CHICAGO RAILROAD ECONOMIC OPPORTUNITY PLAN

FINAL REPORT

CITY OF CHICAGO DEPARTMENT
OF TRANSPORTATION

Submitted by:

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Introduction and Executive Summary

Since the 19th century, Chicago and its surrounding region have functioned as the primary hub of the North American freight rail network. The region is the only metropolitan area in North America served by every Class I[1] railroad and one out of every four freight rail shipments originate, terminate, or pass through the area[2].

Chicago's unique legacy as a freight railroad hub has given it an extensive network of rail lines and terminals, and an unmatched volume and diversity of industrial property in the region that is accessible for carload rail service, i.e. service in which individual cars, or groups of cars, are moved to or from a shipper's location through the use of rail "sidings" or tracks that adjoin structures on a specific site. Carload service is different from intermodal rail traffic which utilizes both rail and truck modes of transport.

While carload rail access was once common, it has now substantially diminished, if not disappeared entirely, in many North American cities. However, in Chicago, thanks to its historical development patterns, the city's extensive active rail network, and the region's geography, this type of rail access still exists at many industrial properties. This rail access offers the City of Chicago a unique opportunity for industrial development that is not available in competing urban areas.

The goal of the Chicago Rail Economic Opportunities Plan (CREOP) was to assist the Chicago Department of Transportation (CDOT) and the Department of Community Development (DCD) in developing a set of strategies whereby the city can exploit its unique rail freight infrastructure. This Plan is increasingly urgent as property within many of the city's rail served industrial corridors are under growing pressure to be converted to non-rail uses such as residential or retail activity. Once properties in these corridors are transformed to other uses, the City loses its opportunity to leverage its unique rail asset and its corresponding economic development advantage.

Taking advantage of the economic development opportunities for rail freight properties entailed a combination of skills: knowledge of rail operations, an understanding of freight logistics among various industries, expertise on industrial property development in Chicago and elsewhere, along with knowledge of local conditions. IHS Global Insight, together with Goodman Williams Associates, Economic Development Research Group, Cambridge Systematics, and Valerie Kretchmer undertook the study in a series of four major tasks:

Task 1: Analysis of carload rail based industries and their long-term trends. This initial task provided the context within which a successful economic development strategy for attracting rail-oriented industry can be developed. Understanding what industries are best suited for rail-based development allowed the City to identify targets for which a compelling

[1] A Class I railroad is defined by The Surface Transportation Board (STB) as having annual carrier operating revenues of $250 million or more.
[2] Based on IHS Global Insight 2008 TRANSEACH data

case can be made that Chicago‘s freight rail system is economically desirable for businesses to relocate to Chicago.

Task 2: Examine Chicago's industrial corridors for suitability of rail-served industries. This second task focused on gaining a keen understanding of the economic activity, freight potential, and constraints along each the City's Industrial Corridors[3]. This information, together with Task 1 findings, provided the basis for assessing opportunities for business retention, expansion, and attraction related to rail facilities.

Task 3: Define and analyze five specific locations most suitable for rail-based industries. Utilizing the findings from the previous tasks, this task was comprised of an assessment of features associated with properties within Chicago’s industrial corridors that offer rail-based development potential and identified a set of specific properties that were most suitable for one or more targeted industries. Following extensive interactions with the City, a set of five “representative” properties were selected for more detailed analysis in Task 4. In many respects, these selected properties characterized the broad range of potential rail-served properties that are available in Chicago. They ranged in size, presence of direct rail access, condition, geographic location, and existence of structures that may facilitate or impede future rail-served uses.

Task 4: Determine industry needs, potential incentives, and economic efficiency of incentives for five recommended locations. Building on previous findings, strategies and a set of proposed actions for each of the recommended parcels were developed. While these findings were meant to address the specifics of most effectively realizing the potential for rail-related use at each of the five selected sites, they also offer more general insight into the challenges and potential solutions for developing some of the city’s industrial parcels with freight rail-oriented focus.

Results from each of these four CREOP tasks are described below. While the objective of CREOP was limited to identifying five locations for rail-based economic development, it is hoped that the Plan's methodology be used as a model and extended to additional Industrial Corridors and other specific sites throughout the City of Chicago to encourage and leverage rail-based economic development.

Task 1: Analysis of carload rail based industries and their long-term trends

Using economic and forecast data developed in 2008 by IHS Global Insight, the following sectors were identified as having potential for rail based economic development in Cook County:

[3] The Chicago Industrial Corridor Program designates 24 specific areas in the city where industrial businesses are currently clustered and new ones encouraged to locate. These corridors are thought to be safe and accessible for workers and shippers; economically and physically functional for businesses; and competitive in the larger marketplace. The Program designates and allocates funds to Local Industrial Retention Initiative (LIRI) organizations, which design and implement development plans for their respective industrial corridors. As delegate agencies, they facilitate communication between the City and the industrial businesses in their corridors.

1. **Warehousing**. Much of the current warehouse and distribution development in Chicago occurs in its collar counties[4] due to this sector's large parcel requirements and need for proximity to a less-congested interstate highway system. However, niche and specialty warehouse markets can take advantage of Cook County's proximity to urban consumption and manufacturing markets and extensive rail network.
2. **Food Processing**. Chicago has historically enjoyed a premier position in the food processing sector and will continue to see growth in this area over the next twenty years. Specialty and ethnic food processing, animal slaughtering and processing (which ranks second in regional sales and expected to become the leading food manufacturing segment by 2015), and vegetable/fruit preserving (projected to grow fastest) should all be further examined.
3. **Fabricated Metal, Primary Metal and Machinery**. While the county's dominance in fabricated metals has slipped in recent years, it is still the largest employer and a heavy rail user. Local demand of primary metal and machinery is higher than Cook County's supply, signaling room for expansion of local production. Rail-based opportunities in this sector may exist, especially in specialty metal fabrication which takes advantage of the city's skilled labor pool.
4. **Chemical**. Cook County lost thirty five chemical companies in the past ten years while the collar counties gained twenty. However, two segments of this sector hold particular promise for Cook County: soap, cleaning supplies and toiletries; and pharmaceutical and medicine manufacturing. The former segment accounts for 46% of Cook County's chemical sales, while pharmaceutical and medicine manufacturing is projected to grow significantly above the US average in the next twenty years. Both sectors are heavy rail users.
5. **Transportation Equipment.** This sector experienced the largest regional growth rates between 2000 and 2008 thanks to the vehicle parts manufacturing. This specific segment is expected to grow at rates significantly above the US, driven primarily by Ford Motor Company, Pullman Inc, Caterpillar Inc, and Deere. Transportation equipment is the largest sector in freight value leaving Cook County by rail and an appealing target for rail-based industrial development.

Task 2: Examine Chicago's Industrial Corridors for their suitability for rail-served industries

Each of the City's twenty-four Industrial Corridors targeted by the Department of Community Development (DCD) was examined for continued use in an industrial capacity. These reviews included defining the suitability of a property for rail carload service, overlap of each Corridor with planned Chicago Region Environmental and Efficiency Program (CREATE) projects, and a survey of each Corridor's rail infrastructure obtained from public and rail industry sources.

[4] The collar counties are those that border Cook County. These have traditionally included DuPage, Kane, Lake, McHenry, and Will Counties in Illinois and Lake County and Porter County in Indiana.

The fifteen Corridors shown below had the most promising characteristics for rail opportunities. CDOT and DCD reviewed these Corridors and selected five (indicated with an *) to be the subject of further analysis in Task 3.

Armitage	Brighton Park	Burnside
Calumet*	Greater Southwest*	Harlem
Kennedy	Little Village	Northwest
Pulaski	Pullman	Roosevelt/Cicero
Stevenson*	Stockyards*	Western/Ogden*

Task 3: Define and analyze five specific locations most suitable for rail-based industries

Using information from the Local Industrial Retention Initiative (LIRI), ComEd Industrial Trends Report, the Illinois Department of Employment Security (IDES), and other secondary sources, twenty-one sites were identified (shown on the accompanying table) in the five targeted corridors as having particular potential to attract new industry. These sites were already either served by rail or have the potential for rail service, in that they abut or a near an active rail line to which a connection can be built at a reasonable cost. CDOT and DCD selected five priority sites (as indicated in yellow) for further examination in Task 4.

SUMMARY OF POTENTIAL OPPORTUNITY SITES				
Name	**Acres**		**Rail Service**	**Current Status**
Western/Ogden				
Ryerson	48.5		CSX possible	Improved with 1.3 million sf of office and well-maintained crane buildings
Stevenson				
Former Campbell's Soup site (2600 W 35th St)	16.9		CN	337,000 sf bldg with interior rail spur and a 320,000 warehouse
4404 W Ann Lurie Pl	12.0		NS possible	Improved with 310,777 sf, including 6,000 sf of office
2091 W 36th Pl	4.1		CN	100,000 sf bldg with space for up to 4 tenants
4400 W 45th St	8.1		NS	193,485 sf bldg with 8,000 sf of office
Stockyards				
1800 W 43rd St	10.7		NS	Improved with office and garage/trailer buildings
1950 W 43rd St	3.2		NS	Improved with office and garage
2000 W 43rd St	2.8		NS	Vacant, could be assembled with above parcels
4055 S Packers Ave	16.0		NS	Bus dispatching center
4834 S Halsted St	7.5		NS possible	Vacant

Greater Southwest					
	Gateway Park Phase II	31.1		BRC	Vacant, needs environmental remediation
	InSite Realty	10.0		BRC	Vacant
	Solo Cup site	13.5		BRC	Vacant
	Vacant CSX Yard	30.0		CSX	Former Forest Hill rail yard
Calumet					
	Former LTV Steel site	199.0		NS & IHB	Fully remediated with approximately 146,000 square feet
	Former Wisconsin Steel site	170.0		CRL & BRC	Nearing complete remediation, but many rail spurs may be gone
	126th and Avenue O	67.0		NS	Vacant, needs environmental remediation
	Chicago Enterprise Center	200.0		NS	Various bldgs for lease and vacant land avail.
	North America Stevedoring (Iroquois Landing)	100.0		BRC	Port Authority property
	Kinder Morgan	90.0		NS	Port Authority property
	Reserve Marine Terminal	180.0		NS & IHB	Port Authority property
Note: yellow denotes sites selected for further study by CREOP					

Task 4: Determine industry needs, potential incentives, and evaluate economic efficiency of incentives for five recommended locations

The final task of CREOP entailed synthesizing prior task material to identify particular industrial sectors that exhibit long-term growth and for which rail service is highly desirable. This task also identified necessary improvements or incentives to further the goal of such industry to locate in Chicago. Based on their analysis, the rail-intensive industries below showed recent growth within Cook County and warranted closer attention regarding their capacity to be developed on the five selected CREOP sites.

TARGETED RAIL-INTENSIVE MANUFACTURING INDUSTRIES

Rail-Intensive Industries	Growing in Region	Growing in Cook County ($ of revenue and value-added)
Food Product Mfg	Y*	Y*
Beverage Mfg	Y*	Y
Wood Products Mfg	Y	Y
Paper Products Mfg	Y	Y
Petroleum & Coal Products Mfg	Y	Y
Chemical Products Mfg	Y	Y
Plastics & Rubber Product Mfg	Y	Y
Non-metallic Minerals Mfg	Y	Y

Primary Metal Mfg	Y	Y
Fabricated Metals Mfg	Y	Y
Furniture Mfg	Y	Y
Utilities - Power Generation	Y	Y
Distribution	Y	Y

** Exhibited a loss in value-added between 2001:2006 but grew in revenues*
Source: U.S. Census- BEA county-level data and EDR-LEAP model

Based on the key industries identified above, the table below summarizes the recommendations developed in Task 4 to encourage rail based development in these priority sites.

TARGET SITE CHARACTERISTICS AND RECOMMENDATIONS

	Acreage	Available Buildings	Likely Use	Job Potential	Tax Potential	Shovel Ready	Key Issues	RR Issues	Best City Policies
Ryerson	48.5	9 buildings 1.3 million s.f.	Manufacturing; Warehousing; Medical; Film Studio	High if job-intensive use	Very high	Partly, depending on use	Selective demolition cost. Stimulating jobs/tax intensive uses. Detailed site plan.	Depends on reuse	Develop TIF/tax abatement scenarios
Iroquois Landing	90	NA	Multi-modal facility	40-80	Low	No. Need infrastructure improvement	Finding rail partner. Preliminary site plan.	On-site development	Work with CN. Work with Port
4055 S. Packers	14	17,000 s.f. maintenance depot	Bus terminal, fleet maintenance	30	Low	Potentially yes, but not on market	Finding suitable user for special use building	none	none recommended
Gateway Park Phase II	31.1	-	Distribution park; Manufacturing	200-500	Moderate	No	12.5 million remediation > market value. Litigation.	none	none until remediation
4400 W 45th	8	94,644 left in 193,485 s.f. building	Distribution	20-60	Low	Yes	None	Existing inactive spur	Support business retention & expansion

Recommendations

Recommendations from CREOP are organized into three general categories:

1. Industrial Site Requirements for Rail Based Economic Development. These specifications serve as a model to evaluate each of the selected CREOP sites and can be used by CDOT and DCD to evaluate suitability for industrial rail uses in other sites.

2. Site Specific Recommendations for the five selected sites that were examined in detail.

3. General Recommendations for encouraging future rail-based economic development in Chicago.

Site Characteristics for Rail-Based Industrial Development

The presence of a rail line alongside a developable property is an obvious prerequisite for rail system access. However, the physical requirements that make a site a desirable rail-served property are more complex, and simply having a line does not necessarily mean that a location can be effectively served. Key considerations are:

- Is a siding present?
- What are the existing and projected traffic volumes along the serving rail line?
- What are the expected volumes for the new industry?
- Is there adequate yard capacity to support service to a new customer?
- What is the proximity and ease of access to the interstate highway system?

Furthermore, other considerations also play a role. Commercial needs and institutional practices can greatly affect the degree to which a particular rail carrier may be willing to provide service. Institutionally, different carriers take different approaches to carload service, with some being more willing to service this market than others. Over the past twenty years there has also been a growing presence of small railroads in Chicago that have taken over local services from Class I owners. These tend to exhibit the greatest flexibility in meeting particular shipper requirements.

CREOP Site-Specific Recommendations

Site specific CREOP recommendations were summarized in Task 4. From these recommendations, the following general strategies for more effective rail-based development were identified:

Focus on Business Retention and Expansion. Many of the opportunities at the five CREOP sites involve the expansion and retention of manufacturing and transportation companies already within the city. To stimulate rail based economic development at these (and other) sites**,** business retention and expansion efforts should begin by identifying companies already in Chicago in the high rail-usage industries of food processing, transportation equipment, primary metals, and chemicals. Secondly, for the largest industrial and distribution employers, including Class I railroads, there are opportunities for DCD and CDOT to play a greater role in gathering systematic information about obstacles faced by existing Chicago companies to expand within Chicago, with DCD working in partnership with the LIRIs and other public and private stakeholders.

Greater Communication with Railroad Industrial Development Departments. One key action to support rail based economic development in Chicago, as evidenced in the Iroquois Landing, Gateway Park Phase II, and Ryerson sites, is greater interaction by DCD and CDOT with the Class I railroad industrial development departments. Having specific Chicago industrial properties listed with these rail carriers, and having them be actively marketed by them for development, increases the likelihood that certain sites will be used by rail industries.

Knowledge of Rail-Based Industries. The first task of CREOP was to identify potential industries suitable for rail based development. More knowledge of these industries by DCD and

CDOT, including their logistics requirements, site requirements, and potential relocation candidates, would be effective in stimulating rail based development in Chicago.

Closer Cooperation and Interaction with Major Commercial Brokers. Commercial real estate brokers are a critical link to facilitating industrial development. While DCD and CDOT already have ongoing dialogue with many of these brokers, the exchange of rail-related information (i.e., rail carrier contacts, rail siding construction, potential rail based tenants, etc.) and rail-based site needs between these groups will increase the likelihood of capitalizing on the opportunity offered by the site.

Long-Term Recommendations for Rail Based Economic Development

Three overall goals, based on CREOP analysis, guided the formulation of long-term rail-based industrial development recommendations:

1. Institutionalize the importance of freight, particularly rail access, in the City's industrial economic development efforts.

2. Develop ongoing relationships among key stakeholders in rail based development, particularly among Class I and local switching carriers, which form the basis of future partnerships.

3. Demonstrate and communicate the value of rail access as a unique generator of wealth and employment in the city that distinguishes Chicago from other urban areas.

Unified Rail-Oriented Industrial Development Strategy. Given the diversity of public agencies and private companies involved in this process within the City, it is critical that a well articulated rail based development strategy be developed and communicated by DCD and CDOT that clearly articulates the value of rail-based development and highlights its benefits to the region. CREOP focused on the effort involved in establishing rail access to a particular property; an equal level of analysis needs to be devoted to estimating and communicating the public benefits that are derived from such development. Such a unified strategy and articulation of rail based benefits is especially critical in the face of competing residential and commercial uses for specific sites where the value is more easily understood.

Expanded Industrial Site Analysis for Rail Access. While CREOP focused on five sites, the process used to identify these sites can serve as a model for the City to use in assessing the role of rail access in all 24 of its Industrial Corridors. It is recommended that the CREOP process be expanded to the 24 Industrial Corridors as soon as possible given the growing pressure of competing uses for rail-served industrial locations within the city and the potential loss of additional rail infrastructure. This expansion supports the development of a comprehensive rail based strategy discussed above and helps CDOT and DCD leverage its most important rail infrastructure to achieve long term viability of vacant sites.

Rail Freight Economic Development Summit. One effective way to initiate relationships with key stakeholders and to raise the profile of the unique opportunities that are presented through

rail-oriented industrial development is the sponsorship of a "summit" conference which discusses issues, opportunities, barriers, and benefits of rail based development in Chicago. This unique summit could be organized jointly by CDOT and DCD and include a cross section of public and private stakeholders involved in freight based industrial development in the city (rail operations/marketing/development officials, commercial/industrial brokers, public agencies, IC's, LIRI's, and rail based industry representatives). Several LIRI's interviewed during CREOP suggested such a summit (particularly on how to work more closely with rail carriers) and both CSX and NS indicated a willingness to participate.

Establishment of a "Freight Rail Development" Working Group. It is recommended that the dialogue among key rail based stakeholders created by CREOP be continued through the establishment of a "Rail Freight Development Working Group" which would meet periodically to discuss rail based development issues in the city. This working group would begin to institutionalize cross agency communication and public/private coordination that is fundamental to the success of rail and freight based economic development. The lack of specialized rail knowledge among non-rail stakeholders often hinders progress regarding rail based development. Such a working group would start to overcome this lack of understanding among key stakeholders pivotal for its success.

CREOP Site Prioritization. An important element in encouraging rail based economic development in the region is the achievement of a "success story" regarding rail based site development which can be communicated and understood. It is recommended that one of the five CREOP sites be selected by DCD and CDOT with the intention to create a successful case study that can be used as a model for future rail based development. Both agencies should then focus their efforts on this site and work to achieve a successful outcome.

Task 1. Analysis of Carload Rail-Based Industries and Their Long-Term Trends

Introduction

Since the 19th century, Chicago and the surrounding region have functioned as the primary hub of the North American rail network. All of the largest North American Class I railroad networks directly access the region, and, in recent years, more than one out of every four railroad shipments have impacted the region by either traversing, starting or ending here. With the addition of well-developed highway and air facilities during the 20th century, Chicago became the freight hub of the Midwest, a position that has now been strengthened through its development as a key international gateway.

This historic position has created both opportunities and constraints. The large volumes of traffic that are handled through the region necessitate high levels of service for all major modes including railroads, uniquely positioning Chicago as an attractive location for firms that heavily depend on the availability of high-quality freight service to locations throughout North America. As a result, the availability of both rail carload and intermodal service has been second to none. At the same time, the growing volumes of rail traffic have resulted in capacity constraints and deterioration in service quality in recent years, which the railroads are addressing through selected internal initiatives as well as the massive joint public/private sector Chicago Region Environmental and Transportation Efficiency (CREATE) program. The goals for CREATE are to reduce transit times and improve reliability for rail traffic in the Chicago region, mitigate some of the collateral effects that the growing traffic has had on the region, and allow Chicago to maintain its preeminent role in the North American rail network. These concurrent initiatives require that the City formulate proactive corridor management plans that can simultaneously improve industrial development opportunities, and maintain the efficient flow of passengers and goods on a limited rail infrastructure.

The Freight Rail Futures 2003 study developed a framework for decision-makers to assess ways that changes in the regional rail system would affect employment, land use, Gross Regional Product (GRP) and other economic factors over a period of twenty years. The core of the study was a multi-sector, regional economic analysis that showed how economic activity in the city, the inner suburbs, and the metropolitan area would be affected by various possible rail activity scenarios. One of the four alternative scenarios examined in the Freight Rail Futures study was conceptually similar to CREATE, with targeted investments in Chicago's rail infrastructure to alleviate bottlenecks and improve rail system performance. Furthermore, some modest facility consolidation in the City would permit re-use of certain parcels of land for re-development, with its concomitant economic and employment benefits. The consultants found that Chicago could experience a net gain in employment of over 19,000 jobs and an increase in GRP of over $2.7 billion (2002 dollars) over a period of twenty years in comparison to a "do nothing" base case.

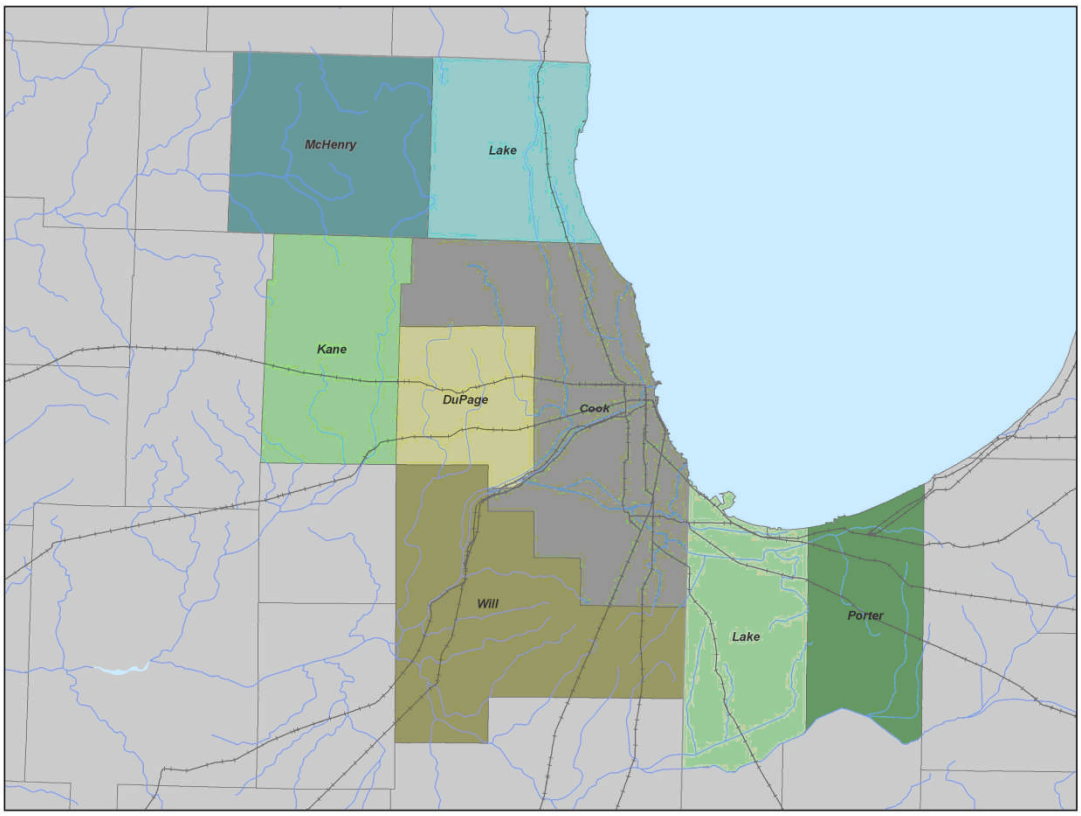
This plan seeks to identify target industries and functions that could take advantage of Chicago's unique location in the nation's rail network, and promote the reuse of former industrial sites along that infrastructure. The effort is not, however, solely focused on land redevelopment: the target industries and their rail freight use should be viable in the long term in order to justify the effort necessary to attract them.

The first section of Task 1 focuses on the warehousing and storage activity and the second section examines key industrial sectors in Cook County. Several indicators were used to identify

the potential of economic growth that each of these manufacturing sectors represents to Cook County. These include 1) real sales amount and composition; 2) past and projected real sales growth compared to US and Illinois; 3) inbound and outbound rail freight sales values; 4) local supply versus local demand; and, 5) local competition from collar counties. An overview of the manufacturing industry is followed by a more detailed analysis of the primary manufacturing sectors in Cook County.

After reviewing Cook County's manufacturing industry, a similar review is performed on the Cook County's "collar counties", i.e. neighboring counties to Cook County that are the main competitors in attracting new business. Following a review of the collar counties, a brief review of secondary manufacturing sectors is presented.

Railroads in the Chicago Area

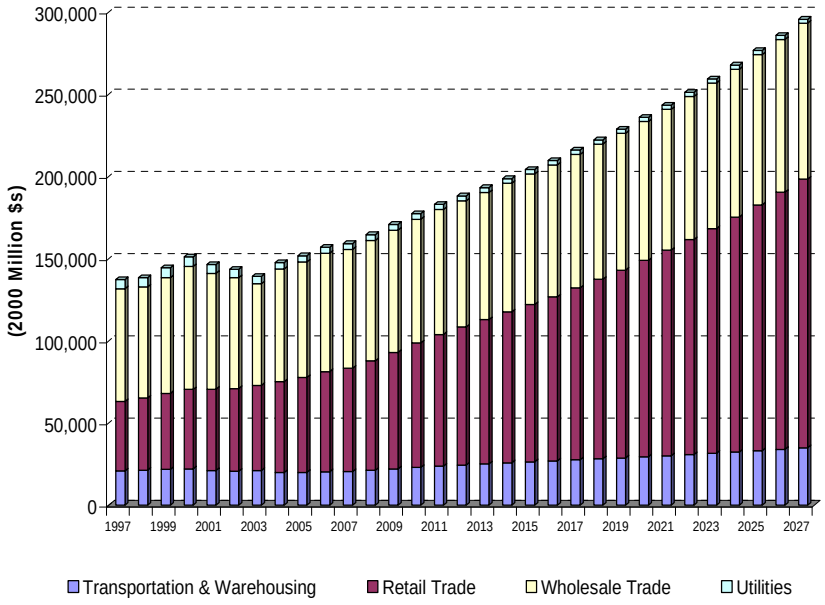


Warehousing Activity

Transportation has always been a strong sector in the American economy. It is, by nature, global, and has increasingly begun to rely on new technologies such as Radio Frequency Identification Devices (RFID) and lean logistics delivery systems. Transportation sub-sectors include air transportation, rail transportation, marine cargo handling, and support activities for transportation such as logistics services and warehousing.

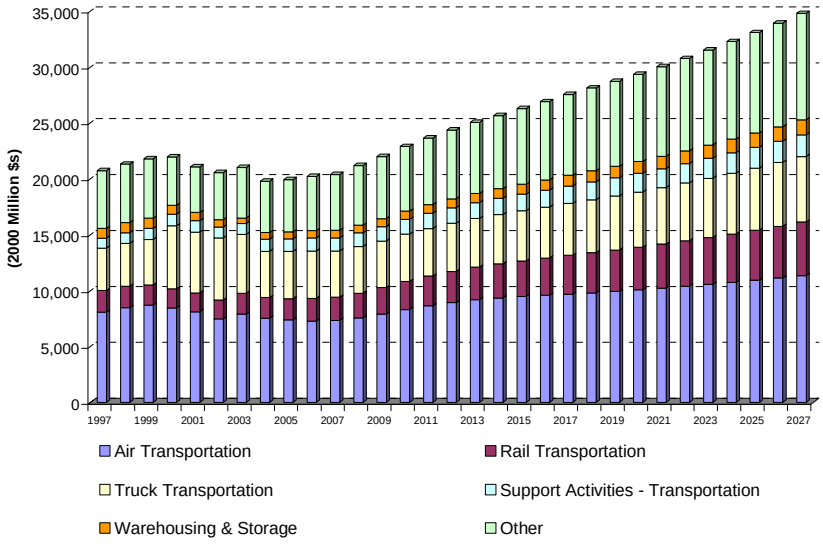
Trade, transportation, and utilities are the largest industries in Cook County, comprising 32% of sales, 19% of employment, and 21% of all establishments. As the Figure below shows, retail trade and wholesale trade are the largest segments in these industries followed by utilities and transportation and warehousing. Even though transportation and warehousing can be considered small compared to retail and wholesale trade sales, this sector will increase real sales in 2007 by $155 million of 2000 dollars, totaling over $20 billion of 2000 dollars in sales. A more detailed view of the transportation and warehousing sector reveals that air transportation and truck transportation are the largest segments in sales. However, railroad transportation and warehousing and storage are the fastest growing activities. In 20 years, warehousing and storage real sales are projected to more than double, growing at a compound annual growth rate (CAGR) of 3.64%. Meanwhile, rail transportation is expected to grow by 130% in the same period at CAGR of 4.25%.

Cook County Trade, Transportation and Utilities Real Sales by Sector



Source: IHS Global Insight (USA) Inc., 2007

Cook County Transportation and Warehousing Real Sales by Segment



Source: IHS Global Insight (USA) Inc., 2007

With the intersection of national and regional transportation networks in the City of Chicago, and the region's established role as a vital hub between the East and West Coasts, it is easy to see why there is a great deal of warehousing activity in Cook County. Cook County is the center of warehousing activity in Illinois, making up 33% of all warehousing and storage establishments in the state, with 230 warehouses and storage facilities. This activity is also expanding quickly. Warehousing and storage is expected to grow to over 370 firms by 2027 and to gain over 2000 jobs in the next 20 years. Furthermore, warehousing and storage real sales in Cook County grew by 33% from 2003 to 2007, faster than in Illinois (29%) and faster than that of the United States as a whole (16%). The compound annual growth rate (CAGR) for this sector in Cook County is forecasted at 3.64% over the next 20 years, compared to 3.81% for the collar counties and 3.22% for the United States.

There are several important warehousing and logistics companies located in Cook County. An important logistics and warehousing hub is the Hodgkins UPS facility, the largest package sorting center in the world. This center, located about 18 miles from the shore of Lake Michigan, contains 1.5 million square feet dedicated to processing intermodal freight, usually consisting of consumer products like food, televisions, and appliances. This center moves over $920 billion worth of packages per year. Intermodal sites such as the Hodgkins facility are part of the CREATE plan to reduce railroad congestion by utilizing more intermodal methodology and getting rail cargo onto trucks for local transportation. Other substantial warehouse firms include Ozburn-Hessey Logistics (with a 1,100,000-square foot warehouse), and The Grand Warehouse Corporation (with its corporate headquarters and three facilities, each with over 100,000 square feet of capacity, in Cook County).

Cook County Warehousing and Storage Real Sales Growth Rate

Source: IHS Global Insight (USA) Inc., 2007

Manufacturing Industry[5]

United States Overview

Manufacturing has traditionally been the industry that drives American growth, from the Industrial Revolution and the expansion of railroads, to the factories of the early 20th century. Today, it has a sectoral GDP of $1.5 trillion, more than that of the GDPs of both Canada and Spain. This sector has an extremely broad scope and includes, by definition, any product transformed from one substance into another.

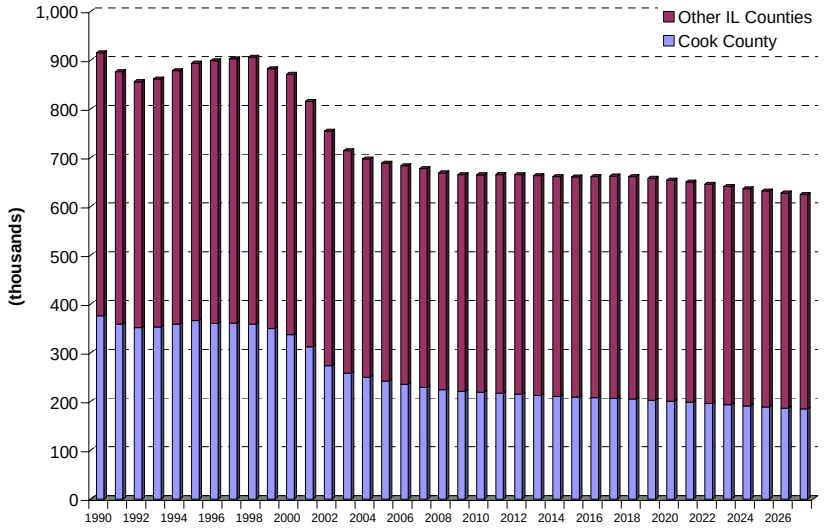
Within the manufacturing sector, employment has been shrinking, from 17 million in 2000, to 14 million in 2006 nationally, while the rate of employment attrition has been steady at 4.2% since 2003. Currently, manufacturing accounts for 14% of the US GDP, a small share compared to the services sector, which makes up 70% of the economy. US Census figures show that the segment is capital-heavy, meaning that the dollar-value of equipment input is greater than the dollar-value of worker input. Employment in this sector may have fallen, but productivity has grown by 4% with the advent of new technologies, particularly increases in computing power and automated manufacturing processes.

[5] U.S. Census Bureau: NAICS Definitions for Manufacturing, http://www.census.gov/epcd/ec97/def/31-33.HTM, Last modified 23 January 2001

Manufacturing Industry in Cook County

The manufacturing industry contraction in Cook County closely mirrors the situation across the nation. Employment in the manufacturing sector has been falling since the early 1990s and is projected to fall in the next 20 years at more moderate rates. However, the decline in employment in the manufacturing industry is not limited to Cook County alone: employment in the manufacturing industry has also been falling in the State of Illinois, and is projected to continue the slide over the long term.

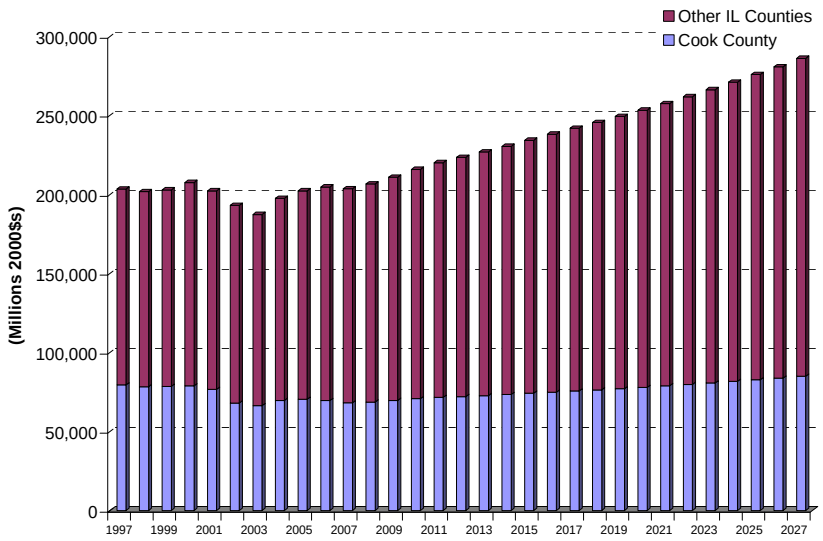
Manufacturing Employment in Cook County Compared to Other Illinois Counties



Source: IHS Global Insight (USA) Inc., 2007

Despite the marked decline of employment in the manufacturing industry, real sales are expected to increase long-term. However, short-term manufacturing real sales (measured in 2000 dollars) in Cook County dropped $728 million in 2007 compared to 2006 and another $1.4 billion between 2006 and 2007.

Manufacturing Sales



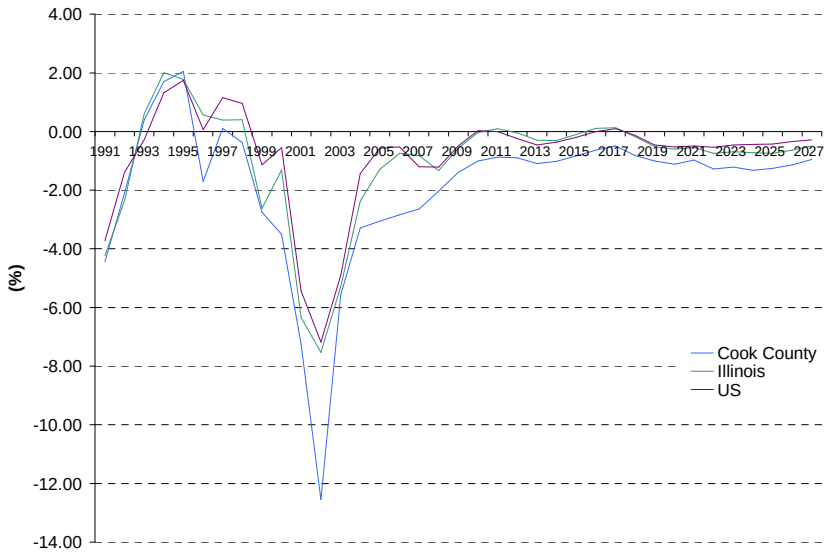
Source: IHS Global Insight (USA) Inc., 2007

Even though shrinkage in the manufacturing industry is a general trend that observed globally, the rate at which manufacturing employment and real sales is decreasing is more accentuated in Cook County than in Illinois and the U.S. Real sales in the U.S. increased almost 1% in 2007 compared to 2006, while real sales in Cook County decreased by 2%.

The relative importance of the manufacturing industry in the economy is also decreasing, as the share of manufacturing sales in aggregate industry sales is decreasing. While manufacturing accounted for 18.9% of total industries sales in Cook County in 1997, it is expected to represent 10.9% of overall sales by 2027. At the state level, the manufacturing share will fall from 22.7% to 15.1% in the same period, and at the national level the manufacturing share will fall from 21.9% to 15.1%.

Despite the strong evidence, the outflow of jobs from the manufacturing industry and the loss in sales share can be misleading evidence about the key role that the manufacturing industry still represents to the local economy. The manufacturing industry is the second largest sector in terms of sales in Cook County, behind only Trade, Transportation and Utilities. It is worth highlighting that the decline in manufacturing employment is, to a large extent, due to increases in productivity in the manufacturing sector and a global upward trend favoring the service sector.

Manufacturing Employment Growth Rate

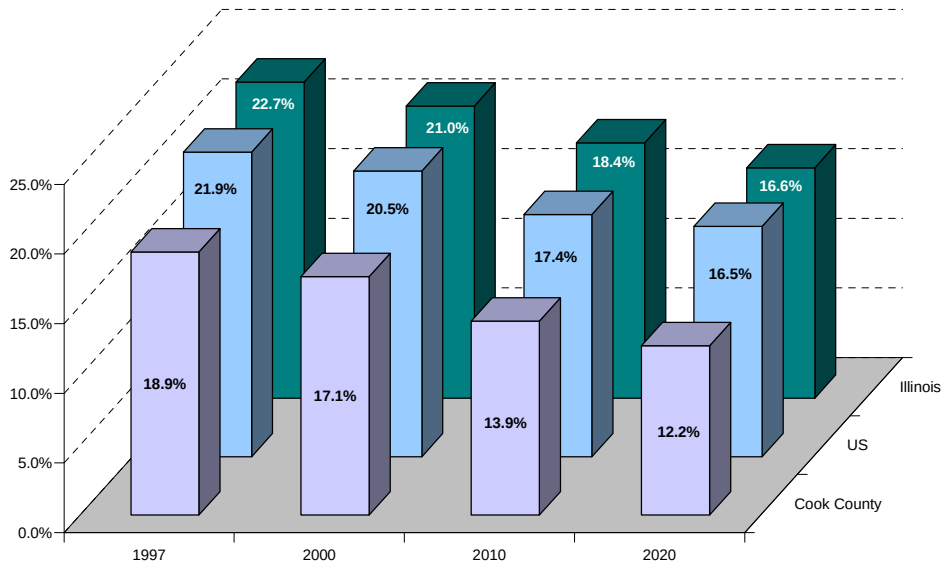


Source: IHS Global Insight (USA) Inc., 2007

Manufacturing Sales Growth Rate

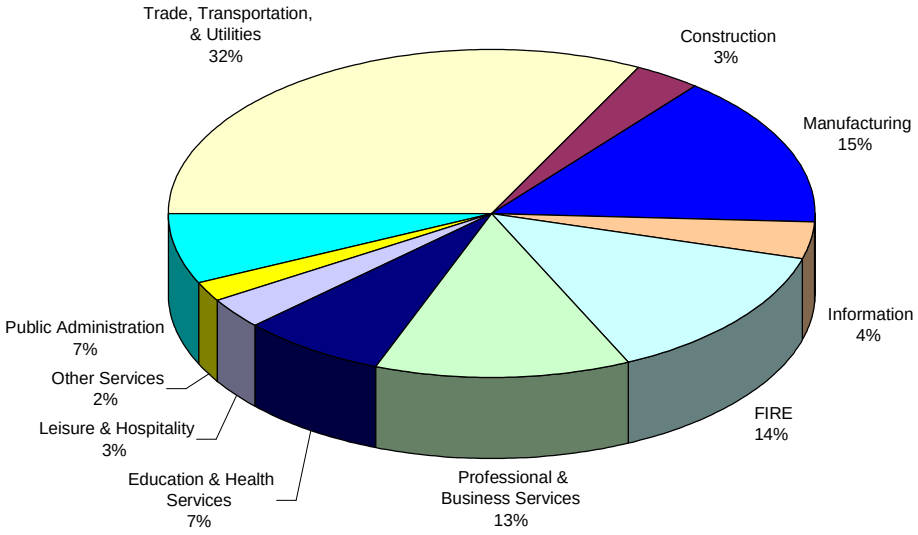
Source: IHS Global Insight (USA) Inc., 2007

Manufacturing Sales as a Percent of Aggregated Industry Sales



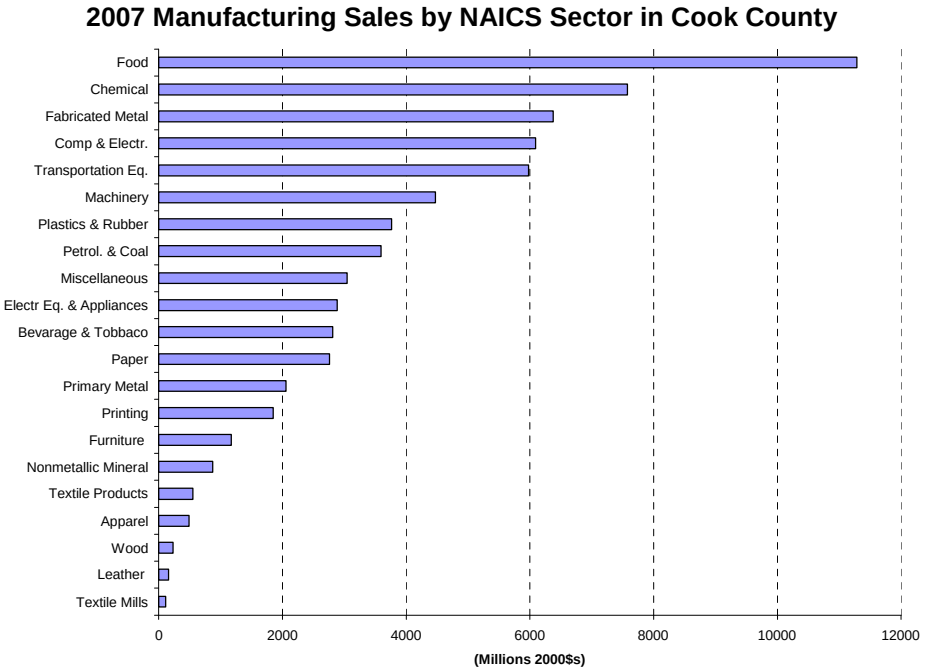
Source: IHS Global Insight (USA) Inc., 2007

2007 Sales Distribution by Industry in Cook County

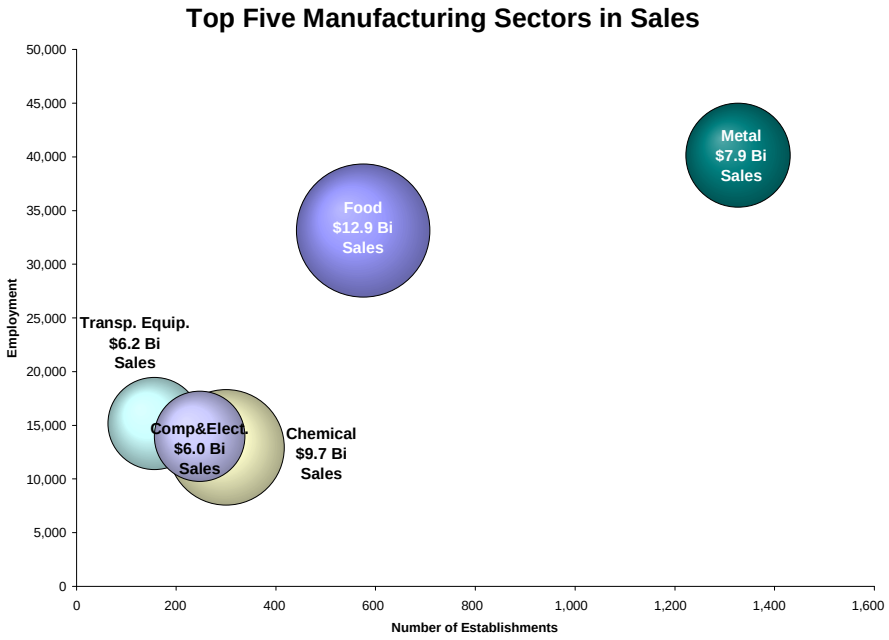


Source: IHS Global Insight (USA) Inc., 2007

Within the manufacturing industry of Cook County, food manufacturing, chemical manufacturing, fabricated metal products manufacturing, transportation equipment manufacturing, and computer and electronic products manufacturing are the five largest manufacturing sectors in Cook County as measured in sales (in 2000 dollars).



Source: IHS Global Insight (USA) Inc., 2007



Source: IHS Global Insight (USA) Inc., 2007

The figure above depicts all top five manufacturing sectors in terms of employment (y-axis), number of establishments (x-axis) and sales (bubble size). Food is ranked first in sales with 33% more sales than the second-place chemical sector. Meanwhile, metal products is notably the most labor intensive sector with employment over 40 thousand and number of establishments of 1,327, while the average of the five sectors is 23 thousands and 521, respectively. Finally, chemicals have the highest productivity, presenting a ratio of sales per worker that is 76% higher than computer and electronics, the second most productive sector.

Primary Manufacturing Sectors

Food, metal, chemical, computer and electronic and transportation equipment together represent 63% of Cook County manufacturing sales, 50% of employment and 42% of number of establishments. Each one of them will be analyzed in the next sections into more details, as the main industrial sectors in Cook County.

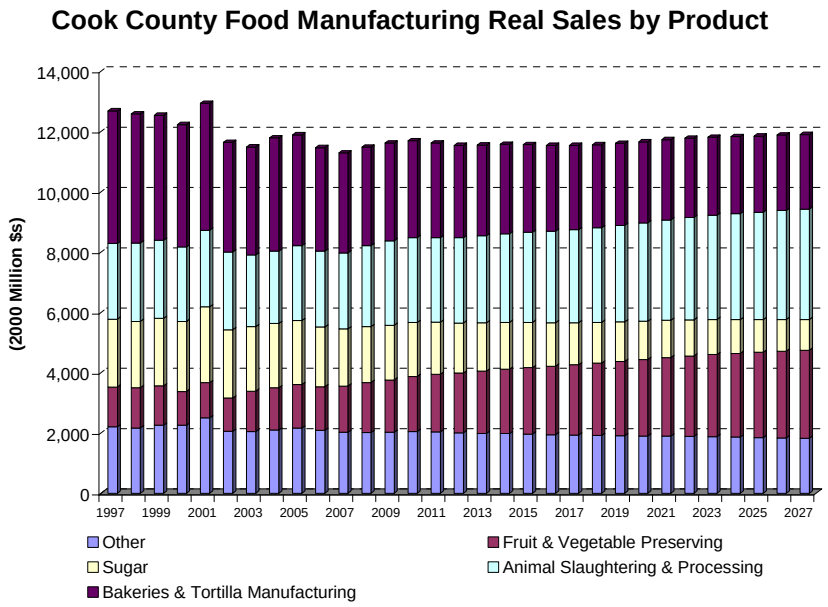
Food Manufacturing

As industry began to replace agriculture in the United States, food manufacturing became one of the most prominent industries in the country. Chicago's food manufacturing industry has been booming since the 1800s when Chicago became an established center for shipping commodities between the East and West Coasts. It first became famous for its meat processing district, also known as *The Stockyards*, or the Union Stock Yard and Transit Co. The city has been at the center of the American meat packing industry for decades.

The Stockyards was one of the most notable cases of business success driven by the advancement of the railroad network. Located on a swampland south of Chicago, the "Yards" benefited tremendously from the consortium of 9 railroad companies that acquired a 320-acre swampland area in southwest Chicago in 1864. The remarkable expansion of the meat packing industry fostered the development of several diverse byproducts manufacturing industries such as leather, soap, fertilizer, glue, imitation ivory, gelatin, shoe polish, buttons, perfume and violin strings.

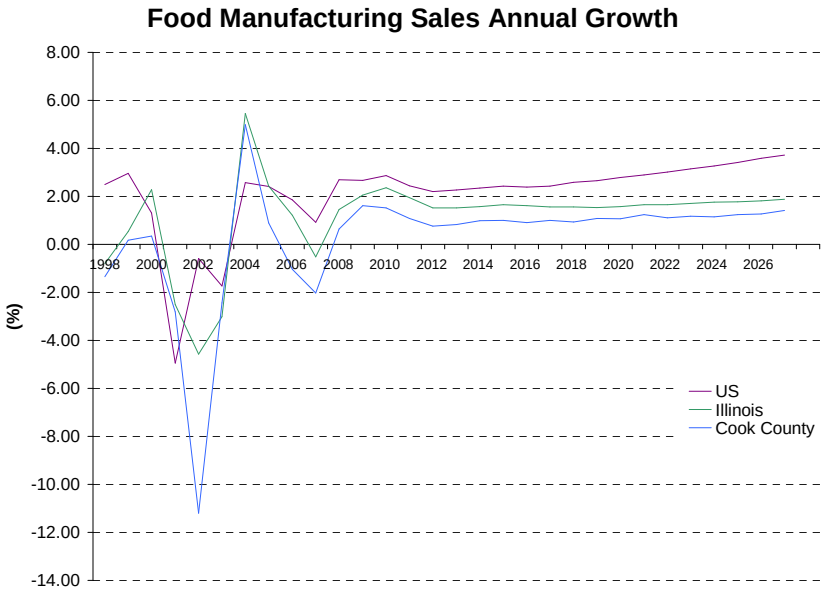
Food processing remains the most important manufacturing sector in Cook County with real sales reaching $2.3 billion (2000 dollars) in 2007. 36% of these sales were from bakery and tortilla establishments, 27% from animal slaughtering and processing, 20% from sugar manufacturing and 16% from fruit and vegetable preserving. As the figure below shows, IHS Global Insight expects animal slaughtering and processing to rank first in food processing products sales by 2015, surpassing bakery and tortilla establishments. Cracker Jack, Wrigley, Nabisco, Sara Lee and Quaker Oats are the main food companies in Cook County and have the largest revenues among all food processing operations, according to Fortune[6].

[6] Federal Reserve Bank of Chicago: "Chicago companies…a changing town?" Fortune rankings of the Chicago Region's top companies, June 26,2006, http://midwest.chicagofedblogs.org/archives/2006/06/chicago_compani_1.html



Source: IHS Global Insight (USA) Inc., 2007

Despite the expected drop in real sales in 2007 compared to 2006, the food manufacturing sector's downward trend in real sales growth rate is expected to reverse, transitioning to a steady 1% average annual growth rate from 2008 to 2027. However, Cook County food manufacturing is expected to lag behind US and Illinois growth rates for the same time period.



Source: IHS Global Insight (USA) Inc., 2007

In 2005, outbound rail shipment summed $44.9 million (2000 dollars) and surpassed inbound rail shipment by $10.4 million (2000 dollars). Overall, outbound shipment from Cook County to other US locations, including all type of modes, amounted $616.8 million (2000 dollars) and surpassed inbound shipment by $34.7 million (2000 dollars). These numbers reveal that food manufacturing is a net supplier of goods to the rest of the country and places food manufacturing in fifth place among all manufacturing sectors in Cook County in outbound rail shipment value.

Cook County's supply is larger than the local demand, which makes food manufacturing an export sector. Moreover, food manufacturing is one of the top rail users in Cook County. This situation creates good opportunities to companies within the food manufacturing sector to grow by taking advantage of Cook County's rail system. Animal slaughtering and processing and fruit and vegetable preserving deserve special attention. From 2007 to 2017, fruit and vegetable preserving real sales are expected to grow at a compound annual growth rate of 4.3%, while Illinois is expected to grow at 2.9% and US 0.8%. Meanwhile, animal slaughtering and processing should grow at 2.0% in Cook County and Illinois, against 0.7% in the US.

Chemical Manufacturing

In 2006, the US chemical manufacturing sector consisted of 1,200 companies that recorded combined revenue of over $120 billion. 50% of the largest companies hold almost 70% of the market, and some sub-segments are even more concentrated. The industry is highly automated and capital-intensive. The industry's need to maintain close manufacturing tolerances on a wide range of niche products has brought about demand for modern flexible manufacturing facilities.

The chemical manufacturing industry began in the early 20th century and came to Chicago as conglomerates like DuPont expanded their nation-wide operations. It is the second largest sector in real sales in Cook County and number one in productivity, measured as the ratio of sales to employment. Increased productivity, over the last ten years, has improved the share of this sector, which represented 8.9% of Cook County sales in 1997 and 11.2% in 2007. Twenty years hence, chemical sector sales are expected to account for 13.5% of Cook County manufacturing output. Though chemical sector real sales are expected to grow at a rate above the Cook County manufacturing industry average, growth rates in Cook County are projected to lag behind US and Illinois for the next 20 years. The largest company in the chemical sector in Cook County in revenues is Alberto-Culver Co[7]. Other companies include the Sanford Chemical Company and U.S. Adhesives.

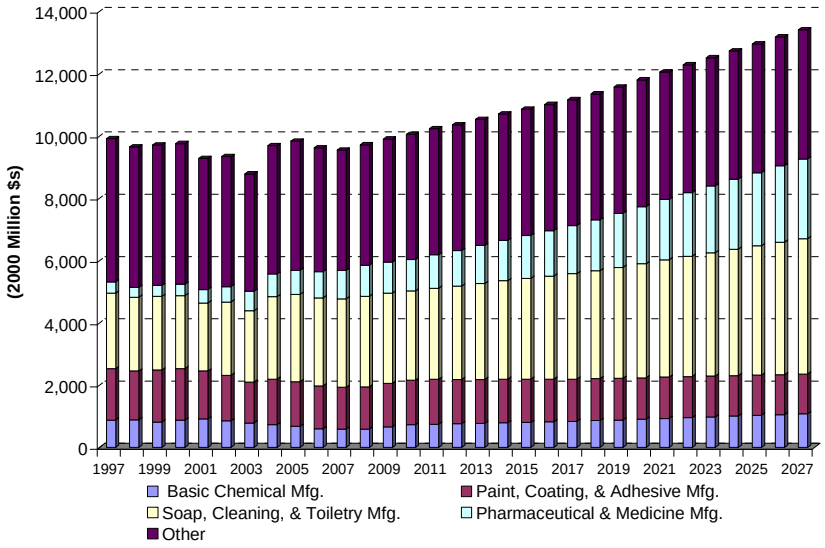
Today soap, cleaning supply and toiletries lead Cook County chemical sector, accounting for 46% of real sales. Though pharmaceutical and medicine manufacturing products accounts for a relatively small share of chemical manufacturing sales today, this is the segment that presented the largest growth rates in the last decade and is likely to grow the most in the next 20 years. From 1997 to 2007, pharmaceutical and medicine real sales grew at the remarkable 9.8% compound annual growth rate, more than double that of Illinois (3.9%) and US (3.6%). In 20 years, the pharmaceutical and medicine share in chemical sales will be increased from 12% to

[7] 2005 Illinois Basted Industry Week US 500, Industry Week Leadership in Manufacturing, http://ildceo.net/NR/rdonlyres/CA702D14-2D58-4762-A240-BDB2044485A4/0/Manufacturing2006.pdf

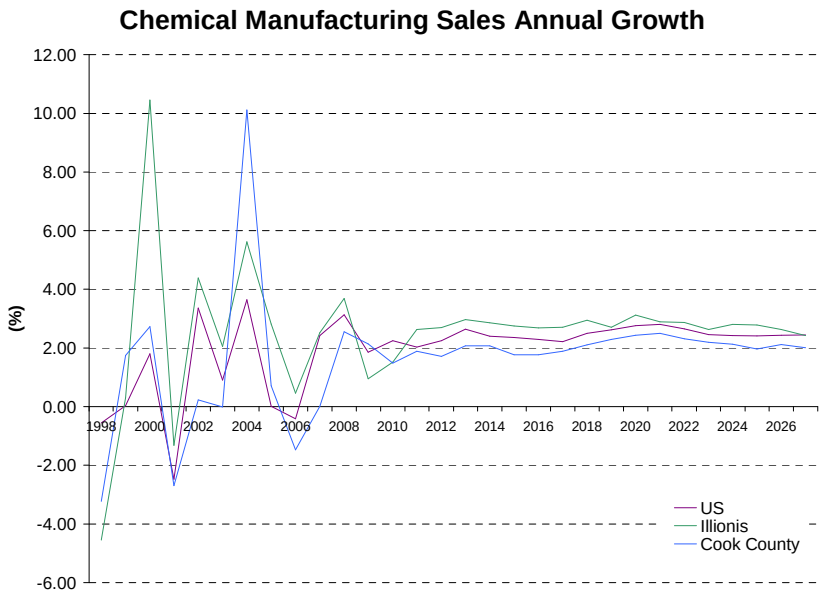
22%, as real sales grow in Cook County at 5.3% CAGR, against 3.3% in Illinois and 2.6% in the US.

In 2005, chemical manufacturing outbound shipment by rail totaled $95 million (2000 dollars), behind only transportation equipment. However, inbound shipment by rail exceeded outbound by $373 million (2000 dollars), resulting in a total rail shipment (inbound plus outbound) of $564 million (2000 dollars), the largest amount among all Cook County's manufacturing sectors. Given the net inflow of chemical goods entering the Cook County, local demand is significantly higher than supply. In 2005, chemical manufacturing production summed up to $7.7 billion (2000 dollars), while demand was $8.1 billion (2000 dollars).

Cook County Chemical Manufacturing Real Sales by Product



Source: IHS Global Insight (USA) Inc., 2007



Source: IHS Global Insight (USA) Inc., 2007

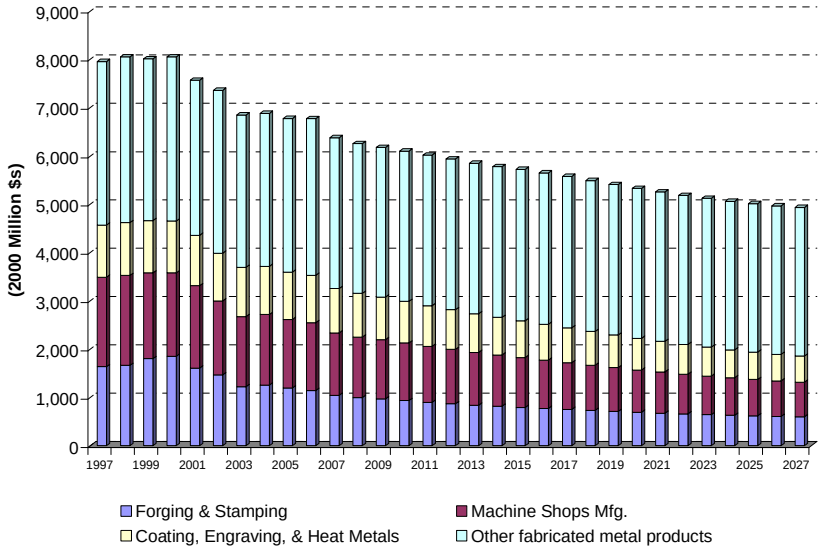
The chemical manufacturing sector presents opportunities to grow in Cook County, since there is a visible gap between supply and local demand. In addition, the sector benefits from large economies to scale and is the one with highest productivity, meaning that it could bring long-term economic growth to Cook County. Finally, the sector is the one that uses the rail system the most. Despite the fact that the chemical sector as a whole is likely to grow less than the US and Illinois rates in the next 20 years, the pharmaceutical and medicine manufacturing together with soap, cleaning supplies and toiletry offer good potential of creating new businesses to the City of Chicago as these segments expand vividly in the near future and in the long run.

Fabricated Metal Manufacturing

The fabricated metal sector consisted of 50,000 companies nationwide in 2006 and can be described as bottom-heavy: the largest 50 companies hold only 20% of the market. Most companies in this sector, because of material and manufacturing complexity, make a limited range of products and are geared towards specific (business-to-business) industrial markets. Computer, appliance, machinery, and automobile companies are frequent purchasers of fabricated metal products such as steel sheet, slabs and shapes, wrought iron, springs and wire. Some firms however, also produce finished products for end-consumers, such as metal utility containers, cans and cutlery. The industry generates $200 billion of annual revenue nationwide and Illinois is ranked third in value added by state by this industry, with $10 billion in manufacturing based on 2004 GDP. Value added contributions from the industry are expected to remain steady for the next several years[8].

