 of less than 1% vacancy, up slightly to its current level of 1.8%.

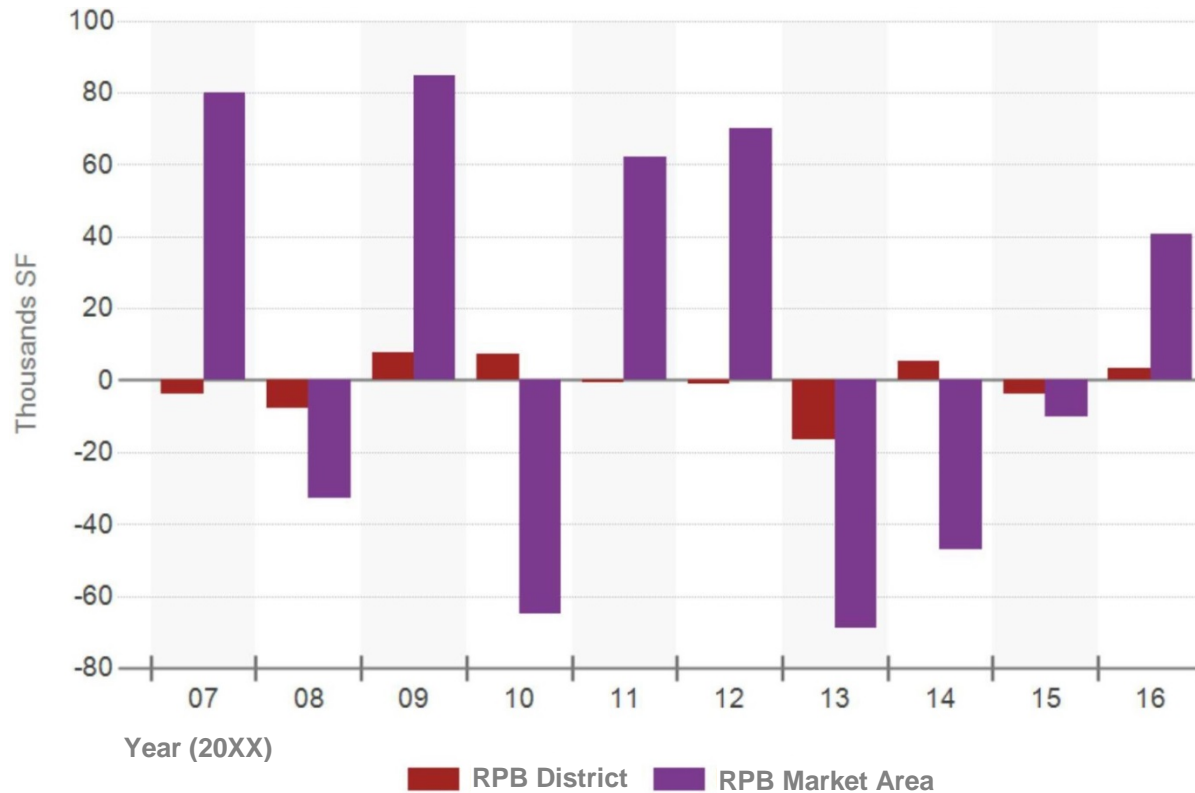


Source: CoStar Realty Information

**Figure 28:** Historic Retail Vacancy Trends

### Net Absorption Trends

Net absorption, a measure of the net change in occupied square footage, in the Market Area has been fairly volatile over the last 10 years, with positive net absorption between 40,000 and 85,000 SF, balanced by negative net absorption that topped out at nearly 70,000 SF in 2010 and 2014. The RPB District has seen net absorption levels topping out at nearly 8,000 SF in 2009, to negative absorption hovering near 17,000 SF in 2013. The average net absorption in the RPB Market Area over the last ten years has been 3,664 SF, with an average of negative 611 SF in the RPB District. These figures are quite modest, representing the churn of new stores replacing vacant storefronts, as well as a limited amount of new commercial development, particularly in the District.



Source: CoStar Realty Information

**Figure 29:** Historic Net Absorption Trends

### Lease Rate Trends

Figure 31 shows average asking rents for available space in the RPB District and the RPB Market Area on a triple net basis from 2007 - 2016. 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.

Historically, asking lease rates in the RPB Market Area have been more stable overall as compared to the RPB District, ranging between approximately \$26, peaking in 2015 to approximately \$34, and settling in at recent levels of \$31/SF. In contrast, the RPB District lease rates have had greater peaks and troughs, peaking in 2013 at nearly \$40/SF and topping that in 2017 at more than \$41/SF, a premium compared to the Market Area's current lease rate of \$31/SF.



