

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
3/22/2016

SUBJECT:	SUBMITTED BY:
Economic Development Corporation Report on Enhancing Sales Tax Base	David Fieldman Village Manager

SYNOPSIS

A report from the Economic Development Corporation regarding the enhancement of the sales tax base

STRATEGIC PLAN ALIGNMENT

The goals for 2015-2017 include *Diverse Local Economy*. *Create an Economic Development Plan to Enhance the Sales Tax Base* is a Top Priority Action Item.

FISCAL IMPACT

N/A

RECOMMENDATION

Discussion by the Village Council

BACKGROUND

In 2015, the Village Council identified *Create an Economic Development Plan to Enhance the Sales Tax Base* as a Top Priority Action Item. The goal of the plan is to increase the Village's sales tax base (gross annual retail sales measured in dollars) and total sales tax revenue. The plan is scheduled to be completed no later than March 31, 2016.

To prepare the plan, the Village requested the assistance of the Downers Grove Economic Development Corporation (EDC), a non-profit partner of the Village whose mission is to enhance the economy of Downers Grove through the retention, expansion and attraction of business.

This plan is based on an AECOM Competitive Retail Alignment Study commissioned by the EDC. AECOM completed a retail market analysis and assessment of Downers Grove's performance in the trade area. The complete report is attached. In addition, staff prepared and has attached a report on the 2015 sales tax performance.

This plan includes the following:

- Key Takeaways and Conclusions from the AECOM Report
- Recommended Retail Segments for Attraction and Retention
- Strategies for Attraction and Retention
- Recommended Tools for Attraction and Retention

- Locations for Retail Development

ATTACHMENTS

EDC Plan

AECOM Report

Sales Tax Report

Economic Development Plan to Enhance the Sales Tax Base

March 22, 2016



Introduction and Background

In 2015, the Village Council identified *Create an Economic Development Plan to Enhance the Sales Tax Base* as a Top Priority Action Item. The goal of the plan is to increase the Village's sales tax base (gross annual retail sales measured in dollars) and total sales tax revenue. The plan is scheduled to be completed no later than March 31, 2016.

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- Key Takeaways and Conclusions from the AECOM Report
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- Recommended Tools for Attraction and Retention
- Locations for Retail Development

EDC Strategic Plan Alignment

This plan is consistent with and furthers several high priorities regarding commercial development identified in the [EDC's strategic plan](#).

- Implement a strategy for the attraction of national tenants, and the redevelopment of catalyst sites, on Butterfield Road.
- Implement a strategy for the attraction of tenants, and the redevelopment of catalyst sites, on Ogden Avenue
- Implement a strategy for the attraction of tenants, and the redevelopment of commercial centers on 75th and 63rd Streets

Downers Grove Comprehensive Plan Alignment

In 2016 the Village will also complete a five-year update to its Comprehensive Plan. This *Economic Development Plan to Enhance the Sales Tax Base* supports the primary goal of the Commercial Areas Plan in the Comprehensive Plan to "retain, attract and expand high-quality commercial retailers, service providers and employers by addressing the location, size and appearance of commercial area." The Comprehensive Plan encourages revitalization and modernization of the Village's commercial corridors.

The Economic Development Plan to Enhance the Sales Tax Base will:

- Direct the Village's and DGEDC's retail business attraction and retention efforts
- Be reflected in the update to the Village's Comprehensive Plan



The Art Van furniture store on Butterfield Road opened in 2015. Funds from a sales tax rebate were used to help pay for a complete renovation of the vacant former Home Depot Expo building.

Key Takeaways and Conclusions from the AECOM Report

AECOM conducted its analysis using available quantitative data (national economic data, real estate and industry statistics) and qualitative stakeholder interviews. The full report is included as an appendix to this document.

The Village and EDC have identified the following key takeaways:

- Downers Grove is in a strong retail trade area where retailers want to be located.
- The existing inventory of retail space (buildings and centers) is reaching obsolescence.
- Future improvements will be infill or redevelopment (Downer Grove does not have a significant number of vacant or undeveloped parcels).
- Infill and redevelopment is more costly and carries a higher risk for developers. The Village and the EDC can play a role in attracting and retaining retailers by reducing the risk and cost to developers.

The key conclusion of the report is that *retailers want to locate in Downers Grove, but appropriate, easy-to-develop sites are not available.*

There are clear practical challenges in encouraging infill redevelopment along older commercial corridors. Long-standing challenges link with the difficulty of getting financing for projects due to constraints created by smaller (constrained) parcels, older/obsolete buildings, and delay created by extended entitlement and development review policies. These factors are a key reason why infill projects are seen as more “risky”.

- AECOM Report



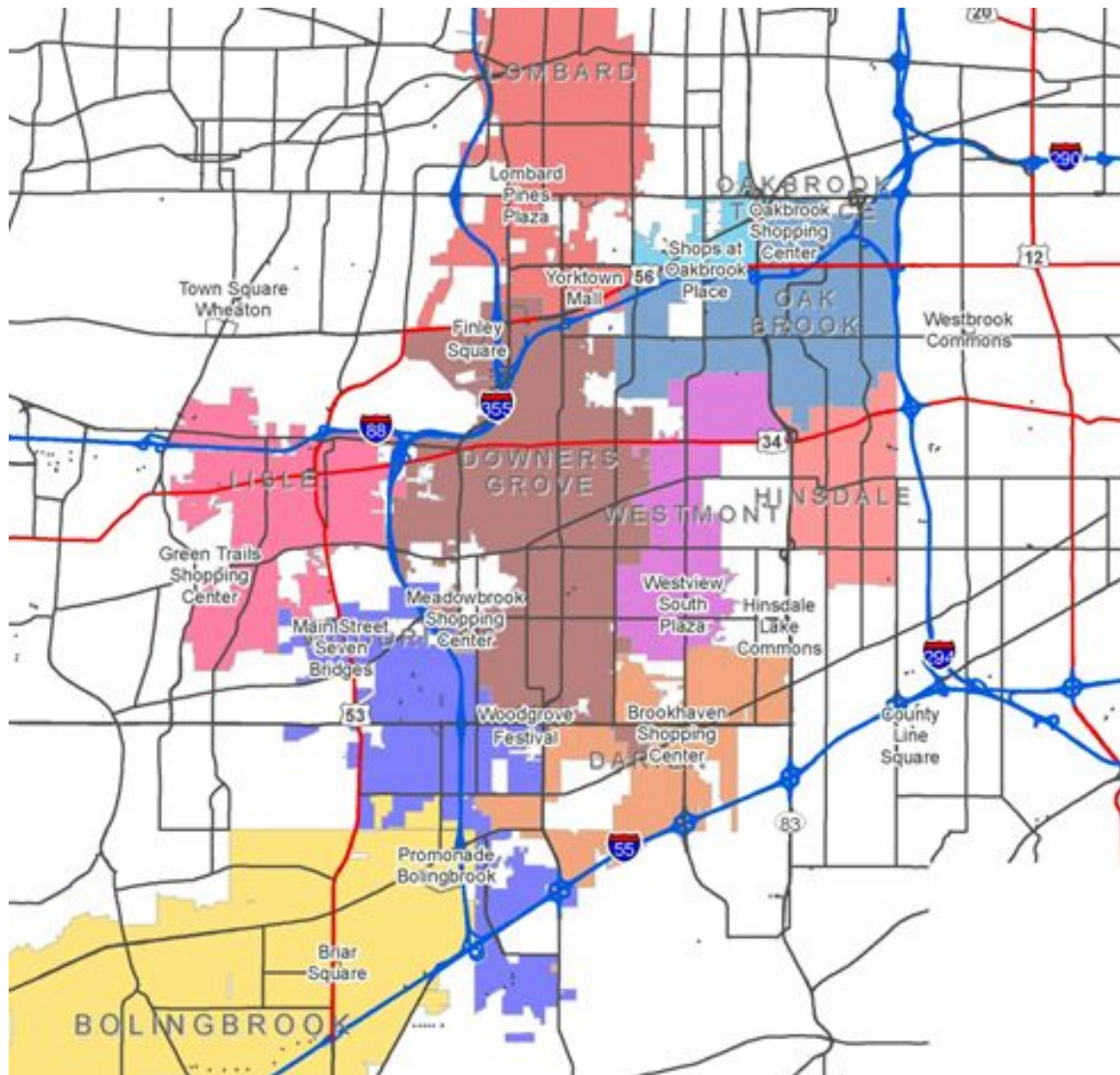
An existing older shopping center in Downers Grove

AECOM Competitive Retail Alignment Study
Selected Core Findings

- The Core Trade area around Downers Grove represents one of the key concentrations of income in the Chicago Metropolitan Area; in 2014 this area generated more than \$7 billion in retail sales.
- Downers Grove is located within the larger East / West submarket defined by CoStar, a submarket that supports more than 76 million square feet of retail space, representing about 15% of total regional retail inventory (about 525 million square feet). It is the third largest retail Submarket in the entire region by inventory.
- Reflective of lower vacancy levels, Downers Grove has seen strong net absorption since 2009, above 200,000 square feet, second only to Bolingbrook since 2009.
- While retail vacancy levels in Downers Grove (5%) are well below regional averages, the community is increasingly built out, with little vacant land remaining and a large inventory of older (1970 to 1990) and arguably obsolete commercial buildings located along corridors such as Ogden Avenue that are not up to current national chain expectations; Corridors such as 75th Street face similar challenges.
- Put another way, while retail markets have changed dramatically, Downers Grove retail centers remain locked in an earlier time period as compared to neighboring communities.
- For Downers Grove, Automotive has seen the strongest rate of growth in retail sales since 2009, faster than the trade area.
- In Downers Grove, retail sectors with above average sales capture include Food, Building Materials, Automotive, Drugs & Miscellaneous Retail, Furniture & Household Furnishings, and Drinking & Eating Places. Apparel and General Merchandise sales are under represented.

The Village’s current sales tax base, or total annual retail sales, is just over \$1.24 billion. Downers Grove is located in a trade area consisting of Bolingbrook, Darien, Hinsdale, Lisle, Lombard, Oak Brook, Westmont and Woodridge. Total annual retail sales in this trade area is approximately \$7.3 billion. Therefore, Downers Grove captures about 17% of the total trade area sales.

Downers Grove Trade Area



These municipalities compete for retail sales that occur within the trade area. Downers Grove has about a 17% share of the retail sales within the trade area.

Retail Sales By Store Type, Trade Area / Downers Grove Market Share

<i>Retail Category</i>	<i>Trade Area</i>	<i>Downers Grove</i>	<i>Downers Grove Market Share</i>
<i>General Merchandise</i>	<i>\$793,700,445</i>	<i>\$44,570,147</i>	<i>5.6%</i>
<i>Food</i>	<i>\$561,253,344</i>	<i>\$134,094,401</i>	<i>23.9%</i>
<i>Drinking and Eating Places</i>	<i>\$798,502,921</i>	<i>\$137,168,211</i>	<i>17.2%</i>
<i>Apparel</i>	<i>\$454,521,738</i>	<i>\$29,117,830</i>	<i>6.4%</i>
<i>Furniture & H.H. & Radio</i>	<i>\$593,954,630</i>	<i>\$102,900,471</i>	<i>17.3%</i>
<i>Lumber, Bldg, Hardware</i>	<i>\$245,684,965</i>	<i>\$56,928,114</i>	<i>23.2%</i>
<i>Automotive & Filling Stations</i>	<i>\$1,774,235,223</i>	<i>\$328,130,391</i>	<i>18.5%</i>
<i>Drugs & Misc. Retail</i>	<i>\$1,136,964,630</i>	<i>\$269,609,365</i>	<i>23.7%</i>
<i>Agriculture & All Others</i>	<i>\$733,713,839</i>	<i>\$128,014,318</i>	<i>17.4%</i>
<i>Manufacturers</i>	<i>\$141,761,390</i>	<i>\$10,473,620</i>	<i>7.4%</i>
<i>Totals</i>	<i>\$7,300,343,855</i>	<i>\$1,241,006,868</i>	<i>17%</i>

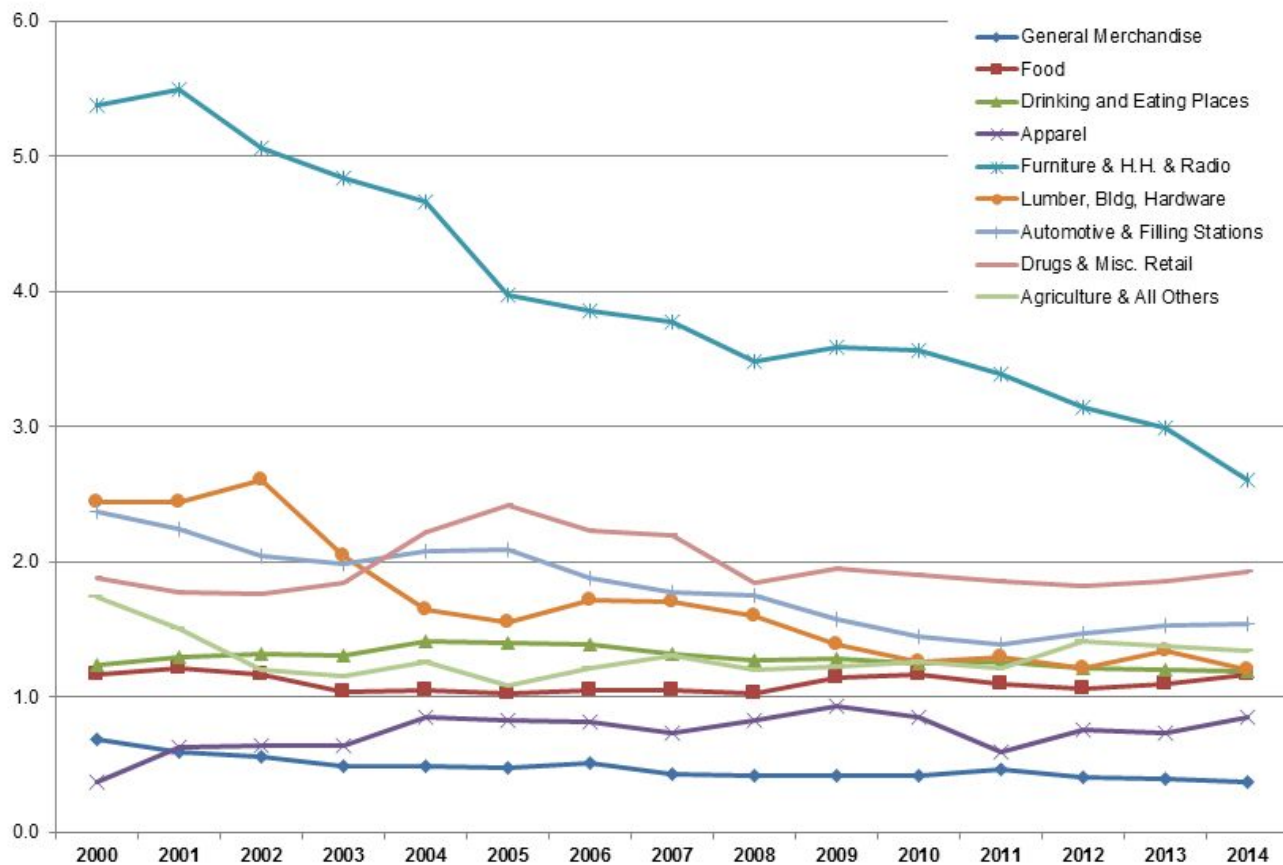
Source: Illinois Department of Revenue

Competing for Retail Sales

The municipalities in the trade area are competing for their share of the total retail sales. Downers Grove's retail attraction and retention efforts should enhance and improve the Village's competitive advantages and address any disadvantages.

A municipality’s performance can be measured by a pull factor. A pull factor greater than 1.0 indicates that the municipality is generating more than its fair share of retail sales . A pull factor less than 1.0 indicates the municipality is generating less than its fair share of retail sales. Downers Grove has pull factors above one in all retail sectors except General Merchandise and Apparel.

Downers Grove Pull Factors, 2000 to 2014



Recommended Retail Segments for Attraction and Retention

The trade area in which Downers Grove is located (from Bolingbrook northeast to Oak Brook) is a \$7.3 billion annual market. The Village should attract retailers in the following segments:

- **Automobile Dealerships:** This category (Automotive and Filling Stations) is the Village's strongest generator of sales tax revenue and is the trade area's largest category. The Village holds an 18.5% share of the \$1.8 billion market in the trade area. Ogden Avenue remains a desirable location and the market is trending upward. The Village and EDC should identify opportunities for auto dealers to work collectively to enhance Ogden Avenue as a destination for dealerships.
- **General Merchandise:** General Merchandise retailers are commonly known as 'Big Box' retailers, like Wal-Mart, Target and Meijer. This category generates nearly \$800 million in sales annually - and the Downers Grove share is disproportionately small (5.6% or \$44.6 million). The weak performance shows that Downers Grove is 'leaking' in this category, which means that residents are going to other towns for General Merchandise.
- **Furniture and Household Goods:** This category encompasses furniture and electronics. The Village's performance in this category slid after major retailers closed (Expo Design Center, Circuit City) but recent sales tax returns show that the addition of Art Van has bolstered the performance. This category presents an opportunity for 'clustering' of multiple complementary retailers.
- **Drinking and Eating:** Retail sales related to restaurants remained relatively steady during the recession and continue to perform well in Downers Grove (17.2% market share). This category works for infill development because restaurants can locate in all types of commercial areas.
- **Drugs and Miscellaneous Retail:** After the automotive category, Downers Grove's second-best performing category is Drugs and Miscellaneous Retail. The market is trending upward and Downers Grove has a 23.7% share of \$1.13 billion market. This category is also attractive for infill development because it can be located in all commercial areas.