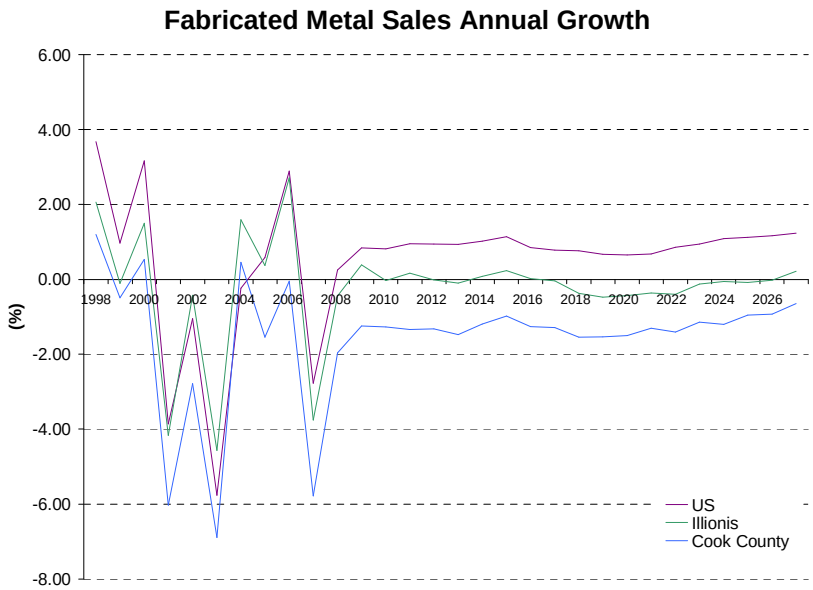
[8] IGI Forecast; 3Q2007

Cook County Fabricated Metal Real Sales by Product



Source: IHS Global Insight (USA) Inc., 2007

Fabricated metal production today is the third largest manufacturing sector in Cook County in (2000 dollars) sales. Its share of output is projected to drop from 9.4% in 2007 to 5.8% in 2027. While the US fabricated metal sector real sales growth rate is expected to average 1% in the next 20 years, annual growth rates in Cook County are likely to be more than 1% negative for the next 20 years. Despite the sharp decrease in real sales shares, fabricated metal will remain a key sector in Cook County manufacturing industry, since it is projected to be ranked sixth in real sales by 2027. More importantly, it is expected to continue to be the largest employer in the Cook County manufacturing sector 20 years from now, with more than 30,000 employees, which will account for approximately 17% of all Cook County manufacturing employment. Fabricated metal employment in 2007 is projected at 40,000, representing 17.5% of overall manufacturing employment in Cook County. According to Fortune, the largest fabricated metal companies in revenue in Cook County are USX, Mittal Steel and Illinois Tool Works.



Source: IHS Global Insight (USA) Inc., 2007

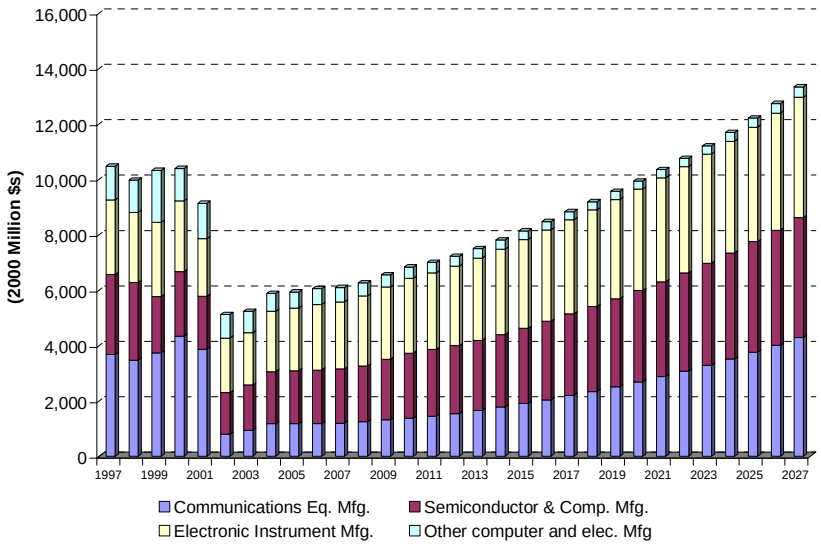
The fabricated metal sector is a net supplier of goods to the rest of the country, since Cook County's production is larger than the local demand. In 2005, the net outflow of fabricated metal products leaving Cook County, including all types of modes, summed $234 million (2000 dollars). However, fabricated metal does not exploit the rail system intensively**.** In 2005, among all manufacturing sectors in Cook County, fabricated metal was ranked 12th in rail outbound shipment value, with only $8 million (2000 dollars) worth goods shipped to other US locations by rail. Given the forthcoming expected losses in real sales, business opportunities in the fabricated metal sector seem to be minimal in the long term unless new companies from other sectors that require a relatively large amount of fabricated metal products migrate to the area.

Computer and Electronic Products Manufacturing

Computer and electronic products manufacturing is a relatively new industry in the national economy, with skyrocketing growth following the development of the PC and telecommunications accessories like cell phones, digital handsets, and modems. Historic sales have been brisk. However, as the IT "bubble" burst in 2000 and 2001, the telecommunications equipment sector, strongly tied to technology, followed. In 2002, its worst performing year, profits plunged as IT spending was put on hold and projects involving telecommunications expansion were scrapped. That year saw the delay in production of 3G, an update of the technology used in cell phones, making consumers reluctant to update equipment. That year also marked the 9th straight quarter that Lucent, a prominent telephony equipment manufacturer, lost billions in profit and thousands of employees. Other prominent companies, such as France's Alcatel, later involved with a merger with Lucent, also posted losses throughout the year. WorldCom, a large United States telecommunications equipment firm, went through an accounting scandal that hid $4 billion the same year and declared bankruptcy, creating a huge impact throughout the sector.

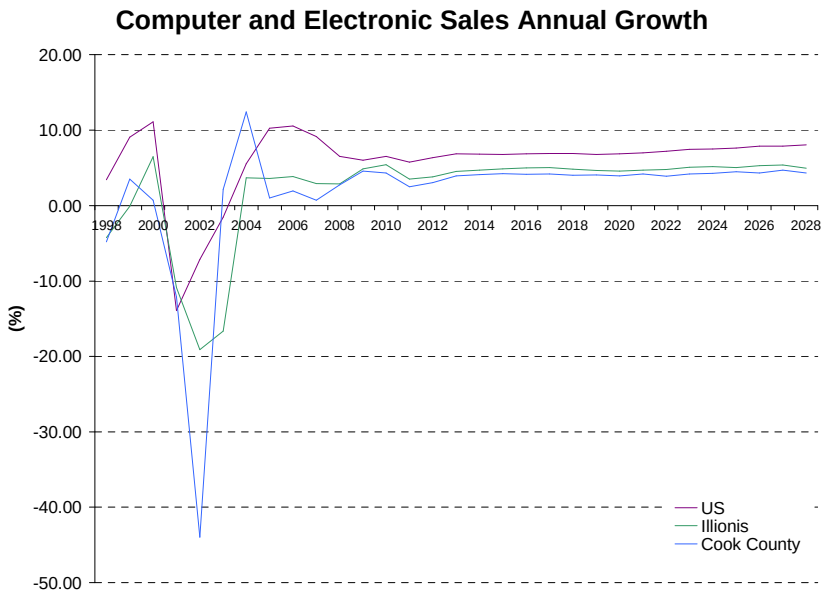
The situation began to improve in 2003, and in 2006, the sector reported 1,500 companies with annual revenues of $75 billion. At a national level, the industry is highly concentrated, with 85% of the market held by the top 50 companies. Computer and electronic products manufacturing is also a highly capital-intensive operation, with revenue per employee averaging $500,000 annually. Although weak during the recession and the dot-com bubble burst, the industry is projected to remain strong as future demands come for new technologies, such as nanotechnology. Illinois was 11th in the nation in 2004 in value added from this sector, with a total of $6.3 billion.

Cook County Computer and Electronic Real Sales by Product



Source: IHS Global Insight (USA) Inc., 2007

In Cook County, the computer and electronic products manufacturing sector also suffered dramatic losses due to the IT bubble burst. Communications equipment was the most affected segment in the sector, losing more than $3 billion (2000 dollars) in 2002, which accounted at the time for almost 80% of communications equipment sales in Cook County. However, recovery in the computer and electronic products sector is visible. From 2002 to 2007, real sales grew at annual rate of 3.6%, and are projected to experience the largest long term growth rate among the top five Cook County manufacturing sectors, at 3.8% from 2007 to 2027. Motorola, the largest employer in Cook County, together with U.S. Cellular Corp, are the largest computer and electronic companies in Cook County, according to Fortune.



Source: IHS Global Insight (USA) Inc., 2007

Among all top five sectors, computer and electronics stands far behind the others in terms of rail usage. In 2005, inbound plus outbound rail cargo amounted to $4.8 million (2000 dollars), ranking 18th in rail freight value and, despite the fact that computer and electronic products is a net supplier of goods to the rest of the country, only 0.4% of the goods leaving Cook County were shipped by rail. Because computer and electronic goods are small in size, the sector offers little growth opportunity as a potential rail user, even though it is the sector with the fastest long-term growth.

Transportation Equipment

The total annual revenue for the sector in the US was $34 billion in 2006, and the industry has over 200 companies. The industry is highly concentrated in that the top 20 firms hold 97% of the entire industry. Products such as buses, trucks, and boats are produced on assembly lines, with component parts from other sources arriving on a just-on-time basis. Railroad products consist of locomotives (making up 30% of railroad equipment revenue), freight, passenger, and light-rail cars, railroad parts and accessories, as well as rail maintenance equipment.

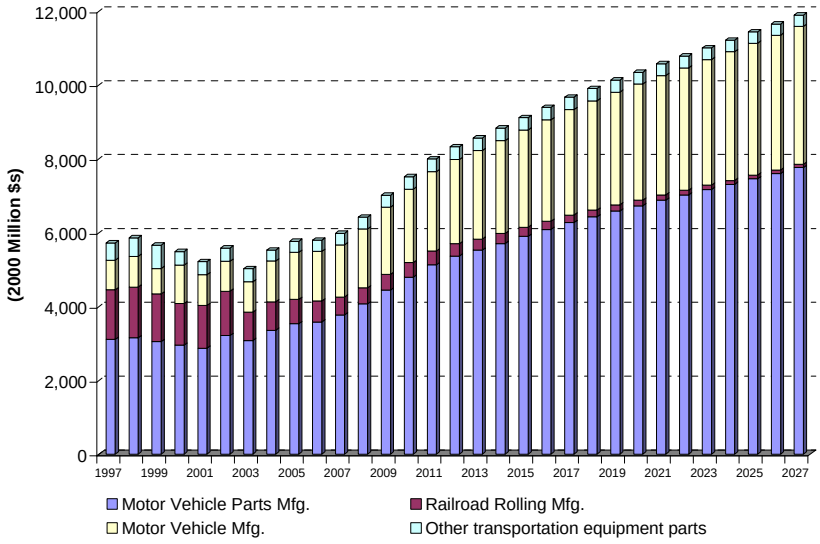
The transportation equipment sector in Cook County is tied to its historic position as a transit center. Real sales in Cook County are projected to increase in 2007 by over $183 million (2000 dollars), closing the year with the largest annual growth rate among the top five manufacturing sectors. In fact, transportation equipment is expected to grow more in the next 10 years than any other of the top five manufacturing sector in the region, and to produce an average annual growth rate higher than the US overall. While transportation equipment real sales in Cook County are projected to grow annually at 4.78% on average from 2007 to 2017, transportation equipment real sales are expected to grow at 1.99% on average in the US for the same time period. In particular, motor vehicle manufacturing real sales are anticipated to grow at an annual rate of 5.25% in the next decade. As a result, the motor vehicle parts manufacturing sector's real sales are forecast to grow at a remarkable annual rate of 7.15% over the same time period. According

to Fortune, Ford Motor Company, Pullman Inc, Caterpillar Inc, Deere and Co head the list of top transportation equipment companies in revenues in Cook County.

Transportation equipment outbound shipment by rail in 2005 reached $129.2 million (2000 dollars), becoming the largest sector among the top five in cargo value departing Cook County by rail. Inbound shipment by rail totaled $16.6 million (2000 dollars), so that overall rail cargo amounted $145.9 million (2000 dollars), behind only chemical rail cargo. Despite the fact that outbound rail cargo was higher than inbound rail cargo, Cook County can be considered a net consumer of transportation equipment goods. By taking into consideration all modes, incoming shipment exceeded departing shipment by $888 million (2000 dollars) in 2005, resulting in a local demand worth $6.6 billion (2000 dollars) against a local supply of $5.7 billion (2000 dollars).

Transportation equipment manufacturing is therefore one of the sectors in Cook County that presents the best opportunities of growth for several reasons. First, it is the sector that grew the most in the past 10 years and is expected to be the one that will grow faster in the upcoming 10 years. Second, local demand for transportation equipment is higher than Cook County's supply. Finally, this is the only sector in Cook County that is projected to grow significantly above US and Illinois rates.

Cook County Transportation Equipment Real Sales by Product



Source: IHS Global Insight (USA) Inc., 2007

Cook County Transportation Equipment Annual Growth

Source: IHS Global Insight USA, Inc., 2007

Collar County Competition

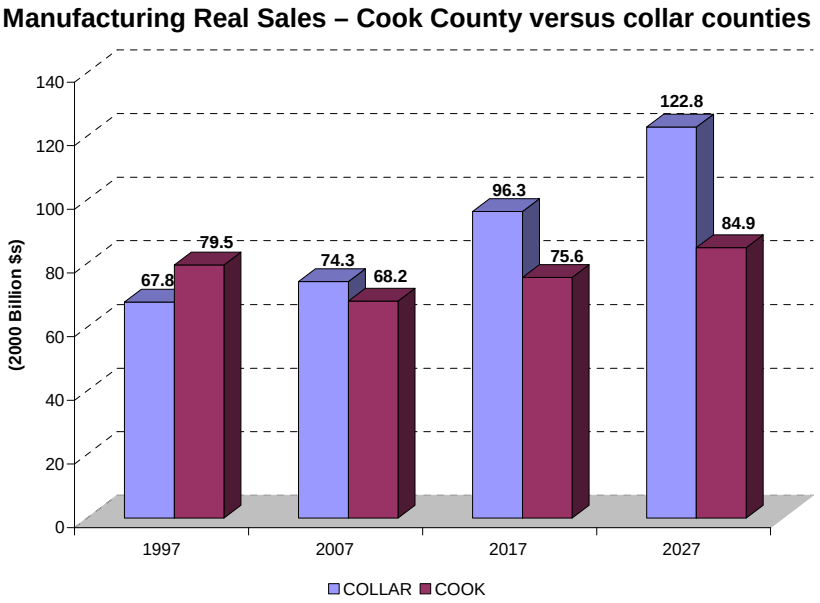
Chicago's collar counties can be defined as the ones that are contiguous to Cook County and therefore stand as regional competitors to Cook County as alternative locations near the hub to produce manufacturing goods. There are seven of these counties: DuPage, IL, Kane, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN and Porter, IN.

Aggregate manufacturing sales in the collar counties represent a larger share of overall sales than that of Cook County. While manufacturing sales' share is 14.6% of overall sales in Cook County, it represents 21.9% of overall sales in the collar counties. Moreover, the manufacturing industry accounts for 13% of employment in the collar counties, totaling over 200,000 jobs in 2007.

Manufacturing sales in Cook County are more than three times that of Lake, IL, the largest county in manufacturing sales among the collar counties. However, aggregate manufacturing sales in all seven collar counties have been growing significantly faster than manufacturing sales in Cook County. From 1997 to 2007, manufacturing real sales grew at 0.92% compound annual growth rate in the collar counties against -1.52% in Cook County. As a result, aggregate manufacturing sales in the collar counties, which represented 85% of Cook County's manufacturing sales in 1997, are expected to exceed Cook County's manufacturing sales by 9% in 2007, by 27% in 2017 and by 45% in 2027.

Ten years ago, Cook County manufacturing's sales were larger than that of aggregate collar counties in all top five manufacturing sectors, except for chemicals. Today, the collar counties lead also computer and electronics' sales and in 10 years are likely to reach Cook County fabricated metals' sales too. However, Cook County's leadership in the food manufacturing sector and in the transportation equipment sector is very pronounced and it doesn't seem that its position will be affected in the next 20 years. According to IHS Global Insight's projections, real

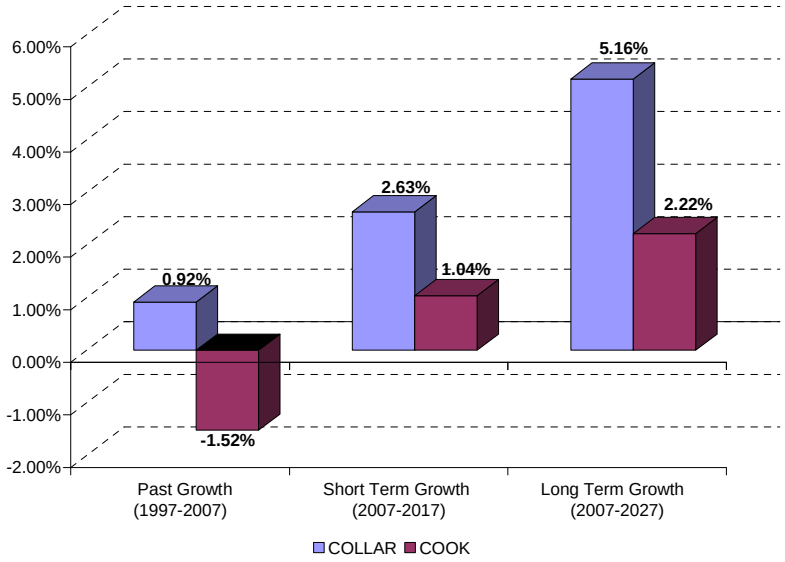
sales in Cook County will be more than twice that of the sum of the collar counties in both sectors in 2027.



Source: IHS Global Insight (USA) Inc., 2007

Food manufacturing is the largest sector in Cook County in real sales and is the one that presents the largest competitive advantage relatively to the collar counties. In 1997, sales in Cook County were almost 4 times larger than aggregate sales in the collar counties and in 2027 are projected to be more than double. Therefore, the collar counties don't represent a real threat to Cook County's position as first place in the food manufacturing sector, despite the collar counties' projected annual growth rates are larger than that of the Cook County. While the projected real sales' compound annual growth rate for the next twenty years is 0.3% in Cook County, it is 1.6% in the collar counties.

Manufacturing Real Sales Compound Annual Growth Rates



Source: IHS Global Insight (USA) Inc., 2007

Cook County used to present a competitive advantage in the fabricated metal sector as well, when compared to the collar counties. Ten years ago, sales in Cook County were almost twice that of aggregate sales in the collar counties. However, fabricated metal real sales declined by 2.2% annually during the past decade in Cook County and remained practically unchanged in the collar counties, declining by modest 0.1% annually. Given that real sales downward trend is expected to continue for the next 20 years in Cook County and to be reversed in the collar counties, by 2027 aggregate sales in the collar counties are likely to be about the same that of Cook County. From 2007 to 2027, real sales are projected to decline at 1.3% compound annual growth rate in Cook County and to increase at 0.3% in the collar counties.

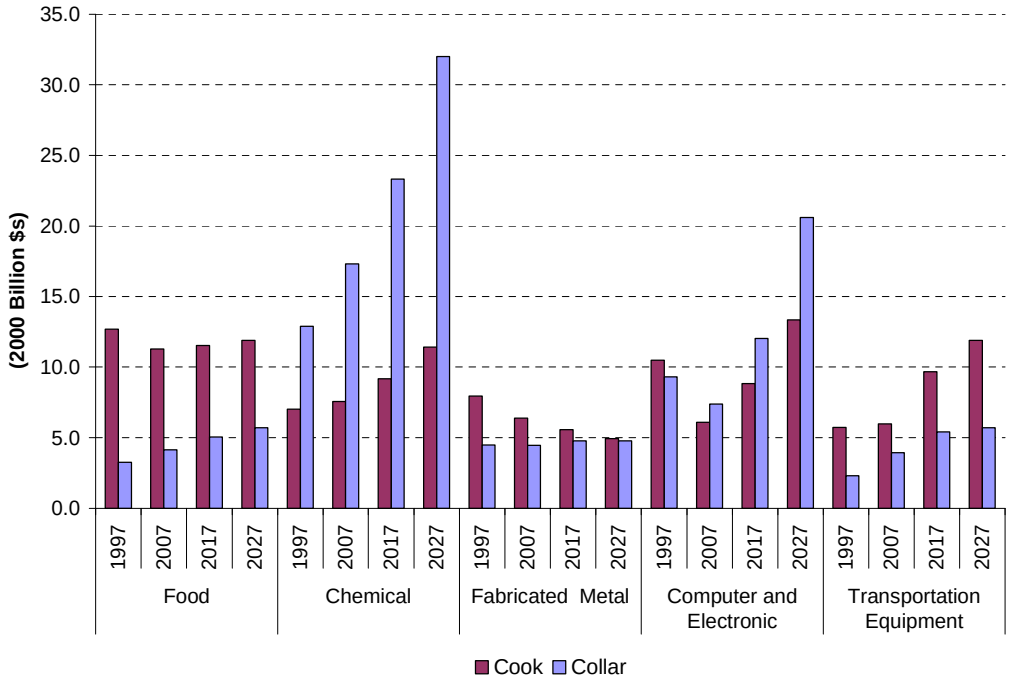
Computer and electronic sector suffered dramatic losses both in Cook County and the collar counties due to the dot-com bubble in the past decade. However, Cook County was more severely affected by the crisis. From 1997 to 2007, real sales decreased annually by 5.3% in Cook County and decreased by 2.3% in the collar counties. The net effect is that the collar counties aggregate sales are today 21% higher than Cook County's sales, even though Cook County's sales were 10% higher than that of the collar counties 10 years ago. The projected annual growth rate for the next twenty years is very high in Cook County and in the collar counties, but since growth rates are projected to higher in the collar counties, real sales in collar counties are expected to be 54% larger than Cook County's sales by 2027. From 2007 to 2027, real sales are projected to grow annually at 4.0% in Cook County and at 5.3% in the collar counties.

Like the food manufacturing sector, transportation equipment is a sector that Cook County presents a competitive advantage compared to the collar counties. Not only sales are significantly larger in Cook County than in the collar counties, but also projected growth rates are higher. Today collar County's sales are 1.5 times larger than the aggregate collar counties' sales and are

expected to be more than double twenty years from now. From 2007 to 2027, annual growth rates are projected to be 3.5% in Cook County against 1.9% in the collar counties.

Notwithstanding the chemical manufacturing sector is the only one that the collar counties have been the leader for at least the past ten years thanks to Lake, IL. Note that in 1997, sales in Lake, IL, were 11% higher than that of Cook County. In 2007, they are projected to be 59% higher and in another 10 years more than double. Pharmaceutical and medicine manufacturing is largely responsible for such gap between Lake and Cook County, accounting today for 95% of the chemical sector's sales in Lake and only 12% of the chemical sector's sales in Cook County. In fact, pharmaceutical and medicine manufacturing is very small in Cook County compared to Lake, IL. Today pharmaceutical and medicine manufacturing's sales in Cook County represents 7.5% of Lake's sales and in 20 years are projected to represent 11% of Lake's sales. The projected annual growth rates for the next 20 years in Cook County and in the collar counties are impressing: 6.47% in the collar counties and 10.93% in Cook County.

Manufacturing Real Sales in TOP 5 Manufacturing Sectors



Source: IHS Global Insight (USA) Inc., 2007

Secondary Manufacturing Sectors in Cook County

IHS Global Insight has identified five manufacturing sectors that should be considered primary growth drivers and potential places for expansion. However, there are also secondary sectors that are significant enough to warrant analysis. Machinery and primary metal deserve special attention, since these two sectors stand among the top five sectors in freight value shipped by rail from Cook County to other US locations. In 2005, machinery rail outbound shipment totaled $86 million (2000 dollars), behind only transportation equipment and chemicals. Primary metal was in fourth place with $61 million (2000 dollars).

Despite dispatching a relatively large amount of freight by rail to other US locations, machinery and primary metal are not net suppliers of goods to the rest of the country. In fact, the net inflow of goods coming to Cook County, considering all types of modes, summed up to $555 million (2000 dollars) of machinery products and $428 million (2000 dollars) worth of primary metal products. Hence, $4.8 billion (2000 dollars) worth of machinery products plus $2.9 billion (2000 dollars) worth of primary metal products were consumed locally, while Cook County's production totaled $4.2 billion and $2.5 billion of machinery and primary metal goods, respectively.

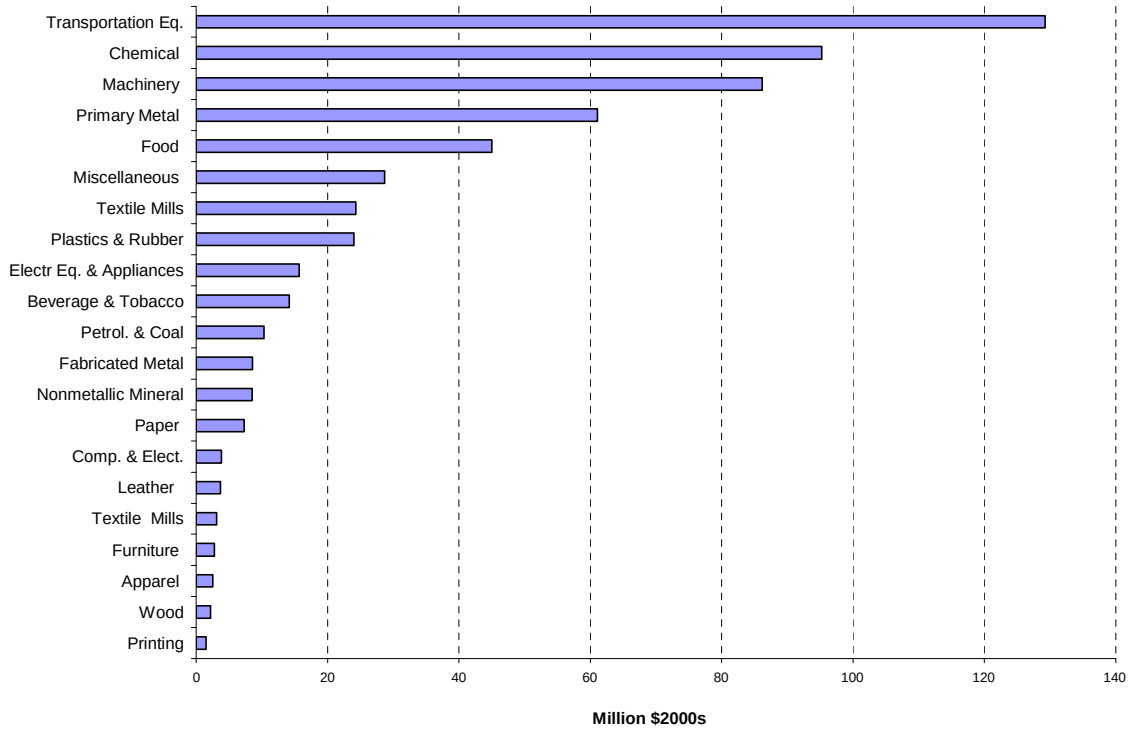
Primary metal and machinery demands come mainly from other manufacturing sectors. Among the top five manufacturing sectors in sales, transportation equipment is the one that uses machinery products most intensively in the production process. According to the Commodity by Commodity Total Requirements table produced by the Bureau of Economic Analysis (BEA), 10.7 cents of machinery products are necessary to produce 1 extra dollar of transportation equipment products.

Even though the marginal value needed of machinery to produce one extra dollar is not significantly large for the other industries, primary metal products are very important in the production of not only transportation equipment, but also of fabricated metal and computer and electronic. For every extra dollar produced of transportation equipment goods, 32 cents of primary metal products is needed in the process. Fabricated metal needs 28 cents of primary metal products to produce one extra dollar worth of goods, while computer and electronics needs 4.9 cents.

Machinery real sales in Cook County are projected to increase at 0.4% compound annual growth rate from 2007 to 2027, moving from 6th place in real sales to 7th position in the Cook County manufacturing industry. Real sales dropped at 1.6% annual rate from 1997 to 2007 in Cook County, while it increased at 0.8% and 0.6% in Illinois and US, respectively. The machinery sector performance was also inferior to local competition. Collar counties' real sales increased at an annual rate of 1.5% from 1997 to 2007 and are projected to increase at 2.63% from 2007 to 2027, significantly above Cook County, Illinois and the US.

Today metalworking machinery is the leader segment in sales in Cook County's machinery sector, followed by commercial and service industrial machinery and industrial machinery manufacturing. However, turbine and power transmission equipment is the one that is projected to grow the most and move from actual 4th place to 2nd by 2027. Cook County's production is 4 times larger than that of the aggregate collar counties and real sales grew in the last four years by more than 25%, while turbine and power transmission equipment real sales grew by 16% in the US, 17% in Illinois and 17.2% in the collar counties in the same time period.

Freight Value Shipped by Rail from Cook County by Sector



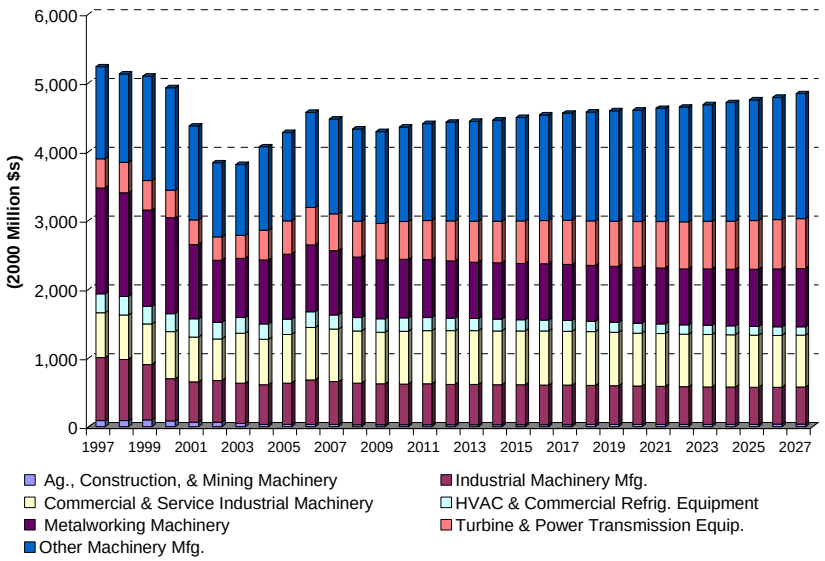
Source: IHS Global Insight USA, Inc., 2007

Primary metal is a sector that has been following a downward trend in the last decade that can be observed not only in Cook County, but in the rest of Illinois and the rest of the US as well. From 1997 to 2007, real sales dropped at compound annual growth rate of 5.3% in Cook County, 2.3% in the US and 2.3% in Illinois; meanwhile, real sales are projected to grow at 0.6% in Cook County, 1.6% in the US and 1.4% in Illinois in the upcoming 10 years. The projected 2007 primary metal production in the collar Counties is more than twice that of the Cook County due, to a large extent, to the production of iron and steel mills that account for more than 75% of the collar counties' primary metal production.

Among all primary metal products, iron and steel is the only segment that is projected to have positive growth in real sales. Ten years ago, iron and steel accounted for 20% of Cook County primary metal sales; today, it represents 30% of sales and is expected to maintain its share at that level for the next 20 years.

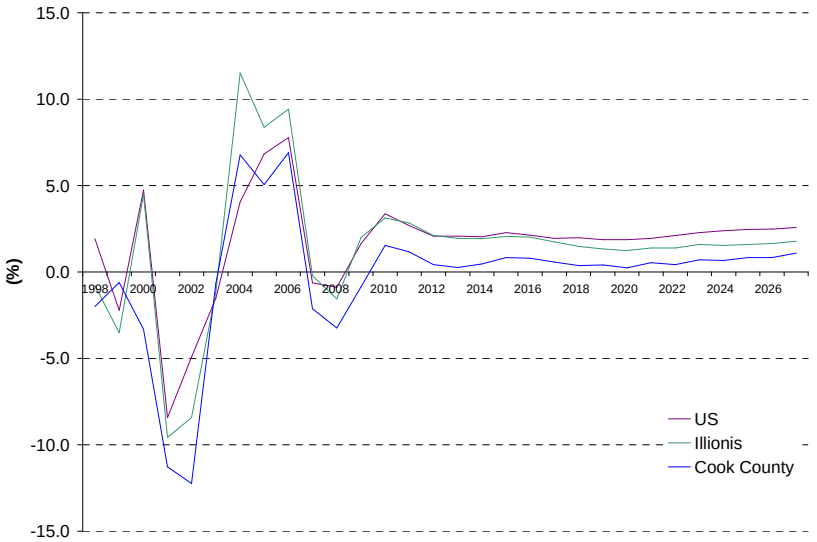
Primary metal and machinery are two sectors that have secondary roles in Cook County manufacturing industry, supporting the production of key sectors. This is particularly true for the case of transportation equipment, which is the sector with highest projected growth rates and that need to make use of relatively large amount of goods that belong to both of these sectors to produce. Moreover, local demand is higher than Cook County supply, signalizing that there is room for the expansion of local production. Also very important is the fact that primary metal and machinery are two of the top five sectors in rail usage. Primary metal and machinery outbound freight value by rail are behind only transportation equipment and chemicals.

Cook County Machinery Real Sales by Product

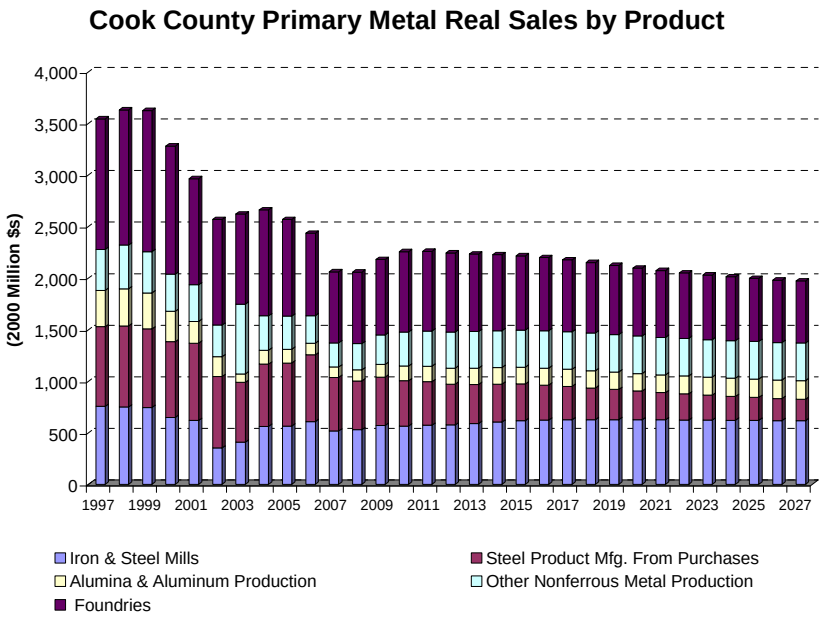


Source: IHS Global Insight (USA) Inc., 2007

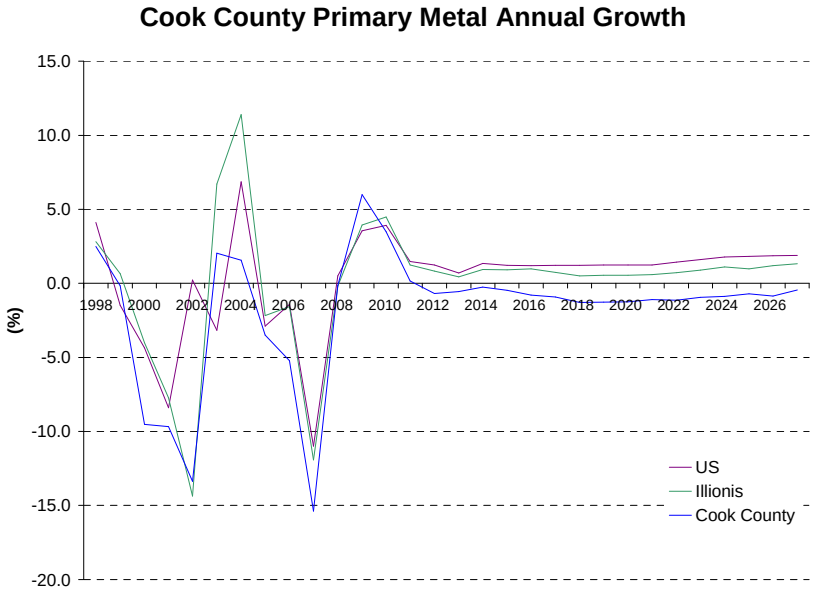
Cook County Machinery Annual Growth



Source: IHS Global Insight (USA) Inc., 2007



Source: IHS Global Insight (USA) Inc., 2007



Source: IHS Global Insight (USA) Inc., 2007

Conclusion

The City of Chicago is an international freight hub and can therefore exploit this privileged location to promote long lasting and profitable business opportunities, particularly those that will benefit most from the vast railroad network that connects the city to the rest of the country.

Warehousing arises as one of the economic activities with higher potential of long term growth, given the strategic geographical characteristics. This fact leaves an open question of what goods

should be coming to and departing from Chicago in the near future and in the long term: more specifically, which ones of them could be produced locally and use the rail network to be subsequently shipped all over the US?

Indeed fully one-third of the total number of warehousing and storage establishments in Illinois is concentrated in Cook County, with 230 facilities. Warehousing and storage real sales in Cook County are expected to grow above the U.S. rate and more than double in 20 years.

Meanwhile, food manufacturing, chemical manufacturing, fabricated metal, transportation equipment and computer and electronic products appear as the main candidates of sectors that could bring the best long term growth opportunities given the key role they play in the Cook County's economy: food is the largest in sales; chemical is the number one in productivity; fabricated metal is the largest employer; transportation and equipment presents the fastest projected short term growth rate; and, computer and electronics, the fastest long term growth rate.

Cook County's food manufacturing base is a net supplier of goods to the rest of the country and one of the top five rail users in the region. The sector offers good business opportunities for the long run, with animal slaughtering and processing and fruit and vegetable preserving deserving special attention. From 2007 to 2017, fruit and vegetable preserving real sales are expected to grow at a compound annual growth rate of 4.3%, while Illinois is expected to grow at 2.9% and US 0.8%. Meanwhile, animal slaughtering and processing should grow at 2.0% in Cook County and Illinois, against 0.7% in the US and 2.0% in Illinois. Therefore, even though the projected real sales growth rates in Cook County are below that of US and Illinois for food manufacturing as a whole, there are two segments within the sector that show better conditions of growth in Cook County compared to other US locations. Local competition does not appear to represent a constraint to growth, as Cook County real sales in the food manufacturing sector are expected to be larger than the sum of all collar counties combined for the next 20 years.

Chemical manufacturing local demand is significantly higher than Cook County's supply, while this is the sector with largest per-capita productivity due to its inherent economies of scale. In addition, the sector is the one that uses the rail system the most in outbound plus inbound rail freight value. Despite the fact that the chemical sector as a whole is likely to grow below the US and Illinois rates in the next 20 years, pharmaceutical and medicine manufacturing together with soap, cleaning supplies and toiletry offer good potential of creating new businesses to the City of Chicago.

Soap, cleaning supplies and toiletries leads Cook County's current chemical sector, accounting for 46% of real sales. The segment is expected to grow at similar rates to the US and Illinois with compound annual growth rates of 2.1% for the next 20 years. Meanwhile, pharmaceutical and medicine real sales grew at the remarkable 9.8% compound annual growth rate in the last decade, more than double that of Illinois (3.9%) and US (3.6%). In 20 years, the pharmaceutical and medicine share in Cook County's chemical sector's sales is projected to increase from 12% to 22%, as real sales grow in Cook County at 5.3% CAGR, against 3.3% in Illinois and 2.6% in the US.

Lake County, Illinois, one of the collar counties, appears as the main competitor to Cook County's chemical manufacturing sector. In 1997, chemical manufacturing's sales in Lake, IL, were 11% higher than that of Cook County. In 2007, they are projected to be 59% higher and in ten years more than double. Pharmaceutical and medicine manufacturing is largely responsible for such gap between Lake and Cook County, accounting for 95% of chemical sector's real sales in Lake and only 12% of chemical sector's real sales in Cook County.

Cook County's fabricated metal industry is a net supplier of goods to the rest of the country, but it does not exploit the rail system intensively in terms of value traded. In 2005, among all manufacturing sectors in Cook County, fabricated metal was ranked 12th in rail outbound shipment value, with only $8 million (2000 dollars) worth of goods shipped to other US locations by rail. It is worth highlighting that the forthcoming expected losses in Cook County's overall fabricated metal real sales will negatively affect all fabricated metal segments, except boiler, tank and container manufacturing, which is the only one projected to grow at positive rates. It is true that fabricated metal's shrinkage is not a local phenomenon, but during the last decade the reduction was more accentuated in Cook County than in the rest of the country and, in the next 20 years, Cook County is projected to decrease at 1.28% CAGR, while the US is expected to grow at 0.88%. Local competition may help explain Cook County's weak performance. In 1997, fabricated metal real sales in Cook County were almost twice that of collar counties; in 2007, it is projected to be 20% higher; in 10 years, 10% lower; and, in 20 years, 30% lower. Therefore, the future of the fabricated metal sector depends on the migration of new companies to the area that need a relatively large amount of fabricated metal in the production, as is the case of computer and electronics and transportation equipment.

Among all top five sectors, computer and electronics stands far behind the others in terms of rail usage. In 2005, inbound plus outbound rail cargo amounted $4.8 million (2000 dollars), placing computer and electronics 15th in rail shipment value. Therefore, despite the fact that local demand is significantly higher than local supply and that computer and electronic is the fastest long term growing sector, it offers little growth opportunity as a potential rail user. The main reason is that, in general, computer and electronic goods are small in size, and it is more cost effective to go by truck.

Transportation equipment is the sector that presents the best opportunities for growth in Cook County for several reasons. First, it is the sector with highest growth rate in the last 10 years and is expected to be the one that will grow fastest in the upcoming 10 years. Second, local demand for transportation equipment is significantly higher than supply. Third, it is the largest sector in rail outbound shipment value. Finally, Cook County is a well established center of transportation equipment, not having to face any threatening competition from neighboring locations in the collar counties. According to IHS Global Insight projections, transportation equipment real sales in Cook County will be 46.6% higher than that of aggregate collar counties in 2007, 68.7% higher in 2017 and 88.2% higher in 2027. The most promising segments are motor vehicle parts manufacturing with 7.15% of projected CAGR for the next 20 years, followed by motor vehicles manufacturing with 5.25% CAGR for the same time period.

Transportation equipment expected outstanding performance represents a good opportunity for other sectors to grow as well; in particular, for primary metal and machinery. These are two

sectors that have secondary roles in Cook County manufacturing industry, supporting the production of key sectors that need to make use of relatively large amounts of goods that belong to both of these sectors. Moreover, local demand of primary metal and machinery are higher than Cook County supply, signaling that there is room for the expansion of local production. Also very important is the fact that primary metal and machinery are two of the top five sectors in rail usage. Primary metal and machinery outbound freight value by rail are behind only transportation equipment and chemicals.

Task 2. Examine Chicago's Industrial Corridors for Suitability of Rail-Served Industries

Introduction

Among large North American cities, Chicago is unique in the amount and diversity of property that is accessible for carload rail service. While this access once was common in most cities, it has substantially diminished, if not disappeared entirely, in many. However, in Chicago, historical development patterns, the extensive active rail network, along with the city's geography have provided a unique legacy that offers a potential opportunity for significant new rail-oriented industrial activity. In order to determine which sites are suitable for carload rail-oriented development, the nature of their present and future rail access must be understood. This chapter provides an overview of the requirements for on-site carload service, and a rail-oriented perspective of the twenty-four industrial areas that Chicago's Department of Community Development has targeted for continued use in an industrial capacity.

Provided is a description of the properties, the condition and uses of the existing rail infrastructure and their location vis-à-vis the highway network. Beyond the continually evolving use of Chicago's rail network that is arising from increasing freight and passenger traffic, the Chicago Region Environmental and Efficiency Program (CREATE) will also have a substantial impact on some elements of the network, and therefore their suitability for serving lineside industries. These are discussed below.

CREATE Effects

The Chicago Region Environmental and Efficiency Program (CREATE) is intended to secure Chicago's continued dominance as the North American rail hub by bringing critically needed capacity improvements to the Chicago-area rail network. Most CREATE improvements will occur in five corridors which are largely located in the western and southern sections of the city and Cook County. The impact that CREATE may have on the suitability of carload-oriented industrial development on these sites will be highly variable, and at this time is difficult to identify. Indeed, many of the CREATE projects are intended to speed traffic through the city rather than to facilitate service within the city's borders.

One impact of CREATE will be the continued ability or potential to serve the industrial sites located along the corridors. Changes in traffic patterns, mainline and yard track re-configurations, and signal system changes will affect the ease with which line-side industrial sites can be served, and the willingness of the carriers to serve them. In particular, anticipated increases in traffic and signal system upgrades that do not permit efficient service to industrial sidings can diminish carriers' willingness to provide carload service generally along some corridors or at particular locations.

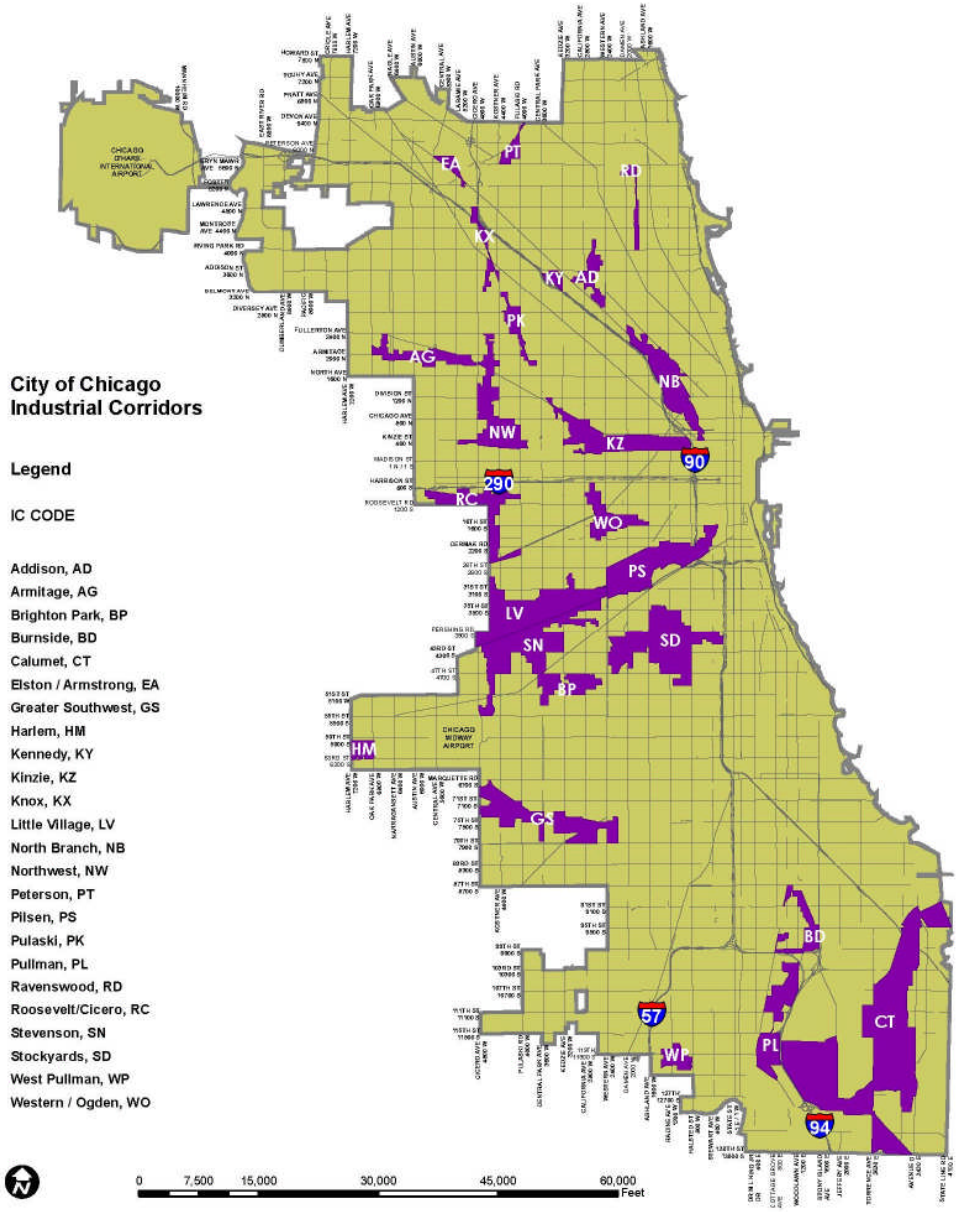
The five CREATE corridors intersect with or border industrial development areas in the following locations:

Region	Name	Acres	CREATE Corridor	CREATE Projects
South	Burnside	329	East-West	EW-3
South	Calumet	4,197	East-West	GS-15A, EW-4
South	Pullman	692	Western Ave	
South	West Pullman	192	None	
West	Brighton Park	400	None	
West	Greater Southwest	1,023	East-West, Passenger & Western Ave	GS-11, P-3, EW-2, EW-1
West	Harlem	150	None	GS-1
West	Kinzie	854	Western Ave	
West	Little Village	1,252	Western Ave	WA-2, WA-3, WA-4, WA-5
West	Pilsen	1,070	None	WA-1, WA-2, WA-3, WA-4
West	Roosevelt/Cicero	598	None	
West	Stevenson	1,245	Western Ave	GS-9, WA-2, WA-3, WA-4, WA-5
West	Stockyards	1,498	Western Ave	GS-3A, WA-2, WA-3
West	Western / Ogden	421	Western Ave	WA-1
North	Addison	254	None	
North	Armitage	411	None	
North	Elston/Armstrong	93	None	
North	Kennedy	84	None	
North	Knox	149	None	
North	North Branch	761	None	
North	Northwest	800	None	
North	Peterson	126	None	
North	Pulaski	206	None	
North	Ravenswood	130	None	

Overview of Industrial Areas

Subsequent sections of this memorandum review each of the twenty-four industrial sites that Chicago's Department Community Development has targeted for continued use in an industrial capacity in terms of the physical characteristics in terms of location, proximity and general condition of the rail infrastructure, highway access, as well as the existing intensity of use. By necessity, the reviews are intended to provide a “first pass” for a more detailed examination that will be performed in subsequent project phases on specific high-potential sites.

Location of CREOP Industrial Corridors



The information used in the review was drawn from public and industry sources, including the following:

- Official Illinois Railroad Map, Illinois Department of Transportation
- Chicago Railroad Systems Map, Deskmap Systems Inc, 2007
- Rail maps and infrastructure descriptions from carriers
- Aerial and street-view photography from Google Earth and Microsoft Live Maps

- Metra and Amtrak passenger rail schedules and route maps
- Maps and project information from the CREATE program

Existing rail infrastructure was primarily determined through a review of aerial and satellite photographs and confirmed through on-the-ground observations wherever possible. As we develop additional information, these descriptions will be updated. It is advisable for the reader to have an understanding of the geography of Chicago and its rail and highway networks.

The twenty-four industrial areas are grouped by region, with North first, followed by South, and concluding with West:

- The North region contains industrial locations north of Lake Street and the Metra/Union Pacific West line.
- The South region covers property located south of 87th Street and east of the Metra/Rock Island District line.
- The West region's eastern border is formed by the Metra/Rock Island District line and South Wentworth Drive. All development areas are located north of West 79th Street, and, with the exception of the Kinzie region, they are all south of I-290.

Industrial Areas

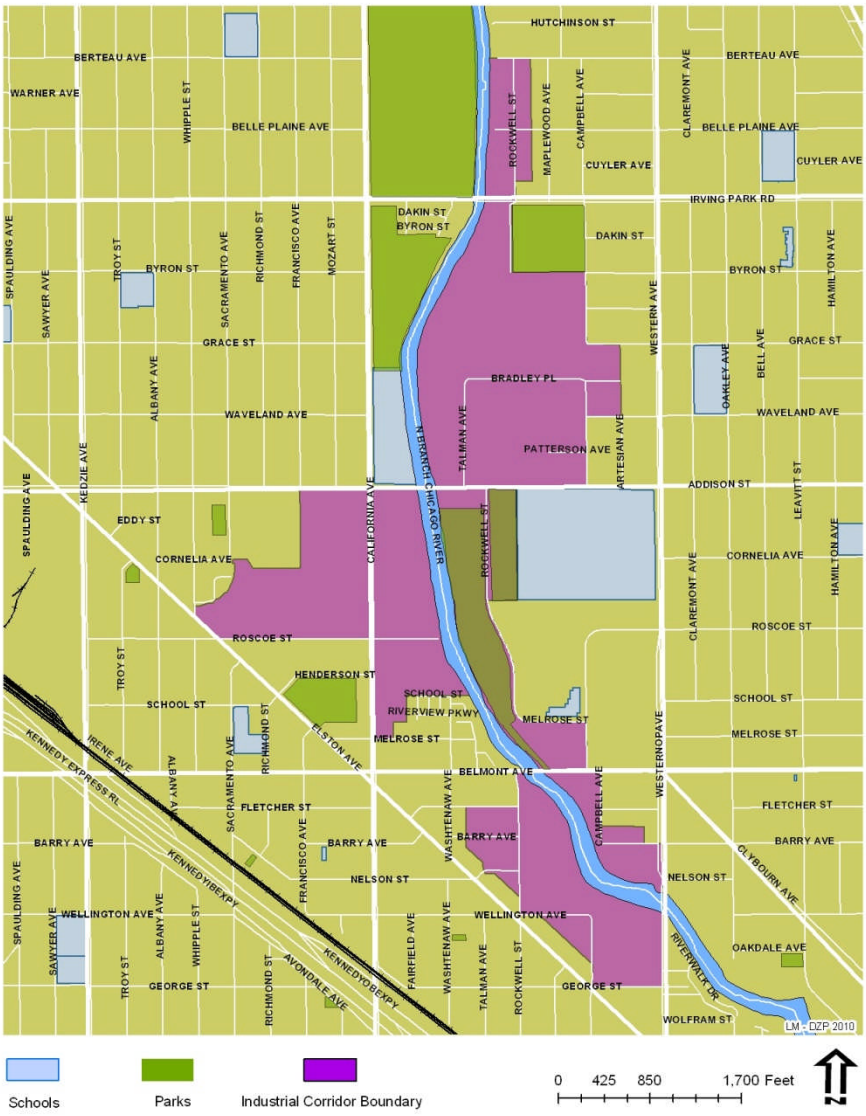
North

The corridors in the North region are all north of Lake Street and the Metra Union Pacific West line. None of the corridors in this region are affected by enhancements to CREATE corridors within their boundaries.

Of these industrial areas, the ones with the most promising characteristics for rail opportunities are Armitage, Kennedy, Northwest and Pulaski. Less suitable are the Knox, North Branch, and Peterson areas. The rest of the areas in the North region are poor choices for rail-served industrial development.

Addison

Addison Industrial Corridor

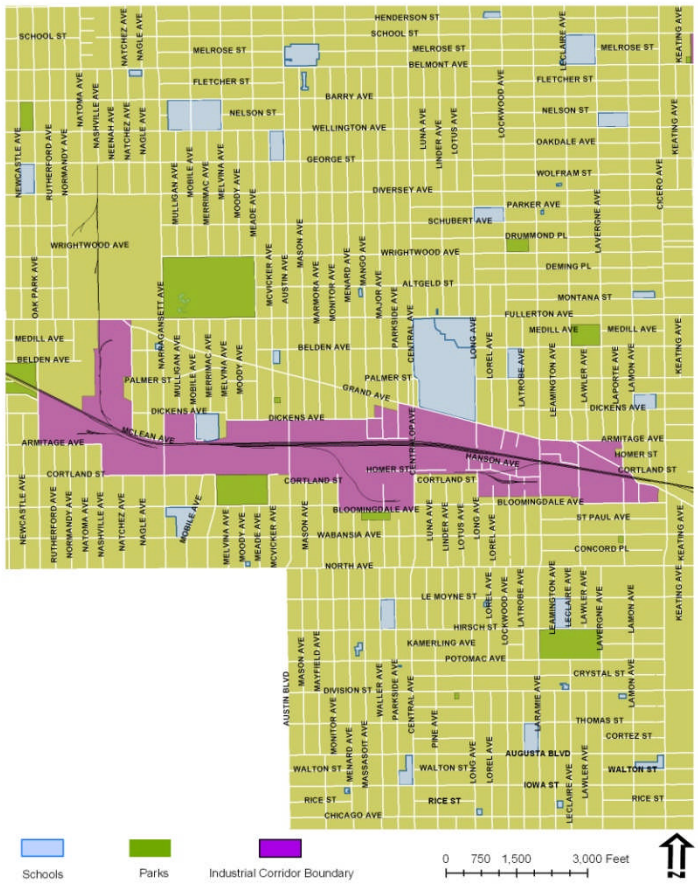


The Addison industrial area is a region of roughly 250 acres along the North Branch of the Chicago River from North Western Avenue in the southeast to West Berteau Avenue in the north. This area contains no current railroad tracks or rights of way. Rail once served the area near the intersection of West Roscoe Street and North Elston Avenue, however those tracks have been torn out and the right of way leading to the mainline has been developed over.

The nearest interstate to this region is the Kennedy Expressway (I-90), which is located roughly one third of a mile to the southwest.

Armitage

Armitage Industrial Corridor



The 411 acre Armitage corridor surrounds the largely triple-track Milwaukee District West Line (operated by Metra and Canadian Pacific) to Elgin. This region begins at North Cicero Avenue and continues west along those tracks roughly 2.5 miles until North Oak Park Avenue. The southern boundary of the region is West Bloomingdale Avenue from Cicero to North Long Avenue and again from North Central Avenue to North Monitor Avenue. In other cases the southern boundary is West Cortland Street, until it reaches North Nashville Avenue, whereupon the boundary becomes West Armitage Avenue. For the easternmost mile of the corridor, it is primarily bordered on the north by West Grand Avenue. The region then consists of the industrial areas south of West Dickens Avenue until reaching North Nachez Avenue, where the border continues north to West Fullerton Avenue, following a half-mile long single-track north/south rail spur.

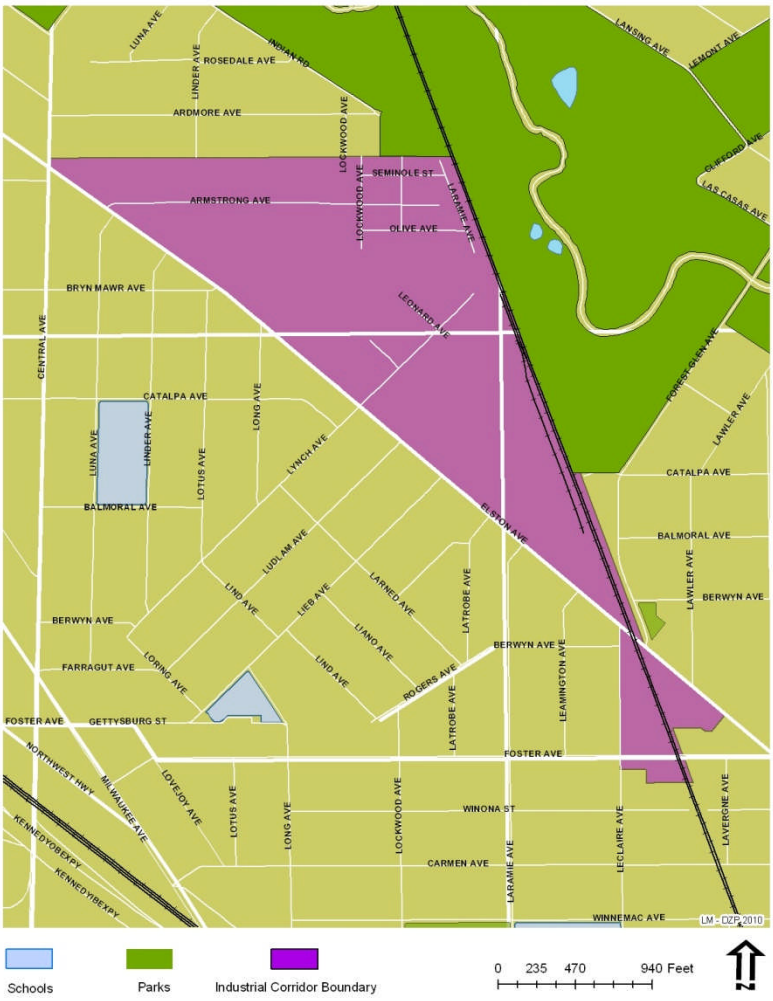
Fifty-eight commuter trains travel the Metra's Milwaukee District West Line each weekday. In addition, the twenty-two trains traveling along Metra's North Central Service also use this track. This corridor contains the Mars, Galewood, Hanson Park and Cragin Metra Stations. The closest interstate to the area is I-290, located nearly three miles to the south.

Moving west to east, the tracks cross both North Oak Park Avenue and North Narragansett Avenue at grade, North Austin Avenue above grade, North Central Avenue below grade, then North Laramie Avenue, North LeClaire Avenue, West Grand Avenue and North Cicero Avenue below grade. In addition, the northern spur crosses West Fullerton Avenue at grade with only passive traffic control.

The heavy use of this corridor by commuter trains makes further rail development difficult. However, the former Galewood Yard section has potential to be redeveloped into a rail-served industrial area with minimal disruption to the commuter routes given the existing track configuration. The yard area also currently has road access via on-ramp to Central Avenue.

Elston/Armstrong

Elston/Armstrong Industrial Corridor



The 93 acre Elston/Armstrong area starts with the land on the south side of West Foster Avenue. The eastern boundary consists of roughly eight-tenths of a mile of the Canadian Pacific operated rail line running roughly northwest to southeast.