Source: CoStar Realty Information

**Figure 30:** Historic NNN Lease Rate Trends

## PROFILE OF EXISTING SHOPPING CENTERS

Most retail space in the RPB District is ground floor space in low-rise mixed- use buildings or small all-commercial structures. The District does not have any convenience or neighborhood shopping centers, which are defined by the International Council of Shopping Centers (ICSC) and CoStar as a grouping of stores or service outlets managed as a coherent retail entity, with on-site parking.

Within the Market Area, CoStar tracks a total of 11 shopping centers with more than 10,000 SF of retail space in each.

- The 11 centers contain a total of 864,000 SF of gross leasable area.
- Within these centers, 142,000 SF of space is available, representing a vacancy rate of 16.4%. This shopping center vacancy rate is significantly higher than the overall vacancy rate in the Market Area, which is reported to be 3.8%.
- Asking leasing rate data is withheld for most of the centers. Of the two data points available, the average asking lease rate is \$33.54/SF triple net.

Century Shopping Center, located at 2836 N Clark Street, is the largest center in the Market Area, with 170,000 SF. Key anchors include LA Fitness, Victoria's Secret, and Landmark Movie Theatres. Built in 1925, the Century Shopping Center has been updated and retenanted at various points in its history. In 1999 and 2000, the center had an interior renovation and added the Century Centre Cinema, a 7-screen movie theater. Today, the center is again in the process of being repositioned. According to CoStar data, Century Shopping Center is only 71% leased.

There are two centers located just south of the District, as shown in the following table.

Shopping Centers Proximate to RPB District				
Center Name	Center Address	Center RBA/GLA	Percent Leased	Anchor Tenants
The Pointe At Clark Street	3131 N Clark St	95,455	100	Michaels, Marshalls, DSW
Former Sports Authority	3134 N Clark St	63,420	0	

Source: CoStar and Goodman Williams Group field work - Jan. 2017

**Table 25:** Shopping Centers Proximate to RPB District

The center at 3131 N Clark Street is 100% occupied and includes national anchors Michael's, Marshall's, and DSW Inc. The imposing structure of this shopping center on Clark Street creates a challenging pedestrian experience in the Clark Street corridor.

The center at 3134 N Clark Street was anchored by Sports Authority, until the firm declared bankruptcy in 2016 and closed store locations. While CoStar lists the center as 38% leased, it appears to be completely vacant, with the exception of available paid parking. Initial inquiries suggest the center may be a tear-down opportunity and site for redevelopment.



**Figure 31:** Picture of The Pointe at Clark Street.

Together, these two centers create a void in the pedestrian experience immediately south of the RPB District, and present a challenge to creating a gateway to the RPB District from the south.

### COVERAGE OF NATIONAL RETAILERS

Figure 33 shows the location of select national anchors within the RPB Market Area, including grocery stores and large format retailers, such as TJ Maxx, Bed, Bath & Beyond, and Target.

A relatively new entrant to this market is Mariano's, at 3030 N Broadway, which opened in August 2016 and filled a space formerly occupied by Dominick's. Additionally, a new Whole Foods is under construction at 3201 Ashland Avenue, and will be the second largest in Chicagoland when it opens in March 2017. The store will replace the current Whole Foods at 3300 N. Ashland, which has been announced to be redeveloped as a new Target store.