To increase annual sales tax revenue, the Village should attract and retain:

- Automobile dealerships, expanding the *auto dealer row* on Ogden Avenue
- Large scale general merchandise stores to address the leakage of sales to nearby communities
- Furniture stores creating a cluster of furniture stores, building on the success of Art Van
- A variety of restaurants in all retail corridors
- Drug stores and miscellaneous retailers in all retail corridors

Strategies for Attraction and Retention

This section presents recommended strategies for attracting and retaining the retail segments described above, given the key obstacles and challenges to infill development in the AECOM report.

Overcoming obstacles and risk that currently deter large-scale change along the Village's commercial corridors will require additional actions by the Village. Actions should enhance and create competitive advantages, recognizing that municipalities within the retail trade area are competing for limited sales.

1. **Facilitate Aggregation of Land to Create Sites that Meet Retailer Needs:** The Village should take an active role in overcoming the challenges of small and obsolete sites in major retail corridors. Many of these challenges are identified in the SWOT analysis in the AECOM report. This can be done by identifying areas where land could be acquired and then working with developers and landowners to facilitate the acquisition or by actively buying, assembling and selling land.
 - Identify parcels that could be acquired for retail redevelopments
 - Conduct an inventory/analysis of parcels along Ogden Avenue
 - Ensure that the proposed retail use of these parcels is accurately reflected in official documents including the Comprehensive Plan and Zoning Ordinance
 - Communicate with current property owners and facilitate the sale to retail developers
 - Private sector transactions are the preferred option
 - Acquire land and assemble parcels that meet retailers' size and location requirements
 - Create large scale redevelopment sites at street intersections or with direct access to intersections (creating "hard corner" developments)
 - Assemble and sell the land for redevelopment quickly to avoid being a landlord
 - Village acquisition of land should be used as a secondary option (private sector transactions are the preferred option)

2. **Make Building and Zoning Entitlement Process Easy and Predictable:** Developers and retailers should feel confident that building and zoning review and approval process will be predictable and easy to understand. This does not mean that the building and zoning code requirements should be reduced. The code requirements and the likely outcome of seeking building and zoning permits should be known in advance of starting a project.
 - Update the Comprehensive Plan to reflect properties that are available for retail development
 - Consider rezoning properties that are identified for retail development but not currently zoned for such uses
 - Demonstrate to the retail development industry that entitlement process is predictable

- 3. Consider Providing Financial Assistance:** The Village should consider providing financial assistance to reduce the high cost of redeveloping sites with sales tax producing tenants. Often times financial assistance pays for public improvements such as streets, traffic signals and watermains.

 - Provide financial incentives that reduce the cost of land and other items to an amount similar to the cost of land and other items in other portions of the trade area
 - Consider using a variety of economic development tools to provide the financial assistance

- 4. Quantify and Consider All Benefits and Revenue:** The success of a redevelopment project should have multiple measures, including increase in taxable value of the property, increases in other revenues as a result of the redevelopment (sales tax, home rule sales tax), revenue from the sale of land to a developer, and whether the project furthers other community values, such as redeveloping a dilapidated site or eyesore.

 - Identify and quantify all direct and indirect revenues generated by the retail development
 - Identify and qualify all non-financial benefits of the retail development
 - Compare the revenues and benefits to the amount of financial assistance to be provided
 - Consider the costs and benefits and make financial assistance decisions on a case by case basis

- 5. Prioritize Efforts:** The Village should focus efforts on projects that have a high potential of significantly increasing sales tax revenue.

 - Focus attraction efforts on large-scale, high return projects
 - Continue to facilitate smaller scale retail projects as the opportunities become available

- 6. Prepare a Key Focus Area Plan for 63rd and Woodward As Part of Comprehensive Plan Update:** The existing retail center at 63rd and Woodward suffers from functional obsolescence. The commercial area to the west in Woodridge has substantial vacancies. This portion of 63rd Street should be studied as a Key Focus Area during the Comprehensive Plan Update to envision an appropriate recommended future land use that meets the changing retail environment.

- 7. Explore Opportunities to Attract Sales Tax Generating Uses to Ellsworth Business Park and Oak Grove Commons:** The Village should further study opportunities to attract businesses that generate retail sales tax revenue and do not fit in typical commercial retail developments. Examples of these types of uses include micro breweries, warehouses with a retail outlet and point of sale businesses.



The Packey Webb Ford dealership on Ogden Avenue was remodeled using funds from a sales tax rebate agreement.

Recommended Tools for Attraction and Retention

Under Illinois law, municipalities may use certain tools to facilitate economic development. The Village should use these tools strategically in situations where sales tax revenue can be significantly increased.

- **Tax Increment Financing (TIF) Districts:** A TIF is an economic development tool that uses property taxes generated from properties within the district to invest in public and private development (see the “Tax Increment Financing” text box for additional information). Within a TIF district, municipalities may acquire land for the purpose of redeveloping properties. TIF Districts can be effectively used when land may have to be acquired and when the taxable value of the property is expected to increase significantly due to new investment and development. This tool is best for shopping centers or areas with multiple properties that need total redevelopment or a district that could benefit from infrastructure or other upgrades.
 - Work with taxing bodies while creating the districts to address concerns they may have
 - Work with developers while the district is being created to maximize the amount of time any new development is contributing to increases in property value (redevelopment should take place immediately upon the creation of the district so that revenue is generated in each year of the district’s existence)

- **Business Improvement Districts (BIDs):** A Business Improvement District is a defined area within which sales are subject to an additional tax added to the base tax rate. Revenues from the higher sales tax rate are used for pay for redevelopment and improvements within the district. Within a BID, municipalities may acquire land the purpose of redeveloping properties. BIDs can be effectively used when land may have to be acquired and when the sales tax revenue is expected to increase significantly due to new investment and development. This is best for a shopping center or a single owner-occupied retail site.

- Work with developers while the district is being created to maximize the amount of time any new development is contributing to increases in sales tax revenue (redevelopment should take place immediately upon the creation of the district so that revenue is generated in each year of the district's existence)
- **Sales Tax Rebate Agreements:** A sales tax rebate agreement returns a portion of the sales tax generated to the retailer or developer. The revenue from the rebated sales taxes are used to offset the cost of acquiring or making improvements to land. Sales tax rebates work well for projects consisting of a single, high sales tax producing tenant.
 - Use for retailers that generate large amounts of sales tax revenue
 - Review and consider agreements on a case-by-case basis

Tax Increment Financing

Tax Increment Financing is simple in concept. TIF calls for local taxing bodies to make a joint investment in the development or redevelopment of an area, with the intent that any short term gains be reinvested and leveraged so that all the taxing bodies will receive larger financial gains in the future. The funds for this investment do not come from current revenues, but from future tax revenues, not otherwise expected to occur. These new revenues are generated by increased public and private investment in identified, underperforming, areas.

When a TIF district is created, the value of the property in the area is established as the "base" amount. The property taxes paid on this base amount continue to go to the various taxing bodies as they always had. It is the growth of the value of the property over the base that generates the tax increment. This increment is collected into a special fund for use by the Village to make additional investments in the TIF district. This reinvestment generates additional growth in property value, which results in even more revenue growth for reinvestment.

In this way the TIF redevelopment project creates a vital cycle, increasing development and redevelopment in the area, such that when the TIF project ends – and Illinois law allows a TIF project to exist for a period of up to 23 years – all of the taxing bodies benefit from the new growth.

A tax increment is the difference between the amount of property tax revenue generated before TIF district designation and the amount of property tax revenue generated after designation. Establishment of a TIF does not reduce property tax revenues available to taxing bodies as the property taxes collected on properties included in the TIF at the time of designation continue to be distributed to them in the same manner as they would if the TIF did not exist. Only the new property taxes generated by the incremental increase in the value of these properties after the TIF is established are available for investment in the district.

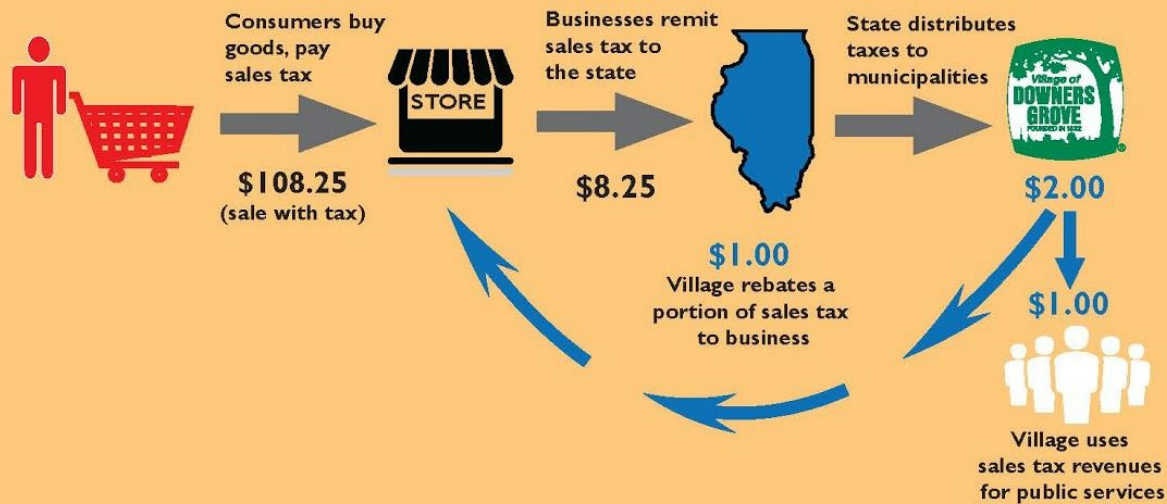
Understanding Sales Tax Rebate Agreements

WHY SALES TAX REBATE AGREEMENTS ARE NEEDED

Sales tax rebate agreements are an important component of Downers Grove’s economic development strategy. All retail stores generate sales tax revenue which the Village uses to pay for public services. National retailers and car dealerships generate significant tax revenues, create jobs, and serve as catalysts for other business development. Competition among local communities for new businesses is fierce and incentives often provide the edge needed to create new opportunities and revenues where there otherwise would be none.

HOW THEY WORK

When consumers make a purchase in Downers Grove, the retailer remits sales tax to the State of Illinois, which in turn distributes the appropriate percentage or share to local taxing bodies. Pursuant to the sales tax agreement, the Village rebates a portion of their share back to the business. The example below shows the sales tax rebate cycle of a \$100 purchase, using the current sales tax of 8.25%.



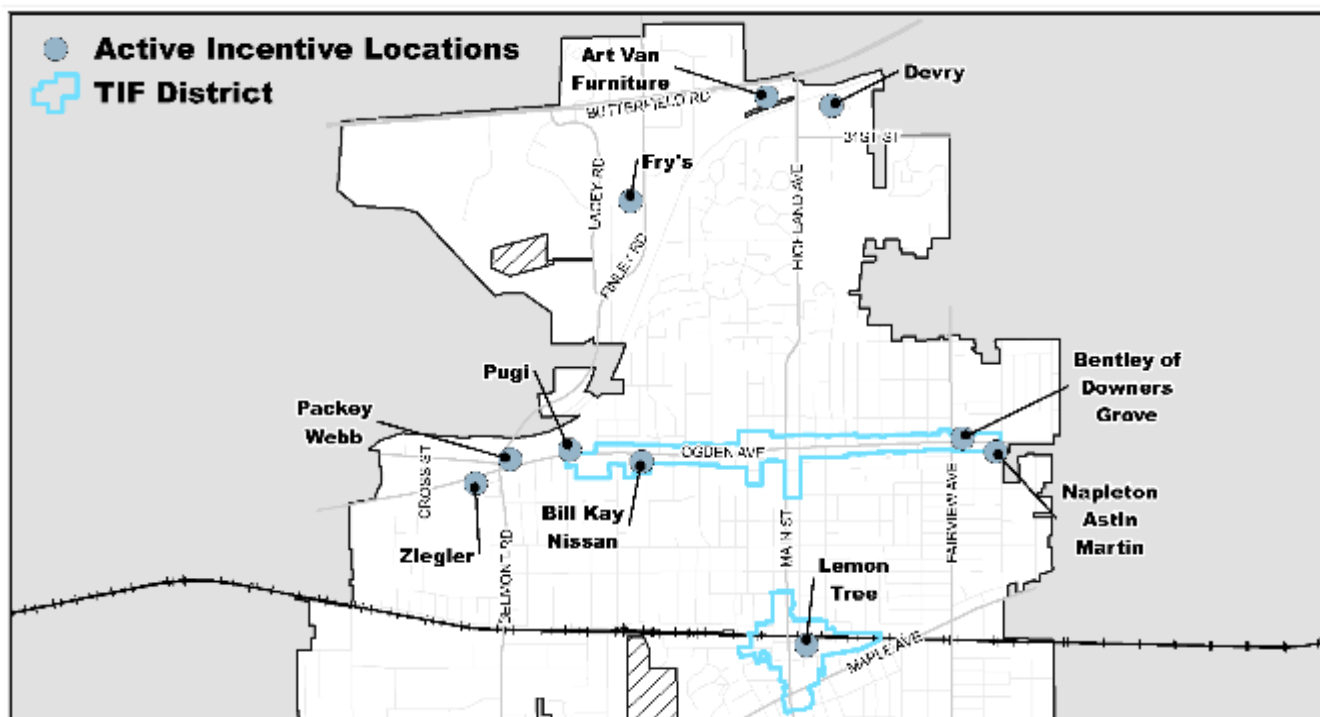
NO FINANCIAL RISK FOR TAXPAYERS

Most importantly, the Village structures all incentive agreements to ensure that there are no negative financial repercussions to taxpayers should a business close before an agreement expires.

Here are examples of the safeguards and best practices used:

- No money is given upfront to businesses.
- Rebates are not made unless sales revenue is generated.
- Limits are placed on the amount of rebates a business may receive.
- *Hold back* and *Claw back* provisions allow the Village to keep or the business to return a portion of the rebate payments received if the business were to close.





An analysis of economic development tools containing succinct explanations and several case studies was recently completed by CMAP, the regional planning agency. The study is available here: <http://www.cmap.illinois.gov/economy/tax-policy/economic-development-incentives>.



Fry's electronics has been operating this store on Finley Road since the early 2000's. The building was formerly occupied by Auto Nation. Funds from a sales tax rebate agreement were used to help pay for the costs of renovation.

Each economic development tool offers unique attributes that should be considered

<i>Tool</i>	<i>How It Works</i>	<i>Best Used For</i>	<i>Pros</i>	<i>Cons</i>
Tax Increment Financing	Uses increases in property taxes paid by properties within the district to invest in public and private development TIFs run for 23 years	Shopping centers or areas with multiple properties that need total redevelopment or a district that could benefit from infrastructure or other upgrades	Potential to generate larger amounts of revenue Can facilitate large scale redevelopment	Impacts property tax revenues for other taxing bodies Lengthy approval process
Business Improvement District	Retail sales within an approved district are taxed at a higher rate than normal. The revenue from the higher sales tax is reinvested on improvements in the district. BIDs run for 23 years	Single owner-occupied retail site or shopping center with large anchor store	Potential to generate large amounts of revenue Can facilitate large scale redevelopment	Additional sales tax rate may negatively affect tenant attraction and retention Lengthy approval process
Sales Tax Rebate Agreement	Village returns a portion of the sales tax to the retailer in exchange for a level of performance or agreement to make improvements	Single, high sales tax producing tenant such as auto dealerships	Potential to generate significant returns for both the Village and retailer Quick, easy approval process	Limited applicability Village and retailer must share the retail sales tax revenue; there is no new revenue source created

Locations for Retail Development

As stated in the AECOM report, each commercial corridor has a “unique identity” offering different development opportunities. Strategies should be tailored to fit each corridor. Efforts to attract retailer should be focused on the locations below:

- Catalyst sites identified in the Comprehensive Plan
 - Southeast corner of Finley Road and Butterfield Road
 - North side of Butterfield
 - University Plaza
 - Walnut and Ogden (frontage)
 - Finley/Belmont and Ogden Avenue
 - Stonewall Avenue and Ogden Avenue (north side)
 - Stonewall Avenue and Ogden Avenue (south side)
 - South Side between Middaugh and Saratoga
 - Northwest corner of Ogden Avenue and Main Street
 - Southeast corner of Ogden Avenue and Main Street
 - Ogden between Fairview and Florence (North side)
- Northwest corner of 75th Street and Lemont Road
- Portions of 63rd Street as identified in the Key Focus Area Plan to be completed with the Comprehensive Plan update



University Plaza on Butterfield Road - a catalyst site identified for retail redevelopment



Competitive Retail Alignment Study

Downers Grove Economic Development Corporation

January 14, 2016





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Core Findings

Recession and Recovery

- While 2015 is arguably the first “normal” year since 2004 in economic terms, from a retail standpoint, the total number of announced store closures in 2014 and 2015 (12,955) was only slightly less than the number of announced closures in 2009 (13,262).
- While retail sales levels across Illinois have exceeded pre-recession thresholds, construction of new retail space and construction of new housing units remain “stuck” at levels well below long-term averages.
- While online retailing has dramatically increased its share of total US retail sales (from 2.5% to 10.4% since 2000), retail footprints are only beginning to adjust to the reality of “omni-channel” retail shopping.

Downers Grove / Trade Area

- Using data from the Bureau of Labor Statistics the Village supports an estimated day-time population of about 65,000 people, which includes an estimated 45,000 employees and about 20,500 residents. The evening population includes roughly 50,000 people.
- Since the “Great Recession” Downers Grove has supplanted Oak Brook as the second largest employment location in Du Page County, after Naperville.
- Downers Grove Main Street was the third largest Metra Station for passenger boardings in 2014
- The Core Trade area around Downers Grove represents one of the key concentrations of income in the Chicago Metropolitan Area; in 2014 this area generated more than \$7 billion in retail sales.