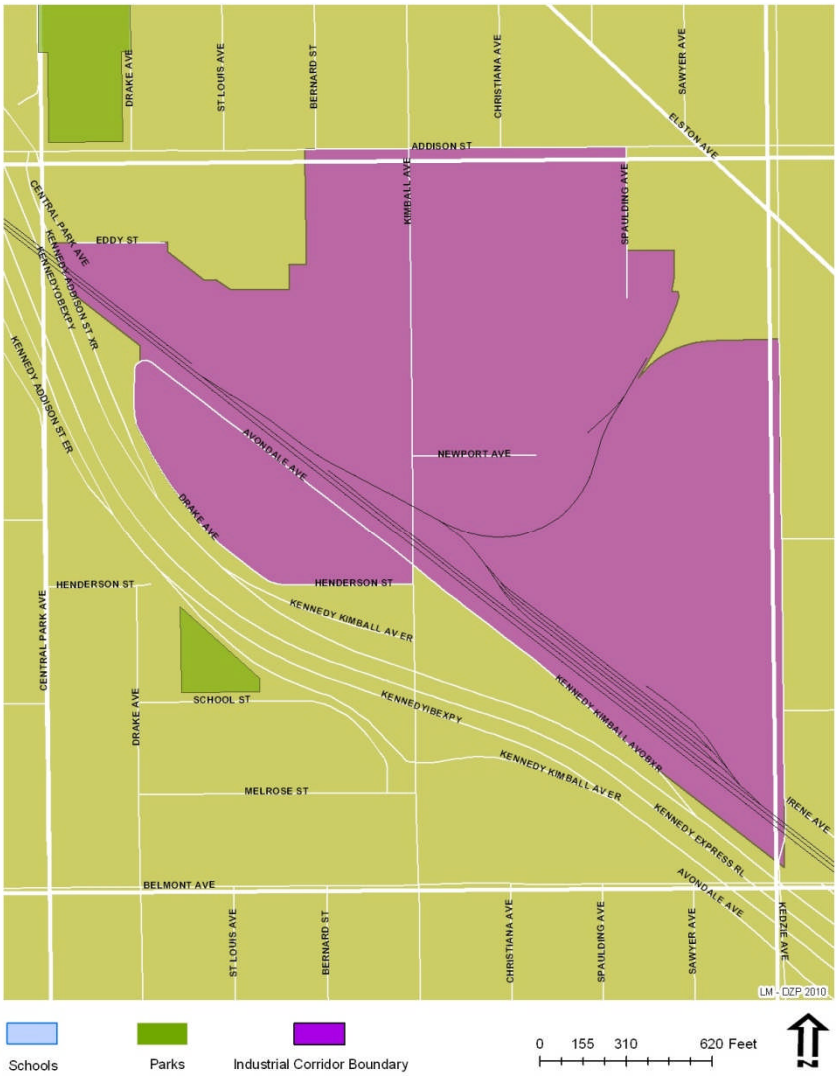
The western boundary of the area runs north along North Leclaire Avenue and continues to the northwest along North Elston Avenue until it reaches the intersection of Elston and North Central Avenue. The North boundary consists of the line due east from that intersection to the rail line and encompasses the north side of West Armstrong Ave. The nearest interstate highway is the Edens Expressway (I-94), which is roughly one-third of a mile to the East. In addition, there is access to the JFK Expressway (I-90) two-thirds of a mile to the South.

The Elston/Armstrong region also includes the Forest Glen Metra Station. The Metra Milwaukee District North Line operates along the CP line with approximately 60 Metra trains each week day. In addition, Amtrak's Hiawatha and Empire Builder routes out of Union Station send sixteen trains daily along the CP line. A golf course on the east side of the rail line makes expansion in that direction unlikely.

A short rail spur branches off toward the rear parking lot of the New Era Optical Company on the southbound side of the line. Crossings at West Foster Avenue and North Elston Avenue are both above grade. Given the passenger volume on the line and the short distance of track available in the industrial region, providing additional carload rail access to lineside businesses would be difficult.

Kennedy

Kennedy Industrial Corridor



The Kennedy industrial corridor is an 84 acre area between the JFK Expressway (I-90) and West Addison Street, with North Kimball Avenue as the eastern boundary. The region excludes a few parcels on the south side of West Addison that currently house the Elston Plaza strip-mall and the West Addison K-Mart.

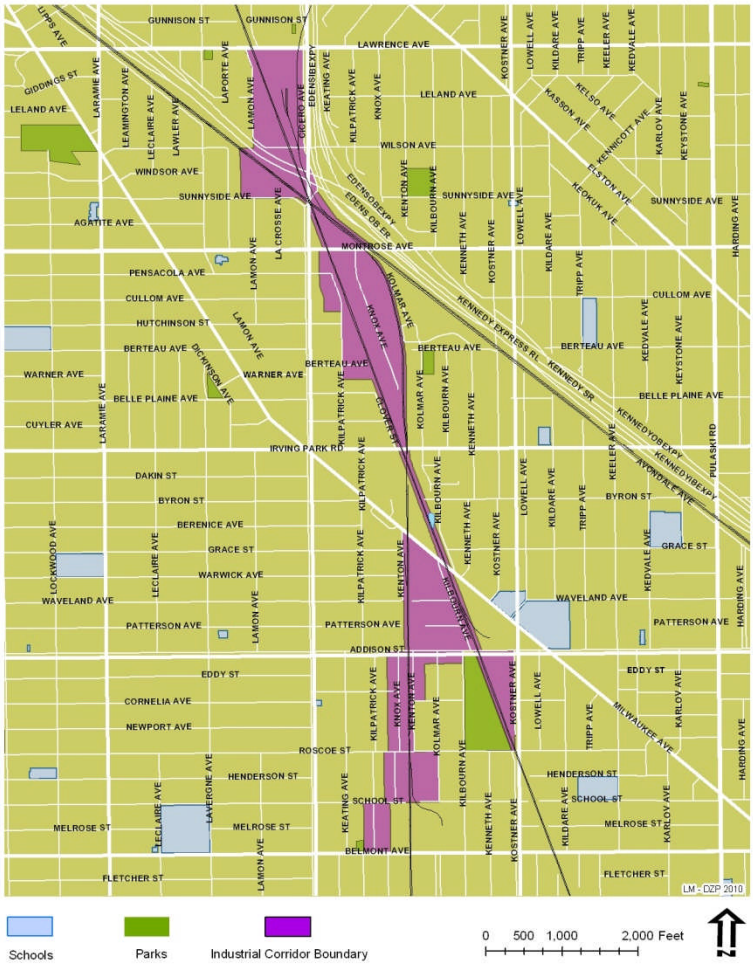
Roughly two-thirds of a mile of a Union Pacific branch runs along the northwest/southeast border of the region. Most of the right-of-way consists of three tracks, though it expands on the north side to five, with two additional tracks at Union Pacific's Avondale Yard between North Kedzie Avenue and North Kimball Avenue. In addition, a right-of-way extends north from the rail line and potentially serves customers between North Kedzie and North Kimball. The main lines and the spur all cross North Kimball above grade in addition to the main line's above grade

crossing at North Kimball. In addition to the UP line, the CTA blue line runs above ground between the northbound and southbound lanes of I-90 for much of the region.

Currently, about 65 commuter trains travel through the region on the Union Pacific Northwest Metra Line. Track conditions would seem to be able to accommodate the commuter traffic as well as any carload traffic for those parcels on the north side of the tracks with additional room to assemble trains.

Knox

Knox Industrial Corridor



The 149 acre Knox corridor contains the intersection of the Canadian Pacific and Northeastern Illinois Commuter Rail line running Amtrak service and Metra's Milwaukee District North Line with the Union Pacific operated track running Metra's Union Pacific District Northwest Line from Irving Park at Mayfair Crossing. The UP Northwest line consists of three tracks and branches off a single track to the northeast past Union Pacific's Mayfair yard toward River Junction and Weber Yard. In addition, the CP line intersects further south with the north/south Union Pacific line. The CP and UP lines are both double-track, though the UP line drops to

single-track at the intersection, expanding again to double-track until it reaches the UP Northwest line. All roadway crossings in this zone are above grade.

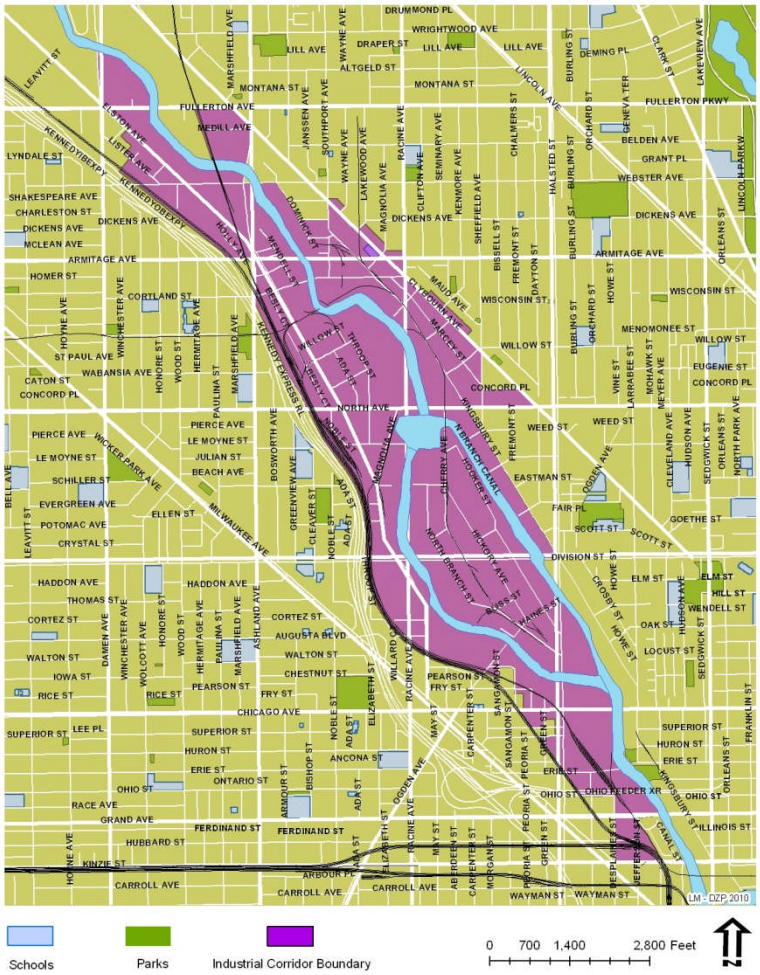
The region's southern border consists of the parcels of land on either side of North Kilpatrick Avenue between West Belmont Avenue and West School Street. The region follows the UP tracks north from there, containing the industrial zones between North Knox Avenue and North Kolmar Avenue up until West Addison Street. The area joins another portion of the region made up of the triangle of land border by West Addison, North Kostner Avenue, and the CP/NICR/Amtrak line. North of West Addison, the corridor consists of all of the parcels between the CP and UP tracks until the UP line crosses North Milwaukee Avenue, at which point the corridor consists only of the CP line. North of West Irving Park Road, the zone then takes the UP track as its eastern boundary and the CP track as its western boundary until it meets Metra's UP-NW line, just south of the I-90/I-94. The corridor crosses I-90, with its western boundary formed by North Cicero Avenue, and its eastern boundary North Lamon Avenue until the region ends at West Lawrence Avenue.

The Metra Milwaukee District North Line operates along the CP line with approximately 60 Metra trains each week day and about 65 commuter trains travel through the region on the Union Pacific Northwest Metra Line**.** The Grayland and Mayfair Metra stations are located in this region. In addition, the CTA blue line runs above ground between the northbound and southbound lanes of I-90 as it passes through the region.

With nearby access to rail yards and high-capacity rail lines, this region does have potential for further rail development, though given the commuter traffic and the lack of existing industrial leads, any additional development would require considerable investment in new track and related infrastructure.

North Branch

North Branch Industrial Corridor



The 761 acre North Branch corridor roughly consists of the land between Metra's Union Pacific Northwest line and the North Branch of the Chicago River from West Kinzie Street in the south to the Damon Avenue Bridge in the north, including Goose Island. The region also includes the areas west of North Kingsbury Street starting at West Division Street, north to West North Avenue, and the areas west of North Clyburn Street from West North Ave to West Fullerton Avenue, excluding the portion between North Southport Avenue and North Ashland Avenue.

The main branch of the Metra's Union Pacific line out of Northwest station enters the corridor at West Kinzie with six tracks. The UP West line splits off at North Jefferson Street with four tracks and four tracks continue on the main UP line north. The line has several crossovers along the entire length of the corridor. After the junction at North Ogden Avenue, the main line once again has six tracks with the additional two tracks used mostly for freight traffic and the other four for commuter traffic. The two freight tracks drop down to a single track parallel to the Metra lines at West Cortez Street, but branches back to double track a tenth of a mile further north. A lead branches off of the freight line at West Blackhawk Street, crossing that street, North Elston

Avenue and North Magnolia Avenue at grade with no signaling and serves the Morton Salt plant. Union Pacific's North Avenue Yard lies just north of that lead.

North of the yard the main line returns to six tracks until reaching Bloomingdale Avenue, where the tracks branch off towards the river. North from that point the main line is five tracks until Clybourn Junction, where three tracks split off to form Metra's UP Northwest line and two split to form the UP North line. There are no further branches or spurs on either track for the remainder of their routes within the corridor.

Just north of North Ogden Ave on the UP Main line, two tracks split off and cross North Sagamon Street above grade, North Peoria Street at grade, and West Chicago Street and North Halsted Street below grade en route to UP's Grand Avenue Yard. The yard is seven tracks in its widest spot. South of the yard, a lead breaks off the easternmost track and heads north serving the Chicago Tribune Company. The yard ends below West Ohio Street and Grand Ave and the spur continues south to the now defunct Kinzie Street Railroad Bridge.

The Chicago Terminal Railroad tracks - formerly operated by the Canadian Pacific and the Chicago, Milwaukee, and St. Paul Railroad - split off of the UP main line roughly an eighth of a mile south of Clyburn Junction. The single track crosses North Elston Avenue above grade, and then crosses the North Branch of the Chicago River at the Chicago, Milwaukee and St. Paul Railway, Bridge No. Z-6. The track splits south of the intersection of North Kingsbury Street and West Cortland Street. The Kingsbury branch travels at street level along North Kingsbury for roughly .2 miles, serving Finkl & Sons Steel. The Goose Island branch travels southeast along North Kingsbury for approximately one third of a mile to West Willow Street, where the track continues south to the Goose Island Railroad Bridge, crossing the North Branch Canal. The track then continues at street level along North Cherry Avenue to North Branch Street on Goose Island, serving Big Bay Lumber. While rail expansion along this line is theoretically possible, given the condition of the track and the street traffic in the area it seems a poor choice for any but the most infrequent rail customer.

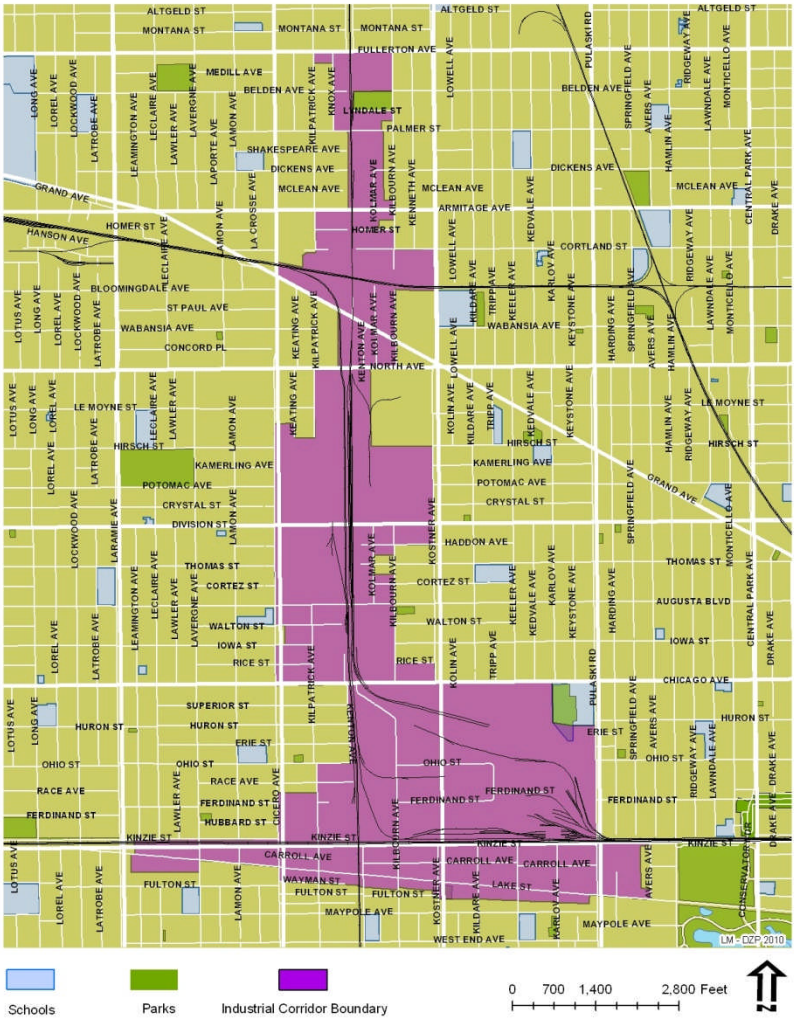
The UP West track crosses West Kinzie Street, North Jefferson Street, and North Desplaines Street above grade. It is triple track after it splits from the rest of the UP line, and has an industrial spur from the southern track that serves the Blommer Chocolate Company.

The Main UP Metra line crosses all of West Kinzie Street, North Jefferson Street, West Hubbard Street, North Desplaines Street, West Grand Avenue, North Union Avenue, West Ohio Street, North Halsted Street, West Erie Street, West Ancona Street, North Green Street, West Huron Street, West Superior Street, West Chicago Avenue, North Sagamon Street, North Ogden Avenue, North Elston Avenue, North Racine Avenue, West Augusta Boulevard, West Division Street, West North Avenue, West Cortland Street and North Ashland Avenue above grade. After Clybourn Junction, the UP Northwest Metra line crosses West Armitage Avenue and West Webster Avenue above grade and the UP North Metra line crosses West Armitage, North Elston Avenue, West Webster, and West Fullerton Avenue. It also crosses the North Branch of the Chicago River at the Deering Bridge.

All Metra traffic north and west from Ogilvie Transportation Center/Northwestern Station passes through this corridor, with 60 trains daily on the Union Pacific West line traveling between North Kinzie and North Desplaines Street. About 65 commuter trains travel through the region on the Union Pacific Northwest Metra Line and 70 commuter trains on the Union Pacific North line.

Northwest

Northwest Industrial Corridor



The Northwest corridor consists of nearly 800 acres of land largely running north/south along the Union Pacific (north of Cragin Junction) and Belt Railway Company (south of Cragin Junction) rail lines between Metra's Milwaukee District West Line and Metra's UP West line. The corridor's northern border is West Fullerton Avenue and its southern border is West Lake Street from North Avers Avenue to North Laramie Avenue. From north to south, the western border of the corridor runs from West Fullerton including the parcel on the south side of that road between North Kilpatrick and North Knox avenues, and continues two blocks south to West Palmer

Street. The region continues a quarter mile south along west side of the UP tracks to West Armitage Avenue where it continues along North Kilpatrick until that road ends at the Metra Milwaukee District West Line to Elgin. The region includes those Metra tracks west until North Cicero Avenue and continues south to West Grand Avenue until reaching the BRC tracks, which form the western boundary until they cross West North Avenue, at which point the boundary moves west again to North Kilpatrick. The boundary follows that road until it ends roughly 0.2 miles to the south where it moves a block west again to North Cicero.

North Cicero forms the western border for approximately 1.3 miles until it meets West Kinzie Street, with the exception of the blocks between West Chicago Avenue and West Ferdinand Street and the BRC tracks, which are excluded. The region then expands west again to include the Lake Street L tracks starting at North Leamington Avenue. The eastern border is formed from West Fullerton to West North largely by North Kilbourn Avenue, excluding Hermosa Park at 2240 North Kilbourn and the small residential block north of West Homer Street but including the land between North Kilbourn and North Kostner Avenue between West Cortland Street and the Metra Milwaukee West Line. Excluding the nearly five acre Menards development at North Avenue, the eastern boundary continues south down North Kilbourn Avenue until it reaches West Rice Street. The region also contains the block south of West Rice Street and everything south of West Chicago Avenue from North Kostner to North Pulaski Road excluding Triangle Park and a school on the corner of those two streets. The area contains everything west of North Pulaski until it reaches the UP West line, and then everything west of North Avers Avenue between the UP line and the Lake Street L.

The Milwaukee West Line is triple track for the entire half-mile length it traverses the corridor. The only branch occurs east of Cicero Avenue at Cragin Junction where the Belt Railway track splits off to the south. There is currently no connection between the Milwaukee West track and the north/south UP track and any rights of way that existed in the past have been abandoned and developed over.

The BRC line is double track from Cragin Junction for approximately 0.9 miles until a third track splits off on the west side. That track splits off again to the west at West Augusta Avenue forming a spur serving a Warp's Brothers Plastic plant and the right-of-way still exists to serve other parcels until West Chicago Avenue, though that third track ends roughly 150 yards before that crossing. At that point, the BRC line remains double track for the rest of the corridor, although there is available right-of-way to reconstruct a third track and a spur to West Ferdinand Avenue.

On the north side of the Milwaukee West Line, the UP operated track enters the region as double-track at West Fullerton. There are crossovers .2 and .4 miles south of West Fullerton, and following each crossover a spur branches northward off of the eastern track. The track ends roughly .7 miles after entering the corridor and starts up again on the other side of the Milwaukee West line as a single track. Roughly one sixth of a mile later, it splits into double track. South of North Avenue, the right of way has room to accommodate a third, then a fourth and fifth track, an artifact of the now defunct Chicago and Northwest 40th Street Yard. Those tracks were torn up and the UP track remains double until shortly after West Augusta Boulevard, where it drops back down to single. An unused right of way branches off to the east toward the site of the 40th Street

yard, crossing West Chicago Avenue above grade. Track begins again on that right of way after about a quarter mile, where it serves customers on the north side of West Ohio Avenue before heading southeast and joining the UP West line at North Pulaski Road. A quarter mile south of West Chicago Avenue, another industrial lead branches off of the main line, and crosses North Kilbourn Avenue at grade with only passive traffic control. This lead serves customers on the south side of West Ohio.

After the lead splits off, the main line gradually turns east to run parallel with the Metra UP West line, crossing North Kilbourn at grade and headed to the Union Pacific Shops at Kedzie, (NZ0003), formerly the C&NW M19A diesel shop.

The UP West line is triple track for the entire length of the corridor, with two additional tracks on the north side for entrance to the UP Shops which branch off before North Pulaski Road. A crossover connects these two tracks at North Springfield Avenue, shortly after the tracks enter the corridor from the east.

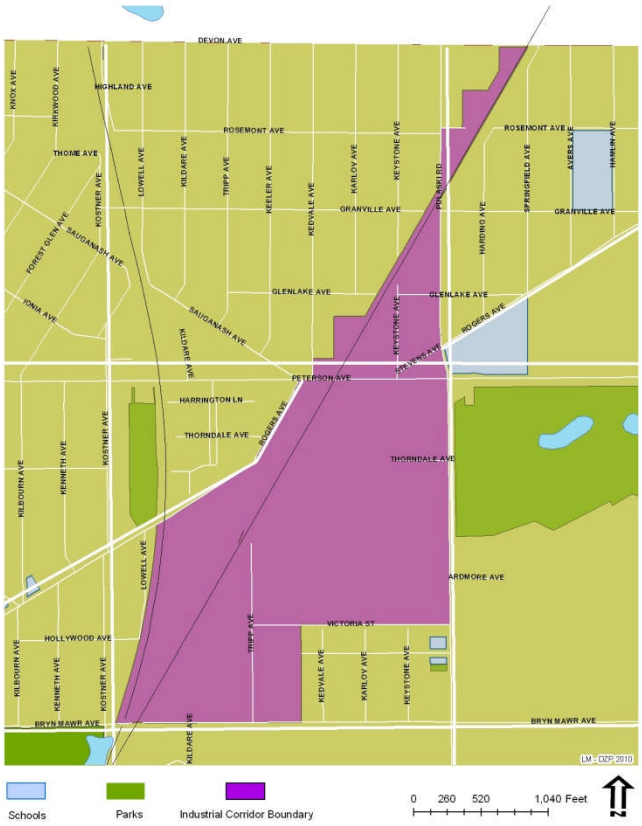
The north/south UP line crosses West Fullerton Avenue, West Palmer Avenue, West Armitage Avenue, above grade. It is double track for the entire length until the track ends just north of the UP West line. The BRC line and the UP track south of Cragin Junction are both above grade at West Grand Avenue, West Division Street, West Augusta Boulevard and West Chicago Avenue. In addition, the BRC also crosses the UP West line above grade and the Green line below grade. Metra's Milwaukee District West Line crosses North Cicero and North Kostner above grade. The UP West line crosses North Kilbourn Avenue at grade and North Pulaski Road above grade (where nine tracks cross over five rail bridges). The Green Line is elevated above West Lake Street and as such, all crossings are above grade.

Fifty-eight commuter trains travel the Metra's Milwaukee District West Line and sixty commuter trains travel the Metra's UP West Line each weekday. In addition, the 22 trains traveling along Metra's North Central Service also use this track. The Cicero and Pulaski stops on the Green line are also in this region. The nearest interstate highway is I-290, located three-quarters of a mile south of the corridor's southern border.

Given that the north/south UP line north of Cragin Junction has been disconnected from the rest of the track, that area not seem to be a promising area for rail development. South of Cragin Junction, there are still opportunities on the west side of the BRC track and on the east side of the UP track, particularly where the right of way is expanded, though that would involve creating additional leads and in some cases replacing track that has been torn out. The area north of the UP shops is currently used by rail customers, and the former 40th street yard not only has rail access, but is also available for development.

Peterson

Peterson Industrial Corridor

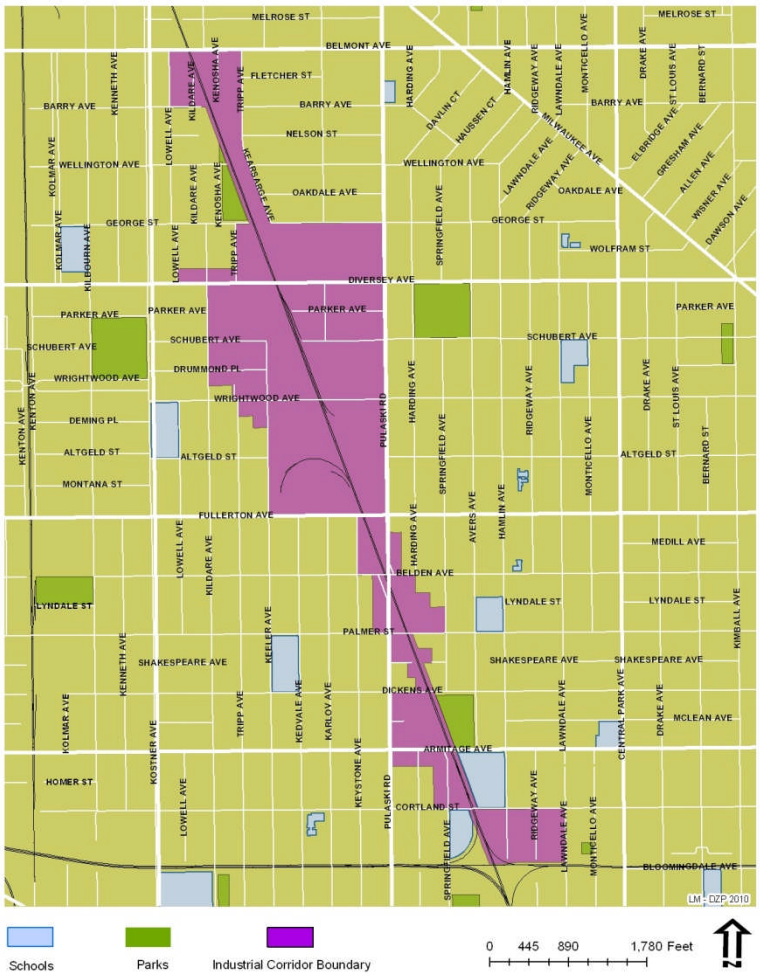


The 126 acre Peterson site begins at West Bryn Mawr Avenue and follows the Union Pacific operated single-track line northeast to West Devon Avenue. The area is bordered on the west by an abandoned rail line running from West Bryn Mawr to West Devon which will become the Valley Line bicycle trail in 2008. On the east, the area is bounded by North Tripp Avenue to West Victoria Street, expanding eastward to North Pulaski Road and Peterson Park. The area crosses North Pulaski north of West Granville Avenue and continues along the west side of the CN tracks until West Devon. The nearest interstate highway is the Edens Expressway (I-94), which is roughly one mile to the West.

The CN line features an above grade crossing at West Peterson Avenue, and at grade crossings at West Devon Avenue and North Pulaski Road. While the right-of-way could accommodate expansion to double-track or more for most of the length of the area, the locations of parking lots at W. Bryn Mawr Ave and N. Pulaski Road would make such expansion difficult. This region may be appropriate for low-usage rail customers, although there are no industrial leads currently in-use.

Pulaski

Pulaski Industrial Corridor



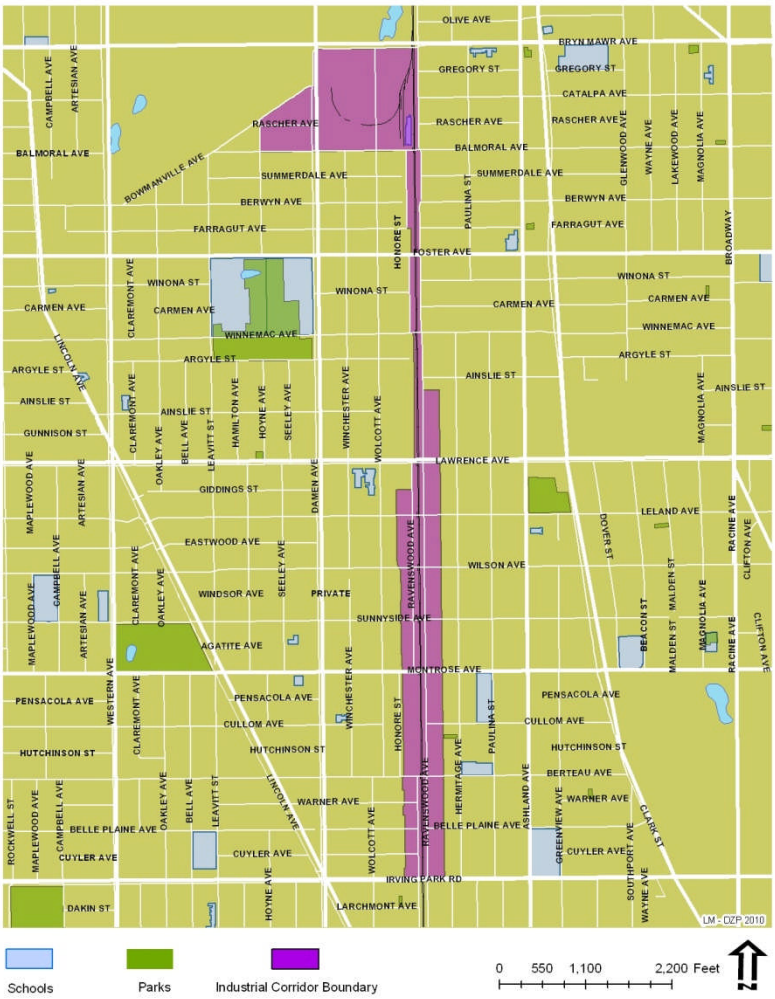
The 208 acre Pulaski region surrounds roughly 1.9 miles of the Metra Milwaukee North Line running as double track from Pacific Junction in the south to where the Milwaukee North Line crosses West Diversey Avenue in the north. At Pacific Junction, the Milwaukee North line joins the Metra Milwaukee West Line via a triple track connection in the southwest quadrant. The bulk of the region exists between North Pulaski Road on the west and the industrial parcels east of North Keeler Avenue and North Kildare Avenue, bounded on the north by West George Street and the south by West Fullerton Avenue. In this section, an industrial lead branches off of the western track where it serves Newly Weds Foods, Inc, and potentially other customers. Canadian Pacific has trackage rights in this corridor.

The Milwaukee North line crosses West Diversey Avenue, West Wrightwood Avenue, West Fullerton Avenue, West Belden Avenue, West Palmer Avenue, West Dickens Avenue, West Armitage Avenue and West Cortland Street all above grade.

The Healy Metra station is along this corridor, to the south of the industrial branch. The Metra Milwaukee District North Line operates along this track with approximately 60 Metra trains each week day, along with fourteen trains daily from Amtrak's Hiawatha service from Chicago to Milwaukee and two trains from Amtrak's Empire Builder service from Chicago to Seattle and Portland. While this corridor is heavily used by commuter trains, the presence of the industrial lead as well as the above-grade crossings makes this a potential area for carload rail usage.

Ravenswood

Ravenswood Industrial Corridor



The 130 acre Ravenswood industrial area parallels the CTA Brown Line and the Metra commuter rail Union Pacific North line (operated by UP) north from Irving Park Road. It is bordered on the north by West Bryn Mawr Avenue and the Rosehill Cemetery. The nearest interstate highway is the Kennedy Expressway (I-94), which is located approximately three miles west of the site. The rail lines in this area are all elevated, and crossings are above grade. Although the right-of-way has and can still accommodate three or more tracks in most locations,

all that is currently extant is the double track mainline. Rail infrastructure to serve lineside customers is almost entirely gone. A short rail spur branches off to the west at Bryn Mawr Ave and ends at North Wolcott Avenue. The area expands westward there to include an industrial zone stretching to North Hoyne Avenue.

Very little rail freight traffic currently uses this corridor, and few rail-accessible industrial facilities and parcels exist. Since this is a heavily used passenger route (approximately 70 trains per day on the Metra line), providing carload rail access to lineside businesses will be complex and costly, necessitating construction of industrial leads that must be integrated into the traffic control system.

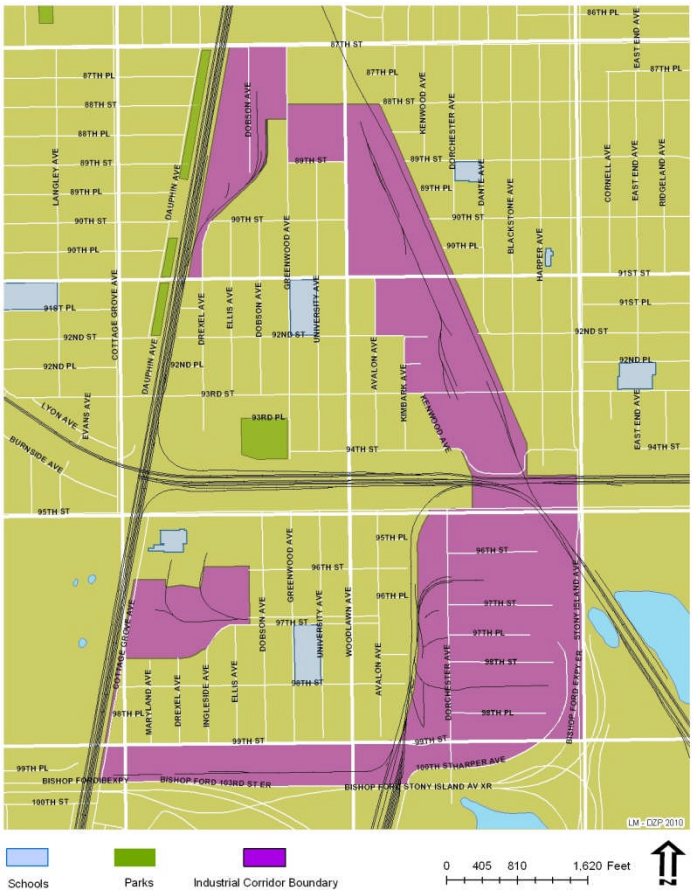
South

The corridors in the South region are all south of 87th Street and east of the Metra/Rock Island District line. Both the Burnside and Calumet areas are in the East-West CREATE corridor and the Pullman industrial area borders the Western Ave. corridor.

Of these industrial areas, only West Pullman is unsuitable for future rail development. Calumet is the largest and most promising area, though portions of this region may already have reached the rail saturation point. Parts of the Pullman and Burnside regions also have potential.

Burnside

Burnside Industrial Corridor



The 330 acre Burnside region consists of the industrial parcels bordered on the north by East 87th Street, the west by the Metra Electric line, the south by the Bishop Ford Freeway and Woodlawn Avenue, and to the east by South Stony Island Avenue and the tracks leading to Stony Island Yard, just north of Pullman Junction.

Canadian National operates along a double track parallel to the Metra line. A single industrial lead exists from that track in this region, serving the industries along South Dobson Avenue, just south of East 87th Street.

At Pullman Junction, east-west lines operated by Belt Railway of Chicago, Chicago Rail Link and Norfolk Southern all run in parallel. The NS track continues southeast towards Calumet Yard. Within the boundaries of the region all of these, except the NS track from Stony Island Yard are double track or higher. The CRL operated track branches off southwest from Pullman Junction towards the 97th Street Yard. Several leads break off from this track to serve the areas along South Dorchester Avenue. These leads all cross South Dorchester at grade. In addition, a lead branches off to the west that could potentially serve areas on the south side of 99th Street.

Tracks that once branched off of the CRL main line and served the area between East 95th Street and East 98th Street along South Cottage Grove Avenue have since been torn up.

The BRC, CRL and NS east-west tracks all cross South Woodlawn Avenue and South Stony Island Avenue above grade, though those crossings are technically outside the boundaries of the industrial corridor.

The Stony Island Yard is now owned by Norfolk Southern and a single track feeds south from there to Pullman Junction. It crosses South Kenwood Avenue and the BRC and CRL mains at grade, with only diamond crossings for the rail lines.

Metra stations along the electrified tracks in this region are 91st Street and 95th Street. Amtrak has service along the CN lines, sending eight trains daily under their City of New Orleans and Illinois Services toward Homewood Station and their Cardinal/Hoosier State service toward Dyer station. The Metra and CN tracks cross East 87th Street and East 91st Street above grade. The closest interstate to this industrial area is I-94, which borders it on the southwest.

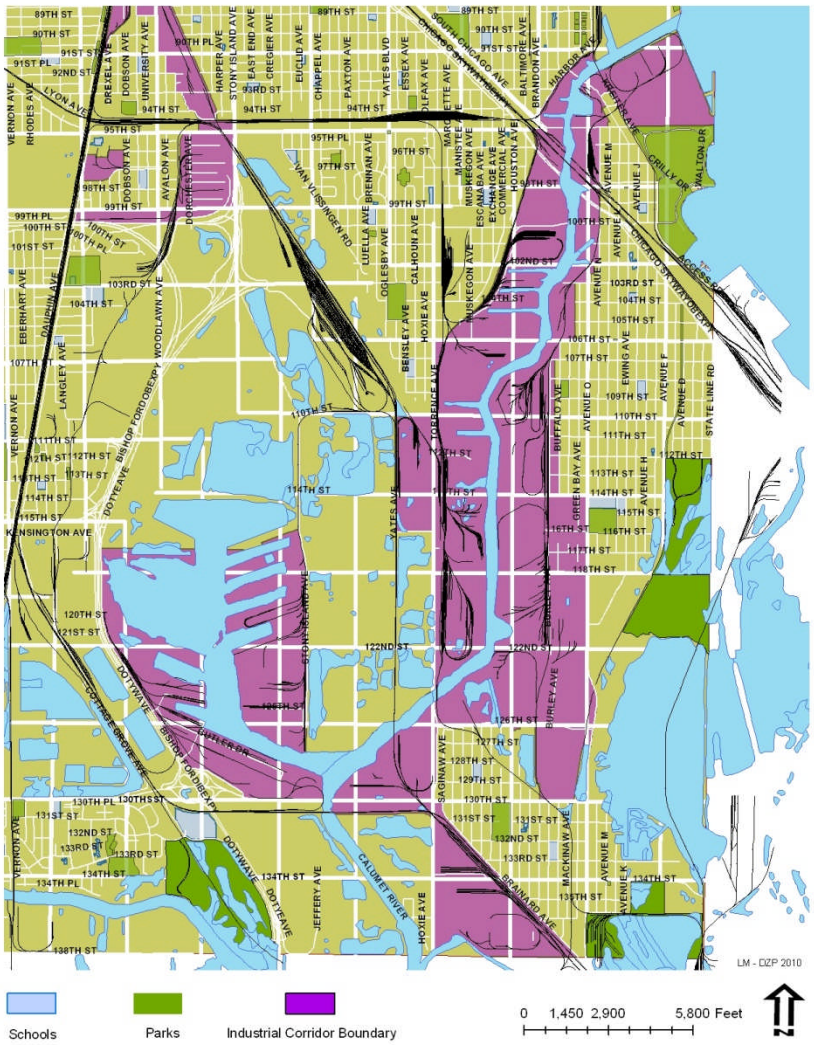
While the western portion of this region is poor for additional rail development, the area south of Pullman Junction is well suited, and there are additional opportunities along the undeveloped CRL lead south of 99th Street where a lead currently exists. Roughly 40 to 45 freight trains per day are estimated to travel through this part of the region.

Calumet

The 4200 acre Calumet region follows the Calumet River from Lake Michigan to Lake Calumet. The northernmost border is the Calumet River Elgin, Joliet, and Eastern Railroad Bridge and continues south along the river until the 130th Street Railroad Bridge. In addition, the region includes the Norfolk Southern Hegewisch Yard as well as all the areas between South Brainard Avenue and South Torrence Avenue until East 138th Place. Aside from the river, the major feature of this region is the Port of Chicago.

On the eastern shore of Lake Calumet, a Norfolk Southern mainline travels north-south, parallel to South Stony Island Avenue. The NS line is single track at the northern end, and expands at one point to four tracks south of East 122nd Street (which it crosses at grade). Several industrial leads break off from the main line serving industries on the east shore of the lake. The line ends as double track in bumpers before reaching the banks of the Calumet River.

Calumet Industrial Corridor



The south and west shores of Lake Calumet are serviced by track operated by Chicago Rail Link which crosses the Bishop Ford Freeway (I-94) as a single track above grade traveling from Kensington Yard toward the lake. The track splits with the northern branch traveling parallel to South Doty Avenue and the western branch traveling parallel to South Butler Drive. The northern line splits into ten parallel tracks at its widest point, and has two leads serving industries on the lakefront and ends as double track at East 120th Street. The western line splits off two leads serving the facility between South Doty and South Butler. That line crosses South Stony Island Avenue at grade as single track. The right of way continues along the river and crosses under East 130th Street, rejoining the mainline, which is at that point operated by Chicago, South Shore and South Bend.

Norfolk Southern also has tracks out of Calumet Yard running north south, parallel to Yates Avenue. It exits the region at 116th Street as double track. It enters the region again crossing the Calumet and serves the Ford Assembly Plant on the south side of the river. The NS grade

crossings at South Torrence Avenue and East 130th Street out of the Ford Assembly Plant are scheduled to be separated as part of the CREATE projects. South of that grade crossing, the NS line runs parallel to the Northern Indiana Commuter Transportation District's South Shore Line tracks and splits off to the Hegewisch Yard.

Parallel to the Chicago Skyway, Norfolk Southern and CSX have mainline tracks that cross the river. On the west side of the river, the connection from CREATE's East-West corridor from Pullman Junction to the NS mainline is scheduled to be improved. The Belt Railway of Chicago runs double tracks from that junction along the west side of the river, crossing the Skyway below grade. The tracks continue to East 100th Street, which they cross at grade with active traffic control. South of that crossing, the tracks expand to the BRC 100th Street Yard. At 101st Street, leads branch off toward the river, serving a coal terminal. South of the 100th Street Yard, the BRC line crosses South Muskegon Avenue at grade with active traffic control as double track. A lead branches off of the mainline, also crossing South Muskegon at grade, serving facilities on the east side of that street.

South of East 106th Street, the BRC tracks junction with a single Chicago Rail Link track out of Irondale Yard. All tracks cross 106th Street at grade with active traffic control. Five tracks in total run north-south parallel to South Torrence Avenue for roughly three quarters of a mile until they join up with former Chicago and Western Indiana track (now Union Pacific) out of Calumet Yard. South of East 114th Street, another lead branches off toward the river serving industrial customers there. At 118th Street a second group of leads branch off toward the river while the mainline enters the South Deering Yard. The right of way continues south from South Deering Yard to a railroad bridge crossing the Calumet River; however the tracks on the southern side of the river have been removed.

On the east side of the Calumet River, the region includes the South Chicago and Indiana Harbor Railway's South Chicago Yard, located just north of the Skyway. North of the yard, the SCIH line crosses East 95th Street but drops to single track as it crosses South Ewing Avenue. Both crossings are at grade with active traffic control. Those tracks join Elgin, Joliet and Eastern tracks running south out of EJE's South Chicago Yard (located across the river) and serve the Port of Chicago terminals closest to Lake Michigan. South of the SCIH South Chicago Yard, the SCIH tracks join the NS and CSX mainlines and continue along the lakeshore to Indiana.

Norfolk Southern tracks branch off from that mainline and continue south along the eastern shore of the Calumet River. A single track crosses the Skyway below grade and travels north-south, parallel to South Avenue N. That track crosses East 100th Street at grade with active signal control. For roughly one mile of track between East 100th Street and East 106th Street, several leads break from the track to serve port terminals and other facilities along the river. At 106th Street, a NS single track crosses at grade with active traffic control. South of 106th, the tracks again branch off to serve port terminals and other facilities including the Mittal Steel plant. The mainline is triple track, not including the leads, until East 116th Street, where the track drops down to two for an at-grade crossing. South of 116th, the tracks expand again with six parallel tracks at the widest point. The line contracts back down to single track after roughly a half mile. North of East 126th Street, another lead branches off to the west, serving facilities between the

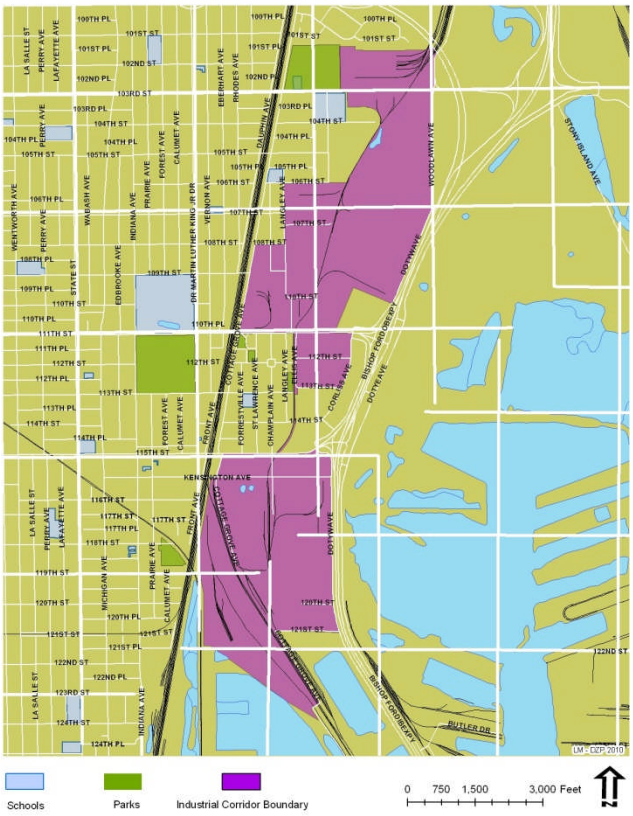
Calumet River and South Carondolet Avenue. The crossing at 126th Street is also at-grade, and the track continues south until it junctions with the CRL line and continues to Indiana.

Amtrak operates 14 long-haul and corridor trains daily through this region on the NS tracks across the Calumet River. In addition roughly 40 electric commuter trains daily travel the South Shore line, which stops at Hegewisch Station in this region. The closest Interstate Highway to the region is the Chicago Skyway (I-90), which passes through the region. The Bishop Ford Freeway (I-94) also borders the region on the west.

With the presence of the port, several yards and miles of mainline track, the Calumet region is perfectly situated for rail use, and as such it is heavily used for freight traffic. Given the high utilization, it may be difficult to find new areas for expansion, but there are potential opportunities for growth along the southwestern side of Calumet Lake, on the eastern side of the Calumet River north of 122nd Street, or the west side of the river south of East 106th Street. In addition, the area south of the Ford Manufacturing Campus has access to two lines and currently appears to be underutilized.

Pullman

Pullman Industrial Corridor



The 692 acre Pullman area consists of the industrial parcels between the Metra Electric line on the west and the Bishop Ford Freeway (I-94) to the east roughly from East 101st Street to East

121st Street. At the midpoint, the region shrinks to just the north-south Chicago Rail Link tracks to avoid the residential areas to the west and the Baptist church to the east. The southern portion of the region includes Norfolk Southern owned Kensington Yard. Union Pacific operated tracks enter the region in the southwest portion to the west of Kensington Yard, crossing the Metra line above grade, but do not branch.

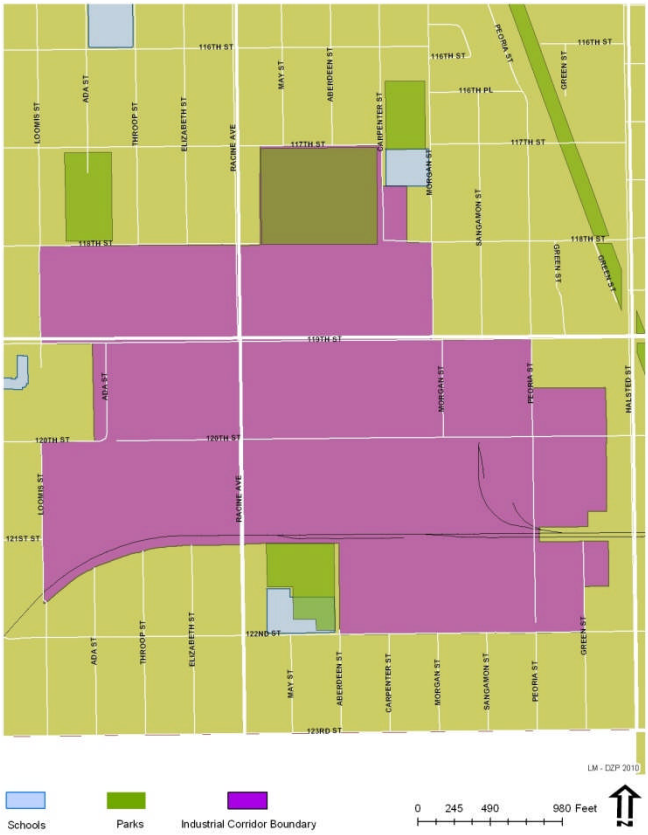
Parallel to the Metra tracks is a double track line operated by Canadian National. After crossing East Kensington Avenue above grade, the line branches off to the east. The easternmost line travels parallel to South Cottage Grove Avenue, serving Arro Transport LLC at the end of that road. The main line serves the Northern Indiana Commuter Transportation District's South Shore Line towards Hegewisch station. Another lead branches off between the CN mainline and the branch, serving the NS Kensington Yard.

The CRL line crosses East 103rd Street at grade, normally using flagmen to control traffic. South of that crossing a lead branches off to the east, serving a facility on the south side of East 103rd and another serving a facility on the west side of South Woodlawn Avenue. Another lead branches off to the east at 107th and 110th Streets serving facilities there. The line crosses East 111th Street and East 115th Street at grade as single track with active traffic control in both crossings. At South Champlain Avenue and East Kensington Avenue, this line crosses at grade with only passive traffic controls. South of East Kensington, the line expands to triple track with leads that serve industries on both sides of South Champlain.

Roughly 40 commuter trains daily travel the South Shore line, and there is regular service along the electrified Metra tracks, though that traffic does not impact the freight rail system. This region has potential for expanded rail service, particularly in the area around Kensington Yard and the industrial area south of East 115th Street.

West Pullman

West Pullman Industrial Corridor



The West Pullman corridor is a 192 acre site located in Chicago's West Pullman neighborhood. The northern border of the corridor is, from west to east, West 118th Street from South Loomis Street to South Racine Avenue; West 117th Street from South Racine to South Carpenter Street; West 118th again until South Morgan Street; West 119th from South Morgan to South Peoria Street; and midway between West 119th and West 120th Streets until South Halsted Street. The southern border is, from east to west, the Metra Blue Island Commuter Line from South Loomis Street to South Aberdeen Street; West 122nd Street from South Aberdeen to South Green Street.

The only current rail line entering the corridor is Metra's Electric Blue Island Commuter Line. That line was formerly the Illinois Central, which served the International Harvester and Dutch Boy factories, now both closed. There are no longer any leads off of the track as it used exclusively for commuter trains.

The tracks cross both South Peoria Street and South Halsted at grade as double tracks. The line drops down to single track west of South Peoria. The nearest interstate is I-57, located roughly a quarter-mile west of the corridor. Metra's West Pullman and Racine Avenue stations are in this corridor.

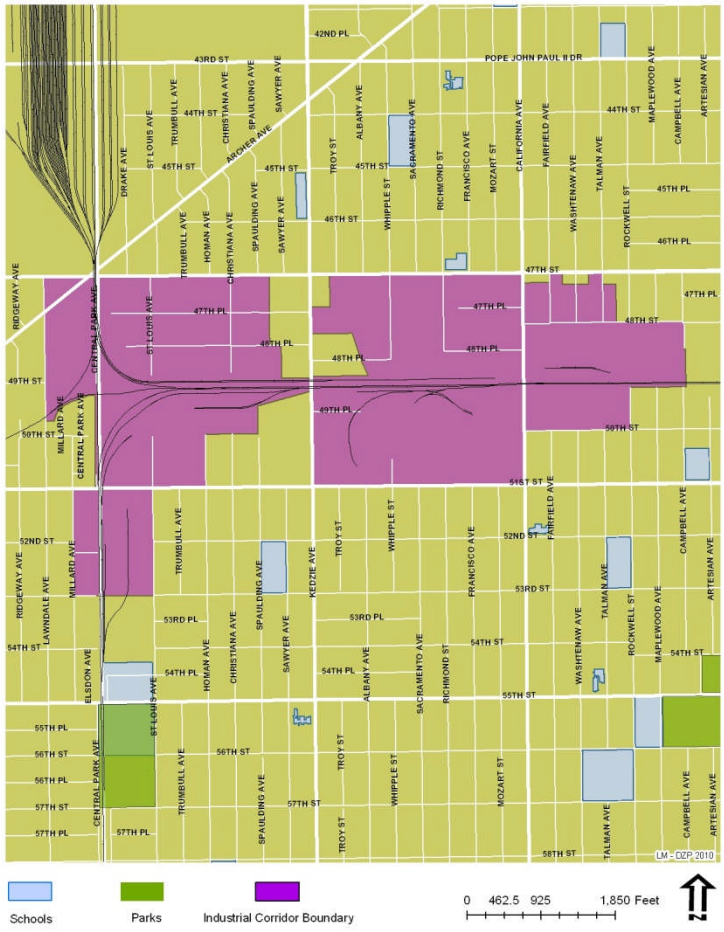
All nearby tracks have been either abandoned or electrified for commuter use, making this corridor unsuitable for future rail freight opportunities.

West

The corridors in the West region are all west of LaSalle Street, north of West 79th Street, and, with the exception of the Kinzie region, they are all south of I-290. This region has the most overlap with the CREATE corridors, particularly the Central and East-West corridors. It also has a large amount of freight traffic, and given the pending improvements, will be most heavily affected by CREATE investments. The exceptions to this are Kinzie, which is largely a passenger corridor and Pilsen, which would require substantial improvements to the regions railroad crossings before it could handle additional service.

Brighton Park

Brighton Park Industrial Corridor



The 400 acre Brighton Park Corridor consists of the Canadian National (ex-Grand Trunk Western) track south of Corwith Yard to the former Elsdon Yard site, as well as the CTA Orange Line with CN owned tracks running parallel. The area consists roughly of the industrial parcels south of West 47th Street from South Lawndale Avenue to South Campbell Avenue, excluding some of the retail centers along South Kedzie Avenue and the residential area from South Rockwell Street to South Campbell north of West 48th Street. The southern border of the corridor, from west to east, is West 53rd Street from South Millard Avenue across the CN tracks to South St. Louis Avenue; West 51st Street from South St. Louis to South Homan Avenue; the CN spur from South Homan to South Kedzie Avenue, West 51st Street again from South Kedzie to South California Avenue; West 50th Street from South California to South Rockwell Street and the CN main line from South Rockwell to South Campbell Avenue.

There are industrial leads off of the CN line, serving customers on the south side of the tracks including Stellar Distribution and the Central Steel and Wire Company. That line is double track east of South Kedzie and double track with an additional siding west of South Kedzie. At St. Louis Avenue, the main CN line splits into three, with a single track branching north toward Corwith Yard under the CTA tracks, a single track continuing West to the BRC operated tracks and a single track turning toward Elsdon Yard and points south. Most of the tracks that once formed CN's Elsdon Yard have been torn out. The northeast quadrant of that junction goes from single to triple track after the parallel track joins it. That line stays triple track with several crossovers until it crosses West 47th and approaches Corwith Yard. The northwest quadrant of the junction is a single track that joins up with the westbound CN line at South Lawndale and continues as single track from there.

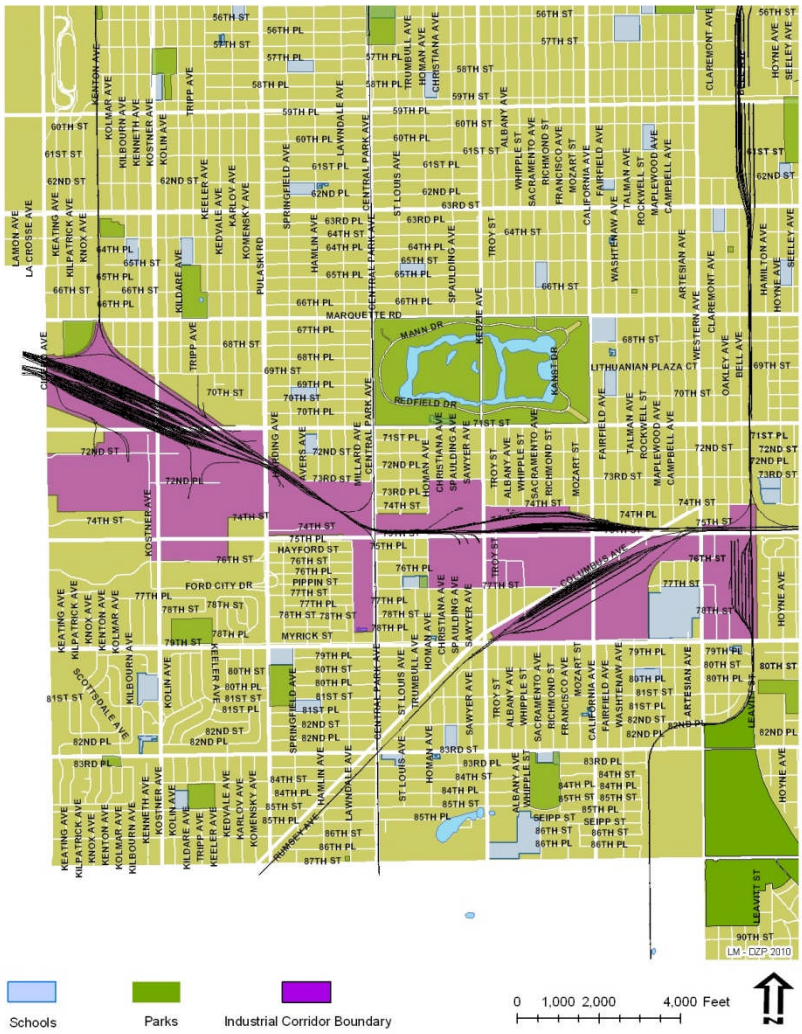
The lines cross both South California Street, South Kedzie Avenue above grade. The Orange line crosses South Lawndale Avenue above grade, while the freight line crosses at grade with only passive traffic control. The Kedzie station on the CTA Orange line is in this corridor.

This corridor has some potential for increased carload rail service given the additional tracks along the CN line, though leads would have to be built on the northern CN east-west spur before any expansion given that the leads on the main line are already in use by current customers.

Greater Southwest

The Greater Southwest region is a 1,023 acre area that roughly follows the Belt Railway of Chicago tracks out of the BRC Clearing yard east to Hayford Junction, through the BRC Rockwell Street Yard and ending at the north-south CSX mainline at Forest Hill Yard. The southernmost boundary of the region is West 79th Street and the westernmost boundary is South Cicero Avenue. This region also includes the Norfolk Southern Landers Yard south of West Columbus Avenue.

Greater Southwest Industrial Corridor



The westernmost portion of the region features the eastern end of the BRC Clearing Yard, one of the busiest railroad areas in all of North America, and the gateway into Chicago. In this section, the yard is over 65 tracks wide at its widest point. There is a junction to the north of the yard where BRC operated track extends to Midway Airport a mile to the north. A spur branches off of the south of the Clearing Yard to serve a facility on West 72nd Street and a second one branches off to serve portions of the old Dodge Chicago Aircraft Engine Plant on South Kostner Avenue.

South Cicero Avenue and South Pulaski Road both cross over the Clearing Yard above grade. The BRC mainline continues roughly southeast from Pulaski and drops down to four tracks by the time it reaches Hayford Junction.

At Hayford Junction, Canadian National's ex-GTW main runs north-south. This line enters the junction as single track, and leaves it to the south as double track, but does not otherwise split off

any leads or spurs into the industrial region, nor does it cross any of the region's roadways at grade or otherwise.

The BRC line on the other side of Hayford Junction remains four tracks wide but quickly expands again into BRC's Rockwell Street Yard. West of South Kedzie Avenue, a lead branches off to serve a facility on the north side of the tracks. Rockwell Street Yard ends at West Columbus Avenue, where three BRC tracks cross at grade with active traffic control. The three tracks continue east, running parallel to the Norfolk Southern line, until the northernmost track branches off north to interchange with the CSX mainline.

The Norfolk Southern mainline from Ashford crossing enters the region from the southwest at West 79th Street along with parallel Metra line for a total of four tracks. The NS line expands shortly thereafter to Landers Yard with more than fifteen parallel tracks with the one closest to West Columbus Avenue used for through traffic. NS also has an intermodal ramp at Landers Yard. The NS tracks join the BRC mainline at South Western Avenue, which all lines cross above grade. A single track breaks off before that crossing to allow interchange the north-south CSX mainline, and the NS tracks continue due east.