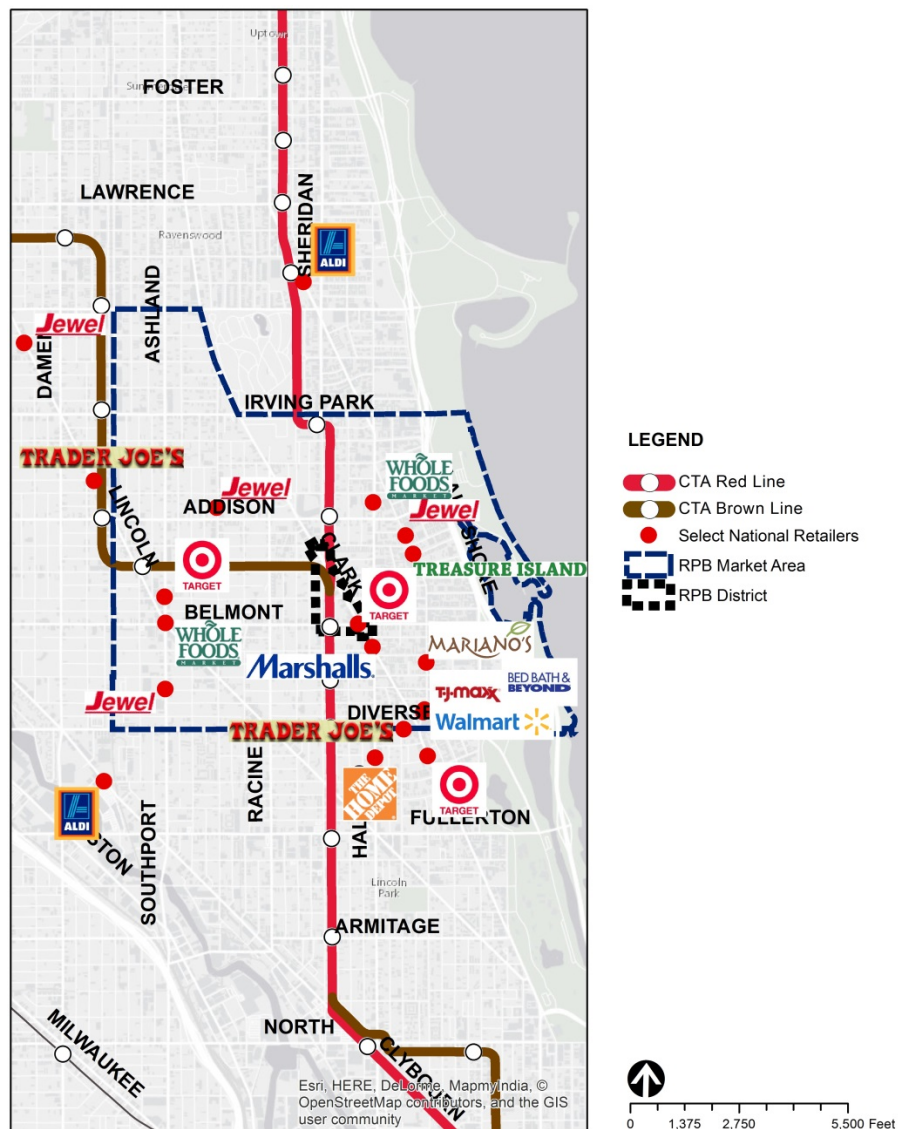


Figure 32: Select Existing and Announced Nat'l Retailers

### RPB DISTRICT COMMERCIAL BUSINESS INVENTORY ANALYSIS

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

#### Vacancy Rate

As of November, 2016, there were a total of 154 occupied and 16 vacant first-floor commercial storefronts in the RPB District, for a total of 170 ground floor spaces. Figure 34, on the following page, shows the locations of the current vacancies. The overall vacancy rate in the District as measured by our field survey, which is based on storefronts, not square feet, is 9%. This varies from the retail vacancy (1.8%) presented earlier in several ways:

- Most importantly, the 9% vacancy reflects vacant storefronts, as opposed to vacant square footage. The higher vacancy rate when analyzing storefronts indicates that a higher proportion of 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 vacant space is not currently being actively marketed and thus may not appear on CoStar's inventory of vacant space.

The most prominent cluster of vacant storefronts is located in a two block stretch along Clark Street, north of Roscoe and south of Cornelia, where there are seven vacancies. Some of these vacancies are in buildings in the process of being acquired by the CTA for RPM construction, and may therefore not reflect longer term demand.. There are two other small clusters located in the District: four vacancies along Clark between Belmont and Aldine/School, including "The Alley" development, and two more along Belmont just east of Wilton Avenue. Beyond CTA acquisition, CTA RPM construction has potential of negatively impacting vacancies and the overall stability of the corridor during the multi-year construction cycle.

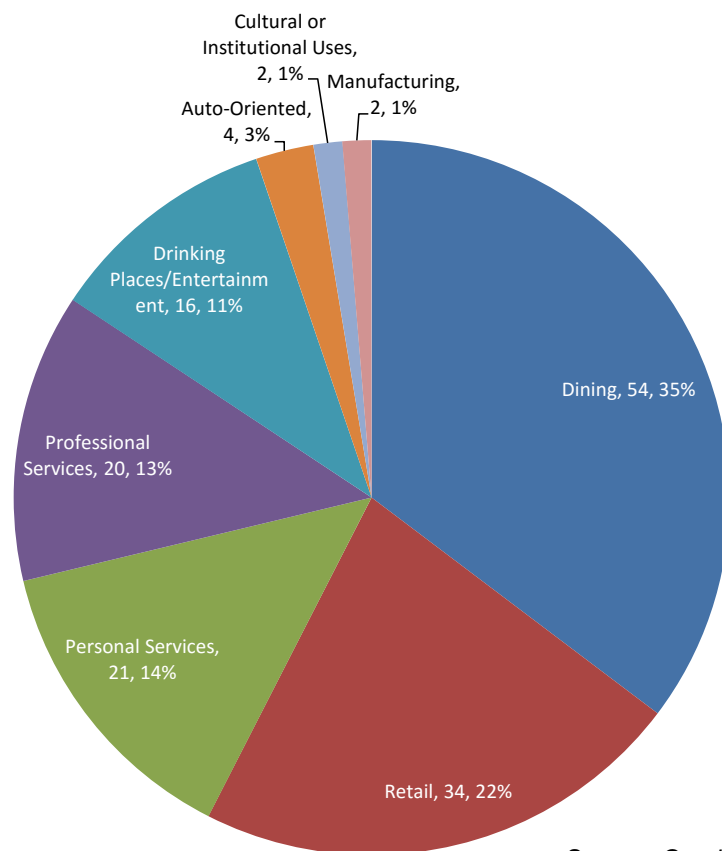


Figure 33: Commercial Vacancies Source: Goodman Williams Group

### Business by Type

The total business inventory is categorized by business type to determine overall market supply by type of offering. A total of 153 occupied, ground floor commercial spaces are located in the RPB District as of November 2016. The types of businesses break out as follows:

- A high percentage of businesses (35%) are either a limited- 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.
- Of the 54 dining storefronts, 32 are full-service restaurants, while 22 are limited-service.
- More than 20 percent of ground-floor spaces (34 storefronts) are retail. Additional break-out on the type of retail follows.
- Personal services make up 14% of the storefronts (21 in total), the majority of which are hair salons, barbers, and nail salons. Additionally, there are 4 fitness uses.
- Thirteen percent of the storefronts (20 in total) are professional service, eight of which were financial service uses.
- Eleven percent (16 total) of storefronts are classified as drinking places/entertainment, a relatively high number, due to its proximity to Wrigley Field.



RPB Market Area Business Inventory	
Dining	54
Retail	34
Personal Services	21
Professional Services	20
Drinking Places/Entertainment	16
Auto-Oriented	4
Cultural or Institutional Uses	2
Manufacturing	2

Source: Goodman Williams Group field work November 2016

**Figure 34:** RPB District Total Business Inventory

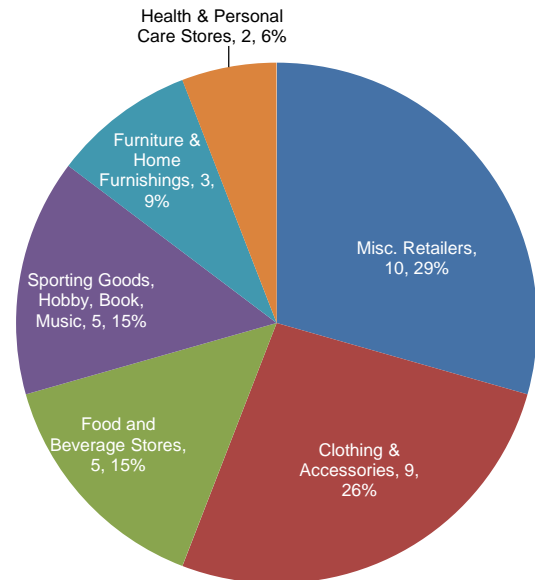
### Retail Breakout

The retail uses in the District are further broken out to better understand the types of retailers that choose this location. Clearly, the proximity of Wrigley Field has a major influence in the retail mix, as is evident by the number of Cubs-related clothing and accessory stores.

- The largest category of retail was Miscellaneous Retailers (29%). Eight of ten miscellaneous retailers were smoke shops.
- Clothing & Accessories account for 26% of retail (9 in total); approximately half of these retailers sold Chicago Cubs related products.
- Food and Beverage stores account for 15% of all retail (5 in total).
- Sporting Goods, Hobby, Book and Music also account for another 15% of storefronts.

**Figure 35: RPB District Retail Breakout**

Source: Goodman Williams Group



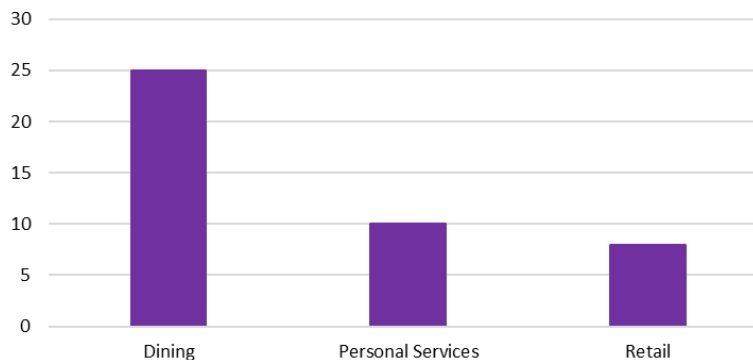
### Local vs. National Uses

The RPB District is overwhelmingly populated by local tenants, at 90% of the total. The few national tenants include Starbuck's, H&R Block, Jimmy John's, Sport Clips, State Farm Insurance, Walgreen's, Blaze Pizza, Dunkin Donuts, and Bank of America.

### New Business Start-ups

SSA #8 provided us with information on the number and types of new businesses that entered the East Lakeview neighborhood within the RPB Market Area during the two-year period from 2015 to 2016. This information reinforces the business types that have chosen to locate in the RPB District. Full and limited service restaurants (25) top the list, followed by personal services (10) and retail (8).

