



MILWAUKEE AVENUE MARKET STUDY

JEFFERSON PARK & PORTAGE PARK

City of Chicago | November 1, 2023



VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

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INTRODUCTION AND PURPOSE

Attract business and investment to Milwaukee Avenue in Jefferson Park and Portage Park

- Milwaukee Avenue is a major commercial corridor that runs from the West Town Community Area through the northwest side of Chicago. This study focuses on a 1.7-mile stretch of Milwaukee Avenue connecting two commercial hubs—Six Corners Portage Park and downtown Jefferson Park (the “Corridor”).
- The Corridor is experiencing high commercial vacancy, reflecting economic headwinds and shifts in retail patterns. Existing business owners and residents in the Portage Park and Jefferson Park community areas have expressed concerns about these high vacancy rates and have asked for support to help retain existing businesses and to attract new investment to the Corridor.
- The purpose of this study is to identify opportunities to attract additional residents, businesses and investment to the Corridor. The project team—consisting of SB Friedman Development Advisors, LLC (SB Friedman), Latent Design Corporation, and Goodman Williams Group, Inc.—evaluated existing conditions and analyzed commercial and residential market potential for the Corridor.
- This work will provide the basis for development of marketing materials to attract new businesses and investment to the Corridor.

RECENT AREA PLANNING INITIATIVE GOALS

Focus on attracting development, expanding commercial offerings and enhancing the public realm

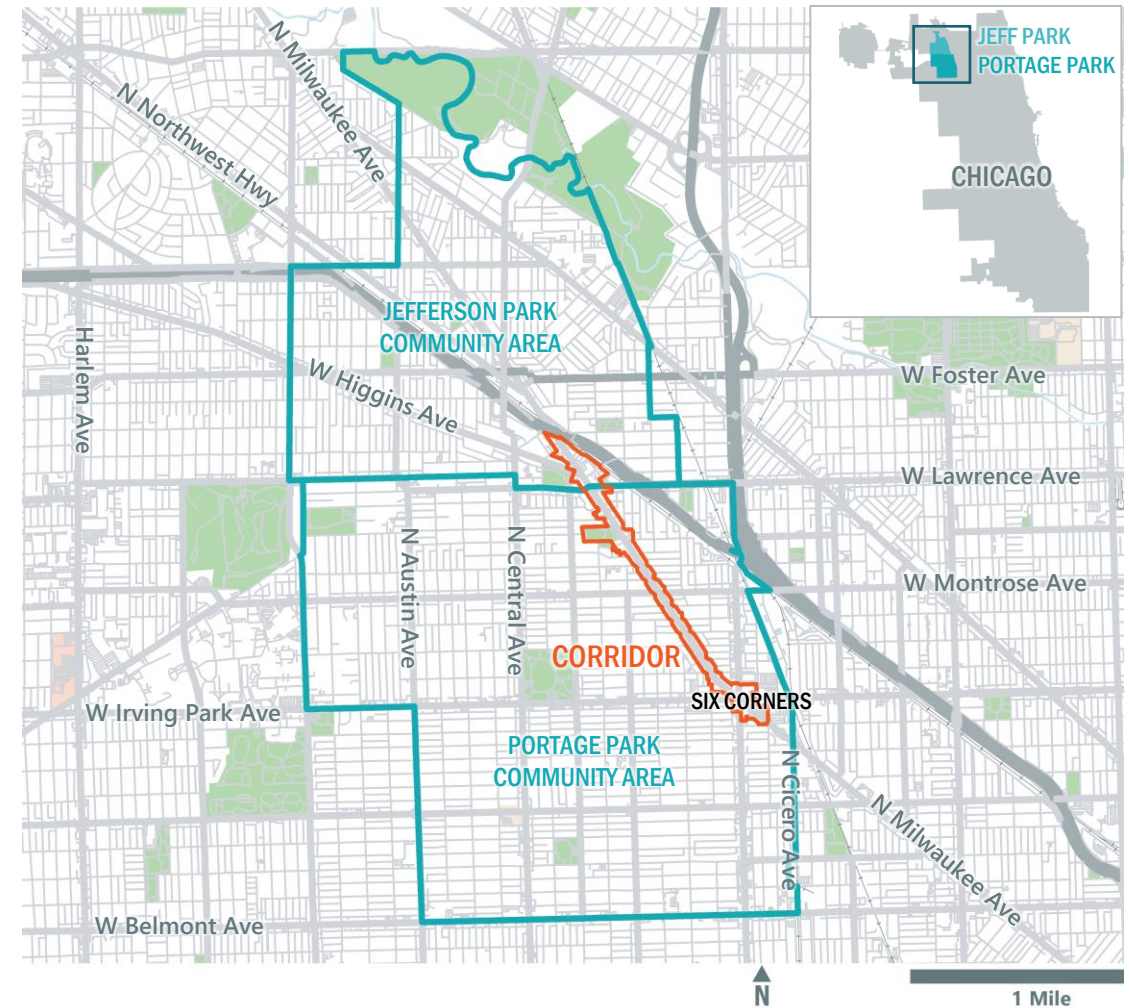
- **Jefferson Park Station Area Master Plan (2018)**
 - Pursue mixed-use development that meets design guidelines, promotes community character, and reinforces a sense of place and welcoming
 - Improve and create public spaces to increase social interaction and pride of place
 - Attract and target a range of businesses that can fill vacant storefronts and serve residents, employees, and visitors
 - Continue to provide a range of housing options to accommodate people of all ages and at various stages of their lives
 - Improve walkability and bikeability along key streets and improve access to the Transit Center
- **Six Corners Economic Development Master Plan (2013)**
 - Add and enhance the commercial and cultural offerings in Six Corners
 - Upgrade building facades and storefronts
 - Enhance the pedestrian environment
 - Develop attractive outdoor spaces that encourage gathering

