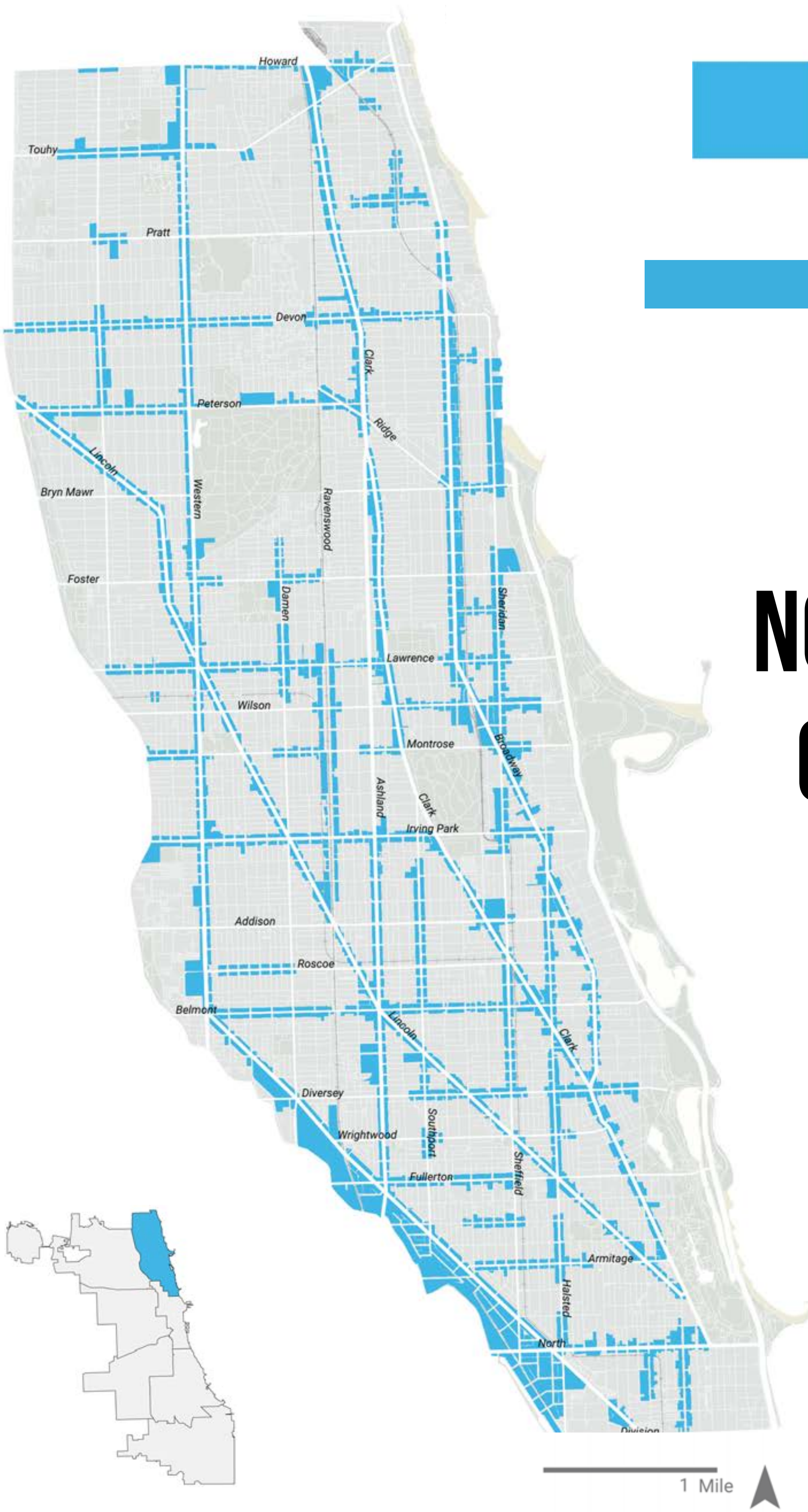
CHICAGO'S NORTH REGION COMMERCIAL CORRIDOR FRAMEWORK ANALYSIS

JANUARY 2024



LOCATION WITHIN CHICAGO

* North Planning Region boundary has been modified to simplify the analysis.

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Acknowledgements

Chicago Department of Planning and Development Team:
- Katharyn Hurd, Supervising Planner, North Region
- Tom Bellino, City Planner V, North Region
- Danielle Crider, City Planner V, North Region
- Cindy Roubik, Deputy Commissioner, North, Central, and Northwest Regions

Consultant Team:
- SB Friedman Development Advisors, LLC
- Goodman Williams Group
- Applied Real Estate Analysis, Inc.

INTRODUCTION

In 2023, the City of Chicago Department of Planning and Development (DPD) conducted a data-driven analysis to understand the dynamics within commercial corridors in the North Planning Region (the “North Region”).

The focus of the study is to understand the physical characteristics, market position and relative performance of the various corridors. The assessment will aid DPD and local stakeholders in identifying appropriate strategic actions to support the North Region’s neighborhood vitality.

This document summarizes eight lenses through which each corridor segment has been evaluated and outlines potential approaches to support the North Region’s commercial corridors based on their existing conditions.

INTRODUCTION

North Region Commercial Corridor Framework Analysis

The city of Chicago is divided into seven planning regions. The North Region encompasses the area that spans from roughly Division Street to the south to Howard Street, at the Evanston border, to the north. It is bordered by Lake Michigan to the east and the North Branch of the Chicago River, North Shore Channel, and the city boundary with Lincolnwood and Skokie to the west. The North Region includes the following Community Areas: Edgewater, Lake View, Lincoln Park, Lincoln Square, North Center, Rogers Park, Uptown, West Ridge, and part of Near North.

The North Region is growing at rates higher than Chicago overall.

- In 2023, the North Region's population was estimated to be approximately 521,000 and included 259,000 households (Esri Business Analyst). Between 2010 and 2020 the population grew by approximately 6.0%, higher than the 1.9% growth rate citywide (US Census).

- Population growth is accompanied by an increase in the housing stock. The North Region added 14,500 housing units between 2010 and 2023 (US Census).

- Many residents of the North Region have high incomes – the median household income is $84,500, nearly $20,000 higher than the citywide median household income (US Census). The North Center and Lincoln Park Community Areas have the highest and third highest median household incomes in the City respectively.

- While the population in the North Region is growing and diversifying by race and ethnicity, it is more than 61% white (non-Hispanic), nearly twice the share in Chicago overall (US Census).

In terms of demographics and socioeconomics, the Community Areas in the North Region are diverse. Key indicators are outlined on the following page.

The North Region boasts a complex and inter-related commercial ecosystem that serves residents and visitors.

Commercial corridors developed alongside adjacent neighborhoods, and frequently emerged in areas adjacent to 'L' stations, and near major institutional anchors. Historically, these corridors were largely small-shop commercial environments, some of which evolved—as consumer preferences changed—to include a mix of small-shop and larger-scale development. Some commercial corridors developed as, or evolved into, primarily car-centric corridors, while others maintained a pedestrian orientation.

Individual commercial corridors include varying mixes of independent and chain businesses and serve a variety of market areas and target demographics. Some corridors serve as regional and community destinations. These include nightlife and entertainment districts, such as the Uptown Entertainment District and Northalsted; shopping districts, such as the Southport corridor, and the North and Clybourn area; and districts that are a mix of both, such as Little India and Andersonville. Other corridors primarily serve the needs of nearby residents and institutions, such as Damen Avenue in Ravenswood and Belmont Avenue in West Lakeview/Roscoe Village. The diagonal streets that traverse the area–Broadway, Clark Street, Lincoln Avenue and Clybourn Avenue–have historically been, and continue to be, important commercial corridors. The full length of these streets within the North Region offer a nearly continuous commercial environment.