**New Businesses by Type in East Lakeview, 2015-16**



Source: East Lakeview Chamber of Commerce

**Figure 36: New Businesses by Type in East Lakeview**

## RPB MARKET AREA HOTELS

Lodging options in the RPB District are expanding with the construction of two new hotels, Hotel Zachary (3630 N Clark Street) and the Wheelhouse Hotel (3473-3465 N Clark Street), both proximate to Wrigley Field. Other movement in the market includes the sale of the current Days Inn (644 W Diversey) to LondonHouse, which has plans to convert it into an updated boutique hotel.

The otherwise existing hotels are much older, with more recent renovations. Not including the proposed Hampton Inn at the site of the current Inn at Lincoln Park (just south of the market in Lincoln Park), the inventory of existing and under construction hotel rooms totals 596.

Hotel developers are recognizing that travelers are ready to venture out of Downtown during their stay, as is evident by the rise of Airbnb. Additional new hotel development, however, is unlikely in the short-term as new product must first meet with market success. Longer term, new hotel development would require a site that is large enough and located in a prominent commercial corridor.

RPB Market Area Hotels					
Hotel Name	Building Address	Building Status	Year Built	Rooms	Notes
Best Western	3434 N Broadway St	Existing	1933	83	
The Majestic Hotel	528 W Brompton Ave	Existing	1927	52	
Days Inn	644 W Diversey Pky	Existing	1928	133	Purchased by LondonHouse in 2016; plans to convert into boutique hotel.
The Willows Hotel	555 W Surf St	Existing	1927	55	
The City Suites Hotel	933 W Belmont Ave	Existing	1929	45	
Wheelhouse Hotel	3473-3475 N Clark St	Under Construction	2016	53	Includes formerly vacant Wrigleyville hotel in footprint
Hotel Zachary	3630 N Clark St	Under Construction	2016	175	
Hampton Inn	601 W Diversey	Proposed	NA	120	Currently Inn at Lincoln Park; just south of market
<b>Total</b>				<b>716</b>	

Source: CoStar and sources deemed reliable by Goodman Williams Group

**Table 26:** RPM Market Area Hotels

## RPB 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 RPB Market Area, there are more than 3.3 million square feet of total office space. More than 94% of this space is offered in Class B or Class C office space, with Class A comprising only 6%. The Presence Center for Advanced Care, 331 W Surf Street, is by far the largest office building in the Market (392,487 SF of Class B medical office space). In the RPB Market and District, much of the Class B and C office space is located on upper floors of older, mixed-use buildings. The following points can be made from this general market data:

- Within the RPB District, there is no Class A office space, and the only office space – less than 10,000 SF—is contained in two buildings, 3201 N Clark and 3223 N Sheffield. According to CoStar data, these buildings are fully occupied.
- Vacancy numbers in the District are reported as zero, as compared to the Market Area at 7.8% for Class A and between 1.0 and 1.7% for Class B and C office space. In comparison, CBRE reports vacancy in the Central Business District as 8.9% for Class A office space, 11.1% for Class B, and 10.6% for Class C during the fourth quarter 2016.

In addition to the current office inventory, 6,000 SF of new office space is planned on the third floor of 3200 Lakeview, located at Belmont and Clark Street. According to the developer, while several entities have expressed interest, there are no signed deals for the space. In another new building, 3423 N Broadway, less than 5,000 square feet of new office space was recently renovated and is still available.

In addition to traditional office space, at least one coworking space is located within the RPB District, named DeskLabs, located at 3033 N Clark. Coworking spaces are typically designed to offer affordable space to individuals and small companies that need work space on a short-term or longer-term basis. Tenants pay for individual work spaces and conference rooms as needed in a shared space with varying levels of amenities.

Office Inventory for RPB Market and District			
RPB Market Area	Total Rentable SF	Available SF	Percent Vacant
Class A	196,358	15,413	7.8%
Class B	1,073,612	18,111	1.7%
Class C	567,807	5,500	1.0%
<b>Total</b>	<b>1,837,777</b>	<b>39,024</b>	

RPB District	Total Rentable SF	Available SF	Percent Vacant
Class A	0	NA	NA
Class B	5,200	0	0%
Class C	4,400	0	0%
<b>Total</b>	<b>9,600</b>	<b>0</b>	

Source: CoStar, February 2017

**Table 27:** Office Inventory for RPB Market and District

### BELMONT THEATER DISTRICT

The Belmont Theater District is a collection of theaters located within the boundaries of the Lakeview Community Area. A total of 16 theaters are located within the Theater District, with an additional cluster located within a 1-mile radius. The Theater District states that 750,000 people visit a theater in the District each year. Taken together, the theatre district elevates the overall brand image of the area as an entertainment destination.

