
Valerie S. Kretchmer *Associates, Inc.*

Real Estate and Planning Consulting

WEST EVANSTON MARKET ANALYSIS

Prepared for the City of Evanston

November 2006

By

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November 8, 2006

Ms. Susan Guderley
City of Evanston Planning Division
2100 Ridge Avenue
Evanston, IL 60201

Dear Susan:

Valerie S. Kretchmer Associates, Inc. (VSKA) is pleased to submit the attached market analysis for Sub-Areas 1,2 ,3 and 4 in the West Evanston TIF District. This analysis is a component of the larger sub-area plans being prepared by Farr Associates and JJR.

Thank you for the opportunity to work with you, the rest of the City of Evanston staff and the consultants from Farr Associates and JJR.

Sincerely,



Valerie Sandler Kretchmer
President



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I. SUMMARY AND CONCLUSIONS

A. Purpose of this Assignment

Valerie S. Kretchmer Associates, Inc. (VSKA) was retained by the City of Evanston to prepare a residential, retail, office and industrial market analysis of Sub-Areas 1, 2, 3 and 4 in the West Evanston Tax Increment Finance (TIF) District. A map showing the location of the TIF District within the City of Evanston is on the following page. VSKA's analysis has been incorporated into the physical plans and zoning recommendations for Sub-Areas 1, 2 and 3 by Farr Associates and JJR, the two planning consultants retained by the City of Evanston.

B. Summary and Conclusions

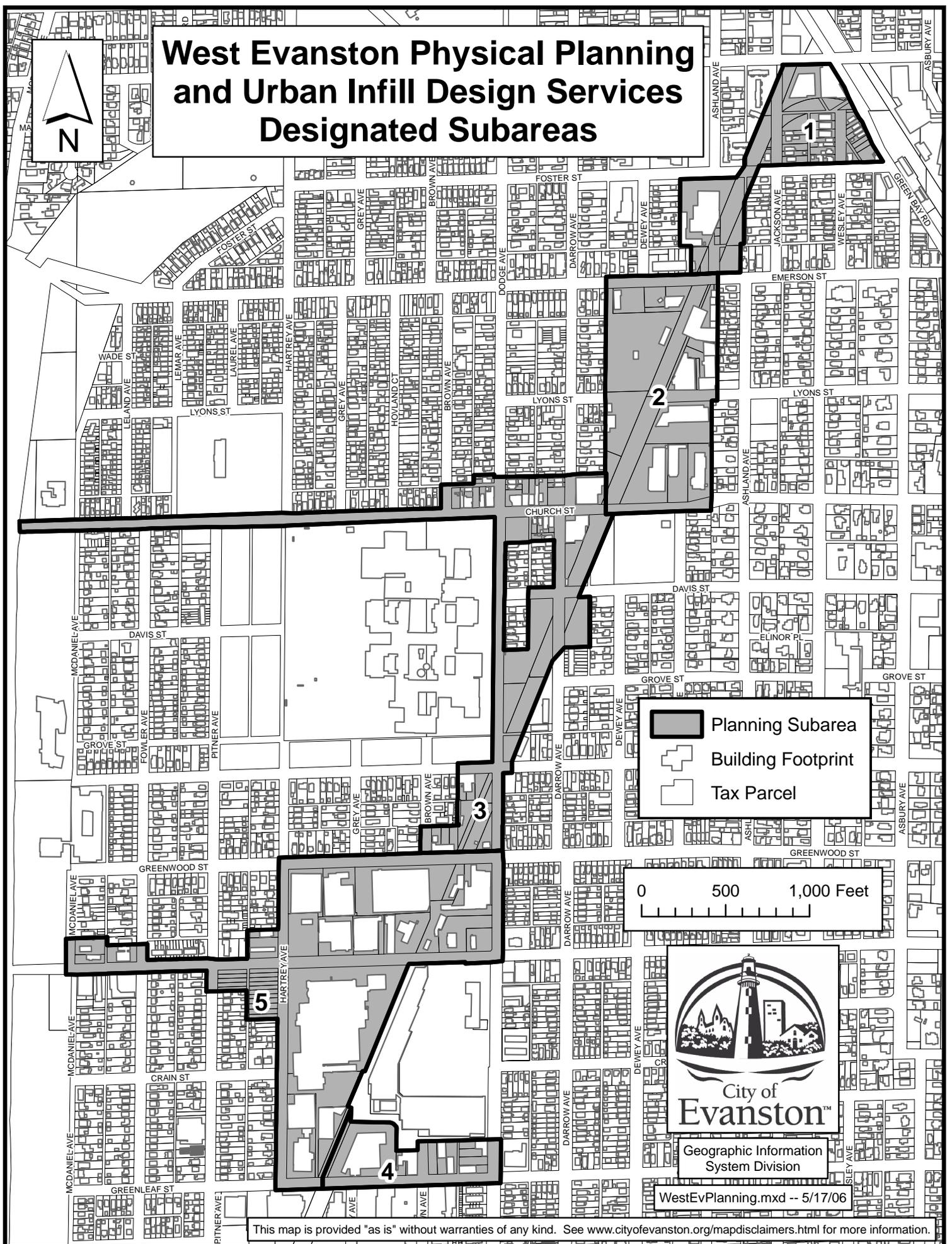
1. Residential Development

There is a market for additional residential development in Sub-Areas 1, 2 and 3. This includes for-sale condominiums, townhouses, duplexes and single-family detached houses. However, market rate single-family houses may not be financially feasible given the relatively high cost of land. Depending on the exact location, the market could support townhouses or duplexes in the \$350,000 to \$500,000 range in 2006 dollars and condominiums in the \$200,000-350,000 range. The success of residential development in Sub-areas 2 and 3 will depend in part on the relocation of the Onyx waste transfer facility north and south of Church Street just west of the Mayfair rail-right-of-way.

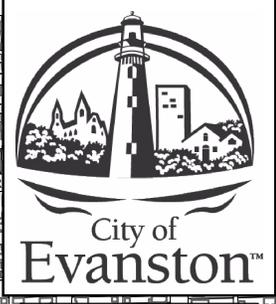
There is a market for new rental apartments as well, however the relatively high cost of land, construction and real estate taxes, make market rate apartments financially unfeasible. Rents would have to be close to \$2,000 per month on average to be viable and the area cannot support such high rents. Some form of low-cost financing and/or public subsidy is needed if rental housing is to be built.

The Bishop Freeman site on Foster Avenue and the Tape Coat site on Lyons are suitable for townhouses, duplexes, condominiums and/or apartments. Land on the north and south sides of Emerson Street would also be suitable for residential development. The land south of Simpson Street west of Green Bay Road behind the Public Storage buildings would be appropriate for townhouses or duplexes. Land fronting on Church Street is appropriate for multi-story buildings that could include ground floor retail and office space.

West Evanston Physical Planning and Urban Infill Design Services Designated Subareas



 Planning Subarea
 Building Footprint
 Tax Parcel



Geographic Information System Division

WestEvPlanning.mxd -- 5/17/06

2. Retail Development

There is an opportunity for additional retail development at the Church Street and Dodge Avenue intersection in Sub-Area 3, and on the south side of Emerson Street just west of the rail right-of-way. There is also an opportunity for infill development on Green Bay Road south of Simpson Street to Foster Avenue. However, it is important that the retail development be concentrated at key locations, rather than dispersed throughout the Study Area.

The West Evanston Study Area has a considerable amount of retail competition from Downtown Evanston and from shopping centers at Dodge and Dempster and at Main Street east of the North Shore Channel. However, there are an ample number of residents within ½ to 1 mile of the Study Area that should be better served. In addition, Evanston Township High School at Church and Dodge has over 3,700 students, faculty and staff that are across the street from the Church-Dodge business district. These people have considerable purchasing power and are not being served by the current retail mix here.

Over time, approximately 20,000 square feet of retail, restaurant and commercial space can be supported at Church and Dodge, and another 15,000-20,000 square feet can be supported on Emerson Street. These could be in one-story or in multi-story mixed use buildings. Target businesses include bank, convenience store, other food stores, carry-out and sit-down restaurants, gift shops, drug store, apparel and accessories stores.

3. Office Development

The market for additional office space is limited. Price is the primary motivating factor for office users in West Evanston, as rehabbed loft buildings have attracted some businesses that otherwise would be in Downtown Evanston or other more expensive locations. It will be difficult to support new construction of a multi-tenant, free-standing office building without an anchor tenant given the high costs of a new building compared to rehabbed space. However, there is an opportunity to attract medical, other professional and service businesses to one or more mixed-use buildings in the Study Area. These would be included in the estimate of supportable retail/commercial space shown above.

4. Industrial Development

Evanston has been losing industrial employment in recent years, as has Northeast Suburban Cook County. Sub-Areas 1, 2, and 3 are not likely to be viable locations for industrial use over the long term given the age and configuration of industrial buildings, distance from area expressways and high real estate taxes.

As these areas attract more residential and office users, there will be conflicts with industrial operations over noise, truck traffic, hours of operation, etc.

Over time, Sub-Area 4 is likely to convert from small industrial buildings to residential or commercial uses. However, West Evanston will still be a viable location for service contractors and small businesses whose owners live in or close to Evanston.

II. STUDY AREA LOCATION AND DESCRIPTION

A. Location

The West Evanston TIF District runs along the former Mayfair rail right-of-way from the northeast to the southwest on the west side of Evanston. The Study Area for this assignment includes a slightly larger area than the boundaries of the TIF District and incorporates the area on the east and west sides of the right-of-way from Simpson on the north to Greenwood on the south. The market analysis also includes Sub-Area 4 which is between Greenleaf and Evanston Plaza shopping center. The area designated as Sub-Area 5 covers the industrial area from Greenwood on the north to Greenleaf on the south. This analysis does not specifically include that sub-area.

B. Study Area Land Use

The Study Area has been divided into four sub-areas reflecting the different characteristics within the TIF District.

1. Sub-Area 1

Sub-Area 1 is located at the north end of the TIF District roughly from Simpson on the north to Emerson on the south. It includes the area commonly known as the Mayfair Triangle between Simpson and Foster west of Green Bay Road.

The area is a mix of residential, service, commercial and quasi-industrial uses and has seen some investment in recent years in loft conversions for live/work use. It also includes the property known as the Bishop Freeman site on the south side of Foster between Ashland and Dewey Avenues. This 2.3 acre site is currently for sale for an asking price of \$3.25 million. This is one of the TIF District's larger redevelopment sites.

Near, but not within the sub-area, are the Fleetwood Jourdain Community Center and Family Focus buildings on the north side of Foster Avenue across from the Bishop Freeman site. The areas to the east and west are a mix of single-family and smaller multi-family residences, and churches. A small commercial node at Ashland Avenue and Simpson Street has a restaurant, small grocery store and several smaller businesses.

Walgreens is located at the northwest corner of Simpson and Green Bay Road. The southwest corner of this intersection has a public storage facility. Directly west of that is a swath of vacant land approximately 1.9 acres along the Mayfair

rail right-of-way. There are no plans at present for this property. Several single-family homes, an open lot used for selling plants and Christmas trees, and Buffalo Joe's Seafood carry-out restaurant are along Green Bay Road between Simpson and Foster Avenue.

South and east of the Bishop Freeman site along the right-of-way is a 1.4 acre parcel owned by Leon Robinson that is used as a parking lot for the Robinson Bus Company. That property has access from Foster Avenue and from Emerson Street. A small park is located on the north side of Emerson Street west of the rail right-of-way. The Joseph Blake senior citizen building is west of the park on the north side of Emerson Street. That building was built in 2003 and has 74 apartments.

2. Sub-Area 2

This area is south of Sub-Area 1 and covers the area from the south side of Emerson Street to Church Street, east and west of the rail right-of-way. Leon Robinson owns a 2.2 acre parcel with 410' of frontage on the south side of Emerson Street that is used for a large parking lot for Robinson Bus Company, several small commercial buildings housing auto repair uses, and a small strip shopping center. A U.S. Post Office building and truck parking lot are west of this on Emerson Street. The shopping center currently has a convenience store and several vacant storefronts.

A Com Ed power grid is located south of the Emerson Street frontage on the west side of the right-of-way. This supplies a substantial portion of the power to the City of Evanston and will remain as is.

On the east side of the right-of-way south of the Emerson Street frontage are two buildings occupying 4.275 acres owned by Tape Coat, a manufacturing firm. The entrance to these facilities are from Lyons Street on the east. There are plans to close the plant within the next 12-18 months and sell the site to a group of Evanston developers who plan to tear down the buildings and replace them with residential use.

South of the Tape Coat buildings are properties fronting on Church Street including Cahill Plumbing, National Trophy, and the now closed Edward Hines Lumber. Cyrus Homes has received City approval to build 40 townhouses on the Hines parcel. Construction is scheduled to start shortly.

On the west side of the right-of-way, north of Church Street, is a waste transfer facility operated by Onyx. Trucks drive down Church Street all day and drop off garbage, and at the end of the day it is all picked up and taken to another site.

Neighborhood residents have complained about the odor, volume of truck traffic and noise associated with the facility.

3. Sub-Area 3

This area includes the Church Street frontage from Darrow on the east to the North Shore Channel on the west, as well as Dodge Avenue from the alley north of Church Street to Greenwood. It includes the Evanston Township High School (ETHS) parking lot on the east side of Dodge Avenue and the businesses along Church Street on either side of Dodge. There is a small residential pocket on the east side of Dodge that is excluded from the TIF District.

The major land uses in this area are parking and small retail stores and service businesses along Church Street and Dodge Avenue. Com Ed has a small lot with a back-up transformer at the corner of Church and Brown, one block west of Dodge.

A vacant lot is located on the northwest corner of Church and Darrow. A 3,500 square foot building just east of the northeast corner of Dodge and Church is being rehabbed for a community center to be called Bookoo. It will offer performance space, dance, exercise and yoga classes, video lab and a conference room. The center will be run privately, not through the City's Recreation Department.

A historic building is located on the north side of Church Street between Dodge and Darrow that will soon house a new Black American History Museum. On the southeast corner of Church and Darrow is a building and parking for Onyx, though the company no longer uses the building. The parking is used primarily to stage trucks going into the waste transfer facility on the north side of Church Street.

ETHS has a parking lot for 80 cars on the southeast corner of Church and Dodge and a much larger parking lot south of Davis Street. The high school would be willing to sell the corner lot if replacement parking could be found. A swath of vacant land is to the east of the large school parking lot adjacent to the rail right-of-way.

ETHS also owns the land at the southwest corner of Lake and Dodge that is used for the school's power plant. School officials indicated that the plant is not being used to its maximum capacity and could be relocated in the future. An auto body shop is located south of the power plant at Greenwood on the west side of Dodge. High power lines run along the rail right-of-way along the ETHS parking lot and continue across Lake and Greenwood. If ETHS decides to move its power plant,

the proximity of the overhead power lines would limit residential development of the site to the approximate footprint of the power plant.

Surrounding ETHS on the north, west and south, but outside of the TIF District are residential neighborhoods with primarily single-family and some small multi-family residences.

4. Sub-Area 4

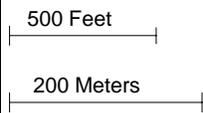
This area is located on Greenleaf Avenue between Dodge Avenue and the Mayfair right-of-way. It is directly south of the Evanston Plaza shopping center at Dodge and Dempster Street. The sub-area consists of several small office, industrial and storage buildings that are occupied by School District 65 and auto repair shops. Directly across the street to the south are single-family residences and two-story townhouses.

West Evanston Land Use



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-  Local Road
-  Major Connector
-  Railroad
-  Park/Reservation
-  Population Center
-  River/Canal
-  City Park

III. DEMOGRAPHIC AND ECONOMIC TRENDS

A. Market Area Delineation

VSKA delineated a West Evanston Market Area for purposes of analyzing the demographic, economic and real estate trends in the sub-areas. The market area is bounded on the north and west by the North Shore Channel, on the east by Green Bay Road and the Metra railroad tracks, and on the south by Dempster Street. It includes Census tracts 8092, 8095 and 8096. A portion of Census tract 8095 is east of Asbury and Ridge Avenues, which is generally considered the dividing line between the east and west sides of the city. However, for purposes of this analysis, tract 8095 is included since a portion is directly east of the Mayfair right-of-way. The market area and Census tract boundaries are shown on the map on the following page.