In the North Region, access to transit impacts a commercial corridor's market reach and development patterns. Corridors served by the 'L' benefit from robust connectivity to neighborhoods in the North Region and beyond. Transit-friendly districts are also more likely to have a compact urban form, accompanied by greater housing unit density and a comfortable pedestrian experience.

North Region Demographic and Socioeconomic Characteristics

Community Area	Population (2020)	Population Change (2010-2020 %)	Households (2020)	Median Household Income (2017-21 ACS)	Percent White, Non-Hispanic (2017-21 ACS)
Edgewater	56,296	-0.4%	30,466	$61,872	54%
Lake View	103,050	9.2%	57,721	$95,173	76%
Lincoln Park	70,492	9.9%	35,570	$123,044	80%
Lincoln Square	40,494	2.5%	19,143	$85,436	63%
Near North [1]	105,481	31.1%	66,685	$114,790	69%
North Center	35,114	10.2%	14,931	$142,107	73%
Rogers Park	55,628	1.2%	26,402	$51,055	44%
Uptown	57,182	1.5%	32,215	$61,169	53%
West Ridge	77,122	7.2%	26,493	$58,981	41%
City of Chicago	2,746,388	1.9%	1,142,725	$65,781	33%

[1] 17.7% of the land area within the Near North Community Area is included in this analysis
Source: Chicago Metropolitan Agency for Planning (CMAP), United States Census, SB Friedman

Commercial corridors in the North Region represent a variety of built environment and market conditions. Some corridors are established, while others are the focus of revitalization efforts centered on enhancing infrastructure and local amenities. The Chicago Transit Authority's Red and Purple Line Modernization project is a major infrastructure investment that is improving 'L' service within the North Region, which could further enhance commercial corridors.

The North Region's commercial corridors are impacted by ongoing trends in the larger economy and retail environment.

The rise in online shopping has altered the retail environment, and a retail business' success today depends on successful adaptation.

Over the last decade, the market share of online sales has steadily increased, while sales associated with retailers' brick-and-mortar locations has decreased. Chain retailers that have successfully adapted to an "omnichannel" retail environment, which combines online and in-store shopping, have been growing their market share, and are major sales tax revenue generators for the City. Successful omnichannel businesses have incorporated "showroom retail" models, where brick-and-mortar spaces offer unique in-person shopping experiences, while purchases are completed online. This trend toward omnichannel retail means that there is less demand for physical retail space, even while certain corridors in the North Region—especially destinations that draw from a wider market—are performing well.

The COVID-19 pandemic accelerated the trend toward online shopping, and had deleterious impacts on certain retailers – especially small businesses.

Some venues were forced to close permanently. While others reopened, labor shortages, slow-recovering foot traffic and tourism, and rising costs of business created adverse conditions for many retailers, especially those that struggled to adopt omnichannel methods.

The shift toward hybrid work has been a silver lining for certain North Region corridors where office workers live.

As hybrid work structures allow office workers to continue working from home, spending at businesses in corridors that serve residential neighborhoods has increased, as some retail demand has shifted from the Loop to these neighborhoods (Wall Street Journal).

Commercial corridors are adapting to be mixed-use experiential environments.

With the shifts occurring in the retail market overall, many environments that were predominantly retail spaces are working to blend commercial uses with dynamic community spaces and non-commercial uses, such as cultural, educational, healthcare, and sports/recreation anchors. These anchors are activity generators and offer co-location benefits for retailers.

NORTH REGION COMMERCIAL CORRIDORS KEY CHARACTERISTICS

- 35.6 M square feet of retail space
- 15,500 parcels
- 6,900 active business licenses
- 63.5 miles of street frontage


HOWARD STREET
HOWARD STREET
LOST ERAS
WE ARE ALL
STOP

ANALYTICAL FRAMEWORK

ANALYTICAL FRAMEWORK

Methodology & Data Sources

Defining the Corridor Segments

The Commercial Corridor Analytical Framework is a comparative analysis of existing conditions and recent trends. For the purposes of this analysis, the North Region's commercial corridors were divided into 125 corridor segments defined through a review of:

- Parcels associated with active business licenses
- Parcels with Business and Commercial zoning
- Parcels located within Special Service Areas

The definitions also considered observed patterns in land use and the built environment.

Aggregating Indicator Data

Data was aggregated from a variety of sources, including public entities, such as the City of Chicago, Cook County Assessor, Illinois Department of Finance, and United States Census, as well as real estate-related data subscription services such as Placer.ai and CoStar. The data points considered in this analysis include:

- Active business licenses
- Assessed value trends
- Building permit activity/trends
- Commercial building characteristics (age, count, square footage)
- Commercial building performance indicators (rents, tenancy, vacancy)
- Demographic and socioeconomic characteristics (households, median household income, population)
- Housing characteristics (unit counts, recent development)
- Sales tax revenue generation/trends
- Special district designations (Pedestrian Streets, Special Service Areas, Tax Increment Finance Districts)
- Street and transportation characteristics (length of street frontage, number of vehicle lanes, location of 'L' stations)
- Visitor activity/trends (median visitor travel distance, number of unique visitors, total visits, visitor dwell time, visitor frequency)

Evaluating Trends Through Eight Lenses

The Consultant Team identified compatible data points that could be considered in tandem to more comprehensively understand existing conditions and recent trends within the North Region's commercial corridor segments.

These compatible data points were aggregated to define eight lenses that form the basis of the analytical framework:

1. Corridor Segment Type
2. Market Reach
3. Commercial Building Size and Business Density
4. Median Age of Commercial Buildings
5. Consumer Pedestrian Experience
6. Consumer Buying Power
7. Market Economics
8. Real Estate Investment

These lenses are individually described in more detail in on the following pages.

The Consultant Team also evaluated several of the lenses alongside one another to understand the relationships between lenses. Observed patterns and trends are detailed further on page 24.

Through the analysis, the Consultant Team identified limitations associated with certain data sets, particularly given the scale of the North Region and the comparative nature of the analysis. This included market rent, building vacancy, and assessor valuation data. This data has been aggregated by corridor segment, but has not been incorporated into the lens definitions.

CORRIDOR SEGMENT TYPE

How does the corridor segment geographically relate to other corridor segments?

Commercial corridors in the North Region have developed in a variety of settings–some have discrete boundaries and are adjacent to residential districts, while others offer continuous commercial environments over longer distances. The land use patterns and spatial relationship between corridors influence the retail character and consumer experience, as well as the strategic actions that could be implemented to support the corridors.