01 Existing Conditions

CORRIDOR CONTEXT

The Corridor runs along Milwaukee Avenue from Jefferson Park to Six Corners

- The focus of this study is a 1.7-mile corridor running along North Milwaukee Avenue in the Jefferson Park and Portage Park community areas (the “Corridor”).
- The Corridor is bound by the Kennedy Expressway to the north and West Byron Street to the south.
- The Corridor encompasses parcels adjacent to Milwaukee Avenue, including the Jefferson Park Transit Center, Wilson Park and Six Corners.



CORRIDOR CONTEXT

Market Study examines both the Corridor and the half-mile surrounding the Corridor

- This Study uses both the Corridor and the surrounding half-mile (the “Corridor Half-Mile Buffer”) for analyses.
- The Corridor Half-Mile Buffer encompasses three Metra stations, two CTA Blue Line stops, and several high-frequency bus routes, allowing future development to take advantage of the Connected Communities Ordinance (CCO) and being a Transit-Served Location (TSL).

Metra UP Northwest (UP-NW)

- Jefferson Park Station

Metra MD North (MD-N)

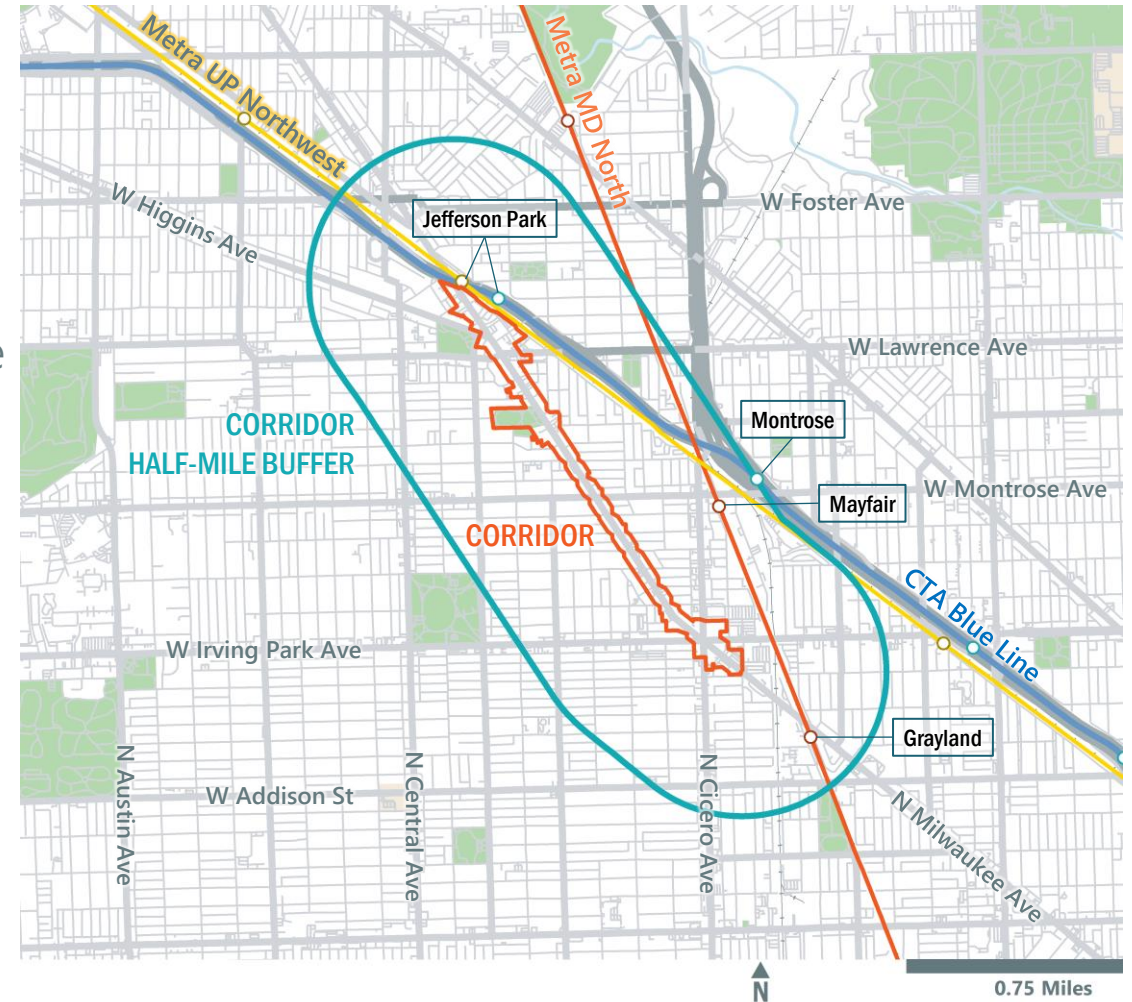
- Mayfair Station
- Grayland Station

CTA Blue Line

- Jefferson Park Station
- Montrose Station

CTA High-Frequency Bus Routes

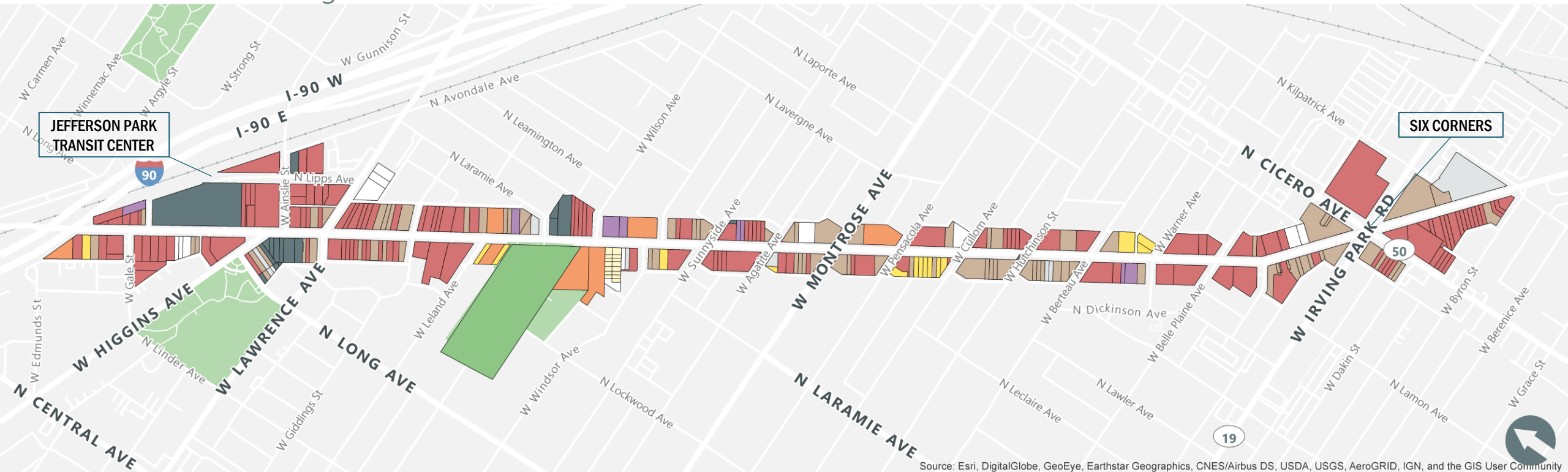
- 54 – Cicero
- 56 – Milwaukee
- 68 – Northwest Highway
- 80 – Irving Park
- 81 – Lawrence
- 85 – Central
- 85A – North Central
- 88 – Higgins
- 91 – Austin
- 92 – Foster



CORRIDOR EXISTING LAND USE

The Corridor primarily consists of commercial uses interspersed with residential

- The Corridor consists primarily of low-density commercial and mixed-use buildings, with some standalone residential buildings.