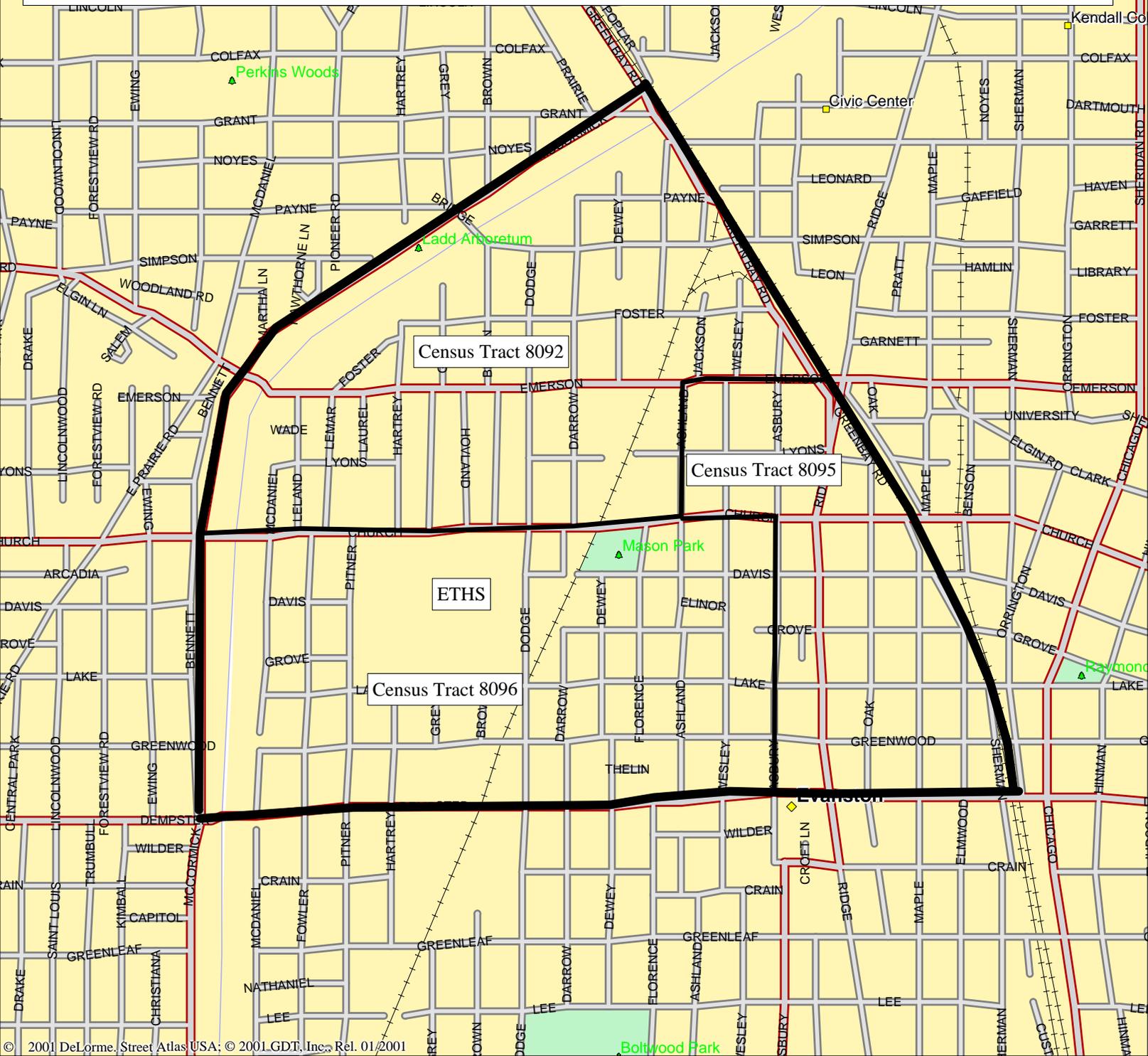
B. Population and Household Trends

Table 1 that follows the population and household trends from 1990 to 2005 and projected to 2010 for the three Census tracts, the West Evanston Market Area as a whole and the City of Evanston. The market area's population grew by 3.0% between 1990 and 2000 and is estimated to be almost 12,000 as of 2005, according to Demographics Now, a national vendor of demographic data. Between 2000 and 2010 the market area's population is projected to increase by almost 1%. Population estimates for the City of Evanston show a very slight decline since 2000 after a 1.4% increase between 1990 and 2000.

The number of households in the market area increased by 5.9% between 1990 and 2000, a slightly lower rate than the City as a whole (6.1%). The number of households is projected to decrease by 5.1% between 2000 and 2010, however these projections do not account for the proposed residential construction in the area. It is likely that the number of households will actually increase as land currently in industrial and commercial use is redeveloped into residential use.

The average household size in the market area in 2000 was 2.66 persons, higher than the City's overall average of 2.5. The market area's median age was the same as for the City overall at 32.6 years, however, tract 8092 at the north end of the market area has a notably younger average age of 30.7 years. The market area has a higher share of children under 15 and a lower share of residents aged 15-24 than the City of Evanston.

West Evanston Market Area



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 Scale 1:15,625 (at center)
 1000 Feet
 500 Meters

-  Local Road
-  Major Connector
-  Railroad
-  Point of Interest
-  Park/Reservation
-  City
-  Population Center
-  River/Canal
-  City Park

Table 1
EVANSTON, CENSUS TRACTS 8092, 8095 & 8096 AND MARKET AREA
POPULATION CHARACTERISTICS

	<u>Census Tract 8092</u>		<u>Census Tract 8095</u>		<u>Census Tract 8096</u>		<u>Market Area</u>		<u>City of Evanston</u>	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Population										
1990 Census	4,765		3,416		3,366		11,547		73,244	
2000 Census	4,993		3,407		3,497		11,897		74,250	
Change, 1990-2000	228	4.8%	(9)	-0.3%	131	3.9%	350	3.0%	1,006	1.4%
2005 Estimated	5,057		3,521		3,374		11,952		73,646	
2010 Projected	5,111		3,621		3,273		12,005		73,176	
Change, 2000-2010	118	2.4%	214	6.3%	(224)	-6.4%	108	0.9%	(1,074)	-1.4%
Households										
1990 Census	1,509		1,625		1,086		4,220		27,958	
2000 Census	1,545		1,656		1,270		4,471		29,655	
Change, 1990-2000	36	2.4%	31	1.9%	184	16.9%	251	5.9%	1,697	6.1%
2005 Estimated	1,521		1,642		1,192		4,355		28,523	
2010 Projected	1,496		1,624		1,124		4,244		27,498	
Change, 2000-2010	(49)	-3.2%	(32)	-1.9%	(146)	-11.5%	(227)	-5.1%	(2,157)	-7.3%
Average Household Size, 2000	3.23		2.06		2.75		2.66		2.50	
Population by Age, 2000										
Under 5	371	7.4%	118	3.5%	240	6.9%	729	6.1%	4,316	5.8%
5-14	988	19.8%	201	5.9%	569	16.3%	1,758	14.8%	8,287	11.2%
15-24	790	15.8%	646	19.0%	464	13.3%	1,900	16.0%	14,553	19.6%
25-44	1,318	26.4%	1,283	37.7%	1,116	31.9%	3,717	31.2%	23,759	32.0%
45-54	566	11.3%	428	12.6%	450	12.9%	1,444	12.1%	9,483	12.8%
55-64	430	8.6%	256	7.5%	292	8.4%	978	8.2%	5,837	7.9%
65 and Older	530	10.6%	475	13.9%	366	10.5%	1,371	11.5%	8,016	10.8%
Median Age, 2000 (years)	30.7		33.3		34.2		32.6		32.6	

Note: Numbers may not total due to rounding.

Source: U.S. Census Bureau, 2000 Census; and Demographics Now.

C. Income Characteristics

Table 2 that follows shows the 2000 and estimated 2005 income distribution for the Census tracts, West Evanston Market Area and the City as a whole. In 2005, the median household income for the market area was \$47,551, significantly lower than the City's overall \$62,025. Within the market area, tract 8095 has a higher median income at \$51,067, while tract 8092 is considerably lower at \$44,583. Approximately 37% of market area households have incomes under \$35,000 compared to 28% in the City of Evanston. On the upper end of the spectrum, 29% of market area households earn over \$75,000 compared to 42% in the City.

D. Employment Characteristics

Table 3 that follows shows the private sector employment in the City of Evanston, also known as at-place employment, by sector. As of 2004, the City had almost 38,500 private sector employees according to the Illinois Department of Employment Security. The largest employment sectors were in educational services, health care and social assistance and retail trade. Other significant sectors include accommodations and food service, professional, scientific and technical services, and other services.

Table 4 provides detail on the employment by industry for residents of the City of Evanston, the three Census tracts and the West Evanston Market Area. These data from the 2000 Census show that a similar share of the market area's population 16 and older were employed (93%), though Census tract 8092 had only 91.7% of residents employed. The largest employment sectors for City residents were education, health and social services (33%), professional, scientific, management and administrative support (18%), finance, insurance and real estate and manufacturing (8% each). The West Evanston Market Area also has the highest share of its residents employed in education, health and social services (31%), followed by professional, scientific, management and administrative support (15%), and slightly higher shares than the City in manufacturing (10%) retail trade (8%).

VSKA also analyzed citywide employment in the industrial sectors including manufacturing, wholesale trade, and transportation and warehousing to assess the strength of industrial employment and its implications for industrial land use. Table 5 shows that between 2001 and 2004, the City's industrial employment declined by 46% from 4,143 to 2,248. During that same period, all private sector employment in the City decreased by 603 people or 1.5%. It is also noteworthy that during this period, employment in the City's industrial sector dropped from 10.6% of the total private sector employment to 5.8%.

Table 3

CITY OF EVANSTON AT-PLACE EMPLOYMENT -- March 2004

Industry (NAICS)	City of Evanston	
	Number	% of Total
ALL INDUSTRIES	38,459	
AGRICULTURE, FORESTRY, FISHING, & HUNTING (11)	0	0.0%
MINING (21)	0	0.0%
UTILITIES (22)	0	0.0%
CONSTRUCTION (23)	560	1.5%
MANUFACTURING (31-33)	1,264	3.3%
WHOLESALE TRADE (42)	507	1.3%
RETAIL TRADE (44-45)	4,335	11.3%
TRANSPORTATION & WAREHOUSING (48-49)	477	1.2%
INFORMATION (51)	1,054	2.7%
FINANCE & INSURANCE (52)	468	1.2%
REAL ESTATE & RENTAL & LEASING (53)	817	2.1%
PROFESSIONAL, SCIENTIFIC & TECH. SVCS. (54)	2,066	5.4%
MNGMT. OF COMPANIES & ENTERPRISES (55)	86	0.2%
ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS. (56)	1,020	2.7%
EDUCATIONAL SERVICES (61)	A/	A/
HEALTH CARE & SOCIAL ASSISTANCE (62)	9,283	24.1%
ARTS, ENTERTAINMENT & RECREATION (71)	293	0.8%
ACCOMMODATIONS & FOOD SERVICES (72)	3,260	8.5%
OTHER SERVICES (except PUBLIC ADMIN.) (81)	2,302	6.0%
UNCLASSIFIED (99)	A/	A/

A/ Not disclosed due to confidentiality.

Source: Illinois Department of Employment Security

Table 4

RESIDENT EMPLOYMENT BY INDUSTRY FOR CITY OF EVANSTON - 2000

Occupation and Industry	Census Tract 8092		Census Tract 8095		Census Tract 8096		Market Area		City of Evanston	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Labor Force	2,283		2,000		1,730		6,013		41,086	
Total Employed	2,094	91.7%	1,896	94.8%	1,600	92.5%	5,590	93.0%	38,220	93.0%
<u>Industry</u>										
Accommodation and food services	77	3.7%	49	2.6%	26	1.6%	152	2.7%	956	2.5%
Agriculture, forestry, fishing, hunting, mining	0	0.0%	6	0.3%	26	1.6%	31	0.6%	65	0.2%
Arts, entertainment and recreation	36	1.7%	83	4.4%	54	3.4%	173	3.1%	1,147	3.0%
Construction	69	3.3%	19	1.0%	42	2.6%	130	2.3%	753	2.0%
Educational, health & social services	695	33.2%	595	31.4%	427	26.7%	1,718	30.7%	12,534	32.8%
Finance, insurance, real estate, rental & leasing	119	5.7%	97	5.1%	115	7.2%	331	5.9%	3,213	8.4%
Information	57	2.7%	87	4.6%	70	4.4%	214	3.8%	2,191	5.7%
Manufacturing	207	9.9%	184	9.7%	155	9.7%	546	9.8%	3,103	8.1%
Other services (exc. public administration)	111	5.3%	150	7.9%	88	5.5%	349	6.2%	2,104	5.5%
Professional, scientific, management, administrative support & waste management services	214	10.2%	404	21.3%	232	14.5%	849	15.2%	6,851	17.9%
Public administration	109	5.2%	66	3.5%	45	2.8%	220	3.9%	991	2.6%
Retail trade	222	10.6%	93	4.9%	146	9.1%	460	8.2%	2,753	7.2%
Transportation, warehousing, utilities	136	6.5%	46	2.4%	122	7.6%	303	5.4%	945	2.5%
Wholesale trade	44	2.1%	19	1.0%	58	3.6%	121	2.2%	619	1.6%

Source: U.S. Census Bureau, Census 2000.

Table 5

EVANSTON INDUSTRIAL EMPLOYMENT TRENDS: 2001-2004

Industry (NAICS)	2001		2002		2003		2004	
	Number	% of All Prvt. Sector Employment	Number	% of All Prvt. Sector Employment	Number	% of All Prvt. Sector Employment	Number	% of All Prvt. Sector Employment
Manufacturing (31-33)	2,514	6.4%	2,195	5.6%	2,058	5.3%	1,264	3.3%
Wholesale Trade (42)	1,210	3.1%	1,009	2.6%	623	1.6%	507	1.3%
Transportation & Warehousing (48-49)	<u>419</u>	<u>1.1%</u>	<u>381</u>	<u>1.0%</u>	<u>463</u>	<u>1.2%</u>	<u>477</u>	<u>1.2%</u>
Sub-total	4,143	10.6%	3,585	9.1%	3,144	8.1%	2,248	5.8%
All Private Sector Employment	39,062	100%	39,308	100%	38,928	100%	38,459	100%

Industry (NAICS)	2001-02		2002-03		2003-04		2001-04	
	# Change	% Change	# Change	% Change	# Change	% Change	# Change	% Change
Manufacturing (31-33)	-319	-12.7%	-137	-6.2%	-794	-38.6%	-1,250	-49.7%
Wholesale Trade (42)	-201	-16.6%	-386	-38.3%	-116	-18.6%	-703	-58.1%
Transportation & Warehousing (48-49)	<u>-38</u>	<u>-9.1%</u>	<u>82</u>	<u>21.5%</u>	<u>14</u>	<u>3.0%</u>	<u>58</u>	<u>13.8%</u>
Sub-total	-558	-13.5%	-441	-12.3%	-896	-28.5%	-1,895	-45.7%
All Private Sector Employment	246	0.6%	-380	-1.0%	-469	-1.2%	-603	-1.5%

Source: Illinois Department of Employment Security, "Where Workers Work;" Valerie S. Kretchmer Associates, Inc.

Evanston is not unique in its drop in industrial employment over the past 4 years. During that period, North Suburban Cook County's industrial employment dropped 27%, equal to a loss of 11,425 jobs.

According to the Evanston Chamber of Commerce, four of the City's largest employers are located on the West Side. These are School District 202 (566 employees), Spartech (250 employees), Niehoff (160 employees) and Pivot Point (100 employees). District 202 is located in Sub-Area 3 and Pivot Point is in Sub-Area 1. Spartech is in Sub-Area 5, while Niehoff is outside of the TIF boundaries.