- Downers Grove is located within the larger East / West submarket defined by CoStar, a submarket that supports more than 76 million square feet of retail space, representing about 15% of total regional retail inventory (about 525 million square feet). It is the third largest retail Submarket in the entire region by inventory.
- In Downers Grove, retail sectors with above average sales capture include Food, Building Materials, Automotive, Drugs & Miscellaneous Retail, Furniture & Household Furnishings, and Drinking & Eating Places. Apparel and General Merchandise sales are under-performing in Downers Grove.
- For Downers Grove, Automotive has seen the strongest rate of growth in retail sales since 2009, faster than the trade area, but slower than the state wide average.
- Decline in manufacturing may simply mirror statewide trends; it could be an indicator of local trouble and impending land use change. As the Agriculture and All Others category reflects a variety of activities, more research is needed to understand drivers in this sector.
- Reflective of lower vacancy levels, Downers Grove has seen strong net absorption since 2009, above 200,000 square feet, second only to Bolingbrook since 2009.
- While retail vacancy levels in Downers Grove (5%) are well below regional averages, the community is increasingly built out, with little vacant land remaining and a large inventory of older (1970 to 1990) and arguably obsolete commercial buildings located along corridors such as Ogden Avenue that are not up to current national chain expectations; Corridors such as 75th Street face not dissimilar challenges.
- Put another way, while retail markets have changed dramatically, the inventory of retail space in Downers Grove remains locked in an earlier time period.



Implications

There are clear practical challenges in encouraging infill redevelopment along older commercial corridors. Long-standing challenges link with the difficulty of getting financing for projects due to constraints created by smaller (constrained) parcels, older / obsolete buildings, and delays created by extended entitlement and development review policies. These factors are a key reason why infill projects are seen as more “risky”. Reflective of the real challenges of effecting change in these areas, a number of successful policy responses have emerged:

- Building public consensus and involvement upfront regarding density, mix of uses and traffic management
- Identifying an advocate organization to drive corridor revitalization
- Identifying important sites and securing preliminary entitlements for their redevelopment
- Encouraging density and mixed use at key nodes along corridors
- Improve the appeal of infill sites with targeted infrastructure and access improvements
- Marketing infill sites aggressively
- Selective site acquisition and building demolition
- Development of enhanced corridor transit (Bus Rapid Transit)



Approach & Introduction

National Retail Sales Trend Summary

- Summarize trends relevant to retail sectors in the community

Sales Tax Data Collection and Analysis

- Collect and analyze sales tax data from the Illinois Department of Revenue, focused specifically on municipal sales tax (MT) collections, broken down by retail category as defined by the state.

Customer Base Analysis

- Evaluate the core customer base for Downers Grove and adjacent communities that are part of the trade area, based on population and income data by municipality, analysis of US Census “On the Map” to estimate the number of day-time workers, and a review of existing hotel market data to understand over-night hotel populations

Real Estate Inventory Analysis

- Use CoStar to summarize retail inventories, occupancies, and rent levels for three specific corridors in Downers Grove, in comparison with identified retail corridors in competitive trade areas.

Corridor Planning Analysis

- Evaluate the three retail corridors in Downers Grove from a planning, access and visibility standpoint, in comparison with competitive corridors in adjacent communities.



Stakeholder Interview Insights

- Interviews conducted with 11 Individuals, representing DGEDC, Village of Downers Grove, Private Developers, and Real Estate Brokers
- Significance of ArtVan Opening in 2015 and its impact on Furniture and Home Furnishings Sales
- Retail markets are recovering, but there are fewer tenants looking for space.
- While infill has started to influence the retail footprint in Downers Grove, the majority of retail inventory in the community remains locked in a 1970's – 1980's pattern. At the same time, retail markets have changed dramatically.
- 2015 – Year of Grocery Store Transition (Dominick's / Mariano's / Whole Foods); Final shakeout in 2016?
- Downers Grove: “bedroom community”, middle upper income, solid reputation. Markets link with “where you go to work”, and “how you get home”.
- Downers Grove Retail #1: Retail occupancies have steadily improved since 2009, with few apparent larger vacant buildings or sites available.
- Downers Grove Retail #2: Generally older retail inventory (mostly built before 1990); Clear bias toward neighborhood and community formats. Ogden Avenue, in particular is an “older commercial corridor”.
- Downers Grove Retail #3: Markets available to the key commercial Corridors in Downers Grove Are different; significance of day-time employment for Butterfield and Ogden versus 75th.
- Several shopping centers are particularly antiquated, and poorly positioned to compete for tenants.

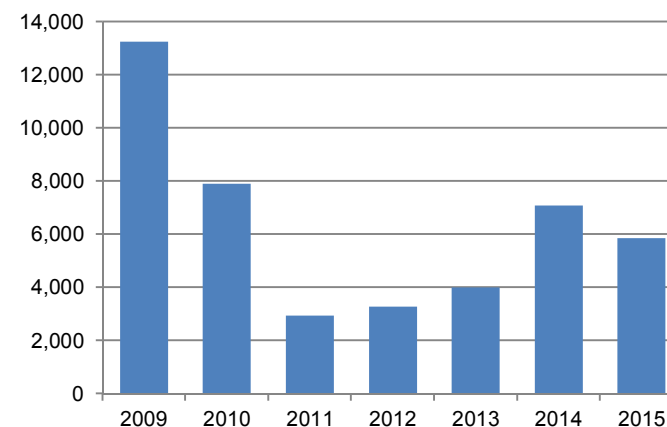


National Retail Sales Trends

AECOM examined retail spending from 1992 through 2014 to provide clarity regarding significant changes that have unfolded in national retail markets. Key trends were identified:

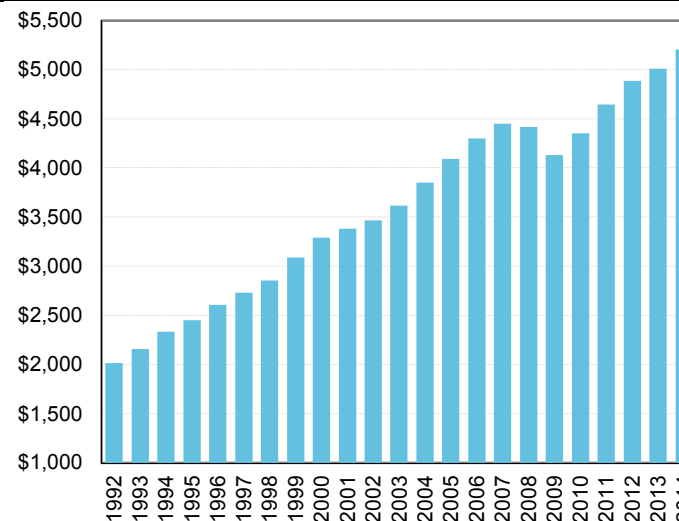
- The impact of tighter credit markets, decreased consumer spending and over-construction led to a wave of bankruptcies among American retailers after 2009. While chains such as Levitz, Sharper Image, Circuit City and Linen 'n Things filed for bankruptcy protection, other chains like Office Depot, Lowe's and J.C. Penny were forced to downsize operations. Trends for this period also include dramatic auto dealership closures by Ford and General Motors.
- While the pace of store closures has slowed, trends for 2014 and 2015 are impacted by the bankruptcy of Radio Shack, as well as the Staples / Office Depot merger announcement; it is not clear that this merger will gain regulatory approval. Trends also reflect the reality of improved occupancies, linked with limited new retail construction since 2010. Tenanting options have expanded beyond critical care centers, dollar stores, and Aldi.
- Auto sales were particularly hard hit during the Great Recession. Auto-related sales dropped by almost 26% from 2007 to 2009. Unprecedented closings and substantial loans from the federal government reflected the precarious financial state of automobile firms. By 2014, auto-related sales have recovered dramatically.
- From 1992 to 2014, gasoline sales increased at a 5.8% annual rate. Gasoline prices play a major role in determining the growth of gasoline retail sales. Gasoline sales spiked from \$373 billion in 2009 to \$552 billion in 2013, a 47.8% increase. However, recent dramatic decreases in gasoline prices in 2014 have led to an uncharacteristic 2.7% decrease in gasoline sales from 2013. Future factors contributing to lower gas prices are more fuel efficient vehicles.

Figure 1. Announced Retail Store Closings



Source: Retailindustry.about.com

Figure 2. Retail Sales, Millions of US Dollars

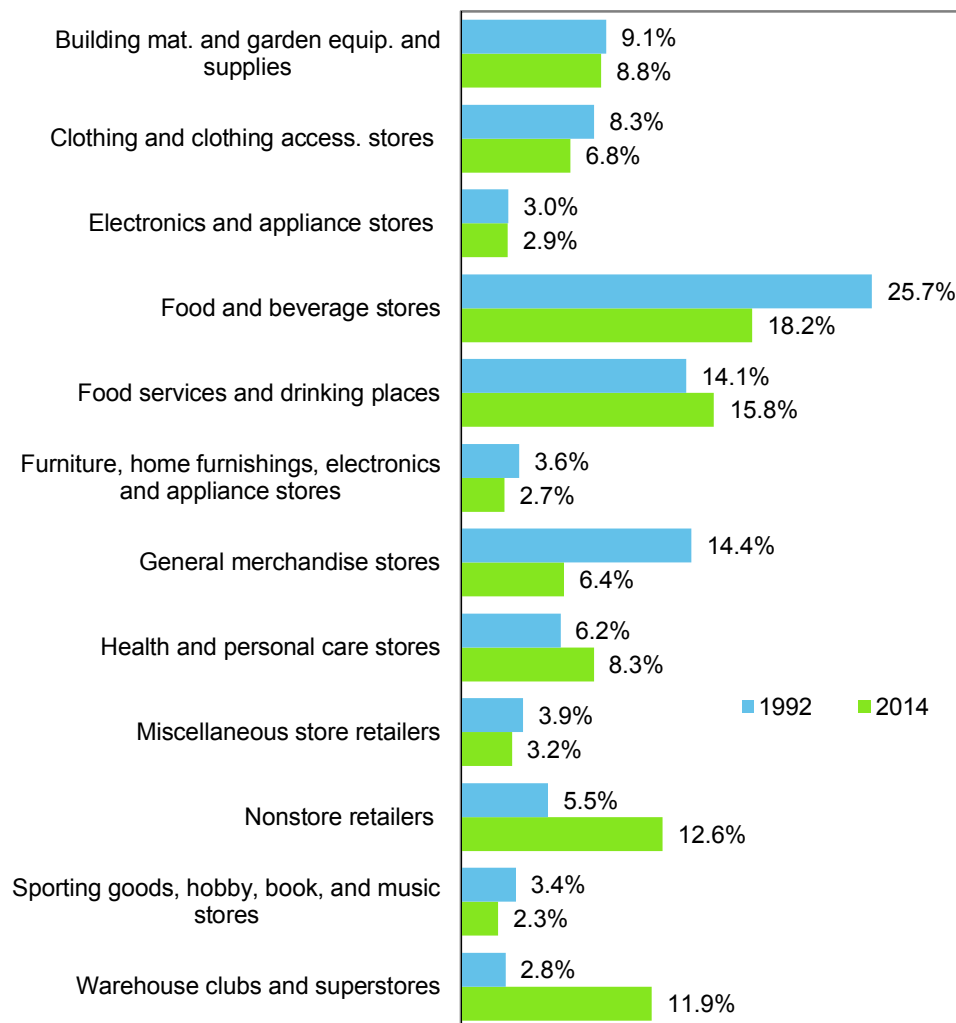


Source: US Census



- Online spending continues to absorb market share from “brick and mortar” retail. Between 1992 and 2014, online retailing increased from 2.5% to 10.4% of retail sales, representing growth from about \$35 billion to more than \$375 billion. While the re-allocation of retail sales to online shopping is of little concern to retail chains, the same cannot be said for municipalities relying on retail sales taxes in the community.
- Growth of health and personal care stores reflects the increasing scale of products and health care services that drug stores and pharmacies now offer.
- Building material stores (Lowe’s, Menards and Home Depot) have dramatically altered the market for home improvement supplies. In general, sales grew strongly through 2006, only to suffer through the recession. While sales have recovered, appreciate that local housing markets have not recovered to pre-recession construction trends.
- Grocery stores have remained relatively stable. Between 1992 and 2014, spending on food and beverage stores grew at an annualized rate of 2.6%.
- Retailers are reacting to changing spending patterns driven by new technologies (broadband access and cell phones), which have recently captured a significant share of disposable income; TiVo, iTunes and Netflix are examples.

Figure 3. Percent of General Retail Dollars by Category, 1992 and 2014



Source: US Census



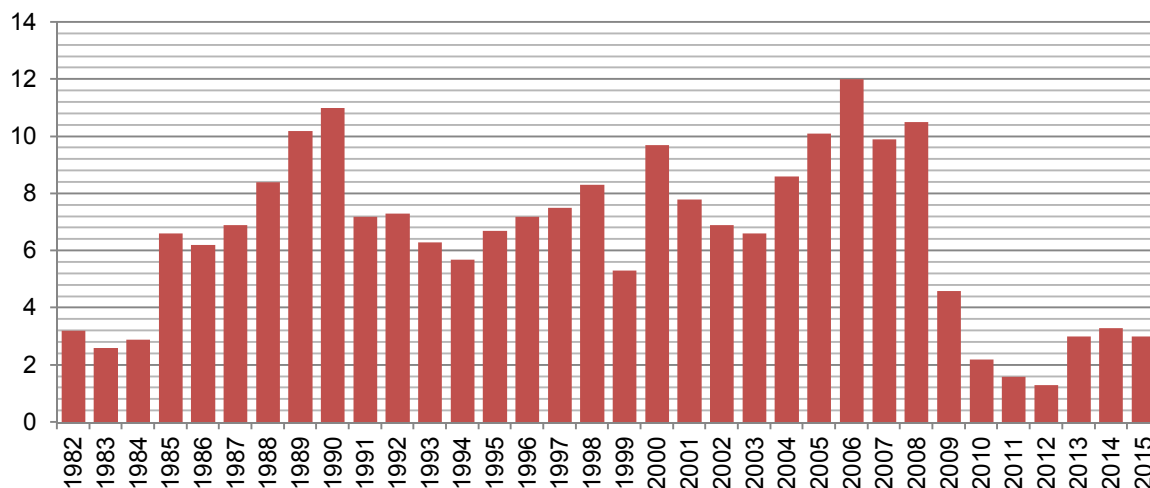
- The rollout of Macy's as a national brand highlights the disappearance of more than ten regional department store brands and has had a significant impact on existing shopping malls. In the same context, the pivot of Sears/Kmart towards a REIT structure raises concerns for the eventual need to reposition a large number of regional malls still anchored by these chains.
- Shopping centers are adapting to the changing retail market by providing a more varied collection of tenants looking to experience shopping, with the evolution of the "Lifestyle Center" as a specific example. Existing malls have seen the incorporation of outdoor lifestyle elements to sustain competitive positioning. Of note, health care is being looked at as an anchor use in these projects.
- For traditional regional shopping malls, the general sense is that the stronger, well-located malls are doing well, while older malls are running into difficulties.
- Big box formats have increasingly engaging in battles for market share. In most cases, retailers involved locate stores in close proximity to pull sales from a competitor, or keep older stores dark to prevent competitors from relocating into a market. While precise implications are not clear, there is a general sense that larger format retailers have added new space faster than they have grown sales, resulting in lowered store sales per square foot and greater competitive pressures for independent store owners.
- Project scale drives market reach, with large projects needing a regional market to sustain project fundamentals, and smaller projects tied to neighborhood, campus, or community scale markets. On a practical basis, regional destination scale projects generally start at about 175,000 sq. ft. of retail, space and can culminate at more than 2 million sq. ft. of rentable space.
- National chain stores in the apparel, shoes, and accessories segment tend to prefer tenanting scenarios where they can cluster together. Pre-recession, the combination of Chico's, Ann Taylor, Coldwater Creek, and Talbots was a typical example. Other areas where clustering is common include housewares and home improvement, and consumer services.
- Retailers are finding their traditional suburban markets increasingly saturated with retail space, urban markets are an increasing focus for growth in sales. Obstacles such as site assembly and brownfields remediation can hamper development potential.



Metro Chicago Perspective

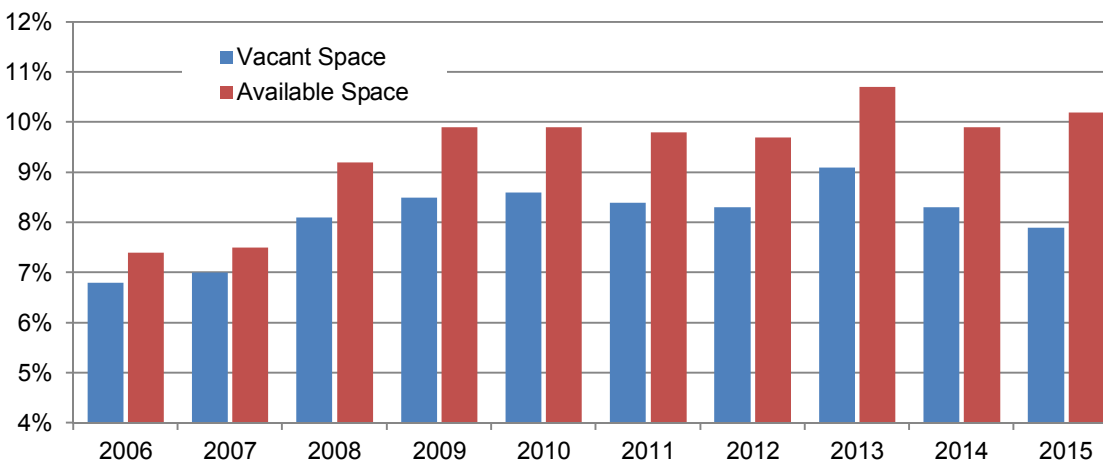
- Construction of new retail space across Metropolitan Chicago has slowly re-started, but at a pace well below long term (1982 to 2015) averages; about 6.5 million square feet per year.
- Between 2005 and 2009, the region added over 9 million sf per year, well above long-term averages.
- Since 2009, the average has been about 2.7 million sf per year. Decreased construction has helped boost retail occupancies to an extent.
- Retail vacancy has improved across the region, falling to just under 8% through 2015, proximate to pre-recession levels.
- Vacancy levels remain impacted by divergence between vacant space and available space, which likely links with continued trends for store closures. The distinction here is that “available” space is actively marketed space for lease or sale, regardless of occupancy status.