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

RES SINGLE FAMILY	RES 2-6 UNITS	RES 7+ UNITS	MIXED USE	COMMERCIAL	INDUSTRIAL	INSTITUTIONAL	OTHER	VACANT LAND	OPEN SPACE
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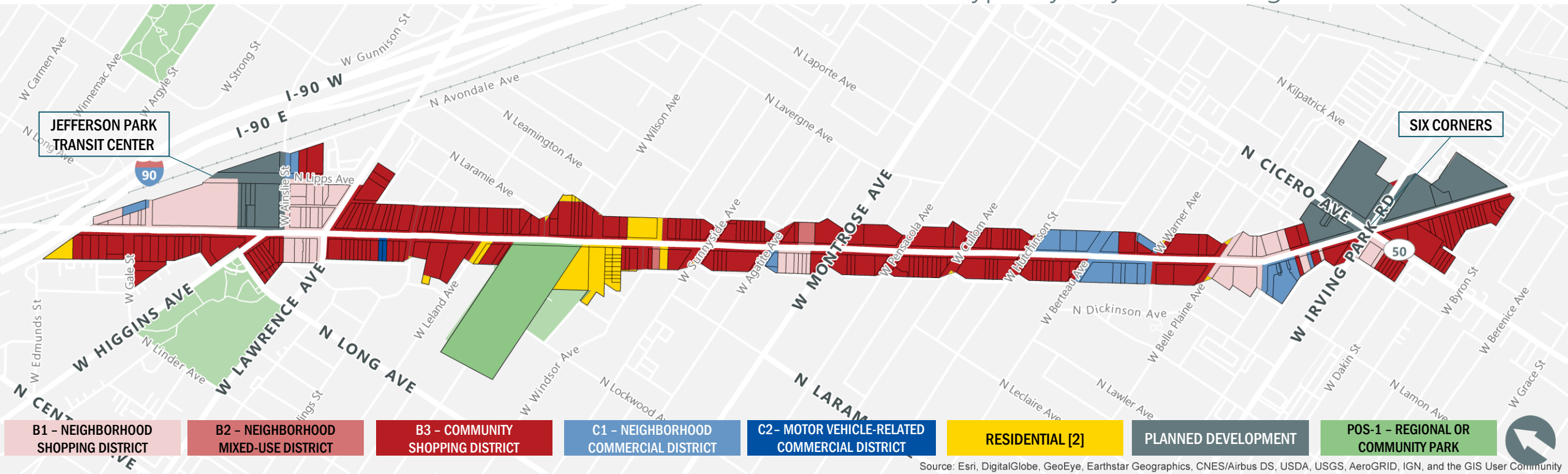
[1] Parcels were generally mapped according to Cook County Assessor class code. Mixed-use consists of codes 2-12, 3-18 and 5-92. Edits to certain parcels were made based on direction from the City of Chicago Department of Planning and Development. The above map may not reflect all present Corridor conditions.

Source: City of Chicago, Cook County Assessor, SB Friedman
SB Friedman Development Advisors, LLC

CORRIDOR ZONING

Most of the Corridor is zoned “Business” which allows for commercial and mixed-use development

- Ground floor commercial/retail space is generally required within “Business” and “Commercial” zones, which cover most of the Corridor; residential is allowed in these zones, but typically only above the ground floor [1].



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

[1] Ground floor residential is permitted by right in B2 districts, and by special use permit in B1, B3, C1, and C2 districts.