Comparative Analysis:

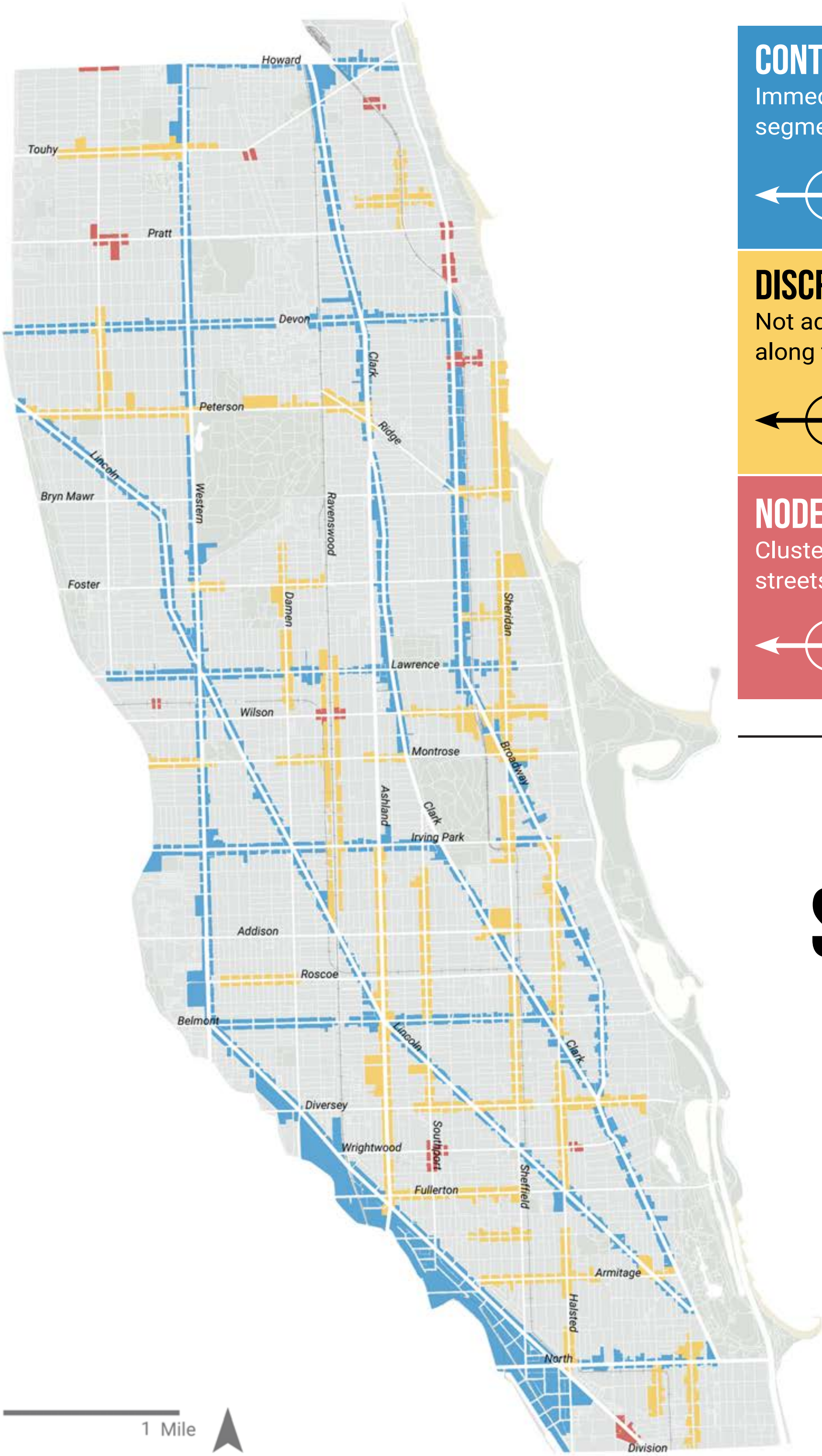
- Contiguous segments (52% of segments) are typically historic commercial corridors with strong business concentrations throughout; the North Region's diagonal streets offer continuous commercial environments over longer distances.
- Nodes (10% of segments) typically have a higher density of businesses relative to discrete segments, and are located at the intersection of busy streets or at the base of an 'L' station, offering a concentration of activity in a relatively small geographic area.
- Discrete segments (38% of segments) are the most varied. Discrete segments can have uninterrupted commercial fabric, or they can have gaps in the commercial environment.

Methodology and Data Sources:

Corridor segment types were defined based on observed patterns in land use and the built environment.

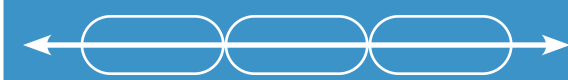
Lens Definitions:

- **Contiguous segments:** segments that are immediately adjacent to other corridor segments along the primary street.
- **Discrete segments:** segments that are not adjacent to other segments along the primary street. These segments may or may not intersect a segment on a perpendicular street.
- **Nodes:** segments that are clustered around the intersection of two streets or near 'L' stations.



CONTIGUOUS

Immediately adjacent to other corridor segments along the primary street

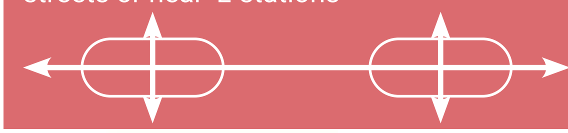


DISCRETE

Not adjacent to other corridor segments along the primary street

NODE

Clustered around the intersection of two streets or near ‘L’ stations



CORRIDOR SEGMENT TYPE

MARKET REACH

Is the corridor neighborhood-serving, community-serving, or a regional destination?

Market reach refers to the geographic extent from which a corridor draws most of its consumers. Commercial corridors are generally neighborhood commercial districts that serve the day-to-day needs of nearby households, community shopping or entertainment districts that draw visitors from a larger market area, or regional tourist destinations. The market reach of a commercial corridor influences the types of tenants that choose to locate there, the mode by which consumers travel to the corridor, and the relative dependence of commercial businesses on the consumer buying power of nearby households.

Comparative Analysis:

- Over 70% of segments in the North Region are neighborhood-serving, meaning that the tenant mix and scale of development is conducive to serving the day-to-day needs of nearby households.
- Regional tourist destinations and community destinations benefit from consumers that travel from a wider market area, and therefore have higher volumes of visitors and sales tax revenue.
- The extent by which neighborhood-serving segments have a high volume of visitors depends on the segment's other characteristics, including business concentration, scale and pedestrian experience.