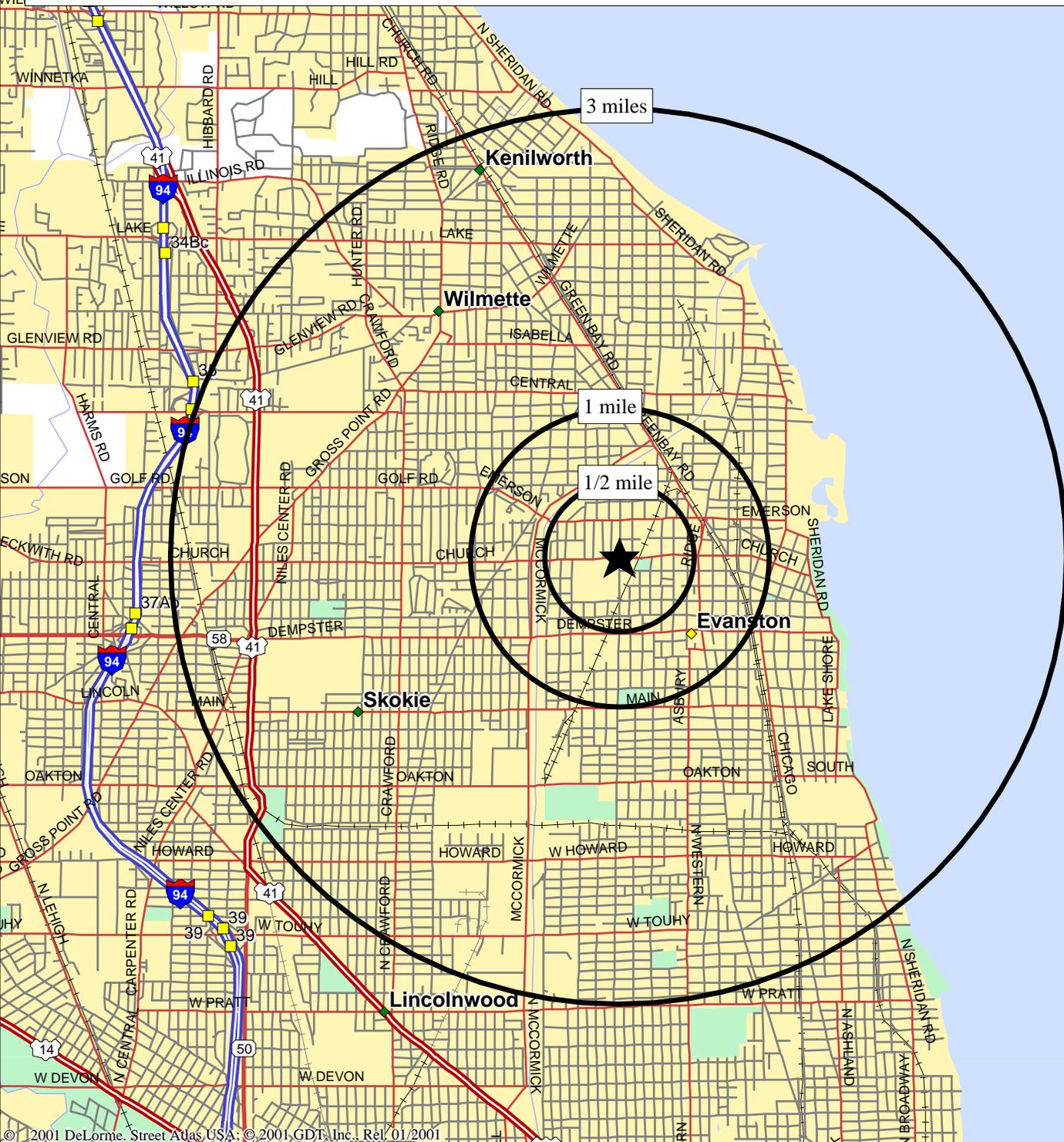
E. Demographics Relative to the Church Street and Dodge Avenue Sub-Area

VSKA analyzed demographic characteristics of ½, 1 and 3 mile radii from the intersection of Church and Dodge. The purpose of this is to provide comparative data that prospective retailers typically look at before deciding where to locate a new business. While these radii do not correspond to the boundaries of the West Evanston Market Area, they allow a retailer to size up opportunities here compared to other potential locations. Retailers often require a certain population base and income level within these radii before they will look further at a particular site.

These radii are shown on the following page. The ½ mile radius corresponds most closely to the West Evanston Market Area, bounded on the east by Asbury Avenue, on the north and west by the North Shore Channel and on the south by Dempster Street. The 1 mile radius extends to Chicago Avenue on the east, Central Street on the north, Central Park Avenue on the west and Main Street on the south. The 3 mile radius is far greater than the typical retail draw for Church and Dodge, as it extends as far west as the Edens Expressway (I-94), as far north as Kenilworth and as far south as Pratt Avenue in Chicago.

Table 6 shows the comparative demographic characteristics for these three radii. There are about 7,200 residents within ½ mile, 30,400 within 1 mile and 192,200 within 3 miles. These show a high level of population density within a short distance of this intersection. In addition, there are almost 2,800 employees within ½ mile (this does not include the 3,200 students at ETHS) and almost 21,000 employees within 1 mile. Over half of the households own their home in both the ½ and 1 mile radii. The median age is slightly higher within ½ mile than 1 mile.

Church - Dodge Radii



Mag 13.00
 Thu Sep 21 15:23 2006
 Scale 1:62,500 (at center)
 1 Miles
 2 km

- | | |
|---------------------------|--------------------|
| Local Road | City |
| Major Connector | Railroad Abandoned |
| State Route | Population Center |
| Interstate/Limited Access | Land |
| US Highway | Water |
| Exit | River/Canal |
| Railroad | City Park |
| Small Town | |

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Table 6

**CHURCH AND DODGE 2005 DEMOGRAPHIC COMPARISON
1/2, 1 AND 3 MILE RADII**

	1/2 Mile	1 Mile	3 Miles
Population	7,199	30,396	192,199
% White	24.6%	56.3%	65.7%
% African-American	63.6%	29.2%	16.8%
% Asian and Other	11.7%	14.4%	17.4%
% Hispanic*	11.3%	9.9%	12.1%
Households	2,314	11,134	71,662
Population Density/Square Mile	9,165	9,676	6,798
Median Household Income	\$46,355	\$52,398	\$59,811
% of Households with Incomes > \$75,000	28.0%	35.9%	40.5%
% of Households with Incomes < \$35,000	27.4%	25.7%	19.7%
% Owner Occupied Housing Units	54.9%	53.0%	61.2%
Median Age (Years)	33.4	32.9	37.4
% with Some College or Higher Education	62.9%	75.7%	74.1%
Daytime Employment	2,765	20,976	87,976

* Hispanic can be white or African-American.

Source: Demographics Now

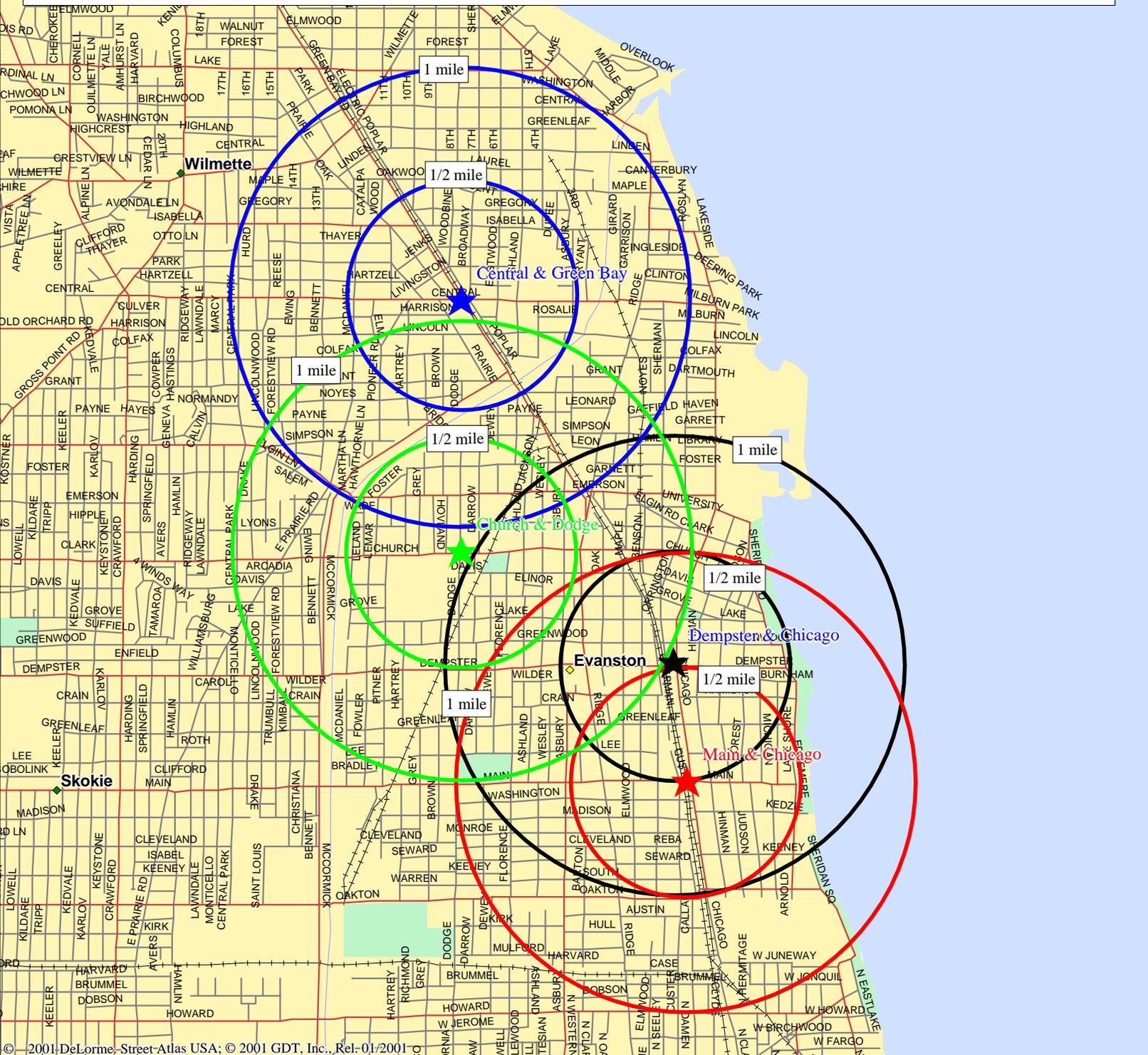
For comparative purposes, VSKA analyzed the ½ and 1 mile radii demographics for three of Evanston’s neighborhood business districts – Central Street and Green Bay Road, Dempster Street and Chicago Avenue, and Main Street and Chicago Avenue. The table below and the map that follows show the demographic characteristics of these areas compared to Church and Dodge.

As can be seen , the ½ and 1 mile radii around the different neighborhood business districts intersect, so that the 1 mile radius from Church and Dodge overlaps with that of Central Street and Green Bay Road, Dempster Street and Chicago Avenue and Main Street and Chicago Avenue. Though not highlighted on the map, downtown Evanston is within ¾ mile of Church and Dodge. As will be discussed in the later section on the retail market, the proximity of Church and Dodge to other business districts will have an impact on the type of retailers that can be attracted to Church and Dodge.

Population density is higher within ½ mile of Church and Dodge than it is at Central and Green Bay, though lower than in the two business districts on Chicago Avenue. Daytime employment in the Church and Dodge ½ mile radius is comparable to that at Central and Green Bay and Chicago and Main, though considerably lower than Dempster and Chicago Avenue due to that area’s proximity to Downtown Evanston. The Church and Dodge area also has a higher share of owner-occupied housing than either Dempster or Main and Chicago Avenue, though lower than the area around Central and Green Bay.

On balance, the incomes of residents within the Church and Dodge ½ mile radius are lower and the educational attainment is lower than that of the other business districts. However, the median income of residents within 1 mile of Church and Dodge is fairly close to that of the areas within 1 mile of both Dempster and Main Street and Chicago Avenue.

Evanston Neighborhood Business Districts



Mag 14.00
 Mon Sep 25 11:19 2006
 Scale 1:37,500 (at center)
 2000 Feet
 1000 Meters

-  Local Road
-  Major Connector
-  Interstate/Limited Access
-  Railroad
-  Small Town
-  City
-  Population Center
-  Water
-  River/Canal
-  City Park

Table 7

2005 DEMOGRAPHICS FOR 1/2 AND 1 MILE RADII FOR SELECTED EVANSTON NEIGHBORHOOD BUSINESS DISTRICTS

	<u>Church & Dodge</u>		<u>Central & Green Bay</u>		<u>Chicago & Dempster</u>		<u>Chicago & Main</u>	
	1/2 Mile	1 Mile	1/2 Mile	1 Mile	1/2 Mile	1 Mile	1/2 Mile	1 Mile
Population	7,199	30,396	5,243	23,134	9,967	33,603	11,788	33,916
% White	24.6%	56.3%	87.6%	73.3%	81.1%	71.1%	76.1%	64.5%
% African-American	63.6%	29.2%	5.6%	18.0%	7.6%	14.8%	13.7%	23.6%
% Asian and Other	11.7%	14.4%	6.8%	8.6%	11.2%	14.0%	9.9%	11.7%
% Hispanic*	11.3%	9.9%	6.1%	6.6%	6.7%	9.0%	7.7%	10.1%
Households	2,314	11,134	2,249	8,552	4,794	14,171	5,595	15,081
Population Density/Square Mile	9,165	9,676	6,675	7,364	12,691	10,696	15,008	10,796
Median Household Income	\$46,355	\$52,398	\$94,281	\$85,691	\$61,067	\$57,058	\$66,385	\$57,292
% of Households with Incomes > \$75,000	28.0%	35.9%	59.6%	54.7%	42.4%	38.2%	43.9%	37.6%
% of Households with Incomes < \$35,000	27.4%	25.7%	16.1%	22.2%	31.1%	31.0%	22.7%	29.3%
% Owner Occupied Housing Units	54.9%	53.0%	65.6%	63.3%	40.5%	43.1%	46.3%	44.1%
Median Age (Years)	33.4	32.9	38.4	37.0	37.8	32.6	35.6	35.4
% with Some College or Higher Education	62.9%	75.7%	89.0%	83.6%	86.1%	84.1%	87.8%	80.9%
Daytime Employment	2,765	20,976	2,875	13,458	8,128	21,549	2,654	14,266

* Hispanic can be white or African-American.

Source: Demographics Now

IV. RESIDENTIAL MARKET

A. 2000 Housing Characteristics

Table 8 on the following page shows the characteristics of the housing stock in the three Census tracts, the West Evanston Market Area and the City of Evanston. At the time of the 2000 Census, the citywide residential vacancy rate was only 3.8% compared to 5.1% in the market area. Tract 8092 had a higher vacancy rate at 6.4%.

The market area has a higher share of renter-occupied units (53%) than the city as a whole (47%). Tract 8095 has the highest rental share at 61% while tract 8096 has the lowest at 42%. The share of single-family detached units is similar in the market area to the city overall (30-32%), however, tract 8095 has the lowest share (12.5%), while tract 8096 has a considerably higher share (45%). Over 60% of the dwelling units in tract 8095 are in buildings with 20 or more units, while the share of large buildings is quite small in tracts 8092 (2%) and 8096 (13%). Citywide, almost 30% of housing units are in these larger buildings.

Between 1990 and 2000, the market area experienced an increase of 137 new dwelling units. The largest increase was in tract 8092. Citywide, over 1,100 new units were added to the housing inventory. Approximately 36% of the market area's housing stock is more than 60 years old, compared to 46% citywide.

Table 9 provides data on the rental market characteristics at the time of the 2000 Census. As of that date, the rental vacancy rate was a low 4.4% in the market area, and an even lower 3.2% in the city overall. The median cash rent citywide was a high \$816 compared to \$786 in the market area, not that large a difference. Tract 8092 had the lowest median rent of the three tracts at only \$628. Tract 8092 also has a much higher proportion of large rental units, with 60% having 5 or more rooms. In contrast, slightly more than 1/3 of the rental units in the City have 5 or more rooms, and in the West Evanston Market Area, 45% of units have 5 or more rooms. A much higher share of the housing stock is in small buildings, some of which are houses rather than traditional apartment buildings.

It is also useful to look at the extent to which households are burdened by their rent payments. Generally when a household pays more than 30-35% of its income in gross rent (including utility costs), it is considered to have a rent burden. In the city as a whole, 41% of renters paid more than 30% of their income in rent. In the West Evanston Market Area, 46% were paying more than 30%. Tract 8095 has the highest share paying over 30% of their income in rent at 49%. However, this tract also includes a higher share of students and elderly who typically pay a higher share of income for housing.