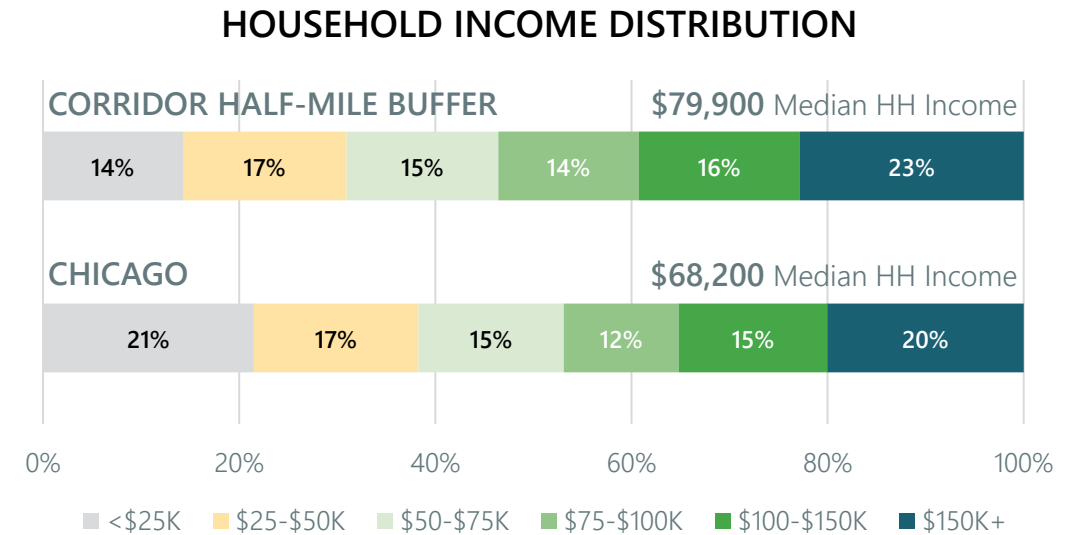
[2] Residential map category includes RT-4 (Residential Two-Flat, Townhouse and Multi-Unit District), RS-2 and RS-3 (Residential Single-Unit District)

[3] The official City zoning map should be consulted for up-to-date zoning information on any specific parcels.

CORRIDOR DEMOGRAPHICS: HOUSEHOLDS

Corridor households are slightly smaller and less affluent compared to the Corridor Half-Mile Buffer

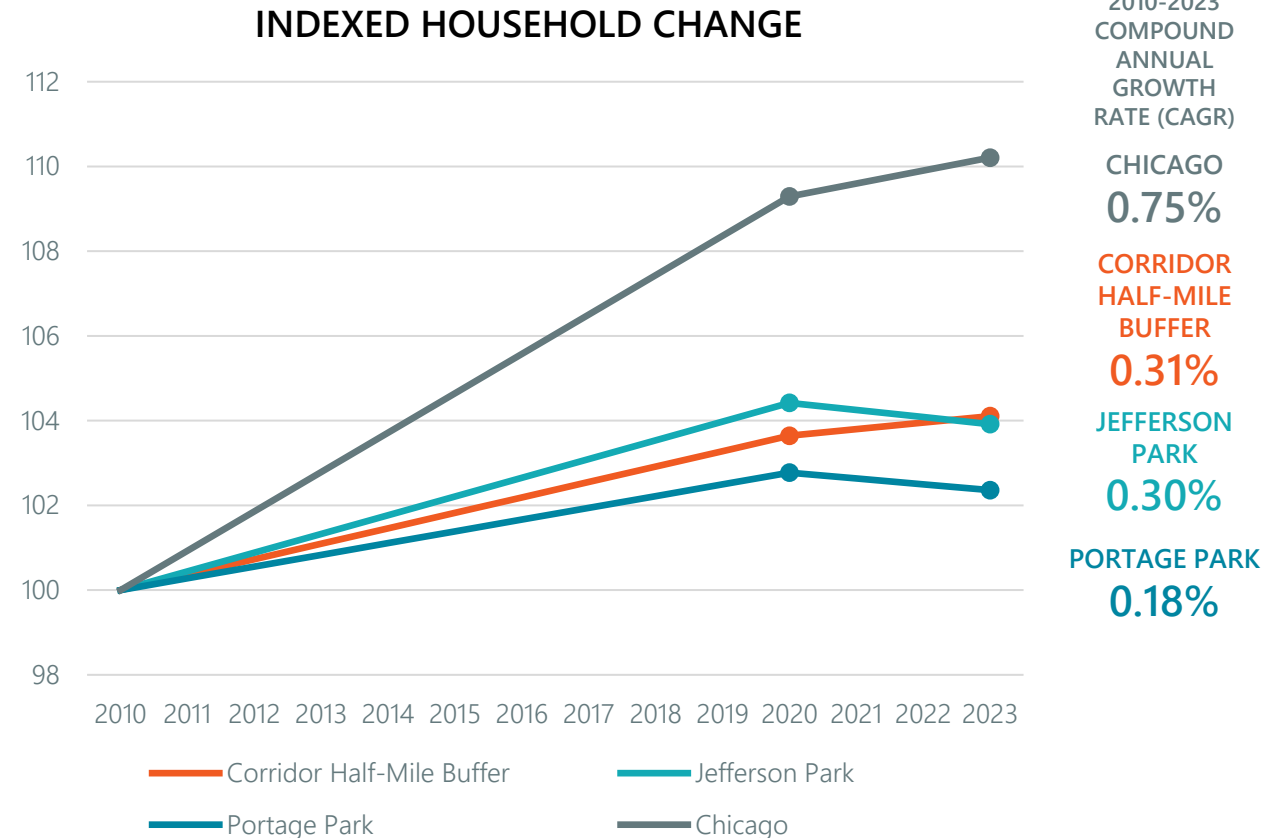
- The Corridor is home to 655 households, accounting for about 5% of the 13,945 households within the Corridor Half-Mile Buffer.
- Households are slightly smaller in the Corridor (2.10 persons) than the average size of households within the Corridor Half-Mile Buffer (2.42) and Chicago (2.33).
- The Corridor's median household income is approximately \$68,100, comparable to the city overall. The median income in the Corridor Half-Mile Buffer is \$79,900, more than \$10,000 greater.
- A smaller share of households earn less than \$25,000 in the Corridor Half-Mile Buffer than the city overall.