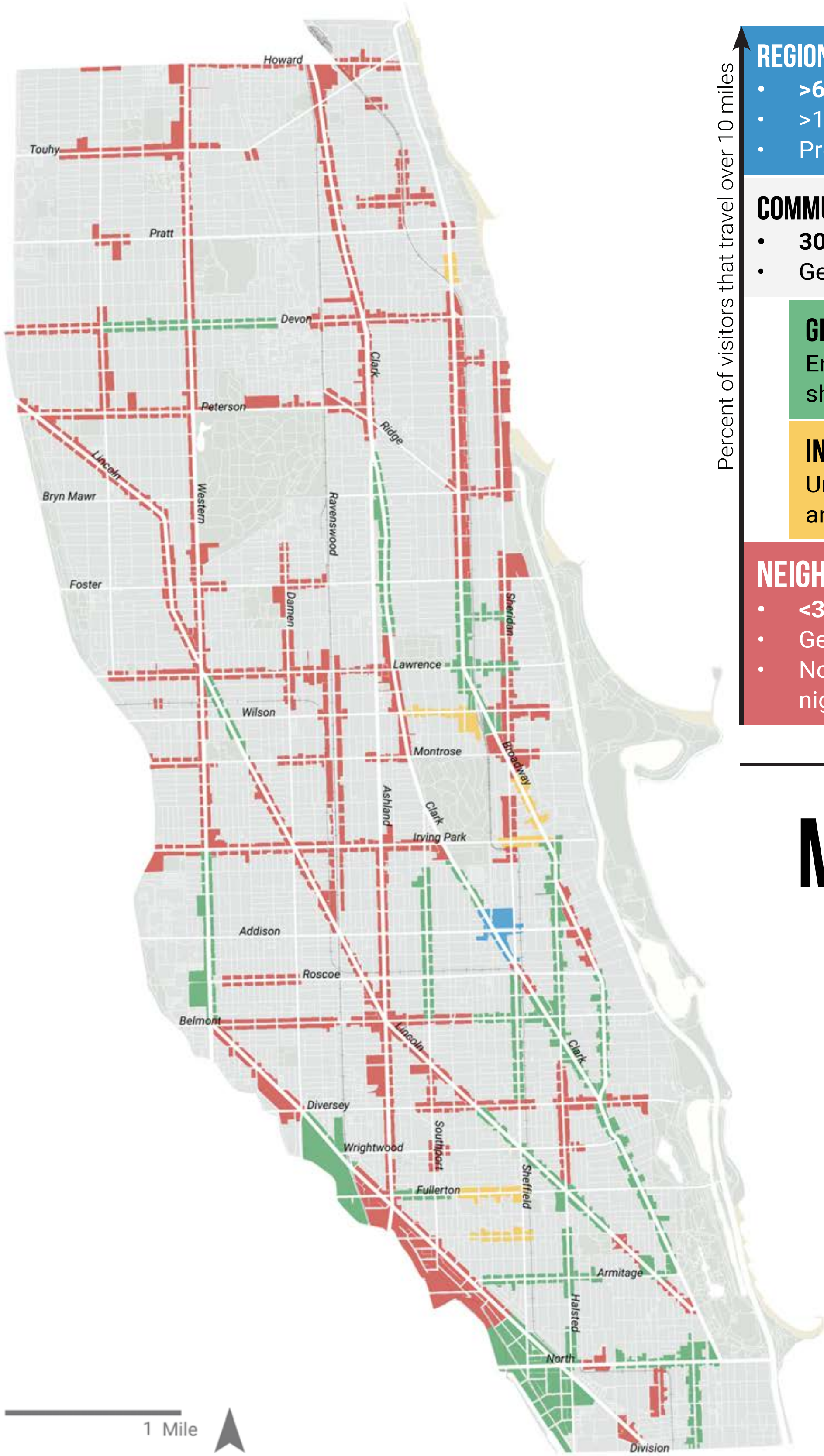
Methodology and Data Sources:

Placer.ai data was leveraged to understand visitor trends over the 12-month period from August 2022 to July 2023. This data included the total number of unique visitors and the share of visitors travelling over 10 miles to access the corridor.

Lens Definitions:

- **Regional Tourist Destination:** segments where over 65% of visitors traveled over 10 miles. These segments are home to a major anchor and had over 1 million unique visitors.
- **Community Destination-General:** segments where 30-65% of visitors traveled over 10 miles. These segments are characterized as having entertainment anchors, nightlife districts, or are shopping districts, and had between 75,000-700,000 unique visitors.
- **Community Destination-Institutional:** segments where 30-65% of visitors traveled over 10 miles. These segments are characterized as having institutional anchors, such as a university, community college, or medical center and had between 75,000-700,000 unique visitors.
- **Neighborhood-Serving:** segments where less than 30% of visitors traveled over 10 miles. These segments do not have major institutional, entertainment, or shopping anchors, and had less than 200,000 unique visitors. [1]

  [1] There are some neighborhood-serving segments with over 200,000 unique visitors and/or over 30% share of visitors travelling over 10 miles to access the segment. Visitor count and journey data appears to be impacted by major events, the presence of an 'L' station, or traffic congestion; therefore, these segments have been recategorized.



Percent of visitors that travel over 10 miles

REGIONAL TOURIST DESTINATION

- **>65% of visitors travel over 10 miles**
- >1M visitors/year
- Presence of a major anchor

COMMUNITY DESTINATION

- **30-65% of visitors travel over 10 miles**
- Generally, 75k-700k visitors/year

GENERAL

Entertainment anchors, major shopping/nightlife districts

INSTITUTIONAL

University, City College, or hospital anchors

NEIGHBORHOOD-SERVING

- **<30% of visitors travel over 10 miles**
- Generally, under 200k visitors/year
- No anchor presence or shopping nightlife district

MARKET REACH

BY CORRIDOR SEGMENT

COMMERCIAL BUILDING SIZE AND BUSINESS DENSITY

What are the characteristics of retail properties in the corridor segment?

Business density and the nature of the built environment can influence the perception of places and consumers' decisions to visit one corridor over another. These are also important factors as businesses make location decisions based on co-tenancies and space needs. Assessing each corridor's physical characteristics can provide insight into how business density and scale contribute to the corridor's existing conditions.

Comparative Analysis:

- Just under 20% of segments have mixed-scale physical character.
- Mixed-scale segments typically include large commercial anchors that are likely to create co-tenancy opportunities for smaller businesses.
- Mixed-scale segments also typically include commercial buildings with on-site parking. Because more consumers are likely to travel to these segments by car, there may be distinct parking needs.
- Segments with high business concentrations (46%) correlate with Chicago's most established commercial districts and tend to have strong visitor and sales generation.
- Small-scale segments likely have a more transit-supportive urban fabric relative to mixed-scale segments.

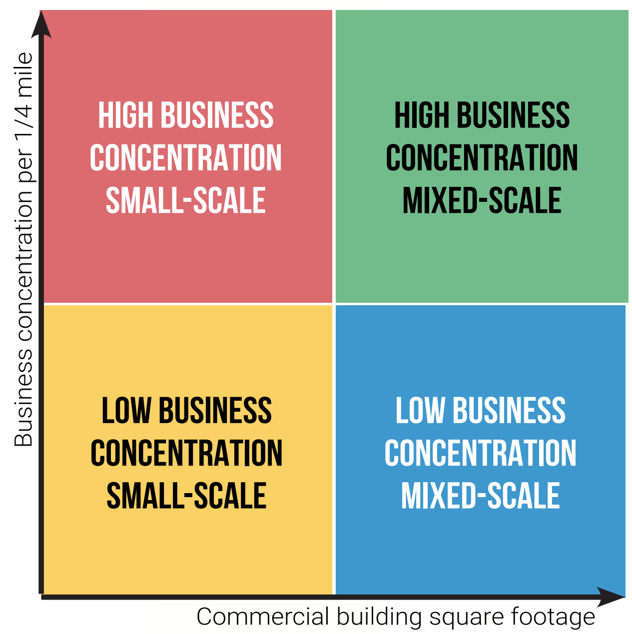
Methodology and Data Sources:

CoStar retail property data was leveraged to identify the building size and other physical characteristics of retail properties in each segment. This included retail spaces within mixed-use buildings.

The City of Chicago business license database was leveraged to estimate the number of business licenses within each segment. This data was aggregated and normalized by segment length to estimate the concentration of businesses.

Lens Definitions:

- **High Business Concentration, Mixed Scale:** segments with a high frequency of business licenses (25 or more per ¼ mile) and a higher number of large retail buildings (at least 1 building over 100,000 SF, or at least 2 buildings between 35,000-100,000 SF).
- **High Business Concentration, Small Scale:** segments with a high frequency of business licenses (25 or more per ¼ mile), no retail buildings with over 100,000 SF, and up to 1 retail building between 35,000-100,000 SF.
- **Low Business Concentration, Mixed Scale:** segments with a lower frequency of business licenses (under 25 per ¼ mile) and a higher number of large retail buildings (at least 1 building over 100,000 SF, or at least 2 buildings between 35,000-100,000 SF).
- **Low Business Concentration, Small Scale:** segments with a lower frequency of business licenses (under 25 per ¼ mile), no retail buildings with over 100,000 SF, and up to 1 retail building between 35,000-100,000 SF.