Belmont Theater District Participating Theaters	
Theater	Address
Annoyance Theatre	851 W Belmont Ave
Athenaeum Theatre	2936 N Southport Ave
Chicago Theater Works	1113 W Belmont Ave
ComedySportz Theater Chicago	929 W Belmont Ave
Public House Theater	3914 N Clark Street
Oracle Productions	1802 W Berenice Ave
Mercury Theater	3745 N Southport Ave
Hoover Lappen Theater	3656 N Halsted St
Under the Gun Theater	956 W Newport Ave
Theater Wit	1229 W Belmont Ave
Stage 773	1225 W Belmont Ave
Playground Theater	3209 N Halsted St
Laugh Factory	3175 N Broadway
MCL Chicago	3110 N Sheffield Ave
Briar Street Theatre	3133 N Halsted St
Lincoln Loft	3036 N Lincoln Ave
Timeline Theater	615 W Wellington Ave
Saint Sebastian Players	1625 W Diversey

Source: Belmont Theater District

**Table 28:** Theaters in Belmont Theater District

While only two of these theaters are located within the RPB District, Comedy Sportz Chicago at 929 W Belmont and Annoyance Theatre at 851 W Belmont, the proximity of the other theaters provides support to the restaurants and bars located in the RPB 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. We first ran a leakage analysis for the RPB Market Area to quantify the difference between the demand from households living in the RPB Market Area and the estimate of sales from existing Lakeview stores located in that same area.

A positive number suggests that demand exceeds local supply, indicating that shoppers are spending money 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 businesses to an area depends on, among other factors, the character and proximity of potential competitors, the demographic and socioeconomic makeup of the localized consumer base, vehicular and pedestrian traffic levels, and the availability of suitable land and/or commercial space. The market support for additional retail may also depend on expenditures from tourists, visitors, employees, and other non-residents—as is the case with the RPB District.

The following leakage analysis for the RPB Market Area indicates that 55,478 households living in this area spent more than \$3.4 billion annually on retail purchases, and food and drink in 2016, according to Esri. Existing establishments within the Market Area have estimated sales of more than \$1.3 billion, indicating that dollars are being “leaked” to stores outside the Market Area. This leakage is occurring in almost all the standard categories. The two exceptions (shown in red) are Miscellaneous Retail Stores, and Drinking Places. Not surprisingly, Lakeview bars reported revenue far in excess of what was spent by Lakeview residents.

Leakage Analysis for RPB Primary Market Area			
<b>Summary Demographics</b>			
2016 Population			96,867
2016 Households			55,478
2016 Median Disposable Income			\$58,221
2016 Median Household Income			\$67,320
	<b>Demand</b>	<b>Supply</b>	
<b>Industry Summary</b>	<b>(Retail Potential)</b>	<b>(Retail Sales)</b>	<b>Retail Gap</b>
Total Retail Trade and Food & Drink	\$3,411,050,690	\$1,313,058,972	\$2,097,991,718
Total Retail Trade	\$3,052,804,631	\$994,936,010	\$2,057,868,621
Total Food & Drink	\$358,246,059	\$318,122,962	\$40,123,097
<b>By Category:</b>			
Motor Vehicle & Parts Dealers	\$680,213,422	\$39,199,565	\$641,013,857
Gasoline Stations	\$193,902,595	\$16,375,191	\$177,527,404
Furniture & Home Furnishings Stores	\$91,477,020	\$37,901,843	\$53,575,177
Electronics & Appliance Stores	\$180,511,487	\$37,725,405	\$142,786,082
Bldg Materials, Garden Equip. & Supply Stores	\$150,469,355	\$40,341,537	\$110,127,818
Food & Beverage Stores	\$540,347,355	\$373,168,372	\$167,178,983
Grocery Stores	\$468,567,185	\$329,751,140	\$138,816,045
Specialty Food Stores	\$37,569,248	\$2,337,357	\$35,231,891
Beer, Wine & Liquor Stores	\$34,210,922	\$20,079,875	\$14,131,047
Health & Personal Care Stores	\$172,545,707	\$129,823,380	\$42,722,327
Clothing & Clothing Accessories Stores	\$161,301,181	\$80,156,740	\$81,144,441
Sporting Goods, Hobby, Book & Music Stores	\$76,585,766	\$38,808,424	\$37,777,342
General Merchandise Stores	\$585,867,068	\$28,806,370	\$557,060,698
Miscellaneous Store Retailers	\$125,707,735	\$145,870,448	-\$20,162,713
Food Services & Drinking Places	\$358,246,059	\$318,122,962	\$40,123,097
Special Food Services	\$8,250,458	\$5,682,684	\$2,567,774
Restaurants/Other Eating Places	\$337,580,804	\$244,120,680	\$93,460,124
Drinking Places - Alcoholic Beverages	\$12,414,797	\$68,319,598	-\$55,904,801

Source: Esri Business Analyst 2016 Estimates

**Table 29:** RPB Market Area Leakage Analysis

A leakage analysis for the RPB District indicates a different story. Since a large percentage of support for businesses in the District comes from visitors living outside the District, very few of the categories are leaking sales. An estimated \$40 million worth of sales was spent by people living outside the District. Of that total, \$25.7 million comes from the Food and Drink category. This however, does not suggest that additional restaurants and bars could not be supported in the District—just that they will have much competition, and their success will depend on bringing more visitors into the area, which is a likely scenario with the transit improvements and proposed development activity.