CORRIDOR DEMOGRAPHICS: HOUSEHOLD CHANGE

The household growth rate in the Corridor Half-Mile Buffer has been lower than the city overall

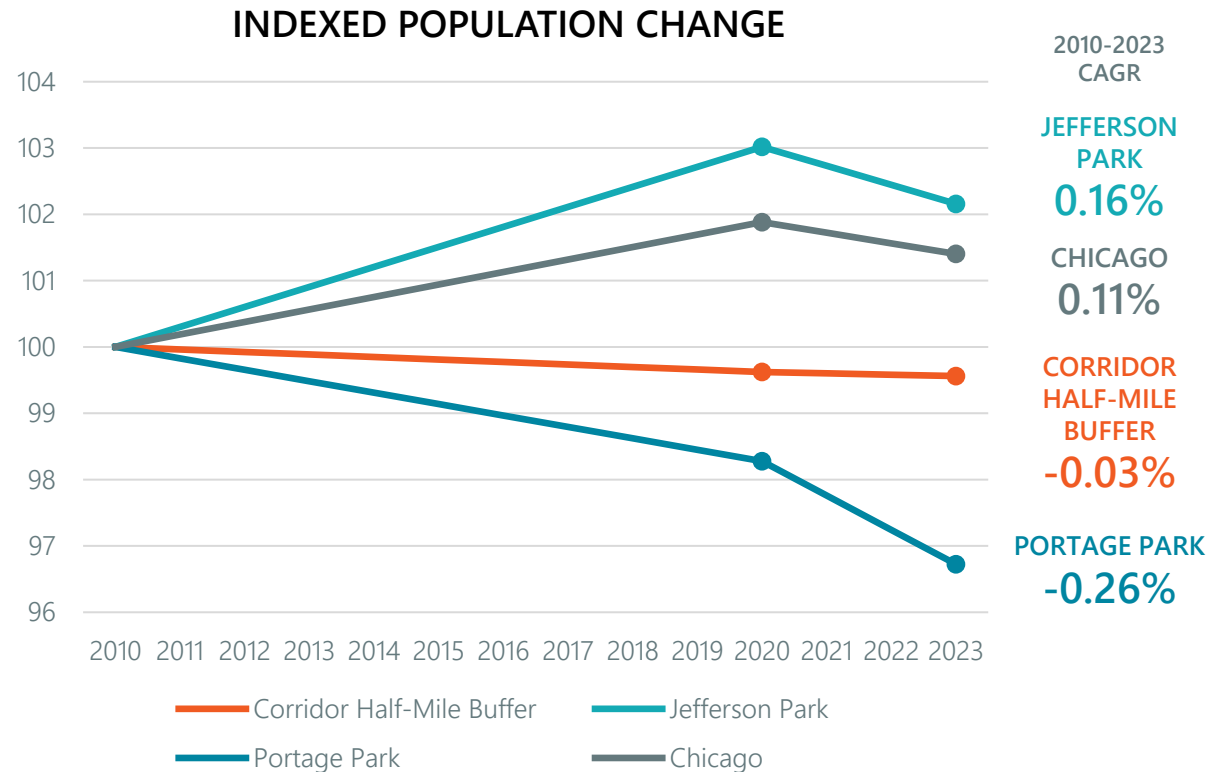
- The Corridor Half-Mile Buffer gained 555 households from 2010-2023, growing at a rate comparable to Jefferson Park. Portage Park grew at a slower rate, gaining nearly 400 residents.
- The city overall outpaced the Corridor Half-Mile Buffer, Jefferson Park, and Portage Park and added nearly 107,000 households.
- Growth in Corridor Half-Mile Buffer has largely been due to an increase in older households. The Corridor Half-Mile Buffer experienced a net loss of 640 households under age 55 while gaining 1,195 households age 55 and older.