COMMERCIAL BUILDING SIZE AND BUSINESS DENSITY

BY CORRIDOR SEGMENT

MEDIAN AGE OF COMMERCIAL BUILDINGS

How old are the commercial properties within the corridor segment?

Commercial corridors in the North Region have experienced varying degrees of redevelopment as consumer preferences and commercial space needs evolved. The median age of commercial buildings impacts the character of commercial corridors, as well as the types of tenants that choose to locate there. It is also an indicator of where investment may be needed to rehabilitate buildings to meet the needs of modern users.

Comparative Analysis:

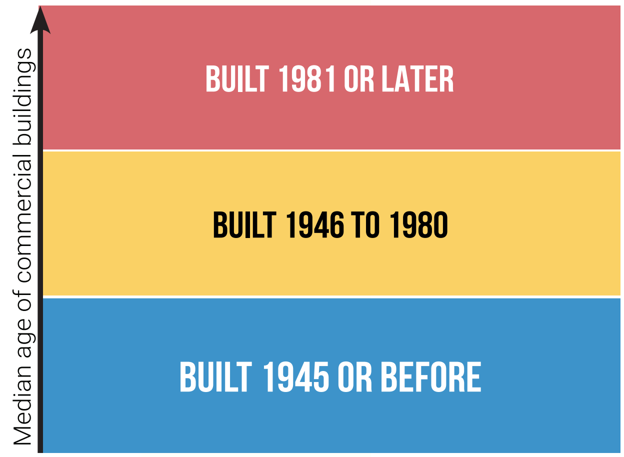
- Median building age generally aligns with the historic development patterns of Chicago.
- Older corridor segments, where buildings are typically over 100 years old, are located in the southeast portion of the North Region, while segments where buildings were largely developed between 1950 and 1960 are located further northwest.
- There are pockets of segments throughout the North Region that experienced larger-scale redevelopment over the last 30 years and have more recent median building ages.

Methodology and Data Sources:

CoStar data was leveraged to understand the age of individual retail properties within each segment. The median age was then calculated at the segment level.

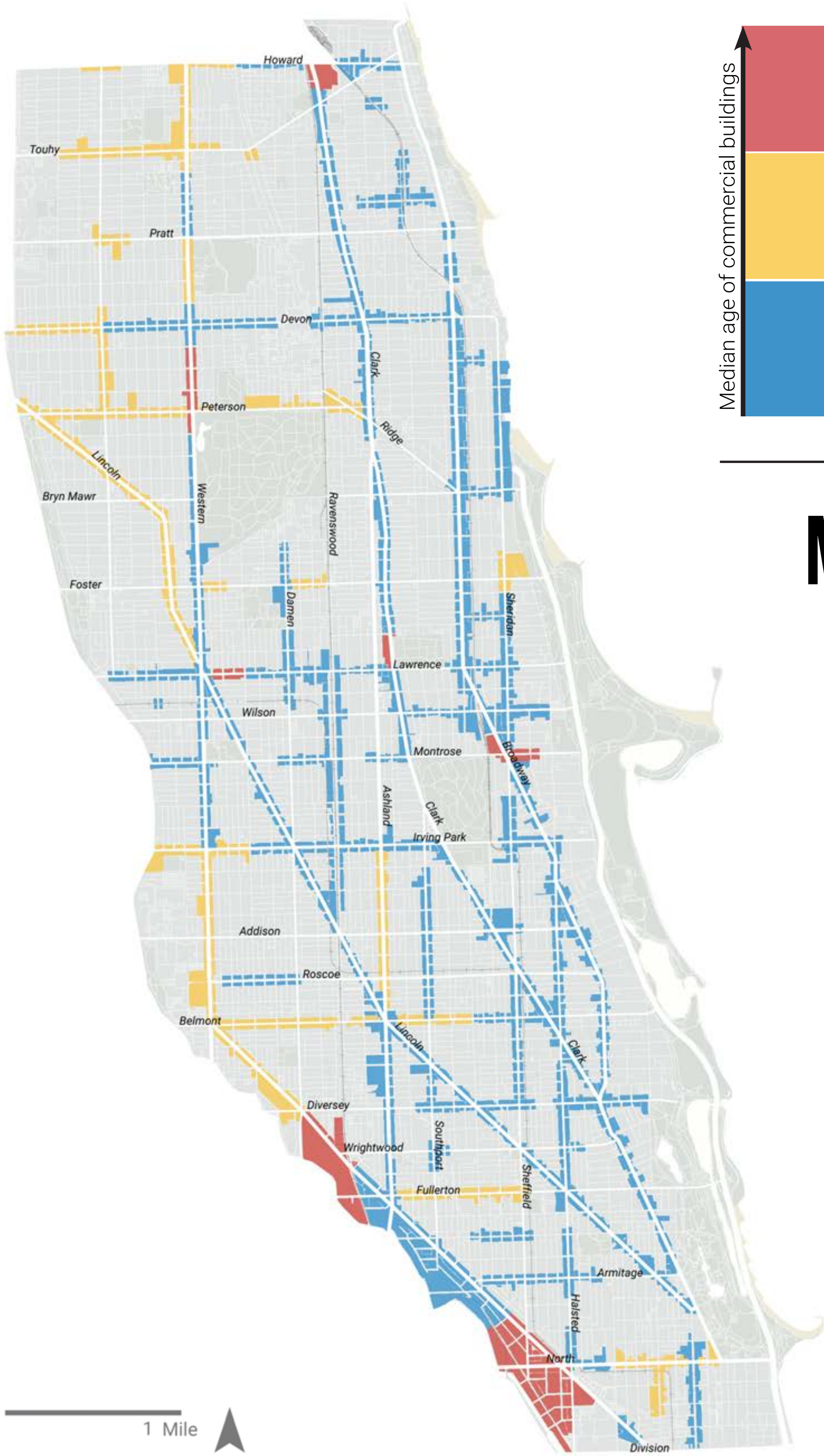
Lens Definitions:

- **Built 1981 or Later:** segments with a median year built of 1981 or later
- **Built 1946 to 1980:** segments with a median year built between 1946 and 1980
- **Built 1945 or Before:** segments with a median year built of 1945 or earlier



MEDIAN AGE OF COMMERCIAL BUILDINGS

BY CORRIDOR SEGMENT



CONSUMER PEDESTRIAN EXPERIENCE

How does the pedestrian experience impact the interaction between consumers and businesses?

In urban real estate markets, the pedestrian experience influences consumer perceptions and the ability of commercial corridors to attract visitors. A pedestrian-oriented environment can also attract businesses that rely on foot traffic. Corridors with a comfortable pedestrian environment often provide better access to businesses and amenities. Therefore, they may attract more visitors, which supports a robust commercial environment. This lens is primarily concerned with how the pedestrian experience impacts the interaction between consumers and businesses in the corridor.

Comparative Analysis:

- Segments with smaller-footprint buildings tend to be more comfortable for pedestrians compared to segments where there are a mix of larger- and smaller-footprint buildings. Larger-footprint buildings frequently have surface parking and less building transparency/less frequent entrances along the street frontage compared to streets with smaller-footprint buildings. This creates gaps in the consumer pedestrian experience.

- Segments that are comfortable for pedestrians tend to attract more visitors than somewhat comfortable and uncomfortable segments. These segments prioritize pedestrians; therefore, people can easily cross the corridor, increasing the potential for co-tenancy benefits among businesses.

Methodology and Data Sources:

The number of vehicle lanes on the primary street in the segment was determined based on aerial photography.