Figure 4. Retail Space Construction, Metropolitan Chicago, in Millions of SF, 1982 to 2015



Source: CoStar

Figure 5. Retail Space Vacancy Trend, Metropolitan Chicago, 2006 to 2014



Source: CoStar



Economic Context

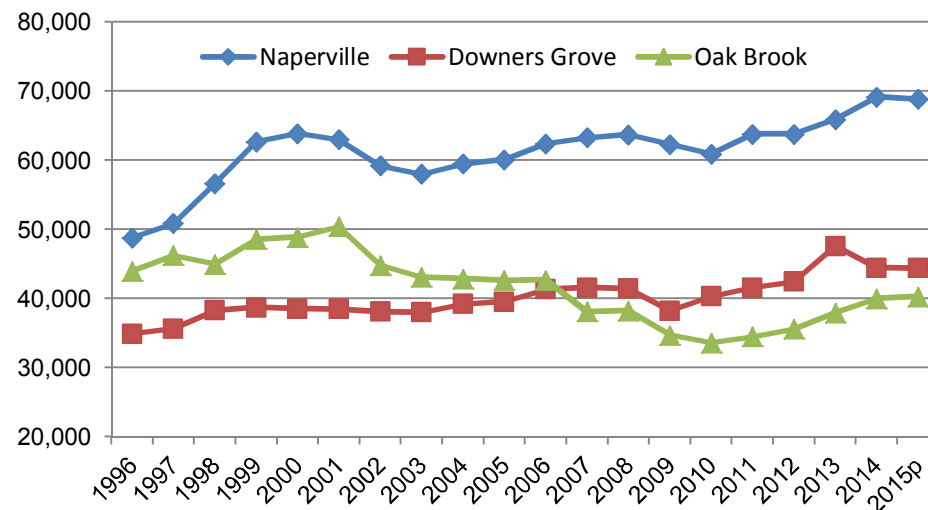
The State of Illinois Department of Employment Security maintains the Where Workers Work dataset for NE Illinois. The data, focused on private employment only, highlights several trends for the region and trade area.

- For the 6-County Metropolitan Area, total private employment has finally exceeded 2007 pre-recession peaks. The region added jobs since 2010 at a 1.8% annualized rate, driven largely by job growth in Du Page County, which saw an increase in job growth at a 2.3% rate. Only Will County grew at a faster rate over the same period.
- The chart to the right highlights more detailed employment trends for Naperville, Downers Grove, and Oak Park. The chart notes that not only has Downers Grove seen steady growth in private sector employment over the noted period, but that Downers Grove has also supplanted Oak Brook in terms of total employment since 2007.

While Regional employment trends have in general recovered to pre-recession levels, the same cannot be said for housing. In general, the pace of new housing unit construction (as measured by permits) remains well below pre-recession thresholds, even in Du Page.

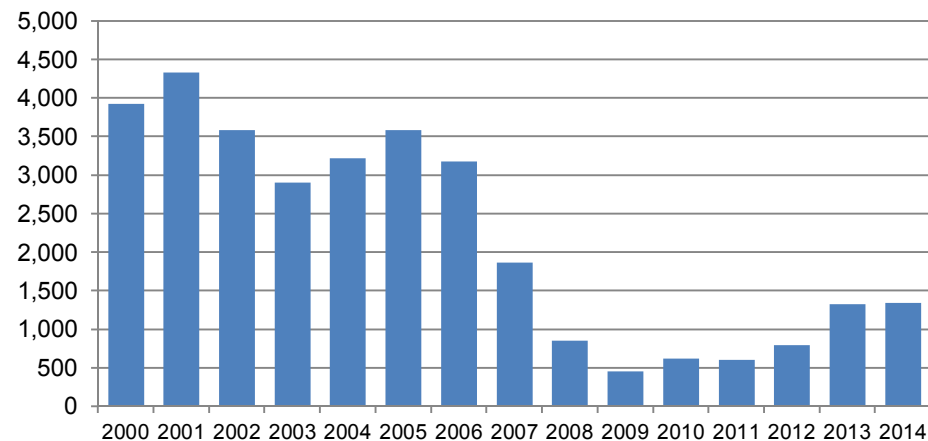
- Permit trends for Downers Grove reflect a more nuanced trajectory; with about 70 permits per year in 2013 and 2014 being generally consistent with pre-recession thresholds before 2005.

Figure 6. Total Private Sector Employment



Source: State of IL, Where Workers Work

Figure 7. Housing Permits by Year, Du Page County



Source: <http://socds.huduser.gov/permits/>



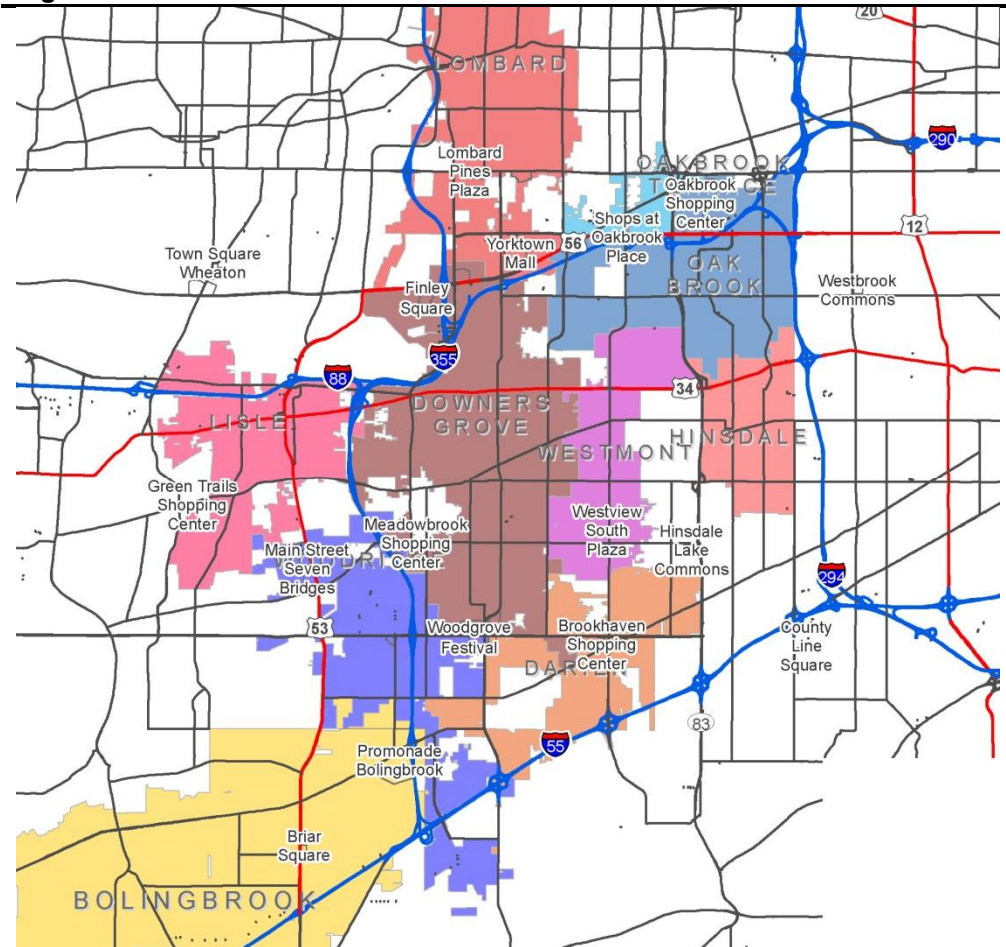
Trade Area Framework

- The study focused on three corridors: 1). Butterfield Road; 2). Ogden Avenue; 3) 75th Street. These corridors had a large influence over submarket delineation.
- These three corridors had a large impact on delineation of the “Core Trade Area”, which for the purposes of this project includes Downers Grove, Bolingbrook, Darien, Hinsdale, Lisle, Lombard, Oak Brook, Westmont, and Woodridge.
- Adjacent communities, such as Glen Ellyn and Wheaton, are not included largely because of their limited footprint on primary corridors such as Ogden Avenue and Butterfield Road.

The analysis yielded key factors about the immediate trade area in Downers Grove:

- A resident population of about 47,800 people, with about 20,500 residents not in the labor force.
- A day-time base of up to 45,000 employees
- A visitor market anchored by 1,167 hotel rooms with current occupancies reported at 68%, yielding an estimate of about 1,300 guests per night in Downers Grove.

Figure 8. Core Trade Area



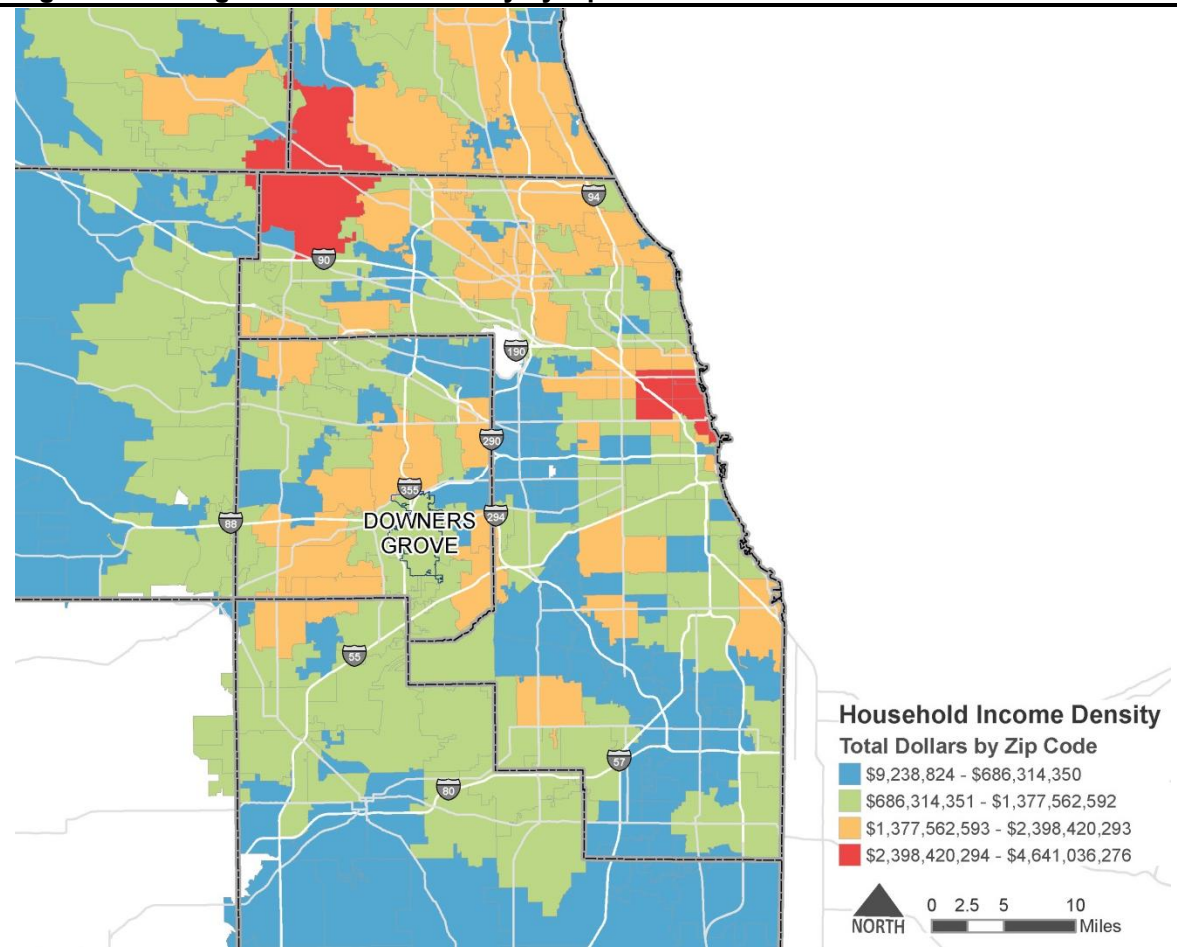
Source: ARC GIS / DuPage County GIS



Trade Area Opportunity

- The Core Trade Area, extending from Bolingbrook from the southwest to Oak Brook to the northeast represents one of the primary retail destinations and concentrations of income in the entire Chicago Metropolitan Area.
- The East/West Corridor submarket is identified by CoStar as the primary retail areas in DuPage County. This submarket includes more than 76 million square feet of retail space, representing about 15% of total regional retail inventory (about 525 million square feet). It is the third largest retail Submarket in the entire region by inventory.
- The adjacent map reinforces the underlying income trends that drive retailer interest in areas like Du Page County. The map highlights the location of Downers Grove astride a broader area of concentrated wealth, in this case zip codes that each support between \$1.37 and \$2.4 billion in household income.

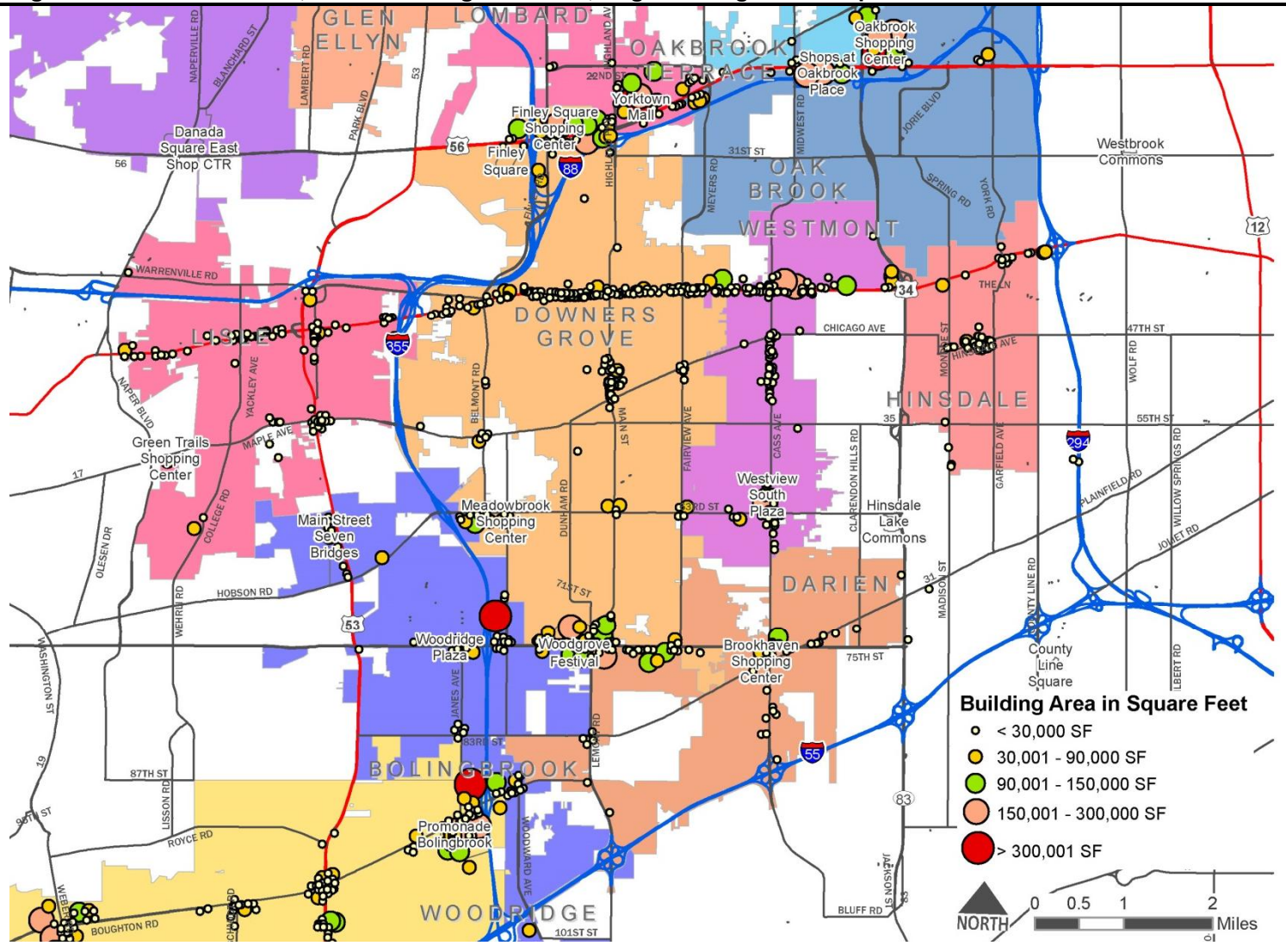
Figure 9. Chicago MSA Income Density by Zip Code