## COMMERCIAL CONCLUSIONS

The RPB District is a vibrant commercial area of the Lakeview Community that thrives on its proximity to Wrigley Field and the Belmont CTA station. While CoStar Realty Services reports less than 16,000 square feet of space available (1.9% of all retail space reported in the District), our field work revealed 16 vacant storefronts in the District. These were mostly small storefronts in commercial buildings or ground floor spaces in mixed-used buildings located along Clark Street and Sheffield. CTA's recent acquisitions in anticipation of the RPM construction work has contributed to the number of vacancies. Therefore current vacancies may not be a good long-term indicator of the strength of the commercial market.

Limited net absorption figures in recent years suggest most of the commercial activity that has been occurring along these commercial corridors has been churning—new tenants coming in to replace tenants moving out. In some cases, particularly along Belmont, national tenants have moved in. This trend may have contributed to rents that have risen to an average in excess of \$41 on a net per square foot basis.

Additionally, the 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. While the overall levels of parking are limited, the new 30,000 SF Target developed in Lakeview 3200, does offer 38 dedicated parking spaces, less than 2 spaces per 1000 SF.

### New Development Activity

Going forward, new and proposed development activity coming, around Wrigleyville in particular, will change the character of the RPB District and enhance future commercial development opportunities. Within the larger Market Area, 650,500 square of new commercial space has recently been delivered or proposed. The largest of these projects, Hotel Zachary and Addison and Clark, will contribute to making Wrigleyville a year-round entertainment destination. Within the RPB District itself, more than 55,000 square feet of new commercial space (not including hotel rooms) is likely to come on line in the near-term, and most of it will be pre-leased to credit-worthy tenants. More than half of the new commercial space is represented by a 30,000 square foot Target at Lakeview 3200. Other new commercial space includes 6,000 square feet of office space at Lakeview 3200, and other primarily ground floor commercial uses, as part of smaller mixed-use developments.

New and Proposed Commercial Development Within RPB District			
Project	Address	Status	Square Feet
Wheelhouse Hotel	3469-3475 N. Clark	Demolition underway	3,800
Lakeview 3200	3200 N Clark	Under Construction	39,000
937-945 W Belmont	937-945 W Belmont	Proposed	10,000
3226-3228 N Clark	3226-3228 N Clark	Under Construction	2,500
<b>Total</b>			<b>55,300</b>

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

**Table 30:** New & Proposed Commercial Development in RPB District

As more people reside in and are drawn to the area by this new commercial development and proposed entertainment activities, smaller, independently owned stores are likely to benefit and existing older storefronts are more likely to stay occupied. Occupancy of existing stores will also be enhanced by the completion of the RPM construction. 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. During the RPM construction process, outreach to affected small businesses will be important to their continued growth and success.

### Sources of Demand

Most retail development is supported by households, so new residential development in the RPB District including Lakeview 3200 and Addison & Clark will increase non-game day pedestrian activity and support new and existing commercial uses. Additionally, projections of increased residential demand in the Market Area bode well for future commercial growth. The residential market assessment anticipates an average of 120 ownership units and 220 rental units per year for the next 5-10 years. With relatively high incomes, these new households will help support the new Mariano's, Whole Foods, and other grocers in the Market Area. They will also help support specialty food stores, pharmacies, personal service businesses, and fast casual restaurants. However, other competitive commercial corridors in the RPB Market Area will compete for residents' dollars including the Southport Corridor, other sections of Clark, Halsted, Diversey, Belmont, and Broadway Avenue.

Visitors to the RPB District are a large and growing source of demand for new commercial development in the Market Area. During the 2016 regular season, the Chicago Cub's attendance at home games amounted to more than 3.2 million people. Improvements to Wrigley Field (The 1060 Project), additional programming inside and outside the stadium on the new Plaza, new theaters, bowling alleys, restaurants, and other entertainment venues will attract more visitors to the District from the Market Area, other parts of the City, and from the region as well. Additionally, more than 220 new hotel rooms will add overnight visitors. Taken together, these visitors will support additional bars and restaurants, as well as some specialty retailers.

The third source of demand for additional commercial space comes from employees working in the District. Lower-wage retail, restaurant, and hotel workers as well as Wrigley Field staff are likely to contribute to the economic vitality of the District, but not as significantly as households and visitors.

Other commercial development potentials from medical or office uses are limited, given the character of the Market Area. Additionally, while there is a trend towards offering more lodging opportunities in neighborhoods, the two new hotels that are under development will need to meet with market success in the short to medium term, before additional hotel development is likely to be considered.