Table 8

**EVANSTON, CENSUS TRACTS 8092, 8095 & 8096 AND MARKET AREA
2000 HOUSING CHARACTERISTICS**

	<u>Census Tract 8092</u>		<u>Census Tract 8095</u>		<u>Census Tract 8096</u>		<u>Market Area</u>		<u>City of Evanston</u>	
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total
Total Housing Units	1,650		1,736		1,327		4,713		30,821	
Occupied	1,545	93.6%	1,656	95.4%	1,270	95.7%	4,471	94.9%	29,655	96.2%
Vacant	105	6.4%	80	4.6%	57	4.3%	242	5.1%	1,166	3.8%
Units in Structure										
Single-Family Detached	614	37.2%	217	12.5%	597	45.0%	1,428	30.3%	9,804	31.8%
Single-Family Attached	126	7.6%	40	2.3%	135	10.2%	301	6.4%	1,519	4.9%
2-4 Units	767	46.5%	88	5.1%	374	28.2%	1,229	26.1%	4,579	14.9%
5-9 Units	83	5.0%	176	10.1%	30	2.3%	289	6.1%	2,607	8.5%
10-19 Units	27	1.6%	152	8.8%	6	0.5%	185	3.9%	3,151	10.2%
20+ Units	33	2.0%	1,063	61.2%	168	12.7%	1,264	26.8%	9,134	29.6%
Mobile Home, Other	0	0.0%	0	0.0%	17	1.3%	17	0.4%	28	0.1%
Housing Tenure										
Owner-Occupied Units	718	46.5%	641	38.7%	739	58.2%	2,098	46.9%	15,615	52.7%
Renter-Occupied Units	827	53.5%	1,015	61.3%	531	41.8%	2,373	53.1%	14,040	47.3%
Year Structure Built										
1990-March 2000	71	4.3%	47	2.7%	19	1.4%	137	2.9%	1,114	3.6%
1980-1989	22	1.3%	45	2.6%	16	1.2%	83	1.8%	734	2.4%
1970-1979	127	7.7%	147	8.5%	41	3.1%	315	6.7%	1,930	6.3%
1960-1969	234	14.2%	428	24.7%	136	10.2%	798	16.9%	3,757	12.2%
1940-1959	657	39.8%	463	26.7%	574	43.3%	1,694	35.9%	8,987	29.2%
1939 or earlier	539	32.7%	606	34.9%	541	40.8%	1,686	35.8%	14,298	46.4%

Source: U.S. Census Bureau, Census 2000.

Table 9

**EVANSTON, CENSUS TRACTS 8092, 8095 & 8096 AND MARKET AREA
2000 RENTAL MARKET CHARACTERISTICS**

	<u>Census Tract 8092</u>		<u>Census Tract 8095</u>		<u>Census Tract 8096</u>		<u>Market Area</u>		<u>City of Evanston</u>	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Occupied Units	1,545		1,656		1,270		4,471		29,655	
Renter-Occupied Units	827	53.5%	1,015	61.3%	531	41.8%	2,373	53.1%	14,040	47.3%
Rental Vacancy Rate		4.3%		4.0%		5.2%		4.4%		3.2%
<u>Gross Rent</u>										
Less than \$200	57	6.9%	7	0.7%	0	0.0%	64	2.7%	355	2.5%
\$200 to \$299	27	3.3%	0	0.0%	0	0.0%	27	1.1%	205	1.5%
\$300-\$499	190	23.0%	25	2.5%	19	3.6%	234	9.9%	597	4.3%
\$500-\$749	197	23.8%	151	14.9%	232	43.7%	580	24.4%	3,450	24.6%
\$750-\$999	175	21.2%	505	49.8%	137	25.8%	817	34.4%	4,802	34.2%
\$1,000-\$1,499	106	12.8%	224	22.1%	127	23.9%	457	19.3%	3,083	22.0%
More than \$1,500	56	6.8%	86	8.5%	16	3.0%	158	6.7%	1,212	8.6%
No Cash Rent	19	2.3%	17	1.7%	0	0.0%	36	1.5%	338	2.4%
Median Cash Rent	\$628		\$879		\$724		\$786		\$816	
<u>Renter-Occupied HHs by Room Size</u>										
1 Room	0	0.0%	115	11.3%	59	11.1%	174	7.3%	1,616	11.5%
2 Room	91	11.0%	135	13.3%	63	11.9%	289	12.2%	1,467	10.4%
3 Room	92	11.1%	213	21.0%	76	14.3%	381	16.1%	2,598	18.5%
4 Room	151	18.3%	222	21.9%	89	16.8%	462	19.5%	3,563	25.4%
5-6 Room	394	47.6%	273	26.9%	190	35.8%	857	36.1%	4,060	28.9%
7+ Room	99	12.0%	55	5.4%	57	10.7%	211	8.9%	736	5.2%
<u>Gross Rent as % of Income</u>										
Less than 20%	263	36.8%	268	29.0%	145	26.9%	676	31.0%	4,317	30.8%
20-24.9%	53	7.4%	107	11.6%	72	13.4%	232	10.7%	1,896	13.5%
25-29.9%	38	5.3%	85	9.2%	33	6.1%	156	7.2%	1,456	10.4%
30-34.9%	22	3.1%	32	3.5%	31	5.8%	85	3.9%	911	6.5%
35% or more	293	41.0%	416	45.0%	206	38.2%	915	42.0%	4,793	34.2%
Not computed	45	6.3%	17	1.8%	52	9.6%	114	5.2%	656	4.7%

Source: U.S. Census Bureau, Census 2000.

B. Residential Building Permits

The City of Evanston issued a total of 3,643 permits for new residential units between 1995 and 2005 for an average of 331 units per year. The vast majority of these units (96%) are in multi-family buildings, with only 131 single-family permits issued. Table 9 below shows the permits per year. The largest number of units was in 2002 when 942 units were started. However, the pace of new construction continued to be strong in each of the years after 2002 with more than 500 new units per year. Over one third of these new units are located in Downtown Evanston where more than 1,000 new residential units have been added in the past five years. A very small number of permits for new residential construction were for the West Evanston Market Area.

Table 10

**CITY OF EVANSTON BUILDING PERMITS ISSUED
1995-2005**

Year	Single- Family	Multi-Family	Total
1995	12	63	75
1996	7	404	411
1997	7	292	299
1998	5	0	5
1999	3	65	68
2000	2	2	4
2001	18	100	118
2002	10	932	942
2003	13	529	542
2004	29	585	614
2005	25	540	565
Total	131	3,512	3,643
Annual Average, 1995-2005	12	319	331

Source: NIPC.

C. For-Sale Housing Trends

VSKA analyzed condominium and townhouse sales in 2005 and 2006 through mid-September for the West Evanston Market Area and for the city as a whole. For purposes of this analysis, the West Evanston area is bounded by Wesley Avenue on the east. The other boundaries are the same as for the market area discussed in the previous chapter.

There have been very few condominium and townhouse sales in the West Evanston area - only 9 units since the beginning of 2005. The prices ranged from \$225,000 - \$488,000 in 2006, with the median sales price at \$286,000. In contrast, in the city as a whole, there were over 574 sales in 2005 and another 528 in 2006 as of September. The median price citywide was actually slightly lower than in the West Evanston area at \$273,622, however the range of sales was quite large, from \$87,000 to \$1,125,000. Table 11 below provides further details.

Table 11

**2005-2006 CONDO & TOWNHOME SALES SUMMARY
WEST EVANSTON MARKET AREA & CITY OF EVANSTON**

	<u>West Evanston Market Area</u>		<u>Evanston</u>	
	2005	2006 YTD	2005	2006 YTD
# of Sales	4	5	574	528
Price Range	\$131,900-239,900	\$225,000-488,000	\$100,000-1,300,000	\$87,000-1,125,000
Median Sales Price	\$165,950	\$286,000	\$234,450	\$273,622

Notes: YTD as of September 15, 2006. West Evanston Market Area bounded by North Shore Channel on the north and west, Dempster Street on the south and Wesley Avenue on the east.

Source: Valerie S. Kretchmer Associates, Inc.; based on data provided by Koenig & Strey GMAC.

Table 12 on the following page shows the sales velocity and pricing of the single-family homes that sold in the West Evanston area in 2005 and 2006. There were 56 home sales in 2005 and another 45 in 2006 as of mid-September with a median sales price of \$330,000. The 2006 prices ranged from \$170,000 to \$1,000,000, significantly higher than the 2005 sales prices.

VSKA has analyzed sales and current listings of relatively new townhouses in Evanston. As shown above, there are few directly comparable sales on the west side of the city. Several townhouses sold last year at Dodge and Crain, just south of the market area, for prices in the mid to high \$300,000s for three bedroom units. New four bedroom townhouses on the 1400 block of Greenleaf at Wesley Avenue are for sale for \$599,500.

Table 12

**WEST EVANSTON SINGLE-FAMILY HOME SALES
2005-06**

	2005	2006 YTD
# of Sales	56	45
Price Range	\$141,895-932,000	\$170,000-1,000,000
Median Sales Price	\$307,500	\$330,000

Notes: YTD as of September 15, 2006. West Evanston Market Area bounded by North Shore Channel on the north and west, Dempster Street on the south and Wesley Avenue on the east.

Source: Valerie S. Kretchmer Associates, Inc.; based on data provided by Koenig & Strey GMAC.

New construction duplexes with four bedrooms are for sale on the 1400 block of Ashland at Greenwood for \$950,000 and the 1500 block of Florence north of Lake Street for \$949,000. Several three bedroom townhouses on Main Street west of Wesley Avenue are for sale at \$780,000. The largest number of townhouse units that sold in the past year are in the 500 block of Chicago Avenue north of South Boulevard. These re-sales ranged in price from \$395,000 to \$520,000 with most in the mid \$400,000 range for two and three bedroom units.

As can be seen, there is a wide range in price in these townhouses, even for some within a few blocks of each other. Some of the variation in price is attributable to size, with those in the \$900,000+ range having 4,000-5,000 square feet of finished space. However, since these units have been on the market a while, there may be resistance to such high prices for an attached dwelling unit in this area.

D. New and Planned Development in West Evanston

1. Church Street Village

There is one new townhouse project that has been approved by the City in the West Evanston Study Area. Cyrus Homes will be starting construction on Church

Street Village, 40 for-sale townhouses on the site formerly occupied by Hines Lumber on the north side of Church Street east of the rail right-of-way. The units will have two and three bedrooms and approximately 2,000 square feet of space on three levels. Prices start in the high \$300,000s and range to the mid to upper \$400,000s. All include a one-car attached garage. Units should be available in 2007.

2. Tape Coat Site

A group of local investors is under contract to purchase the Tape Coat buildings at Lyons Street directly east of the rail right-of-way. Tape Coat will be vacating these industrial buildings in the next 12-18 months. The developers intend to demolish the existing buildings and redevelop the site with a yet undetermined number of residential units.

3. 2100 Greenwood Lofts

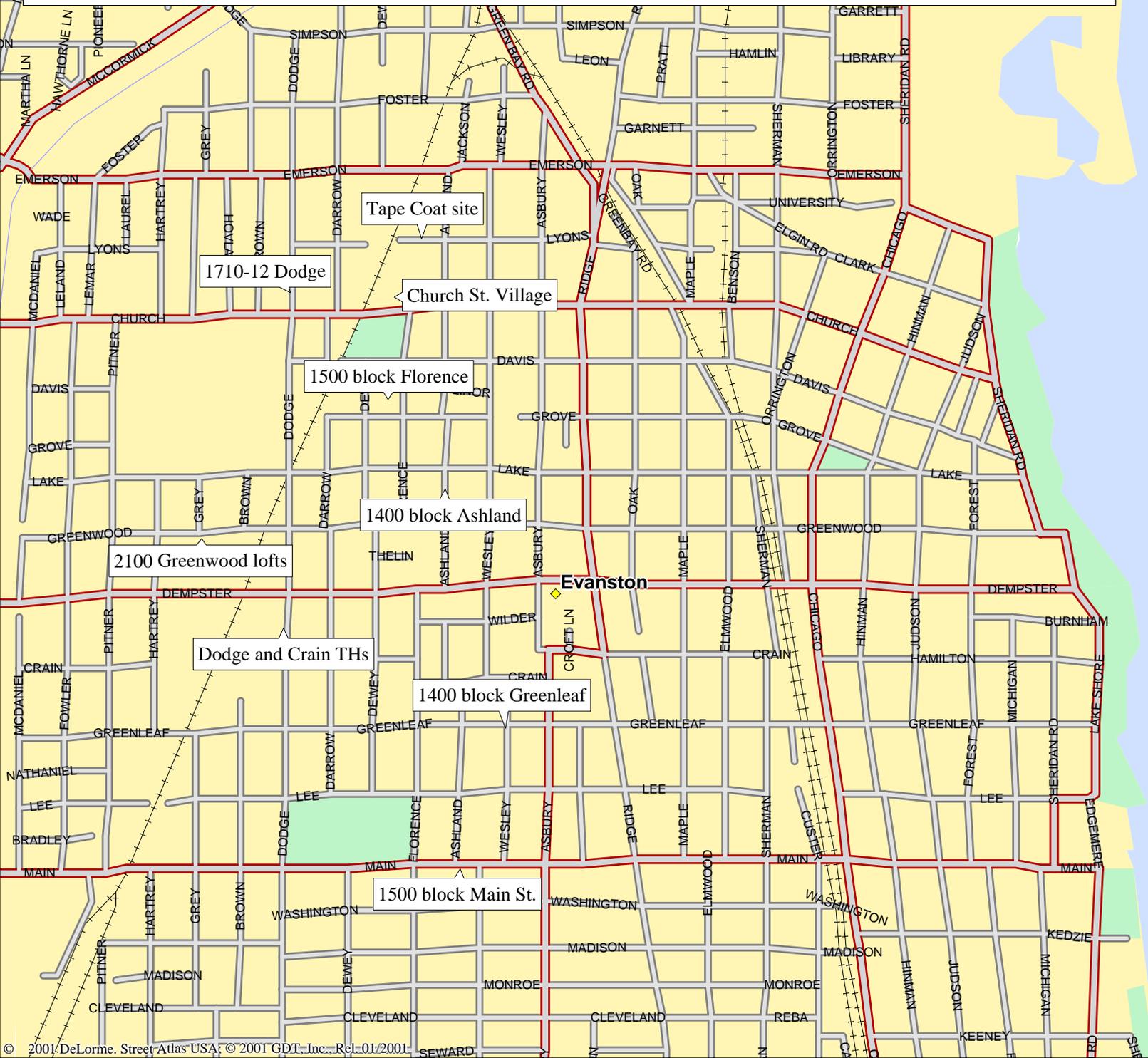
Stephen Yas, a local architect and developer, is in the process of converting the 2100 Greenwood industrial building into 27 live-work condominiums. Prices range from \$299,000 to \$490,000 for two-story units from 1,200 to 2,700 square feet. Most are in the 1,500 square foot range and are selling in the mid-\$300,000s. Approximately half of the units are reserved and the building is scheduled to be finished in 2007.

4. Townhouses at 1710-12 Dodge Avenue

The Evanston Housing Coalition has two units under construction on the west side of Dodge Avenue just north of Church Street. The 1,700 square foot units are on the market for \$185,000 each and must be sold to households earning 80% or less than the area median income. The project received subsidies from the City of Evanston to keep the units affordable to the targeted population. Purchasers will also be eligible for favorable mortgage terms if they are first time homebuyers and live or work in Evanston. The actual cost of each unit is \$263,500 plus \$75,000 for land totaling \$338,500.

The map on the following page shows the location of these new projects and the recent townhouse sales.

New and Planned Townhouses and Lofts



Mag 15.00
 Mon Sep 25 12:27 2006
 Scale 1:15,625 (at center)
 1000 Feet
 500 Meters

-  Local Road
-  Major Connector
-  Railroad
-  City
-  Population Center
-  Water
-  River/Canal
-  City Park

E. West Evanston Rental Market

VSKA surveyed rental units in the West Evanston neighborhood and compared the rents being charged to those in other parts of the city. Generally, the West Evanston rentals are in smaller buildings, often with only 2-4 units in a building. Some are converted single-family homes. Almost all of the units available are in older buildings with varying levels of renovation. The majority of available units have two bedrooms and only one bath. Few buildings have central air conditioning, though some have window air conditioners. Most do not have off-street parking and not all have laundry facilities in the building. However, there were few units advertised for lease in local newspapers or with signs in front of buildings in August and September 2006. Typical rents range from \$750-895 for one bedroom units and \$900-1,150 for two bedroom, one bath units. A building with recently rehabbed lofts has very large two-story units renting for \$1,350 for 1,000 square feet and \$2,300 for 2,000 square feet.