CORRIDOR DEMOGRAPHICS: POPULATION

The Corridor Half-Mile Buffer population has generally been stable since 2010

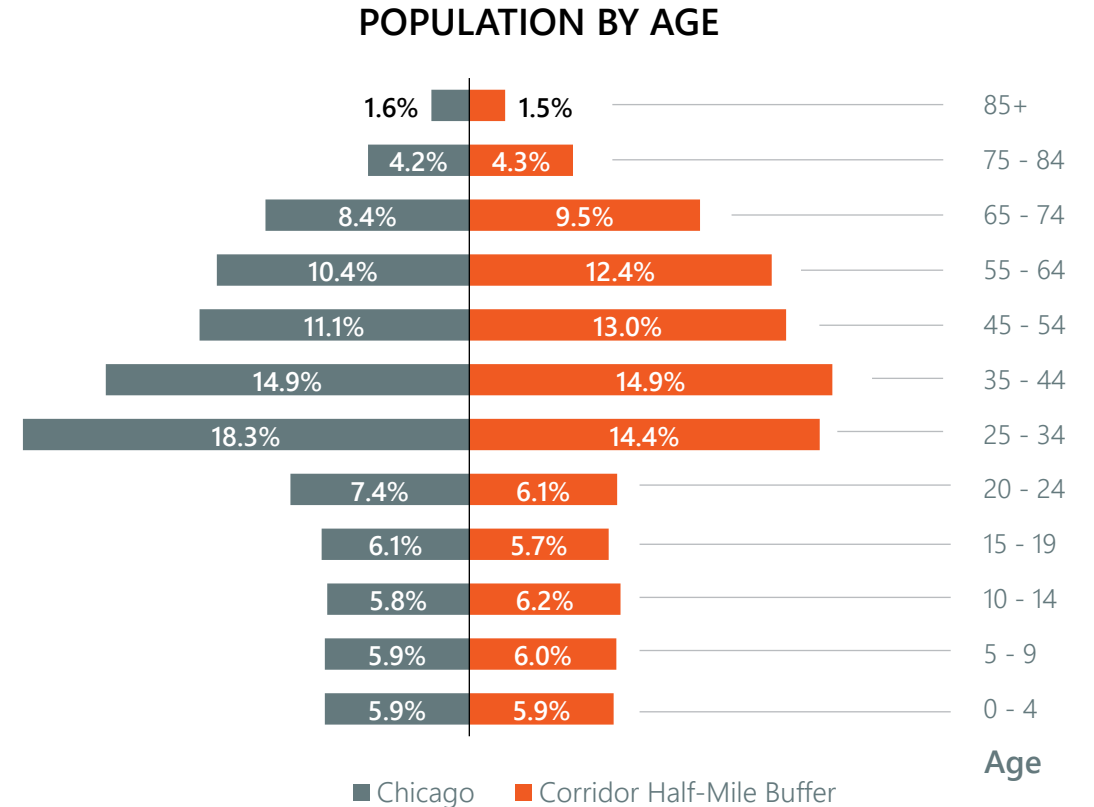
- An estimated 1,380 residents live in the Corridor, accounting for about 4% of the nearly 34,000 residents living within the Corridor Half-Mile Buffer.
- Jefferson Park and Chicago experienced population growth from 2010 to 2023. Population within the Corridor Half-Mile Buffer was stable during the period, declining by about 150 people. Portage Park lost about 2,100 residents over the same period.
- Household growth over the same period indicates that households are becoming smaller.