Source: ARC GIS / DuPage County GIS



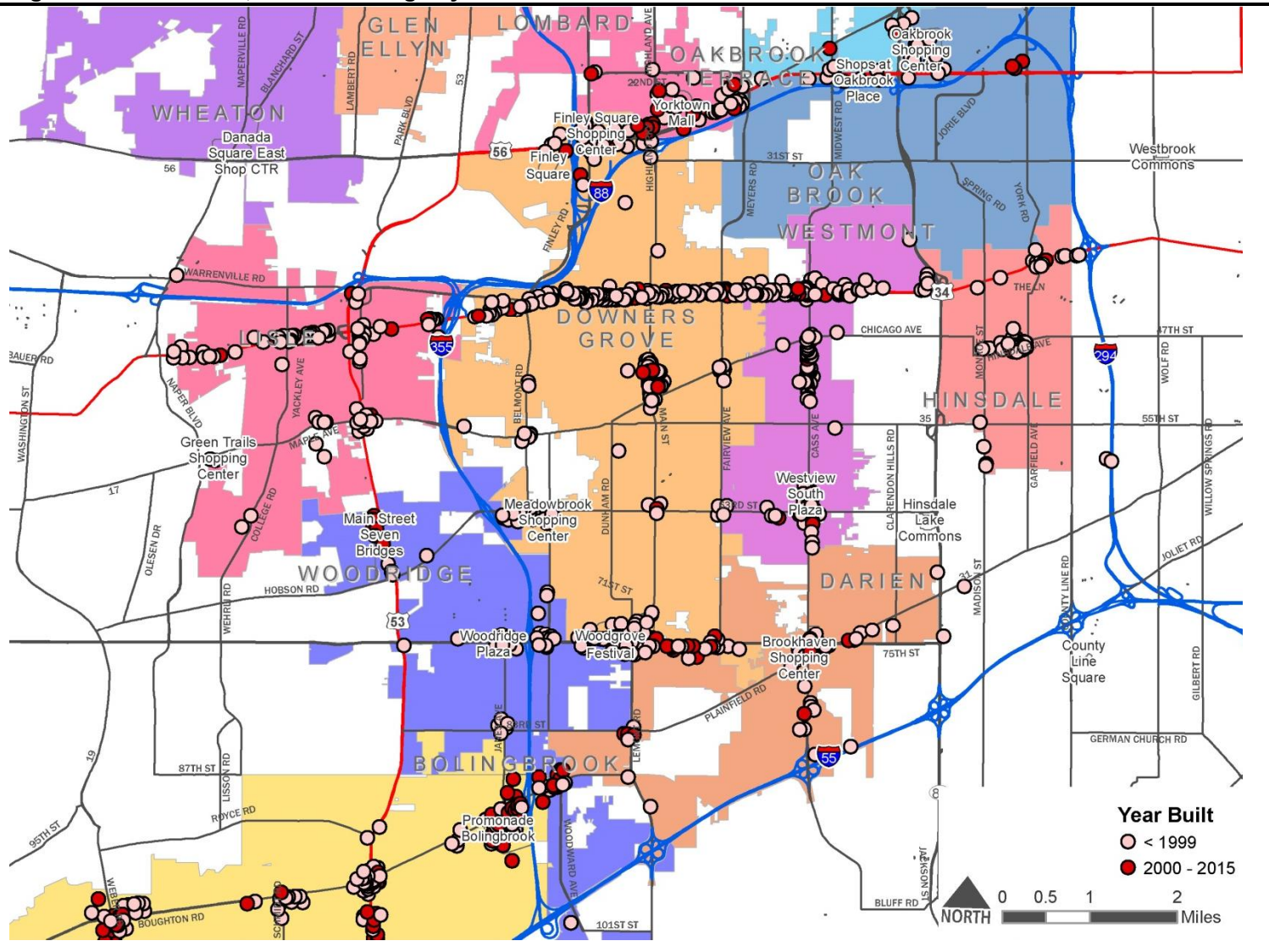
Figure 10. Downers Grove, Retail Building Locations, Avg. Building Size in Square Feet



Source: CoStar



Figure 11. Trade Area, Retail Buildings by Year of Construction



Source: CoStar



Retail Sales Analysis – Downers Grove

- The Trade Area supports at least \$7.3 Billion in retail spending; Downers Grove captures about 17% of total Trade Area sales.
- Retail sectors with above average sales capture include Food, Building Materials, Automotive, Drugs & Miscellaneous Retail, Furniture & Household Furnishings, and Drinking & Eating Places.
- Apparel and General Merchandise sales are under-performing in Downers Grove.

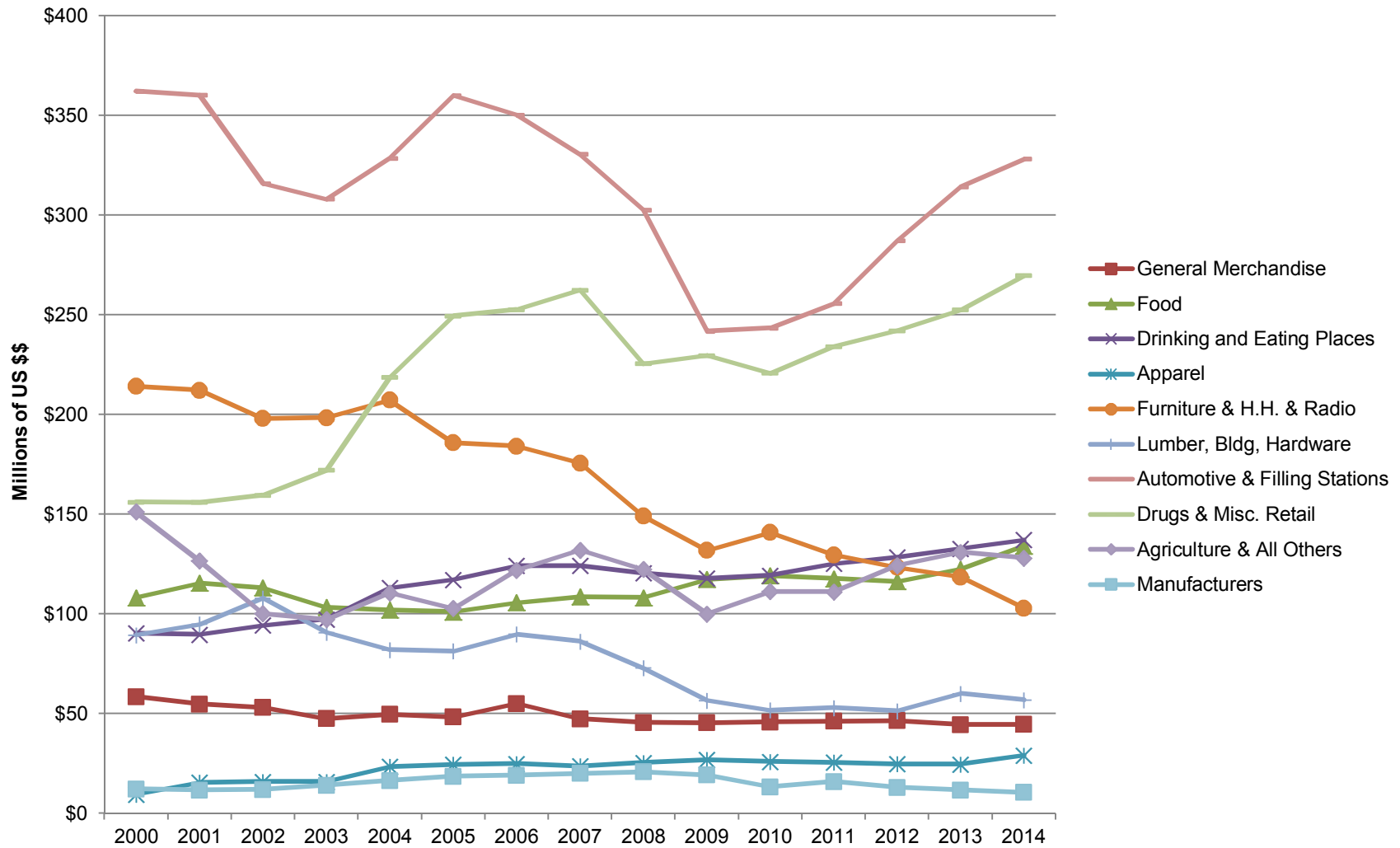
Figure 12. Retail Sales By Store Type, Trade Area / Downers Grove Market Share

Retail Category	Trade Area	Downers Grove	Downers Grove Market Share
General Merchandise	\$793,700,445	\$44,570,147	5.6%
Food	\$561,253,344	\$134,094,401	23.9%
Drinking and Eating Places	\$798,502,921	\$137,168,211	17.2%
Apparel	\$454,521,738	\$29,117,830	6.4%
Furniture & H.H. & Radio	\$593,954,630	\$102,900,471	17.3%
Lumber, Bldg, Hardware	\$245,684,965	\$56,928,114	23.2%
Automotive & Filling Stations	\$1,774,235,223	\$328,130,391	18.5%
Drugs & Misc. Retail	\$1,136,964,630	\$269,609,365	23.7%
Agriculture & All Others	\$733,713,839	\$128,014,318	17.4%
Manufacturers	\$141,761,390	\$10,473,620	7.4%
Totals	\$7,300,343,855	\$1,241,006,868	17%

Source: Illinois Department of Revenue



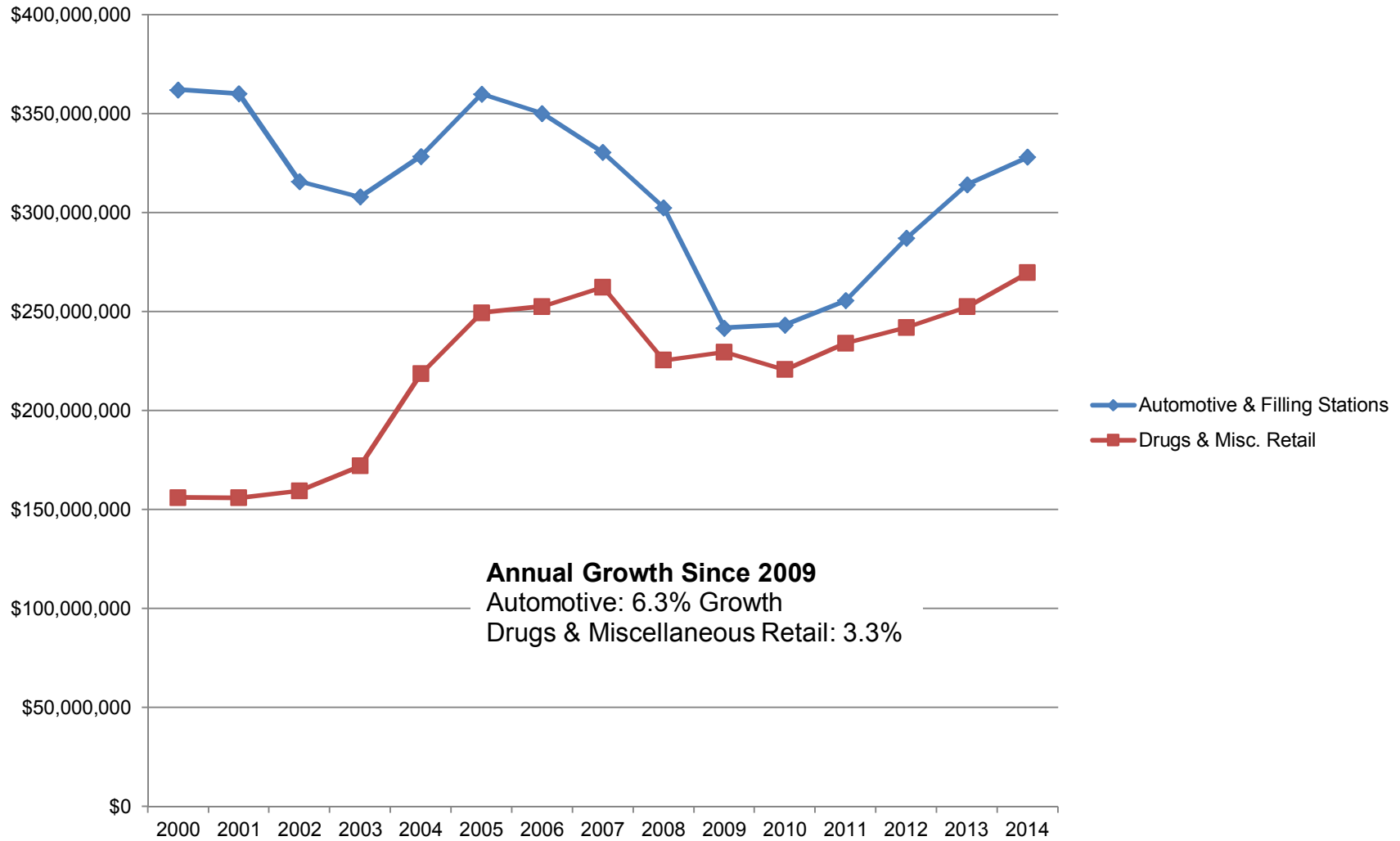
Figure 13. Downers Grove - Total Retail Sales, Millions of US Dollars, 2000-2014



Source: Illinois Department of Revenue



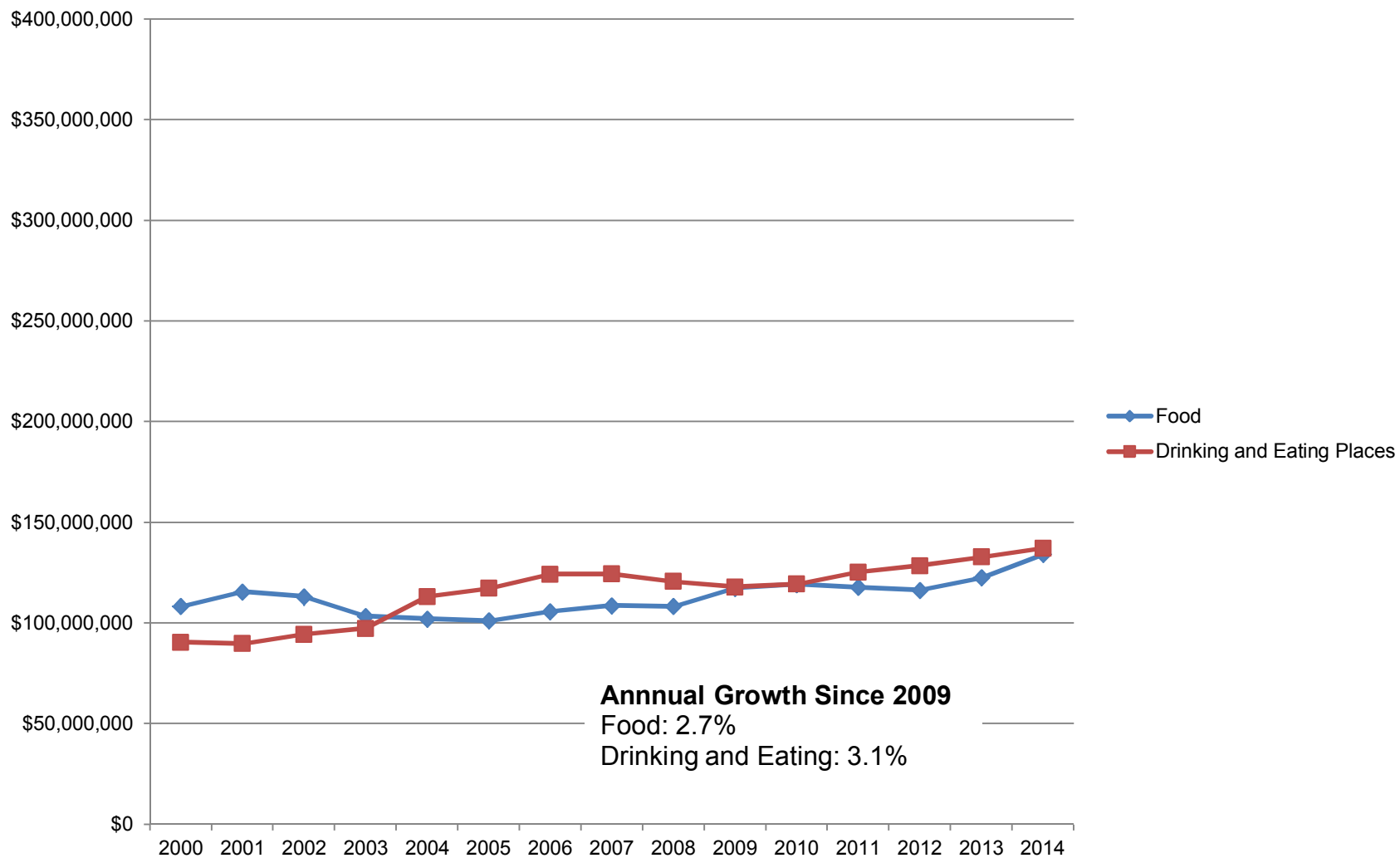
Figure 14. Downers Grove – Automotive & Drugs / Miscellaneous Retail Sales, Millions of US Dollars, 2000-2014