In contrast, apartments at The Reserve, the newest apartment building in Evanston, located at Ridge Avenue and Emerson Street on the east side of the Metra railroad tracks just outside of Downtown and the West Evanston TIF District, has studio units starting at \$1,210, one bedroom units starting at \$1,265, two bedroom units starting at \$1,980 and three bedroom units starting at \$2,575. Ten units are set aside for households earning less than 80% of the area median income. Rents range from \$803-1,100 for the one, two and three bedroom affordable units. The building has extensive amenities including a pool and fitness center. Occupancy is high at 96%.

Table 13 on the following page summarizes the rent range for units currently available in the city by sub-area. As can be seen, the rents in West Evanston are slightly lower on average than the rents in other parts of the city. Overall, the lower end of the price range in West Evanston is similar to the lower end of the range in other areas of the city. However, the high end in other parts of the city is several hundred dollars more per month than in West Evanston. The buildings surveyed in Downtown Evanston were older buildings that would be more competitive with rentals in West Evanston. The market rents for The Reserve are shown as a comparison for new construction.

Table 13

EVANSTON APARTMENT RENT SUMMARY

Sub-Area	Unit Size	Rent Range
West Evanston	1/1	\$750-895
	2/1	900-1,150
	Loft	1,350-2,300
Downtown (older)	1/1	795-1,135
	2/1	990-1,320
The Reserve	Studio/market	1,210-1,385
	1/1 market	1,265-1,595
	2/1 market	1,835-1,865
	2/2 market	1,980-2,085
	3/2 market	2,575-2,920
Southeast	Studio	665-750
	1/1	655-1,050
	2/1	1,200-1,350
	3/2	1,475
Northwest and Northeast	1/1	710-910
	2/1	995-1,400
	3/2	1,420-2,295
South Central and Southwest	1/1	750-1,095
	2/1	895-1,545
	3/1	1,000-1,745
	3/2	1,200

Source: Valerie S. Kretchmer Associates, Inc.;
August-September 2006.

F. Residential Development Opportunities

1. For-Sale Housing

There is a solid market for additional townhouses and condominiums in the West Evanston sub-areas. However, sales prices must be realistic. Land costs in the Study Area are lower than in Downtown Evanston, however, they are still relatively high. The area on the west side of the rail right-of-way does not yet have a proven track record for new market rate housing. The Onyx waste transfer facility on the north side of Church Street west of the right-of-way needs to be relocated if this area is to reach its full development potential.

The graph and table below show the relationship between density and the potential price of a finished housing unit. This is based on the asking prices for land in the Study Area. It provides a general range of the number of dwelling units per acre, the potential sales price and the type of residential product.

As shown, the potential sales price of a unit decreases as density increases. For example, if only ten units per acre are permitted, the potential price of a new single-family house would be roughly \$750,000. At 20 units per acre, the finished townhouse or duplex unit would cost roughly \$375,000. For a multi-story condominium building at 30 units per acre, the sales price would be approximately \$250,000.

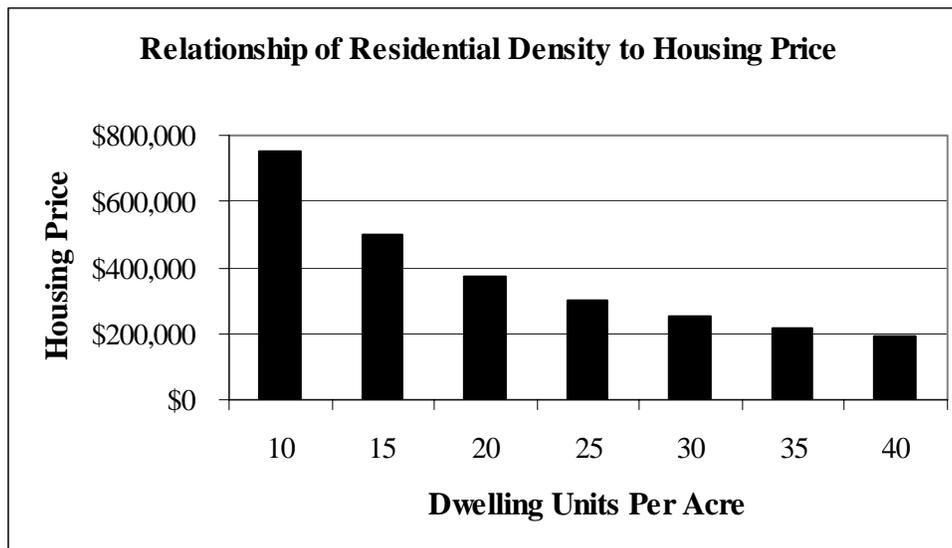


Table 14

RELATIONSHIP OF RESIDENTIAL DENSITY TO HOUSING PRICE

Density Units/Acre	Land Price per Unit*	Potential Sales Price	Approximate Unit Size (SF)	Potential Housing Type
10	\$150,000	\$750,000	4,000	Single family house
15	\$100,000	\$500,000	2,600	Townhouse/Duplex
20	\$75,000	\$375,000	2,000	
25	\$60,000	\$300,000	1,600	
30	\$50,000	\$250,000	1,300	Multi-story Building
35	\$43,000	\$215,000	1,100	
40	\$37,500	\$190,000	1,000	

*Based on estimated price for cleared land of \$1.5 million per acre.

Source: Valerie S. Kretchmer Associates, Inc.

The most likely residential development sites include the Bishop Freeman site on the south side of Foster, the land on the south side of Simpson Street west of Green Bay Road along the right-of-way, and the Robinson Bus parking lot between Emerson and Foster in Sub-Area 1.

In Sub-Area 2 potential residential sites include the Tape Coat property on Lyons Street east of the rail right-of-way, and a portion of the Robinson Bus site on the south side of Emerson Street west of the right-of-way. These represent near term opportunities. In the long term, the Cahill Plumbing and National Trophy properties on the north side of Church Street east of the rail right-of-way are logical sites for residential use.

In Sub-Area 3 along the Church-Dodge corridor, somewhat higher density residential properties would be marketable on Church Street. Residential development is likely to be in mixed-use buildings with some retail or commercial use on the ground floor. Townhouses or single-family homes would not be appropriate within one block of the Church-Dodge intersection on Church Street.

On the south side of Church Street, the Onyx building and parking lot directly west of the rail right-of-way is appropriate for residential use. This could include townhouses, but single-family homes here are not likely.

On the east side of Dodge Avenue between Lake and Greenwood Streets, there are two potential residential sites. One is at the northeast corner of Greenwood and Brown Avenue. The other, for either adaptive reuse or new construction, is at the site of the ETHS power plant, should it no longer be needed for its current use.

Sub-Area 4 on Greenleaf south of the Evanston Plaza shopping center could be suitable for residential use, either townhouses or a multi-story building since it is across the street from residential uses on Greenleaf and Dodge.

Given the relatively high land costs, prices for market rate housing will need to be at least \$300,000-\$350,000 up to \$500,000 in 2006 dollars for higher density townhouses and \$200,000-\$300,000 for condominiums. Of the 528 condominiums sold in 2006 citywide, 59% or 312 sold for less than \$300,000. This means that potential buyers have numerous options for middle and lower-priced condominiums all over the city. The market will be deeper for medium priced townhouses or duplexes than for condominiums.

New construction can command a premium, but in the near term it will be difficult to sell market rate condominiums at average prices over \$300,000. Similarly, townhouses will need to be priced under \$500,000 in the near term. As former industrial sites are redeveloped and some of the less desirable land uses are eliminated, prices are expected to increase. As indicated above, lower overall density will result in higher sales prices.

2. Rental Housing

Given the high cost of land, construction costs and relatively high real estate taxes in Evanston, unsubsidized rental units are not financially feasible. Rents would need to average close to \$2,000 per unit per month to be economically viable. At this time, the Study Area would not be able to support such high rents.

However, residents in the Study Area expressed an interest in providing a range of choices that includes rental housing. Rental housing could be appropriate in any of the sub-areas. The rental choices in the Study Area are limited and most of the rental buildings are older and do not have the amenities renters want. There is a market for rental housing that is slightly higher priced than what is now available, but not at the high rents charged in newer Downtown buildings.

Some public financing, such as Low-Income Housing Tax Credits or City assistance in the form of land write-downs, assistance with development costs or favorable financing would be needed to make a rental building viable. Such assistance however usually requires that all or a portion of the units be targeted to renters earning less than 60% or 80% of the area median income. This means that a household would have to earn less than \$45,000 (at 60% of median income) or \$58,000 (at 80% of median income) for a four-person household to qualify. The maximum allowable two bedroom rents that can be charged for income-restricted units are \$1,018 for a unit targeted to households earning less than 60% of the area median, and \$1,305 for households earning less than 80% of the area median income.

Neighborhood residents also expressed an interest in buildings that had both rental and for-sale units. This is not recommended from a financial feasibility standpoint. Some condominium buildings do have rental units, but that is because investors buy individual units and then rent them out. Lenders consider it more risky to provide financing for buildings that have such a mix, and often condominium by-laws require all units to be owner-occupied or set a limit on the number of units that can be rented out at a given time. In a small building, potential owner-occupants could be turned off if a portion of the units are controlled by one entity and rented out.

V. RETAIL MARKET

A. Study Area Retail Locations

At the present time, the Study Area has a very limited amount of retail space. The corner of Church and Dodge is the historic retail node for the West Evanston neighborhood, though it has not been a significant retail location for more than 40 years. Other small retail nodes are located within or adjacent to the Study Area at Emerson Street west of the rail right-of-way, Ashland and Simpson, and at Dodge and Emerson. These areas have small convenience stores and some services including barber and beauty shops, laundromat and cleaners, and a few restaurants or carry-out food establishments. Rents are lower than in other parts of the city, ranging from approximately \$10-18 per square foot on a gross basis (that includes real estate taxes and common area maintenance charges). Walgreens is the largest retailer in the Study Area and is located at the northwest corner of Simpson Street and Green Bay Road.

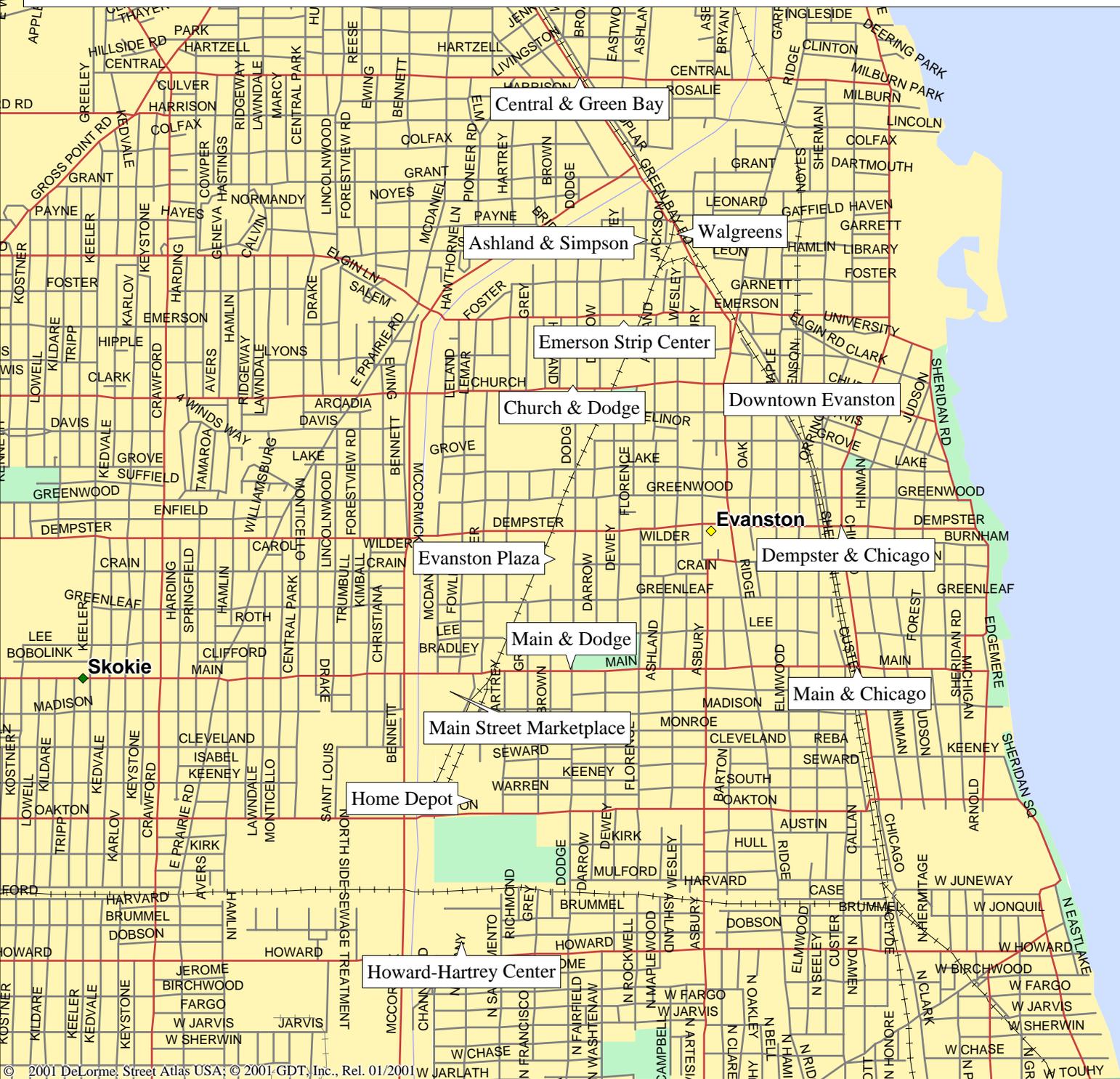
B. Retail Competition

The West Evanston area competes with a number of other business districts in the city, some of which are only ½ - 1 mile away. This has an impact on the retailers and services that could be attracted to the Church and Dodge area or along Emerson Street. The map on the following page shows the location of these retail areas.

The closest retail competition is at Evanston Plaza at the southwest corner of Dodge and Dempster Street. Other retail concentrations are in Downtown Evanston and at the Main Street Marketplace at Main Street east of the North Shore Channel. Neighborhood business districts are also located north of the Study Area at Central Street and Green Bay Road, south of the Study Area at Main Street and Dodge Avenue, and southeast of the Study Area at Dempster Street and Chicago Avenue and at Main Street and Chicago Avenue.

Larger retail stores are located at Howard and Hartrey (Best Buy, Target, Office Max and Jewel); Oakton east of the North Shore Channel (Home Depot); and in Skokie near Westfield Old Orchard Center with a large regional mall and a number of big box stores. TJ Maxx has a free-standing store on Golf Road at East Prairie Avenue just west of McCormick in Skokie.

West Evanston Retail Competition



Mag 14.00
 Mon Sep 25 15:21 2006
 Scale 1:31,250 (at center)
 2000 Feet
 1000 Meters

-  Local Road
-  Major Connector
-  US Highway
-  Railroad
-  Small Town
-  City
-  Railroad Abandoned
-  Population Center
-  Water
-  River/Canal
-  City Park

1. Downtown Evanston

Located $\frac{3}{4}$ mile east of the Study Area, Downtown Evanston has over 200 stores, 70 restaurants and 18 movie screens in 1.2 million square feet of ground floor space. Key merchants include Whole Foods, Border's, Barnes and Noble, CVS, and a range of shops selling hardware, sporting goods, home furnishings and other specialty items. The completion of Sherman Plaza recently added 90,000 square feet of space with tenants including Pier One, Joseph Banks and Ann Taylor Loft.

2. Evanston Plaza

Located within $\frac{1}{2}$ mile of Church and Dodge at Dempster and Dodge, this 230,000 square foot shopping center is anchored by Dominick's, Frank's Nursery and Crafts, and AJ Wright. Additional tenants include Bargain Books, Quizno's, Baskin Robbins, Dunkin Donuts, Radio Shack, Washington Mutual, Dance Center Evanston, a dollar store and Panino's restaurant.

The center is currently 22% vacant and it has been difficult to keep the center leased, even with rents ranging from the low teens to the low \$20s depending on location within the center. These rents are considerably lower than the rents for space in Downtown Evanston or along Central Street. Parking is readily available and free, making it a convenient shopping location. The center was built on a contaminated site so that it is not possible to do any significant physical remodeling that could improve the center's leasability.