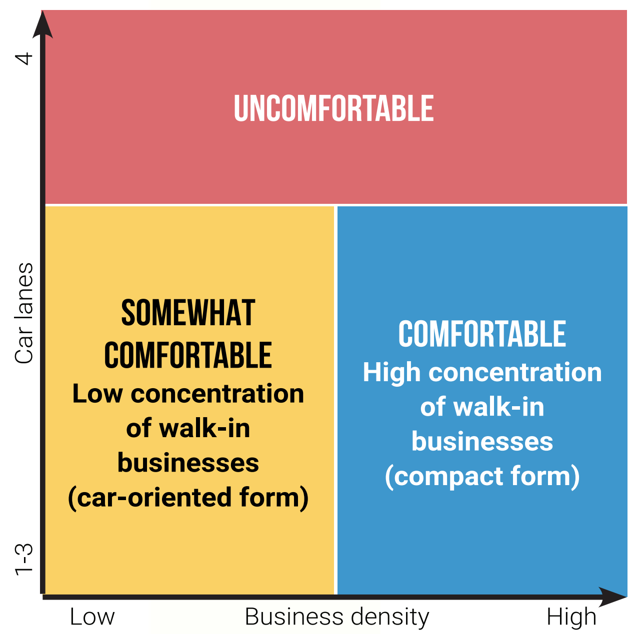
The City of Chicago business license database was leveraged to estimate the number of “walk-in” businesses within each segment. “Walk-in” businesses are a subset of businesses identified by the Consultant Team that are typically accessible to the general public, such as restaurants, grocery or merchandise stores, and businesses providing recreational or personal services, such as gyms or salons. They exclude businesses that tend to require appointments, such as health clinics and education services, as well as other businesses that have limited interaction with pedestrians. Car-oriented uses, such as gas stations and auto repair shops, are also excluded.

Lens Definitions:

- **Comfortable:** segments that have 3 or less car lanes and an above-median frequency of active “walk-in” businesses per ¼ mile. Many segments are within 1/4 mile of an ‘L’ station.

- **Somewhat Comfortable:** segments with 3 or less car lanes and a below-median frequency of active “walk-in” businesses per ¼ mile. Most segments are not within ¼ mile of an ‘L’ station.

- **Uncomfortable:** segments with 4 or more car lanes, regardless of other characteristics.



CONSUMER PEDESTRIAN EXPERIENCE

BY CORRIDOR SEGMENT

CONSUMER BUYING POWER

How much consumer buying power does the segment benefit from within a half-mile radius?

The strength of a commercial corridor is based on its ability to attract consumers and provide desired goods, services and experiences. While some corridors have anchor institutions or businesses that draw visitors from throughout the region, the demographic characteristics of each corridor segment's neighborhood also impact market potential. The geographic context is also important as corridors near open space or physical barriers, such as Lake Michigan or the North Region's cemeteries, impact the number of nearby households to support corridor businesses.

Comparative Analysis:

- The North Center and Lincoln Park Community Areas have among the highest median household incomes in the City. Median household income generally decreases as you travel to the north and to the west from these areas.
- Housing unit density is highest closest to Lake Michigan and decreases as you travel to the west.
- Consumer buying power overall is strongest in Old Town, and eastern portions of Lake View and Lincoln Park. These corridor segments benefit from being near many residents, many of which are higher-income.

Methodology and Data Sources:

The American Community Survey (5-year 2017-2021) was leveraged to estimate housing unit density within ½ mile of each segment and the median household income of those households.

The product of the overall housing unit density and the median income of those households was used to produce a comparative consumer buying power metric.

Lens Definitions:

- **Top Quartile:** segments with consumer buying power greater than $2.5 million per acre.
- **Second Quartile:** segments with consumer buying power between $1.76 and $2.5 million per acre.
- **Third Quartile:** segments with consumer buying power between $1.21 and $1.76 million per acre.
- **Fourth Quartile:** segments with consumer buying power under $1.21 million per acre.

Consumer buying power per acre

TOP QUARTILE
Over $2.5M per acre

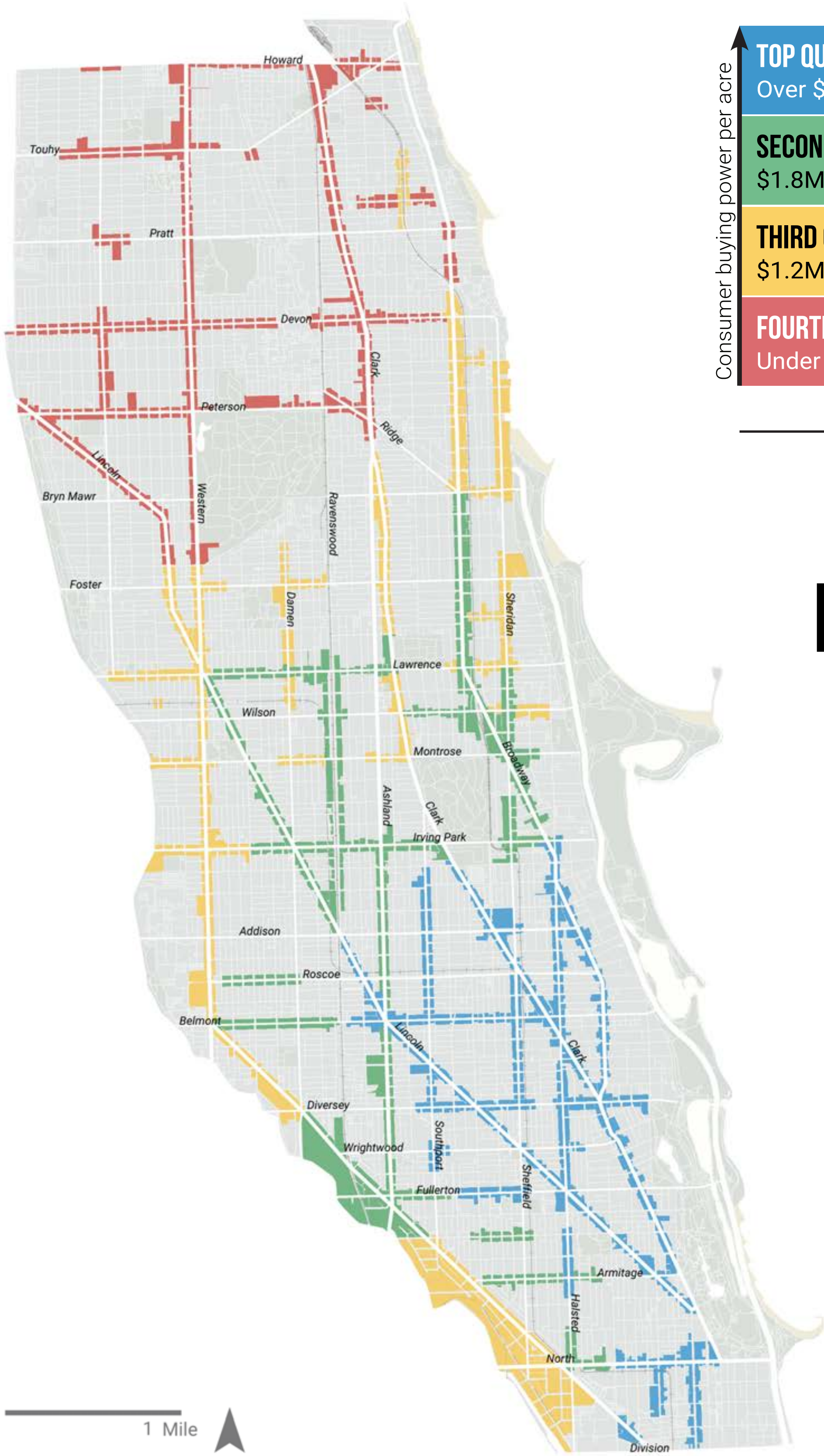
SECOND QUARTILE
$1.8M-$2.5M per acre

THIRD QUARTILE
$1.2M-$1.8M per acre

FOURTH QUARTILE
Under $1.2M per acre

CONSUMER BUYING POWER

BY CORRIDOR SEGMENT



MARKET ECONOMICS

How is the business community functioning?