Source: Illinois Department of Revenue



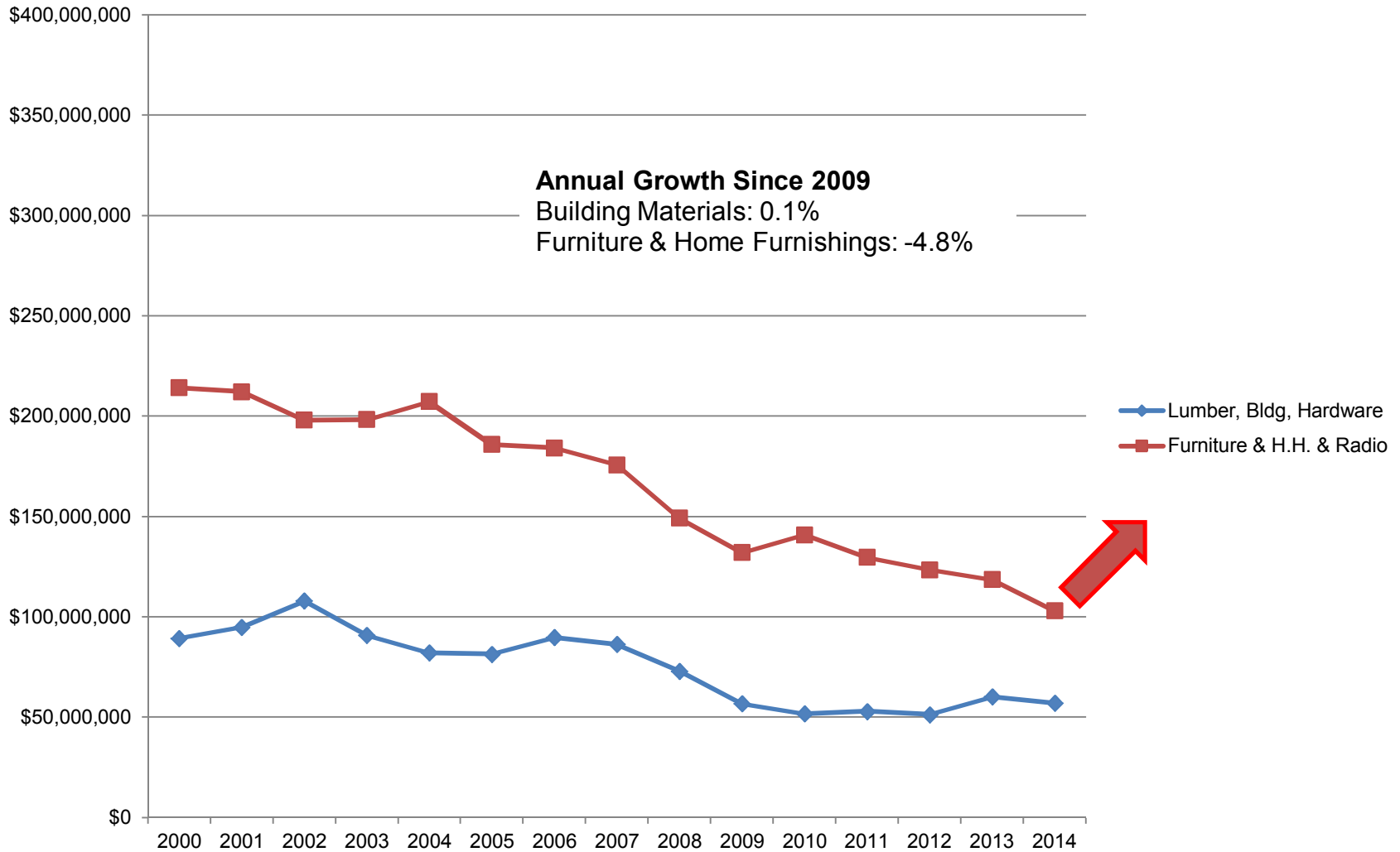
Figure 15. Downers Grove – Food & Drinking and Eating Retail Sales, Downers Grove, 2000-2014



Source: Illinois Department of Revenue



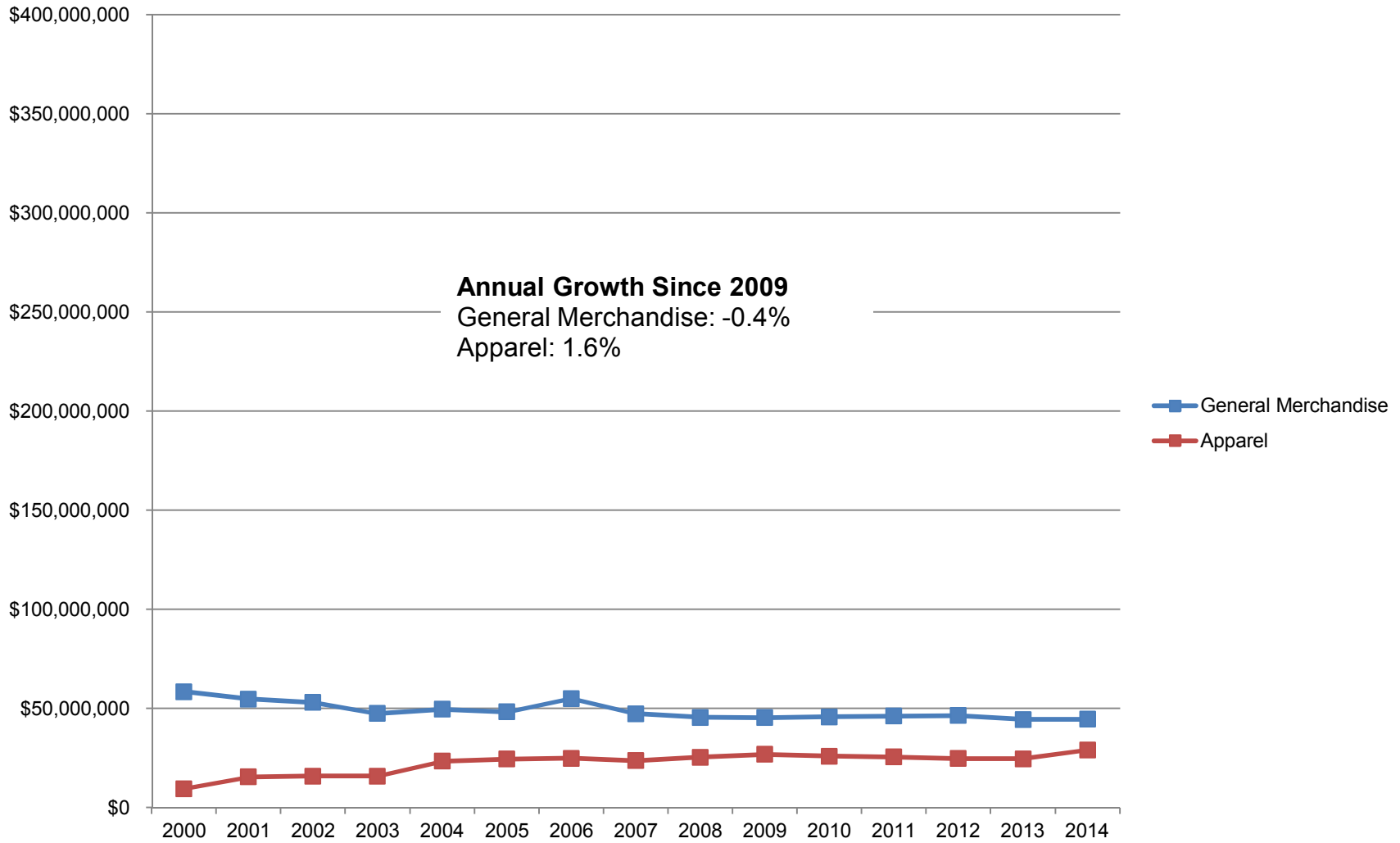
Figure 16. Downers Grove – Building Materials & Furniture and Furnishings Total Retail Sales, Downers Grove, 2000-2014



Source: Illinois Department of Revenue



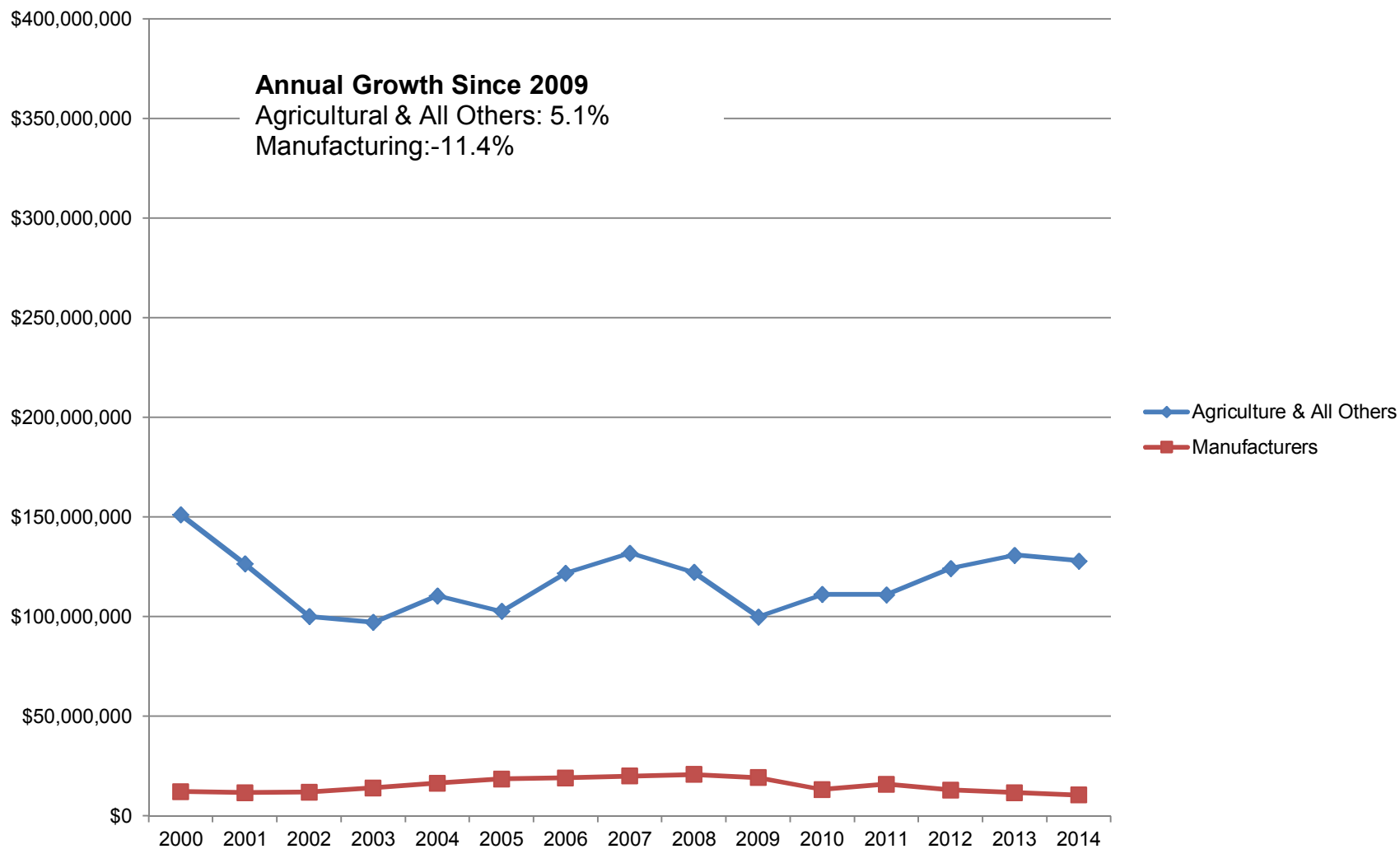
Figure 17. Downers Grove – General Merchandise and Apparel Retail Sales, Downers Grove, 2000-2014



Source: Illinois Department of Revenue



Figure 18. Downers Grove – Agricultural, Other, and Manufacturing Retail Sales, Downers Grove, 2000-2014

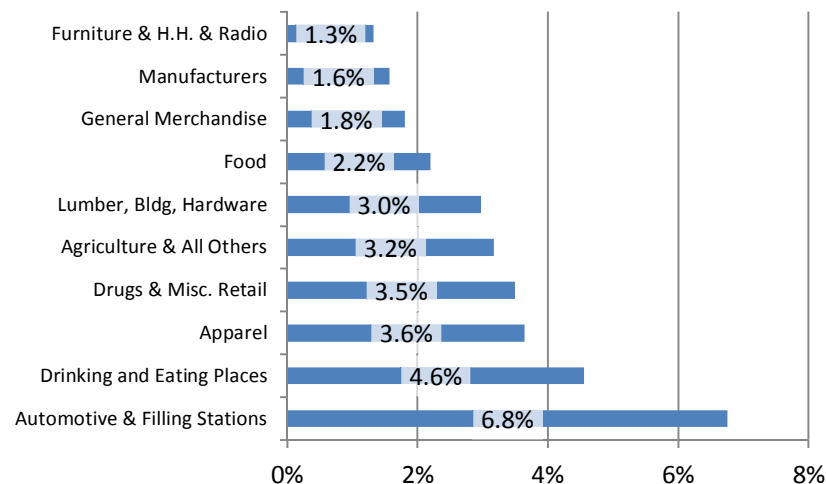


Source: Illinois Department of Revenue



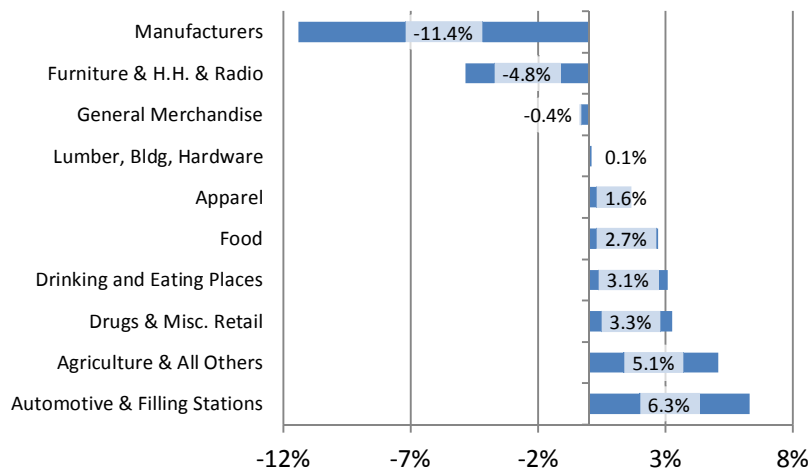
- For Downers Grove, Automotive has seen the strongest rate of growth in retail sales since 2009, faster than the trade area, but slower than the state wide average.
- Decline in manufacturing may simply mirror statewide trends; it could be an indicator of local trouble and impending land use change.
- As the Agriculture and All Others category reflects a variety of activities, more research is needed to understand drivers in this sector.
- Sales decline in furniture does not include the impact of the ArtVan opening in 2015.

Figure 19. State of Illinois Growth in Retail Sales, 2009-2014



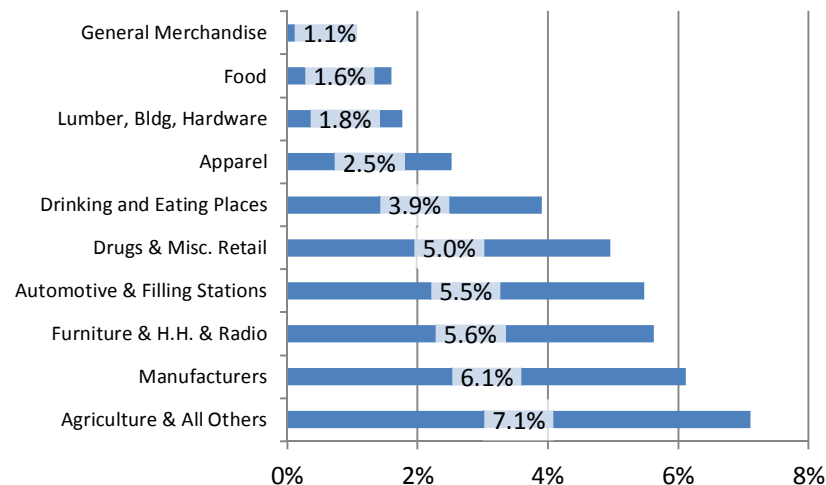
Source: Illinois Department of Revenue

Figure 20. Downers Grove Growth in Sales, 2009-2014



Source: Illinois Department of Revenue

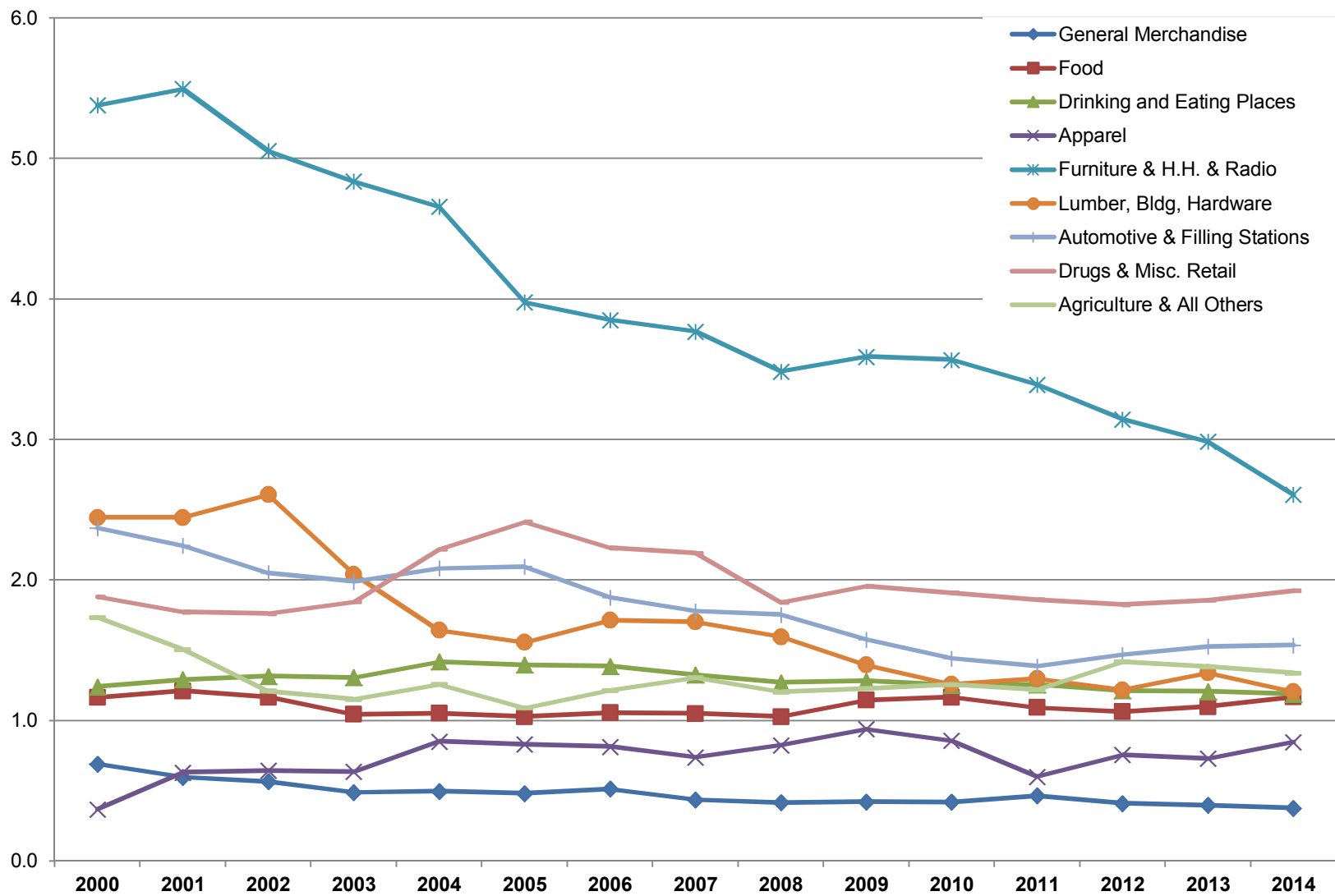
Figure 21. Submarket Growth in Retail Sales, 2009-2014