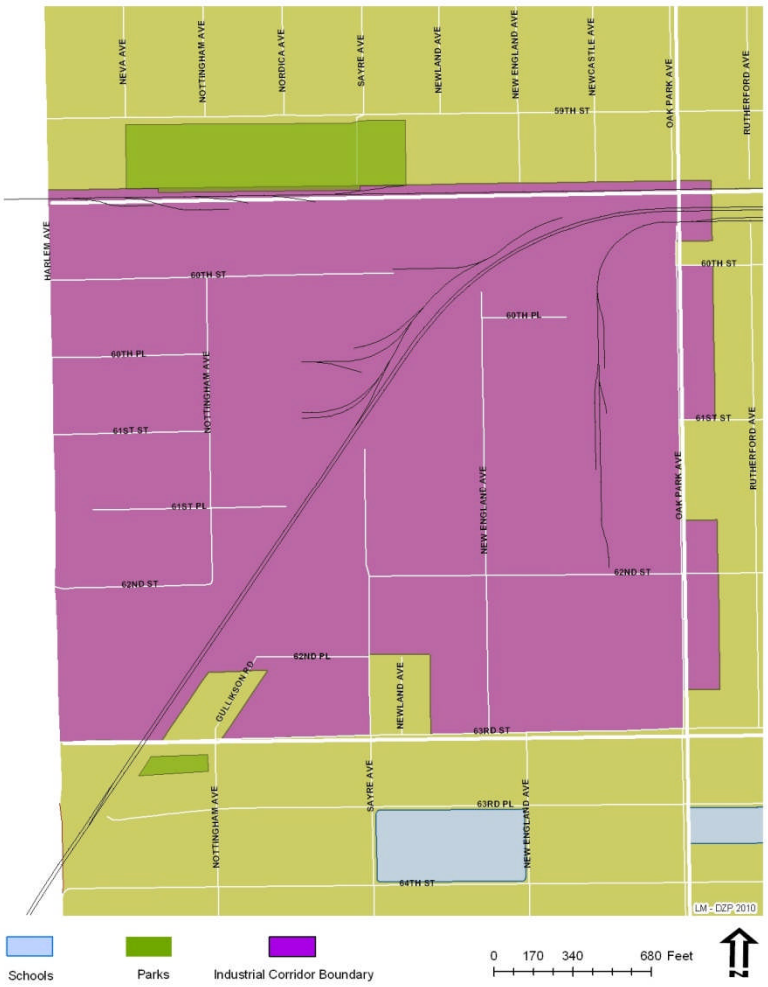
Under the CREATE project EW-2, from 77th to 84th Street between Aberdeen and Wood, the NS line will be increased to four tracks with clearance for double-stacked container cars. Three main line tracks will be created from 80th Street to Forest Hill. This will increase flexibility for train staging and create a connection between the NS and Metra lines. This improvement is technically outside of the region, but it will allow train volumes to increase from 40 to 56 trains per day within it. CREATE project P-3 will create a flyover separating the Metra and CSX rail lines so one passes over the other at West 75th Street and South Hoyne Avenue. This, too, is just outside the boundaries of the Greater Southwest area, but it will increase Metra train capacity through the region from 20 to 30 commuter trains per day and freight rail capacity from 22 to 37 trains per day. In addition, the BRC crossing at South Columbus Avenue is scheduled to be separated.

Metra's SouthWest Service currently schedules 30 trains daily to travel through the area, which also contains the Wrightwood Metra station. The nearest interstate is the Dan Ryan Expressway (I-90) which is 2.75 miles to the east, while the Adlai Stevenson Expressway (I-55) is 3.3 miles to the north.

This is currently a high volume freight corridor and the scheduled improvements make it very attractive for increased rail service.

Harlem

Harlem Industrial Corridor



Harlem is a small, 150 acre plot bounded on the west by South Harlem Avenue, the south by West 63rd Street, the east by South Oak Park Avenue, and the north by the east west Belt Railway Company tracks headed to Argo Junction. The area excludes the apartments along South Newland Avenue. All tracks in this corridor are operated by the BRC, though the Indiana Harbor Belt Railway has trackage rights on the east-west line.

The IHB track branches off from the main BRC line as a single track at South Neenah Avenue, outside the corridor. It has a single lead on the north side for potential service to customers on the south side of West 59th Street between South Sayre Avenue and South New England Avenue. It also has three leads that branch off to the south for service to West 60th Street.

The main BRC line is double track that travels northeast/southwest through the corridor with a parallel spur to the south side. The spur travels south to serve customers on the west side of South Oak Park Avenue. The main line continues as double track through the corridor, with a

lead branching off to the west, serving customers on the south side of West 60th Street and the east side of South Nottingham Avenue.

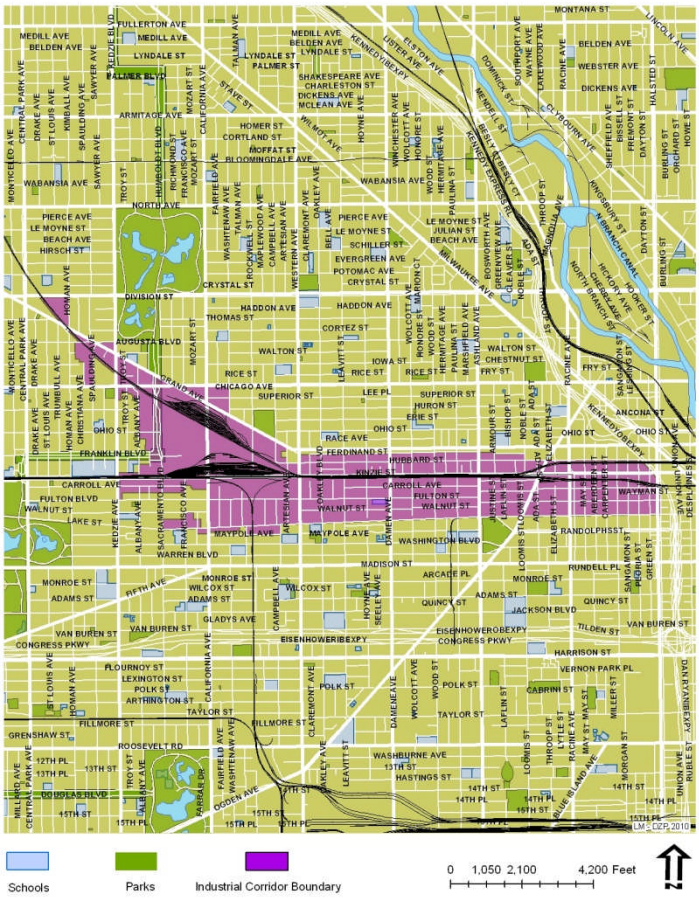
The grade crossing at West 63rd Street is scheduled to be separated as part of the CREATE improvements. The only other crossing in the corridor is the east-west line which crosses South Harlem Avenue at grade. The nearest interstate is I-55, approximately one mile to the north. The corridor is also roughly 1.5 miles west of Midway Airport.

Given the numerous existing leads and the future improvement to the grade crossing, this small area has some potential for future expanded carload service.

Kinzie

The nearly 855 acre Kinzie region consists of the areas between and around the Metra tracks traveling west out of Union Station Ogilvie Transportation Center. To the east of North Western Avenue, the area is bounded on the north by West Ferdinand Street for roughly 1.25 miles, and then by West Hubbard Street until the region ends at the Kennedy Expressway. The southern boundary from Western Avenue east is West Lake Street until the region ends at North Halsted Street. West of North Western Avenue, the region widens and northwest-southeast West Grand Avenue becomes the northern boundary. The region follows the UP West Metra tracks until North Kedzie Avenue and the Milwaukee District tracks until West Division Street. The California Avenue and Western Avenue Metra yards are both in this region and are largely used for passenger trains.

Kinzie Industrial Corridor



The Milwaukee District line enters the region as three parallel tracks, which cross below North Halsted Street. East to west, the tracks cross: North Green Street, North Morgan Street and North Carpenter Street, at grade with active traffic controls. From that point on, all other crossings are above grade except for North Racine Avenue, which is also at grade. A still-used industrial lead branches off to the south at North Racine serving a customer there. West of North Ogden Street, this line runs parallel with the UP West tracks on the south side of that line for a total of seven parallel tracks. Just east of North Western Avenue, the line crosses over the UP tracks and heads northwest, through the Western Avenue Yard, dropping back down to three tracks as it crosses North Kedzie Avenue. The line remains three tracks until it leaves the region.

The Union Pacific West line makes all its crossings above grade east of Western Avenue. The tracks then expand to form the Metra California Avenue Yard. South of the California Yard, the UP tracks junction to form a north-south line. The UP line leaves the region to the west as three tracks over North Kedzie.

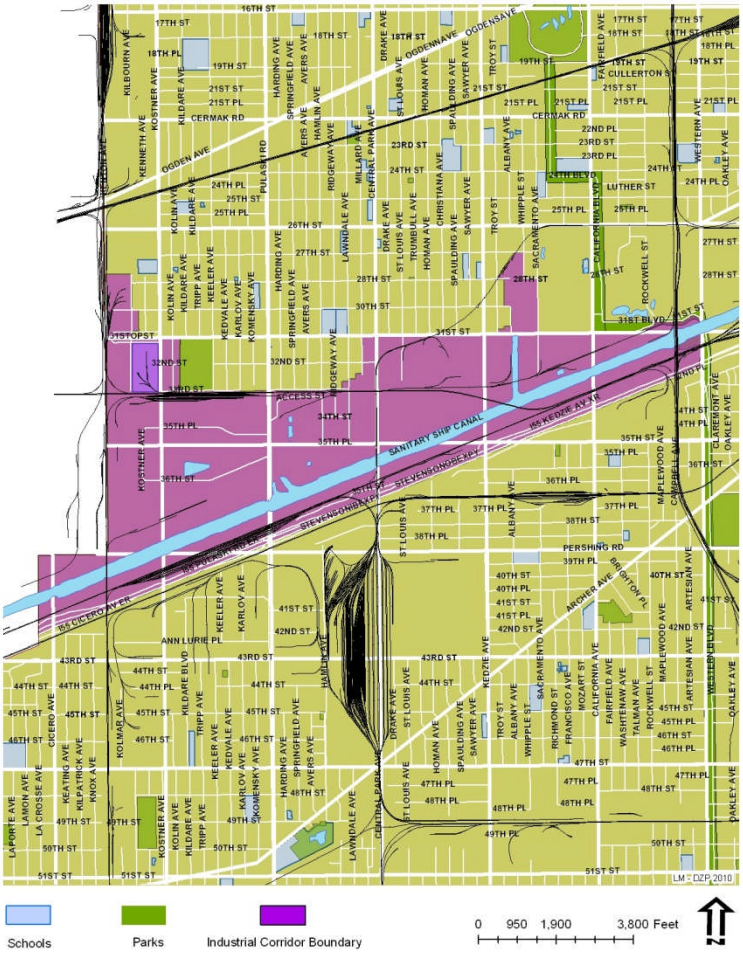
Four Metra Lines travel through this region: the Union Pacific West out of Ogilvie sends 59 trains per day along the UP tracks. The Milwaukee District West, Milwaukee District North and North Central Services from union station send a combined 111 trains per weekday along the

Metra tracks which split off to the northwest at Western Avenue. The Western Avenue and Kedzie Metra stations are in this region. In addition, the elevated CTA green line runs parallel to the southern border of the industrial area and the Ashland Lake and California stations are in this region. The Kennedy Expressway (I-90) travels through the east side of the corridor and forms part of its eastern border.

The volume of passenger trains on the Metra tracks makes the facilities along that line particularly poor for increased carload service, though at least one customer currently makes use of that line for freight. Additionally, the Union Pacific line does not have any industrial leads within the borders of the corridor. This being the case, the area would seem to be a suboptimal candidate for future rail expansion.

Little Village

Little Village Industrial Corridor



The Little Village industrial area consists of roughly 1250 acres of industrial land on the north side of the Chicago Sanitary and Ship Canal. The westernmost boundary is South Cicero Avenue

and the easternmost is South Western Boulevard. The bulk of the area is south of West 31st Street, aside for some rail served parcels east of the Belt Railway of Chicago track south of the 22nd Street Yard and a small area bordered by a Burlington, Northern and Santa Fe track to the west between West 27th Street and West 28th Street.

The BNSF tracks enter the region from Corwith Yard to the south, crossing the canal over a single-track railroad bridge, then splitting into two leads serving facilities on South Lawndale Avenue. These tracks cross the Canadian National Hawthorne line in a diamond crossing. The BN line continues north of that crossing, with leads serving the industrial facilities south of West 31st Street, which the tracks cross at grade, leaving the region. The BN tracks re-enter the region at West 28th Street, and leave the region again at West 27th Street, in both cases crossing at grade with only passive traffic control.

Canadian National operates along tracks running east to west in this region. The tracks diverge just east of South Central Park Avenue where they cross at grade as double track. The northern track remains single track as it travels east from the junction across South Kedzie Avenue above grade. A lead splits off to serve facilities on the east side of that road while the rest of the branch continues, crossing Collator Channel and branching off an industrial lead serving a facility on the south side of West 31st Street and another serving the north side of the Canal. That line crosses South California Avenue above grade and remains so until it joins the north-south CSX track on the Western Avenue corridor. The CN mainline remains double track at South Central Park and continues southeast where it crosses South Kedzie Avenue above grade, then crosses the BNSF mainline on the south side of the Canal in a diamond that is to be replaced with a connection under the CREATE Project (project C-4). This should increase capacity from 74 to 85 trains per day.

To the west of South Lawndale, the CN track travels through Crawford Yard. That yard begins as three parallel tracks, all crossing south Pulaski at grade. The yard expands to ten tracks at its widest point. West of Crawford yard there is a grand junction between the CN tracks and the north-south Belt Railway of Chicago tracks. A lead branches off serving the facilities on the southeastern quadrant of the junction, but otherwise the CN mainline continues west out of the industrial corridor to Hawthorne Yard.

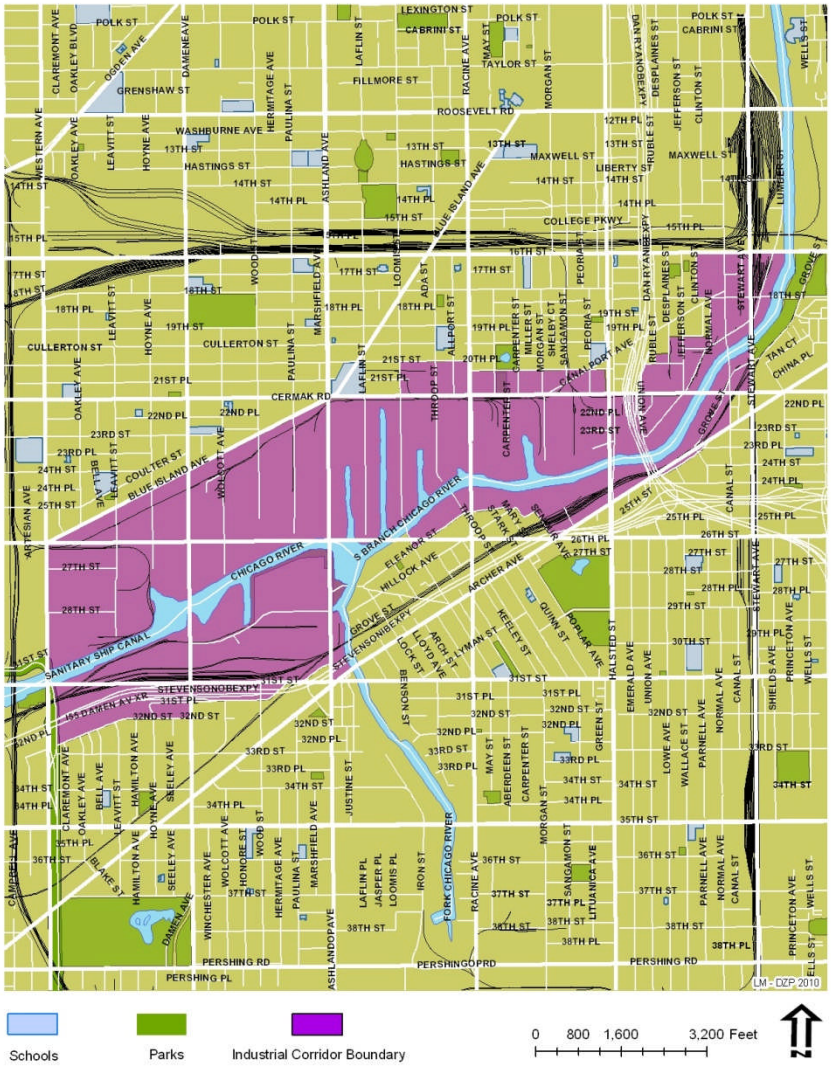
The BRC track forms the westernmost border for much of the industrial region. There are no current leads from that track that serve facilities in this area north of the Canal. South of the Canal, the BRC tracks junction with the BNSF tracks that run parallel to the Canal.

This area holds some promise for future development, although areas where tracks have been torn out make for missed opportunities. The improvements to the area will increase freight capacity, and the availability of leads and the closeness of CN and BNSF yards are particular advantages here.

Pilsen

The Pilsen region is a 1,070 acre region consisting of the areas north and south of the Chicago River roughly from South Western Avenue in the west to the railroad bridge north of West 18th Street in the east. The northernmost point is West 16th Street, where the region includes a portion of the Amtrak shops along the river. The southernmost part is a stretch of the north side of West 32nd Street from South Western Avenue to South Damen Avenue. Three railroads are present this region, with BNSF tracks serving the bulk of the north side of the river and Union Pacific and Canadian National serving regions on the south side.

Pilsen Industrial Corridor



The CIRY tracks enter the region crossing South Western Avenue as double tracks above grade. They travel parallel to South Blue Island Avenue, crossing South Leavitt Street, South Hoyne Avenue, South Damon Avenue and South Wolcott Avenue at grade with traffic control consisting only of lights – no gates. At South Wood Street and South Paulina Street, the crossings use flagmen as traffic controls. A spur branches off and travels down South Paulina Street serving facilities there. By South Ashland Avenue, the line narrows down to a single track for that at-grade crossing. That track travels parallel to West Cermak Road, and crosses South Lafin Street, South Loomis Street, South Throop Street, and South Halsted Street all at grade with only lights as traffic control. The track travels under the Dan Ryan Expressway, but travel along the right of way appears to be implausible from that point forward.

The CIRY tracks enter the Corridor at South Western Avenue as double tracks above grade. They parallel South Blue Island Avenue, crossing South Leavitt Street, South Hoyne Avenue, South Damon Avenue and South Wolcott Avenue at grade with traffic control consisting of lights – no gates. At South Wood Street and South Paulina Street, the crossings use flagmen as traffic controls. A spur branches off to serve local industry along South Paulina Street. At South Ashland Avenue, the line narrows down to a single track with an at-grade crossing. It then parallels West Cermak Road, and crosses South Lafin Street, South Loomis Street, South Throop Street, and South Halsted Street all at grade with only lights as traffic control. The track continues under the Dan Ryan Expressway and is out of service from that point.

On the south side of the Chicago River, UP tracks cross South Western Avenue above grade as double track, splitting quickly thereafter to triple, and then the former UP Intermodal Yard. The main line through the former yard splits into as many as seven tracks, with evidence of many more former tracks that have since been removed or abandoned. A single track splits off from the north of the yard and serves the facilities on the south side of the river. It and the main track cross South Damon Avenue below grade. The main track continues parallel to the Stevenson Expressway, crossing South Ashland Avenue above grade and running parallel to the CTA's Orange line and the CN line from Brighton Park. Here the tracks cross the Illinois and Michigan Canal, leaving the region, and re-enter as CN operated track at South Senour Avenue, which they cross above grade and as several parallel tracks. The bulk of CN's Bridgeport Yard is along this section of track, which crosses South Halsted Street above grade and then under the Dan Ryan Expressway. The tracks then travel parallel to the river, branching only after South Canal Street where two tracks cross the river north to the Amtrak yard. Leads serve facilities along either side of Canal Street; however they are currently fragmented and in disrepair, and not expected to be used.

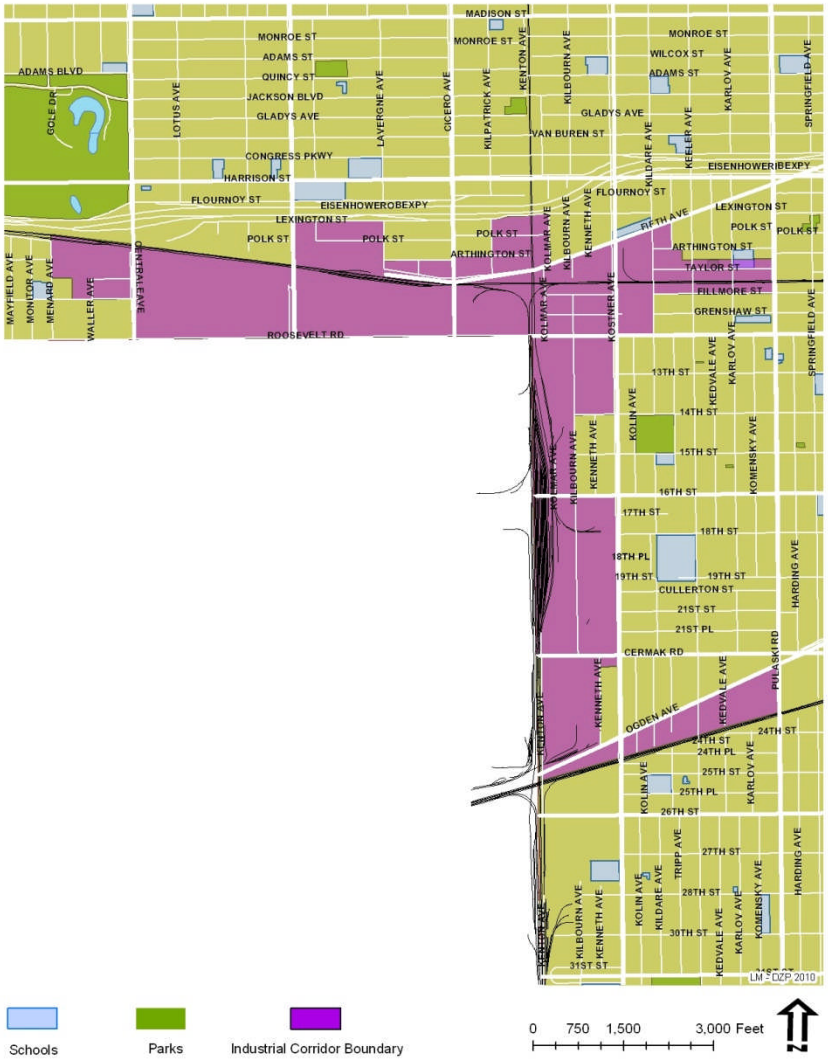
Roughly six trains per weekday travel Metra's Heritage Corridor route and thirty trains per week-day travel Metra's SouthWest Service through portions of this district. In addition, Amtrak sends 20 of their Missouri Route and Illinois Service trains daily through the corridor along the Metra tracks toward Summit. Two interstates, the Adlai Stevenson Expressway (I-55) and the Dan Ryan Expressway (I-90) pass through this region.

Given the condition of the CN grade crossings, the bulk of this region would not be particularly suitable for serving lineside industries. In addition, while there are two yards on the south side of the river, there are relatively few existing leads in good condition considering the length of the

mainline track. The area around the former UP IMX yard seems to be the most promising area for development.

Roosevelt/Cicero

Roosevelt/Cicero Industrial Corridor



The nearly 600 Acre Roosevelt/Cicero industrial region consists of three main areas. The first is the region north of West Roosevelt Road roughly from South Menard Avenue to South Pulaski Road. This part of the region follows along the Canadian National (ex-BOCT) tracks running east-west. In addition, the region consists of the two blocks east of the north-south Belt Railway of Chicago tracks from West Lexington Street to the BNSF/Metra mainline at Cicero Junction. The third portion of the district consists of the area between that BNSF line and West Ogden Avenue from Cicero Junction to South Pulaski Road.

The CN line enters the region as four tracks at South Menard Avenue, parallel to the Forest Park branch of the Chicago Transit Authority's Blue Line, which branches off north out of the region at South Central Avenue. Shortly after the tracks cross South Laramie Avenue, they begin to branch out to form the CN Transfer Yard. The yard is six tracks at its widest point. Leads from this yard extend to the north, serving a facility on West Polk Street and south, serving a facility on South Cicero Avenue. East of South Cicero, the line – now double track – branches off to the south to junction with the BRC line, while the mainline continues as double track east-west.

The CN tracks cross South Central above grade, South Laramie Avenue below grade, then South Cicero Avenue, South Kostner Avenue, South Kildare Avenue, South Keeler Avenue, South Karlov Avenue and South Pulaski Road above grade. No leads split off of the tracks east of the junction with the BRC line, though there are several vacant parcels where expansion is possible – particularly between South Kildare and South Kostner.

The BRC track enters the region at West Lexington Street and travels north-south to the BRC 22nd Street Yard. Leads from the 22nd Street Yard serve facilities along South Kolmar Avenue and South Kilbourn Avenue. In addition, a track branches off to the west from the yard and travels parallel to West 16th Street, outside of the industrial corridor. The BRC tracks cross West Lexington Street, West Polk Street, West 5th Avenue, West Roosevelt Road, West 16th Street, West Cermak Road and West Ogden Avenue above grade. They also cross over the CN tracks as double track, the Cermak branch of the Chicago Transit Authority Blue Line toward the southern end of the 22nd Street Yard as six converging tracks and the BNSF tracks before Cicero Junction as double track. South of the yard, a track operated by Manufacturer's Junction branch off to the east, though this track is technically outside of the Roosevelt/Cicero corridor.

The BNSF/Metra line crosses South Kostner Avenue, South Keeler Avenue and South Pulaski Avenue all above grade. It has four tracks in parallel and does not branch for the length of the industrial corridor.

Roughly 80 commuter trains per day travel along the Metra tracks. Amtrak runs roughly eight trains a day along the Metra line under their California Zephyr, Southwest Chief and Illinois Services. The nearest interstate to this corridor is the Eisenhower Expressway (I-290), which border the region to the north.

The presence of multiple yards makes this a potential candidate for rail expansion. However, the small number of existing industrial leads means that additional leads would have to be constructed at a potentially high cost.

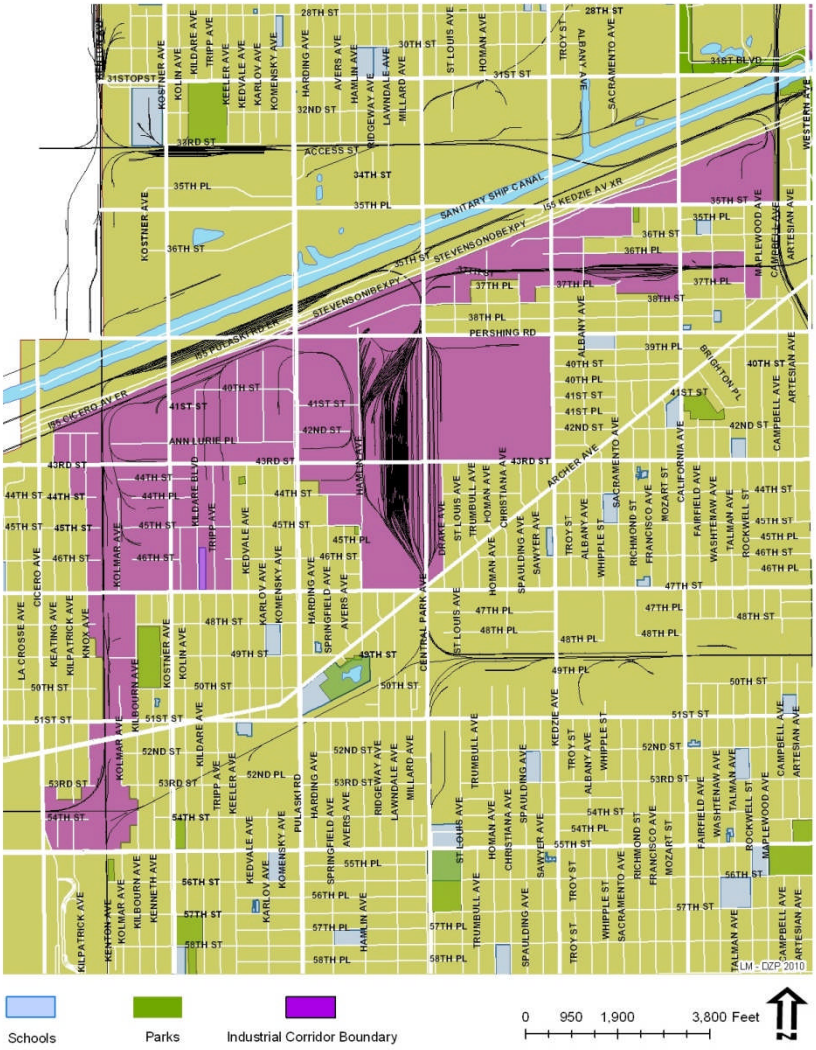
Stevenson

The 1,245 acre Stevenson area consists of the industrial parcels south of the Adlai Stevenson Expressway (I-55) and encompassing parts of the Archer Heights neighborhood as well as much of the industrial areas of Brighton Park north of South Archer Avenue. The western boundary is formed by the Belt Railway of Chicago operated track south from the 22nd Street Yard, down to the 55th Street Crossing by Midway airport. The Metra Heritage Corridor (CN) tracks run parallel to I-55 for much of this area, along with Canadian National track that runs parallel to West 36th Place, through to Brighton Park Yard where Amtrak has a maintenance facility. In addition,

BNSF track travels south from Corwith Crossing to the massive Corwith Yard intermodal facility between West 38th Street and West 47th Street.

The north-south BNSF track crosses West 38th Street above grade in three tracks. These quickly branch off to form BNSF's Corwith Yard, which is over a quarter mile wide in some parts. Industrial leads branch off from Corwith Yard serving nearly all of the facilities west of South Kildare Avenue, as well as facilities on West 40th Street, South Keeler Avenue and South Pulaski Road. Most of these leads originate in a track that travels under South Pulaski Road just south of where it meets Stevenson Expressway. BNSF also has an intermodal ramp at Corwith Yard. South of Corwith Yard, the tracks cross West 47th Street and South Archer Avenue above grade and enter the Brighton Park industrial region.

Stevenson Industrial Corridor



The BRC track enters the Corridor as triple track with a junction to the CN tracks that run parallel to the expressway. A few industrial leads branch off serving facilities on the east side of

the tracks as they travel south. The BRC line travels under the Stevenson Expressway, at grade with the expressway above. Just south of Archer, two tracks split off to the west at the 55th Street Junction. Those tracks join the Indiana Harbor Belt Railroad line running east-west. The BRC track continues south as double track through the 55th Street Junction, crossing 55th Street at grade, below the elevated CTA Orange line tracks. That intersection has active traffic control with lights and gates.

The BRC tracks currently cross South Archer Avenue at grade, though a grade separation is programmed as part of the CREATE initiative (project GS-9). The tracks on that line were upgraded and the interlocking at Corwith was reconfigured as part of CREATE.

The CN track travels parallel to Stevenson Expressway and junctions with the BRC track roughly a quarter mile east of South Cicero Avenue. Roughly a half mile east of South Pulaski Road, it junctions with the BNSF track headed to Corwith Yard and then starts to head due east, crossing South Kedzie Avenue as four parallel tracks above grade. The line then begins to branch, forming tracks to Amtrak's Brighton Park maintenance facility. After Brighton Park, it crosses South California Avenue, South Washtenaw Avenue and South Rockwell Street above grade and leaves the industrial region. There are no industrial leads off of the CN tracks in this area.

Amtrak sends 10 of their Missouri Route and Illinois Service trains daily through the corridor along the Metra tracks toward Summit. Only six trains per weekday travel Metra's Heritage Corridor route. The CTA Orange line travels briefly through this corridor as well on its way to Midway airport.

Due to the presence of Corwith Yard and its many industrial leads serving the area, the several leads off the BRC north-south track, and infrequent passenger service, Stevenson appears to be a particularly good corridor for rail based economic development.

Stockyards

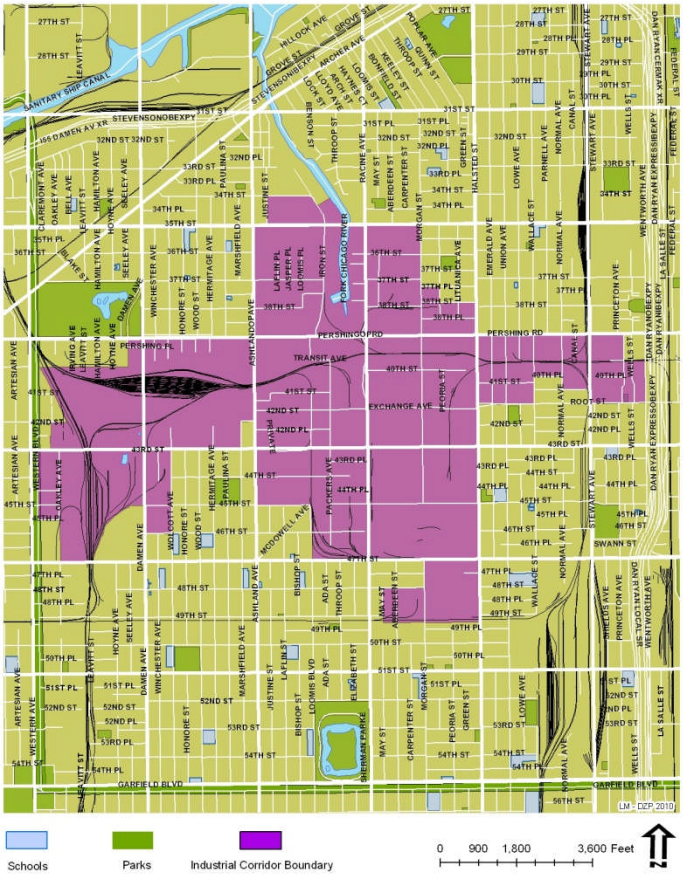
The Stockyards region is a nearly 1,500 acre corridor consisting largely of the industrial areas of the former Union Stock Yards in the New City community area of Chicago. This includes most of the area between South Western Boulevard on the west, West Pershing Road to the north, South Halsted Street to the east and West 47th Street to the south. In addition, the area includes much of the land north of West Pershing between South Ashland Avenue and South Morgan Street to West 35th Street and the area between South Halsted Street and the Dan Ryan Expressway between West Pershing Road and West Root Street. The southernmost point of the region is a few parcels between West 47th Street and the Norfolk Southern right of way at West 49th Street.

The Norfolk Southern mainline track enters the region at South Western Boulevard and travels east to form Ashland Avenue Yard which ends two thirds of a mile later at Ashland Avenue as double track. At the east end of the yard, a double track splits off to the southwest and eventually rejoins the north-south mainline (NS and CN). Leads split off of this track to serve facilities on West 43rd Street.

East of Ashland Avenue, a spur splits off to the south and crosses West 41st and West 42nd Streets at grade with only passive traffic control. South of West 42nd, a lead branches off to serve facilities on the north side of West 43rd Street. The spur continues south crossing West 43rd and West 44th streets at grade until it runs parallel to Loomis Street and expands to form the Norfolk Southern Loomis Street Yard. At the Loomis Yard, several leads branch off to the north to serve the facilities between South Packers Avenue and South Racine Avenue. The line continues parallel to West 47th Street, crossing South Racine Avenue as double track at grade and end between South Racine and South Halsted Street.

The NS mainline out of Ashland Yard continues east-west, branching off a lead that serves a facility on the west side of South Racine Ave. After this line crosses South Racine as double track with active traffic control, another spur splits off to the northwest. This spur also crosses South Racine at grade, and travels under the West Pershing Road overpass. The spur bifurcates at West Pershing, with one lead going east serving facilities along West 38th Street between South May Street and South Sangamon Street. The western lead serves facilities at the south end of the South Fork of the Chicago River's South Branch (Bubbly Creek) as well as facilities on the east side of South Iron Street.

Stockyards Industrial Corridor



The Canadian National line runs north-south parallel to the CTA Orange line and the NS track on the west side of the industrial area. This track expands south of West 43rd Street to form the CN Railport Yard. The yard ends as the tracks cross West 47th Street above grade.

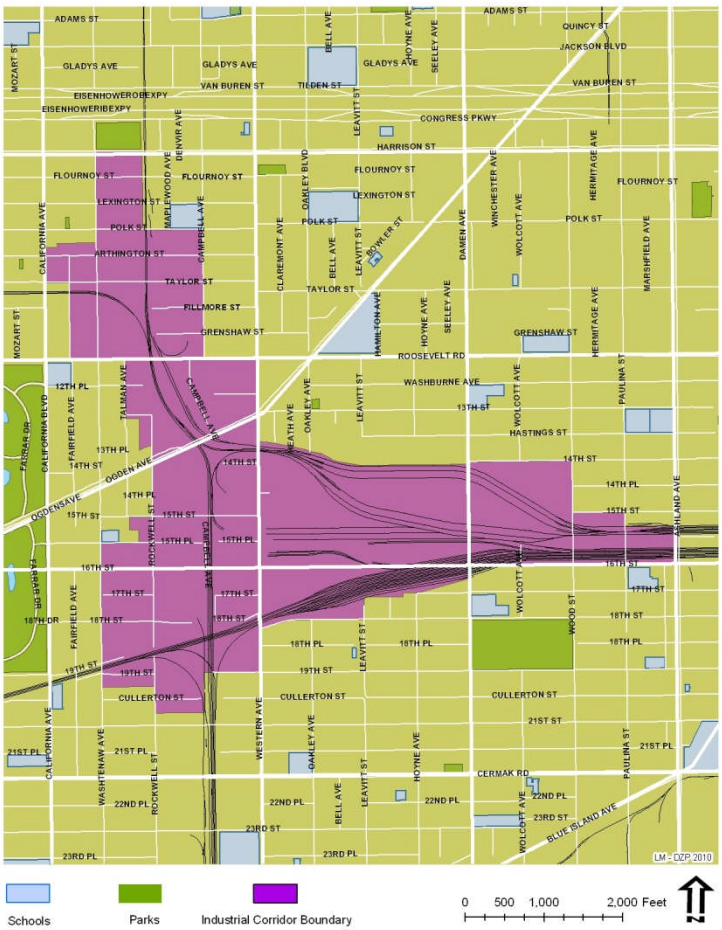
The Western Avenue Corridor grade crossing at South Morgan Street is programmed to be separated as part of CREATE project GS-3. In addition, additional NS mainline track is being constructed along Ashland Yard.

The Metra South West service sends roughly thirty trains per day along their tracks through this region. In addition, the CTA Orange Line has elevated tracks that run parallel to the CN tracks. The closest interstate to the region is the Dan Ryan Expressway (I-90) which forms its easternmost border.

With three rail yards, several existing industrial leads and scheduled track and interchange improvements, this area is a candidate for rail expansion.

Western/Ogden

Western/Ogden Industrial Corridor



The Western/Ogden industrial area is a roughly 420 acre region located around two major rail junctions, Ogden Junction to the north where CSX's Blue Island Subdivision junctions with former Baltimore and Ohio Chicago Terminal Railroad, now Norfolk Southern and Union Pacific operated tracks in the north of the area and in the south where the CSX line crosses with BNSF's tracks running both Amtrak and Metra service in the south. In addition, the UP Global 1 Yard and the BNSF Western Avenue Yard take up most of the land east of the CSX tracks.

The northern boundary of the region is West Harrison Street, where the UP tracks cross above grade. Those tracks cross West Flournoy Street, West Lexington Street, West Polk Street, and West Taylor Street all above grade. No leads branch off from the tracks at this point; however there is land available for expansion on the west of the tracks to South Washentaw Avenue. The UP line then junctions with the NS tracks at West Roosevelt Avenue (above grade), and proceeds to branch off to the southeast. At that point, it crosses West Ogden Avenue above grade and enters the UP Global 1 Yard. The yard crosses South Damen Avenue, South Wood Street, South Paulina Street and South Ashland Avenue all above grade before it exits this industrial region. The "L" tracks parallel to South Paulina Street cross over the yard.

The north-south CSX tracks are five tracks at the widest point, though they do not branch south of Ogden Junction until they exit the industrial zone. They cross West 15th Street and West 16th Street above grade.

The BNSF/Metra/Amtrak line runs roughly northeast to southwest, and enters the region as five parallel tracks at South Washtenaw Avenue. At South Rockwell Avenue, a southern branch separates from the mainline and meets the north-south CSX line. These tracks cross South Western Avenue above grade and form the Western Avenue Yard, over a dozen tracks wide at its widest point, and which joins up with UP's Global 1 Yard as it leaves the region to the east.

As part of the CREATE program, Ogden Junction will be realigned and signalized to enable a double track connection from UP to CSX and NS mainlines. This will allow train speeds to increase from 15 to 25 miles per hour. The new control point will be governed by electronic signals.

The Western BNSF Metra station lies within this area, and roughly 80 commuter trains per day travel along the Metra tracks. Amtrak runs roughly eight trains a day along the Metra line under their California Zephyr, Southwest Chief and Illinois Services.

This area is fairly busy with commuter and freight traffic at present and much of it is taken up with currently functioning rail yards. Carload service could in the future be developed in the areas where those yards currently exist, though not in the near term. The area west of South Washentaw Avenue and north of Ogden Junction is another possibility; however no current industrial leads exist and signaling would have to be put in. While the area is scheduled for important improvements, it is likely to remain a place where freight travels through, rather than a freight destination.

Task 3. Define and Analyze Five Specific Locations Most Suitable for Rail-Based Industries

Introduction

CDOT and the former Department of Planning and Development (now the Department of Community Development) selected five of the City's industrial corridors to be the subject of further analysis in Task 3. These corridors were selected, in part, because of their rail infrastructure, the availability of industrial sites, and limited transportation and/or land-use conflicts. As shown in the following map, these corridors are:

- Western/Ogden
- Stevenson
- Stockyards
- Greater Southwest
- Calumet

Sources of Data

The information used in this report has been collected from sources deemed to be reliable, and in all cases, the sources are noted. While Goodman Williams Group, Valerie S. Kretchmer Associates, and Laurie B. Marsten have no reason to doubt the validity of the information contained in this draft report, we make no guarantees about its accuracy.

In many instances, the LIRIs provided inventories of the businesses in their corridors and lists of available space. Where this information was not complete or current, we supplemented it with information from the ComEd Industrial Trends Report or other available secondary sources. As businesses constantly move, expand, and undergo other changes, these lists and the estimates of employment may not be current and should be considered a snapshot of existing conditions.

Data from the State of Illinois Department of Employment Security (IDES) were used to provide additional insights into the number of employees and industrial clusters in the five corridors. These data from *Where Workers Work* are reported by zip code. In some instances, the zip codes did not correlate well with the geography of the industrial corridors, and the data from several zip codes is combined. As noted in the tables, IDES suppresses data when only one employer is included in a category in order to protect employment information for individual companies. The intent of using *Where Workers Work* was not to provide a definitive count of employees, but to suggest which industries had the greatest presence in each of the corridor and to note major changes since 2001.

Finally, we relied on interviews with, and secondary information from, real estate brokers, developers, and individual companies. Where relevant, we included listing sheets that provide details on specific properties being marketed that we think should be considered as opportunity sites for CREOP.

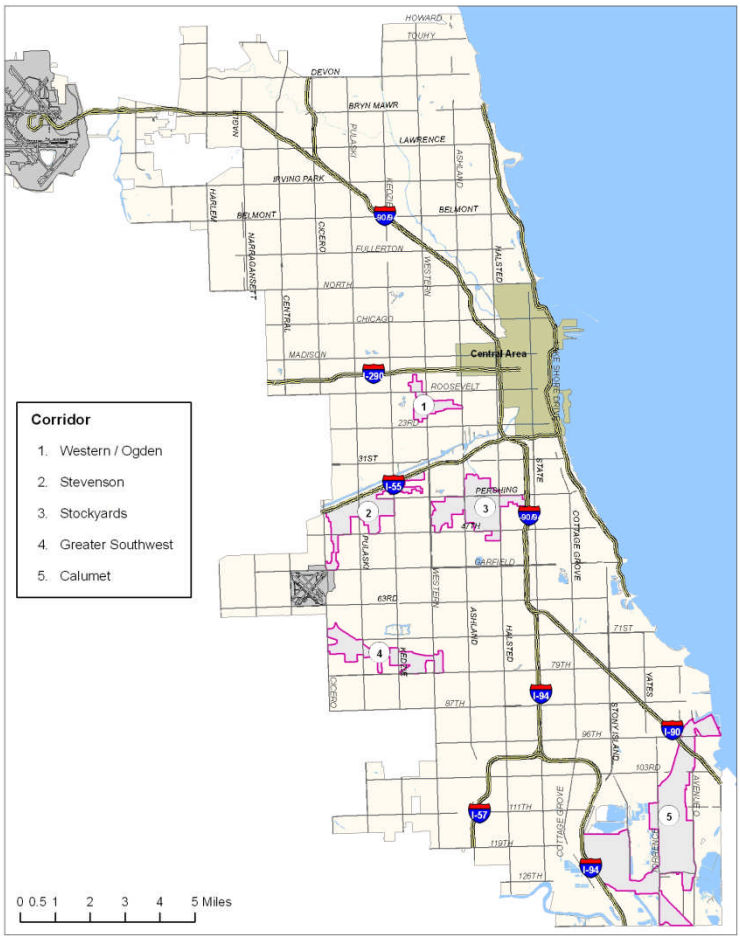
Background on the City's Industrial Initiatives

The Chicago Industrial Corridor Program designates 24 specific areas in the city where industrial businesses are currently clustered and new ones are encouraged to locate. These corridors are thought to be safe and accessible for workers and shippers; economically and physically functional for businesses; and competitive in the larger marketplace.

The Industrial Corridor Program designates and allocates funds to Local Industrial Retention Initiative (LIRI) organizations, which design and implement development plans for their respective industrial corridors. As delegate agencies, they facilitate communication between the City and the industrial businesses in their corridors.

Another tool used by the City to retain and attract manufacturing jobs is the establishment of Planned Manufacturing Districts (PMDs). This zoning overlay protects industrial land by making rezoning more difficult. Much, but not all property in the selected corridors have been designated PMDs.

Industrial Corridors



CREOP Opportunity Sites

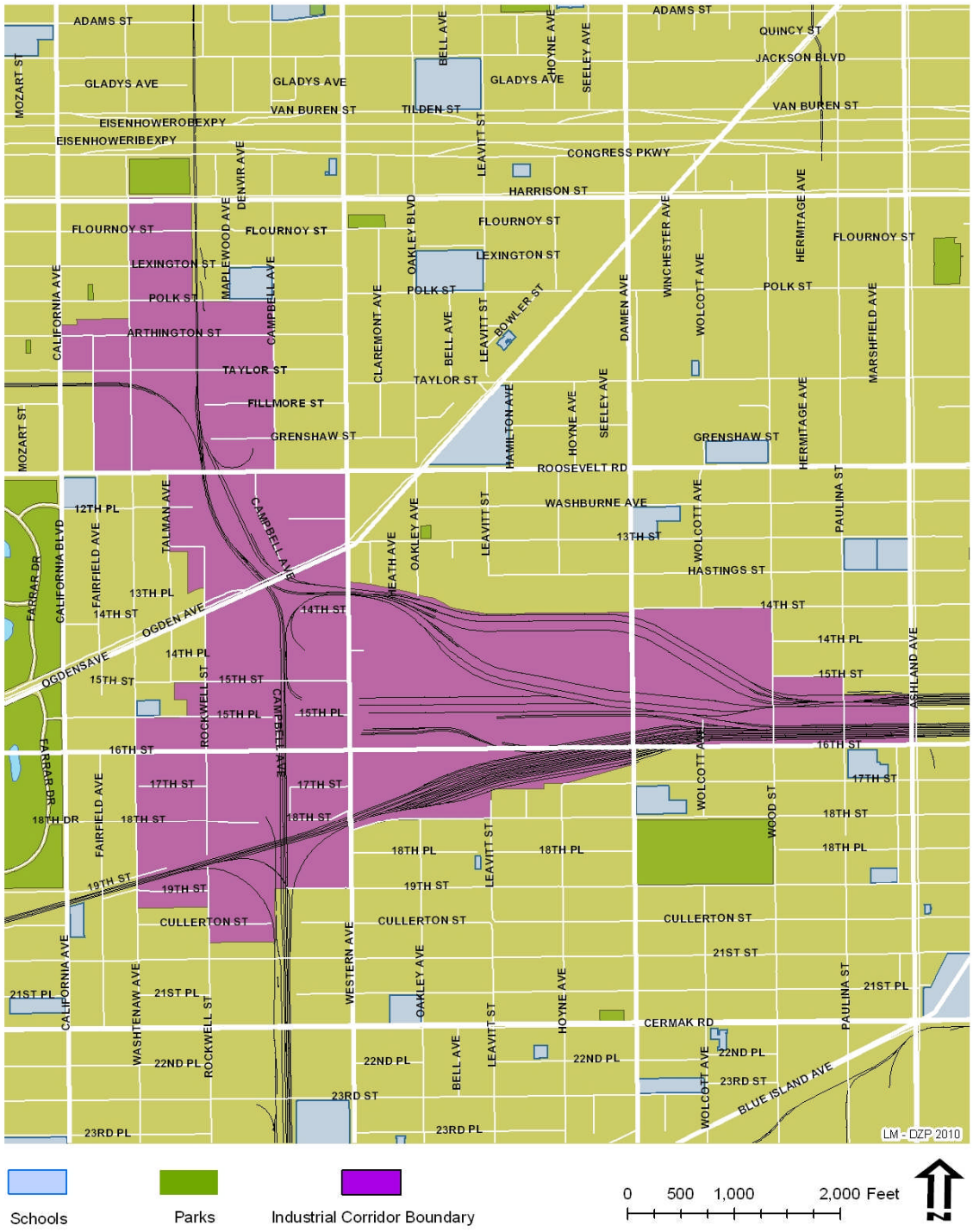
Twenty-one sites in these five corridors were identified as having particular potential to attract new industry. These opportunity sites are either served by rail or have the potential for local rail service. They range in size from several small parcels in the Stockyards that potentially could be assembled, to 100+ acre sites in Calumet. As shown in the summary table on the following page, some of these sites have existing improvements that could be further developed, and others are vacant sites that have been remediated.

SUMMARY OF POTENTIAL OPPORTUNITY SITES			
Name	**Acres**	**Rail Service**	**Current Status**
Western/Ogden			
Ryerson	48.5	CSX possible	Improved with 1.3 million sf of office and well-maintained crane buildings
Stevenson			
Former Campbell's Soup site (2600 W 35th St)	16.9	CN	337,000 sf bldg with interior rail spur and a 320,000 warehouse
4404 W Ann Lurie Pl	12.0	NS possible	Improved with 310,777 sf, including 6,000 sf of office
2091 W 36th Pl	4.1	CN	100,000 sf bldg with space for up to 4 tenants
4400 W 45th St	8.1	NS	193,485 sf bldg with 8,000 sf of office
Stockyards			
1800 W 43rd St	10.7	NS	Improved with office and garage/trailer buildings
1950 W 43rd St	3.2	NS	Improved with office and garage
2000 W 43rd St	2.8	NS	Vacant, could be assembled with above parcels
4055 S Packers Ave	16.0	NS	Bus dispatching center
4834 S Halsted St	7.5	NS possible	Vacant
Greater Southwest			
Gateway Park Phase II	31.1	BRC	Vacant, needs environmental remediation
InSite Realty	10.0	BRC	Vacant
Solo Cup site	13.5	BRC	Vacant
Vacant CSX Yard	30.0	CSX	Former Forest Hill rail yard

Sources: Goodman Williams Group; Valerie S. Kretchmer and Associates; and Laurie B. Marston, February 2009

Western/Ogden Industrial Corridor

Western Ogden Industrial Corridor



Existing Conditions

This industrial corridor is located on the west side of the City, approximately three miles west of the Loop. The irregularly-shaped 420-acre corridor is bounded by Harrison on the north (600 S), Ashland on the east (1600 W), Cullerton on the south (2000 S), and California on the west (2800 W). Roosevelt and Ogden traverse the corridor in an east-west direction, and Western is the major north-south street. Douglas Park lies west of California, effectively buffering the Corridor from the North Lawndale community area to the west. The eastern portion is in the Near West Side community area. See the Context Map on the following page.

Access to both Interstates 290 (Eisenhower) and 55 (Stevenson) is convenient; I-290 interchanges are located at California (eastbound only), Western, and Damen, less than a mile away, and interchanges with I-55 are located at California (westbound only) and Damen. Most of this industrial corridor has been designated a Planned Manufacturing District (PMD), which restricts non-industrial rezoning. The corridor traverses several wards, including #28 (Ald. Smith), #25 (Ald. Solis), and #2 (Ald. Fioretti). This industrial corridor is part of the Western/Ogden tax increment financing (TIF) District.

The Illinois Medical District and the University of Illinois at Chicago

The Illinois Medical District (IMD) abuts the Western/Ogden corridor east of Western Avenue. The IMD, a special-use district created by an act of the Illinois state legislature in 1941, is home to four major medical centers, including:

- **The University of Illinois Medical Center**, with research programs and colleges of medicine, pharmacy, nursing, dentistry, and public health.
- **John H. Stroger, Jr. Hospital of Cook County** with 464 beds.
- **Rush University Medical Center**, which includes the 924-bed Presbyterian-St. Luke's Hospital and Rush University Medical College.
- **Jesse Brown VA Medical Center**, which is part of the Veteran Affairs of Chicago Health Care System.

The Medical District also includes a number of other health-related and government facilities as well as property designated as the Chicago Technology Park. The University of Illinois at Chicago's main campus is located between Halsted and Racine, approximately one and a half miles east of the Western/Ogden corridor.

Western/Ogden Context

Rail Infrastructure

The eastern half of the corridor, east of Western Avenue, is taken up by two large rail yards: Global 1, operated by Union Pacific, and BNSF's Western Avenue Yard. There are two major rail junctions, one at Ogden Junction in the center of the corridor between UP and BOCT lines and another in the southern portion of the corridor where the CSX line crosses with BNSF's tracks that run both Amtrak and Metra service. As part of the CREATE program, Ogden Junction would be realigned and have improved signalization, allowing faster train speeds on the mainlines.

In the northern portion of the corridor, the UP tracks cross West Flournoy, West Lexington, and West Taylor Streets above grade. No leads branch off from the tracks at this point; however, there is land available for expansion on the west side of the tracks to South Washentaw Avenue.

The Western BNSF Metra station lies within this area, and roughly 80 commuter trains per day travel along the Metra tracks. Amtrak runs roughly eight trains a day along the Metra line under their California Zephyr, Southwest Chief and Illinois Services.

In sum, this area is fairly busy with commuter and freight traffic at present and much of it is taken up with currently functioning rail yards. Carload service could in the future be developed in the areas where those yards currently exist. While the area is scheduled for important improvements, it is likely to remain a place where freight travels through, rather than a freight destination.

History

When originally designated in 1991, the Western/Ogden corridor stretched south of Cermak (2200 S) all the way to the Stevenson Expressway (I-55). This southern portion (south of Cermak) has been removed from the corridor. In the northern portion of the corridor, north of Roosevelt, residential and other non-industrial pressures are being felt, and a few parcels have recently been rezoned. The building at 2500 W. Roosevelt, for example, was demolished to make way for MetroPlace, a residential development by MCL Companies and Brownstone Development. Units in Phase 1, which consists of 56 single-family houses, townhouses, and condominiums, are currently being marketed. A second phase is proposed. The core area of the Western / Ogden corridor between Roosevelt and the BNSF tracks remains intact and has been designated a Planned Manufacturing District.

Employment

The Illinois Department of Employment Security provides employment data by zip code broken down into standard categories. The portion of the Western/Ogden corridor located south of Roosevelt is in 60608; the portion north of Roosevelt is in 60612. Because Western/Ogden is such a small corridor, it contributes only a portion of the employment in these two zip codes, which also include the Illinois Medical District and the Kinzie and Pilsen industrial corridors.

Private-sector employment in these two zip codes totaled 47,785 in 2008, with manufacturing accounting for 13.7% of the total. Overall, 2,655 manufacturing jobs were lost in these two zip codes during the period from 2001 to 2008, a drop of 28.9%. Fabricated Metal Products has been a mainstay of this sector, based in large measure on Ryerson, one of the nation's leading distributors and processor of metals. A number of furniture manufacturers are also located in the corridor. While food manufacturers are a large and growing segment in these two zip codes, few food companies are located in the Western/Ogden corridor.

Wholesale and Retail Trade and Health Care and Social Assistance are other major employment sectors represented in these zip codes. While manufacturing jobs are in decline, employment in most of the non-manufacturing sectors has increased from 2001 to 2008.

Inventory of Existing Businesses

The table below provides inventory of existing businesses in the corridor. It was developed with the assistance of NORBIC, which has done work in the Western/Ogden TIF District, and is based on the ComEd commercial database. It was also reviewed by Lawndale Business and Local Development Corp., which is the new LIRI for the corridor.

This inventory lists 65 businesses in the corridor with a total of approximately 3,500 employees. Ryerson is by far the largest, with an estimated 1,400 employees at its headquarters (2621 W. 15th Place) and multiple manufacturing buildings that stretch from Ogden on the north to the BNSF rail lines on the south. As will be discussed, Ryerson is planning to close its Chicago operations.

Most of the remaining businesses in the corridor are considerably smaller, occupying space in the old multi-story buildings located on or near Roosevelt, Ogden, and Western. The industry clusters most represented include Fabricated Metal Products; Machinery; and Furniture and Fixtures.

Closures, Expansions, and Relocations

Ryerson, one of the nation's leading distributors and processor of metals, has dominated the Western/Ogden corridor both in terms of the size of its property and number of employees, estimated by one source to be 1,400. The company was founded by Joseph T. Ryerson, who opened an iron shop at a site along the Chicago River in the 1840s. In 1903 a plant was built on the West Side site to take advantage of proximity to the rail lines. According to a company press release, Ryerson is the longest continually operating company in Chicago.

In November 2007 Ryerson announced plans to restructure its operations and close its Chicago processing and distribution operations while keeping the company headquarters in Chicago. Field inspections in early January 2009 showed that the Western/Ogden plant was still operating. On January 28, 2009, Crain's Chicago Business reported that Ryerson has retained CB Richard Ellis to market the 48.5-acre complex. According to the broker, the asking price is $29 million.

The next largest employer in the corridor had been Trimax Building Products, located at 2600 W. Roosevelt Road, which manufactured plastic structural lumber products. When the company was sold in 2007, it employed approximately 400 persons. Their building is currently vacant and on the market.

Strengths of the Western/Ogden Corridor

Without Ryerson, the Western/Ogden corridor's most prominent feature will be the two large intermodal rail yards located east of Western Avenue. The existing inventory of older industrial buildings and available sites presents opportunities for new development. Given the elevation of the rail lines and the nature of the rail traffic traveling through the corridor, it is unclear whether future industrial users are likely to use rail. Proximity to the Loop and the Medical District, good access to area expressways, and the proximity of a skilled labor force are among the assets of the Western/Ogden Corridor.

EMPLOYMENT IN ZIP CODES 60608 AND 60612, 2001 AND 2008					
				2001-2008 Change	
Industry	2001	2008	% of Total	Number	Percent
All Industries	46,123	47,785	100.0%	1,662	3.6%
Agriculture, Forestry, Fishing, & Hunting	0	0	0.0%	0	0.0%
Mining	0	0	0.0%	0	0.0%
Utilities	A/	A/	--	--	--
Construction	1,193	A/	--	--	--
Manufacturing	9,188	6,533	13.7%	-2,655	-28.9%
Food	1,978	2,129	4.5%	151	7.6%
Leather & Allied Products	A/	0	0.0%	--	--
Wood Products	168	A/	--	--	--
Paper	517	A/	--	--	--
Printing & Related Support	526	271	0.6%	-255	-48.5%
Primary Metal Products	280	A/	--	--	--
Fabricated Metal Products	1,309	704	1.5%	-605	-46.2%
Machinery	375	346	0.7%	-29	-7.7%
Furniture & Related Products	1,091	920	1.9%	-171	-15.7%
Miscellaneous Manufacturing	284	A/	--	--	--
Wholesale Trade	5,908	6,172	12.9%	264	4.5%
Retail Trade	2,083	2,759	5.8%	676	32.5%
Transportation & Warehousing	2,224	A/	--	--	--
Information	A/	A/	--	--	--
Finance & Insurance	478	678	1.4%	200	41.8%
Real Estate & Rental & Leasing	293	468	1.0%	175	59.7%
Professional, Scientific & Tech. Services	1,250	1,632	3.4%	382	30.6%
Management of Companies & Enterprises	A/	A/	--	--	--
Admin. & Sup. & Waste Management & Remed. Services	2,559	3,506	7.3%	947	37.0%
Educational Services	533	953	2.0%	420	78.8%
Health Care & Social Assistance	A/	A/	--	--	--
Arts, Entertainment & Recreation	650	720	1.5%	70	10.8%
Accommodations & Food Services	2,078	2,357	4.9%	279	13.4%
Other Services (except Public Administration)	1,577	1,866	3.9%	289	18.3%
Unclassified	A/	A/	--	--	--

A/ Numbers not disclosed in order to maintain confidentiality of companies.

Source: Illinois Department of Employment Security, Where Workers Work, January 2009.