Commercial corridors experience varying levels of visitor activity and sales tax revenue generation. This is largely driven by the market reach and mix of corridor businesses. Visitor and sales trends are an indicator of how a corridor's business community is functioning and to what extent corridor businesses recovered from the COVID-19 pandemic. The market economics of specific corridors can signal where public sector intervention is needed to support corridor businesses or consolidate commercial activity.

Comparative Analysis:

- Highest-intensity segments generally include segments that have strong and constant commercial identities–most notably the Lincoln, Clark, and Broadway diagonals, particularly for segments south of Foster Avenue.
- Highest-intensity segments are also more concentrated along the south and east portions of the North Region.
- Established and vulnerable segments are generally more concentrated toward the north and west of the North Region. They include segments that historically have had a less intensive commercial character (i.e., smaller business concentrations).

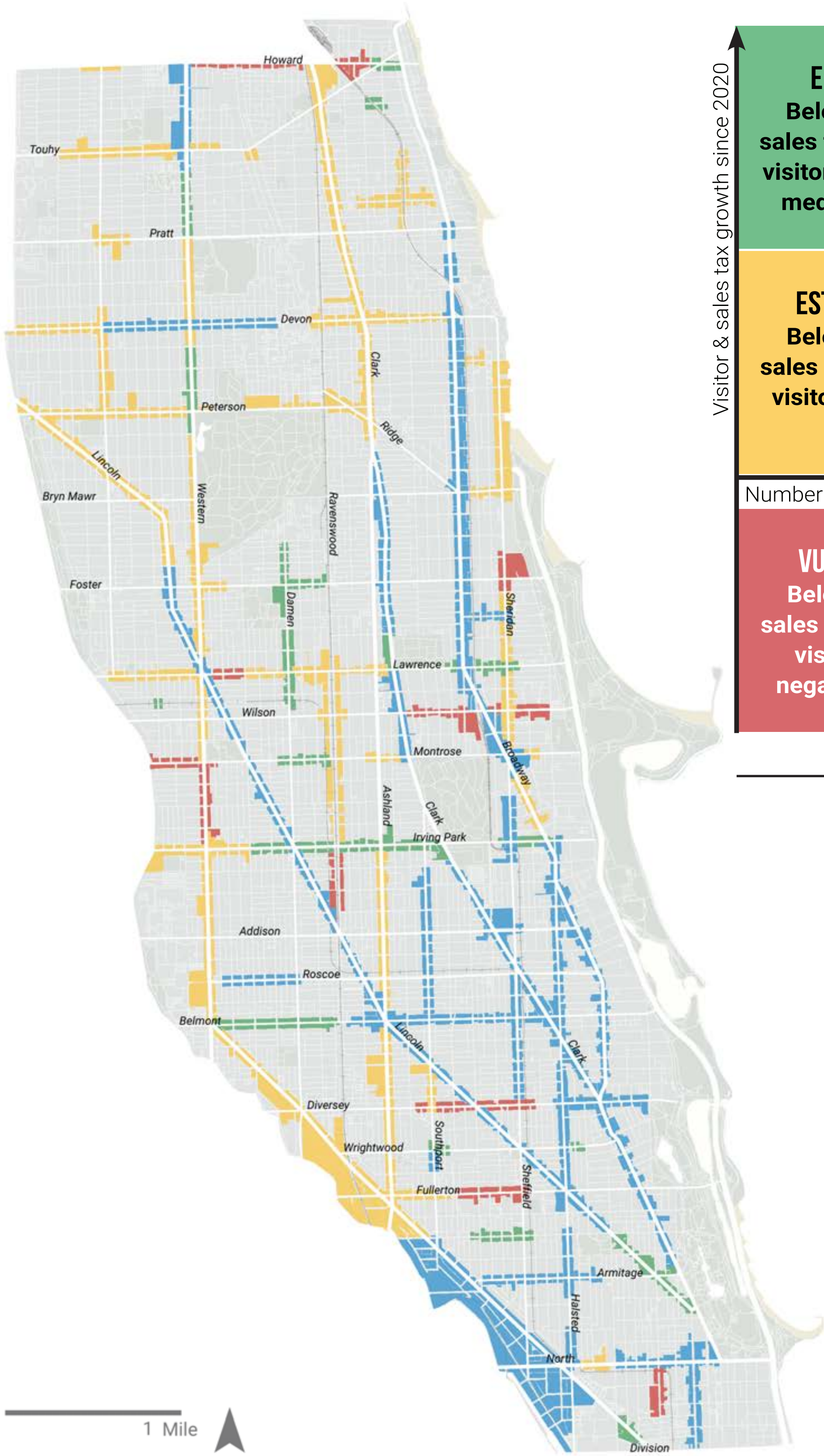
Methodology and Data Sources:

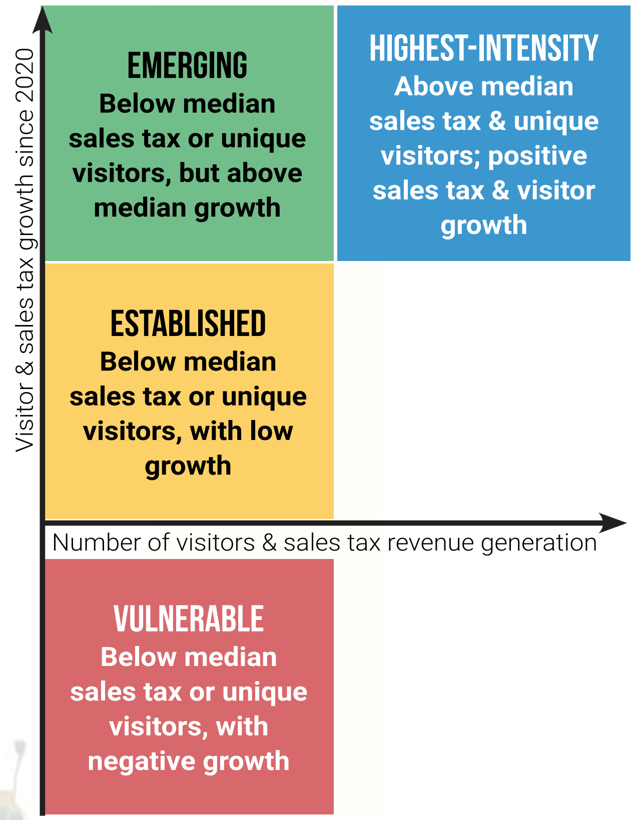
Illinois Department of Revenue sales tax revenue data was leveraged to understand sales tax revenue by segment. The City aggregated data by segment for the seven-year period between 2016 and 2022. Sales tax data was normalized by segment length to evaluate comparative economic activity.

Placer.ai data was leveraged to understand visitor trends over the five-year period between 2018 and 2022. This was similarly normalized by segment length.