Fast food restaurants are located at Dodge and Dempster across the street from the shopping center. A small, neighborhood grocer, Bill's Finer Foods, and a coffee shop are on the east side of Dodge Avenue.

3. Main Street Marketplace

This 126,000 square foot shopping center is located on the south side of Main Street east of the North Shore Channel. It is anchored by Marshall's, Food 4 Less and Anna's Linens. A free-standing Sam's Club is at the south end of the center. The center received a significant renovation that improved both the appearance and the tenancy. Several small shop spaces are available though asking rents are quite high at \$28 per square foot net. The center has a Starbuck's, hair salon and several other small stores.

4. Main Street and Dodge Avenue

Located approximately one mile south of Church Street, the intersection of Main Street and Dodge Avenue is a small neighborhood node with a free-standing Walgreens drug store and two small strip centers.

C. Retail Spending Potential

VSKA analyzed the retail sales potential for residents of the West Evanston Market Area compared to the City of Evanston as a whole. The sales potential shows the amount of money that residents of the area are likely to spend at a wide range of store types. Estimates are derived from population and income characteristics for the area and are pegged to a national index. However, they do not show where the money will be spent. For example, a portion of a household's spending may be at a store close to home, but people also patronize businesses near their place of work, on their way home from work, when they are out of town, etc.

The estimates included in this report show the aggregate dollars and the average annual amount that West Evanston Market Area households have to spend. They also show the spending power in the West Evanston Market Area and the City relative to the nation as a whole.

Detailed tables are included in the Appendix. Table 15 on the following page summarizes this information for key categories for the West Evanston Market Area and the City of Evanston for 2005. West Evanston residents have a total retail sales potential of \$107.4 million or an average of \$24,700 per household. Sales potential is at the national average for almost all categories. These numbers do not include the spending power of the 3,700 students, faculty and staff at ETHS which significantly increases the potential retail sales near Church and Dodge.

The City of Evanston's sales potential is almost 25% higher than the West Evanston Market Area, with an aggregate sales potential of \$877.3 million or \$30,800 per household. Sales potential ranges from 117-139% of the national average depending on the retail category.

Table 15

**2005 RETAIL SALES POTENTIAL SUMMARY FOR SELECTED STORE TYPES
WEST EVANSTON MARKET AREA AND CITY OF EVANSTON**

Category	West Evanston Market Area			City of Evanston		
	Aggregate	Avg. Household	National Index	Aggregate	Avg. Household	National Index
Auto Parts and Accessories	\$1,053,839	\$242	99	\$8,452,388	\$296	122
Children's Clothing	346,707	80	100	2,874,489	101	127
Clothing Accessories	67,886	16	100	581,886	20	131
Convenience Stores	761,933	175	99	5,999,873	210	120
Cosmetics and Beauty	90,653	21	100	746,459	26	126
Family Clothing	1,673,188	384	100	13,935,597	489	128
Florist	89,208	20	100	764,364	27	131
Fruit and Vegetable	99,381	23	100	772,352	27	118
Full Service Restaurants	5,199,255	1,194	100	43,280,958	1,517	127
Gift and Souvenir	208,948	48	100	1,762,276	62	128
Grocery	16,592,128	3,810	100	131,307,221	4,604	120
Hobby, Toy and Game	477,918	110	99	3,920,442	137	123
Jewelry	531,841	122	100	4,740,150	166	137
Limited Service Restaurants	5,206,572	1,196	100	43,156,225	1,513	126
Meat	211,917	49	100	1,649,111	58	118
Other Apparel	258,228	59	100	2,149,952	75	127
Other Specialty Food	157,132	36	100	1,223,266	43	118
Pharmacy and Drug	2,236,549	514	100	18,281,522	641	125
Record, Tape and CD	357,470	82	100	2,900,312	102	124
Shoes	906,866	208	100	7,123,694	250	120
Sporting Goods	974,154	224	98	8,035,410	282	123
Women's Clothing	968,683	222	100	8,128,820	285	128
Total (all categories including those not shown above)	\$107,428,601	\$24,668	99	\$877,338,935	\$30,759	124

Source: Demographics Now.

D. Retail Development Opportunities

Given the high level of competition for retail space in the Study Area, it is important that new retail development be concentrated at key locations, rather than dispersed along many streets. The primary location should be Church and Dodge, followed by Emerson Street west of the rail right-of-way and infill sites on Green Bay Road.

1. Church Street and Dodge Avenue

There is a very strong neighborhood connection to the intersection of Church and Dodge as the primary retail location in West Evanston. However, in order to realize the retail potential of this intersection, major changes will be needed. The existing buildings are in varying states of repair and will require a major face lift before high quality retailers would consider this space. Most smaller retailers are looking for spaces with 1,000-2,000 square feet with at least 20-30' of street frontage and 50-60' of depth. Cheap rents are not enough of a factor to draw quality retailers if the image of the space isn't suitable.

In order to attract the type of businesses that neighborhood residents would like to see here, some level of redevelopment is required. This could include the southeast corner, now an ETHS parking lot, and other buildings to the east of that. The northeast corner also could be redeveloped, though the building that will be housing the Black American History Museum is mid-block, making redevelopment of the full block less likely. Longer term, the northwest corner could be redeveloped, though some long-time businesses would need to be relocated first.

The Church-Dodge area could support up to 20,000 square feet of retail/commercial space over time. This is not likely to be in a single building; rather it would be in one or more buildings that may be mixed-use with some residential units on the upper floors. Tenants might include a bank branch, take-out and eat-in restaurants, coffee shop, cleaners, convenience store and stores selling gifts and apparel. Businesses should target both the high school population as well as neighborhood residents. To date, very little attention has been placed on businesses that would cater to ETHS students and staff. The core retail tenants should be within ½ block of the Church-Dodge intersection.

However, new construction will result in rents that are significantly higher than what tenants are now paying in this area. New construction would likely require rents in excess of \$25 per square foot on a net basis with additional pass-throughs to the tenant for real estate taxes and common area maintenance. In order to be successful, retailers would need to generate at least \$250-300 per square foot in

sales. For independent retailers, this is a high volume of sales that may not be realistic. Thus, some form of financial assistance could be required to attract quality retailers to ensure that they can succeed. Particularly in the early years of a new project, it will be important to show that retailers have staying power. Constant tenant turnover gives the impression that retailers can't make it at this location.

2. Emerson Street

Emerson Street directly west of the rail right-of way is an appropriate location for convenience oriented retail space. The small strip shopping center now located there is in poor condition and sends the wrong image out to prospective retailers. A new retail or mixed-use building would be more appropriate on the Emerson Street frontage, including or up to the U.S. Post Office property on the west end of the block.

This location could support 15,000-20,000 square feet of retail space. Users could include a drug store, bank, convenience or other food stores, laundromat, cleaners, carry-out or sit-down restaurant.

3. Green Bay Road

Green Bay Road has a mix of retail, automotive and residential use throughout the Study Area. Some of the buildings, including Public Storage on the south side of Simpson Street, are an underutilization of space on this highly visible corridor. Over time, the block south of Simpson which also includes some houses, a garden center and Buffalo Joe's seafood carry-out restaurant could be redeveloped with retail space. The vacant land directly west of the Public Storage buildings could be incorporated into a development site. Depending on how much land would ultimately be available for redevelopment, uses could include a food store, restaurants and convenience retailers.

VI. OFFICE MARKET

A. Evanston and North Suburban Office Market Trends

The Evanston office market is a sub-area of the North Suburban market. As of year-end 2005, the North Suburban market area had 20.6 million square feet of space in buildings with at least 20,000 square feet. At year-end, the overall vacancy rate was a relatively high 15.1%. However, the vacancy rate was substantially lower in Class A space at 10.8%. The overall vacancy rate has improved in the past two years from a high of 17.6% at year-end 2003. However, absorption of space is still relatively weak with negative absorption in Class B and C space, though positive in Class A space between 2004 and 2005. The table on the following page shows these trends.

It is also useful to look at the office inventory in Evanston. As of August 2006, there was 2.8 million square feet of non-owner-occupied space in 95 buildings in the city. The overall vacancy rate was 14.3%, slightly better than the North Suburban Market Area, but still indicative of an imbalance between supply and demand. However, the Class A vacancy rate was only 7.7% which is a very low rate in today's economic environment. Class A space is the highest quality and includes newer buildings such as 1007 Church (former Shand Morahan), 500 Davis Street, 909 Davis Street, 1603 Orrington Avenue, 1560 Sherman Avenue and 1800 Sherman Avenue. Approximately half of the office space in Evanston is Class A. The gross average rent for Class A space is \$29.41. This includes real estate taxes and common area maintenance expenses that are passed through to the tenant.

Class B space had the highest vacancy rate at 20.4%. This equates to 166,000 square feet of vacant space, which is a high number. The average gross rent is \$24.86 which is not that much lower than the Class A rents. When the price of the higher quality space is similar to or only slightly higher than the rent in lower quality buildings, tenants are more likely to move up to the better space.

Class C space also had a low vacancy rate of only 5.0% with the gross average rent of only \$14.99. The most price sensitive tenants are attracted to this space since it is a significant reduction in rent from the better quality buildings.

Table 17 that follows shows the office market conditions for Evanston as of August 2006.

Table 16

**OFFICE MARKET TRENDS IN THE NORTH SUBURBS
YEAR-END 2002-2005**

	Total	Class A	Class B	Class C
<u>2002</u>				
Rentable Area (SF)	20,328,344	8,093,195	7,311,907	4,923,242
Vacancy Rate	14.3%	15.8%	15.4%	10.2%
Net Absorbtion (SF)	10,092	(41,974)	(46,572)	98,638
Average Asking Net Lease Rate	NA	\$16.00-\$18.50	\$12.50-\$15.00	\$9.50-\$12.00
<u>2003</u>				
Rentable Area (SF)	20,741,931	8,940,169	6,847,094	4,954,668
Vacancy Rate	17.6%	17.8%	18.9%	15.6%
Net Absorbtion (SF)	(128,764)	31,259	(40,783)	(119,240)
Average Asking Net Lease Rate	NA	\$14.00-\$17.00	\$12.00-\$14.00	\$9.00-\$10.00
<u>2004</u>				
Rentable Area (SF)	20,541,931	8,940,169	6,847,094	4,754,668
Vacancy Rate	15.6%	13.3%	19.2%	14.7%
Net Absorbtion (SF)	97,147	187,440	(131,680)	41,387
Average Asking Net Lease Rate	NA	\$14.00-\$17.00	\$10.00-\$13.00	\$7.00-\$10.00
<u>2005</u>				
Rentable Area (SF)	20,643,700	8,858,903	7,030,129	4,754,668
Vacancy Rate	15.1%	10.8%	20.9%	14.3%
Net Absorbtion (SF)	(44,648)	95,388	(52,232)	(87,804)
Average Asking Net Lease Rate	NA	\$14.00-\$18.50	\$11.00-\$14.00	\$7.00-\$10.00

NA: Not Applicable.

Source: CB Richard Ellis.

Table 17
EVANSTON OFFICE MARKET CONDITIONS
August 2006

Building Class	Number of Buildings	Rentable Area (SF)	Direct Vacancy Rate	Vacancy Rate with Sublet Space	Total Space Available (SF)	Gross Average Rent*
Evanston Total	95	2,828,984	10.1%	14.3%	404,996	\$25.19
Class A	9	1,461,263	7.7%	8.3%	201,942	\$29.41
Class B	31	670,491	20.4%	24.8%	166,175	\$24.86
Class C	55	697,230	5.0%	5.0%	36,879	\$14.99

* Gross rent includes real estate taxes, common area maintenance and building insurance.

Source: Cheryl Stein, Inc. based on data from CoStar Realty.

B. West Evanston Office Market

The West Evanston office market has approximately 78,000 square feet of non-owner-occupied space in 10 buildings. The overall vacancy rate was a high 27% as of August 2006. However, part of this high vacancy is due to three smaller buildings that are totally empty. All of the space is either Class B or C. Rents range from \$12-20, some of which include real estate taxes and some of which pass through the real estate taxes to the tenant. The table below shows the characteristics of the West Evanston office market.

Table 18

WEST EVANSTON OFFICE BUILDINGS

Name and Address	Building Size (SF)	Vacancy Rate	Vacant Space (SF)	Asking Rent/SF	Building Class
1819 Church	1,800	100%	1,800	\$20	B
2142 Ashland	3,000	0%	0	NA	B
1227 Dodge	8,000	0%	0	NA	C
1335 Dodge	6,000	100%	6,000	16	C
1319-21 Emerson	1,000	11%	110	17.45-19.20	B
1616-1620 Payne	13,045	11%	1,435	15-16	B
1622-42 Payne	8,400	100%	8,400	15-16	B
1625 Simpson	8,000	0%	0	NA	C
Strange Lofts - 1711 Church	20,000	18%	3,500	12 + taxes	B
1601 Simpson	<u>8,500</u>	<u>0%</u>	<u>0</u>	15-16 + taxes	B
Total	77,745	27%	21,245		

Source: Cheryl Stein Inc. based on data from Co-Star Realty, August 2006;
Valerie S. Kretchmer Associates, Inc.

Several former industrial properties have been rehabbed and converted into office space including the Strange Lofts building, 1601 Simpson, 1616-20 and 1622-42 Payne buildings. These have attracted individuals and businesses looking for loft space that is attractive, while being lower in price than buildings in Downtown Evanston for comparable quality.

There has been recent interest in office condominiums in West Evanston. A former industrial property at 930 Pitner in the West Side Industrial Area known as Cinema Lofts has been selling units for approximately \$200 per square foot to small businesses. All but

one of the units in the 22,000 square foot building have sold. There appears to be continued, but somewhat limited demand, for this type of product.

C. Office Development Potential

Given the high level of vacancy in Class B space in Evanston, there is some, but limited, demand for additional Class B space in the Study Area. Tenants will be attracted to this area primarily based on price. Most tenants already have ties to Evanston as residents, or the businesses serve a very localized niche, e.g., doctors, dentists, insurance agents, etc.

Without a significant anchor tenant, the market cannot support a new, free-standing office building in the Study Area. There will continue to be demand for rehabbed space at reasonable rental rates. New office construction, which has higher costs than rehabbed space, is only likely as part of a mixed-use building. However, office tenants are likely to be on the ground floor if a building is only 3 or 4 stories. It does not make economic sense to mix ground floor retail with second level office and only one to two floors of residential space in a single building. Offices for doctors and other health care professionals are appropriate on the first floor of these buildings as long as the residential entrance is separated from the office entrance. This is especially important with medical offices so that sick people are not constantly interacting with the residents.

The most likely locations for office space include Church and Dodge and along Emerson Street. These are the same locations as indicated for retail space. A portion of the retail/commercial demand (35,00-40,000 square feet over time) would be occupied by office users rather than retailers. It is recommended that office space at Church and Dodge not be occupied by social service agencies, as worthy as they might be. This will give the impression that only public sector and non-profit entities are willing to lease here and this may deter private businesses from this location.

VII. INDUSTRIAL MARKET

A. Industrial Market Trends

Evanston is part of the Northeast Cook County industrial sub-market. As of year-end 2005, this sub-market had 61 million square feet of space with a reasonable vacancy rate of 7.2% according to CB Richard Ellis reports. This compares favorably to the Chicago metro area with a vacancy rate of 8.6% and the North Side of Chicago at 7.6%. In comparison, Lake County's vacancy rate was lowest at only 6.5%.

Occupancy has improved over the past few years in Northeast Cook County, but it suffers in part from higher property taxes than in neighboring Lake County and Kenosha and Pleasant Prairie, Wisconsin just over the state line. In addition, there is very limited new industrial space that meets the needs of companies looking for high ceilings and adequate truck docks. The table on the following page shows these industrial trends.

B. West Evanston Market

According to data from Grubb and Ellis, Evanston has approximately 1.8 million square feet of industrial space, of which approximately 15% or 270,000 square feet are in the West Evanston Study Area. There was little space vacant, though some of the buildings are quite small. Several of the properties listed are going to be torn down once they are sold, including the Tape Coat property at 1517 Lyons and the Bishop Freeman property at 1600 Foster further reducing the Study Area's inventory to 155,000 square feet.

As shown earlier in the section on employment trends, Evanston has steadily been losing industrial employment over the past four years. North Suburban Cook County has experienced the same trend, as has neighboring Skokie. Evanston is not a competitive industrial location given its high real estate taxes and distance to both I-94 and I-294. Evanston is too far from O'Hare Airport to be a logical location for companies needing airport proximity. Those companies will locate in Des Plaines, Niles or Elk Grove Village.