Source: Illinois Department of Revenue



Figure 22. Income Adjusted Pull Factors, Downers Grove, 2000 to 2014



Source: Illinois Department of Revenue



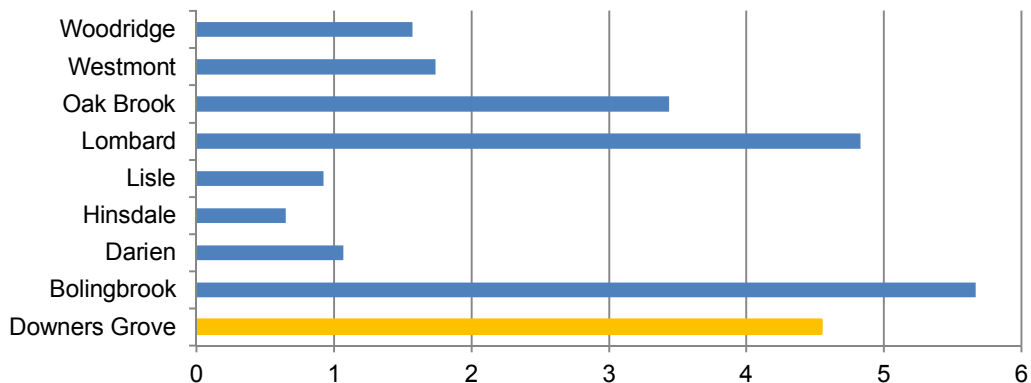
Pull Factor Implications

- The pull factors incorporate an adjustment for local incomes relative to state averages. All things being equal, affluent communities with significant retail inventories will tend to support higher pull factors.
- As average store sizes have grown considerably in the past 10 years, linked with superstores and warehouse clubs, the opening of individual stores generally less than 25,000 sf will not materially change pull factors. For example, in general merchandise, penetration is driven largely by location decisions by Walmart, Target, and Meijer, where average store formats are in excess of 150,000 square feet; in this example, one store can significantly change the pull factor.
- Cluster strategies, i.e. where groups of similar stores (shoes, apparel, restaurants) group within walking distance, can create more significant attractive power and increase trade area draw to an extent.



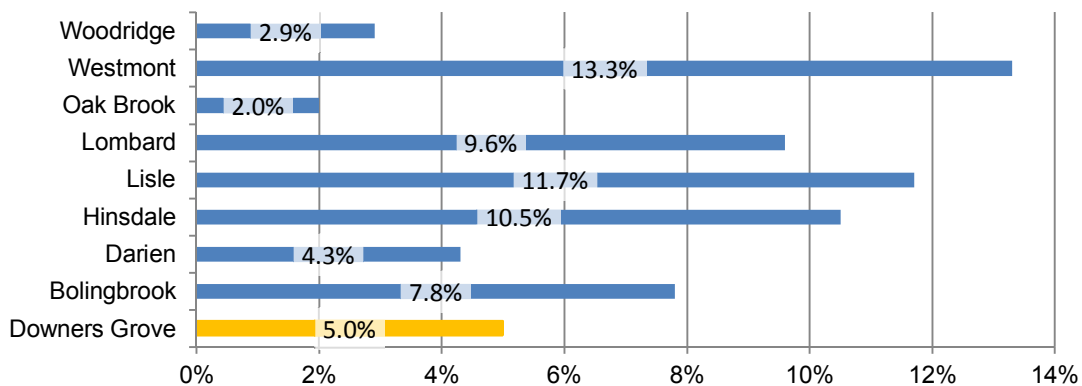
Real Estate Inventory Analysis

Figure 23. Retail Inventory, Core Trade Area, Millions of Square Feet, 2015



Source: CoStar

Figure 24. Retail Vacancy Rate, Core Trade Area, 2015

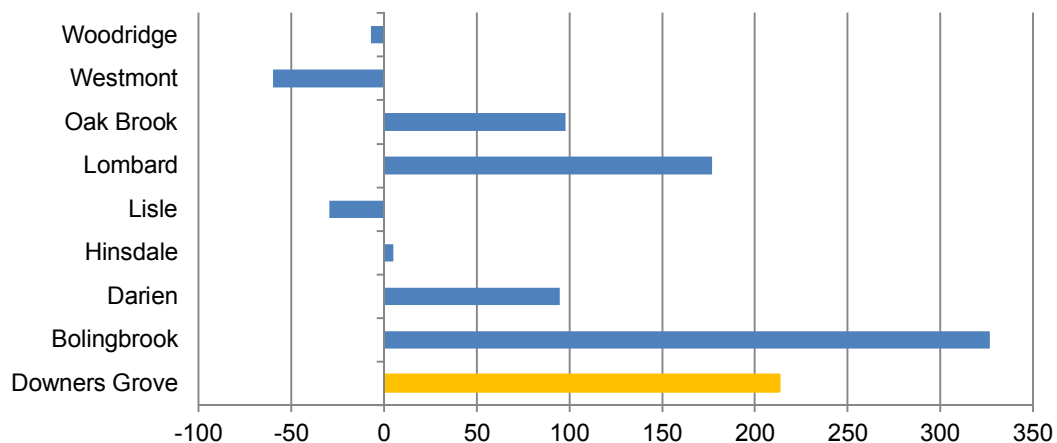


Source: Illinois Department of Revenue

- AECOM reviewed data from CoStar for retail space in noted communities within the Downers Grove Trade Area. Data is as of December 2015.
- CoStar inventory data for Downers Grove was reviewed to identify larger obvious buildings misclassified as retail. The analysis did not involve a 100% count of all retail spaces, however.
- The analysis showed that Downers Grove supports the third largest inventor of retail space in the trade area, over 4 million square feet, with an enviably low vacancy rate, about 5%, well below regional averages.

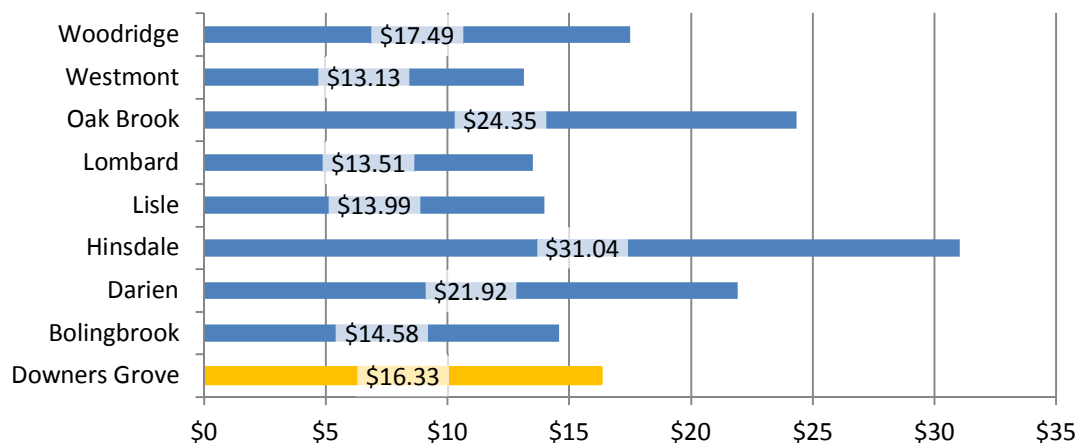


Figure 25. Total Net Absorption, 2009-2015, Core Trade Area, Thousands of Sq. Feet



Source: CoStar

Figure 26. Overall NNN Rent, Core Trade Area, 2015

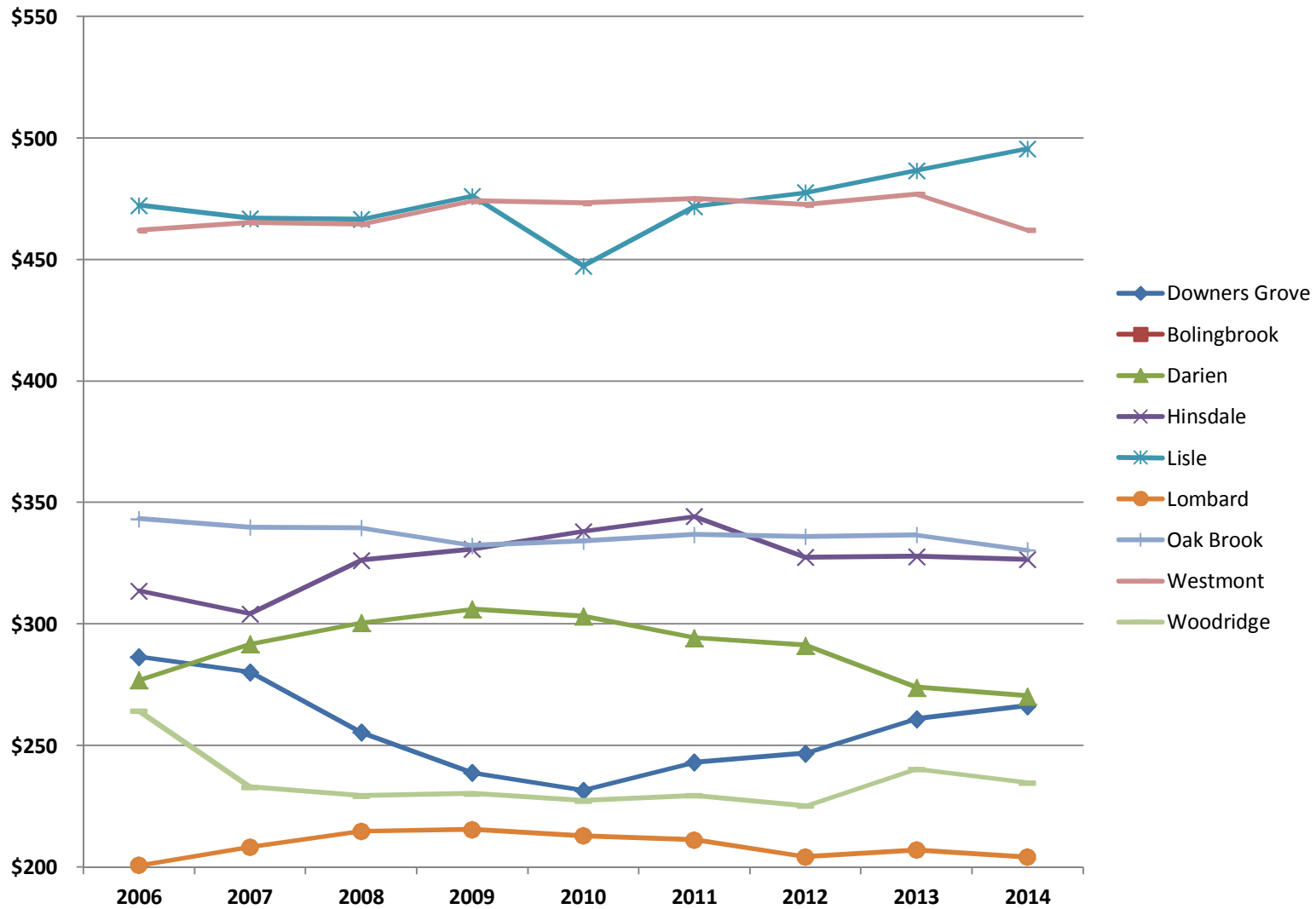


Source: CoStar

- Reflective of lower vacancy levels, Downers Grove has seen strong net absorption since 2009, above 200,000 square feet, second only to Bolingbrook since 2009.
- Growth in net absorption reflects the following successes in attracting new tenants to specific catalyst sites:
 1. 2015 - Former Luxury Motors / New Fresh Thyme Grocery Store (34,055 sf)
 2. 2015 – Former Home Depot Expo / New Art Van Furniture (112,000 sf)
 3. 2015 – Former Bryder Auto Sales / New Zeigler Auto Group (2,200 sf)
 4. 2014 – Closed Dominick’s / New Caputo’s Fresh Market (72,000 sf)
 5. 2014 – Former Suzuki Motors / New Bill Kay Classic Cars (22,621 sf)
 6. 2013 – Former Michael’s Fresh Market / New Shop & Save Market (45,000 sf)
 7. 2013 – Former Saab Motors / New Aston Martin (9,318 sf)
 8. 2012 – Former Rossi Furniture / New PGA Tour Superstore (50,000 sf)
- Overall rents in Downers Grove reflect a discount relative to Oak Brook, but are comparable to Bolingbrook.



Figure 27. Retail Sales Per Square Foot, 2006-2014



Source: CoStar, Illinois Department of Revenue / CoStar



Corridor Analysis

Each major retail corridor in Downers Grove has a unique identity as it relates to consumer and merchant interests. To improve retail corridor revitalization, it is useful to conduct a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. Using SWOT analysis to understand environmental conditions and constraints helps in assessing and improving economic potential in Downers Grove retail corridors. Five major retail corridors exist in Downers Grove. Below is a summary and retail inventory of each corridor:

Art Van Furniture - Butterfield Road



Figure 28. Retail Corridor Summary

Corridor Summary	Rentable Building Area	Land Area (Acres)	Square Feet	Building Age	Average Building Size (Sq Ft)	Floor Area Ratio	Average Daily Traffic (ADT)
Butterfield Road	1,425,502	145.47	6,338,518	30.12	49,155	0.22	54,900
Ogden Avenue	1,283,716	104.71	5,397,222	43.11	9,951	0.24	36,000
Downtown	304,000	9.58	470,495	73.32	6,772	0.79	16,900
63rd Street	356,431	34.07	1,598,652	35.25	25,459	0.22	27,000
75th Street	937,307	182.02	7,989,450	25.17	24,666	0.12	33,900
Total	4,306,956	475.85	21,794,337	52.96	16,511	0.20	168,700

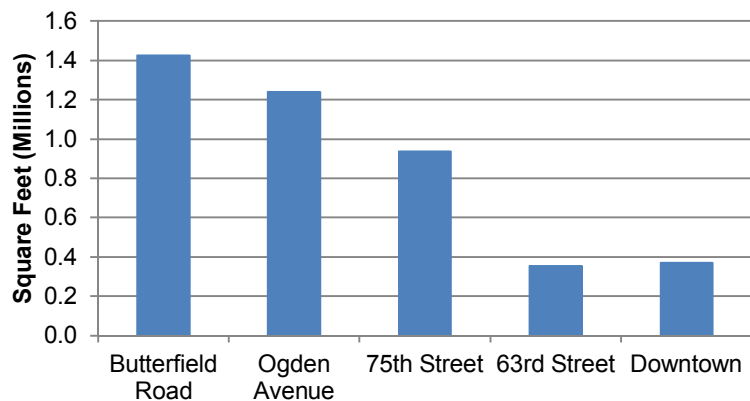
Source: CoStar, Illinois Department of Transportation