Lens Definitions:

- **Highest Intensity:** segments with both above-median sales tax revenue and above-median unique visitors in 2022, with positive sales tax and visitor growth since 2020.
- **Emerging:** segments with either below-median sales tax revenue or below-median unique visitors in 2022 (or both), with above-median sales tax and visitor growth.
- **Established:** segments with either below-median sales tax revenue or below-median unique visitors in 2022; sales tax and visitor growth since 2020; and growth rates of at least one of these metrics at below-median rates.
- **Vulnerable:** segments with negative sales tax or visitor growth; and generally, had below median sales tax revenue or unique visitor counts in 2022.





MARKET ECONOMICS

BY CORRIDOR SEGMENT

REAL ESTATE INVESTMENT

How much redevelopment and private investment has occurred since 2016?

Private real estate investment is an indicator of where the private market is building to meet real estate demand. High levels of private real estate investment can indicate a number of conditions. These segments could be experiencing strong development pressures, or could have a large supply of development-ready sites. Limited private real estate investment can indicate a lack of available sites, regulatory limitations, or market conditions that make reinvestment difficult. Because of these varying conditions, this indicator is most useful when considered relative to other indicators, such as Market Economics.

Comparative Analysis:

- Segments with the highest amounts of investment include areas with major development activity, including North and Clybourn and the segments adjacent to Wrigley Field.
- There are also multiple strong segments in Uptown that have experienced relatively significant real estate investment since 2020.
- Steady segments include many segments that are older and where sites have not been available for redevelopment, resulting in less real estate investment overall.
- Limited segments are typically places that lack available sites and/or are places where market conditions make reinvestment difficult due to achievable rents.

Methodology and Data Sources:

City of Chicago building permit data was leveraged to understand the location of new development, rehabilitation, and renovation projects in the North Region. The reported project value associated with each permit indicates the level of investment for each project. The reported project value for permits dating 2016-2023 and that exceeded $100,000 in reported project value, were aggregated by segment and normalized by segment length.

Lens Definitions:

- **Highest Intensity:** segments with over $55,000,000 in investment per ¼ mile.
- **Strong:** segments with between $20,000,000 and $55,000,000 in investment per ¼ mile.
- **Steady:** segments with between $5,000,000 and $20,000,000 in investment per ¼ mile.
- **Limited:** segments with less than $5,000,000 in investment per ¼ mile.

Total project value from building permits

HIGHEST INTENSITY
Over $55M per 1/4 mile

STRONG
$20M-$55M per 1/4 mile

STEADY
$5M-$20M per 1/4 mile

LIMITED
<$5M per 1/4 mile

REAL ESTATE INVESTMENT
BY CORRIDOR SEGMENT

KEY FINDINGS

There are multiple factors that impact a commercial corridor's vitality.

While each lens offers insights into the physical characteristics, market position and relative performance of the various corridors, the relationship between lenses allows for a more holistic assessment of corridor conditions.

A summary of the identified relationships among lenses is outlined below.

- High business concentration strongly correlates with segments that have a wider market reach. Most community destinations have high business concentrations, while neighborhood-serving districts are more varied.
- Regional tourist and community destinations tend to have a comfortable pedestrian experience. These segments are also the highest-intensity in terms of market economics.
- Segments that have a high concentration of businesses and are comfortable for pedestrians can evolve into destinations in their own right because of pedestrians' high-quality experience. The reverse is true for uncomfortable segments where a strong-performing business has a more muted impact on the overall corridor segment.
- "Destination" status is a primary indicator of a segment's strong market economics. These segments experience a virtuous circle of businesses and consumers wanting to concentrate within the area. Certain commercial activity in destinations is specialized, thereby drawing visitors and supporting other businesses.
- The age of commercial properties in a segment influences the consumer pedestrian experience. Over 70% of segments with a median year built of 1945 or earlier are classified as comfortable. Fewer than 30% of segments with a median year built after 1946 are considered comfortable due to a higher likelihood of wide streets, surface parking, and larger footprint buildings.
- Special Service Areas (SSAs), which are local place management organizations, serve over 65% of community destinations. Neighborhood-serving segments are more varied, with only 51% of segments served by an SSA.
- Among neighborhood-serving segments, those with SSAs are more likely to have a comfortable consumer pedestrian experience, whereas those without SSAs are more likely to be somewhat comfortable.
- A healthy retail ecosystem requires a delicate balance between destination- and neighborhood-serving segments. Neighborhood-serving segments, which represent over 70% of segments in the North Region, serve a crucial role by providing important amenities for nearby households. While neighborhood-serving segments are unlikely to ever capture the volume of visitors that destinations do, there are other factors that can support a neighborhood -serving segment's economic vitality:
    - Above-Median Consumer Buying Power: More housing units and higher household incomes translate to more disposable income in the immediate area to support businesses.
    - Strong Concentration of Businesses: A higher business density, particularly of "walk-in" businesses, can create pedestrian activity and co-tenancy benefits for corridor businesses.
    - Comfortable Consumer Pedestrian Experience: A comfortable pedestrian environment means consumers/visitors can more easily access businesses, and businesses can capture more walk-in traffic.

The presence of any one of these characteristics can correlate to a stronger market outlook.

STRATEGIC ACTIONS

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Strategic actions to support commercial areas throughout the North Region.

Various strategic actions could be undertaken to support an individual corridor segment's economic vitality as well as the overall health of the retail ecosystem.

Trends in the larger economy and retail environment impact the North Region's commercial corridors. This includes:

- The rise in online shopping, which is leading to a decline in sales associated with retailers' brick-and-mortar locations.
- Consumers increasingly preferring unique, experiential environments that blend commercial uses with other uses, such as cultural, educational, healthcare, and sports/recreation anchors.
- Lingering impacts of the COVID-19 pandemic, including reduced foot traffic and a shift to hybrid work.
- Wider macro-economic challenges, including labor shortages and higher costs of doing business and obtaining financing.

In response to these trends, stakeholders could proactively implement land use modifications, activation strategies, business assistance strategies and public realm improvements to position commercial areas to meet the current and future needs of neighborhood residents and consumers. Key strategic actions could include:

- Adjusting the regulatory environment to respond to retail shifts. This could include undertaking community planning processes and market analyses to understand the role commercial areas play in the neighborhood ecosystem and to determine where to potentially consolidate commercial activity. In areas where the retail environment is challenging, alternative ground floor activation strategies could be considered. Land use modifications could be accompanied by regulatory relief, technical and financial assistance to encourage commercial-to-residential conversions, where appropriate.
- Increasing residential density to generate foot traffic and expand the consumer base. This could include encouraging the intensification of residential uses in appropriate areas, through additional height and unit density. It could also include identifying and encouraging residential development on any underutilized public and institutionally owned sites.
- Increasing business density to generate foot traffic, enhance market reach, and capture co-tenancy benefits. This could include strategies focused on increasing visitors and activating underutilized or vacant spaces. Development that negatively impacts the pedestrian experience, including surface parking lots and large storefronts along street frontages, could also be discouraged.
- Investing in the public realm, where needed, to respond to consumer demand for unique experiential environments and to create comfortable pedestrian experiences. This could include investments in streetscaping to foster a unique sense of place and in multi-modal infrastructure to improve connectivity.
- Developing and expanding existing programs and partnerships/coalitions to support commercial corridors. This could include technical and financial assistance programs for existing and new businesses, as well as support services offered through local organizations and institutions. Local place management and economic development organizations could also be engaged to understand the community's and organization's needs.

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