BUSINESSES IN THE WESTERN/OGDEN INDUSTRIAL CORRIDOR				
Name	**Address**	**Emp.**	**SIC**	**Product**
A & B Metal Finishing Co	1900 S Washtenaw St	7	3471	Metal finishing & buffing
Air Rite Filtration Inc	2444 W 16th St	7	2679	Filter bags & cartridges
Allabels Custom Impressions	1500 S Western Ave	3	2752	Printed labels
Alumetco Ltd	2537 W Taylor St	15	3341	--
American Sanitary Rag Co	1860 S Rockwell St	5	2299	Textile wiping cloths
Archistoric Workshop LLC	2444 W 16th St	9	3645	Custom lighting fixtures & restoration
B & J Wire Inc	1919 S Fairfield Ave	90	2542	Wire, sheet metal & tubular fabrication
Bean Products Inc	1500 S Western Ave	15	2392	Organic furniture, sleeping bean body pillows
Booths & Upholstery By Ray	2444 W 21st St	8	2512	Restaurant booths
Buddy Products Inc	1350 S Leavitt St	150	3499	Metal boxes, including key cabinets, electronic
Case-Tek Inc	2444 W 16th St	50	3161	Leather carrying & computer cases
Chalmers Elementary School	2745 W Roosevelt Rd	0	--	--
Chicago Lighthouse For People Who Are Blind	1850 W Roosevelt Rd	150	3089	Clocks & packaging & general machining job shop
Chromatin Inc	2201 W Campbell Park Dr	--	9999	--
Cima Machine and Tool Co	2714 W 21st St	--	--	--
Corona Wood Turning & Architectural Mill	2444 W 21st St.	6	2431	Stairs, posts, columns & banisters, doors & furniture
Cosmetic Distributing Inc	1500 S Western Ave	--	--	--
CSC Glass Inc	1930 S Fairfield Ave	15	3231	Mirrors, glass & store fronts
EJ Industries Inc	1275 S Campbell Ave	80	2531	Hotel & restaurant furniture, architectural wood
Empire Hard Chrome Inc	1537 S Wood St	50	3471	Hard chrome plating
Excel Electric Service Co	2415 W 19th St	60	3621	Rebuilt electric motors, controls & transmission
Fabricated Air Systems Inc	704 S Maplewood Ave	14	3444	--
Fibrogenex Inc	2201 W Campbell Park Dr	--	--	--
Filland Group	2444 W 16th St	6	2393	Pet carriers
Garden City Mirror & Shock Works Inc	1930-32 S Fairfield Ave	20	3231	--
Gladstone Elementary School	1231 S Damen Ave	0	--	--
Grant Signs	1540 S Ashland Ave	6	3993	Sign lettering, graphics & digital large format
Humphrey's Accessories LLC	2009 W Hastings St	95	3172	Leather belts, wallets, suspenders & ties
Independence Waste Material	1100 S Fairfield Ave	4	3341	--
Instant Collating Service Inc	2443 W 16th St	14	2789	Commercial bookbinding
Interior Crafts Inc	2513 W Cullerton St	180	2521	Upholstered furniture & case goods
L and M Machine Specialties Inc	2545 Congress Parkway	--	--	--
Lurie Bros	1936 W 17th St	--	--	--
Midwest Folding Products	1414 S Western Ave	250	2531	Divisional headquarters & folding tables & bench

Midwest Perforating & Stamping Co	2420 W Ogden Ave	20	3462	Metal perforating
Nina Enterprises	1350 S Leavitt St	--	--	--
Orgsyn Laboratories	2201 W Campbell Park Dr		--	--
Pace Industries Inc	2545 W Polk St	250	2511	Wooden bathroom cabinets
Panther Industries	2412 W Ogden Ave	20	3494	Industrial pipe hangers & fasteners
Phoenix Closures Inc	2444 W 16th St	--	--	--
Poco Machine Shop	2332 W Roosevelt Rd	1	3519	Rebuilt engines
Preferred Printing Service Inc	2343 W Roosevelt Rd	4	2752	Offset & letterpress printing
Proteintech Group Inc	2201 W Campbell Park Dr	4	2834	Antibodies, peptides & protein
Randa Accessories, LLC	2009 W Hastings St	200	2389	--
Richardson Seating Corp	2545 W Arthington St	45	2531	Metal upholstered & wooden barstools & chairs
Ryerson Inc	2621 W 15th Pl	1,400	3312	Corporate headquarters & steel, aluminum, nickel
Ryerson Tull Plastics	2558 W 16th St	14	3089	--
Scully Jones /Seibert Corp	1901 S Rockwell St	40	3541	Multiple spindle drilling equipment, spindles
Soupcan Inc	1500 S Western Ave	3	2541	Wooden kitchen countertops
Spiral Collection Inc	1500 S Western Ave	25	3645	Lamps, wall decor, candlesticks, occasional tables
Storms Industries Inc	1500 S Western Ave	35	2299	Textile goods
Textile Industries Inc	2414 W Cullerton St	10	2399	Liquid, dust & separation tank filter bags
Thermo-Graphics Inc	1500 S Western Ave	30	2542	--
Tomahawk Paper Products Corp	2733 W Harrison St	8	2679	Corrugated paper & plastic slitting & sheeting
Tractioneer Inc	1500 S Western Ave	--	--	--
Trimax Building Products Inc.	2600 W Roosevelt Rd	400	3082	Plastic extrusions & products & lumber processing
Value Bedding	2714 W Harrison St	--	--	--
Weitzman Furniture Inc Lee	1500 S Western Ave	6	2511	Wooden household furniture
Wilco Industries Inc	2627 W Harrison St	25	3499	--
Wood Bros Steel Stamping Co	2412 W Ogden Ave	12	3469	Metal stampings
Zuchem Inc.	2201 W Campbell Park Dr	10	2834	Food & pharmaceutical ingredients glycochemicals
Total Number of Firms:		**61**		
Total Employed:		**3,871**		

Source: ComEd Industrial Trends Report, January 2009

Western/Ogden Real Estate Market

Recent Transactions

Two large buildings along Roosevelt Road were sold recently, one to be razed and the site redeveloped for housing; and the other to be leased or re-sold to one or more industrial users, as described below:

- ***2500 W. Roosevelt.*** This 6.7 acre site is located on the north side of Roosevelt between Campbell and the elevated UP tracks. It was improved with a three-story brick industrial building with 108,000 square feet of rentable building area. In April 2007, the property was purchased by MetroPlace, LLC for $5,250,000, or $25.25 per square foot of building area. The building has since been demolished to make way for the MetroPlace residential development.
- ***2700 W. Roosevelt***. This property, which had previously been used by Trimax, is improved with a 103,000 square-foot high-cube distribution building that was completed in 2001. In June 2006, it was sold to partners of Epic Realty, which is now marketing the building both for sale and for lease. The 2006 sale price was $4,350,000 or $42.05 per square foot. According to the broker, the current asking rate is $3.75 per square foot, but as of January 2009 no space has been leased.

Two relatively new buildings have been built west of the UP tracks south of Harrison Street, including 919 S. California Avenue and the Attack Athletics gym and training facility at 2641 West Harrison. Additional undeveloped land is adjacent to these properties.

Properties Currently on the Market

2600 W. Roosevelt had been the headquarters of Trimax Building Products. This four-story brick building contains nearly 100,000 square feet of space on 11.41 acres. Despite the proximity of rail lines, it is not currently served by rail.

Other properties currently on the market are shown in the following table.. Most are offering space in multi-tenant industrial buildings with rents in the range of $3.50 to $7.50 per square foot. According to brokers handling these listings, the market has been extremely slow during the past year. None of the inquiries has involved companies looking for rail-served sites. Proximity to the Loop, Medical District, and a large labor force seem to be the area's primary advantages.

The major property that just recently came on the market is the Ryerson campus, which is discussed in the next section.

AVAILABLE PROPERTIES IN THE WESTERN/OGDEN INDUSTRIAL CORRIDOR

Address	Landlord Rep	Acres	Size (Sq Ft)	Description	Rail Service	Rent/SF/yr	For Sale?	Stories
2443 W 16th St	Paine/Wetzel	1.38	32,000	Warehouse & Office	None	$3.50	No	3
2444 W 16th St	Paine/Wetzel	3	12,000	Office on 1st flr	None	$4.50	No	5
2415 W 19th St	Vertical Brokerage Inc.	1.82	27,000	Warehouse	None	$5.50-$7.50	No	2
2600 W 19th St	Camins Tomsz Kritt	0.86	45,650	Warehouse	None	$2.80-$5.00	No	3
2400-2444 W 21st St	Lancor Equities	--	120,000	Office	None	N/A	Yes	
2332 S Blue Island Ave	Property Consultants Realty	0.4	14,400	Warehouse	Yes	$3.75-$7.50	No	2
2350 W Cullerton St.	The Polivka Group	0.69	2,816	Warehouse	None	$7.40	No	2
1930 S Fairfield Ave	Coldwell Banker	--	10,000	Warehouse	None	$4.00	No	3
2247 W Harrison	Sam Oushana	--	15,000	Warehouse	None	$4.80	$975,000	2
2733 W Harrison	Camins Tomsz Kritt	--	30,259	Warehouse	None	$6.25	$1,650,000	1
2059-2061 W Hastings	Colliers Bennett & Kahnweiler	14	28,015	Loft building	None	$6.95	No	4
2320-2334 W Ogden	Paine/Wetzel	0.56	26,550	Ind.	None	Neg.	$1,500,000	1
2600 W Roosevelt	Paine/Wetzel	11.41	99,830	Ind.	None	Neg.	Yes	4
2700 W Roosevelt	Paine/Wetzel	5.32	103,450	Ind.	None	$3.75	$8,500,000	1
1224 S Western	Paine/Wetzel	0.2	8,453	Ind.	None	$9.00	No	1
1500 S Western	Midland Properties	--	14,203	Ind.	Yes	$4.00	No	5
1900 S. Western	Omrun Property	2	35,000	Flex	None	$7.50-$10.00	No	3

Source: ComEd Available Facilities Report, Jan. 11, 2009

CREOP Opportunity Sites

Ryerson site

Ryerson's 48.5-acre campus is improved with nine buildings containing a total of 1.3 million square feet of space. See Map 1-3 on the following page. The site is located within a TIF district (T-48), a PMD, and an Enterprise Zone. A summary of the offering memorandum is attached to this section.

The improvements include:

- A two-story, 88,000 square-foot office building at 2621 West 15th Place.
- Four well-maintained high-cube crane buildings.
- A trailer storage area that abuts BNSF tracks as they cross the north-south CSX tracks.

Transportation Infrastructure

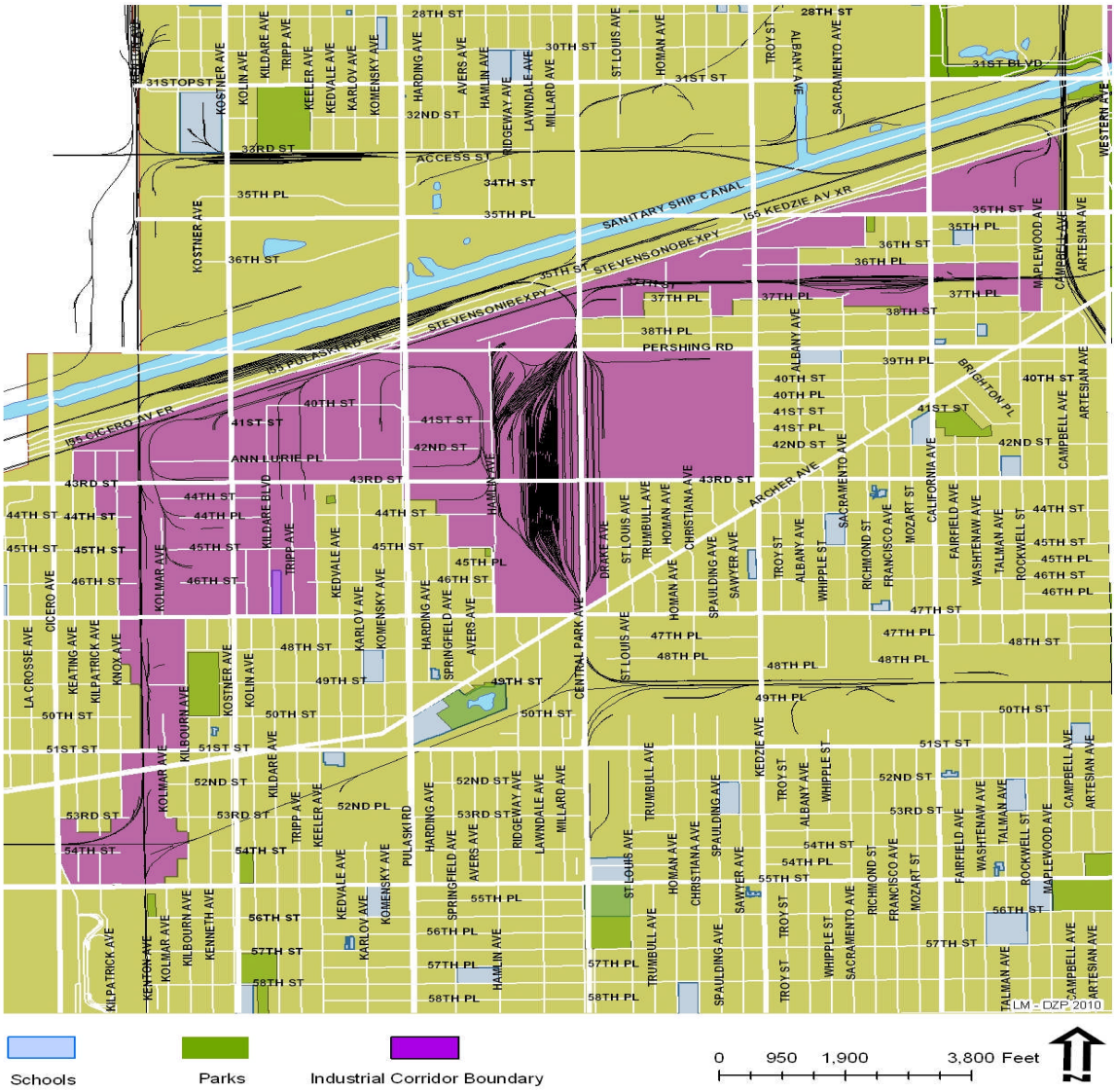
According to the CB Richard Ellis agent for the property, Ryerson is not currently using rail despite the fact that three of the four major buildings had rail service at one time. A conversation between the agent and CSX indicated that future rail service is a possibility, although there would be a cost associated with rebuilding the spurs.

Suitable Industries

The agent notes that a partial sale/leaseback from Ryerson is a possibility, as is a sale to another steel or metal fabricator. Unlike many older abandoned steel mills, this manufacturing complex has been well-maintained and is in good condition. Other possible uses include a variety of assembly and bulk distribution operations. More innovative uses, such as a film studio, have also been discussed.

Stevenson Industrial Corridor

Stevenson Industrial Corridor



Existing Conditions

Description of the Stevenson Corridor

The Stevenson corridor is a comparatively new industrial corridor within the City. It consists of 1,245 acres located south of the Stevenson Expressway (I-55). The Sanitary and Ship Canal is located immediately to the north of the Stevenson Expressway. Midway Airport adjoins the southwestern tip of the corridor. The irregularly shaped corridor extends as far east as Western Avenue (2400 W) in places and as far west as Cicero Avenue (4800 W) in some areas. While a small portion of the corridor runs as far south as 55th Street, most of the corridor is located north of Archer Avenue

The northeastern portion of the corridor is five miles from Loop and the southwestern portion is ten miles from the Loop. Major streets, including Archer Avenue, Pershing, 47th Street, 55th Street, Cicero, Pulaski, Kedzie and Western, are located within or border the corridor. Entrance and exit ramps to the Stevenson Expressway are located at Cicero, Pulaski, Kedzie, California and Western. In addition to direct access to the Stevenson, both the Dan Ryan Expressway (I-90/I-94) and the Eisenhower Expressway (290) are located about three miles away.

Most of the land within the corridor has been developed for industrial use, although there are a few vacant sites. The overwhelming majority of buildings are single story structures. Commercial uses are located on the major streets in the corridor. Detached single family homes and some multi-family buildings surround the corridor on the south, east and west.

The Stevenson corridor is located within three community areas. It includes a large part of Archer Heights, the northern portion of Brighton Park and a small, easternmost portion of Garfield Ridge. The corridor is located within three Wards: 14, 12, and 23. None of the corridor has been designated a Planned Manufacturing District, an Empowerment Zone, or a Special Service Area.

The portion of the Stevenson corridor located south of the expressway between California and Campbell is located in Enterprise Zone #1. The area of the corridor north of 48th Street between Central Park and Knox and south of the expressway is included within Enterprise Zone #2.

The portion of the Stevenson corridor located south of the expressway between California and Campbell is within the Sanitary and Ship Canal TIF District, T-42. The Midway Industrial Corridor TIF District, T-89, includes that portion of the corridor located south of the expressway between Kolmar and Knox and north of 55th Street. The Stevenson/Brighton Park industrial corridor was designated as a TIF district, T-149, in 2007.

Rail Infrastructure

The Metra Heritage Corridor, which provides commuter service between the Loop and Joliet with six trains per weekday, runs parallel to the Stevenson Expressway through part of the corridor. Amtrak uses the Metra tracks for twenty passenger trains daily that serve Illinois and Missouri. Amtrak has a maintenance facility in the Brighton Park Yard.

The CTA Orange line which connects the Loop and Midway Airport travels just south of the corridor. The Stevenson corridor is served by five freight rail lines. The CSX and the Norfolk Southern (NS) form the eastern edge of the corridor.

The Canadian National (CN) track travels parallel to the Stevenson Expressway until 36th Place, where it turns due east and travels to Amtrak's Brighton Park maintenance facility. Then it continues east out of the corridor. There are no industrial leads off the CN tracks in this corridor.

Burlington Northern and Santa Fe (BNSF) tracks cross 38th Street, then branch off to form the Corwith Yard which occupies more than 300 acres between 38th Street and 47th Street. The yard handles intermodal shipping containers and provides warehouses with good access to the industries in the area. From Corwith Yard, the track travels under Pulaski just south of the Stevenson Expressway. There are numerous industrial leads to serve sites on 40th Street, Kildare, Keeler and Pulaski. South of the Corwith Yard the BNSF tracks cross Archer Avenue and leave the corridor.

The Belt Railway of Chicago (BRC) travels south from the 22nd Street Yard, going under the Stevenson Expressway. It continues south past 47th Street. Then just south of Archer Avenue, the track splits off to head west out of the corridor. Other track continues south and crosses 55th Street at grade, beneath the elevated CTA Orange line tracks. The intersection with 55th street is controlled with lights and gates. A few industrial leads branch off to serve facilities on the east side of the tracks.

History

The industrial development of the corridor dates back to the late 1800s due to the success of the Union Stockyards to the east and south. The demand for military goods during the 1940s and the availability of land for development led to the growth and expansion of the corridor. Given the presence of the freight lines and the lack of public transit, this part of Chicago experienced less residential development than did other areas in the City.

Today major employers include Bagcraft Papercon, Inc (paper based packaging) with 1,050 employees, Marvel Metal Products (Office Furniture), and Rapid Displays, Inc. (marketing displays and promotional material) , both with about 300 employees.

Stevenson Context

Employment

The Stevenson corridor occupies three zip codes. Almost all of the Elsdon zip code (60632) is located within the corridor. In addition the southeastern portion of the Hawthorne zip code (60623) and the southwestern portion of the Pilsen zip code (60608) are within the corridor. As shown in Table 2-1, the total employment within those three zip codes declined from 65,155 in 2001 to 62,463 in 2008, a loss of 2,703 jobs.

As seen in the table below, the total number of establishments within the three zip codes increased from 2,887 in 2001 to 3,057 in 2006. Meanwhile, the number of large establishments, those with more than 250 employees, decreased from 33 to 30 within the same period.

STEVENSON INDUSTRIAL ESTABLISHMENTS BY EMPLOYMENT SIZE

	2001		2006		Change 2001-2006	
	Total	# with 250+ Employees	Total	# with 250+ Employees	Total	# with 250+ Employees
Total	2,887	33	3,057	30	170	-3
Manufacturing	357	8	303	6	-54	-2
Wholesale trade	289	6	278	5	-11	-1
Transportation & warehousing	181	2	191	2	10	0

Source: U. S. Census, County Business Patterns

Manufacturing jobs declined substantially from 17,172 in 2001 to 12,371 in 2008, a loss of 4,801 jobs or 28%. In contrast, Chicago lost 36% of its manufacturing jobs in that period. The manufacturing job losses in the corridor were partially offset by modest gains in retail trade, information, finance and insurance, real estate, health care, accommodations and food service.

The type of manufacturing employment most frequently found within the corridor was in food, fabricated metal products, and furniture and related products. Fabricated metal products employment significantly dropped from 3,896 in 2001 to 2,487 in 2008, while furniture employment fell from 1,841 in 2001 to 1,331 in 2008. Employment in food manufacturing, however, increased slightly from 3,695 to 3,852.

Inventory of Existing Businesses

The largest employer within the Stevenson Corridor is Bagcraft Papercon, a manufacturer of corrugated boxes, which employs 1,050 people. Most of the other 16 businesses employ between 100 and 300 personnel.

Closures, Expansions, and Relocations

Two major warehouse users have left the corridor. Dominick's moved their warehouse operations to their Northlake facility. Judge and Dolph consolidated their warehouse operations in the O'Hare area.

Public Sector Investments

The completion in 1993 of the CTA Orange Line connects the Loop and Midway Airport. The stops at Pulaski, Kedzie, Western and Archer provide employees with convenient access to corridor businesses.

Most of the rail crossings are currently grade separated. The BRC tracks, which cross Archer Avenue at grade, are scheduled for grade separation as part of the CREATE program.

Strengths of the Stevenson Corridor

The major industry clusters within the corridor that might use rail are: manufacturing, transportation, warehousing, wholesale trade and construction. The corridor includes a wide variety of manufacturing, with a concentration of food and fabricated metal products. Other significant industries include: retail trade, health care, accommodations and food service, and administration and support and waste management and remediation services.

The greatest strength of the corridor is its location. The proximity to the Stevenson Expressway provides easy access to the region's expressway network which connects Chicago to other parts of the Midwest. Midway Airport, located at Cicero and 55th Street adjoins the southern terminus of the corridor. The northern terminus of the corridor is only five miles from the Loop.

Commercial uses occupy most of the major streets within the area. However, the edges of the corridor often abut older single-family housing that is modest but well maintained. The different land uses have co-existed for many decades; in some areas, the industrial users have undertaken physical improvements to mitigate potential impacts on the surrounding residential uses.

While most of the parcels are not as large as industrial sites found in the suburbs, buildings of 100,000 square feet to 500,000 square feet and larger are located within the corridor. There are also numerous smaller buildings, so the corridor is capable of serving a wide range of uses.

EMPLOYMENT IN ZIP CODES 60632, 60608, AND 60623, 2001 AND 2008

				2001-2008 Change	
Industry	**2001**	**2008**	**% of Total**	**Number**	**Percent**
All Industries	65,166	62,463	100.0%	-2,703	-4.1%
Agriculture, Forestry, Fishing, & Hunting	0	0	0.0%	0	0.0%
Mining	0	0	0.0%	0	0.0%
Utilities	A/	A/	--	--	--
Construction	2,333	1,939	3.1%	-394	-16.9%
Manufacturing	17,172	12,371	19.8%	-4,801	-28.0%
Food	3,695	3,852	6.2%	157	4.2%
Fabricated Metal Products	3,896	2,487	4.0%	-1,409	-36.2%
Furniture & Related Products	1,841	1,331	2.1%	-510	-27.7%
Wholesale Trade	9,799	9,123	14.6%	-676	-6.9%
Retail Trade	5,213	6,121	9.8%	908	17.4%
Transportation & Warehousing	7,863	5,817	9.3%	-2,046	-26.0%
Information	215	480	0.8%	265	123.3%
Finance & Insurance	1,377	1,644	2.6%	267	19.4%
Real Estate & Rental & Leasing	389	A/	--	--	--
Professional, Scientific & Tech. Services	1,260	678	1.1%	-582	-46.2%
Management of Companies & Enterprises	A/	A/	--	--	--
Admin. & Sup. & Waste Management & Remed. Services	5,201	A/	--	--	--
Educational Services	1,134	A/	--	--	--
Health Care & Social Assistance	7,850	8,122	13.0%	272	3.5%
Arts, Entertainment & Recreation	196	A/	--	--	--

Accommodations & Food Services	2,987	3,479	5.6%	492	16.5%
Other Services (except Public Administration)	1,442	2,019	3.2%	577	40.0%
Unclassified	A/	A/	--	--	--
Establishments	2,752	3,116	--	364	13.2%

A/ Numbers not disclosed in order to maintain confidentiality of companies.

Source: Illinois Department of Employment Security, where Workers Work, January 2009

BUSINESSES IN THE STEVENSON INDUSTRIAL CORRIDOR			
Name	**Address**	**Emp.**	**Product**
M& G Graphics	3500 W 38th St	25	Produces brochures, mailers
Gold Standard Baking	3700 S Kedzie St	100	Bakery products
Marvel Contract Metal Fabrication	3843 W 43rd St	300	Manufactures office furniture
Bagcraft Papercon, Inc.	3900 W 43rd St	1,050	Corrugated boxes
Monda Window and Door Corp	4101 W 42nd St	25	Millwork manufacturing
Focal Point	4141 S Pulaski Rd	130	Manufactures lighting fixtures
Rapid Displays, Inc.	4300 W 47th St	300	Promotional display manufacturing
Gold Eagle	4400 S Kildare	210	Manufactures lubricants
Bay Valley Foods, LLC	4401 W 44th Pl	100	Food products
Agri Best Foods	4430 S Tripp Ave	130	Meat wholesaler
Chicago American Manufacturing	4500 W 47th St	100	Manufactures metal store fixtures
Home Products International, Inc.	4501 W 47th St	200	Plastic and metal bathware
Kronos Food (closing)	4501 W District Blvd	220	Food products
Trendler, Inc.	4540 W 51st St	100	Metal furniture components
Finishing Plus, Inc.	4546 W 47th St	120	Book binding
Skolnik Industries	4900 S Kilbourn	80	Manufactures steel drums, barrels
Bobak Sausage Co.	5275 S Archer Ave	180	Meat processor
Total Employees		**3,370**	

Sources: Back of the Yards Neighborhood Council, 2006-2007 Industrial Directory, and ComEd Industrial Trends Report

Stevenson Real Estate Market

Recent Transactions

The market in the Stevenson corridor has been relatively active. Transactions included inter-company transfers, sales as part of a portfolio, sales from a single user to an investor, and conversion by an investor to a multi-tenant facility.

Most of the buildings are in the range of 50,000 to 300,000 square feet, plus two exceptionally large sales of over 600,000 square feet each: the former Campbell Soup plant and the former Atlas Cold Storage facility. Sale prices range from $8.49 to $93.33 per square foot, the high price

apparently paid as part of an intra-company transfer. The second highest price was achieved when CenterPoint Properties sold the building at 4400 S Kolmar Ave to ML Realty Partners, LLC for $60.67 per square foot.

Properties Currently on the Market

The eight currently available properties in the Stevenson corridor range in size from 60,000 square feet up to 277,000 square feet. Several properties only have a portion of the site available for lease, including one as small as 17,500 square feet. Two properties are near rail lines and a third is within the Corwith Yard.

INDUSTRIAL BUILDING SALES IN THE STEVENSON INDUSTRIAL CORRIDOR

Address	Date of Sale	Rentable SF	Building Type	Age	Price	Price/SF
4000 W 40th St	7/16/2008	96,207	Class B Mfg	55	$4,000,000	$41.58
3700 S Kedzie	6/5/2008	84,645	Class B Mfg	48	$7,900,000	$93.33
4340 W 47th St	12/28/2007	60,885	Class C Warehouse	--	$1,825,000	$29.97
4500 S Kolin Ave	12/28/2007	225,525	Class C Mfg	66	$7,700,000	$34.14
4404 W Ann Lurie Pl	12/21/2007	310,775	Class C Warehouse	39	$9,333,333	$30.03
4400 W 45th St	8/2/2007	193,485	Class B Warehouse	62	$5,500,000	$28.43
4127-4141 S Pulaski Rd	6/15/2007	196,360	Class C Warehouse	58	$4,600,000	$23.43
4400 S Kolmar Ave	5/24/2007	92,000	Class C Warehouse	41	$5,582,000	$60.67
4248 W 47th St	3/1/2007	180,000	Class C Industrial	--	$1,700,000	$9.44
3700 S Kedzie	12/21/2006	84,545	Class B Mfg	46	$7,900,000	$93.33
2600 W 35th St (Campbell's Soup)	12/8/2006	683,000	Class C Warehouse	76	$5,800,000	$8.49
4220 S Kildare Ave	6/9/2006	630,248	Class C Warehouse	52	$16,900,000	$26.81
4222 S Pulaski Rd	6/9/2006	100,000	Manufacturing	56	$4,400,000	$44.00
3925 W 43rd St	3/29/2006	150,000	Manufacturing	65	$7,000,000	$46.67
4500 W 47th St	7/18/2005	210,000	Industrial	61	$3,500,000	$16.67
4101 W 42nd Pl	3/29/2005	272,826	Class C Warehouse	47	$5,300,000	$19.43
4630 W 53rd St	3/1/2005	52,947	Industrial	48	$1,625,000	$30.69
4237 W Ann Lurie Pl	1/11/2005	50,671	Manufacturing	45	$1,260,500	$24.88

Source: GVA Chicago

AVAILABLE PROPERTIES IN THE STEVENSON INDUSTRIAL CORRIDOR							
Address	**Current Owner**	**Acres**	**Size (Sq Ft)**	**Description**	**Rail Service**	**Highway Access**	**Comments**
4546 W 47th St	Finishing Plus	6.7	277,100	195,135 for lease	Rail in area	10 blocks to Expwy	warehouse
4400 S Kolmar	ML Realty Partners	6.7	92,000	45,525 for lease	Rail in area	12 blocks to Expwy	manufacturing or distribution
4101 W 42nd Pl	Monda Windows	7.39	272,826	100,000 for lease	Spur inactive	5 blocks to Expwy	distribution or manufacturing
3950 S Karlov	Kronos	1.95	70,626	Vacant 5/09	No	3 blocks to Expwy	currently used as baking facility
4501 W District	Kronos	3.44	96,234	Vacant 7/09	No	10 blocks to Expwy	food processing, with coolers and freezer
4100 W 40th St	Kronos	1.86	66,661	Vacant 5/09	No	3 blocks to Expwy	food distribution with freezer and cooler
3301 W Pershing	UIRC	3.21	60,000	30,000 for lease	Corwith Yard	3 blocks to Expwy	Enterprise Zone 2
4532 S Kolin	46 Kolin, LLC	5	248,000	17,500 for lease	No	10 blocks to Expwy	manufacturing

Sources: Colliers B&K, Darwin Realty, Grubb & Ellis, Paine/Wetzel, Urban Investment Research Corporation

CREOP Opportunity Sites

In the Stevenson corridor there are four available sites that currently are served by rail or for which rail is in the immediate area and could be extended to the site.

2600 W. 35th Street

The former Campbell Soup facility was used for soup processing, and then bought by General Foods for food grade warehousing. In 2006, Glazer's Distributors of Illinois, Inc purchased it for warehouse use with Union Beverages as tenant. Subsequently, Judge and Dolph purchased the tenant and relocated them to a 400,000 square-foot facility near O'Hare airport in order to consolidate the firm's operations.

The property is now on the market and the seller is an investment group active in the area who specifically looks for rail sites. Currently the CN spurs are covered with gravel which can easily be removed for a user who requires rail service.

The site is 16.9 acres with a 337,000 sf (including 71,000 sf office) four-story building that was constructed in 1930 and renovated in 1958. The building has 24 exterior docks and 4 drive-in doors, a ceiling height of 16' with 2000 amp/480 volt power. The rail spur ran into the building and off-loading occurred inside. The second building on site is a single-story warehouse of 320,000 sq (with 7,300 sq office), built in 1958. This building has 20 interior truck docks and 26' clear height. The site is zoned M2-3.

Access to the westbound Stevenson (I-55) is via California, less than one-quarter mile away, with access to the eastbound Stevenson via the frontage road from California to Kedzie ramp. The Phase I Environmental Site Assessment found no underground tanks and identified the only issue as some pipe wrap.

The site is located within the Sanitary and Ship Canal TIF district (T-42) and within Enterprise Zone #1. It is not located within a Planned Manufacturing District. The building has not been used for manufacturing for a number of years. The most likely use would be for warehousing.

4404 W. Ann Lurie Place (42nd Place)

This manufacturing facility, a one–story structure of 310,777 sf (with two-story office of 6,000 sf), was built in 1968. The building has heavy power (3,000 amp/480 volts), clear height of 20' and 71 exterior docks. The building is less than one mile to the full interchange at Pulaski and the Stevenson Expressway. The street surface by the site is in poor condition. The site is zoned M2-3. Rail is available to site.

A new 180,000 LEED certified facility with 60' clear height was recently constructed next door. Norfolk Southern initially was non-committal about providing service to the new building, but agreed to do so because there was an existing, inactive spur. The broker includes reference to rail in the listing materials, which are attached.

KTR Capital purchased the site in 2007 for $30.00 per square foot, and assumed that rail could be brought in. Dominick's had previously used the building as a warehouse, and then moved their operations to Northlake. No tenants have occupied the building since the purchase. The Chicago Food Depository is located at 4100 Ann Lurie Place.

The site is located within Enterprise Zone #2 and the Stevenson-Brighton TIF district. The building could be used by the following industries: manufacturing, warehousing, wholesale trade, or construction.

2901 W 36th Place

The 4.06-acre site is served by the CN railroad and is zoned M2-2. The building is 100,000 square feet, and could be occupied by up to four tenants. There are 20 truck doors. The building has a 22' clear height.

The building had been occupied by the Papergroup, who closed down their operations, after which the building sat vacant for five years. The most recent buyer demolished 50,000 square feet on the west end of the building for parking and staging, and a new end wall with dock doors was built. The current tenant receives rolls of paper via rail for distribution to users.

Access to the westbound Stevenson is via California, about one-half mile away, with access to eastbound Stevenson via the frontage road from California to the Kedzie ramp. A Phase I

Environmental Site Assessment identified minor amounts of asbestos which has since been removed. The site is located within the Stevenson-Brighton TIF district.

When the market was strong, the owner did receive inquiries from developers who were interested about converting the building to residential use. Since the railroad track is immediately adjacent to the building, warehousing or manufacturing would be the more likely use.

4400 W 45th Street

The site is 8.07 acres and has rail from Norfolk Southern. While the tracks are old, rail service could be reactivated.

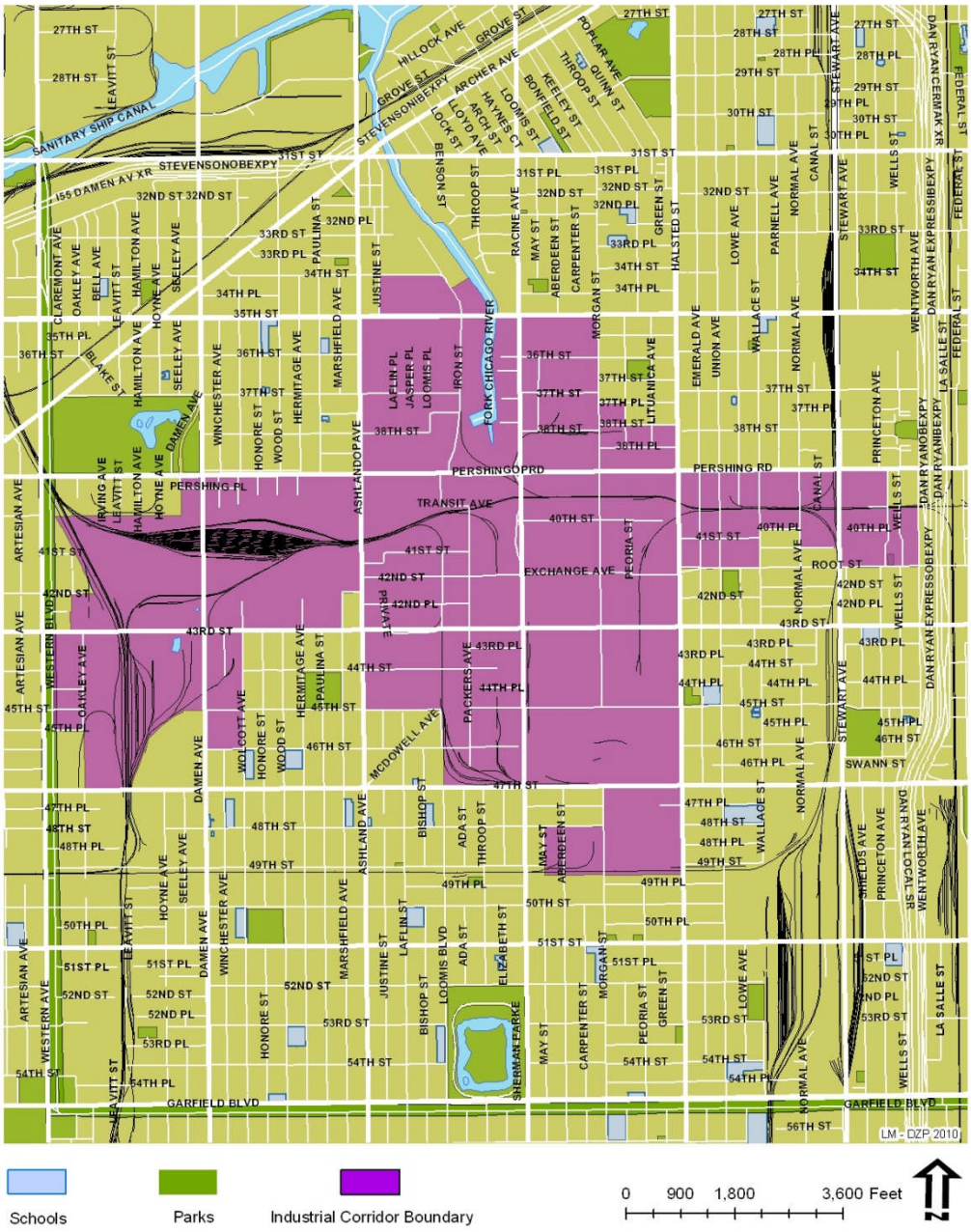
The one-story structure was built in 1945. The Weyerhaeuser Company had manufactured cardboard boxes, but closed their operations here. UIRC purchased the property for conversion to a multi-tenant building. The building is 193,485 square feet including 8,000 square feet of office space. 161,154 square feet is available, which could be divisible to 30,000 square feet. There are 40 exterior docks. The ceiling height is 16’ - 20’.

The Stevenson Expressway at Pulaski is about one mile away. A Phase I Environmental Site Assessment was completed and identified no issues.

The property is located within Enterprise Zone #2 and the Midway Industrial Corridor TIF. The site is zoned M2-3. The likely use for the property is warehousing or manufacturing.

Stockyards Industrial Corridor

Stockyards Industrial Corridor Map



Existing Conditions

Description of the Stockyards Industrial Corridor

The Stockyards is a nearly 1,500-acre corridor consisting of the industrial areas in and adjacent to the former Union Stock Yards on the South Side of Chicago. This includes most of the area between Western Avenue (2400 W) on the west, Pershing Road (3900 S) on the north, Halsted Street (800 W) on the east and 47th Street on the south. In addition, the corridor includes much of the land north of Pershing Road to 35th Street between Ashland Avenue and Morgan Street and the area between Halsted Street and the Dan Ryan Expressway between Pershing Road and Root Street (41st Place). The southernmost parcels in the corridor are between 47th Street and the Norfolk Southern right of way at 49th Street.

The Stockyards is located approximately 4.5 miles south of the Loop in the New City and Fuller Park Community Areas of Chicago and is in Wards 3, 11 and 12. It is easily accessible to I-90/94 (0.1 mile east at the closest point and 1.4 miles east of the Stockyards' center), I-55 (0.5 miles north at the closest and 2.0 miles north of the Stockyards' center), and Lake Shore Drive (1.9 miles east at the closest and 3.0 miles east of Stockyards' center). Metra's Southwest Service sends roughly thirty trains per day through this area. In addition, the CTA Orange Line has elevated tracks that run parallel to the CSX tracks through this industrial corridor. Midway International Airport is located 3.6 miles southwest of the Stockyards.

Seven TIF districts cover portions of the Stockyards Industrial Corridor. The three largest are:

- Stockyards Industrial Corridor TIF
- Stockyards Southeast Quadrant TIF
- Stockyards Annex TIF

Four other TIFs partially include the Stockyards:

- 35th/Halsted TIF
- 43rd/Damen TIF
- 45th and Western TIF
- 47th/Halsted TIF
- Archer/Western TIF

The Stockyards is a planned manufacturing district (PMD) and portions are in a Special Service Area (SSA) that extends from Halsted Street to Ashland Avenue between Pershing Road and 47th Street. The area is also an Enterprise Zone and Empowerment Zone.

Rail Infrastructure

The Stockyards area is well served by rail with the Norfolk Southern (NS) and Canadian National (CN) railroads, and the Loomis, Ashland and CN Railport Yards. The NS mainline track enters the area at Western Avenue and travels east to form the Ashland Avenue Yard which ends two thirds of a mile east at Ashland Avenue as double track. A double track splits off at the south end of the yard and travels southwest, from which leads split off to serve facilities on 43rd Street.

East of Ashland Avenue, a spur splits off to the south and crosses 41st and 42nd Streets at grade. South of 42nd Street, a lead branches off to serve facilities on the north side of 43rd Street and then a spur continues south crossing 43rd Street and 44th Street at grade until it runs parallel to Loomis Street and forms the Norfolk Southern Loomis Street Yard. From here, several leads branch off to the north to serve facilities between Packers and Racine Avenue. The line then continues parallel to 47th Street crossing Racine as double track at grade to its end between Racine and Halsted Street.

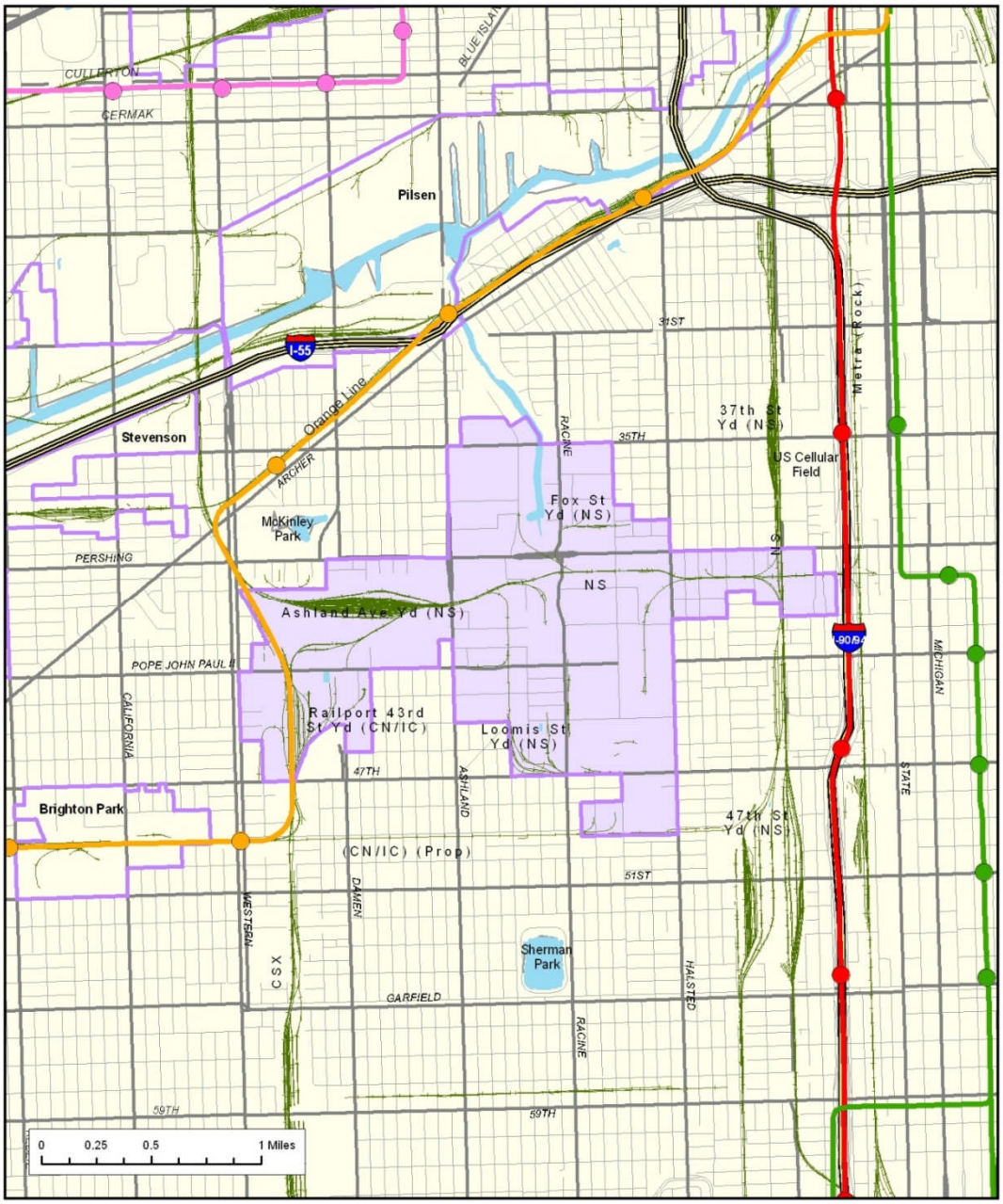
The NS mainline out of the Ashland Yard continues east-west, branching off a lead that serves a facility on the west side of Racine Avenue. After this line crosses Racine as double track with active traffic control, another spur splits off to the northwest, crosses Racine at grade and travels under the Pershing Road overpass. The spur bifurcates at Pershing with one lead going east to serve facilities along 38th Street between May and Sangamon Street, and the other serving facilities at the South Fork of the Chicago River and the east side of Iron Street.

The NS mainline continues east-west at grade at Morgan Street and above grade to Union Street where a single track branches off and shares grade crossings with the mainline at Halsted, Emerald and Union Streets and travels south parallel to Peoria Street. This track crosses Exchange Street at grade to serve a facility on the east side of Morgan Street north of 45th Street where the tracks end in a bumper. The mainline continues west until a junction with the north-south NS tracks parallel to the Metra Southwest line.

The CN line runs north-south parallel to the CTA Orange line and the NS track on the west side of the industrial area. This track expands south of 43rd Street to the CN Railport Yard which ends as the tracks cross 47th Street above grade.

The Western Avenue Corridor grade crossing at Morgan Street is programmed to be separated as part of CREATE. Additional mainline track has been installed along Ashland Yard.

Stockyards Context



History

The history of the Stockyards Industrial Corridor is tied to the Union Stock Yards, a primarily meat-packing and manufacturing district that operated on the site from 1865 to 1971. The Union Stock Yards declined during the 1960s due in part to the decentralization of the meat packing industry. In the following decades, the Stockyards has made a successful transition to a modern industrial environment due to the City's investment in infrastructure. Since 1990, the corridor has received numerous public street improvements, including newly constructed roads and alleys, reconstructed viaducts, new traffic lights, and improved truck access. Public

transportation to the corridor has also been improved with the opening of the CTA Orange Line in 1993.

Employment

The Stockyards industrial corridor is located in zip code 60609, which is somewhat larger than the boundaries of the zip code. As of 2008, there were 21,366 employees in almost 1,000 business establishments according to the Illinois Department of Employment Security. This represents a 12.9% decline in employment since 2001, significantly greater than the City of Chicago's job loss of 4.0% during that period. However, the number of establishments in zip code 60609 increased by 24 or 2.5%.

Employment in this zip code accounts for 1.9% of the City's employment, down slightly from the 2.1% share in 2001. However within certain categories, the zip code garners a much larger share. Manufacturing in zip code 60609 accounts for 12.4% of the City's manufacturing employment and high shares in food (22.1%), furniture (20.2%), and wood products (20.0%), though all have registered declines in employment since 2001.

Manufacturing is by far the largest employment category, accounting for 45.8% of the total employment in zip code 60609, followed by retail trade (12.3%) and wholesale trade (10.1%). Manufacturing employment declined by 24.0% and wholesale trade by 19.3%, while retail trade increased by 28.8% over the past 7 years. The decline in manufacturing in this area was less than the City's manufacturing employment decline of 35.8%.

Focusing on the industrial base, which includes manufacturing, wholesale trade, and transportation and warehousing, it is also useful to look at the size of establishments by employment size for this area. The table on the following page presents data from the U. S. Census, *County Business Patterns*. Of the 954 establishments in zip code 60609 in 2006, almost one third were in these three industrial categories. Only 11 firms had more than 250 employees, eight of which were manufacturing and two in wholesale trade. In 2001 the number of firms was similar but 18 had more than 250 employees. Within manufacturing, those with the largest number of employees were in the frozen specialty food, motor vehicle brake system and showcase, partition, shelving and locker industries. No firms had more than 1,000 employees though three had 500-999.

ZIP CODE 60609 INDUSTRIAL ESTABLISHMENTS BY EMPLOYMENT SIZE

	2001		2006		Change 2001-2006	
	Total	# with 250+ Employees	Total	# with 250+ Employees	Total	# with 250+ Employees
Total	949	18	954	11	5	-7
Manufacturing	143	12	124	8	-19	-4
Wholesale trade	113	1	120	2	7	1
Transportation & warehousing	56	2	62	0	6	-2

Source: U.S. Census, County Business Patterns

Inventory of Existing Businesses

The Back of the Yards Neighborhood Council, the designated LIRI for the Stockyards industrial area, prepared a list of businesses by category. The district has a diverse business base, though the food sector remains a significant industry in this area.

Of the 214 businesses in the immediate Stockyards (not the entire zip code as included in the preceding section), food products account for one quarter of all firms, followed by packaging materials (8.4%) and hardware and building materials, chemical products and commercial printing, each with 4-6% of the total. Other notable large employers are in iron and steel forging, motor vehicle parts and accessories, machinery, perfumes and cosmetics, and electronic components. Table below shows the number of stockyard businesses by category.

In terms of employment and facilities, the largest businesses are the following according to several industrial databases from the City of Chicago, Manufacturers News and Commonwealth Edison.

- Tyson Foods
- Wrigley (closed)
- Edsal Manufacturing
- Dearborn Wholesale Grocers
- Jernberg Industries
- Morse Automotive
- OSI Industries
- Zenith Controls
- Luster Products
- Trippe Manufacturing
- Uniqema
- Berkshire Foods
- Pepsi
- Best Kosher Foods (closed)
- Aramark
- Miniat Meats

STOCKYARDS BUSINESSES BY CATEGORY		
Category	**Number**	**% of Total**
Bakery Products	3	1.4%
Beverages	5	2.3%
Meat and Produce Products	19	8.9%
Miscellaneous Food Products	29	13.6%
Electrical Equipment & Supplies	5	2.3%
Furniture Dealers	2	0.9%
Furniture and Fixtures	9	4.2%
Glass Products	5	2.3%

Hardware & Building Materials	12	5.6%
Chemical Products	10	4.7%
Machine Shops	3	1.4%
Machinery and Equipment	10	4.7%
Metal Coating and Finishing	1	0.5%
Metal Fabrication	11	5.1%
Miscellaneous Distributors	5	2.3%
Miscellaneous Manufacturing	9	4.2%
Motor Vehicle Equipment	5	2.3%
Packaging Materials	18	8.4%
Paper Products	1	0.5%
Steel and Metal Distributors	5	2.3%
Wood Pallets and Containers	2	0.9%
Buses	3	1.4%
Transportation & Shipping Services	6	2.8%
Automotive Services	7	3.3%
Commercial Printing	9	4.2%
Construction & Contractors	5	2.3%
Industrial Recycling & Scrap Services	3	1.4%
Misc. Business Services	8	3.7%
Warehousing	4	1.9%
Total	**214**	

Source: Back of the Yards Neighborhood Council

Closures, Expansions, and Relocations

There is one major single-user building under construction at the present time. Testa Produce is building a state-of-the-art, LEED Platinum distribution and warehouse facility at 4555 S. Racine Avenue and Gypsum Supply Company is building at Racine and Exchange Avenues.

At the start of 2009, the Sara Lee Best Kosher Foods processing plant at 1000 W Pershing closed its doors, resulting in the loss of 185 jobs. The facility made hot dogs under the brands of Best's Kosher, Sinai Kosher, Shofar, and Wilno.

Strengths of the Stockyards Corridor

Based on interviews with industrial brokers, a representative of the Back of the Yards Neighborhood Council, field inspections, and analysis of relevant real estate market data, the key strengths of the Stockyards are:

- Accessibility to the Dan Ryan and Stevenson Expressways
- Proximity to Downtown Chicago
- Proximity and accessibility to a large labor pool

The improvements made by the City of Chicago over the years to upgrade infrastructure have resulted in a "suburban-style industrial park," an advantage over many other industrial areas in the city. According to conversations with brokers active in the area, rail is not considered to be a significant factor for companies seeking sites or buildings in the Stockyards. Brokers indicated that fewer than 10% of the companies looking for space in the Stockyards require rail. However, for companies that need rail, it is a crucial factor. Those requiring rail may include brick, plastics, baking and other heavy bulk materials companies.

While the historical niche of the Stockyards in the food industry is still significant, the area has a diverse mix of businesses. In addition to food processing, other industries with strong rail potential in the City of Chicago are chemical and fabricated metal manufacturing, both of which are represented in the Stockyards. One notable trend is the interest among transportation companies for sites and buildings in the Stockyards. These companies value the area for parking trucks, buses, cars and vans that are then dispatched throughout the city. As such, these businesses essentially operate large parking lots (and sometimes indoor garage space) and are located in the Stockyards because land is available and less expensive than on the north side of the city, and proximate to their customer base. Rail access is not a factor for these companies.

EMPLOYMENT IN ZIP CODE 60609, 2001 AND 2008

Industry	2001	2008	% of Total	2001-2008 Change Number	2001-2008 Change Percent
All Industries	24,518	21,366	100.0%	-3,152	-12.9%
Agriculture, Forestry, Fishing, & Hunting	0	0	0.0%	0	0.0%
Mining	0	A/	--	--	--
Utilities	0	0	0.0%	0	0.0%
Construction	607	298	1.4%	-309	-50.9%
Manufacturing	12,857	9,775	45.8%	-3,082	-24.0%
Food	5,129	4,203	19.7%	-926	-18.1%
Textile Mills	0	A/	--	--	--
Apparel	A/	0	0.0%	--	--
Wood Products	176	117	0.5%	-59	-33.5%
Paper	744	442	2.1%	-302	-40.6%
Printing & Related Support	239	252	1.2%	13	5.4%
Chemical	352	642	3.0%	290	82.4%
Plastics & Rubber Products	98	244	1.1%	146	149.0%
Nonmetallic Mineral Products	74	62	0.3%	-12	-16.2%
Primary Metal Products	280	A/	--	--	--
Fabricated Metal Products	444	339	1.6%	-105	-23.6%
Machinery	152	229	1.1%	77	50.7%
Computer & Electronic Products	A/	0	0.0%	--	--
Electrical Equip. & Appliances	A/	544	2.5%	--	--
Furniture & Related Products	1,479	793	3.7%	-686	-46.4%
Miscellaneous Manufacturing	184	A/	--	--	--
Wholesale Trade	2,669	2,155	10.1%	-514	-19.3%
Retail Trade	2,047	2,636	12.3%	589	28.8%

Transportation & Warehousing	1,250	1,273	6.0%	23	1.8%
Information	265	53	0.2%	-212	-80.0%
Finance & Insurance	476	262	1.2%	-214	-45.0%
Real Estate & Rental & Leasing	182	233	1.1%	51	28.0%
Professional, Scientific & Tech. Services	239	392	1.8%	153	64.0%
Management of Companies & Enterprises	A/	A/	--	--	--
Admin. & Sup. & Waste Management & Remed. Services	865	683	3.2%	-182	-21.0%
Educational Services	121	374	1.8%	253	209.1%
Health Care & Social Assistance	1,234	1,231	5.8%	-3	-0.2%
Arts, Entertainment & Recreation	A/	95	0.4%	--	--
Accommodations & Food Services	793	719	3.4%	-74	-9.3%
Other Services (except Public Administration)	862	1,000	4.7%	138	16.0%
Unclassified	28	A/	--	--	--

A/ Numbers not disclosed in order to maintain confidentiality of companies.

Source: Illinois Department of Employment Security, where Workers Work, January 2009

BUSINESSES IN THE STOCKYARDS INDUSTRIAL CORRIDOR	
Name	**Category**
555 Manufacturing	Furniture and Fixtures and Warehousing
A & A Pallet	Wood Pallets and Containers
A & A Store Equipment Incorporated	Machinery and Equipment
A F S Limited	Furniture and Fixtures
AA Superb Food Corp	Miscellaneous Food Products
Abacus Scales and Systems Co	Machinery and Equipment
Accu-Drive Inc.	Automotive Services
Acme Marble Co.	Hardware & Building Materials
Adams Foam Rubber	Miscellaneous Manufacturing
Advanced Curing Systems	Meat and Produce Products
Advertising Flag Company	Misc. Business Services
Aetna Truck Parts	Motor Vehicle Equipment
A-Korn Roller Inc	Machinery and Equipment
All Type Electrical Supply	Electrical Equipment & Supplies
Allen Brothers, Inc.	Meat and Produce Products
Altman Machinery, Co.	Machinery and Equipment
Amcor American Metal Chemical	Chemical Products
American Eagle Food Equipment	Machinery and Equipment
Ames Metal Products	Metal Fabrication
Aramark Uniform Services	Misc. Business Services
Archer Tinning & Re-tinning	Metal Coating and Finishing
Arcus Incorporated	Commercial Printing
Art's Transportation	Buses
Ashland Cold Storage	Warehousing
Associated Attractions	Miscellaneous Manufacturing
Atlantic Express	Transportation & Shipping Services

Name	Category
Aztec Supply Co.	Hardware & Building Materials and Distribution
B & W Truck Repair	Motor Vehicle Equipment and Automotive Services
Baltic Bakery	Bakery Products
Barbeque Select	Miscellaneous Food Products
Bay Insulation of Illinois	Hardware & Building Materials
Berkshire Foods	Miscellaneous Food Products
Berland Printing	Commercial Printing
Best Kosher Food	Meat and Produce Products
Beverly Asphalt	Hardware & Building Materials
Bierdeman Paper Box	Packaging Materials
BioStar Film	Packaging Materials
Bodin Woodworks	Furniture and Fixtures
C.L. Doucette, Inc.	Construction & Contractors
Calmark Mailing Service	Misc. Business Services
Calvetti Meats	Meat and Produce Products
Cameo Container	Packaging Materials
Cameron Miller, Inc.	Miscellaneous Manufacturing
Candy & Co.	Miscellaneous Distributors
Capital Wholesale Meats	Meat and Produce Products
Capitol Paper Box Co., Inc.	Packaging Materials
Case Paper Co.	Packaging Materials
Cavalea Continental Freight	Transportation & Shipping Services
Cedar Concepts	Chemical Products
Chariot Carthage	Transportation & Shipping Services
Chiappetti Lamb & Veal Co.	Meat and Produce Products
Chicago Case Co.	Hardware & Building Materials
Chicago Export Packing	Packaging Materials
Chicago Meat Authority	Meat and Produce Products
Chicago School Transit	Buses
Chicago Sweeteners	Miscellaneous Food Products
Chicago Tube & Iron	Steel and Metal Distributors
City Foods	Meat and Produce Products
Clyde Printing Co.	Commercial Printing
Coach USA Chicago	Buses
Collins International	Industrial Recycling & Scrap Services
Columbia Pipe & Supply	Hardware & Building Materials
Commodity Warehousing Corporation	Warehousing
Consolidated Door	Miscellaneous Manufacturing
Consumers Vinegar & Spice	Miscellaneous Food Products
Corrugated Metals Inc.	Metal Fabrication
Covey Machine Inc.	Machine Shops
Crystal's Window & Door	Glass Products
Culinary Foods	Miscellaneous Food Products
Decorators Supply Co.	Hardware & Building Materials

Name	Category
Die Print Machinery	Machinery and Equipment
Dietary Specialties Limited	Miscellaneous Food Products
Dimension Craft	Furniture and Fixtures
Dot's Finer Snacks, Inc	Miscellaneous Food Products
Dual-Temp Illinois, Inc.	Construction & Contractors
Ebro Foods	Miscellaneous Food Products
Economy Pallet	Wood Pallets and Containers
Ed Miniat, Inc.	Miscellaneous Food Products
Edsal Manufacturing Co.	Furniture and Fixtures
Elgin Sweeping Services Inc.	Misc. Business Services
Emerald Machine	Machine Shops
Evans Food Products	Miscellaneous Food Products
Fairmont	Miscellaneous Manufacturing
Fisher Box Corp.	Packaging Materials
Fleischmann's Vinegar	Miscellaneous Food Products
Fontanini	Bakery Products
Fort Pitt Associates	Furniture Dealers
Frank Brothers Coffee	Beverages
Fresh Start Produce	Miscellaneous Food Products
Futura Incorporated Plastics	Miscellaneous Manufacturing
G & S Truck Repair	Automotive Services
G & W Packing	Meat and Produce Products
G P Manufacturing	Miscellaneous Manufacturing
Gartenberg & Co., Inc.	Chemical Products
GE Zenith Controls	Electrical Equipment & Supplies
Glenmark	Miscellaneous Food Products
Gordon Brothers Iron & Metal	Steel and Metal Distributors
Great Lakes Packing Co. Int'l	Meat and Produce Products
Great Western Beef Co.	Meat and Produce Products
Guarnino	Meat and Produce Products
Guernsey Bell, Inc. (closed)	Miscellaneous Food Products
Gummed Papers of America	Commercial Printing
H R R Enterprises	Miscellaneous Food Products
H.B. Taylor Co.	Miscellaneous Food Products
Heat & Frost Insulators - Local 17	Construction & Contractors
Henry Kaminski Wholesale Meats	Meat and Produce Products
Hertz Equipment Rental	Machinery and Equipment
Higgins Brothers, Inc.	Packaging Materials
Hinda Inc.	Misc. Business Services
Illinois Fibre Specialty	Furniture and Fixtures
Index & Filing Specialty Inc.	Paper Products
Industrial Maintenance Welding	Metal Fabrication
Jays Foods (closed)	Miscellaneous Food Products

Name	Category
JC Decaux	Miscellaneous Manufacturing
Jemm Wholesale Meat Co.	Meat and Produce Products
Jernberg Industries	Steel and Metal Distributors
Johnson Pipe & Supply	Hardware & Building Materials
Joslyn Mfg. Co.	Hardware & Building Materials
Juice Tyme, Inc	Beverages
K & K Pattern Works	Miscellaneous Manufacturing
K & K Truck Repair	Automotive Services
Kentex Corp.	Chemical Products
Kirby Sheet Metal Products Co.	Metal Fabrication
Komax	Furniture and Fixtures
Kopico Inc.	Commercial Printing
La Guadalupana Bakery	Bakery Products
Lake Shore Glass & Mirror	Glass Products
Lakeview Packaging	Packaging Materials
Leader Box Corp.	Packaging Materials
Lee Lumber & Building Material	Hardware & Building Materials
Leedal	Machinery and Equipment
Lien Hoa Foods	Miscellaneous Food Products
Lincoln Provision	Meat and Produce Products
Lio Food Distribution	Miscellaneous Food Products
Lohan Window Manufacturing	Glass Products
Luster Products	Miscellaneous Distributors
Marina Cartage, Inc.	Transportation & Shipping Services
Master Paper Box Co., Inc.	Packaging Materials
Matchless Metal Polish Corp.	Chemical Products
McKernin Design	Furniture and Fixtures
MGM Transportation	Automotive Services
Michael's Cooperage Co.	Packaging Materials
Midland Metal Products Co.	Metal Fabrication
Midwest Automotive Gear	Motor Vehicle Equipment
Midwest Industrial Lighting	Electrical Equipment & Supplies
Midwest Trailer Repair	Automotive Services
Moon Guy Hong Food Inc.	Miscellaneous Food Products
Morse Automotive	Motor Vehicle Equipment
Nevin Laboratories	Furniture and Fixtures
North American Glass Company	Glass Products
Nu Look Products	Motor Vehicle Equipment
Number 1 Bag Co.	Packaging Materials
Orb Enterprises	Electrical Equipment & Supplies
OSI Group	Miscellaneous Food Products
Otto & Son, Inc.	Meat and Produce Products

Name	Category
Parisian Novelty	Misc. Business Services
Park Packing Co., Inc.	Meat and Produce Products
Peer Food Products	Meat and Produce Products
Pepsi-Cola General Bottlers	Beverages
Perfect Carton Corp	Packaging Materials
Picante Dried Peppers	Miscellaneous Food Products
Pinata Graphics	Commercial Printing
Prinz Sales	Miscellaneous Distributors
Productigear	Machine Shops
Quality Snack Foods, Inc.	Miscellaneous Food Products
Quality Truck & Trailer	Automotive Services
R S Industries	Hardware & Building Materials
R4 Services	Misc. Business Services
Rexam Beverage Can	Packaging Materials
Rez Packaging	Packaging Materials
Richwill Warehouse & Distribution	Transportation & Shipping Services and Warehousing
Roll & Roll Metal Fabricators	Metal Fabrication
Rosebud Container	Packaging Materials
Royal Crown Corp.	Beverages
Safety Kleen	Industrial Recycling & Scrap Services
See All Industries	Glass Products
Shred-all Recycling Systems	Industrial Recycling & Scrap Services
Solargenix	Construction & Contractors
Soudan Metals	Steel and Metal Distributors
Source 4	Commercial Printing
Stone Perforating Co. (closed)	Metal Fabrication
Stur Dee Metal Corporation	Metal Fabrication
Superior Nut & Candy	Miscellaneous Food Products
The Furniture Shop	Furniture Dealers
Thomson Printing Machinery	Machinery and Equipment
Thunderbird Catering	Miscellaneous Food Products
Titan Ornamental Iron	Metal Fabrication
Tom Tom Tamales	Miscellaneous Food Products
Tower Oil & Technology	Chemical Products
Triangle Labels, Inc.	Commercial Printing
Tripp Lite	Electrical Equipment & Supplies
Tuxedo Cardlock Fuels	Misc. Business Services
U.S. Sample Corp.	Commercial Printing
Unichem Corp.	Chemical Products
Union Liquor Co	Beverages
Uniqema	Chemical Products
Val-A Company	Chemical Products

Name	Category
Valentine Inc	Miscellaneous Distributors
Van Der Bosch, Inc.	Construction & Contractors
Vanek Bros. Trucking	Transportation & Shipping Services
W/M Display Group	Metal Fabrication
Wexler Meat Co. (closed)	Meat and Produce Products
Wheatland Tube Co.	Steel and Metal Distributors
William Wrigley Jr. Co. (closed)	Miscellaneous Food Products
Wirtz Rentals	Machinery and Equipment
Xttrium Laboratories, Inc.	Chemical Products
Yards Container Co.	Packaging Materials

Source: Back of the Yards Neighborhood Council, 2006-2007 Industrial Directory with updates from the Department of Community Development.