Ogden Avenue

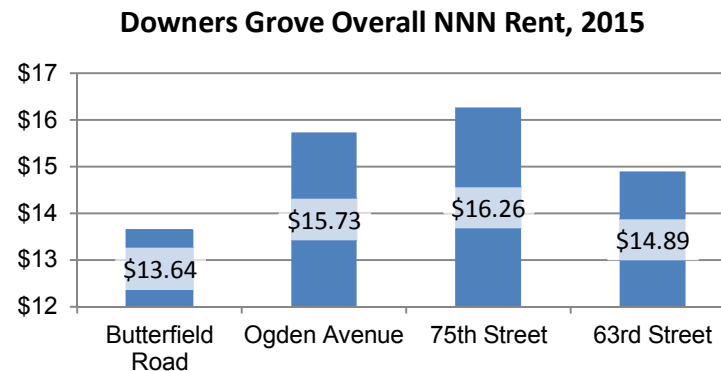


Figure 29. Corridor Retail Inventory, Square Feet, 2015



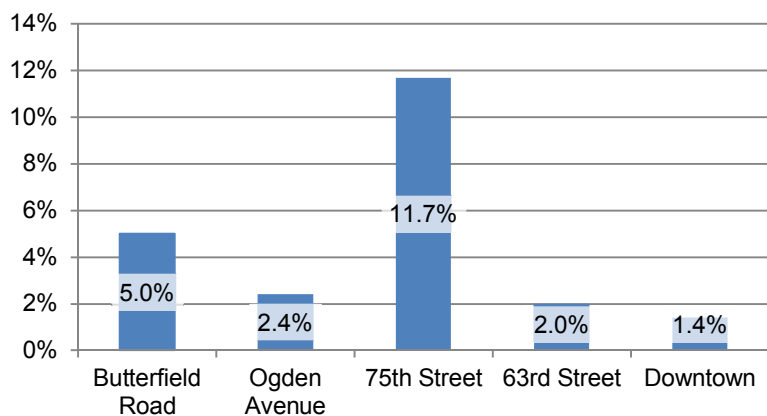
Source: CoStar

Figure 30. Downers Grove Overall NNN Rent, 2015



Source: CoStar

Figure 31. Corridor Retail Vacancy Rate, 2015



Source: Illinois Department of Revenue

- 75th Street supports the highest vacancy level as well as the 3rd largest inventory of total retail space
- Ogden Avenue vacancy reflects both limited direct vacancy as well as a larger number of occupied but under-utilized buildings.
- Rent levels across the corridors are generally consistent;
- Estimated downtown average rents (noted by CoStar at \$25.55/sf) are not included, requiring further investigation



Butterfield Road

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ High average daily traffic counts ▪ Cluster of big-box commercial activity attracting other complementary retail ▪ Abundant surface parking availability ▪ Unique businesses to expand consumer base (Art Van, PGA Tour Superstore) ▪ Roadway infrastructure conditions accommodate a large capacity of vehicles ▪ Truck routes allow for ease in merchant delivery requirements ▪ Large pool of national retailers ▪ Signalized intersections ▪ Outlot potential ▪ Pace bus routes in vicinity present opportunity to increase workforce and consumer potential ▪ Access to Interstate 88, Interstate 355, Route 83, and close access to Roosevelt Road 	<ul style="list-style-type: none"> ▪ No frontage roads, and access is controlled mainly at signalized intersections ▪ Signage visibility is difficult due to code restrictions, higher speed limit, abundance of surface parking, and grade differentials ▪ Public transit and pedestrian infrastructure is lacking (few sidewalks, lack of shelters, grade changes from right-of-way to storefront) ▪ Disrepair of shopping center parking lots
Opportunities	Threats
<ul style="list-style-type: none"> ▪ High household income ▪ Availability of affordable real estate near the corridor ▪ Downers Grove is the western Anchor of the Butterfield Retail Corridor, including Yorktown Mall and Oak Brook Mall ▪ Working and visitor population due the abundance of offices and hotels 	<ul style="list-style-type: none"> ▪ Nearby retail competition creating vacuum on consumer spending ▪ Fewer young professionals willing to work in suburban offices ▪ General downward pressure on office space per employee ▪ Retail leakage to nearby Oak Brook/Lombard / Bolingbrook ▪ Population in single family housing has plateaued ▪ Located in an office zone, consumer activity can be impacted by increased rush hour traffic



Ogden Avenue

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Small lots allow for great visibility from roadway ▪ Multiple driveways allow for easy accessibility for each business ▪ Unique, local retailers capture consumers looking for more specific goods or services ▪ Accessibility to nearby neighborhoods ▪ Car dealership hub on west side of corridor ▪ Newer retail buildings on east side of corridor ▪ Consistent branded street signage helps create sense of place ▪ Transit runs within proximity of corridor ▪ Center turn lane allows for two-way driveway entry ▪ Grocery store at Saratoga Avenue and Ogden Avenue is a catalyst for area activity ▪ High average daily traffic counts ▪ Low vacancy in corridor 	<ul style="list-style-type: none"> ▪ Shallow lot depths limit site configuration, volume of surface parking, shared access service drives or outlots ▪ Inconsistent setbacks from sidewalk / road, and varying grade changes relative to road ▪ Frequent curb cuts from Ogden Avenue to businesses create dangerous traffic scenarios ▪ Minimal outlot potential ▪ Hodge-podge development: incompatible adjacent retailers and building type ▪ Business delivery is complicated with narrow driveway turning radius ▪ Disrepair of shopping center parking lots ▪ Overhead powerlines negatively affect visibility and corridor aesthetics ▪ Inconsistent site design creates suboptimal appearance (setbacks, placement of parking, screening/buffering, landscaping, signage, etc.) ▪ Unattractive signage
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Potential to develop more office to increase potential consumer activity ▪ Infill strategies to assemble sites for larger opportunities ▪ Start-up and home-based business potential ▪ Make more inviting streetscape ▪ Develop cohesive merchandising strategy 	<ul style="list-style-type: none"> ▪ Emphasis on automobile sector makes corridor fortunes subject to changes in the business cycle ▪ Older building age than competing corridors could hamper ability to attract new businesses ▪ Balance of ownership is oriented toward private/individual rather than companies/REIT's (which has capital/maintenance as well as land assembly challenge implications) ▪ Land use conflicts arising adjacent residential



Downtown

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Historic with older buildings and architectural character ▪ Quality surrounding neighborhood ▪ Mixed-use development ▪ New, dense residential housing stock ▪ Accessibility to neighborhood ▪ Variety of small businesses – unique retail offerings ▪ Start-up and home-based businesses ▪ Transit such as Metra and Pace increases activity in area 	<ul style="list-style-type: none"> ▪ Lack of availability of parking could deter would-be shoppers ▪ High rent in comparison to peer retail corridors ▪ Very old building stock requires increased maintenance ▪ Low traffic counts
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Focus on infill mixed use development, with residential ▪ Potential for attracting local entrepreneurship ▪ Tourism to the downtown area ▪ Grow traditional walkable downtown aesthetic with unique, apparel / boutique retail (destination) 	<ul style="list-style-type: none"> ▪ Easier to park at other retail destinations ▪ Stability of business base during recessions: small businesses may have difficulty withstanding economic downturns, leading to increased vacancies ▪ Lacks direct interstate access discouraging some businesses from locating there ▪ Railroad / local traffic interruptions are reasonably expected to grow over time, leading to eventual need for additional grade separated crossings



63rd Street

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Parking availability ▪ Competitive commercial rents ▪ Minimal vacancies ▪ Proximate to major arterials and interstates 	<ul style="list-style-type: none"> ▪ Aesthetically dated and arguably unappealing retail structures ▪ Disrepair of shopping center parking lots ▪ Grade change from right-of-way to storefront ▪ Lack of national chains ▪ Outlots block visibility to storefronts in back of lot ▪ Lack of hotel or office presence limits lunch business ▪ Relatively low average daily traffic counts; not a heavily traveled corridor ▪ Disrepair of parking lots and building facades ▪ Larger setbacks from streets ▪ The adjacent shopping center in Woodridge has a vacant Dominick's.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Reposition existing retail offerings 	<ul style="list-style-type: none"> ▪ Nearby submarkets such as Westmont are more viable due to higher visibility from nearby Interstate 355 ▪ Land use conflicts arising adjacent residential ▪ Nearby vacant supermarket space creates negative perceptions ▪ Future status of the Target and former Dominick's in Woodridge



75th Street

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Accessibility to neighborhood ▪ Strong big-box anchor retailers present ▪ Pace bus route ▪ National retailers ▪ Parking availability ▪ Outlot potential ▪ High average daily traffic counts ▪ Some centers feature landscaped parking lots 	<ul style="list-style-type: none"> ▪ Vacancies in existing storefronts, particularly west of Lemont Road ▪ The Grove Shopping Center has an apparent surplus of parking which overwhelms the site ▪ Poor visibility from street due to width of parking lots, small signage, vegetation/buffered landscaping, deep setbacks from parkway and road ▪ One-way median access off of 75th Street and Lemont Road limits visibility and access ▪ Strange/inefficient site & parking lot configuration ▪ Inadequate transit infrastructure ▪ Receiving/delivery to businesses adjacent to residential areas ▪ Limited adjacent office and hotel use limits demand ▪ Unappealing architecture
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Significant opportunity for infill development ▪ Nodal development on 75th Street and Lemont Road ▪ Upscale retail development in on 75th Street in nearby Darien raises retail design standards 	<ul style="list-style-type: none"> ▪ Wal-Mart and Home Depot in Darien draws activity away ▪ Retail leakage to Woodridge/Darien (newer retail opportunities/better interstate access) ▪ Street network linking retail centers to Lemont Road



Supporting Tables

Figure 32. Property Tax Code Rates for Principal Cities in DuPage County

Primary City	Township	2013	2014	Annual Change
Glendale Heights	Bloomington Township	12.6354	13.2927	5.2%
Carol Stream	Bloomington Township	10.2032	10.5257	3.2%
Bensenville	Addison Township	10.094	10.4134	3.2%
Aurora	Winfield Township	10.0029	10.2205	2.2%
Bartlett	Wayne Township	11.8336	10.1156	-14.5%
Bolingbrook	Lisle Township	9.8869	10.1068	2.2%
Woodridge	Lisle Township	9.9155	10.0967	1.8%
Elk Grove Village	Addison Township	8.9105	9.9695	11.9%
Aurora	Naperville Township	9.7879	9.9634	1.8%
Addison	Bloomington Township	9.0604	9.4517	4.3%
Lombard	York Township	8.9748	9.2531	3.1%
Bloomington	Bloomington Township	8.5344	8.9496	4.9%
Glen Ellyn	Milton Township	8.4647	8.722	3.0%
Itasca	Addison Township	8.2639	8.6424	4.6%
Lisle	Lisle Township	8.3032	8.4873	2.2%
Wood Dale	Addison Township	8.0992	8.3248	2.8%
Warrenville	Winfield Township	7.9863	8.2512	3.3%
Wheaton	Milton Township	7.8747	8.1082	3.0%
Winfield	Milton Township	7.7186	8.0102	3.8%
Warrenville	Naperville Township	7.7814	8.008	2.9%
Westmont	Downers Grove Township	7.2014	7.603	5.6%
Naperville	Lisle Township	7.3129	7.4433	1.8%
Naperville	Naperville Township	7.2779	7.3814	1.4%
Clarendon Hills	Downers Grove Township	6.4722	6.5565	1.3%
Downers Grove	Lisle Township	6.3795	6.4798	1.6%
Downers Grove	York Township	6.3562	6.4568	1.6%
Downers Grove	Downers Grove Township	6.3462	6.4461	1.6%
Hinsdale	York Township	5.7334	5.8202	1.5%
Willowbrook	Downers Grove Township	5.1734	5.2841	2.1%
Oak Brook	York Township	3.8389	3.9263	2.3%

Source: DuPage County



Methodology

The analysis makes use of the State of Illinois Department of Revenue MT tax rate. Using the overall state sales tax rate of 6.25%, this rate is broken down as follows:

- 5%: state portion (equivalent to 80 percent of tax collections)
- 1%: local portion (equivalent to 16 percent of tax collections)
- 0.25%: county* portion (equivalent to 4 percent of tax collections)

The Illinois Department of Revenue shows standard industrial classification code (SIC) data for municipal sales tax collections by place and year. Industries are separated into ten categories:

- General Merchandise: Department stores, variety stores and miscellaneous general merchandise stores.
- Food: Grocery stores, meat and fish markets, bakeries and miscellaneous food stores.
- Drinking and Eating Places: Restaurants, bars, fast-food restaurants, hotels and motels.
- Apparel: Clothing stores, accessory stores and shoe stores.
- Furniture, Household and Radio: Furniture stores, electronic stores, repair stores and computer stores.
- Lumber, Building and Hardware: Construction, electrical work, roofing, excavation and hardware stores.
- Drugs and Miscellaneous Retail: Drugstores, jewelry stores, florists and tobacco stores.

These sectors classify retailers, not products. Some retailers sell items from several categories, but each retailer is classified according to its primary business. For example, the primary business of Walgreen's is to sell drugs and related personal care products (category 7). Walgreen's also stocks food and light hardware equipment. However, all sales are classified according to the retailer's primary business, so any groceries purchased at Walgreen's will show up as sales in category 7—drugs. (In the same way, any prescriptions filled at Jewel will be counted as category 2—food.)

Also, the State of IL reports on sales tax do include some disclosure issues, where the number of stores in a given community is low enough that reported sales tax can be linked with a specific company. In these cases sales within specific line items are not disclosed, but are included in the totals.

Pull factors are ratios that compare local and state retail sales; they are weighted by a community's population. Pull factors less than 1.0 show that an area captures less in retail spending than its population would suggest; therefore, it is reasonable to conclude that this area is losing retail sales to adjacent areas. Pull factors equal to one show that the community captures exactly as much retail sales as its population weighting suggests. Pull factors greater than 1.0 show that an area is an importer of retail sales, above what the resident market would support.



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Downers Grove Sales Tax Revenue History

Home Rule Sales Tax (1.0% of total sales tax rate, 75% received in Capital Projects Fund, 25% received in General Fund)

Does not apply to titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes), and qualifying food, drugs and medical appliances

Month of Sale	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% change from 2014
Jan	284,280	328,497	314,497	405,577	384,040	528,932	498,135	550,647	514,341	530,879	3.22%
Feb	348,466	318,975	285,253	373,113	392,889	512,644	552,314	537,471	533,393	509,486	-4.48%
Mar	286,731	379,698	341,592	485,805	428,900	597,676	616,736	596,764	605,286	574,884	-5.02%
Apr	438,181	364,068	320,853	429,289	423,671	599,371	599,081	606,530	645,877	618,799	-4.19%
May	388,678	389,659	361,553	461,190	458,100	635,253	660,068	732,861	679,924	692,883	1.91%
Jun	388,060	373,243	351,647	483,819	483,860	658,091	700,346	674,790	627,034	700,140	11.66%
Jul	371,027	360,523	490,038	430,193	597,273	618,015	599,457	603,056	642,048	637,241	-0.75%
Aug	352,994	346,318	467,744	422,012	599,259	601,033	601,277	622,644	613,344	654,729	6.75%
Sep	366,829	352,658	484,550	434,301	589,091	607,299	588,851	603,603	627,365	667,993	6.48%
Oct	347,325	351,910	444,798	424,418	572,015	566,842	590,664	583,651	643,076	712,892	10.86%
Nov	345,169	385,590	493,794	473,282	640,829	636,733	634,951	645,740	644,884	681,643	5.70%
Dec	571,359	491,134	631,349	643,108	888,720	855,813	809,955	881,725	832,870	906,412	8.83%
Gross Total	4,489,099	4,442,273	4,987,667	5,466,107	6,458,646	7,417,701	7,451,835	7,639,481	7,609,442	7,887,981	3.66%
Rebates	-	-	-	-	-	-	-	-	-	66,425	
Net Total	4,489,099	4,442,273	4,987,667	5,466,107	6,458,646	7,417,701	7,451,835	7,639,481	7,609,442	7,821,556	2.79%

Sales Tax (1.0% of total Sales Tax Rate, 100% received in General Fund)

Month of Sale	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% change from 2014
Jan	965,672	927,484	940,420	830,903	752,089	776,281	773,486	868,049	840,475	908,825	8.13%
Feb	1,052,604	968,315	911,121	779,533	819,650	864,564	857,811	870,207	887,265	884,760	-0.28%
Mar	917,795	1,129,276	1,063,030	984,377	837,431	923,617	970,227	965,692	1,028,695	1,000,337	-2.76%
Apr	1,285,299	1,099,618	1,011,771	859,784	866,533	901,356	925,312	973,187	1,073,455	1,044,518	-2.70%
May	1,177,793	1,137,944	1,065,209	930,210	909,975	888,019	1,031,740	1,222,972	1,122,502	1,146,404	2.13%
Jun	1,088,389	1,108,633	1,050,539	955,138	986,196	973,958	1,048,232	1,040,053	973,530	1,109,639	13.98%
Jul	1,168,401	1,058,415	1,006,968	890,242	914,802	938,100	946,669	999,766	1,075,534	1,087,996	1.16%
Aug	1,054,686	1,035,718	973,975	869,600	927,922	945,294	986,767	1,025,052	1,036,924	1,117,375	7.76%
Sep	1,064,638	1,092,440	959,244	847,099	892,245	909,687	948,365	943,288	1,051,973	1,088,543	3.48%
Oct	1,010,145	1,098,633	884,282	833,572	843,419	881,314	930,881	954,925	1,025,781	1,140,596	11.19%
Nov	1,006,068	1,107,710	966,996	926,473	938,935	937,150	994,580	998,105	1,051,432	1,069,077	1.68%
Dec	1,483,844	1,342,829	1,096,025	1,156,959	1,224,615	1,201,281	1,154,285	1,261,570	1,242,504	1,324,940	6.63%
Gross Total	13,275,335	13,107,015	11,929,580	10,863,890	10,913,811	11,140,619	11,568,354	12,122,866	12,410,070	12,923,011	4.13%
Rebates	574,787	717,573	678,162	563,750	605,489	829,286	796,174	777,864	970,621	928,184	-4.37%
Net Total	12,700,548	12,389,442	11,251,418	10,300,140	10,308,322	10,311,333	10,772,180	11,345,002	11,439,449	11,994,827	4.85%