Industrial brokers contacted for this assignment indicated that Evanston is a viable location for small businesses where the owner(s) lives in Evanston or the North Shore, or for businesses that serve the residential population, e.g., roofers, plumbers, landscapers, building contractors, etc. For these businesses, convenience for the chief executive and/or close proximity to residential customers are more important than the higher tax bill. (Taxes are lower in Skokie and even lower in Niles.)

Table 19

**CHICAGO METRO AREA, NORTHEAST COOK COUNTY, LAKE COUNTY AND
NORTH SIDE CHICAGO INDUSTRIAL MARKET
FOURTH QUARTER 2000-2005**

Location	Year	Gross Building Area (SF)	Availability Rate (%)	User Sale and Lease Activity	Avg. Asking Lease Range
Chicago Metro	2000	931,478,504	7.6%	30,969,252	NA
	2001	951,349,542	8.8%	28,675,512	NA
	2002	956,389,125	9.2%	35,219,455	NA
	2003	976,745,418	9.0%	40,333,395	NA
	2004	988,719,995	8.7%	49,505,299	NA
	2005	1,008,708,320	8.6%	50,866,078	NA
NE Cook County	2000	63,169,796	6.2%	1,530,852	\$4.25-\$7.25
	2001	63,718,878	5.9%	1,879,090	\$4.25-\$6.00
	2002	64,286,130	8.1%	2,628,320	\$3.75-\$5.25
	2003	61,122,074	8.8%	1,830,998	\$3.75-\$5.25
	2004	61,419,799	8.9%	2,724,436	\$3.75-\$5.25
	2005	61,240,540	7.2%	2,327,137	\$3.75-\$5.25
Lake County	2000	66,296,608	8.5%	2,540,296	\$4.25-\$6.81
	2001	66,394,898	11.6%	1,904,634	\$4.00-\$6.00
	2002	67,296,372	8.0%	1,823,389	\$3.50-\$6.50
	2003	68,186,366	9.6%	2,176,761	\$3.50-\$6.50
	2004	69,490,227	7.0%	4,139,264	\$3.50-\$6.50
	2005	71,136,534	6.5%	3,142,116	\$3.50-\$6.95
North Side	2000	101,733,505	6.8%	1,135,685	\$3.90-\$6.25
	2001	101,609,979	7.8%	1,929,526	\$3.90-\$5.00
	2002	104,503,162	8.4%	2,450,485	\$3.00-\$5.75
	2003	103,569,547	8.5%	1,674,547	\$3.00-\$5.75
	2004	106,581,401	9.8%	3,055,479	\$3.25-\$5.75
	2005	106,755,198	7.6%	2,487,648	\$3.25-\$6.00

NA: Not Available

Source: CB Richard Ellis.

Table 20

WEST EVANSTON STUDY AREA INDUSTRIAL INVENTORY

Building Location	Building Size (SF)	Space Available (SF)	Lease Rate/ SF
1715 Church	14,314	0	NA
1227 Dodge	10,000	NA	NA
1335 Dodge	6,400	6,200	\$12
1528 Emerson	30,210	NA	NA
1600 Foster	65,000	NA	NA
1916 Greenleaf	18,000	NA	NA
2000 Greenleaf	18,000	NA	NA
2017 Greenleaf	43,000	NA	NA
1517 Lyons	50,000	NA	NA
1625 Payne	<u>15,220</u>	0	NA
Total	270,144		

NA Not Available

Source: Grubb and Ellis.

B. Industrial Potential

There have been very few industrial transactions in Evanston in recent years and most of these transactions have been for properties that have or will be converted to residential or office use. Experienced real estate brokers active in the north suburbs report that it has been years since they have done a transaction in Evanston, a very different situation than in Skokie or Niles. For those properties that have recently sold or are currently for sale, owners have set asking prices that cannot be justified by continued industrial use.

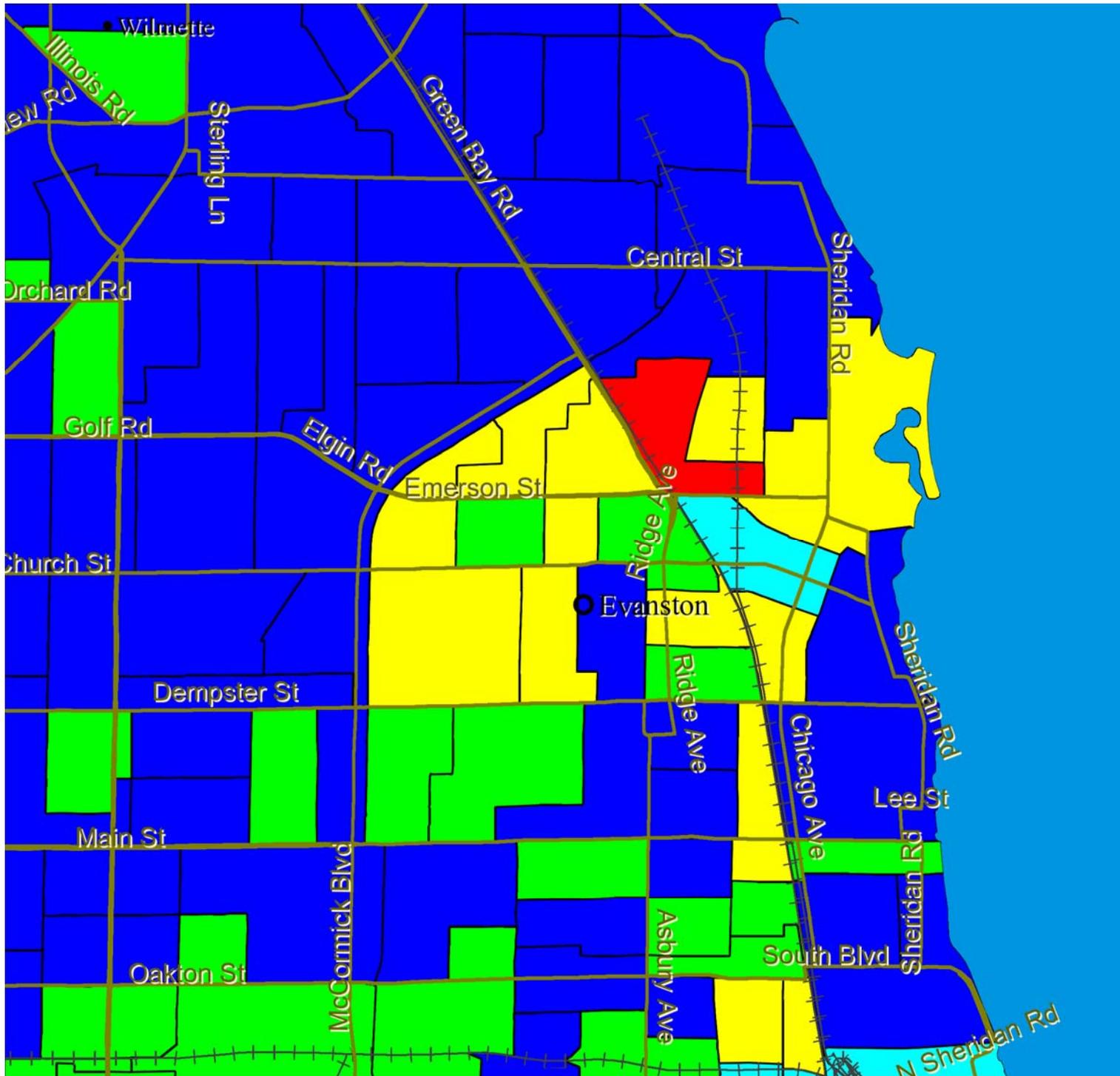
Long term, the industrial potential for properties in the Study Area is low. There has been an evolution of industrial property in Sub-Areas 1, 2 and 3 to office or residential use. New manufacturing and warehousing firms are not likely to find the current building stock desirable for their use, though existing companies happy with the labor force may continue to expand. The close proximity of housing in the sub-areas means that residents are likely to complain about more intense industrial activity. Truck traffic, noise and potentially round the clock shifts are no longer desirable trade-offs for jobs for neighborhood residents. The City should concentrate efforts on relocating those Study Area businesses that want to stay in Evanston to the West Side Industrial Area to open up this land for higher quality uses.

The buildings in Sub-Area 4 on the north side of Greenleaf west of Dodge to the rail right-of-way are suitable for continued quasi-industrial use, though over time, they are likely to be converted to residential use. Since this block is surrounded by residential and retail use, the buildings are likely to be sold at the higher price associated with residential development if the block can be re-zoned.

VIII. APPENDIX

- A. 2005 Median Household Income Map for West Evanston**
- B. 2000 Owner-Occupied Housing Map for West Evanston**
- C. 2005 Employment Map for West Evanston**
- D. Representative West Evanston Rental Properties**
- E. West Evanston Retail Sales Potential Report**
- F. Evanston Retail Sales Potential Report**

2005 Median Household Income by Block Group



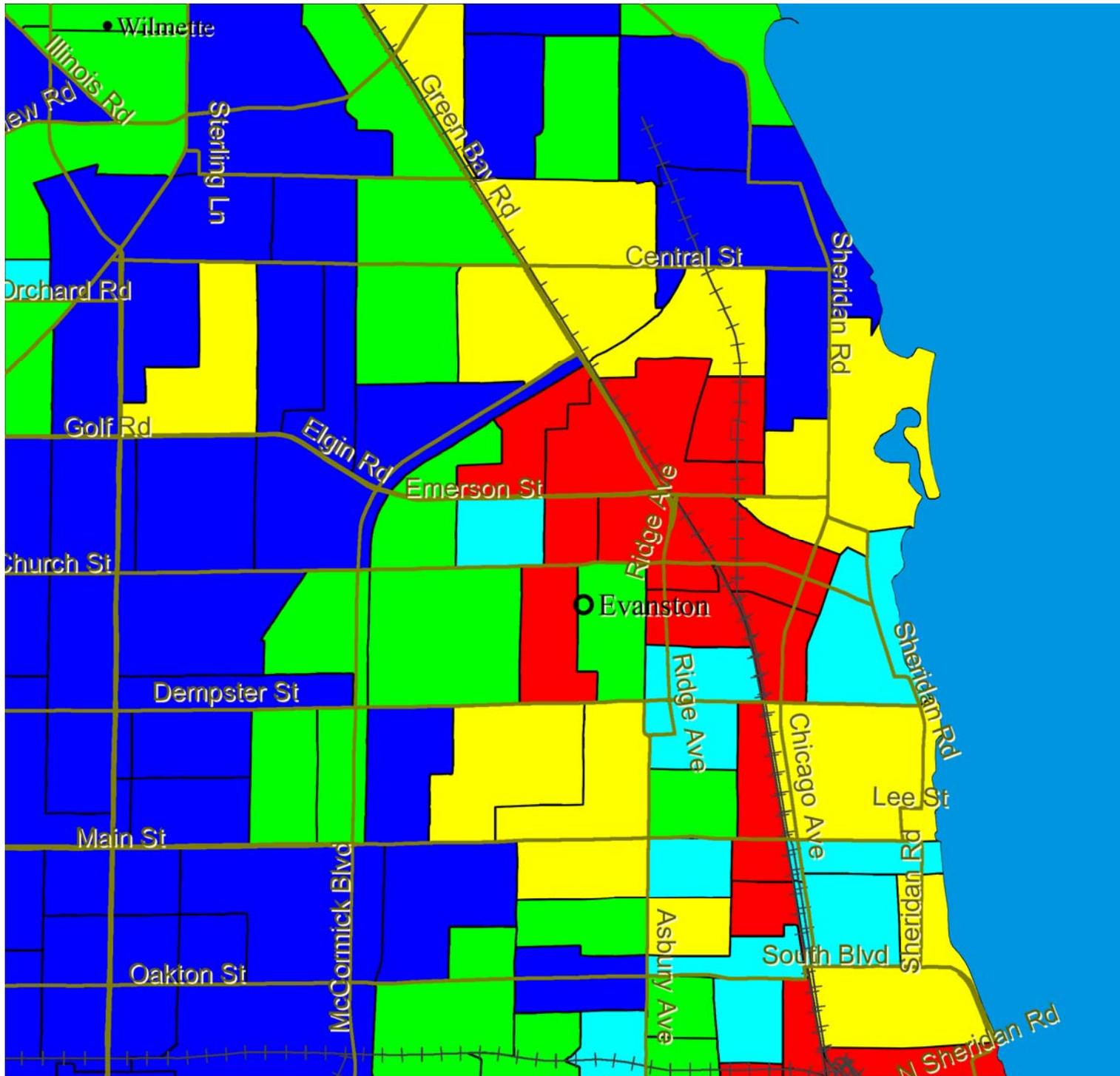
Legend

- Block Groups**
- Above 70,000
 - 50,000 to 70,000
 - 35,000 to 50,000
 - 25,000 to 35,000
 - Below 25,000
-
- Block Group Bndry
 - Big City Ctr
 - Medium City Ctr
 - Small City Ctr
 - Prim. Hwy
 - Secd. Hwy
 - Maj. Rds
 - Water Bodies
 - Rivers
 - Rail

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Percent Owner-Occupied Housing by Block Group (2000)

Legend

- Block Groups**
- Above 80%
 - 65 to 80%
 - 50 to 65%
 - 40 to 50%
 - Below 40%

- Block Group Bndry
- Big City Ctr
- Medium City Ctr
- Small City Ctr
- Prim. Hwy
- Secd. Hwy
- Maj. Rds
- Water Bodies
- Rivers
- Rail

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2005 Business Employment by Block Group

Legend

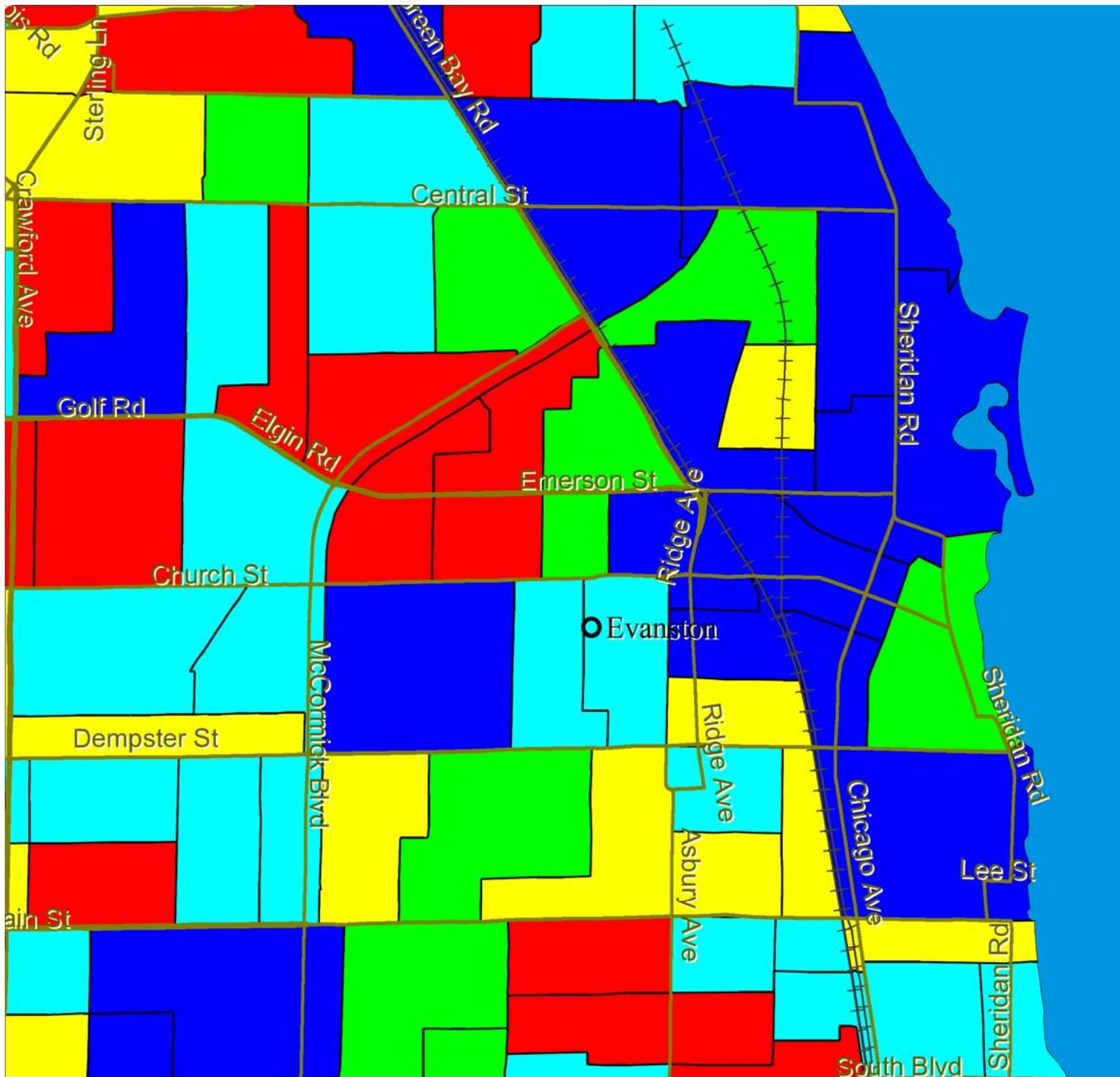
Block Groups

- Above 1,000
- 500 to 1,000
- 250 to 500
- 100 to 250
- Below 100

- Block Group Bndry
- Big City Ctr
- Medium City Ctr
- Small City Ctr
- Prim. Hwy
- Secd. Hwy
- Maj. Rds
- Local Roads
- Water Bodies
- Rivers
- Rail