Stockyards Real Estate Market

Recent Transactions

The table on the following page shows the property sales in the Stockyards over the past three years. As can be seen, the sites are relatively small, all less than 7 acres in size, with buildings from 50,000 to 347,460 square feet. Only one site at 3800 S. Morgan Avenue reported being rail served. The sales ranged in price from $5.27 to $53.50 per square foot of building area.

Properties Currently on the Market

The list of properties currently available in the Stockyards area is below. While it is not conclusive, it does include the larger properties for which information was available. Included two sizable parcels with vacant land and several properties where the buildings are likely to be torn down by a buyer. Of most interest for the purpose of this analysis are several vacant sites or those that could be potential redevelopment opportunities.

Many buildings in the Stockyards area are outmoded, multi-story properties no longer suited to modern industrial standards. The 4-story, 383,000 square foot building at 3815 S. Ashland Avenue is typical of this building type. There is very limited demand for properties of this type in this area.

There are also a number of non-rail-served sites available in the Stockyards corridor:

- Though not for sale at this time, Wrigley owns 27 acres of property at 35th Street and Ashland that is currently vacant and likely to be sold eventually. It is not rail-served, but rail is nearby.

- A 104,000 square foot speculative warehouse/distribution facility is located at 815 W. Pershing at the southwest corner of Halsted Street. It was completed in 2008 and has spaces divisible down to 10,000 square feet.

- 4500 S. Halsted Street is a 7-acre City-owned site awaiting a build-to-suit user for a 105,000 square foot modern building. Such a building would be similar to the newly constructed building at 815 W. Pershing, which has 30' high ceilings, exterior docks and wide columns.

- The Sara Lee facility at 1000 W. Pershing has 104,000 square feet on three acres. The single-story building is priced at $4,475,000 ($43 per square foot) and has already generated significant interest. Reportedly, the wholesale meat company Chiappetti has a contract to purchase the property.

INDUSTRIAL BUILDING SALES IN THE STOCKYARDS INDUSTRIAL CORRIDOR

Address	Date of Sale	Rentable SF	Building Type	Age	Price	Price/SF
1300 W Exchange Ave	8/25/2008	95,000	Class C Mfg	79	$1,700,000	$17.89
3520 S Morgan St	3/24/2008	85,500	Class C Warehouse	63	$1,920,000	$22.46
2221 W 43rd St	2/20/2008	53,000	Class C Warehouse	94	$1,150,000	$21.70
615-625 W Pershing Rd	1/14/2008	58,000	Class C Warehouse	90	$1,800,000	$31.03
615-625 W Pershing Rd	8/31/2007	58,000	Class C Warehouse	89	$1,150,000	$19.83
1151-1155 W 40th St	5/8/2007	84,484	Class C Warehouse	40	$3,363,525	$39.81
1001 W 45th St	4/30/2007	114,095	Class C Warehouse	--	$3,680,000	$32.25
363 W Pershing Rd	4/27/2007	60,000	Class B Industrial	16	$2,400,000	$40.00
363 W Pershing Rd	10/13/2006	60,000	Class B Industrial	15	$3,100,000	$51.67
1511 W 38th St	9/13/2006	55,000	Class B Warehouse	66	$1,010,000	$18.36
4300-4330 S Racine Ave	6/12/2006	168,350	Class C Mfg	30	$4,200,000	$24.95
3800 S Morgan St	5/16/2006	50,000	Class B Mfg	43	$2,675,000	$53.50
3711 S Ashland Ave	3/10/2006	147,077	Class C Warehouse	--	$775,000	$5.27
4045 S Morgan St	3/3/2006	71,820	Industrial	38	$2,000,000	$27.85
3737-3757 S Ashland Ave	1/18/2006	347,460	Class C Warehouse	95	$2,000,000	$5.76
1041-1061 W 35th St	12/14/2005	160,264	Manufacturing	65	$6,400,000	$39.93
1120 W Exchange Ave	10/17/2005	87,982	Class C Industrial	--	$2,400,000	$27.28
1330-1338 W 43rd St	8/30/2005	113,517	Manufacturing	28	$3,325,000	$29.29
2221 W 43rd St	4/14/2005	53,000	Class C Warehouse	91	$475,000	$8.96

Source: GVA Chicago

AVAILABLE PROPERTIES IN THE STOCKYARDS INDUSTRIAL CORRIDOR					
Address	Acres	Size (Sq Ft)	Description	Rail Service	Comments
4500 S. Halsted Street	6.92	105,086	To be built	None	City-owned site to be developed by McShane Corp. as Build-to-suit for sale or lease. Can build up to 140,000 SF.
1800 W. 43rd Street	10.65	43,820	Small office bldg, garage/ trailer repair bldg, metal clad garage, brick garage	Can bring rail to site	4 buildings; site can be combined with two other sites for up to 17 acres
1950 W. 43rd Street	3.23	11,000	1998 construction with office and metal garage	Adjacent to site	Site can be combined with two other sites for up to 17 acres. Cell tower on site.
2000 W. 43rd Street	2.82	None	Vacant	Adjacent to site	Site can be combined with two other sites for up to 17 acres
4055 S. Packers Avenue	16	19,382	2/3 site is paved parking	Rail spurs	Prior use for school bus parking. Interest from trucking company for parking. For lease.
3815 S. Ashland Avenue	5.47	383,195	Obsolete 4-story bldg	None	For lease or sale.
4330 S. Racine Avenue	5.58	168,394	1-story bldg	None	For sale or lease.
4000 S. Morgan Avenue	1.4	17,000	1-story bldg	None	For lease.
4834 S. Halsted Street	7.5	175,000	Land site	Adjacent to rail (formerly had rail)	Likely for build-to-suit. Adjacent to NS viaduct. Former Goodman Manufacturing site
815 W. Pershing	7	104,000	Warehouse/ distribution	None	New bldg with 30' high ceilings, wide columns, exterior docks. No leases to date.
1120 W. Exchange	2.8	87,982	40-year old bldg	None	For sale or lease.

Source: Valerie S. Kretchmer Associates, Inc. based on property listings

CREOP Opportunity Sites

Parcels at 1800, 1950, and 2000 W 43rd Street

Three properties are available between 1800-2000 W. 43rd Street. Two are contiguous and the third is separated by a trailer repair business with outdoor storage. In total, the three sites have 17 acres and two of them are adjacent to rail. The largest of the three at 10.65 acres has four buildings with 43,800 square feet. Another is a 3-acre site with a modern 11,000 square foot building. Rail access comes from the NS line. The sites are located within the 43rd/Damen TIF district and the Stockyards PMD.

1800 W 43rd Street

- 10.65 acres
- 6,600 SF office building
- 19,250 SF garage/trailer repair building
- 3,800 SF brick garage building

1950 W 43rd Street

- 3.23 acres
- 11,000 SF building with 5,960 SF office and 5,040 SF metal garage
- Year Built: 1998
- Cell tower on site

2000 W 43rd Street

- 2.82 acres
- Vacant land
- Previously a cross dock truck terminal. Building foundation remains with existing office space in teardown condition.

4055 S Packers Avenue

4055 S. Packers Avenue is a 16-acre site with a 19,382 square-foot building zoned M3-5. The building was originally built to service and dispatch buses, and the former use was for school bus parking. There is an apartment above the administrative offices.

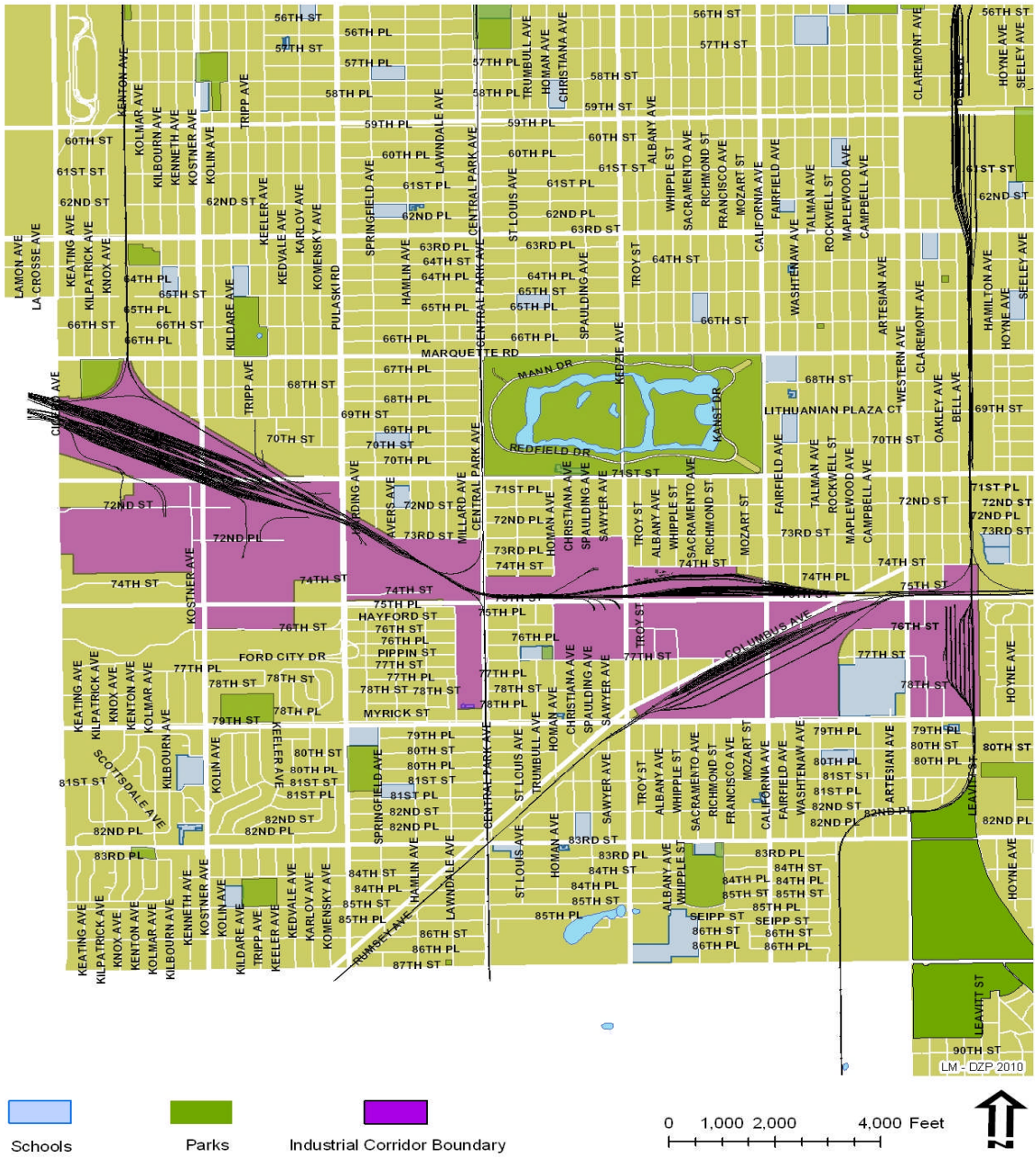
The property is currently for lease for $8.50 per square foot. Two-thirds of the site is a paved parking area and there is interest from a trucking company for parking. Likely uses are vehicle maintenance and dispatching, contractor's yard and material yard, according to the broker. The site has three or four rail spurs off the adjoining Norfolk Southern railway. It is also located approximately 1.6 miles from I-90 to the east and I-55 to the north. The site is situated within the Stockyards Industrial Corridor TIF district and the Stockyards PMD.

4834 S Halsted Street

A 7.5-acre site is available at 4834 S. Halsted Street, at the south edge of the Stockyards and is a likely site for a build-to-suit. It is adjacent to the NS railway viaduct, though it is not currently rail served. The site is located within the 47th/Halsted TIF district and the Stockyards PMD.

Greater Southwest Industrial Corridor

Greater Southwest Industrial Corridor Map



Existing Conditions

Description of the Greater Southwest Corridor

The Greater Southwest industrial corridor is located in the southwest part of the City of Chicago in the community areas of West Lawn, Chicago Lawn, and Ashburn. The corridor lies within Wards 13 and 18, extending from just east of Western Avenue (2400 W) on the east to Cicero on the West (4800 W). Most of the corridor is between 71st and 79th Streets.

Expressway access requires traveling several miles on major commercial arterials. I-55 can be accessed from Cicero, Pulaski, Kedzie, or Western. Access to I-94 is available at 79th Street three miles east of the corridor. Midway Airport is approximately one mile northwest of the corridor, accessible from Cicero.

Relatively dense residential neighborhoods surround the industrial corridor, and Marquette Park, part of the City's park and boulevard system, is located north of 71st Street. Ford City Mall and other retail and commercial uses are located along Cicero, which forms the boundary between the City of Chicago and Bedford Park. Five Tax Increment Financing Districts overlay the industrial corridor.

Rail Infrastructure

The Greater Southwest corridor roughly follows the Belt Railway of Chicago tracks out of the BRC Clearing Yard east to Hayford Junction, through the BRC Rockwell Street Yard and ending at the north-south CSX mainline at Forest Hill Yard, which is inactive. This corridor also includes the Norfolk Southern Intermodal Yard (Landers Yard) parallel to West Columbus Avenue.

The westernmost portion of the corridor features the eastern end of the BRC Clearing Yard, one of the busiest railroad areas in all of North America, and a gateway into Chicago. In this section, the yard is over 65 tracks wide at its widest point. There is a junction to the north of the yard where BRC operated track extends to Midway Airport a mile to the north.

South Cicero Avenue and South Pulaski Road both cross over the Clearing Yard above grade. The BRC mainline continues roughly southeast from Pulaski and drops down to four tracks by the time it reaches Hayford Junction. At Hayford Junction, Canadian National's ex-GTW main runs north-south. This line enters the junction as single track, and leaves it to the south as double track, but does not otherwise split off any leads or spurs into the industrial region, nor does it cross any of the region's roadways at grade or otherwise.

The BRC line on the other side of Hayford Junction remains four tracks wide but quickly expands again into BRC's Rockwell Street Yard. West of South Kedzie Avenue, a lead branches off to serve the Nabisco facility on the north side of the tracks. Rockwell Street Yard ends at West Columbus Avenue, where three BRC tracks cross at grade with active traffic control. The three tracks continue east, running parallel to the Norfolk Southern line, until the northernmost track branches off north to interchange with the CSX mainline.

The Norfolk Southern mainline from Ashford Crossing enters the corridor from the southwest at West 79th Street along with parallel Metra line for a total of four tracks. The NS line expands shortly thereafter to Landers Yard with more than fifteen parallel tracks with the one closest to West Columbus Avenue used for through traffic. NS also has an intermodal ramp at Landers Yard. The NS tracks join the BRC mainline at South Western Avenue, which all lines cross above grade. A single track breaks off before that crossing to allow interchange the north-south CSX mainline, and the NS tracks continue due east.

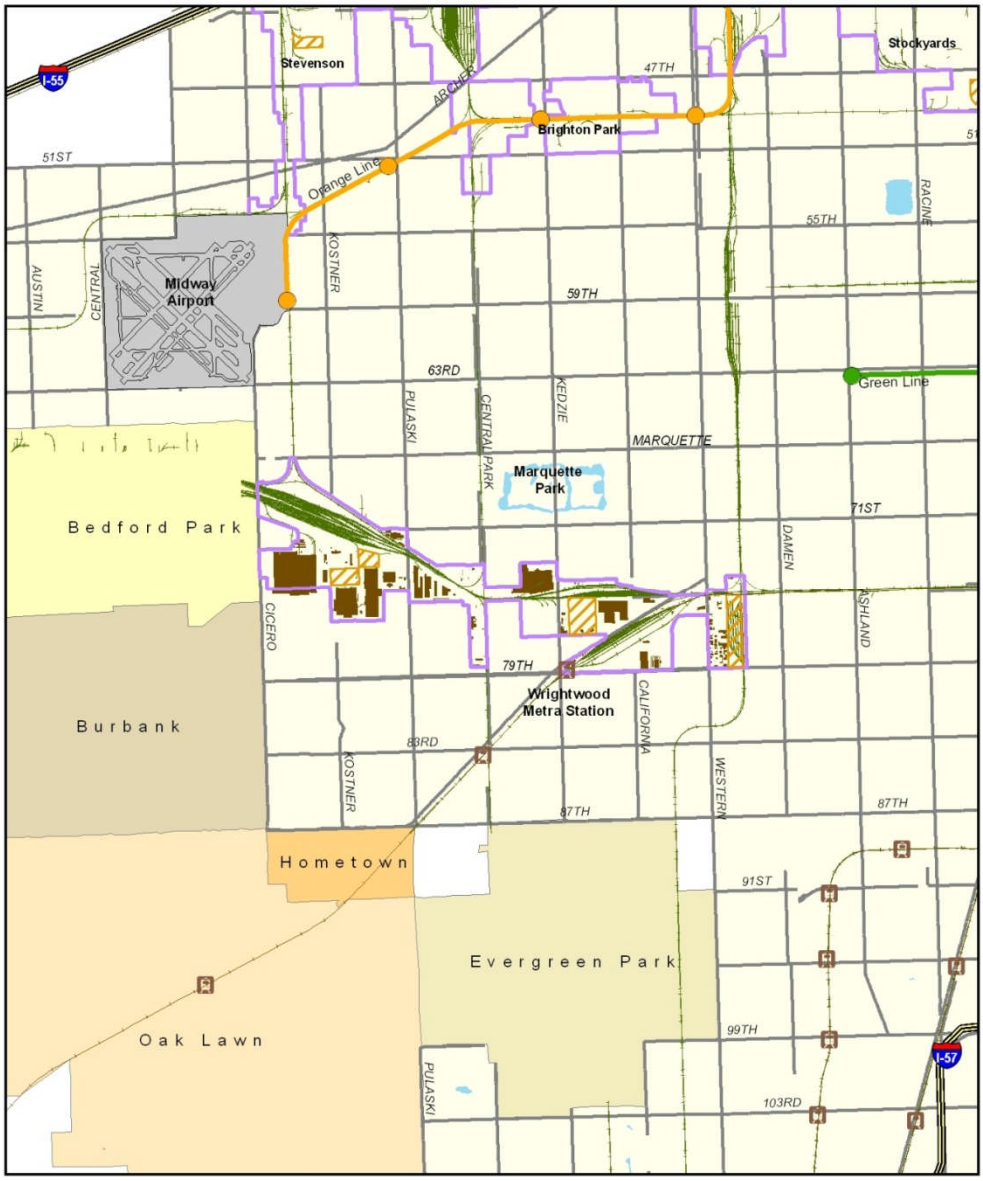
Under CREATE project EW-2, from 77th to 84th Street between Aberdeen and Wood, the NS line will be increased to four tracks with clearance for double-stacked container cars. Three main line tracks will be created from 80th Street to Forest Hill, increasing flexibility for train staging and create a connection between NS and Metra. While technically outside of the corridor, this improvement will increase capacity from 40 to 56 trains per day. CREATE project P-3 will create a flyover at West 75th Street and South Hoyne Avenue separating CSX from the NS, BRC, and Metra. This improvement will increase Metra train capacity through the region from 20 to 30 commuter trains per day and freight rail capacity from 22 to 37 trains per day. In addition, the BRC crossing at South Columbus Avenue is programmed to be separated.

History

The history of industrial development in this corridor dates back to World War II, when the U.S. government arranged for the construction of a new defense plant on 432 acres of marshland bounded by Cicero Avenue on the west, Pulaski Road on the east, the Belt Railway tracks on the north and a yet-to-be-constructed 77th Street on the south. The first building in the complex was the Dodge Chicago plant, which built aircraft engines.

In 1950, Ford Motor Company purchased several of the buildings and began producing airplane engines. Ford employed as many as 12,000 people at the plant until it discontinued production. In the 1960s, the property was purchased and redeveloped into a retail and industrial complex. Ford City Mall opened at 76th and Cicero in 1965. Various industrial users have redeveloped and occupied adjacent parcels, including Tootsie Roll and Solo Cup. Additional industrial development occurred throughout the corridor in the following decades.

Greater Southwest Context



Employment

The Greater Southwest industrial corridor is included in zip codes 60629, which extends north to 55th Street, and 60652, which extends south to 87th Street. The table below presents employment data for 2001 and 2008 for these two zip codes as well as three adjacent ones. The Illinois Department of Employment Security refers to this area as Southwest Chicago.

In 2008, private-sector employment in Southwest Chicago totaled 72,853, a 12.0% decrease since 2001. Manufacturing uses comprise 23.1% of the total, with largest concentrations in Food, Fabricated Metal Products, and Paper. A total of 6,402 manufacturing jobs were lost during this period. The presence of the rail yards contributes to the total in the Transportation and

Warehousing category. Retail employment is also significant in this sector, bolstered by Ford City Mall and numerous big box retailers along Cicero.

Inventory of Existing Businesses

An inventory of existing businesses in the corridor was developed with the assistance of Greater Southwest Development Corporation, the LIRI for this corridor. This inventory lists 68 businesses in the corridor with a total of 8,475 employees. The largest employers in the corridor are:

- Nabisco (2,108)
- Solo Cup (1,400)
- Tootsie Roll (836)
- Belt Railway of Chicago (547)

Sorting the employees by SIC code shows clusters among the following classifications:

- Primary Metal Industries
- Fabricated Metal Products
- Food and Kindred Products
- Chemicals and Allied Products
- Trucking and Warehousing

The Greater Southwest industrial corridor has several notable business parks and large multi-tenant facilities. ***Gateway Park*** is located on Columbus between the Norfolk Southern Intermodal Yard (Landers) and The Belt's Rockwell Street Yard. The first phase, located at 2800 to 2850 West Columbus Avenue, has 660,000 square feet of industrial space which is 100% leased to three companies. As will be discussed in greater detail, a second phase of Gateway Park can accommodate 650,000 – 700,000 square feet of additional rail-served industrial development.

Ford City Industrial Park was formerly a distribution facility for Sears. It includes several buildings along Pulaski south of the BRC tracks. One of the buildings, 7501 S. Pulaski, is a 160,000 square foot high-bay crane building being marketed by First Industrial Realty Trust. First Industrial recently sold 7401 S. Pulaski Road to a tenant, VMZ Industries.

InSite Realty owns an 862,000-square-foot multi-tenant building at ***4100 W. 76th Street.*** The major tenant is Rapid Displays.

Public Sector Investments

Nabisco has a major cookie and snack foods manufacturing facility at 7300 S. Kedzie that is served by the BRC. South of the tracks, a 38-acre site has been removed from the corridor and Planned Manufacturing District to allow for the building of a new Chicago Public Schools high school.

Strengths of the Greater Southwest Corridor

Greater Southwest is currently a high volume freight corridor, and the scheduled rail improvements make it very attractive for increased rail service. Currently, a number of the major employers in the corridor are using rail, including Tootsie Roll, Solo Cup, and Nabisco. While proximity to the area expressway system is somewhat less convenient in Greater Southwest than in other corridors, Midway airport is close by.

In addition to the rail infrastructure, the proximate work force on the southwest side is an important advantage for businesses in this corridor. Richard J. Daley College, one of the seven City Colleges, is located at 7500 S. Pulaski.

Employment In Southwest* Chicago, 2001 And 2008

Industry	2001	2008	% of Total	2001-2008 Change	
				Number	Percent
All Industries	82,760	72,853	100.0%	-9,907	-12.0%
Agriculture, Forestry, Fishing, & Hunting	0	0	0.0%	0	0.0%
Mining	0	0	0.0%	0	0.0%
Utilities	A/	642	0.9%	--	--
Construction	2,363	1,703	2.3%	-660	-27.9%
Manufacturing	23,201	16,799	23.1%	-6,402	-27.6%
Food	5,882	5,549	7.6%	-333	-5.7%
Beverage & Tobacco	825	146	0.2%	-679	-82.3%
Textile Mills	187	191	0.3%	4	2.1%
Textile Product Mills	239	125	0.2%	-114	-47.7%
Apparel	A/	453	0.6%	--	--
Leather & Allied Products	A/	87	0.1%	--	--
Wood Products	A/	109	0.1%	--	--
Paper	2,559	2,200	3.0%	-359	-14.0%
Printing & Related Support	624	417	0.6%	-207	-33.2%
Petroleum & Coal Products	513	376	0.5%	-137	-26.7%
Chemical	1,915	961	1.3%	-954	-49.8%
Plastics & Rubber Products	523	423	0.6%	-100	-19.1%
Nonmetallic Mineral Products	179	141	0.2%	-38	-21.2%
Primary Metal Products	736	385	0.5%	-351	-47.7%
Fabricated Metal Products	4,456	2,960	4.1%	-1,496	-33.6%
Machinery	472	342	0.5%	-130	-27.5%
Computer & Electronic Products	A/	55	0.1%	--	--
Electrical Equip. & Appliances	253	262	0.4%	9	3.6%
Transportation Equipment	627	157	0.2%	-470	-75.0%
Furniture & Related Products	1,414	1,071	1.5%	-343	-24.3%
Miscellaneous Manufacturing	474	389	0.5%	-85	-17.9%
Wholesale Trade	6,625	5,628	7.7%	-997	-15.0%
Retail Trade	9,120	9,510	13.1%	390	4.3%
Transportation & Warehousing	10,141	9,902	13.6%	-239	-2.4%
Information	757	628	0.9%	-129	-17.0%
Finance & Insurance	3,506	3,250	4.5%	-256	-7.3%
Real Estate & Rental & Leasing	1,648	1,095	1.5%	-553	-33.6%
Professional, Scientific & Tech. Services	1,528	1,012	1.4%	-516	-33.8%

Management of Companies & Enterprises	550	284	0.4%	-266	-48.4%
Admin. & Sup. & Waste Management & Remed. Services	7,547	8,304	11.4%	757	10.0%
Educational Services	1,296	1,182	1.6%	-114	-8.8%
Health Care & Social Assistance	6,224	5,445	7.5%	-779	-12.5%
Arts, Entertainment & Recreation	125	106	0.1%	-19	-15.2%
Accommodations & Food Services	4,308	4,661	6.4%	353	8.2%
Other Services (except Public Administration)	2,819	2,486	3.4%	-333	-11.8%
Unclassified	A/	216	0.3%	--	--

**Includes zip codes 60632, 60623, 60629, 60638, and 60652*

A/ Numbers not disclosed in order to maintain confidentiality of companies.

Source: Illinois Department of Employment Security, Where Workers Work, January 2009

BUSINESSES IN THE GREATER SOUTHWEST INDUSTRIAL CORRIDOR				
Name	**Address**	**Emp.**	**SIC**	**Product**
AAA Cooper Trucking	4300 W 72nd St	42	4213	Regional Terminal for Carrier Service
AFAM Concepts/Elentee	7401 S Pulaski Rd	82	2844	Distribution of hair and skin products
Arrow Supply	7830 S Oakley Ave	5	3312	Distribution of cleaning, maintenance and food supplies
Assemblers In	2850 W Columbus St	133	5169	Distribution and assembling of corrugated displays, food
AW Glass Block	7724 S Claremont Ave	133	3231	Manufactures glass block panels & walls
Belt Railway of Chicago	6900 S Central Ave	547	4013	Intermodal Facility
Bennett Auto Rebuilders	2300 W 79th St	12	5805	Vehicle collision, painting and repair facility
Best Manufacturing	7401 S Pulaski Rd	7	4243	Distribution of kitchen garments, table linens, aprons
BGK Security Services and Uniforms	7810 S Claremont Ave	27	2326	Security Services and uniforms
Bradley Supply Company	2250 W 57th St	25	5085	Standard and line pipe distribution
Candor Electric	7825 S Claremont Ave	51	3621	General electric contracting service
Champion Nationwide	4100 W 76th St	10	3993	Design/construction of custom trade show/museum exhibits
Chicago Conditionaire	7625 S Kedzie Ave	25	3334	Mechanical contractors specializing in heating and cooling systems
Chicago Cylinder Corporation	3145 W Columbus Ave	44	3593	Air/Hydraulic Cylinder manufacturing
Chicago Transload Inc.	4501 W 72nd St	13	4931	warehousing and distribution of building products such as lumber
Commonwealth Edison	7601 S Lawndale Ave	247	4931	Electricity supplier to parts of Greater Southwest Industrial Corridor
Continental Company	6855 W 65th St	20	--	Distribution of commercial and food items
Crosstown Electric Supply Corp.	7733 S Western Ave	10	5809	Electrical supplies manufacturing
Cupid Candies Kitchen	7637 S Western Ave	60	2066	Chocolate manufacturer
D and H Distributors	4100 W 76th St	38	4234	Distribution of computer software
Daley International	4100 W 76th St	40	3999	Distribution and manufacturing of industrial & commercial cleaning products
EDE Corporation	3740 W 74th St	55	3993	Design/construction of custom trade show/museum exhibits
Fastenal	4100 W 76th St	2	5085	Industrial Supplier
FLO TRANS Trucking	7401 S Pulaski Rd	12	4841	Distribution company
FoodCrafters/TPC	7101 S Kostner Ave	20	4213	Temperature-controlled truckload services
Formcraft Tool Company	6453 S Bell Ave	15	3678	Microware components

Name	Address	Emp.	SIC	Product
General Packaging Products	7359 S Hamlin	5	2671	Promotional product packaging
Grace Davison	4099 W 71st St	83	2819	Manufacturing inorganic chemical products
Grahm Paints	4100 W 76th St	43	2851	Distribution and manufacturing of commercial & industrial paints products
Great Western Steel	2310 W 58th St	88	3312	Flat rolled steel service center
Harbor Bridge Intermodal	3720 W 74th St	32	4213	Regional Terminal for Carrier Service
Inlander Brothers	7701 S Claremont Ave	88	2671	Paper products wholesaling
Iroquois Products	2250 W 56th St	17	--	Commercial & Industrial packaging and storage
J.R. Plastic	2850 W Columbus Ave	115	3261	plastic injection molding / storage boxes
JF LABS, Inc.	7401 S Pulaski Rd	80	2844	Formulating/manufacturing skin & hair care products
Joyce Records Center	4100 W 76th St	2	7389	Recording holding company
K-Metals Company	2310 W 78th St	5	3469	Metal fabricator and components manufacturing
Knight Paper Box Co.	4651 W 72nd St	123	3469	Paper folding cartons manufacturing
Kraft General Foods	7400 S Rockwell	325	3119	Manufacturing of food and beverages
Lakeside Metals	7505 S Laflin	45	3312	production of steel coil and consumer products (steel food tins)
Lang Exterior	2301 W 59th St	143	3229	Vinyl replacement windows manufacturer
Lanter Logistics, Inc.	7101 S Kostner	10	4213	Regional Terminal for Carrier Service
Lion Circle Corp.	4600 W 72nd St	47	5810	Promotional product packaging
LSA United	2310 W 78th St	46	3321	Metal stamping
Mi Costenita	7647 S Kedzie Ave	79	5817	Manufacturing & distribution of spices and candies
Nabisco Biscuit Company	7300 S Kedzie Ave	2,108	2051	Cookie and snack product manufacturing
Namat Construction Company	7819 S Claremont Ave	9	1541	Construction Company
Norfolk Southern	2543 W Columbus Ave	70	4013	Frieght railroad switching station
Oakley Construction	7815 S Claremont Ave	25	2362	Construction/Concrete
Occidental Chemical	4201 W 69th St	23	2819	Chemical/silicon products manufacturing
Old Style Iron Works	7843 S Claremont Ave	4	3441	Steel & Metal fabricator
People's Energy	130 E Randolph St	347	--	Gas supplier to parts of Greater Southwest Industrial Corridor
R. L. Kraft	7810 S Claremont Ave	21	4241	Distribution of shipping materials , manufacturing of metal tills
R. Popernik & Sons	2313 W 59th St	4	2672	Flexographic printing
Schmit Laboratories, Inc.	5837 S Oakley	79	2844	Formulating/manufacturing skin & hair care products
Silver Cloud	5721 S Claremont Ave	20	2499	Custom framing & design

Name	Address	Emp.	SIC	Product
Skolnik Industries	4900 S Kilbourn Ave	88	3312	Stain-steel & metal fabricator
Solo/Sweetheart Cup Company	7575 S Kostner Ave	1,400	3089	Paper/plastic cup/tableware manufacturing
Southwestern Plating and Polishing	2300 W 59th St	8	3328	Chrome plating
Style Master	2850 W Columbus Ave	200	3261	--
Tootsie Roll	7401 S Cicero Ave	836	2064	Candy Manufacturer
Turret Steel Industries Inc	3900 W 74th St	12	4235	Distribution of Steel bars for forging products
Two Js Steel Metal Work	5828 S Claremont Ave	5	3312	Metal & steel fabricating
United Sources	7401 S Pulaski Ave	4	--	Import/distribution of nails, screws, fasteners and tarps
V & N Metal Products	2320 W 78th St	4	3499	Metal & steel fabricating
V & S Electric	7805 S Claremont Ave	15	--	General electric contracting service
White Express Inc.	7101 S Kostner Ave	48	4213	Regional Terminal for Carrier Service
Total Number of Firms:		**67**		
Total Employed:		**8,381**		

Sources: Greater Southwest Development Corporation, May 2008, and ComEd Industrial Trends Report, February 2008

Greater Southwest Real Estate Market

Recent Transactions

The Southwest Side in general, and Greater Southwest Industrial Corridor in particular, have seen a number of relatively large industrial sales and leases in recent years. Notable transactions include the following:

- VMZ Industries, a manufacturer and distributor of hair products, purchased 7401 South Pulaski Road in the Ford City Industrial Park in 2006. They paid $5 million ($23.40 per square foot) for the 213,670-square foot manufacturing building, which was last renovated in 1986. VMZ had previously been a tenant in the building.

- Two major leases were signed In Gateway Park at 2800 – 2850 West Columbus Avenue. Assemblers, Inc. leased 451,875 square feet, and RTC Industries leased 326,125.

- Rapid Displays, Inc. leased 260,000 square feet at InSite development's building at 4100 W. 76th Street.

Properties Currently on the Market

First Industrial Realty is offering for lease the 160,000-square-foot high-bay crane building at 7501 South Pulaski. This building had formerly been occupied by Home Products and GATX. The gross lease rate is $3.50 per square foot for the warehouse space and $4.75 for the crane portion. According to the offering brochure, the rail spur is inactive.

Other listings, shown on the table below have been compiled by Greater Southwest Development Corporation. Asking rents are typically in the $3.50 to $5.50 range on a gross square foot basis. Only one was advertising rail service: 2850 W. Columbus Avenue which is a potential sublease in Gateway Park.

AVAILABLE PROPERTIES IN THE GREATER SOUTHWEST INDUSTRIAL CORRIDOR						
Address	**Landlord Rep**	**Acres**	**Size (Sq Ft)**	**Rail Service**	**Rent/SF/yr**	**For Sale?**
2310 W. 78th St.	Epic/Savage Realty Partners	3.05	48,368	None	$3.50	$1,875,000
2850 W. Columbus Ave.	Jones Lang Lasalle	--	112,000	Near NS	$3.50 base	No
7828 South Claremont	Midwest Preferred Properties	--	--	None	--	$325,000
4600 W. 72nd St.	--	5.62	60,000	None	Negotiable	Negotiable
7738 S. Claremont Ave.	Paine Wetzel	--	12,700 (1,520 office space)	None	--	$345,000
3820 S. 74th St.	First Industrial Realty Trust	--	up to 159,728	None	$3.50 gross (warehouse), $4.75 gross (crane space)	Subject to offer
2301 W. 57th St.	--	--	13,500	None	$5.50 mod gross	No
5701 S. Claremont Ave.	--	--	10,500 on 2 floors (8,500 on 1st floor)	None	$5.50 mod gross	No
7401 S. Pulaski Rd., Unit N	Paine Wetzel	--	21,490 (1,100 office space)	None	$4.50 gross	No
7724 S. Claremont Ave.	Paine Wetzel	--	12,480 (2,000 office)	None	Subject to offer	$445,000
57th and Claremont Ave.	--	0.92	Vacant, Fenced-In Lot	None	$5,000/mo.	No

Source: Greater Southwest Development Corporation, Jan. 2009

CREOP Opportunity Sites

Gateway Park Phase II

The entire 63-acre site that is known as Gateway Park was for years an illegal dump site. Remediation on the first 30 acres was completed and 660,000 square feet of space opened in 2001. The second phase, which consists of an additional 31.07 acres, has not yet received its No Further Remediation (NFR) letter from the Illinois EPA. The City is, however, committed to insuring that the property attains a NFR letter.

The second phase of Gateway Park could be improved with between 650,000 and 750,000 square feet of space. As shown in the attached listing sheet, Jones Lang LaSalle has prepared preliminary site plans that show two 334,000 square foot buildings on the site. Rail service to the BRC is available. The listing agent sees a resurgence in interest in rail-served sites in this area to distribute bulk materials and large manufactured products.

InSite Realty

InSite Realty owns and manages the building at 4100 W. 76th Street. North of this building is a vacant 10-acre site that could accommodate a building of approximately 180,000 square feet. The Belt Railway spur could be extended from the Solo Cup spur, which is immediately west of this site. The agent from Insite envisions demand from companies with a need to ship raw materials by rail—particularly chemical and plastics manufacturers.

Solo Cup Site

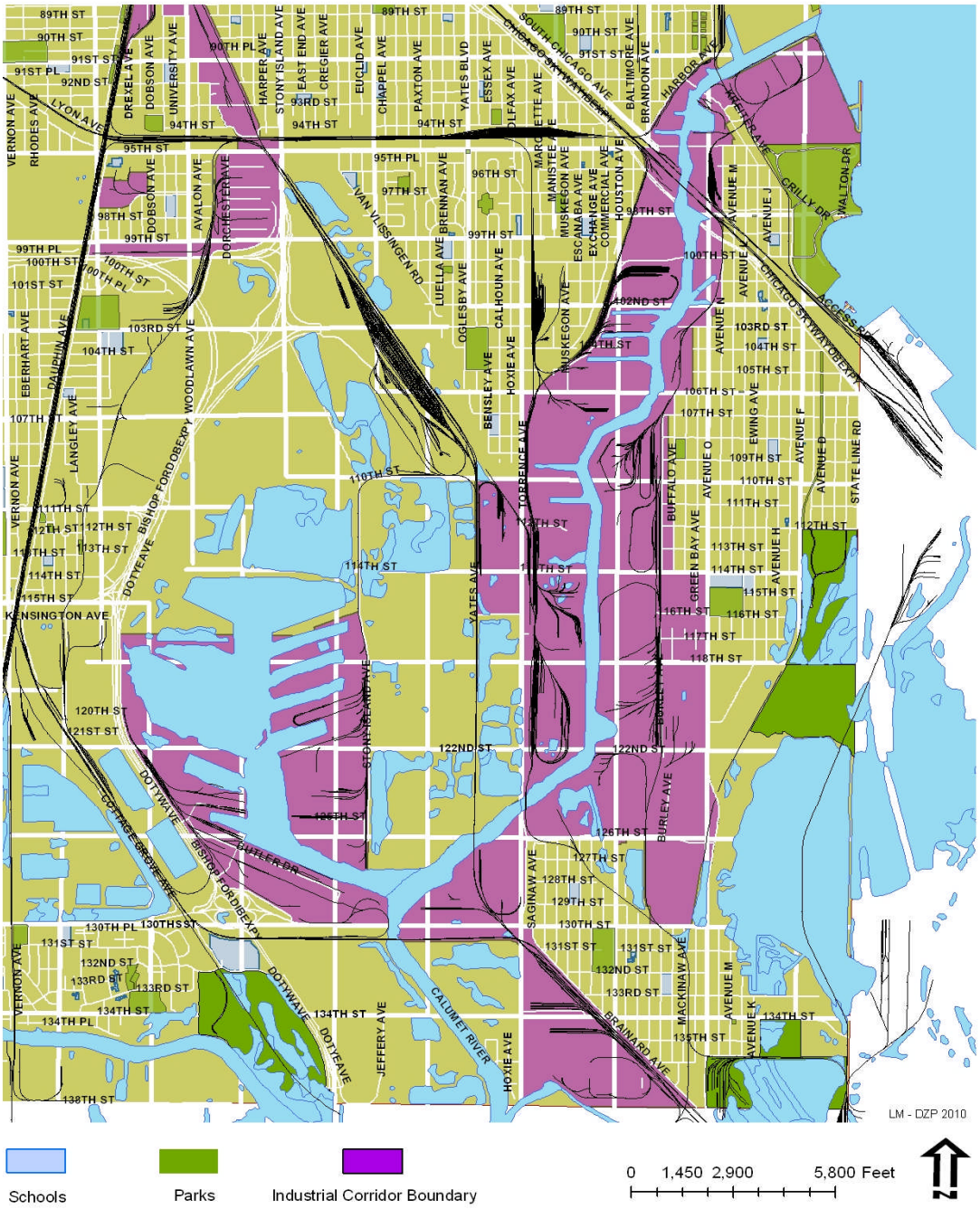
Between the Solo Cup facility and the Belt Railway line, immediately west of the InSite Realty site, is a vacant 13.5-acre site owned by Solo Cup. A spokesman for Solo Cup indicated that they may have some future use for the property, but would be open to a reasonable offer.

Vacant CSX Yard (formerly Forest Hill Yard)

Located at the eastern edge of the Greater Southwest Corridor east of Western Avenue on 79th Street is the former CSX Forest Hill Yard. The site has been abandoned since 1997. The yard is improved with a number of structures in varying states of disrepair. CSX's plans for the property are unknown.

Calumet Industrial Corridor

Calumet Industrial Corridor Location Map



Existing Conditions

Description of the Calumet Industrial Corridor

Calumet is the largest industrial corridor in the City of Chicago with 4,197 acres, more than triple the size of the second largest corridor. The U-shaped Calumet corridor is located in the far southeastern corner of Chicago, extending from the City limits on the south along the Calumet River to Lake Calumet on the west and up to the Port of Chicago at Lake Michigan, at approximately 91st Street.

The Bishop Ford Freeway (I-94) forms the western edge of the corridor, and the Chicago Skyway (I-90) cuts through the corridor in a northwest-southeast direction at 99th Street and the Calumet River. The corridor is located almost entirely within zip codes 60617 and 60633, with a portion also in zip code 60628 adjoining the Bishop Ford Freeway. It is contained within the community areas of South Deering, East Side, and Hegewisch, and is in the 10th Ward. The Lake Calumet Industrial Corridor TIF district, with 11,945 acres, encompasses most of the Calumet corridor as well as the Pullman industrial corridor. A second TIF district is located at 126th and Torrence.

The street grid within the corridor is limited, restricting vehicular access to portions of the corridor. The only north-south streets are Stony Island, Torrence, and Avenue O. The major east-west streets that cross the Calumet River include 95th, 100th, 106th, and 130th.

Rail Infrastructure

Along the eastern shore of Lake Calumet, a Norfolk Southern mainline travels north-south, parallel to South Stony Island Avenue. The NS line is single track at the northern end and crosses East 122nd Street at grade. Several industrial leads serve industries on the east shore of Lake Calumet. The line ends as double track in bumpers before reaching the banks of the Calumet River.

The south and west shores of Lake Calumet are serviced by track operated by Chicago Rail Link which crosses I-94 as single track above grade traveling from Kensington Yard towards Calumet Lake. Two leads serve industries on the west side of Lake Calumet. The right of way runs along the river and crosses under East 130th Street, rejoining the mainline, which is at that point operated by Chicago, South Shore and South Bend.

Norfolk Southern also has tracks out of Calumet Yard running north-south, parallel to Yates Avenue. It crosses the Calumet River and serves the Ford Assembly Plant. The NS grade crossings at South Torrence Avenue and East 130th Street out of the Ford Assembly Plant are programmed to be separated as part of the CREATE projects. South of that grade crossing, the NS line runs parallel to the Northern Indiana Commuter Transportation District's (NICTD) South Shore Line tracks.

Parallel to the Chicago Skyway and Norfolk Southern have mainline tracks that cross the river. On the west side of the river, the connection from CREATE's East-West corridor from Pullman Junction to the NS mainline is scheduled to be improved. The Belt Railway of Chicago runs double tracks from that junction along the west side of the river, crossing the Skyway below grade, and expanding to the BRC 100th Street Yard. At 101st Street, leads branch off toward the river, serving a coal terminal.

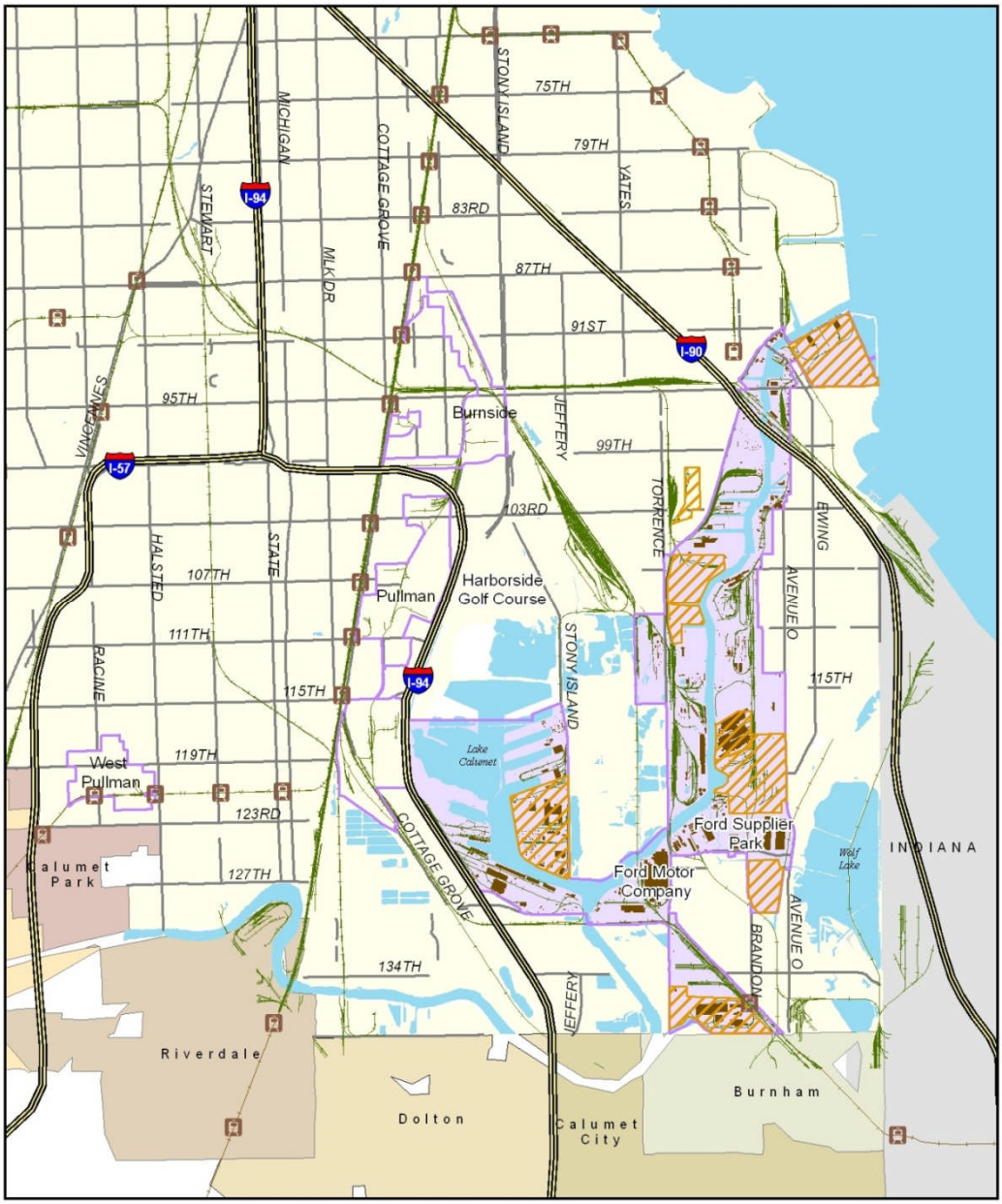
South of East 106th Street, the BRC tracks junction with a single Chicago Rail Link track out of Irondale Yard. Five tracks in total run north-south parallel to South Torrence Avenue for roughly three quarters of a mile until they join up with former Chicago and Western Indiana track (now Union Pacific) out of Calumet Yard. The BRC tracks serve multiple customers along the River, then enter the South Deering Yard. The tracks cross the Calumet River, but have been removed on the southern side of the river.

On the east side of the Calumet River, the region includes the South Chicago and Indiana Harbor Railway's South Chicago Yard, located just north of the Skyway. North of the yard, the tracks join Elgin, Joliet and Eastern tracks running south and serve the Port of Chicago terminals closest to Lake Michigan. Beyond the South Chicago Yard, the SCIH tracks join the NS and CSX mainlines and continue along the lakeshore to Indiana.

Norfolk Southern tracks branch off from that mainline and continue south along the eastern shore of the Calumet River. A single track crosses the Skyway below grade and travels north-south, parallel to South Avenue N. Several leads break from the track to serve port terminals and other facilities along the river, including the Mittal Steel plant. North of 126th Street, another lead branches off to the west, serving facilities between the Calumet River and South Carondolet Avenue. The track continues south until it junctions with the CRL line and continues to Indiana.

Amtrak operates 14 long-haul and corridor trains daily through this region on the NS tracks across the Calumet River. In addition, roughly 40 electric commuter trains daily travel the South Shore line, which stops at Hegewisch Station in this region.

Calumet Context



History

The Calumet corridor lies at the center of Chicago's manufacturing legacy built on steel and other metalworking. By 1900, Calumet and the larger Northwest Indiana area were a booming industrial center, taking advantage of the waterways and the rapid expansion of the rail system. The completion of the Chicago Skyway (Interstate-90) at the northern end of the corridor and the Bishop Ford Freeway (Interstate-94) at the western edge created additional options for moving freight. Beginning in the 1970s, steel manufacturing across the United States began to decline, resulting in the closure of several major companies and the loss of thousands of jobs in Calumet.

The first among them was Wisconsin Steel, which closed in 1982, followed by United States Steel's South Works plant in 1992.

Environmental Initiatives

The natural environment of the Lake Calumet area is in the process of being restored. The Calumet Area Land Use Plan was completed in 2001 and details the opportunities for industrial redevelopment alongside open space preservation. The plan prompted the creation of the Calumet Design Guidelines, adopted in 2004 to promote sustainable development of new industry, and the Calumet Open Space Reserve Plan, which outlines the preservation of nearly 4,000 acres of wetlands and natural areas linked by an extensive trail system. Other preservation efforts include the 2007 Draft Illinois Coastal Management Plan for Lake Calumet and the Calumet River Area, which assesses opportunities for community revitalization through open space preservation. Some of the environmental and recreational attractions in the area include:

- Hegewisch Marsh, which is located south of the Ford Manufacturing Plant. Its approximately 25 acres of wetland and 95 acres of upland are undergoing significant restoration. A trail system and boardwalk are expected to attract eco-tourists for hiking, biking, bird watching, and canoeing.

- The future Ford Calumet Environmental Center (FCEC) will serve as an educational resource and support research activities, environmental remediation and ecological rehabilitation within Hegewisch Marsh, appealing to local, regional, national and international visitors of all ages. The Environmental Center is expected to host an estimated 25,000 visitors annually. The site entrance will be just north of 134th Street on the west side of Torrence Avenue.

- Harborside International Golf Course, located at 11001 South Doty Avenue, opened in 1995. The 458-acre former landfill site has been developed with two par 72 golf courses, a 58-acre lighted practice facility, and a golf academy. A Phil Stefani Signature Restaurant in a Prairie-style clubhouse holds up to 300 people for catered functions. The course is a national draw and popular with golfers from the Chicago region.

- Calumet Industrial Disposal (CID) Facility is located south of 130th Street and east of I-94. Waste Management's 200-acre CID Facility is the city's last remaining landfill operation, one of five facilities to have operated in the Calumet area. Further dumping of municipal waste has been banned and the facility is slated to close and become a park.

- The Burnham Greenway is a major north-south trail being planned alongside defunct rail lines that spur off the CRL line at 131st Street and run alongside Wolf Lake, connecting the south suburbs with Lake Michigan.

Employment

The table below presents employment data for 2001 and 2008 from the Illinois Department of Employment Security for nine zip codes that make up the Far South Chicago. Far South Chicago had nearly 49,000 jobs in 2008, which amounted to a loss of 4,900 jobs since 2001. Manufacturing made up approximately 14% of all jobs in 2008; the sector has suffered a 33.5% loss of 3,500 jobs since 2001. The largest manufacturing categories in 2008 included Transportation Equipment (2,530 jobs), Fabricated Metal Products (760 jobs), Primary Metal Products (725 jobs), Chemical Manufacturing (714 jobs), and Food Manufacturing (643 jobs).

Significant non-industrial job sectors in 2008 were Health Care and Social Assistance with 17.4% of the total, and Retail Trade with 15.6%. Educational Services was the fastest growing sector with 38% growth since 2001 (3,700 jobs in 2008). Professional, Scientific, and Technical Services grew by 11% to have 1,228 jobs in 2008.

Inventory of Existing Businesses

The Calumet industrial corridor is home to 69 businesses employing approximately 5,420 workers, as shown on the accompanying inventory table. Major business types include steel product manufacturing, chemical manufacturing, plastics product manufacturing, electric power generation, and metal processing.

The largest company by far is Ford, whose Chicago Manufacturing Plant employs approximately 2,200 people at 127th Street and Torrence Avenue. Plummeting sales resulted in layoffs for approximately 600 temporary workers in November 2008. The plant currently manufactures the Ford Taurus, Lincoln MKS, and the Mercury Sable. Other major businesses in the corridor include Copperweld, Primary Steel, Atlas Tube, and E & L Transport Company, all with more than 100 employees.

Based on conversations with the Calumet Area Industrial Commission, the LIRI for the Calumet corridor, approximately 20 businesses take advantage of a number of the rail lines in the corridor. A brief summary by rail line follows:

- ***BRC (Belt Railway Company).*** Three mid-sized businesses utilize these lines that enter the corridor from the west and north in the northeastern portion of the corridor and then enter Indiana along Lake Michigan. Holcim is a cement manufacturing company located on the east bank of the Calumet River at 103rd Street. Northern American Stevedoring has 90 acres on Iroquois Landing at the mouth of the Calumet River. Mineral Mart USA may also be a rail user.

- ***CRL (Chicago Rail Link).*** The CRL line serves five businesses. The largest of these is Arro Corporation, which uses its 25 acres for transferring and repackaging bulk shipments. Other companies include Agrifine, Cargill Salt, Horsehead Resource Recovery, and Nidera.

- ***CSS (Chicago South Shore and South Bend).*** This rail line serves four businesses at the south end of the corridor. The largest is Primary Steel, one of the few holdouts from the area's golden age, with 116 employees. ADE, Inc, a manufacturer of custom packaging and injection molding products, underwent a large expansion in 2000 with the addition of approximately 40,000 square feet of new manufacturing space. Other companies served by CSS are Metal Management and Windy City Warehouse.

- ***IHB (Indiana Harbor Belt).*** The IHB railway is known to serve four businesses, including Kinder Morgan, which transports and warehouses steel and other metal products. Other rail users include Carmeuse Lime Co., Jernberg Industries (Beemsterboer), and Kewell Incorporated. The same rail line that serves Beemsterboer also serves the former LTV Steel site, which will be discussed in the Opportunity Sites section of this report.

- ***NS (Norfolk Southern).*** As a major railway company in the corridor, Norfolk Southern operates the Calumet Yard and Irondale Calumet Yard. Five businesses, including Kinder Morgan Terminals and Dockside Steel, benefit from NS rail service. Ford Motor Company loads finished cars onto the NS railway from its mixing yard east of Torrence Avenue at 134th Street.

- ***SCIH (South Chicago and Indiana Harbor).*** This company controls a single line that runs parallel to Avenue O. It is not known to serve any active businesses, although it could potentially serve the former LTV Steel site.

Closures, Expansions, and Relocations

Cargill underwent a major expansion in 2008 with the completion of a new $22 million manufacturing facility for polyols, or building blocks for polyurethane derived from soybeans. The facility has 40,000 square feet and was projected to open its doors with 12 employees. The facility adds to Cargill's two existing operations on its 80-acre site at 122nd and Torrence.

The Ford Supplier Park, located on a 155-acre former brownfield site on the east side of Torrence Avenue, opened in 2004 to provide a location for small specialty manufacturers who directly supply the Ford Manufacturing Plant across the street. Upon opening, the park had approximately 10 businesses, but the recent economic downtown has resulted in the closing of approximately half of the businesses and a steep reduction in the number of employees at the remaining ones. Two of the largest businesses are said to have dropped from 250-300 employees each down to approximately 50 each. Other remaining businesses in the park include Brose, Tower Automotive, and ZEF.

Public Sector Investments

Several projects are planned in Calumet as part of the CREATE program. The completed EW-4 project merged the BRC and NS signaling systems, allowing for speedier interchange of equipment between the two railroads at CP 509. Another project will create a grade separation

between the NS tracks and Torrence Avenue south of 130th Street and the Ford plant. Plans for roadway improvements include an IDOT project to resurface Torrence Avenue from 103rd Street to the Calumet River. The $3 million project is set for completion in 2011.

Not surprisingly, several major environmental cleanup projects have recently been completed or are underway in the corridor. An 87-acre former industrial dump near 122nd Street and Torrence that was known as Illinois' most polluted site underwent cleanup and "capping" with 15 feet of clay soil, which was set for completion in January 2008. The Illinois Environmental Protection Agency (IEPA) is hoping to get some of the companies who previously used the industrial dump to contribute toward the estimated $15 million cleanup cost.

The Chicago Port District

The Chicago Regional Port District was created in 1951 to be responsible for port development in Chicago. The following year, it was established as an independent municipal corporation governed by a Board of Directors. Four members of the Board are appointed by the Illinois Governor and five members are appointed by the Mayor of the City of Chicago. With its establishment as a municipal corporation, it was put in charge of approximately 1,500 acres of wetlands that includes most of Lake Calumet.

The Port District maintains a port on the eastern side of the Lake, which was dredged and had additional slips constructed in 1958. Twenty years later, the Port District created a second port through the acquisition of 190 acres at the mouth of the Calumet River at Lake Michigan. The land became known as Iroquois Landing, which is improved with two large terminal sheds.