#### Future Development Potential

To the extent that new commercial space catering to residents is built in the RPB District, it will likely occupy 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 RPB District.

Upper floor commercial uses in the RPB District are not likely to be as financially attractive as residential uses. Possible upper floor non-residential uses could include office space (either for a company or co-working spaces), event space, and fitness uses. Additionally, a community-focused space, perhaps with a cultural theme, could be considered, but would likely need to be subsidized.

As shown in Figure 38, larger scale redevelopment in the District is most likely to occur on the MB Bank site (3153-3179 N Clark and 801-807 W Belmont), and the Lakeview Learning Center (3310-3300 N Clark), potentially with adjacent parcels. Future development on these larger sites will drive longer-term development potentials in the district.

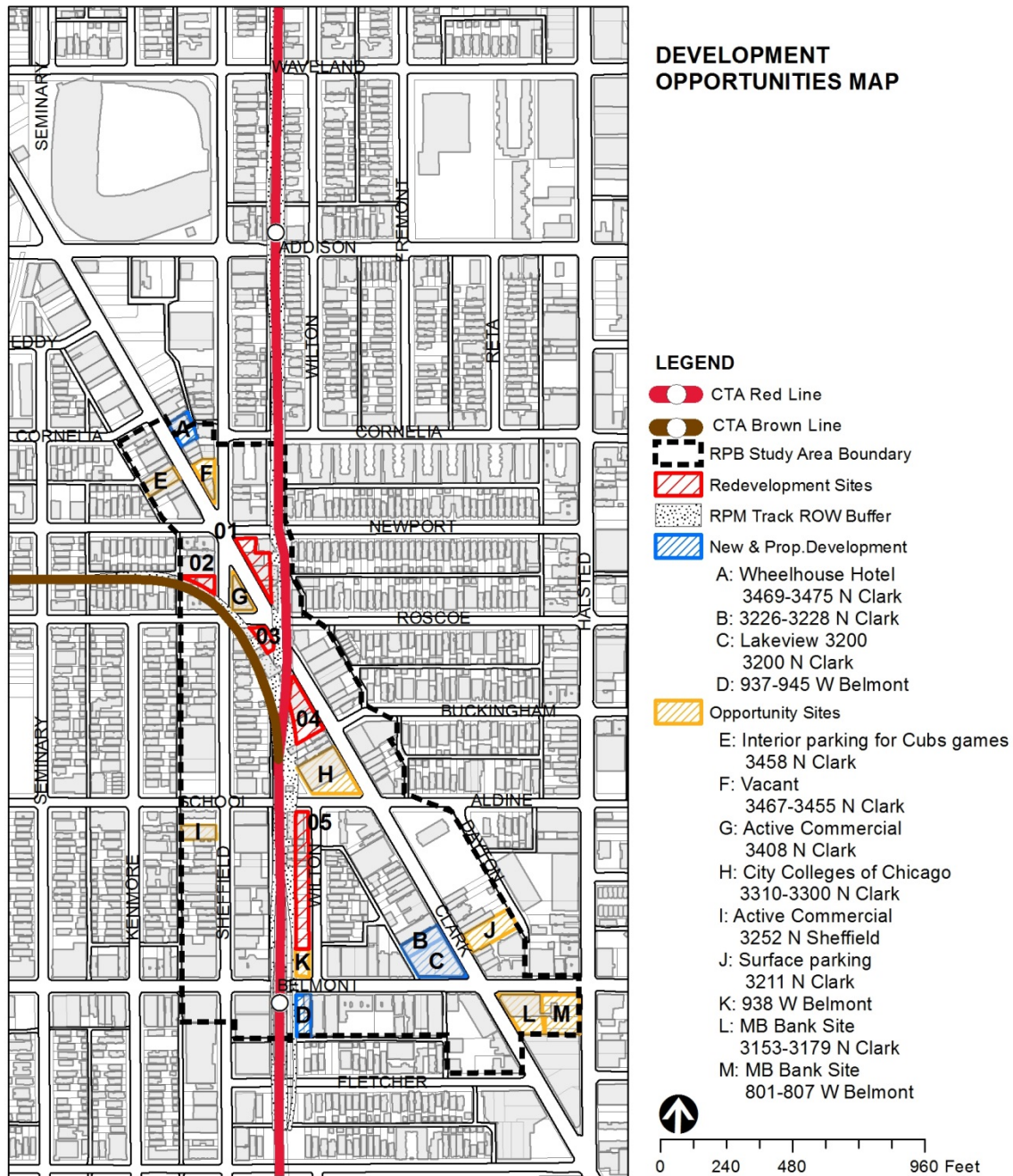


Figure 37: Development Opportunities Map

Source: SCB

Date: 2/15/2017



## FIGURE APPENDIX FOR RPB MARKET ANALYSIS

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