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Date: 09/20/06



REPRESENTATIVE WEST EVANSTON RENTAL PROPERTIES

September 2006

Name and Location	Age	# of Units	Rental Range		Square Footage	Average Rent/SF	Amenities and Comments
			Unit Type (Bed/Bath)	\$			
Representative Market Area Rentals							
1144 Ashland	Older	4	2/1	995	NA	NA	Rent includes heat and water; tenant pays electric.
1834 Ashland	Older	2	1/1	775	NA	NA	Rent includes heat and water; tenant pays electric.
Peacock Live/Work Lofts	New	7	2-story loft	2,300	2,000	1.15	Private Deck on 2nd floor.
2144 Ashland	Rehab		2-story loft	1,350	1,000	1.35	Private Deck on 2nd floor.
2121 Darrow	Older	12	2/1	950	950	1.00	Rent includes heat and water; tenant pays electric.
2110 Dewey	Older	2	2/1	900	NA	NA	Rent includes heat, water, and off-street parking; tenant pays electric.
1741 Dodge	Older	2	2/1	1,000	NA	NA	Rent includes heat and water; tenant pays electric.
1237 Emerson	Older	4	2/1	950	650	1.46	Rent includes heat, water, and electric.
1029 Florence	Older	2	1/1	895	NA	NA	Rent includes heat and water; tenant pays electric.
1230 Florence	Older	2	2/1	1,050	NA	NA	Rent includes heat and water; tenant pays electric.
2210 Foster	Older	2	1/1	750	NA	NA	Rent includes heat, water, and off-street parking; tenant pays electric.
1505 Greenleaf	Older	2	2/1	1,150	NA	NA	Rent includes water; tenant pays heat and electric.
			2/1	1,075	NA	NA	Rent includes water; tenant pays heat and electric.

REPRESENTATIVE WEST EVANSTON RENTAL PROPERTIES

September 2006

Name and Location	Age	# of Units	Rental Range		Square Footage	Average Rent/SF	Amenities and Comments
			Unit Type (Bed/Bath)	\$			
The Reserve 1930 Ridge Avenue	3	193	1/1 affordable	803	575-780	\$1.03-1.40	Luxury apt. building. 10 units set aside as affordable units. Maximum income for affordable units: 1 person: \$40,600; 2 people: \$46,400; 3 people: \$52,200; 4 people: \$58,000; 5 people: \$62,650; 6 people: \$67,300. Building has clubhouse, laundry in unit, fitness center, pool, business center, sundeck. Tenants pay all utilities. 8 units available.
			2/1 affordable	906	870-890	1.02-1.04	
			3/2 affordable	1,100	1,205-1,445	.76-.91	
			Studio/market	1,210-1,385	550-640	2.16-2.20	
			1/1 market	1,265-1,595	575-780	2.04-2.20	
			2/1 market	1,835-1,865	870-890	2.11-2.21	
			2/2 market	1,980-2,085	1,010-1,110	1.89-1.96	
3/2 market	2,575-2,920	1,205-1,445	2.02-2.13				

NA Not Available

Source: Valerie S. Kretchmer Associates, Inc.

West Evanston Market Area Retail Sales Potential Report

Index Base Average = 100

Index Base File: US

Demographic Overview

Total Population	11,952	Total Households	4,355	Median Income	\$47,551
% Male Population	48.80%	Average Household Size	2.7	Per Capita Income	\$22,132
% Female Population	51.20%	Household Growth from 1990 to 2000	5.90%	Average Household Income	\$59,177
Median Age	34.2	% Owner Occupied Housing Units	47.00%	Employees	6,689
Population Density	9,581.40	% Renter Occupied Housing Units	45.10%	Establishments	550
		% Vacant Housing Units	7.90%		

2005	Aggregate Dollars	Average HH Dollars	Percent of Total	Index
Appliances and Electronics Stores	\$1,617,622	\$371.44	1.50%	99
Art Dealers	\$6,216	\$1.43	0.00%	100
Auto Parts and Accessories	\$1,053,839	\$241.98	1.00%	99
Book Stores	\$634,492	\$145.69	0.60%	102
Camera and Photography Stores	\$157,898	\$36.26	0.10%	99
Childrens' and Infant's Clothing Stores	\$346,707	\$79.61	0.30%	100
Clothing Accessory Stores	\$67,886	\$15.59	0.10%	100
Computer Stores	\$803,406	\$184.48	0.70%	100
Convenience Stores	\$761,933	\$174.96	0.70%	99
Costmetics and Beauty Stores	\$90,653	\$20.82	0.10%	100
Department Stores	\$8,202,335	\$1,883.43	7.60%	100
Drinking Places	\$422,663	\$97.05	0.40%	101
Family Clothing Stores	\$1,673,188	\$384.20	1.60%	100
Fish and Seafood Markets	\$50,608	\$11.62	0.00%	100
Floor Covering Stores	\$342,777	\$78.71	0.30%	100
Florists	\$89,208	\$20.48	0.10%	100
Fruit and Vegetable Markets	\$99,381	\$22.82	0.10%	100
Fuel Dealers	\$725,694	\$166.63	0.70%	98
Full Service Restaurants	\$5,199,255	\$1,193.86	4.80%	100
Furniture Stores	\$1,915,522	\$439.84	1.80%	99
Gas Stations with Convenience Stores	\$7,398,692	\$1,698.90	6.90%	98
Gas Stations without Convenience Stores	\$3,299,993	\$757.75	3.10%	98
Gift and Souvenir Stores	\$208,948	\$47.98	0.20%	100
Grocery Stores	\$16,592,128	\$3,809.90	15.40%	100
Hardware Stores	\$1,002,614	\$230.22	0.90%	99
Hobby, Toy, and Game Stores	\$477,918	\$109.74	0.40%	99
Home Centers	\$2,141,309	\$491.69	2.00%	99
Hotels and Other Travel Accomodations	\$763,241	\$175.26	0.70%	100
Jewelry Stores	\$531,841	\$122.12	0.50%	100
Limited Service Restaurants	\$5,206,572	\$1,195.54	4.80%	100
Liquor Stores	\$724,145	\$166.28	0.70%	100
Luggage Stores	\$54,219	\$12.45	0.10%	99
Mail Order and Catalog Stores	\$2,423,115	\$556.40	2.30%	100
Meat Markets	\$211,917	\$48.66	0.20%	100
Men's Clothing Stores	\$343,165	\$78.80	0.30%	100
Mobile Home Dealers	\$2,644	\$0.61	0.00%	99
Motorcycle and Boat Dealers	\$883,480	\$202.87	0.80%	97
Musical Instrument Stores	\$186,650	\$42.86	0.20%	100
New Car Dealers	\$21,313,691	\$4,894.07	19.80%	98
Nursery and Garden Stores	\$428,625	\$98.42	0.40%	100
Office and Stationary Stores	\$204,551	\$46.97	0.20%	100
Optical Goods Stores	\$509,949	\$117.10	0.50%	101
Other Apparel Stores	\$258,228	\$59.29	0.20%	100
Other Building Materials Stores	\$2,900,987	\$666.13	2.70%	99
Other Direct Selling Establishments	\$481,837	\$110.64	0.40%	100
Other General Merchandise Stores	\$958,495	\$220.09	0.90%	99
Other Health and Personal Care Stores	\$187,158	\$42.98	0.20%	100
Other Home Furnishing Stores	\$462,504	\$106.20	0.40%	99
Other Miscellaneous Retail Stores	\$218,123	\$50.09	0.20%	99
Other Specialty Food Markets	\$157,132	\$36.08	0.10%	100
Outdoor Power Equipment Stores	\$54,204	\$12.45	0.10%	100
Paint and Wallpaper Stores	\$89,830	\$20.63	0.10%	100
Pet and Pet Supply Stores	\$292,208	\$67.10	0.30%	99
Pharmacy and Drug Stores	\$2,236,549	\$513.56	2.10%	100
RV Parks	\$9,802	\$2.25	0.00%	100
Record, Tape, and CD Stores	\$357,470	\$82.08	0.30%	100

2005	Aggregate Dollars	Average HH Dollars	Percent of Total	Index
Recreational Vehicle Dealers	\$26,660	\$6.12	0.00%	99
Rooming and Boarding Houses	\$5,349	\$1.23	0.00%	100
Sewing and Needlecraft Stores	\$92,425	\$21.22	0.10%	100
Shoe Stores	\$906,866	\$208.24	0.80%	100
Special Food Services and Catering	\$872,486	\$200.34	0.80%	100
Sporting Goods Stores	\$974,154	\$223.69	0.90%	98
Tire Dealers	\$478,677	\$109.91	0.40%	99
Used Merchandise Stores	\$179,683	\$41.26	0.20%	100
User Car Dealers	\$1,492,966	\$342.82	1.40%	98
Vending Machines	\$318,066	\$73.03	0.30%	99
Warehouse Superstores	\$3,277,369	\$752.55	3.10%	100
Women's Clothing Stores	\$968,683	\$222.43	0.90%	100
Total Annual Retail	\$107,428,601	\$24,667.88	100%	99

Demographic data © 2005 by Experian/Applied Geographic Solutions.

Evanston Retail Sales Potential Report

Index Base Average = 100

Index Base File: US

Demographic Overview

Total Population	73,646	Total Households	28,523	Median Income	\$62,025
% Male Population	47.30%	Average Household Size	2.3	Per Capita Income	\$34,432
% Female Population	52.70%	Household Growth from 1990 to 2000	6.10%	Average Household Income	\$85,050
Median Age	34.3	% Owner Occupied Housing Units	52.50%	Employees	48,009
Population Density	9,510.30	% Renter Occupied Housing Units	40.90%	Establishments	3,768
		% Vacant Housing Units	6.70%		

2005	Aggregate Dollars	Average HH Dollars	Percent of Total	Index
Appliances and Electronics Stores	\$13,389,174	\$469.42	1.50%	126
Art Dealers	\$53,968	\$1.89	0.00%	133
Auto Parts and Accessories	\$8,452,388	\$296.34	1.00%	122
Book Stores	\$5,511,999	\$193.25	0.60%	135
Camera and Photography Stores	\$1,281,939	\$44.94	0.10%	122
Childrens' and Infant's Clothing Stores	\$2,874,489	\$100.78	0.30%	127
Clothing Accessory Stores	\$581,886	\$20.40	0.10%	131
Computer Stores	\$6,823,753	\$239.24	0.80%	130
Convenience Stores	\$5,999,873	\$210.35	0.70%	120
Costmetics and Beauty Stores	\$746,459	\$26.17	0.10%	126
Department Stores	\$68,485,480	\$2,401.08	7.80%	127
Drinking Places	\$3,611,043	\$126.60	0.40%	132
Family Clothing Stores	\$13,935,597	\$488.58	1.60%	128
Fish and Seafood Markets	\$393,444	\$13.79	0.00%	118
Floor Covering Stores	\$3,119,690	\$109.38	0.40%	139
Florists	\$764,364	\$26.80	0.10%	131
Fruit and Vegetable Markets	\$772,352	\$27.08	0.10%	118
Fuel Dealers	\$5,768,429	\$202.24	0.70%	119
Full Service Restaurants	\$43,280,958	\$1,517.42	4.90%	127
Furniture Stores	\$16,633,265	\$583.16	1.90%	131
Gas Stations with Convenience Stores	\$58,645,527	\$2,056.10	6.70%	119
Gas Stations without Convenience Stores	\$25,928,164	\$909.03	3.00%	117
Gift and Souvenir Stores	\$1,762,276	\$61.78	0.20%	128
Grocery Stores	\$131,307,221	\$4,603.60	15.00%	120
Hardware Stores	\$8,558,474	\$300.06	1.00%	129
Hobby, Toy, and Game Stores	\$3,920,442	\$137.45	0.40%	123
Home Centers	\$18,116,930	\$635.17	2.10%	128
Hotels and Other Travel Accomodations	\$6,364,996	\$223.16	0.70%	127
Jewelry Stores	\$4,740,150	\$166.19	0.50%	137
Limited Service Restaurants	\$43,156,225	\$1,513.05	4.90%	126
Liquor Stores	\$6,145,005	\$215.44	0.70%	130
Luggage Stores	\$461,098	\$16.17	0.10%	129
Mail Order and Catalog Stores	\$20,291,196	\$711.40	2.30%	128
Meat Markets	\$1,649,111	\$57.82	0.20%	118
Men's Clothing Stores	\$2,866,964	\$100.51	0.30%	128
Mobile Home Dealers	\$22,565	\$0.79	0.00%	129
Motorcycle and Boat Dealers	\$7,257,281	\$254.44	0.80%	122
Musical Instrument Stores	\$1,514,040	\$53.08	0.20%	124
New Car Dealers	\$172,791,737	\$6,058.03	19.70%	121
Nursery and Garden Stores	\$3,643,935	\$127.76	0.40%	130
Office and Stationary Stores	\$1,756,111	\$61.57	0.20%	131
Optical Goods Stores	\$4,005,965	\$140.45	0.50%	121
Other Apparel Stores	\$2,149,952	\$75.38	0.20%	127
Other Building Materials Stores	\$24,743,625	\$867.50	2.80%	129
Other Direct Selling Establishments	\$3,951,399	\$138.53	0.50%	125
Other General Merchandise Stores	\$7,986,400	\$280.00	0.90%	127
Other Health and Personal Care Stores	\$1,518,925	\$53.25	0.20%	124
Other Home Furnishing Stores	\$3,941,933	\$138.20	0.50%	129
Other Miscellaneous Retail Stores	\$1,724,718	\$60.47	0.20%	119
Other Specialty Food Markets	\$1,223,266	\$42.89	0.10%	118
Outdoor Power Equipment Stores	\$465,022	\$16.30	0.10%	131
Paint and Wallpaper Stores	\$761,896	\$26.71	0.10%	129
Pet and Pet Supply Stores	\$2,374,784	\$83.26	0.30%	122
Pharmacy and Drug Stores	\$18,281,522	\$640.95	2.10%	125
RV Parks	\$79,468	\$2.79	0.00%	123
Record, Tape, and CD Stores	\$2,900,312	\$101.68	0.30%	124

2005	Aggregate Dollars	Average HH Dollars	Percent of Total	Index
Recreational Vehicle Dealers	\$215,345	\$7.55	0.00%	122
Rooming and Boarding Houses	\$44,389	\$1.56	0.00%	126
Sewing and Needlecraft Stores	\$790,038	\$27.70	0.10%	130
Shoe Stores	\$7,123,694	\$249.75	0.80%	120
Special Food Services and Catering	\$7,237,048	\$253.73	0.80%	126
Sporting Goods Stores	\$8,035,410	\$281.72	0.90%	123
Tire Dealers	\$3,837,578	\$134.54	0.40%	122
Used Merchandise Stores	\$1,520,507	\$53.31	0.20%	129
User Car Dealers	\$12,112,880	\$424.67	1.40%	121
Vending Machines	\$2,498,662	\$87.60	0.30%	119
Warehouse Superstores	\$26,305,379	\$922.26	3.00%	122
Women's Clothing Stores	\$8,128,820	\$284.99	0.90%	128
Total Annual Retail	\$877,338,935	\$30,759.26	100%	124

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