Strengths of the Corridor

In spite of the closing of many of its major factories, the Calumet corridor still has significant advantages for manufacturers, notably excellent intermodal access via rail, water, and highways. It also has sizable vacant industrial sites that have undergone remediation. A large labor force lives close to the corridor, but most of the industrial sites are separated from residential neighborhoods. Planned Manufacturing District #6 protects roughly eight square miles of the corridor for industrial uses. In sum, the Calumet corridor's combination of water, electricity, wastewater, and transportation infrastructure, with almost no threat of residential or commercial encroachment, make it uniquely suited to accommodate heavy industry.

EMPLOYMENT IN FAR SOUTH CHICAGO*, 2001 AND 2008					
				2001-2008 Change	
Industry	2001	2008	% of Total	Number	Percent
All Industries	53,805	48,905	100.0%	-4,900	-9.1%
Agriculture, Forestry, Fishing, & Hunting	A/	0	0.0%	--	--
Mining	A/	0	0.0%	--	--
Utilities	A/	7	0.0%	--	--
Construction	2,024	1,480	3.0%	-544	-26.9%
Manufacturing	10,443	6,941	14.2%	-3,502	-33.5%
Food	1,082	643	1.3%	-439	-40.6%
Beverage & Tobacco	0	0	0.0%	0	0.0%
Textile Mills	A/	0	0.0%	--	--
Textile Product Mills	A/	21	0.0%	--	--
Apparel	0	3	0.0%	3	0.0%
Leather & Allied Products	A/	77	0.2%	--	--
Wood Products	A/	1	0.0%	--	--
Paper	1,132	364	0.7%	-768	-67.8%
Printing & Related Support	68	64	0.1%	-4	-5.9%
Petroleum & Coal Products	A/	0	0.0%	--	--
Chemical	1,196	714	1.5%	-482	-40.3%
Plastics & Rubber Products	501	499	1.0%	-2	-0.4%
Nonmetallic Mineral Products	412	333	0.7%	-79	-19.2%
Primary Metal Products	1,386	725	1.5%	-661	-47.7%
Fabricated Metal Products	1,131	760	1.6%	-371	-32.8%
Machinery	494	106	0.2%	-388	-78.5%
Computer & Electronic Products	62	13	0.0%	-49	-79.0%
Electrical Equip. & Appliances	0	0	0.0%	0	0.0%
Transportation Equipment	2,759	2,530	5.2%	-229	-8.3%
Furniture & Related Products	115	67	0.1%	-48	-41.7%
Miscellaneous Manufacturing	A/	21	0.0%	--	--
Wholesale Trade	2,325	2,392	4.9%	67	2.9%
Retail Trade	7,954	7,652	15.6%	-302	-3.8%
Transportation & Warehousing	2,905	2,590	5.3%	-315	-10.8%
Information	A/	800	1.6%	--	--
Finance & Insurance	2,533	2,243	4.6%	-290	-11.4%
Real Estate & Rental & Leasing	1,562	1,311	2.7%	-251	-16.1%
Professional, Scientific & Tech. Services	1,107	1,228	2.5%	121	10.9%
Management of Companies & Enterprises	414	32	0.1%	-382	-92.3%
Admin. & Sup. & Waste Management & Remed. Services	A/	3,134	6.4%	--	--
Educational Services	2,677	3,696	7.6%	1,019	38.1%
Health Care & Social Assistance	8,486	8,496	17.4%	10	0.1%
Arts, Entertainment & Recreation	379	341	0.7%	-38	-10.0%
Accommodations & Food Services	4,046	4,238	8.7%	192	4.7%
Other Services (except Public Administration)	2,685	2,212	4.5%	-473	-17.6%
Unclassified	A/	112	0.2%	--	--

*Includes zip codes 60617, 60628, 60643, 60620, 60619, 60633, 60649, 60655, and 60627

A/ Numbers not disclosed in order to maintain confidentiality of companies.

Source: Illinois Department of Employment Security, where Workers Work, January 2009

BUSINESSES IN THE CALUMET INDUSTRIAL CORRIDOR			
Name	**Address**	**Emp.**	**SIC**
ADE, Inc.	1430 E 130th St	9	3261
Agrifine	2701 E 100th St	17	--
Arro Corp	10429 S Muskegon Ave	54	4249
Atlas Tube	1855 E 122nd St	120	3317
Beelman River Terminal	10443 S Muskegon Ave	30	--
Black Industrial Supply Corp.	3200 E 92 St	39	4238
Calumet Energy Team LLC	11601 S Torrence Ave	6	2211
Calumet Tank	12440 S Stony Island Ave	--	--
Cargill Inc	12201 S Torrence Ave	9	2992
Cargill Salt	12200 S Torrence Ave	4	--
Carmeuse Lime Co.	3245 E 103rd St	30	--
Ceres Terminals Inc	9301 S Kreiter Ave	22	4883
Chemtrade Logistics Inc	2250 E 130 St	50	8741
Chicago Enterprise Center	13535 S Torrence Ave	5	5313
Clean Harbors Services	11800 S Stony Island Ave	40	--
Copperweld	1845 E 122nd St	220	3314
Cox Metals Processing Company	12100 S Stony Island Ave	43	3312
Diamond Coring Co.	11800 S Ewing Ave	40	--
Dockside Steel	11828 S Stony Island Ave	55	--
Domino Sugar Inc	2400 E 130 St	18	2061
E & L Transport Co LLC	13511 S Torrence Ave	115	4212
ELG Metals	10300 S Greenbay	30	--
Emesco Marine Terminal Corp	12100 S Stony Island Ave	15	4225
Ford Motor Company	12600 S Torrence Ave	2,244	3363
Fred Berglund and Sons Inc.	84140 S Chicago Ave	40	2361
Great Lakes Towings	9402 S Ewing Ave	15	4492
Hickman Williams Co. Black Products Div.	13512 Calumet Ave	10	3311
Holcim Co.	3020 E 103rd St	31	4233
Holly's Marine Towing Inc.	3021 E 104th St	28	4831
Horsehead Resource Recovery	2701 E 114th St	35	--
Industrial Water Services	12123 S Stony Island Ave	8	5629
International Steel Group (ISG)	9746 S Avenue N	13	3311
Interstate Processing Company	12100 S Stony Island Ave	43	3312
Jernberg Industries (Beemsterboer)	10599 S Muskegon Ave	--	--
KCBX Terminals Co	3259 E 100th St	20	4931
Kendra Lake Yacht Club	--	--	--
Kewell Incorporated	11900 S Cottage Grove Ave	--	--
Kinder Morgan	2926 E 126th St	--	--
Kinder Morgan (Arrow) Terminals	12200 S Stony Island Ave	59	4225
Kinder Morgan Liquid Terminals	12200 S Stony Island Ave	40	4931
LaFarge NA	2150 E 130th St	22	3241
Mac Steel Co	13535 S Torrence Ave	35	5051
Marblehead Lime Inc.	3245 E 103rd St	54	3274
Master Polishing & Buffing, Inc.	10247 S Avenue O	13	3328

Metal Management	12701 S Doty Ave	--	--
Metal Management Midwest	9331 S Ewing	25	3341
Metal Management Midwest Inc	3200 E 96 St	20	4953
Midwest Marine Terminals	11701 S Torrence Ave	5	4883
Mineral Mart USA	9325 S Kreiter Ave	--	--
Morton Salt	--	--	--
Nidera	11700 S Torrence Ave	23	--
North American Salt Company	9200 S Ewing Ave	30	--
North American Stevedoring	9301 S Kreiter Ave	35	--
Ozinga	11701 S Torrence Ave	--	--
Paket Corp.	9115 S Harbor	30	3261
Primary Steel, LLC	12900 S Metron Dr	116	--
PVS Chemicals	12260 Carrendolet Ave	15	3251
Reserve Marine Terminal	11401 S Greenbay	61	4883
S.H. Bell Co. Ave O Terminal	10218 S Avenue O	15	4225
Skyway Yacht Works	9864 S Avenue N	--	--
South Chicago & Indiana Harbor Railroad	9746 S Avenue N	10	4013
Southeast Chicago Energy Project	3141 E 96th St	7	2211
Spraylat Corp.	1701 E 122nd St	65	2851
St. Mary's Cement	12100 S Doty Ave	6	3241
Standard Bank	10635 S Ewing Ave	24	5221
Trinity Hospital	2320 E 93rd St	1,200	6221
Waste Management CID Landfill	133rd and Bishop Ford Fwy	30	5622
Windy City Warehouse	12700 S Butler Dr	--	--
Total Number of Firms:		**68**	
Total Employed:		**5,398**	

Sources: ComEd Industrial Trends Report, February 2008, and Calumet Area Industrial Commission (CAIC), June 2008

Calumet Real Estate Market

Recent Transactions

Two properties in the corridor were reported by GVA Chicago as being sold in 2005. One was a 208,923 square-foot warehouse on 25 acres that was sold by Calumet Marine Terminal, Inc to Frankle, LLC. The property, located at 95th Street and the Calumet River, was reportedly 95% empty at the time of sale, and the buyer intends to occupy the building. It is bordered on its eastern edge by the BRC railway, but the brokerage information claimed there was no rail access. The property sold for $5.4 million, or $25.85 per square foot.

The other sale in 2005 involved a property at 2638-2750 E 126th Street with 102,107 square feet of building on 5.80 acres of land. CenterPoint Properties purchased the site for $1.86 million, or $18.26 per square foot, from U.G.N. CenterPoint is currently offering approximately 33,000 of the building for lease at $2.50 per square foot.

In another transaction, the City of Chicago purchased a site known as Big Marsh from Waste Management Company in July 2008 for $3.9 million. The marsh is located north of 115th Street roughly between Stony Island and Torrence Avenues. It consists of 290 acres and is part of the Calumet Open Space Reserve.

Two major transactions occurred outside the Calumet corridor but have bearing on industry in the general area.

- In 2006, the former Verson Steel property at 1355 E 93rd Street was sold to Finkl Steel for $2.4 million. The property lies in a TIF district and is currently undergoing a retrofit of its utilities. Future plans for Finkl Steel's property on the North Side of the city are unclear.

- In late 2008, the Jay's Foods manufacturing facility was closed at 825 E 99th Street. The 126,000 square-foot factory is now 41% leased to two tenants, one of which is a high-speed internet service provider, Wide Open West, which stores trucks and equipment at the property.

Properties Currently on the Market

The table below lists available properties as reported by the Calumet Area Industrial Commission, the LIRI for the Calumet area. The properties range in size from 1.5 acres to 200 acres. Centerpoint Properties is marketing multiple properties at 13535 S Torrence, which is the Chicago Enterprise Center. Many of the sites on the list are rail-served, including the Chicago Enterprise Center; the former LTV Steel site at 11600 S Avenue O; the Kinder Morgan and Port District Properties at 122nd and Stony Island; and the vacant land at 126th Place.

AVAILABLE PROPERTIES IN THE CALUMET INDUSTRIAL CORRIDOR						
Address	**Landlord Rep**	**Acres**	**Size (Sq Ft)**	**Rail Service**	**Rent/SF/Yr**	**For Sale?**
107th & Buffalo	Diamond Coring	4	0	None	Unknown	Unknown
11600 S Avenue O (Entire LTV site)	South Chicago Property Management	200	0	Yes	Negotiable	No
11600 S Avenue O Building 10	South Chicago Property Management	--	36,432	Yes	Negotiable	No
11600 S Avenue O Building 8	South Chicago Property Management	--	109,892	Yes	Negotiable	No
11600 S Avenue O Buildings 8 and 10 total	South Chicago Property Management	10	146,324	Yes	Negotiable	No
122nd & Stony Island	Kinder Morgan Liquids Property	40	0	Yes	Negotiable	No
122nd & Stony Island	Illinois International Port District	50	0	Yes	$3.00	Negotiable
126th & Carondolet	Centerpoint Properties	30	0	Yes	Unknown	Unknown
126th Place (126th and Avenue O)	Centerpoint Properties	30	0	Yes	Unknown	Negotiable
126th Place	Centerpoint Properties	5	60,000	Yes	--	Negotiable
13535 Torrence (Chicago Enterprise Center)	Centerpoint Properties	3.9	50,983	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	8.4	54,743	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	4.8	56,486	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	8.4	73,612	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	17.9	77,325	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	7	99,333	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	18.2	626,427	Yes	--	Negotiable
13535 Torrence	Centerpoint Properties	20	0	Yes		Negotiable
13535 Torrence	Centerpoint Properties	--	18,005	--	$2.50	--
2638 E. 126th Street	Centerpoint Properties	--	18,336	--	$2.50	--
126th street	Centerpoint Properties	3.0-10.0	0	--	--	--
2858 E 126th St	Paine Wetzel	1.5	3,200	None	Negotiable	No
10447 S. Torrence	Paine Wetzel	0.4	10,591	--	No	$650,000
11235 S. Cottage Grove	Paine Wetzel	1.8	36,684	None	--	--
3133 E 106th Street	n/a	4.4	80,760	Yes	No	Negotiable

Source: Calumet Area Industrial Commission, Jan. 2009

Task 4. Determine Industry Needs, Potential Incentives, and Economic Efficiency of Incentives for Five Recommended Locations

Introduction

Following the completion of three earlier tasks, this section of the report identifies the potential freight *rail economic opportunities* for the city of Chicago. The goal is to present a realistic vetting of what site re-use would look like in terms of a tenant business and what is required to successfully market that site. The overall assessment juxtaposes consideration of (a) existing rail infrastructure/services and any near term improvements (such as those scheduled under CREATE), (b) the location and characteristics of under-used parcels within the various industrial corridors, and (c) likely tenant business given (a) and (b) and the city's relative attractiveness as a *place to do business* for specific sectors. The objective is to identify strategy elements to assist CDOT in marketing 5 finalist parcels to prospective industrial tenants reliant upon rail freight for some aspect of their operations. The economic development goal is to attract tenant businesses that maximize job creation, create a stronger tax base, or are in high (revenue) growth activities.

Target Industries as New Rail-freight Consumers

This section provides a further examination of demand for industrial sites with on-site rail service in the City. This means the focus is primarily on the carload rail market as presence of site rail-sidings was emphasized in earlier tasks and additional intermodal customers within the city could well carry additional congestion on highways and local streets (see Appendix I for an overview of demand characteristics for the carload rail freight services market). Exhibit 1 shows a breakdown of commodities by type of rail-freight service for the U.S. market. Commodity categories can be mapped to specific industries that produce them or use them. Subsequently, from this set of industries a relevant subset may be targeted as potential tenants for vacant/under-used land in the city, contingent on a balance of operational requirements and cost competitiveness of a city location.

Exhibit 1: US Rail Freight Traffic Class I Cars of Revenue Freight Loaded 2008 – 2009				
	first half 2008	*first half 2009*	Percent Change	Share of Traffic - 2009
Coal	3,550,150	3,248,622	-8%	49%
Agricultural Products	1,082,778	877,199	-19%	13%
Chemicals	933,707	775,117	-17%	12%
Non-metallic mineral & products	839,864	644,931	-23%	10%
Metallic ores& minerals	564,551	272,266	-52%	4%
Forest Products	331,912	238,122	-28%	4%
Motor Vehicles & Equipment	453,531	224,035	-51%	3%
Other	383,157	285,320	-26%	4%
Total Carloads	**7,756,493**	**6,565,612**	**-15%**	**100%**
Trailers	1,219,643	802,698	-34%	17%
Containers	4,377,572	3,844,370	-12%	83%
Total All Intermodal	**5,597,215**	**4,647,068**	**-17%**	**100%**
Total Carloads	7,756,493	6,565,612	-15%	59%
Total Intermodal	5,597,215	4,647,068	-17%	41%
Total Rail Traffic	**13,353,708**	**11,212,680**	**-16%**	100%

Based on the profile of rail carload customers and an analysis of industrial growth trends within Cook County, a series of target rail-using industries are identified for industrial sites in Chicago's industrial corridors. Depending on the evaluation of each of the five finalist parcels, there may or may not be a match of the likely prospective tenant business to the target rail-using industries.

Manufacturing Trends in the Chicago Metro Area

In order for the city to set its marketing focus on manufacturing activities that are thriving and forecast to grow, Task 1 examined manufacturing projections for the U.S. and the aggregate, multi-county Chicago-metro region. To differentiate industry growth performance for Cook County (City of Chicago) from competing collar county locations we recast recent growth trends in terms of dollars of industry revenue at the county-level. We also sought to probe further findings from the Task 3 report which included employment trends *by industry* for each industrial corridor (IC). Those trends reflect the underlying industry mix which in turn point to the various businesses within the IC. The Task 3 conclusion regarding most of the industrial corridors is that almost all manufacturing activities are shedding jobs (in line with national behavior in manufacturing activities). However this conclusion does not translate into declining revenue growth for any one manufacturing industry.

There are 21 (3-digit NAICS) manufacturing activities considered. Cook County is represented in 16 of these. Industry revenue declines over the 2001 - 2006 interval in 6 of 16 of these sectors are denoted "*na"* in Exhibit 1. For the 10 manufacturing sectors that Cook County had "+" revenue growth, its growth rank was not the highest (the exceptions are NAICS 324- Petroleum and Coal Products ranked #2, and NAICS 314-Textile Products ranked #3). However the scale (or *size* measured in $ of output) of the industry in Cook County typically is the largest (exceptions include

Petroleum and Coal Products – 2nd to Lake Co., IN, Chemicals – 2nd to Lake Co., IL, and Primary Metal – 2nd to Lake Co., IN).

Both the scale of the industry, its competitiveness being located in Cook County and its rail freight consumption (denoted by the last column in Figure 1) affect the ability to market new manufacturing prospects onto rail-proximal sites with the promise of rail service. Manufacturing activities requiring the highest expenditures on rail freight transportation per dollar of output are *Wood Products, Food and Beverage Products, Textile Mills* (not present in the city's economy), *Textile Products,* and *Plastics and Rubber Products.* Not all of these grew as strongly in Cook County compared to collar county locations.

Figure 1 – Chicago-region Manufacturing Sectors – Growth Dynamics 2001:2006

Manufacturing activity in 10-county[1] Chicago-metro Area, 2001:2006	NAICS	# of Counties with "+" revenue growth	Cook County rank % change 2001:2006	Cook County rank on 2006 Output	TSA_rail consumed per $1 Output
Food Products	311	8	7	1	0.006
Beverage & Tobacco	312	5	4	1	0.0052
Textile Mills	313	3	na	na	0.0059
Textile Products	314	5	3	1	0.0029
Apparel	315	3	na	na	0.0019
Leather & Allied Products	316	1	na	na	0.0017
Wood Products	321	8	5	1	0.0064
Paper	322	7	6	1	0.0113
Printing & rel. Products	323	0	na	na	0.0038
Petroleum & Coal Products	324	7	2	2	0.0029
Chemicals	325	9	9	2	0.0103
Plastic & Rubber Products	326	9	9	1	0.006
Nonmetal Mineral Products	327	10	9	1	0.0107
Primary Metal Products	331	9	9	2	0.015
Fabricated Metal Products	332	9	9	1	0.0033
Machinery	333	10	6	1	0.0017
Computer & Other Electronics	334	6	na	na	0.0025
Electrical Equipment & Appliances	335	7	4	1	0.0033
Transportation Equipment	336	7	na	na	0.0031
Furniture & rel. Products	337	7	7	1	0.0038
Miscellaneous MFG	339	8	5	1	0.0027
Warehousing - Distrib/Trans. Svcs (excl. Air)	493, 482-484	8	5	1	0.0015/0.009

Note: *na* indicates that the sector contracted ($ of Revenue) for Cook Co. over the interval

[1] Cook, Kane, Lake, DuPage, Grundy, Will, Kendall, McHenry counties in IL, & Lake and Porter counties in Indiana

Pulling back from the three –digit manufacturing detail, each county's aggregate manufacturing reliance *relative to Cook County* can provide an indication of how manufacturing is growing in the larger metro-region. The 2006 location quotient – based on dollars of Output, indicates that apart from DuPage County and Grundy County, the remaining counties are more heavily manufacturing oriented in the composition of total economic output than Cook County (see Figure 2). This is not surprising given the large and growing *Services* sectors concentrated within the city for Cook County.

Figure 2 – MFG Output – LQ 2006 Relative to Cook County

DuPage	1.10
Grundy	1.02
Kane	1.79
Kendall	1.98
Lake IL	1.65
Lake IN	1.51
McHenry	2.15
Porter	1.70
Will	1.14

The sector-specific *positive* growth profiles among the set of 10 Chicago-metro region counties are contained in Appendix II The findings show that all but one of the 10 manufacturing sectors present in Cook County (*Printing and related products*) exhibited labor productivity growth. Labor productivity increases are typically rewarded with higher wages. So if the city were to attract or gain the expansion of a specific manufacturer that did not offer the highest job creation for the city when compared to other types of labor intensive rail-using activities, the benefit of being a higher-wage shop should also be held as fulfilling the city's economic development objectives.

For a parcel's best (manufacturing) option from among all other appropriate uses, a validation is required to determine if the IC demonstrates superior relative competitiveness to elsewhere in Cook County, and elsewhere in the collar counties.

Target Industries for City Rail Sites

Based on the extensive interviews conducted in connection with the detailed rail site work, the main competitive advantages in the industrial corridors pertaining to the five city sites evaluated have been found to include:

- A match between the resident labor pool and the types of workers needed by area businesses, e.g., trainable for entry level jobs in manufacturing and distribution not requiring strong English language skills.
- Access to large business and consumer markets within the city of Chicago.

The main competitive disadvantages of the city are:

- Distance from skilled labor pools, predominantly residing on the city's North Side. Rail-shipper interviews conducted earlier in an earlier task indicated that city manufacturers often have difficulty filling supervisory and higher-skilled positions.
- Highway and city street congestion which causes expensive delays.
- Shortage of large, clean sites to compete with greenfield Collar County locations.

A number of target manufacturing industries for rail sites on the South Side of Chicago are identified in the table, below. This list is based on:

- Assessment of the City's competitive strengths in terms of labor supply and access to volume markets.
- Identification of industries involved with carload transported commodities. Evaluation of manufacturing growth trends within the city of Chicago and of the wider region where both revenue and value-added growth were demonstrated between 2001-2006[9].

Target Rail-Using Industrial Activity for the City of Chicago

NAICS	Industry
311	Food Product Mfg
312	Beverage Mfg
321	Wood Products Mfg
322	Paper Products Mfg
324	Petroleum & Coal Products Mfg
325	Chemical Products Mfg
326	Plastics & Rubber Product Mfg
327	Non-metallic Minerals Mfg
331	Primary Metal Mfg
332	Fabricated Metals Mfg
337	Furniture Mfg
22	Utilities - Power Generation

The analyses of individual rail sites in Chapter 2 will address the suitability of each of the sites for these target industries.

Evaluation of Candidate Parcels

At the close of Task 3, the project team identified a sample of 21 parcels across 5 industrial corridors. These were chosen based on in-depth examination of real estate data, parcel characteristics, proximity to active freight rail service, discussions with DCD corridor managers, the designated LIRI, and preliminary inquiries regarding the feasibility of adding a rail customer. Ultimately 5 of the 21 parcels were selected by the CDOT, DCD and the project team based upon (a) the size of the vacant parcel and/or (b) the parcel deemed a valuable piece of real estate that may have potential to attract a rail freight user.

The 5 sites to be presented in this chapter include:

[9] See Economic Development Research Group, Internal Examination of MFG Growth for Chicago Metro Region, 2008.

- *Ryerson site* (located in Western/Ogden Industrial Corridor)
- *4055 S Packers Avenue* (located in the Stockyards Industrial Corridor)
- *Gateway Park Phase II* (located in Greater Southwest Industrial Corridor)
- *Iroquois Landing* (located in Calumet Industrial Corridor, Port Authority ownership)
- *4400 W 45th Street* (located in Stevenson Industrial Corridor)

The exhibit below presents select preliminary information regarding each of the 5 sites in advance of the detailed site evaluations that comprise this chapter.

SELECT CHARACTERISTICS OF THE FIVE CANDIDATE RAIL-PROXIMAL PARCELS

Site name	*Corridor*	*Acreage*	*Rail Provider*	*Features*
Ryerson	W/Ogden	48.5	CSX	Good HWY access; local incentives; CREATE imprvmnt should offer a benefit. PMD and TIF incentives (T-48).
4055 S Packers Ave	Stockyards	16	NS	Recently the site of a bus dispatching center; majority of site is paved (suited for dispatching); good HWY access, PMD and TIF incentives.
Gateway Park Ph II	GR SoWest	31.1	BRC	remediation yet to begin;CREATE project (EW-2) will add track capacity & increase clearance; PMD and TIF incentives.
4400 W 45th St.	Stevenson	8.9	NS	Enterprise zone (EZ#2); good HWY access;existing rail spur, TIF incentives available
Iroquois Landing	Calumet	120	BRC	HWY access to IC very good;Port Authority ownership & no special zone incentives

Note: Yellow entries denote vacant sites

Ryerson Site Analysis

Location

The 48.5 acre Ryerson Site has a total of nine buildings with 1.3 million square feet. Two-thirds of the total floor space is now vacant. The site straddles the non-gentrified North Lawndale and Near West Side neighborhoods. This area, originally populated by Eastern Europeans, is now home to a largely African American and Latino blue collar population. The cornerstone of the neighborhood is the 170-acre Douglas Park, just one block west of the site, with a swimming pool, a miniature golf course, playgrounds, soccer fields, and basketball courts.

The site is within the city's Western/Ogden Industrial Corridor. This area abuts the Illinois Medical District, which is home to a number of major medical centers including the University of Illinois, Medical Center, the John Stroger Hospital, Rush University Medical Center, and Jesse Brown VA Medical Center. On its northwest corner, the Ryerson property touches the campus of Mount Sinai Hospital, a 431-bed tertiary-care facility and Schwab Rehabilitation Hospital, just on the other side of Ogden Avenue. St. Anthony's Hospital is on the south side of Douglas Park, two blocks west of the site.

The Task 3 report presented an inventory of the corridor's businesses and employment based on information from NORBIC and ComEd resources. Those data show Western/Ogden is home to 65 businesses and about 2,200 jobs after the scale back of Ryerson's employment to a skeleton crew of 140. Manufacturing and distribution account for about one-fifth of the jobs[10]. Dominant manufacturing industries include food processing and furniture manufacturing. Most of these industries serve local Chicago restaurants, hotels, and retail outlets and thus the benefit of their location in the IC is proximity to City markets[11]. One of the corridor's biggest growth industries in the area is Waste Management and Remediation Services (NAICS 56) which has added nearly 1,000 jobs in the Corridor since 2001 – a 40% increase.

Road and Transit Access

The Ryerson site has superb highway and transit links. The Ryerson site is two miles south of I-290 and about the same distance north of I-55 (Stevenson Expressway). The Dan Ryan Expressway is 2.5 miles to the east of the site.

For workforce access, Metra BNSF Station is at 18th and Western, a 10 minute walk from the site. This connects with the Chicago's central western suburbs, running to Aurora (1 hour, $5.65). There are CTA Pink Line subway stations at Western/Cermak and California/Cermak, a few blocks south of the site. From here, it's a 20 minute ride to the Loop. Bus transit options include #21 which stops at Cermak and Washtenaw and is a 13 minute walk to the location, or bus #18 from the Western Avenue Metra station which stops at 16th Street and Rockwell, a 2 minute walk to the location.

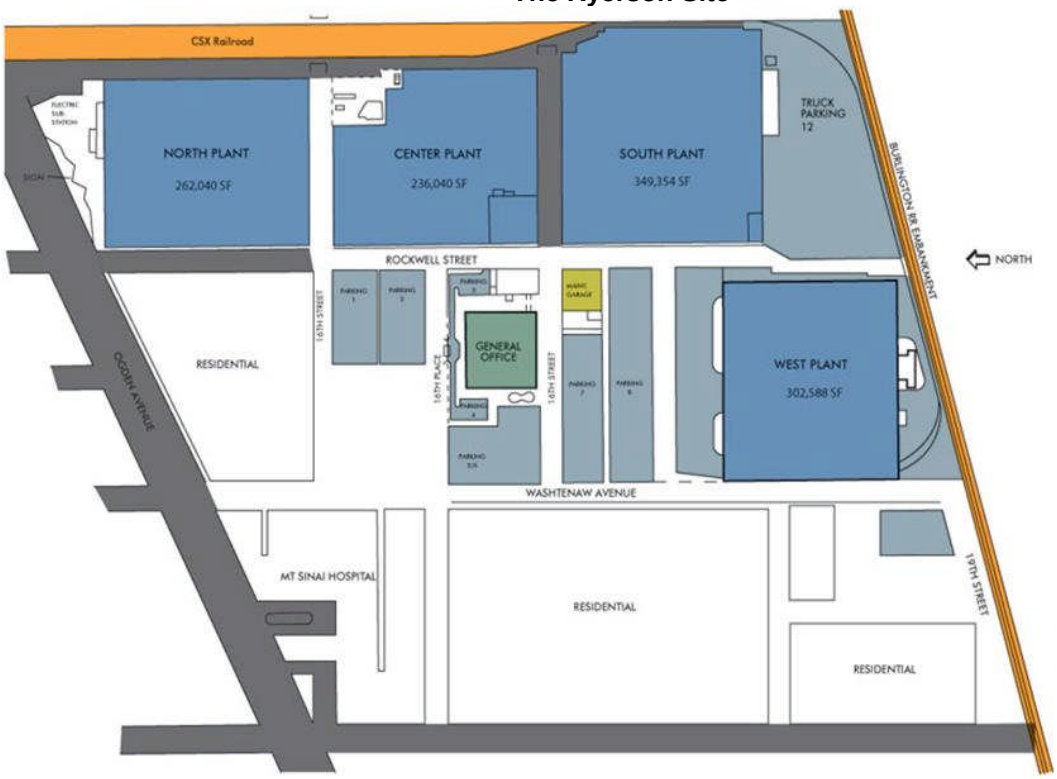
[10] Goodman Williams Group et al, Chicago Rail Economic Opportunities Plan (CREOP), Task 3 Report, February 2009.

[11] This statement is based on a consensus of opinions of commercial property brokers active in the City who were interviewed in the course of researching Chicago rail sites.

Site Description and Availability

The 48.5 acre site has nine buildings with a total of 1.3 million square feet, making it one of the largest industrial sites in the city. It is zoned PMD (Planned Manufacturing District). This designation can permit a range of employment-generating uses at a former industrial site, with emphasis on retention of space for industry, where feasible. Standards for use in PMD districts are strict and re-zoning is not permitted.

The Ryerson Site



The site's main structures include four industrial buildings and two office buildings described as follows:

- A 88,000 sq. ft. glass cube office building, built in 1961, which represents state-of-the art mid-century design. Ryerson currently occupies this building, although it is underused.
- A 40,000 sq. ft. service building that housed cafeteria, conference, training, and assembly space for the plant.
- The 262,000 sq. ft. North Plant, built in 1950. It has seven bays with fourteen overhead cranes with lifting capacities ranging from 10 to 30 tons. Ceilings are 33' high.
- The Center Plant built in 1951, with 236,000 sq. ft. of industrial space with 22 five-ton to 20-ton cranes, 13 overhead doors, and 30' ceilings. Also attached is a 100,000 sq. ft. four-story brick office building.
- The South Plant, with 349,350 sq. ft. is the oldest building on the site, dating back to

1905. It has 8 bays with cranes that can lift up to 40 tons and 36' ceilings. Ryerson is now using this building for metal fabrication.

- The 302,600 sq. ft. West Plant, built in 1961, is the newest building and is considered to be the most prime building, with 35'to 53' high ceilings. Space in this building is currently being leased by a film production company for set construction and filming.
- Three ancillary maintenance and storage buildings, with a total of 55,000 sq. ft. If these buildings were to be demolished, slightly more than an acre would be added to the site's tight parking and circulation space.

The existing site configuration has a high site coverage ratio, (the proportion of the site that is covered by buildings). This results in a shortage of parking and truck circulation space. Selective demolition needs to be done to free sufficient lot space as enumerated above. This would reduce the site coverage ratio from its existing level of 70% to 48%. For industry, site coverage ratios of 33% to 50% are considered to be ideal.

The entire complex is currently listed at $29.4 million, averaging $22.00 sq. ft. The owners are also open to negotiation for purchase of individual buildings or parts of the site.

Past Use

The building is owned by Ryerson Corp, a national distributor and processor of steel, brass, carbon, alloy, and aluminum metals. Ryerson buys large quantities from mills and distributes them to manufacturers whose orders are too small to be served directly by the mills. They also cut stainless and carbon steel plates with plasma and laser torches. The complex was used as a regional hub for satellite distribution centers in Iowa, Michigan, Minnesota, and Indiana. Due to the high costs of taxes and skilled labor and to delays due to traffic congestion in the city, Ryerson decided to close the Chicago hub and instead expand the Upper Midwestern satellite distribution centers with capacity for more inventory and fabrication.

The labor force at the plant has been reduced from 1400 workers at peak to the present level of 140 staff. Distribution and administrative functions were relocated, but Ryerson's has kept its plasma burning and laser burning fabrication operations at the site, which are housed in the South Plant, the oldest of the industrial buildings. Ryerson prefers to move these operations out of the city, but is willing to lease them back from the buyer, in order to provide an anchor tenancy to attract an investor.

Potential for Rail Use

The older buildings on the Ryerson site were once serviced by rail, but the company has used rubber tire shipment and delivery over the past several decades. The site is bordered on the east by CSX mainline tracks and on the south by NS tracks. Due to the existing configuration of the buildings, their proximity to the mainline tracks, and to the orientation of the buildings, it would not be feasible to bring NS service into the site from the south.

There is the opportunity, however, to restore service from the CSX tracks on the east side of the site. Service could be provided to the North Plant and the West Plant. It would be easiest and most cost-effective to restore service to the 262,000 sq. ft. North Plant. The cost of a rail turnout and signaling equipment would be about $250,000. In addition, a rail lead of about 1000 'would be needed, which would add another $150,000 to $175,000 for ballasts, ties, and plates. One of the overhead doors of the building would need to be enlarged to accommodate freight cars. Total costs might be $400,000 to $500,000 to restore service here, excluding the costs of adapting the overhead door.

Depending on service requirements and rail car types needed (e.g. box car, tank car, flat car), it is possible to serve two users at the North Plant. CSX is willing to service volumes as low as one carload a week here. This would allow for division of the North Plant into two units of around 100,000 square feet each. These could accommodate a total of about 200 manufacturing jobs based upon a conservative estimate of workers-per-square feet.

There is also the possibility of extending rail service to the 302,600 sq. ft. West Plant, which is the newest building and has the highest ceilings. This would however, necessitate demolition of part of the South Plant building. Costs of bringing service to this part of the site are estimated at around $500,000, excluding demolition. The building could be divided into three units of just under 100,000 sq. ft. each. It is possible that the rail spur could serve more than one tenant.

To restore rail service to the North and/or the West Plant buildings, it is necessary to commission a site plan, (including topographical analysis) to more precisely determine where rail turnouts serving the site could be located and how much track would be needed to serve the two buildings.

An engineering study also needs to estimate the extent and cost of demolition of the South Plant that will be needed to provide a rail spur to the West Plant. Also a cost estimate must be made for (a) demolishing the Center Plant in order to increase parking and circulation space for the remaining North Plant and the South Plant, and (b) the costs of adapting the overhead truck doors for trains. Costs of such a site plan are estimated at $15,000 to $20,000.

The Prospects for Site Re-Use: Non Rail

The site is not considered to have retail potential or residential market potential, which, in any case, would be discouraged by planning authorities. The best prospects for reuse of the Ryerson site would be a medical campus development but this would involve zoning and permitting issues. The 88,000 sq. ft. office building, the 40,000 square foot service building, and the 40,000 office four-story office building attached to the Center plant would likely appeal to medical institution. Discussions are now underway with Mt. Sinai Hospital about the office building. Mt. Sinai would also like to buy or lease the service building, which it would use for restaurant, staff training, conference, and assembly space. Mt. Sinai is a 'Safety Net' hospital, but nearly 90% of its patients are covered by some form of health insurance.

The City should talk to the hospital about ways of facilitating a health-care related reuse, possibly financed by an ancillary partner facility[12]. An elder-care village providing a continuum of care, from assisted living to full-scale nursing facility support might be geographically and demographically appropriate. The hospital should be enlisted as a partner in the search for an appropriate health care institution who could maximize the job potential of the site, both in terms of quantity and quality of employment opportunities.

In the nearer term (1 to 10 years), the most promising market prospect would be to attract an investor/developer who would subdivide the buildings into individual industrial bays, which would yield spaces of 20,000 to 40,000 sq. ft. This size range forms the bulk of current demand for industrial units in the Western/Ogden Corridor.

Targeted users for subdivided industrial units would be manufacturing and distribution firms serving city restaurant, hotel, and retail markets. These might include furniture manufacturing, restaurant and hotel suppliers, and building materials and supplies. Food processing, one of the City's top industries, is an unlikely reuse for the Ryerson site since the building does not meet USDA "food grade" standards and because most food processing would require a heavy investment in refrigeration equipment. Since they would occupy smaller units of 20,000 to 40,000 sq. ft, they would be unlikely to require rail for deliveries or for shipments.

The subdivided spaces would be considered as Class B industrial space, since it would not have been purpose-built for specific users. The market rate for lease of Class B units of 20,000 to 40,000 sq. ft. is currently $5.50 to $6.00 sq. ft.

New users of the industrial buildings would be unlikely to use the existing cranes in the buildings. Depending on steel prices, these can have a high residual value for scrap metal. Current steel prices, which are down some -30% compared to 2 years ago, would be less likely to support this, but when prices recover, the cranes could be a source of revenue for the developer or owner.

City Strategies to Achieve Reuse

In order to encourage a rail user at the site, a detailed site plan for bringing rail on site needs to be developed. The cost of this is estimated at $15,000 to $25,000. Consideration should be given to sharing this cost between the City and the site's owners. The site plan would estimate the costs of bringing rail on site, including:

- Adapting plant doors for rail car access;
- Possible demolition of the Center Plant for additional parking and circulation space for the North Plant and the South Plant;
- Rail turnouts and lead track to serve the North Plant and the South Plant, and
- Demolition and other site work needed to provide turnouts and lead track and to adapt the buildings for rail cars.

[12] Mt. Sinai Hospital has recently done a land swap with the Chicago Housing Authority to allow them to expand on the north side of Ogden Street, near the affiliated Schwab Rehabilitation Hospital.

The City is working with the CBRE brokers for the site to make them aware of the incentive programs that could be used to help investors and developers to fund acquisition, demolition, and site works needed to return the buildings to productive uses. These incentive programs include:

- Tax Increment Financing (TIF) which can be used for acquisition and site works. Future tax revenues from the Western/Ogden Industrial Corridor are re-invested within the Corridor for a 23-year period TIF allows the City to re-invest all new property tax dollars generated from the designated TIF district.
- Industrial Revenue Bonds, which allows industry to borrow money for site improvements at a low-interest, tax exempt municipal bond interest rate, and
- Tax abatement.

4055 - S Packers Avenue Site Analysis

Location: 4055 S. Packers Site– Existing 17,000 sq. ft. depot building on 14 acres.

This parcel is in the Stockyards Industrial Park, a 1500 acre corridor on the City's near South Side. The site is about a mile south of I-55 and 1.5 miles west of the Dan Ryan Expressway (I-94). It is served by numerous Intermodal yards on the city's south side and by the CTA Orange Line. Bus transit to this location is possible via #9 stopping at Ashland and 42nd Street requiring a 9 minute walk to the location. An NS rail lead which brings carload service to chemical, food, and paper plants just south of here bisects the site.

The Packers site characteristics -- size, geometry, location, and availability – render it unsuitable for redevelopment by a rail-using operation. However, the case is presented here in order to demonstrate some of the challenges likely to be encountered by the City to find appropriate sites for the attraction and retention of rail-using industries. It is hoped that the "lessons" learned in this case study can assist planning officials in the future as they select and prioritize rail redevelopment sites.

Surrounding Uses

This site's immediate location within the Northeast quadrant of the Stockyards Industrial Park is not a prime location. This area (through which the NS rail line passes) currently has high vacancy in underused sites and buildings. Areas of the Stockyards Park that are south and east of the Packers Site have been redeveloped for light industrial uses. Surrounding uses are principally labor-intensive manufacturing and distribution operations serving the local Chicago market. Several food-related uses are clustered in the immediate vicinity of the Packers site, including cold store warehouses, a meat processing firm, sandwich makers, and a producer of Chinese take-out containers.

Industrial furniture, chemical, paper, and health and beauty aid manufactures in the Stockyards draw from the south side's large labor pool. Emerging industries represented in the Stockyards are hazardous waste and construction materials recycling firms. A growing number of niche manufacturers serving ethnic food markets have located in the Stockyards Industrial Park.

Rail users are concentrated on the south end of the industrial park. They include Case Paper, Unichem (Chemicals), and Ashland Cold Storage. The latter two use tanker cars for transportation of liquid raw materials.

Existing Conditions

The site, consisting of a total of just over 14 acres, is bordered on the north by the NS rail lead serving operations on the industrial park's south side. This track branches off dividing the site into two distinct parcels (See Figure R-2).

There are a total of 7.6 acres on the west side of the track. This includes the modern Class A vehicle maintenance depot (17,000 square feet) on 4.2 acres of paved, fenced-in surface. Also west of the tracks is a 3.4 acre irregularly-shaped vacant, overgrown area with broken pavement which is bordered by NS tracks to the north.

On the 6.4 acre tract east of the tracks, about 4 acres are paved for parking and for a vehicle fuelling station. The remaining 2.4 acres bordering the NS tracks (north side of this parcel), is vacant and overgrown.

Ownership and Past Use

The Packers site is owned by a subsidiary of Cook-Illinois Corporation, one of the nation's largest school bus contractors. The site was used for school bus maintenance and parking. The modern 17,000 square foot building in the middle of the site was purpose- built with four bays for washing, repair, and maintenance of school buses and is considered to be a Class A building in its category.

The owner of the site vacated the premises last year because they lost their contract with the Chicago Board of Education to operate its school bus service. 300-400 buses were based at this site. About 30 fulltime jobs in vehicle repair, maintenance, washing, dispatching, and security were based here. In addition, 300 part-time drivers' jobs were based here.

Cook-Illinois Corporation occupied about 8.2 acres of the total 14.2 acre site. This included the vehicle maintenance facility and the surrounding 4.2 acre paved surface, which was used for fleet maintenance and parking. The 4 acre paved area west of the tracks was used for a combination of bus and driver parking. In addition to fleet parking requirements, vehicle depots need day-time parking for drivers as well space for fuel tanks and pumps.

Availability and Price

The 4055 S Packers site is not currently being marketed as a redevelopment site. This is a change in status since the beginning of this study, when the property was initially submitted as being marketed for redevelopment. Cook Illinois Corporation hopes to regain its contract with the city when it is re-bid in 3 to 5 years time. Until then, they are willing to lease the building and a surrounding area of 2.8 acres for $8.50 sq. ft. ($144,500 per annum). The remainder of the site is available for a ground rent of $0.45 sq. ft, for both the paved and the unpaved areas. These rates are considered to be competitive with suburban rent for similar quality properties.

Negotiations are underway with a bus company who is planning to lease a 1.5 acre paved area on the 6.4 acre site east of the tracks. This reduces the available area east of the tracks to just under 5 acres.

Cost of Restoration of Rail Service to the Site and Redevelopment Potential

Because the site is bisected by NS tracks, it would need to be divided into two parcels for redevelopment. These are:

- a 7.6 acre tract west of the railroad tracks, which includes the existing 17,000 sq. ft. modern building; and
- a 6.4 acre vacant partly-paved area east of the tracks.

Aerial View of the 4055 S. Packers

Due to existing track geometry, it would not be possible for NS to provide rail service to the area east of the tracks. On the west side of the tracks, a new track lead could be provided from the 41st Street side into a new industrial warehouse building that could be constructed on the site of the existing vehicle maintenance depot.

The cost of the new lead and the required switching equipment is estimated at around $250,000. A new building of at least 200,000 to 300,000 sq. ft. would be needed to support this scale of investment and to generate sufficient rail car demand to interest the rail operator in providing a new service to the site[13]. The site is too small and irregularly shaped for a structure of this scale. Therefore investment in preparation of the site for redevelopment for a carload rail user would not be recommended at this time.

Best Prospects for Re-Uses for the Site: Non-Rail

Due to the size, location, and the irregular geometry of the site, redevelopment is not considered to be a viable option at this time. From a market standpoint, the site is likely to be leased as a fleet maintenance depot and parking facility. This is likely to require the 4.2 acre improved area west of the railroad tracks, including the existing 17,000 sq. ft. Class A building and the paved area surrounding it. Although the building is modest in scale, it is a state-of-the-art facility for fleet vehicle washing, maintenance, and repair.

A fleet maintenance depot would be likely to lease a portion of the area on the east side of the tracks for day-time driver parking as well as the vehicle pumping station in the northwest corner of this area. It is estimated that this operation will require the 2.5 acre paved area that is available for driver parking. (This is net of the 1.5 acres that is being leased to another company for bus parking.) Due to parking requirements for drivers as well as fleet vehicles, such depots require more parking than other industrial park uses. Included in this area is the fuel pumping station in the northwest corner of this area.

[13] Interview with Jesse Moose, Industrial Development Manager, Norfolk Southern Corp., July 28, 2009.

The employment impact of this reuse is expected to be similar to that of the previous use: 30 full-time jobs in repair, maintenance, dispatch, and security services. An additional 300 jobs for drivers are projected.

The long, narrow parcel of land bordered by the railway tracks flanking the western end of the site (3.5 acres) is vacant and overgrown, with areas of broken pavement. The comprehensive redevelopment of this site poses challenges not only due to the access and circulation limits imposed by its geometry, but also by its contaminated condition which will require remediation. The best reuse for this parcel is likely to be lease for long term outdoor storage of vehicles, equipment, or materials.

Jobs Impact of Likely Non-Rail Reuses and Recommended Subsidies

The employment impact of this reuse is expected to be similar to that of the previous use: 30 full-time jobs in repair, maintenance, dispatch, and security services. An additional 300 jobs for drivers are projected. Since the site is custom-designed for such a use, no subsidy should be needed to attract a Fleet Vehicle Operation.

If the additional 3.5 acre parcel at the western flank of the site is leased for long term storage of vehicles or equipment, the jobs impact is likely to be zero. No subsidy is recommended to attract such a user.

Gateway Park Phase II Site Analysis

Location: Phase II Site

The Gateway Park Phase II site is a 31 acre brown field site in the Greater Southwest Industrial Corridor. This corridor began to develop in the 1940's with aviation-related uses that developed in response to opportunities to service trade at nearby Midway Airport, including a Dodge and a Ford plant, both of which opened aircraft engine manufacturing plants in the 1950s.

At its peak, the Ford plant employed 12,000 workers. In the 1960's, Ford's campus was redeveloped as the Ford City Mall, which is now the heart of the community. The corridor is characterized by large modern industrial buildings. In 2008, there were 8,381 employees in the Greater Southwest Industrial Corridor[14]. Manufacturing now provides about one-quarter of the total employment, with the highest concentrations in food, fabricated metal products, and paper. All of these industries are candidates for carload rail service. The largest employers are food and related firms including Nabisco (2000 staff), Solo Cup (1400), and Tootsie Roll (836). The Belt Railway of Chicago employs 547 at the BRC Clearing Yard and the Rockwell Yard in the Corridor.

Road and Transit Access

The Gateway Park site scores relatively low on proximity to major highways, by industrial site standards, since it lacks direct interstate highway access. However, the site is within 10 to 15 minutes drive of three major expressways that provide access in all directions. The Dan Ryan Expressway is 4 miles (10 minutes) to the east; I-55 is 6.5 miles (15 minutes) north, and I-294 is 7 miles (16 minutes) southwest.

The site's public transit links are excellent. It is a 10 minute walk to the BNSF Wrightwood Metra Station. From here, it's a 30 minute ride to Union Station downtown. Bus #52 stops at Kedzie and 77th Street which is a 7 minute walk to the location.

History: Gateway Park Phase I

The 60-acre site was once a thriving drive-in movie theater that closed in the 1970's. It was then used as an illegal dump until the late 1990's when it was acquired by StyleMaster, a plastics extrusion manufacturer, who built a 660,000 sq. ft. manufacturing plant employing 160 workers. The clean up and site preparation was funded by a $21 million TIF. This operation, which opened in 2001, was short-lived due to the collapse of its only customer, Kmart.

The site is now owned by William Bailes, a partner in StyleMaster. It has been converted into three units which are leased for $3.25 per square foot to the following users:

- Assemblers Incorporated, who occupy 451,000 square feet. They receive shipments of flat-pack RTA (ready to assemble) furniture and equipment, distribute these items to users in the Chicago area, and assemble and install on site. As a sideline, the plant also manufactures Chia Pets.
- International Transload Services (ITL), who receives container shipments via the NS Intermodal yard, immediately south of the site, and distributes them by truckload or LTL to customers nation-wide. ITL occupies 110,000 sq. ft.
- A Walgreen Returns Center of 100,000 sq. ft., where returned merchandise is sorted and distributed.

[14] Goodman Williams Group et al, Chicago Rail Economic Opportunities Plan (CREOP), Task 3 Report, February 2009.

Both the Assemblers and the ITL operations receive Intermodal shipments and were attracted to the site by its proximity to intermodal rail services - the NS Landers Yard. Rail Yard is immediately south of the site, across West Columbus Avenue.

The Gateway Park Phase I site has been successful in attracting large distribution and transload operations. For these operations, the site is competitive with the Bedford Park industrial area, just south of Midway Airport, seven miles (15 minutes) west of the Gateway Park site. Bedford Park was developed during the 1950's and 1960's and is now being redeveloped for Multi-National manufacturing and distribution facilities.

Gateway Park draws from a similar labor pool as Bedford Park and it is competitive for the same operations. The agent for the property considers one of the main competitive advantages of the Gateway site to be its low property taxes, which are $0.53 per square foot compared with $1.50 in Bedford Park.

Existing Conditions - Gateway Park Phase II

The 31-acre Gateway Park Phase II site is immediately west of the Phase I building. This part of the site is still contaminated by its former use as an illegal dump. In order to be recycled for redevelopment, the site will need to be capped. Costs of this are estimated at $9 per square foot or $12.2 million for the total 31 acres. The value of the site, when cleaned is estimated $5 to $12 per sq. ft. The site is zoned PMD (Planned Manufacturing District), a designation which permits a range of industrial and commercial uses.

There are some pending legal issues to be resolved between the site's owners and the city over an unmet job creation requirement from the Gateway Phase I TIF financing.

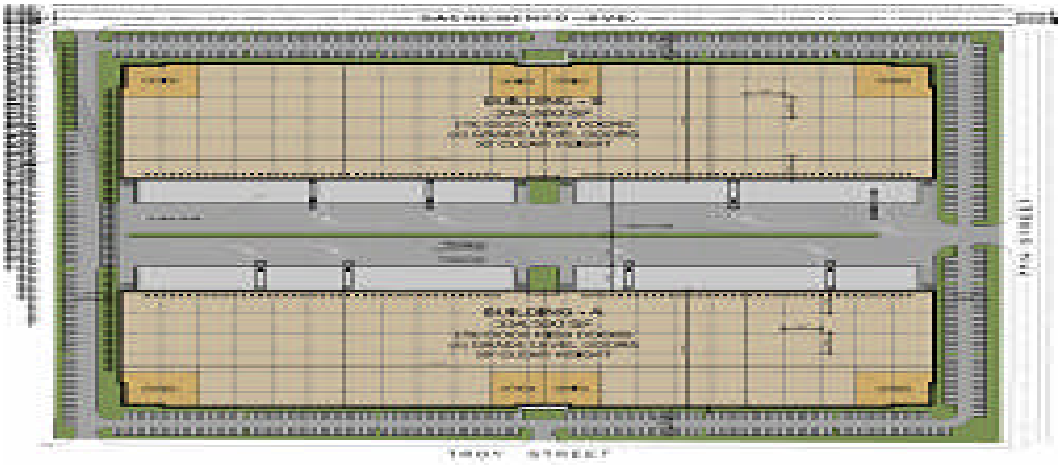
The site is owned by Bill Bailes and Martha Williams of StyleMaster, the original owner of the site. They want to continue as partners in the redevelopment of the site. According to neighborhood sources, this has discouraged some potential users.

Potential for a Rail User

The Gateway Park site lies between two rail yards. NS's elevated Landers Yard is immediately south of the Gateway Park site and BRC's Rockwell Yard abuts the site on the North. Because it is divided from the NS Landers Yard by West Columbus Avenue (a major diagonal radial route) and because of the grade difference, it would not be possible for NS to run a rail spur to the site.

It is, however, possible for BRC to run a rail spur to the site from its tracks at the Rockwell Yard, which is just north of Gateway Park. Jones Lang LaSalle has prepared a site plan showing potential for development of two spec buildings of 334,500 sq. ft. each on the Phase II site, with two separate rail spurs to serve both buildings. They would require users of large spaces.

Gateway Park Phase II - Conceptual Site Plan showing Potential for two 335,000 sq. ft. warehouse buildings



Jones Lang LaSalle is targeting a waste transfer and recycling operation for the site. This would bring in waste by rail to be sorted and converted to synthetic diesel fuel. The diesel would be consumed on site by a fleet of trucks which would transfer solid waste products to a recycling plant. The site is zoned PMD (Planned Manufacturing District) to preserve industrial land uses in the City. A waste transfer station must receive special permission to operate in a PMD.

The cost of a rail turnout with two spurs to serve two large tenants on the site is estimated at $370,000. This is only 3% of the estimated $12.2 million site clean- up costs. A rail spur between these buildings could serve both of them. Although there have been numerous inquiries about the site, none have requested on-site rail service. The agents report that there is little interest in rail sites in the Greater Southwest Corridor and that the most of the demand for city rail sites is centered on the Calumet area, where multi-modal road, rail, and barge connections are available.

Non-Rail Use Potential

The Gateway Park Phase I site has been successful in attracting large distribution and transload operations. For these operations, the site is competitive with the Bedford Park industrial area, just south of Midway Airport, seven miles (15 minutes) west of the Gateway Park site. This area, originally developed during the 1950's and 1960's, is now being redeveloped with large manufacturing and distribution facilities.

The best non-rail prospects for the Phase II site would be similar to the activities that are housed in the three Phase I units. These are sizable distribution, transload, and light assembly operations. These operations can benefit by the site's proximity to the NS Landers Yard, which handles Intermodal lifts. The short distance between the Landers yard, which is just south of West Columbus Avenue and the Gateway site minimizes drayage costs for intermodal shipments, to some extent mitigating to the site's distance from interstate highways (5 to 7 miles).

City Strategies to Achieve Reuse

The site's location is not prime for industry and distribution because it is relatively distant from interstate highways (4 to 7 miles). This weakness is partly abated by its location directly across from the NS Lander Intermodal Yard, which cuts down on truck miles.

The main constraint to redevelopment of the site is its contaminated condition and the $12.2 million estimated price tag for clean-up costs. The employment impact from the type of large space users that are targeted for the site are unlikely to meet requirements for local TIF funding for clean-up of the site. Considering employment densities achieved at the Phase I site (which are 1 job to 3500 sq. ft.) and industry standards, the Phase II site could be expected to generate 200 to 400 jobs. Priority should be given to securing federal funding to clean and recycle the site.

Following site cleanup, the City could consider funding rail lead spurs to the properties if rail users are located as buyers or tenants at the site. The cost of this, presently estimated at $370,000 is relatively modest in the total site preparation costs.

Iroquois Landing Site Analysis

North America Stevedoring has an option from the Illinois International Port District through 2015 to develop an approximately 90 acre Port-District owned parcel just southeast of the company's stevedoring, dry storage, and warehousing operation at the mouth of the Calumet River at Lake Michigan.

The most notable recent development success within the Port District Boundaries has been Harborside International Golf Course, a 36-hole links course opened on a 458-acre former landfill site in 1995. Opportunities within the Lake Calumet industrial area as well as the goals of North America Stevedoring and the Port shape the site's development potential.

The three large steel works that once dominated the Lake Calumet area have all closed. But the confluence of major rail yards and the Port of Chicago, plus the presence of the Ford Motor Assembly Plant and many smaller steel finishing operations in and around south Chicago gives the Calumet industrial corridor future opportunities for transportation-oriented development and limited manufacturing and distribution related to Ford and the steel industry.

The Port is a link between the St. Lawrence Seaway, Great Lakes ports, barge traffic down the Illinois River to the Gulf of Mexico, and five federal highways and six of America's major railroads. It is the leading general cargo port on the Great Lakes, moving over 26 million tons of natural resources and other goods[15]. Major products include steel, scrap metals, zinc, grain graphite, silicon, cement, coke, vegetable oil, sugar, and ethanol. Tonnage varies due to economic conditions, commodity prices, and federal trade policies. Port-related operations such as Beelman River Terminal, Cargill, Clean Harbors Services, Kinder Morgan, North America Stevedoring, and Reserve Marine Terminal employed more than 550 within the corridor in 2008.

[15] http://www.theportofchicago.com/index1a.html

Six rail lines serve the area. Norfolk Southern is an important local employer, operating its major Calumet Yard, Triple Crown intermodal terminal, and Irondale Calumet Yard within the corridor. CN, Chicago Rail Link, the Chicago South Shore and South Bend, the Indiana Harbor Belt, and the South Chicago and Indiana Harbor railroads also each serve a handful of corridor companies.

The Illinois Department of Employment Security reported that Far South Chicago (nine zip code areas) had nearly 49,000 jobs in 2008, a net loss of 4,900 jobs since 2001[16]. Transportation and warehousing employment dropped 10.8%, from 2,905 to 2,590, the same rate of decline as in corridor as a whole. Wholesale trade employment actually increased slightly, from 2,325 to 2,392. Manufacturing was especially hard hit. Manufacturing employment dropped more than one-third, losing 3,500 jobs since 2001.

The largest manufacturing sectors were Transportation Equipment (2,530 jobs), Fabricated Metal Product s (760 jobs), Primary Metal Products (725 jobs), Chemical Manufacturing (714 jobs), and Food Manufacturing (643 jobs). These sectors are potential rail users, though North American Stevedoring does not anticipate using developable land for manufacturing.

The Ford Motor Company assembly plant at 130th and Torrence anchors area manufacturing. Opened in 1924, this is Ford's oldest North American assembly plant, originally producing the Model T. Depending upon sales for models produced there, employment typically ranges between 1,400 and approximately 2,200 workers. The Ford supplier park developed along 126th Place a few blocks east of the Ford assembly plant as a just-in-time complement. Its employment has fluctuated depending upon production at Ford. Ford placed a substantial company parts distribution warehouse within the park. ZF Chicago LLC built an axle assembly plant, and several other warehouses are there. There were once ten Ford supplier companies in the park. Employment in these ancillary facilities fell precipitously due to reduced production and the latest recession. The local LIRI reports that five of the ten supplier park companies have closed and employment is down considerably.

Recently Ford has invested more than $130 million to retrofit the plant to build the 2010 Ford Taurus, the Taurus SHO, and the next generation Explorer. The Taurus platform will play a significant role in Ford's future model offerings, and Ford has been the only Detroit "Big Three" automaker not to file for bankruptcy protection or to utilize the federal bailout. Given Ford's investments and product plans, there is reason to believe that the Chicago plant will endure the shake-out in the U.S. auto industry and continue as an important assembly facility for Ford's North American operations. In 2009, Ford posted a profit of $2.7 billion despite the recession, its first annual profit since 2005.

[16] Goodman Williams Group et al, Chicago Rail Economic Opportunities Plan (CREOP), Task 3 Report, February 2009.

Lake, Road and Rail Access

As its name implies, the core North America Stevedoring business is the loading and unloading of ships and barges. It began leasing the Iroquois Landing facility in 2006, operating a 100-acre open paved terminal with a navigational depth of 27 feet and 3,000 linear feet of barge and ship berthing space. It operates two 110,000 square-foot transit sheds. Its major product handling is steel rods, steel plates, aluminum, alloys, pig iron, and pipes, but it also handles bulk commodities such as salt. North America Stevedoring has a twenty year lease with renewable options expiring in 2076.

For truck loads of normal size, expressway access from the site is outstanding. During more normal economic times, approximately 60 trucks per day operate in and out of Iroquois Landing. The Chicago Skyway (I-90) has two entrances and exits within 1.5 miles. And US 12/20 (95th Street) provides a very serviceable truck route to I-57, I-80, and I-94 5 miles west at Stony Island. Approximately 400 line haul and local cartage carriers provide a full range of motor services to the corridor area. The site is therefore very well positioned to serve the south Chicago and northwest Indiana steel market or to take advantage of Chicago's position as the crossroads of America. The only exception to this competitive advantage is in terms of some very large special product, such as wind turbines for wind energy. Although the port could handle this product, a number of local highway viaducts cannot. CDOT and DCD should maintain contact with Port and Iroquois Landing officials to weigh the benefit/cost of viaduct reconstruction related to the potential for further port utilization.

North America Stevedoring is very satisfied with its current rail service. Two railroads serve the property. CN serves the terminal since its purchase of EJ&E. The South Chicago and Indiana Harbor also serves the terminal.

Public transit serves the site with buses along 95th Street (bus #30 stopping at Ewing and 95th Street[17], a 14 minute walk to the location).

Present and Past Use of the Development Site

The potential development site lies immediately southeast of Iroquois Landing. It abuts and can easily relate to the terminal and its existing rail lines and truck access.

The Illinois International Port District states that the site was once occupied by Youngstown Sheet and Tube, which left in the 1960s. They state that the site does not require environmental remediation. The site is largely covered with moderately tall trees.

Calumet Park, which lies immediately southeast of the development site, is very well buffered from port activity. It is separated by a thickly-landscaped berm and, in many places, by a tall and elegantly designed brick wall. The development property is within the Port District security perimeter, so it is well fenced, and no leisure or recreational activities are permitted.

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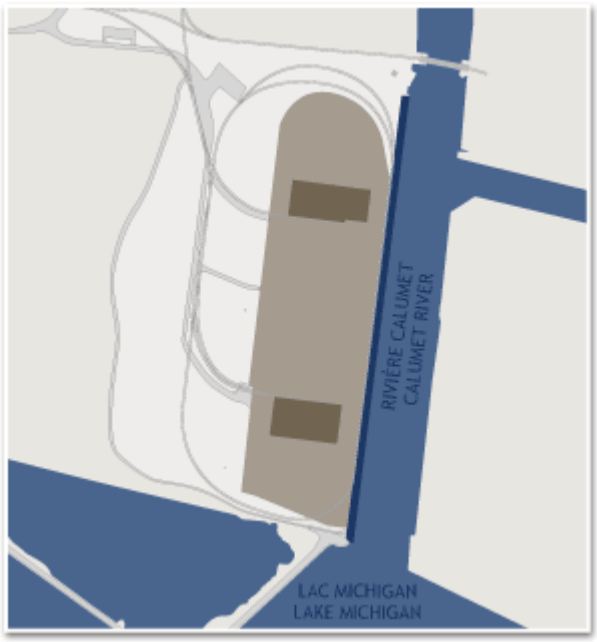
17 http://www.ctabustracker.com/bustime/wireless/html/eta.jsp?route=30&direction=South%20Bound&displaydirection=South%20Bound&stop=Ewing%20%26%2095th%20Street&id=7263

The other occupant of the development site is the Chicago Fire Department's Air Sea Rescue Service, which lies on a 12-acre site behind a high chain-link fence in a restricted area within the Port security perimeter. The Rescue Service sits on the back southeast corner of the site, leaving a rectangular site for development. Relocation of this facility to enlarge the development site is not under consideration. The unit was relocated from the former Meigs Field, and this is its permanent lakefront home.

The Army Corps of Engineers has a confined disposal facility for Calumet River dredging at the Lake Michigan edge of the site. The Chicago Department of Community Development reports that this disposal facility will remain active for at least the next 40 years. The Corps also has a sewer line running though the site, which the Port Executive Director reports would need to be relocated if the parcel were to be fully developed.



Prospect for Rail Use

A major goal of North America Stevedoring is to work with CN to develop a stronger multimodal facility, which they hope fits with CN's North American strategy to leverage its Prince Rupert Port in concert with its local strategy to relieve its congestion within Chicago. They see Iroquois Landing as a possible way to relieve CN congestion elsewhere within the region. North America Stevedoring representatives believe that there is enough room on the combined sites to handle 150-car trains. The Port District is actively supporting this development, and it has participated in a number of joint meetings with North America Stevedoring and CN.

We cannot speculate on the probability of this outcome, especially in this down economy. The fact that North America Stevedoring is a Quebec company very active on the St. Lawrence and that so much of CN freight moves between eastern and western Canada may provide unmet market opportunity. According to the Director of the Port of Indiana, the widening of the Panama Canal may be a boost to Seaway shipping and the Port of Chicago, because it will free smaller ships now utilizing the Canal for other freight. The Port Executive Director reports that CN is the only potential railroad partner for such expansion at this site. Stevedoring executives believe that in the short term, CN has its hands full digesting EJ&E and implementing its strategy for its through trains to bypass Chicago on former EJ&E lines and will thus not be able to focus on the Lake Calumet site immediately.

North America Stevedoring is marketing the land through industry network contacts. The Port District does not visibly market any properties. There is only brief mention of available land on the Port District website, and none on the North America Stevedoring section of the parent company Quebec Stevedoring site.

In normal economic times, Iroquois Landing generates about 100 rail car loadings per month. North American Stevedoring perspective is that its best case multimodal development scenario would strongly improve this.

There are no current efforts to lease the property to a compatible industrial user, such as a steel service center or tube fabricator, such as Kinder Morgan has done with parts of its Stony Island property which is also leased from the Port District.

There are also no current needs to expand the North America Stevedoring Iroquois Landing terminal. Before the recession, there have been times when its warehouses were full and virtually all outdoor storage was being utilized. Development of a multi-modal facility would support terminal expansion.

Because they have no capital invested, North America Stevedoring can wait to find a suitable, synergistic development. Should their development option with the Port District lapse, the Port District can also afford to be patient.

Prospects for Non-Rail Use

This is a long-term industrial or transportation-related site. It is not a suitable site for retail or residential uses. It is located in a Planned Manufacturing District. Synergies with the Port mean further rail utilization as the site develops.

City Strategies to Achieve Development Depend on Potential Economic Benefits

The potential economic benefits to the City of Chicago from multi-modal development on this 90-acre site would flow from terminal operations employing 35 to 40 fulltime employees on site, plus associated trucking jobs. The CSX 59th Street yard inter-modal terminal on a 150-acre site employs approximately 100. Hourly wages at the freight terminal are good. The fullest development potential would attract a manufacturer, such as a steel service operation, as well as the multi-modal activities.

Ancillary manufacturing might add an additional 60-100 employees and additional capital investment.

The best City strategies are therefore:

- To keep the integrity of Planned Manufacturing District land for manufacturing or transportation-related development.
- To use Chicago Department of Transportation network contacts with CN to encourage the project and learn if there are any obstacles that the City can help to resolve to move the project forward.
- Encourage North America Stevedoring to prepare an expansion plan that identifies public and private infrastructure needs to create greater economic outcomes for the site.

4400 W 45th Street Site Analysis

4400 W. 45th Street is a 193,485 SF multi-tenant industrial warehouse-distribution building on an 8 acre site within an industrial park. It currently has four occupants with 94,664 square feet still available. The building owner has other available buildings within the Stevenson Corridor and would be willing to incent one or more existing tenants to relocate if a single user desired most or all of the building. Larger users are more apt to require higher volumes of rail service.

For additional multi-tenant users, the building offers potential to add further warehouse-distribution functions to the Stevenson Industrial District, accompanied by 20 to as many as 60 additional jobs to the roughly 70 jobs provided by the current occupants. For this zip-code the predominant scale of warehousing-distribution firms (4 of them) is between 20-49 employees.

Employment creation from manufacturing utilization, including rail-served manufacturing, could range to upward of 200-300.

Rail served the building until approximately four years ago, and tracks still run into the currently available space. The building owner confirms that discussions with Norfolk Southern indicate that it would not be costly to restore rail service to the building.

Relatively few tenant activities within the industrial park in the immediate vicinity utilize rail directly—though inter-modal yards are nearby, making access to freight rail service another potential asset for the property.

The property owner is looking to add to its four tenants and has approximately 95,000 square feet. They report that the most likely use will be for warehouse or distribution activities. The ceiling height to the bottom of the roof joists is 16-20 feet. The owner states that 15 loading docks are available with the potential to accommodate more.

The Stevenson Corridor area is a very active center of distribution activity. County Business Patterns reported 469 wholesale trade, transportation and warehousing establishments in the area in 2006, a net decrease of only one firm since 2001. During the same time period, the area had a net decrease of 54 manufacturers, from 357 to 303.

The Illinois Department of Employment Security, Where Workers Work, traces a modest job reduction in the three zip codes that comprise the Stevenson Industrial Corridor, with total

employment dropping from 65,166 in 2001 to 62,463 in 2008[18], although this figure has likely fallen further with the current recession.

- During these seven years, manufacturing decreased from 17,172 to 12,371, a decline of 4,800 workers. The largest losses were in fabricated metal products and furniture. Employment is food manufacturing increased slightly from 3,695 to 3,852, and food processing and distribution facilities are readily evident in the immediate area.
- Transportation and warehousing employment also dropped significantly, from 7,863 workers in 2001 to 5,817 in 2008.
- Wholesale Trade employment dropped modestly, from 9,799 to 9,123.
- Non-rail users, including retail trade, accommodations and easting establishments, and other services registered a gain of nearly 2,000 employees.

According to the Back of the Yards Neighborhood Council, 2006-2007 Industrial Directory and the ComEd Industrial Trends Report, major industrial corridor employers are Bagcraft Papercon (corrugated boxes, employing approximately 1,050), Rapid Displays, Inc. (promotional display manufacturing, 300), Marvel Contract Metal Fabrication (office furniture, 300), and Home Products, International (plastics and metal bath ware, 200).

The blocks in the immediate neighboring surroundings of the subject parcel are dominated by the food industry, including the operations of Vintners snack foods, Protein Solutions meat processors, La Tropicana Food, and Dearborn Wholesale Groceries. The Greater Chicago Food Depository is also approximately 6 blocks from the parcel. Other major nearby economic activities include parts distribution, such as US Trailer Parts or Catco Parts/Service.

These facilities are users of trucks, rather than rail, for deliveries and shipments.

Road and Rail Access

The industrial area has superior road access due to its proximity to the Stevenson Expressway (I-55). The Pulaski exit is about 1.5 miles to the northeast, and the Cicero exit is a similar distance to the northwest. Truck access to the site is very good with no apparent issues, and the density of truck traffic in the industrial park is very high.

Transit access to this location includes bus service via #7 stopping at 47th Street and Kildare, a 9 minute walk to the location, or bus connections (#53A and #47) from CTA Orange Line stop at West 51st Street and Pulaski Road.

Norfolk Southern has provided rail service to the site in the past, and the spur still exists, running west past Pulaski just south of the Stevenson, then south into the western side of the industrial park. The owner lists the building as a rail-served site, and has had conversations with Norfolk Southern about the possibility of restoring rail service. A removable barricade has been placed

[18] Goodman Williams Group et al, Chicago Rail Economic Opportunities Plan (CREOP), Task 3 Report, February 2009.

on the tracks at 42nd Place to block rail access to buildings to the south, but the location can be made accessible if needed with little effort.

Past and Current Use

Weyerhaeuser manufactured cardboard boxes in the entire building until approximately two years ago, utilizing rail service until they began to relocate the operation.

Current building tenants are:

- Larker Paper Recycling occupies approximately 30,000 SF at the west side of the building, employing approximately 5.
- Reed Rigging, Inc., which provides stage rigging services and equipment, occupies approximately 15,000 SF at the east side of the building and employs approximately 15.
- A new tenant fits bullet-proof armor on cars, trucks, and windows, occupying approximately 20,000 SF employing approximately 50 persons.
- Another tenant is Mellon Source, which provides watermelons to the local food market. It occupies approximately 20,000 SF and employs between 5 and 10.

Urban Investment Research Corporation (UIRC) purchased the building in August, 2007 for $5,500,000, or $28.43 per SF. UIRC has been acquiring properties in the Stevenson Corridor for more than 10 years. According to their website, they control approximately 10% of the Chicago I-55 market within 5-10 minutes of the expressway.

According to one of their principals and the company website, uric.com, URIC seeks distribution/warehousing uses for their properties. They market the Stevenson Corridor as an excellent niche location situated between the central city and much larger distribution facilities in Bolingbrook, Plainfield, and other far southwest suburbs. They advertise their ability to make older buildings work harder by converting obsolete manufacturing structures into distribution facilities. Rail service is compatible with this niche, yet despite the presence of nearby rail infrastructure, intermodal yards and significant "through-traffic" rail spurs into the industrial park have been abandoned or have not been served.

UIRC seeks to continue to redevelop buildings in this niche, though financing to move ahead in the current business climate is difficult to secure.

As an owner of multiple buildings within the Stevenson Corridor, UIRC is an important player for the City to continue to track with regards to reinforcing direct rail-utilization on city parcels through firm attraction/retention.

Potential for Rail Use

Although this is predominantly a truck-oriented industrial park, the building owner cites several conversations with Norfolk Southern indicating that it is possible to restore rail service to the building relatively inexpensively, since the tracks have been used in the past 3-4 years. This suggests that there will not be problems with impassible viaducts or track that is too light or track that curves too tightly to accommodate modern rail cars, as can happen in some older industrial areas.

The likelihood of restoring service will depend upon the specific needs and volumes of the new user, as well as the relative costs of truck or rail service.

Norfolk Southern's Midwest Industrial Development Manager indicates that the cost and quality of restoring service in any situation depends upon the costs of track repair and track maintenance and the frequency and capacity of local rail service. To date the railroad has not been able to provide specific cost estimates, as requested.

The railroad might negotiate sharing some of the cost of track restoration if potential volume were sufficiently high and local capacity exists.

According to the Midwest Regional Industrial Development Manager, Norfolk Southern does not list this building among its 4,000 rail served sites and buildings in its national database.

City Strategies to Assure Further Development

Important City development incentives are in place for this area. The building is in Enterprise Zone #2 and the Midway Industrial Corridor TIF.

Since the most likely future building user will be an expanding company already within the industrial corridor, City policies supporting the business retention and expansion efforts of the LIRI and other agencies also potentially contribute to filling the building.

Future City actions could be:

- Identifying ways to strengthen the LIRI retention and expansion program to identify expanding Chicago companies suitable for this type of facility.
- Promoting greater clarity regarding the circumstances in which railroads will reestablish rail service to small rail users. Several LIRIs interviewed for this project welcome this idea, and several railroads are willing to participate.
- A better comprehensive and up-to-date listing of available industrial sites and buildings within the city would also benefit this and other similar buildings and sites. This should include monitoring which sites the railroads market through their industrial development arms. Norfolk Southern, for example, markets more than 4,000 rail-served sites across the country. Most are greenfield sites, they report, because users tend to be larger and the costs of providing the exact types of service the customer needs are frequently less expensive than in redevelopment areas. Six sites are within Cook County, all south of 95th Street. They have recommended sites within the Ford Supplier park and directly to the south of this park in to new rail users in the past.

Summary

The five target development sites are varied in terms of economic impact, site needs and development potential. There is no “one-size fits all” site recommendation.

- The Ryerson site has strong employment generating potential if it is not broken up for warehousing and storage. The potential sale of the site to a Canadian movie studio has attracted attention but the sale has not yet been made. The City should work with the owner and broker to assist with a site redevelopment plan and communicate TIF and tax abatement possibilities under different job and tax generation scenarios.

- Iroquois Landing has relatively low employment and tax base development potential as a multi-modal distribution site. If asked, CDOT can work to facilitate planning with a potential rail inter-modal partner and, if asked, DCD and CDOT can help North America Stevedoring work with the Alderman to facilitate support for the plan.

- Gateway Park Phase II has moderate development potential if the $12.2 million cost of environmental clean-up is surmountable. Until litigation over clean-up is settled and the actual clean-up has been completed, there is little need for CDOT or DCD to be involved except to support continued holding of the land for manufacturing and distribution uses. Once environmental issues are resolved, more proactive economic development measures are in order

- 4055 Packers is most likely going to be re-used as a bus terminal and fleet maintenance facility and does not need City development assistance.

- 4400 W 45th Street is a multi-tenant building with 94,664 SF of leasable space remaining. The owner does not seek assistance from the City, though listing this and other available buildings in an easily accessible database of buildings and sites, as well as developing prospects through local business retention and expansion programming would be beneficial.

Specific Recommendations by Target Site

	Ryerson	***Iroquois Landing***	***4055 S. Packers***	***Gateway Park Phase II***	***4400 W 45th***
Acreage	48.5	90	14	31.1	8.0
Available Buildings	9 buildings 1.3 million s.f.	NA	17,000 s.f. maintenance depot		94,644 left in 193,485 s.f. bldg
Likely Use	Manufacturing Warehousing Medical Film Studio	Multi-modal facility	Bus terminal, fleet maintenance	Distribution park Manufacturing	Distribution
Job Potential	High if job-intensive use	40-80	30	200-500	20-60
Tax Potential	Very High	Low	Low	Moderate	Low
Shovel Ready	Partly, depending on use	No. Need infrastructure improvement	Potentially yes, but not on market.	No	Yes
Key Issues	Selective demolition cost. Stimulating jobs/ tax intensive uses. Detailed site plan.	Finding rail partner. Preliminary site plan of rail, sewer, & other facilities.	Finding suitable user for special use building.	12.5 million remediation > market value. Litigation.	None
RR Issues	Depends on reuse	On-site development	None	None	Existing inactive spur
Best City Policies	Develop TIF/tax abatement scenarios.	Work w/ CN. Work with Port.	None recommended.	None until remediation.	Support business retention & expansion.

Because the "fit" of target sites with rail-intensive target industries is limited, existing or potential rail service does not necessarily add a strong competitive advantage for redevelopment.

- 4400 W 45th Street has an existing rail spur, and service can be restored.
- 4055 S. Packers is likely a special purpose use for a bus terminal, is currently off of the market, and may be the least suitable for rail-related development.
- Gateway Park Phase II is not shovel-ready due to environmental clean-up and pending litigation. Iroquois Landing requires moving a sewer line. Iroquois Landing multi-modal development would take advantage of its excellent rail service.
- The Ryerson site has high potential for job creation and tax base development. There is potential to restore rail service to the site.
- Iroquois Landing's further development as an intermodal center would be heavily rail-dependent.

Rail-Intensive Industries Growing in Cook County	Potential Site Fit				
	Ryerson	Gateway Park II	Iroquois Landing	S. Packers	4400 W 45th
Food Product Mfg	Y	N	N	N	N
Beverage Mfg	Y	N	N	N	N
Wood Products Mfg	Y	Y	N	N	Y
Paper Products Mfg	N	Y	N	N	N
Petroleum & Coal Products Mfg	N	Y	N	N	N
Chemical Products Mfg	N	Y	Y	N	N
Plastics & Rubber Product Mfg	N	Y	N	N	N
Non-metallic Minerals Mfg	N	Y	N	N	N
Primary Metal Mfg	Y	Y	N	N	N
Fabricated Metals Mfg	Y	Y	Y	N	N
Furniture Mfg	Y	Y	N	N	Y
Utilities - Power Generation	N	N	N	N	N
Distribution	Y	Y	Y	N	Y

Strategy Recommendations

The goal of the Chicago Rail Economic Opportunities Plan (CREOP) was to assist the City of Chicago to better understand the issues surrounding redevelopment of vacant industrial property for rail-oriented uses, and to design strategies for leveraging the City's unique rail freight infrastructure to attract new industrial development. Although the CREOP analysis focused on five particular sites, in many respects these selected properties characterized the broad range of potential rail-served properties that are available in Chicago. The examined properties ranged in size, presence of direct rail access, condition, geographic location, and existence of structures that may facilitate or impede future rail-served uses. Thus, the processes developed through this study can serve as a model for application to industrial corridors as well as specific sites throughout Chicago.

This section summarizes the findings of the previous four CREOP tasks by recommending strategies that CDOT and DCD can implement to encourage rail development at the five selected CREOP sites and also in its ongoing industrial development activities. Implementation of these strategies is a complex undertaking, involving many stakeholders from multiple city agencies to civic groups, property owners, commercial developers, rail carriers, and other parties, each of which can impede or advance a well-conceived development agenda. To successfully implement these strategies, CDOT and DCD will have to engage these parties in a manner that helps each of them meet their own objectives, a process requiring considerable communication and coordination.

To best support implementation, CREOP recommendations have been organized into three categories:

1. Site Requirements for Rail-Oriented Industrial Development. These specifications served as the model for evaluating each of the selected CREOP sites and can be used as a resource to CDOT and DCD for evaluating the rail suitability of other sites.

2. Site-Specific Recommendations for the five sites that were examined in detail.

3. General Recommendations for encouraging freight rail-oriented industrial development in Chicago. These strategies are intended for CDOT and DCD to continue the work of CREOP into its ongoing industrial development and transportation planning activities.

Ideal Site Characteristics for Rail-Based Industrial Development: What Makes a Location Suitable for Carload Service?

The presence of a rail line alongside a developable property is an obvious prerequisite for rail system access. However, the physical requirements that make a site a desirable rail-served property are more complex, and simply having an adjacent rail line does not necessarily mean that a location can be effectively served. Key considerations are:

- ***Is a siding present?*** If a siding is not present at the property in question, construction of a new siding will be necessary, the cost of which can vary considerably. An existing

siding may require upgrading to handle expected volumes, modern high-capacity equipment, or simply to overcome the ravages of time.

- ***What are the existing and projected traffic volumes along the serving rail line?*** If the rail line is an active industrial branch or lead, then little or no investment may be required to serve a new customer. The addition of an industrial siding with a manual switch connection is simple and relatively inexpensive. If it is a main line with significant traffic volume, then the requirements for an industrial connection are likely to be more substantial. These could take the form of a "lead track" paralleling the main line that will permit the time-consuming switching of an industrial connection without tying up the main track. The lead may have to be tied into a traffic control system, which can lead to other more expensive requirements such as motorized turnouts.

- ***What are the expected volumes for the new industry?*** Higher traffic volumes require more extensive trackage for which sufficient space must be available. Track geometry (curves and grades) that may be acceptable for a small-volume customer will be less acceptable for a high-volume customer.

- ***Is there adequate yard capacity to support service to a new customer?*** Local trains serving lineside industries are assembled and broken down at yards, which may be located nearby or in more distant locations. These facilities, which may take the form of a small switching yard or a larger system yard must have sufficient capacity to support new customers. In Chicago, this is generally not an issue since there is a plethora of yards, although some locations can be better served than others.

- ***What is the proximity and ease of access to the interstate highway system?*** Rail-served businesses require good highway access in addition to rail. The distance to the nearest highway and the quality of its access are important considerations. Highways should be close by and easy to get to without any restrictions for weight, vertical clearance, or time of day. In addition, newly generated truck (and rail) traffic should not cause undue negative collateral impacts on abutting residential areas.

Furthermore, while the available or potential infrastructure is a necessary requirement for providing service, other considerations also play a role. Commercial needs and institutional practices can greatly affect the degree to which a particular rail carrier may be willing to provide service. For example, traffic density among line-side industries must be sufficient to justify operating a local service. The greater the traffic volume, the greater the willingness of a carrier to provide service, which in turn will make the service more attractive to the shipper.

Institutionally, different carriers take different approaches to carload service, with some more willing to service this market than others. Apart from the individual Class I railroads, the largest carload service providers around Chicago have been the Indiana Harbor Belt and the Belt Railway, both owned by Class I railroads. Although their primary purpose is to sort and re-distribute traffic traversing the region between the various large railroads, they also serve many line-side industries and have actively engaged in efforts to attract carload business. Over the past twenty years there has also been a growing presence of small railroads that have taken over local

services from Class I owners. These tend to exhibit the greatest flexibility in meeting a particular shipper's requirements.

CREOP Site-Specific Recommendations

Through the process that was developed for CREOP, five sites were selected by the CDOT and DCD for detailed evaluation regarding their potential as rail served properties. These five sites are:

1. The Ryerson site in the Western/Ogden Industrial Corridor (IC).
2. 4055 S Packer Avenue in the Stockyards IC.
3. Gateway Park Phase II in Greater Southwest IC.
4. Iroquois Landing in Calumet IC (owned by the Chicago Port Authority).
5. 4400 W 45th Street in Stevenson IC.

The above sites are varied in terms of economic impact, site needs, and development potential and each has different sets of recommendations with respect to making it suitable for rail-based development. These recommendations, by site, are summarized below, and are followed by a more detailed discussion of key attributes and issues for each site.

SUMMARY OF CREOP SITE SPECIFIC RECOMMENDATIONS

	Ryerson	***Iroquois Landing***	***4055 S. Packers***	***Gateway Park Phase II***	***4400 W 45th***
Acreage	48.5	90	14	31.1	8.0
Available Buildings	9 buildings 1.3 million s.f.	NA	17,000 s.f. maintenance depot		94,644 left in 193,485 s.f. bldg
Likely Use	Manufacturing Warehousing Medical Film Studio	Multi-modal facility	Bus terminal, fleet maintenance	Distribution park Manufacturing	Distribution
Job Potential	High if job-intensive use	40-80	30	200-500	20-60
Tax Potential	Very High	Low	Low	Moderate	Low
Shovel Ready	Partly, depending on use	No. Need infrastructure improvement	Potentially yes, but not on market.	No	Yes
Key Issues	Selective demolition cost. Stimulating jobs/ tax intensive uses. Detailed site plan.	Finding rail partner. Preliminary site plan of rail, sewer, & other facilities.	Finding suitable user for special use building.	12.5 million remediation > market value. Litigation.	None
RR Issues	Depends on reuse	On-site development	None	None	Existing inactive spur
Best City Policies	Develop TIF/tax abatement scenarios.	Work w/ CN. Work with Port.	None recommended.	None until remediation.	Support business retention & expansion.

The Ryerson Site

Owner: Ryerson Corp, a national distributor and processor of steel, brass, carbon, alloy, and aluminum metals

Broker: CB Richard Ellis

Serving Railroad: CSXT

Summary: The Ryerson site has high potential for rail based job creation and tax base development if not broken up for warehousing and storage. There is excellent potential to restore rail service to the site. It was initially considered for sale to a Canadian movie studio but this now appears unlikely.

Preferred Rail Based Industries for the Site:

- Food Product Mfg
- Beverage Mfg
- Wood Products Mfg
- Primary Metal Mfg
- Fabricated Metals Mfg
- Furniture Mfg
- Distribution

Recommendations:

1. The key barrier to rail-based development of Ryerson is the lack of a detailed site plan that estimates the costs of bringing rail on site, including the following modifications:

   - Adaptation of plant doors for rail car access
   - Possible demolition of the Center Plant for additional parking and circulation space for the North Plant and the South Plant.
   - Rail turnouts and lead track to serve the North Plant and the South Plant
   - Demolition and other site work needed to install turnouts and lead track and to adapt the buildings for rail cars.

   The cost of this plan is estimated to be between $15,000 and $25,000. It is recommended that DCD and CDOT initiate this plan for Ryerson with the cost shared through a public/private partnership between the City and the site's owners.

2. Giver that Ryerson has excellent potential for increased rail service, once a site plan is complete, DCD and CDOT need to stress the availability of incentive programs that can assist investors and developers in the funding of land acquisition, demolition, and rehabilitation necessary to return the buildings to productive rail-oriented uses. These incentive programs include:

   - *Tax Increment Financing (TIF)* which can be used for acquisition and site development. TIF allows the City to re-invest all new property tax dollars generated from a designated TIF district for a 23-year period.

- *Industrial Revenue Bonds*, which allows industry to borrow money for site improvements at a low-interest, tax exempt municipal bond interest rate, and

- *Tax Abatement*

The above programs, and potential strategies to deploy them, are discussed in detail as part of Task 3 of this report.

Iroquois Landing

Owner: Illinois International Port District

Broker: North America Stevedoring, which currently operates on the site

Serving Railroad: Canadian National (CN)

Summary: Iroquois Landing has excellent potential for rail based industrial development. North America Stevedoring has an option from the Illinois International Port District through 2015 to develop an approximately 90 acre Port-District owned parcel just southeast of the company's current stevedoring, dry storage, and warehousing operation at the mouth of the Calumet River at Lake Michigan. A major goal of North America Stevedoring is to work with CN to develop a strong multimodal facility. The site has excellent rail service to support this development but requires the moving of a sewer line for full access.

Preferred Rail Based Industries for the Site

- Chemical Products Mfg
- Fabricated Metals Mfg
- Distribution

Recommendations:

1. The key barrier to effective rail based development of Iroquois Landing is greater involvement from the serving rail carrier, CN. DOT and DCD can encourage this involvement through a number of initiatives:

    - Facilitate communication between North America Stevedoring and local elected officials to support a rail based plan.

    - Use CDOT contacts and relationships with CN to encourage rail based development. Identify obstacles from CN that can be resolved by CDOT and DCD to progress rail based development of Iroquois Landing.

    - Encourage North America Stevedoring to prepare an expansion plan that identifies public and private infrastructure needs that would create greater economic outcomes for the site.

- Ensure that Iroquois Landing is on CN's list of preferred properties as part of its internal economic development and customer retention activities. Develop an ongoing monitoring of the rail carrier's industrial development sites to insure that Iroquois Landing if prominently featured (see CN's Industrial Development web page attached).

2. A second major impediment to development of Iroquois Landing as a rail based site is the need for a sewer line relocation on the south side of the property. A cost estimate of this relocation should be developed jointly by CDOT, DCD, and the Illinois International Port District. This cost estimate will be critical for encouraging rail based tenants to the site and should be completed prior to identification of potential users.

3. Greater communication between the Illinois International Port District and various city agencies is another key factor for future rail based development of Iroquois Landing. An effective way to initiate greater dialogue between the Port, the City, and key private stakeholders regarding rail based development is the convening of a "Rail Freight Seminar" that discusses potential rail uses at Port sites as well as opportunities and challenges to future rail based development. Experience has shown that this type of meeting is an effective first step in developing public/private relationships that improve communication and is best coordinated by a third party. In the case of Iroquois Landing, one potential third party to organize such a Rail Freight Seminar is the Calumet Area Industrial Commission (CAIC). CN is represented on the Executive Staff of CAIC and should be approached about initiating such a meeting under the auspices of CAIC.

CANADIAN NATIONAL INDUSTRIAL DEVELOPMENT WEB SITE

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If you're looking for a new location for your business, or if you require development or re-development of your in-plant rail network, we can help. CN's rail network can connect to your industrial parks throughout Canada and the U.S. and help you gain access to lucrative markets in North America and overseas.

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CN's Business Development group is in business to grow your business. We have an excellent record of helping hundreds of companies develop new rail-served sites or expand existing ones. Call our Business Development and Real Estate team today.

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Gateway Park Phase II

Owner: William Bailes, a partner of StyleMaster, a plastics extrusion manufacturer that built a 660,000 sq. ft. manufacturing plant at Gateway Park

Broker: Jones Lang LaSalle

Serving Railroad: BRC

Summary: Gateway Park Phase II already has a site plan which is first key step to rail based economic development. However, this site is not "shovel-ready" due to the need for environmental clean-up, estimated to cost $12.2 million, and pending litigation. The site's location is not ideal for industry and distribution because of its distance from interstate highways (approximately 4 to 7 miles). This weakness is mitigated by its location directly across from the NS Lander Intermodal Yard, significantly reducing truck miles for an intermodal-based tenant.

Preferred Rail Based Industries for the Site:

- Wood Products Mfg
- Paper Products Mfg
- Petroleum and Coal Products Mfg
- Chemical Products Mfg
- Plastics & Rubber Products Mfg
- Non-metallic Minerals Mfg
- Primary Metals Mfg
- Fabricated Metals Mfg
- Furniture Mfg
- Distribution

Recommendations:

1. The main constraint to redevelopment of Gateway Park Phase II is its contaminated condition and the $12.2 million estimated price tag for clean-up. The employment impact from the type of potential large space tenants that are targeted for this type of site are unlikely to meet requirements for local TIF funding for clean-up. Considering the employment densities that were achieved at the Phase I site (one job per 3500 sq. ft.), the Phase II site could be expected to generate 200 to 400 jobs. As a result, priority should be given to securing federal funding to clean and recycle the site. CDOT or DCD should also support any action which holds the land for future manufacturing and distribution uses.

2. Following site cleanup of Gateway, CDOT and DCD should consider funding rail lead spurs to the properties. The cost of these spurs is estimated at $370,000, a modest amount when compared to the total site preparation costs.

4055 Packer

Owner: Cook-Illinois Corporation, one of the nation's largest school bus contractors. The firm occupies approximately 8.2 acres of the total 14.2 acre site

Serving Railroad: NS

Summary: Due to its size, location, and irregular geometry, 4055 Packer presents formidable challenges for rail-based redevelopment and may be the least suitable of the five CREOP properties. It is a special purpose site and most likely will be re-used as a bus terminal and fleet maintenance facility. Due to existing track geometry that serves the site, new rail tracks could be built to serve only a portion of the property.

Preferred Rail Based Industries for the Site: None

Recommendations:

While partially served by NS, 4055 Packer is currently too small and irregularly shaped to be effectively marketed by the City or NS for rail based economic development. Due to existing track geometry, it is not possible for NS to provide rail service east of its tracks on the property. On the west side, a new track lead could be built from 41st Street to a new industrial warehouse building that could be constructed on the site of the existing vehicle maintenance depot. The cost of the new lead and the required switching equipment is approximately $250,000. A new building of at least 200,000 to 300,000 sq. ft. would be needed to support this scale of investment and to generate sufficient rail car demand to interest NS in providing service.[19]

To make 4055 Packer optimally amenable for rail based economic development would requires a reconfiguration of the site, including land consolidation, demolition of some existing strictures, and reassembly of property. Without resources from DCD or CDOT to support this type of massive reconfiguration, investment in preparation of the site for redevelopment for a carload rail user is not recommended at this time. While the site's characteristics render it unsuitable for redevelopment for rail-oriented use, it is presented to demonstrate some of the challenges that will be encountered to find appropriate sites for the attraction and retention of rail-using industries.

4400 W 45th Street

Serving Railroad: NS

Summary: 4400 W 45th Street is a multi-tenant building with 94,664 SF of leaseable space. The site has an existing rail spur and service can easily be restored for a rail based tenant. The building is in Enterprise Zone #2 of the Midway Industrial Corridor TIF and is relatively small

[19] Interview with Jesse Moose, Industrial Development Manager, Norfolk Southern Corp., July 28, 2009.

relative to the space requirements of rail based industries. Development incentives are currently in place for this site.

Preferred Rail Based Industries for the Site:

- Wood Products Mfg
- Furniture Mfg
- Distribution

Recommendations:

1. Given the smaller size of 4400 W. 45th, the best opportunities for rail based development is with firms already operating within the industrial corridor and looking to expand. As a result, CDOT and DCD actions at this site should support policies encouraging business retention and expansion, including:

   - Identify ways to strengthen the LIRI retention and expansion activities focused on Chicago companies (i.e., wood products, furniture, warehousing, and distribution) most suitable for this type of facility.

2. Similar to Iroquois Landing, a major barrier to more effective marketing of 4400 W. 45th as a rail based property is lack of railroad attention to the site, specifically its exclusion on the list of properties marketed by NS in its industrial development activities. NS markets more than 4,000 rail-served sites across the country (see attached portions of NS Industrial Development web site. Most of these are greenfield because potential NS customers tend to be larger and the costs of providing service to these sites is easier operationally for NS.

   NS lists six sites within Cook County, of which all are south of 95th Street, primarily the Ford Supplier park and parcels directly to the south of this park. The list should include 4400 W. 45th St. CDOT and DCD should approach NS' Industrial Development Office to better understand conditions under which they are willing to establish rail service to smaller rail users.

NORFOLK SOUTHERN INDUSTRIAL DEVELOPMENT WEB SITE

Site Assistance Services

We maintain an inventory of over 2,000 available industrial sites throughout our system and have detailed site brochures on each site that can be provided to prospective rail customers in short order. These site brochures include the following information:

A USGS Topographic Map section with the specific site indicated:

A State Highway Map section with the site location noted:

A site data sheet is included that notes key information about the site including:

An aerial photographic providing a "bird's eye" view of the site:

A simple drawing of the site and surrounding area and a design to maximize the rail access to the site:

Summary of Site Specific CREOP Recommendations

Based on the insights gained from the five CREOP sites, and prior experience in rail-oriented economic development, a number of general recommendations for DCD and CDOT were identified to support more effective rail based economic development in the City of Chicago:

1. ***Greater Communication with Railroad Industrial Development Departments.*** One key action to support rail based economic development in Chicago, as evidenced in the Iroquois Landing, Gateway Park Phase II, and Ryerson sites, is greater interaction by DCD and CDOT with the Class 1 railroad industrial development departments. Having specific Chicago industrial properties listed with these rail carriers, and having them be actively marketed by them for development, increases the likelihood that certain sites will be used by rail-served industries. Specific actions by DCD and CDOT to support greater railroad interaction include:

    - Identification of Class 1 industrial development contacts for Chicago, including senior economic development officials. A summary of these contacts is provided below.
    - Ongoing, scheduled meetings with Class 1 rail carrier's industrial development contact to review the status of available properties in the city and highlight potential new sites for railroad consideration;
    - Inclusion of CDOT, DCD, and other appropriate City agencies on railroad industrial development mailing and e-mail lists;
    - Establishment of a monitoring process that reviews current Chicago sites being marketed by railroads for industrial development and advocacy of additional sites for inclusion on these lists.

CLASS I RAILROAD INDUSTRIAL DEVELOPMENT CONTACTS

Class 1 Railroad	Industrial Development Contact(s)	Phone
NS	Jesse D. Moose, Industrial Development Manager - Illinois	314-679-1880
	Robert A. Bowling, Industrial Development Director, Central Region	404-529-2245
	Mr. Newell Baker, Assistant Vice President, Industrial Development	404-529-1591
CN	Linda Armbruster, Industrial Development Manager -Illinois	708-332-3959
CSXT	Jeff Wagoner, Regional Development Manager -Illinois	630-904-1493
	Tom Willis, Site Design Manager	859-344-9675
	John M. Milton Jr, Director-Regional and Site Development	904-359-1617
BNSF	Eric Pitcher, Industrial Development Manager - Illinois	312-850-5699
UP	Wayne Borg, Regional Industrial Development Manager	630-427-2355
	Milli Scheer, Senior Industrial Development Project Manager	402-544-4621
	Ken Gustafson, Senior Industrial Development Business Manager	402-544-5594

2. ***Knowledge of Rail Based Industries.*** The first task of CREOP was to identify potential industries suitable for rail based development. More knowledge of these industries by DCD and CDOT, including their logistics requirements, site requirements, and potential relocation candidates, would be very effective in stimulating rail based development in Chicago. Specific DCD/CDOT activities to support this industry knowledge include:

    - Identify and monitor key websites of rail based industry associations, particularly relating to relocation, site selection, and logistics. A sample of these associations is attached.
    - Meetings with key staff at select associations, and current firms already in Chicago, to understand site requirements and preferred locations
    - Attendance at key rail based industrial tradeshows
    - The hiring of future CDOT/DCD staff (and other industrial development related agencies) with rail-oriented industrial experience

3. ***Closer Cooperation and Interaction with Major Commercial Brokers.*** Commercial real estate brokers are a key stakeholder in economic development. While DCD and CDOT already has ongoing dialogue with many of these brokers, the exchange of information (i.e., rail carrier contacts, rail siding construction, potential rail based tenants, etc.) and rail based site needs between these groups is minimal. It is recommended that DCD and CDOT institutionalize communication with brokers in its continuing industrial and commercial development work, including quarterly meetings, inclusion on mailing/e-mail lists, and selective attendance at broker meetings and trade shows.

4. ***Focus on Business Retention and Expansion.*** Research by MIT and the International Economic Development Council show that 80% or more of new local jobs in a region are created by existing companies. While Chicago has had considerable success in attracting new businesses (e.g. corporate headquarters and regional offices), many of the opportunities at the five CREOP sites will be in the expansion and retention of manufacturing and transportation companies already within the city. To stimulate rail based economic development at these (and other) sites**,** business retention and expansion efforts should begin by identifying companies already in Chicago in the high rail-usage industries of food processing, transportation equipment, primary metals, and chemicals. This is both an offensive strategy to secure expansions and a necessary defensive move to retain existing employers.

    Chicago's major successes in business expansion and retention have been with two types of businesses:

    1. Existing employers operating successfully in the city. Tempel Steel is a prime example. On a smaller scale, so is the planned Kinder Morgan expansion or North America Stevedoring's intentions to work with CN to establish a stronger inter-modal presence.

SUMMARY OF TRADE ASSOCIATIONS FOR RAIL-BASED INDUSTRIES

Rail Based Industry	Trade Associations	Web Sites
Food Product Manufacturing	Midwest Food Processors Assn., Inc.	www.mwfpa.org
	Grocery Manufacturers Assn.	www.gmaonline.org
Beverage Manufacturing	American Beverage Assn.	www.ameribev.org
	Illinois Beverage Assn.	www.illinoisbeverage.org
Wood Products Manufacturing	Wood Products Manufacturiers Assn.	www.wpma.org
	Wood Component Manufacturers Assn.	www.woodcomponents.org
Paper Products Manufacturing	American Forest and Paper Assn.	www.afandpa.org
	Pulp and Paper Manufacturers Assn.	www.ppmausa.com
Petroleum/Coal Products Manufacturing	American Petroleum Institute	www.api.org
	World Coal Institute	www.worldcoal.org
	Independent Petroleum Assn. of America	www.ipaa.org
	Illinois Coal Assn.	www.ilcoalassn.com
Chemical Products Manufacturing	Chemical Producers & Distributors Assn.	www.cpda.com
	National Assn. of Chemical Distributors	www.nacd.com
	National Petrochemical & Refiners Assn.	www.npra.org
Plastics/Rubber Products Manufacturing	Manufacturing Assn. for Plastic Prosessors	www.mappinc.com
	Rubber Manufacturers Assn.	www.rma.org
Non-Metallic Minerals Manufacturing	National Stone, Sand and Gravel Assn.	www.nssga.org
	American Gas Assn.	www.aga.org
	The Natural Gas Supply Assn.	www.ngsa.org
	Illinois Oil & Gas Assn.	www.ioga.com
Primary Metal Manufacturing	World Steel Assn.	www.worldsteel.org
	Steel Manufacturers Assn.	www.steelnet.org
	The Aluminum Assn.	www.aluminum.org
	Specialty Steel Industry of North America	www.ssina.com
	Institute of Scrap Recycling Industries	www.isri.org
	American Foundry Society	www.afsinc.org
	Illinois Recycling Assn.	www.illinoisrecycles.org
	Illinois Manufacturers Assn.	www.ima-net.org
	American Iron and Steel Institute	www.steel.org
Fabricated Metal Manufacturing	Fabricators and Manufacturers Assn.	www.fmanet.org
	Forging Industry Assn.	www.forging.org
	National Corrugated Steel Pipe Assn.	www.ncspa.org
	Tooling and Manufacturing Assn.	www.tmanet.com
	National Tooling and Machining Assn.	www.ntma.org
Furrniture Manufacturing	American Furniture Manufacturers Assn.	www.arcat.com
Utilities/Power Generation	Illinois Energy Assn.	www.ilenergyassn.org
	American Public Power Assn.	www.appanet.org
	Electric Power Supply Assn.	www.epsa.org
	Natural Gas Supply Assn.	www.ngsa.org
Distribution	International Warehouse Logistics Assn.	www.iwla.com
	International Refridgerated Warehouses	www.iarw.org
	American Chain of Warehouses	www.acwi.org

2. Suppliers to large manufacturers taking advantage of just-in-time proximity. The Ford Supplier Park is the most well recognized example of this type of market opportunity.

A major task in business retention is identification and remediation of barriers to local expansion. This is already being done at many LIRIs, by elected officials, and by Commonwealth Edison in particular. The Calumet Area Industrial Commission, NORBIC, the Greater Southwest Development Corporation, and the Jane Addams Resource Corporation have strong reputations for their business retention and expansion efforts.

However, from CREOP interviews at the five sites, business expansion and retention by some LIRIs, especially with rail served sites, is often inconsistent. For the largest industrial and distribution employers, including Class I railroads, there are opportunities for DCD and CDOT to play a greater role in gathering systematic information about obstacles faced by existing Chicago companies, with DCD working in partnership with the LIRIs and other City agencies. Cities such as Louisville, Oakland, San Antonio, and Charlotte, for example, have been very proactive in this effort, calling on its largest companies, and those with growth potential, to identify issues, allocate incentives to the strongest job and tax-generating opportunities, and develop systematic intelligence to shape economic development strategic planning.

- Charlotte utilizes economic development staff to call major employers and analyze responses through the Executive Pulse economic development software system.

- Louisville contracts this function out to Greater Louisville, Inc., an arm of the regional chamber of commerce, utilizing the Synchronist economic development software system to aggregate trends and help spot systematic problems. Synchronist is available to DCD and the LIRIs, but usage is inconsistent.

- All agencies in New York City – including Mayor Bloomberg's Office -utilize website portals and a 311 telephone system to assist existing businesses.

Specific areas where DCD and CDOT could enhance business retention and expansion include:

- analysis of the status of LIRI-led retention and expansion and an ongoing process to measure each LIRI effectiveness in this activity;
- why Synchronist is not more broadly used with city agencies;
- comprehensive review of how the City and DCD web sites are used for economic development and business retention.

Long-Term Recommendations for Rail-Oriented Economic Development

Besides site specific CREOP strategies, summarized below are a number of longer term actions that DCD and CDOT should consider in order to include rail access as part of its ongoing economic development efforts. Three overall goals guided the formulation of these long-term recommendations:

- Institutionalize the importance of freight, particularly rail access, in the City's industrial economic development efforts.

- Develop ongoing relationships among key stakeholders in rail-oriented development, particularly Class 1 rail carriers, which form the basis of future partnerships.

- Demonstrate and communicate the value of rail access as a unique generator of wealth and employment in the city that distinguishes Chicago from other urban areas as an attractive city for businesses to relocate or expand.

1. **Establishment of a "Freight Rail Development" Working Group**. Effective implementation of rail based economic development requires close public and private coordination on site investment, planning, and implementation, all involving stakeholders with a unique knowledge of rail operations and infrastructure. CREOP brought these public and private stakeholders together in its various tasks, many for the first time.

   It is recommended that the dialogue among these stakeholders created by CREOP be continued through the establishment of a "Rail Freight Development Working Group" which would meet periodically (quarterly?) to discuss rail based development issues in the city. This Working Group would be composed (but limited to) the following stakeholders:

   - Major commercial and industrial real estate brokers
   - Railroad (Class 1 and switching road) industrial development staff
   - DCD, CDOT, the Mayor’s Office, World Business Chicago, the Illinois Port District, Commonwealth Edison, and other related city agencies

   This proposed working group would begin to institutionalize the cross-agency, public/private coordination that is fundamental to the success of rail and freight based economic development. Moreover, it offers an opportunity for rail and non-rail stakeholders to communicate ideas and issues concerning rail-oriented development. The lack of specialized rail knowledge among non-rail stakeholders often hinders progress; such a working group would start to overcome this lack of understanding among key stakeholders responsible for its success.

2. **Rail Freight Economic Development Summit.** One effective way to highlight the need for a rail economic development working group is to sponsor a "summit" conference which discusses issues, opportunities, barriers, and benefits of rail based development in Chicago. This unique summit could be organized jointly by CDOT and DCD and include a cross section of public and private stakeholders involved in freight based industrial development in

the city (rail operations/marketing/ development officials, commercial/industrial brokers, public agencies, IC's, LIRI's, and rail based industry representatives). Several LIRI's interviewed during CREOP suggested such a summit (particularly on how to work more closely with rail carriers) and both CSX and NS indicated a willingness to participate.

The methodology and results of CREOP could form the basis of such summit meeting and highlight the City's advantages in freight economic development. It would also be an important first step in bringing together the diverse set of stakeholders involved in rail based economic development and initiate much needed dialogue for future partnerships.

3. **Unified Rail-Oriented Industrial Strategic Development.** CREOP is unique in that DCD and CDOT both recognize the benefits that can accrue from a focused rail based economic development process. However, given the diversity of public agencies and private companies involved in this process within the City, it is critical that a well articulated strategy be developed and communicated by DCD and CDOT that clearly articulates the value of rail based development and highlights its benefits to the region.

   Much of the effort in CREOP focused on the costs involved in (re-)establishing rail access to a property. An equal level of analysis needs to be devoted to identifying and communicating the pubic benefits that are derived from such development. This strategic development process must involve all key agencies involved in economic development so that each agency understands how future rail-oriented development supports their own objectives. Once this strategy and statement of benefits is developed, it can facilitate greater cross-agency cooperation and coordination from these key agencies in support of future rail-oriented projects. In addition, this unified strategy and articulation of rail based benefits is especially critical in the face of competing residential and commercial uses for specific sites where the value is more easily understood by public agencies and the public.

4. **CREOP Site Prioritization.** An important element in encouraging rail-oriented economic development in the region is the achievement of a "success story" regarding rail based site development which can be communicated and understood. CREOP focused on five sites and identified key actions necessary to secure rail access. While some of the sites require considerable effort to accommodate rail-oriented industrial uses, other sites are already very attractive and simply lack coordinated and focused action to be fully ready.

   It is recommend that one of the five CREOP sites be selected by DCD and CDOT with a goal of creating a successful case study that can be used as a model for future rail based development. Both agencies should then focus their efforts on this site and work to achieve this successful outcome, including the completion of a site plan (if necessary) and application of appropriate EDA grants for funding necessary mitigation and improvements. Of the five CREOP sites, it appears that Ryerson, Gateway Park Phase II, and Iroquois Landing are three properties that have the ingredients for a successful outcome contingent on a coordinated effort from DCD and CDOT.

5. **Assess All Industrial Corridor Properties for Rail-Oriented Development.** While CREOP focused on five sites, the process used to evaluate and identify these sites was

intended to serve as a model for the City to use in assessing the role of rail access in all 24 of its IC's. It is recommend that the CREOP process be expanded to all 24 IC's as soon as possible given the growing pressure of competing uses for certain industrial locations within the city and the potential loss of additional rail infrastructure.

This expansion of CREOP to all IC's has some obvious benefits to CDOT, DCD, IC's and LIRI's. It will help focus rail based development throughout the city by identifying IC's with the greatest potential for rail access and earmark specific sites for rail based development. This expansion supports the development of a strategic rail based development strategy discussed earlier and helps support CDOT and DCD leverage its most important rail infrastructure to achieve the greatest economic development success for the region.

Appendices

Appendix I- Carload Rail Market Demand

The competitiveness of the carload rail-freight market is evaluated vis-à-vis competing shipping modes. Issues relating to time-to-market are explored. Rail car types are examined and uses of each are defined. The commodities shipped by carload are identified and ranked. Based on this process, and on analysis of industrial growth trends within Cook County, a series of target rail-using industries are identified for industrial sites in Chicago's industrial corridors. Depending on the evaluation of each of the five finalist parcels, there may or may not be a match of the likely prospective tenant business to the target rail-using industries.

Competing Modes of Transportation

Carload rail service, as distinct from intermodal service, provides service from rail siding to rail siding, involving no other mode of transportation. Intermodal rail service involves multiple modes of transport whereby containers (or trailers) are picked up by truck, transferred to trains at Intermodal yards and delivered by truck. Intermodal rail freight growth would add to highway and arterial road congestion.

The table below shows the breakdown of the freight market by truck, carload, and multiple modes of transportation. Carload rail service accounts a nearly equal share of the ton miles as truck delivery service. In terms of value, however, carload rail accounts for only 4% of the total value of the shipping market. Single-mode truck delivery accounts for 92% of the value of the shipment market, but less than half of the ton miles.

These data show the extent to which the rail market is focused on heavy, low value goods. Often these are raw or minimally-processed commodities. Commonly, large volumes of heavy commodities are shipped to the factory by rail, while the finished goods are delivered to the customer by truck.

SHIPMENT CHARACTERISTICS OF VARIOUS MODES OF TRANSPORTATION				
	2007			
	Value	Tons	Avg. Miles	Ton Miles
	(million $)	(thousands)	per Shipment	(millions)
Truck	8,363,657	8,957,687	187	1,390,102
Carload Rail	**387,567**	**1,928,530**	**691**	**1,294,921**
Multiple Modes *	340,953	590,510	1,053	460,232
Total	9,092,177	11,476,727	1,931	3,145,255
Percent Carload Rail	**4%**	**17%**	**NA**	**41%**

* Includes rail and rail, truck & water, & rail and water. Excludes post & courier

Source: US Department of Transportation, Bureau of Transportation Statistics , 2007 Economic Census: Transportation Commodity Flow Survey, Preliminary Release, December 2008.

Time to Market

Slower delivery times are the main reason why higher value finished goods are generally not shipped by rail. Freight train speeds average 24 mph, but this varies by type of trains. Intermodal trains, which transport international containers, are the fastest, averaging nearly 30 mph. Double-stack container trains are a bit slower. Manifest trains, which include a mix of cars and cargoes, average about 23 mph. Unit trains (also called block trains) typically consist of 100 or more identical cars which carry the same commodity and have the same origin and final destination. Most unit trains carry either grain or coal. Although unit trains save break-up time in rail yards, they have the lowest average speeds.

TRAIN SPEED BY CAR TYPE	
	Miles per Hour
Intermodal	29.9
Multilevel	25.4
Manifest	22.8
Grain Unit	19.5
Coal Unit	17.8
All Trains	**24.0**

Source: Norfolk Southern Weekly Performance Report, June 22, 2009.

Unit trains can move goods from the Pacific Northwest to New York City in 96 hours. Pass through time for Chicago is less than 12 hours. For manifest (mixed) trains, break- up time in Chicago can be 27 to 48 hours. This includes time for inspections, switching, break-up and reassembly, air changes, crew changes, and lay-in and lay-out time.

Carload Rail Car Types

The table below shows the types of carload rail cars that Norfolk Southern had on-line during June 2009. Over half the cars were hopper cars. Open hopper cars (30% of the total) are used for bulk loose commodities like coal, ore, grain, ballast, etc. Covered hopper cars, accounting for about one-quarter of the total, are used for bulk cargo that must be protected from the weather like grain, sugar, and fertilizer.

Single Modal Car Types on Line During the month of June 2009 Norfolk & Southern		
Car Type	**No. of Cars On Line**	**Percent Total**
Carload Rail Cars:		
Open Hopper	44,918	30%
Covered Hopper	35,548	24%
Tank	25,182	17%
Box	17,984	12%
Gondola	14,480	10%
Other	9,552	6%
Total Cars on Line	**147,664**	**100%**
Source: Norfolk Southern Weekly Performance Report, June 22, 2009		

Tank cars, which comprise 17% of the cars in Table 3, carry liquids or gases in bulk, including chemicals, petroleum, beverages, and dairy products. Box cars (12%) are enclosed and are used for general freight. This is the most versatile car design since it can carry most loads. Gondola cars, in which 10% of shipments are sent, have low, flat bottoms and fixed sides but have no roofs. Because of their low side walls, gondolas are used to carry heavy, dense materials like ferrous and non-ferrous metal plates, coil, bars, and rods.

Commodities Transported

The table below looks at the breakdown of carload and intermodal traffic and provides detail on the commodities transported by single-mode carload rail. It shows that the carload rail service market is fairly narrow, with seven commodities accounting for 95% of the carloads. The commodities high-lighted correspond to the rail-using industry prospects recommended across the five parcels evaluated in the main body of this report.

Single modal carload service accounted for 57% of the total rail stock in service during the first two quarters of 2009, with intermodal making up the balance. Over 80% of the intermodal cars are containers, with the rest comprised by trailers.

Table 4: US Rail Freight Traffic Class I Cars of Revenue Freight Loaded 2008 – 2009				
	first half 2008	*first half 2009*	Percent Change	Share of Traffic - 2009
Coal	3,550,150	3,248,622	-8%	49%
Agricultural Products	1,082,778	877,199	-19%	13%
Chemicals	933,707	775,117	-17%	12%
Non-metallic mineral & products	839,864	644,931	-23%	10%
Metallic ores& minerals	564,551	272,266	-52%	4%
Forest Products	331,912	238,122	-28%	4%
Motor Vehicles & Equipment	453,531	224,035	-51%	3%
Other	383,157	285,320	-26%	4%
Total Carloads	**7,756,493**	**6,565,612**	**-15%**	**100%**
Trailers	1,219,643	802,698	-34%	17%
Containers	4,377,572	3,844,370	-12%	83%
Total All Intermodal	**5,597,215**	**4,647,068**	**-17%**	**100%**
Total Carloads	7,756,493	6,565,612	-15%	59%
Total Intermodal	5,597,215	4,647,068	-17%	41%
Total Rail Traffic	**13,353,708**	**11,212,680**	**-16%**	100%

Source: American Association of Railroads, Rail Time Indicators, July 21, 2009

For carloads, detailed data are available on the commodities shipped. Coal (usually transported in open hopper cars) comprised almost half of the carloads shipped by Class I railroads during the first six months of 2009. Chemicals, transported in tank cars, and agricultural products, usually shipped in closed hoppers, make up 12% to 13% of rail traffic. Non-metallic minerals (cement, gypsum, clay, stone, salt) comprised 10% of the total cars and metals shipments accounted for 4%. These commodities are usually shipped in gondola cars.

Appendix II – County-Level Manufacturing Trends in the Chicago-Metro Region

The source of the data for the presentations that follow is U.S. Census, BEA county-level data for 2006. Yellow entries indicate instances where revenue growth occurred with *negative* value-added growth.

Positive Revenue Growth in MFG 2001-2006

	$Output Growth 2001-2006				
	Food Products			Beverage & Tobacco	
County	NAICS 311	Output_2006 (MIL)	County	NAICS 312	Output_2006 (MIL)
Grundy	390.70%	$17.20	DuPage	223.80%	$101.60
DuPage	85.10%	$2,116.70	Lake, IN	144.60%	$238.40
Kane	80.60%	$1,033.70	Will	135.00%	$277.50
Lake, IL	40.20%	$472.10	Cook	81.40%	**$3,015.20**
Porter	15.60%	$26.50	Kane	24.20%	$435.70
Will	14.50%	$346.40			
Cook	7.60%	**$12,984.20**			
Kendall	6.60%	$165.80			

	Textile Mills			Textile Products	
County	NAICS 313	Output_2006 (MIL)	County	NAICS 314	Output_2006 (MIL)
Will	165.3%	$11.4	Lake, IL	92.3%	$37.2
McHenry	68.7%	$19.1	McHenry	85.6%	$22.5
Kane	37.2%	$22.7	Cook	47.4%	$433.6
			Kane	32.1%	$46.6
			DuPage	0.6%	$26.4

	Apparel			Leather & Allied Products	
County	NAICS 315	Output_2006 (MIL)	County	NAICS 316	Output_2006 (MIL)
Kane	1723.50%	$85.40	Kane	44.60%	$2.50
Lake, IL	654.70%	$15.10			
DuPage	76.60%	$18.80			

	Wood Products			Paper	
County	**NAICS 321**	**Output_2006 (MIL)**	**County**	**NAICS 322**	**Output_2006 (MIL)**
Lake, IL	317.90%	$87.50	Lake, IN	120.80%	$118.70
McHenry	154.80%	$51.20	Will	106.60%	$434.80
Will	145.60%	$98.30	Grundy	70.80%	$63.50
Kane	86.30%	$162.00	DuPage	59.80%	$957.80
Cook	84.10%	**$397.40**	Kane	40.20%	$519.50
Lake, IN	63.60%	$19.60	Cook	22.00%	**$4,017.70**
Porter	47.00%	$6.10	Lake, IL	20.30%	$565.60
DuPage	37.50%	$76.70			

Printing & related Products			Petroleum & Coal Products	
NAICS 323	**Output_2006 (MIL)**	**County**	**NAICS 324**	**Output_2006 (MIL)**
		DuPage	660.20%	$763.30
		Cook	497.30%	$6,558.10
		Lake, IL	409.10%	$154.70
		McHenry	347.10%	$371.60
		Lake, IN	238.70%	**$10,717.00**
		Kane	150.20%	$134.00
		Will	49.00%	$4,916.20

	Chemicals			Plastic & Rubber Products	
County	**NAICS 325**	**Output_2006 (MIL)**	**County**	**NAICS 326**	**Output_2006 (MIL)**
Will	290.00%	$4,516.60	McHenry	119.30%	$715.10
DuPage	207.50%	$2,707.80	Grundy	68.10%	$35.10
Lake, IL	101.70%	**$15,434.90**	Lake, IN	65.00%	$230.40
McHenry	98.40%	$452.70	Porter	22.70%	$72.20
Porter	87.30%	$272.80	Lake, IL	16.40%	$1,527.50
Kane	73.10%	$1,943.90	Will	14.80%	$405.10
Lake, IN	69.90%	$781.20	Kane	7.80%	$1,134.60
Grundy	53.80%	$851.60	DuPage	7.40%	$1,245.40
Cook	37.40%	$10,428.70	Cook	4.60%	**$3,514.30**

	Nonmetal mineral Products				Primary Metal MFG	
County	**NAICS 327**	**Output_2006 (MIL)**		**County**	**NAICS 331**	**Output_2006 (MIL)**
Grundy	297.6%	$28.3		Kendall	381.9%	$27.2
Will	124.8%	$259.0		Will	226.5%	$289.0
Lake, IN	107.1%	$367.6		McHenry	104.4%	$302.9
Porter	104.1%	$43.1		Kane	85.3%	$452.3
Lake, IL	93.1%	$325.8		Porter	69.8%	$4,466.3
Kane	76.3%	$297.9		Lake, IL	67.5%	$205.1
McHenry	75.6%	$182.3		Lake, IN	66.0%	$11,986.4
Kendall	51.4%	$25.2		DuPage	53.1%	$384.6
Cook	42.4%	**$1,981.8**		Cook	48.3%	$4,358.5
DuPage	32.4%	$275.3				

	Fabricated Metal Products				Machinery	
County	**NAICS 332**	**Output_2006 (MIL)**		**County**	**NAICS 333**	**Output_2006 (MIL)**
Kendall	637.5%	$39.2		Kendall	307.6%	$660.3
Lake, IL	64.0%	$1,488.9		Porter	148.2%	$110.0
Grundy	57.4%	$19.7		Will	101.5%	$1,277.0
Porter	54.4%	$356.3		Lake, IN	60.0%	$275.8
Kane	41.4%	$1,121.5		DuPage	31.8%	$1,922.5
Will	38.8%	$453.5		Cook	25.2%	$6,120.5
DuPage	33.3%	$2,670.2		Kane	23.4%	$707.5
Lake, IN	31.8%	$365.8		McHenry	6.1%	$602.8
Cook	15.0%	$10,336.2		Grundy	5.4%	$10.6
				Lake, IL	5.0%	$625.1

	Computer & other Electronic Products				Electrical Equipment& Appliances	
County	**NAICS 334**	**Output_2006 (MIL.)**		**County**	**NAICS 335**	**Output_2006 (MIL)**
Porter	1183.3%	$66.2		Lake, IN	142.6%	$29.9
Lake, IN	66.6%	$14.5		McHenry	51.7%	$464.2
Lake, IL	40.1%	$1,757.4		Kane	50.3%	$458.6
Will	32.7%	$434.0		Cook	26.4%	$4,360.8
Kendall	28.5%	$12.4		Lake, IL	20.7%	$432.3
Kane	23.1%	$881.0		DuPage	16.6%	$941.5
				Will	4.3%	$56.4

	Transp. Equip.				Furniture & related Products	
County	**NAICS 336**	**Output_2006 (MIL)**		**County**	**NAICS 337**	**Output_2006 (MIL)**
DuPage	451.2%	$1,218.3		McHenry	126.5%	$57.4
Kendall	406.0%	$59.3		Will	119.7%	$202.7
Will	370.6%	$111.2		Kane	68.9%	$250.4
Grundy	117.0%	$27.5		Lake, IL	66.2%	$148.4
Lake, IN	97.7%	$628.5		Lake, IN	56.9%	$78.6
Kane	62.3%	$336.0		Porter	38.6%	$3.4
McHenry	50.2%	$460.4		Cook	23.4%	$1,379.2

	Miscellaneous Products	
County	**NAICS 339**	**Output_2006 (MIL)**
Lake, IL	94.0%	$2,367.5
DuPage	91.9%	$627.1
Will	47.1%	$58.6
Lake, IN	42.4%	$142.2
Cook	39.6%	$4,183.7
Porter	34.7%	$15.5
McHenry	19.3%	$212.6
Kane	3.8%	$223.9

Appendix III – Source Consulted

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