CORRIDOR DEMOGRAPHICS: POPULATION BY AGE

The Corridor Half-Mile Buffer population is older than what is typical for Chicago

- The median ages of residents living in the Corridor (39.9) and Corridor Half-Mile Buffer (38.6) are greater than the median age for Chicago as a whole (35.3).
- The Corridor Half-Mile Buffer has roughly the same share of children as the city.
- The Corridor Half-Mile Buffer's adult population is older than is typical for Chicago, with the area exceeding the citywide share of residents ages 45-84.
- Adults aged 25-34 are underrepresented relative to the citywide average. While 18.3% of citywide residents are ages 25-34, only 14.4% of corridor residents fall within that age range.

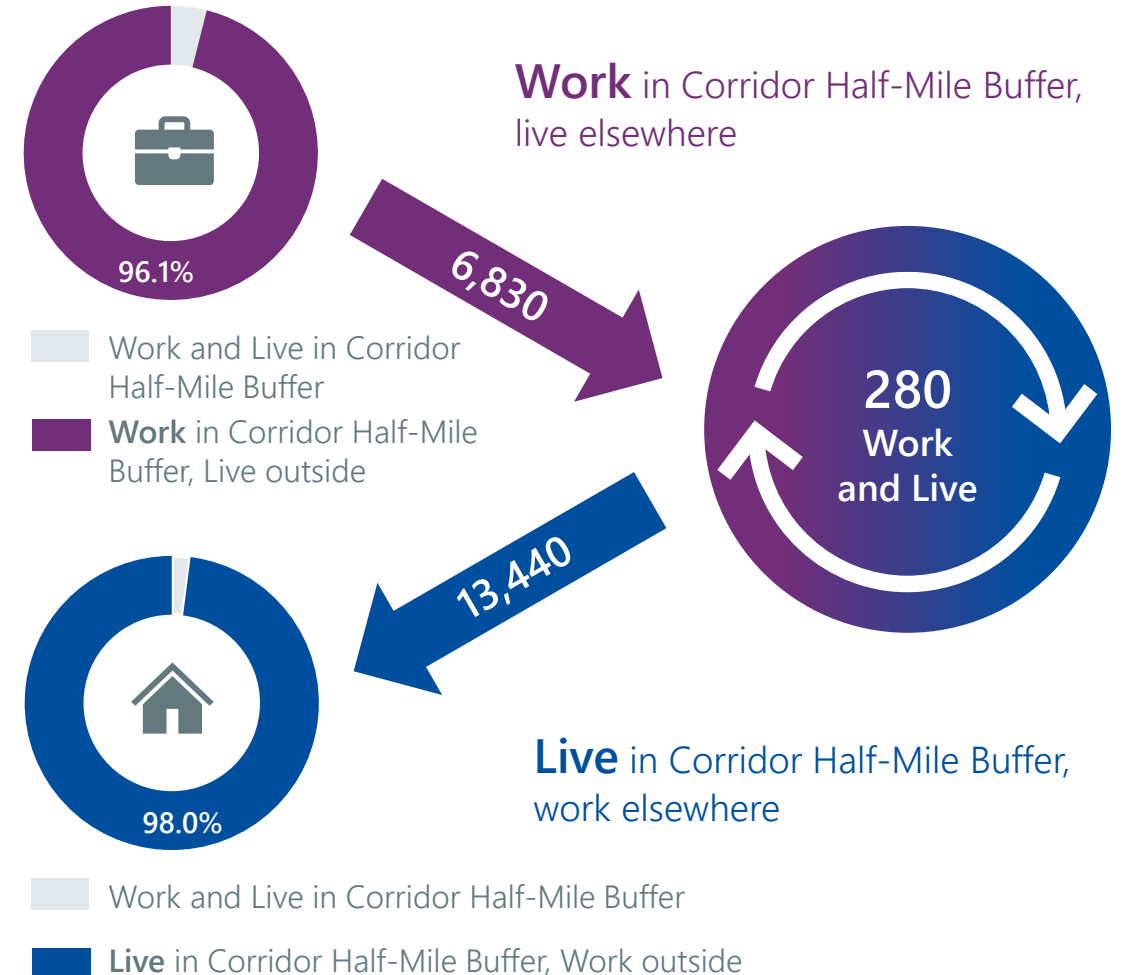


INFLOW/OUTFLOW

Many jobs in and around the Corridor are in wholesale and retail trade

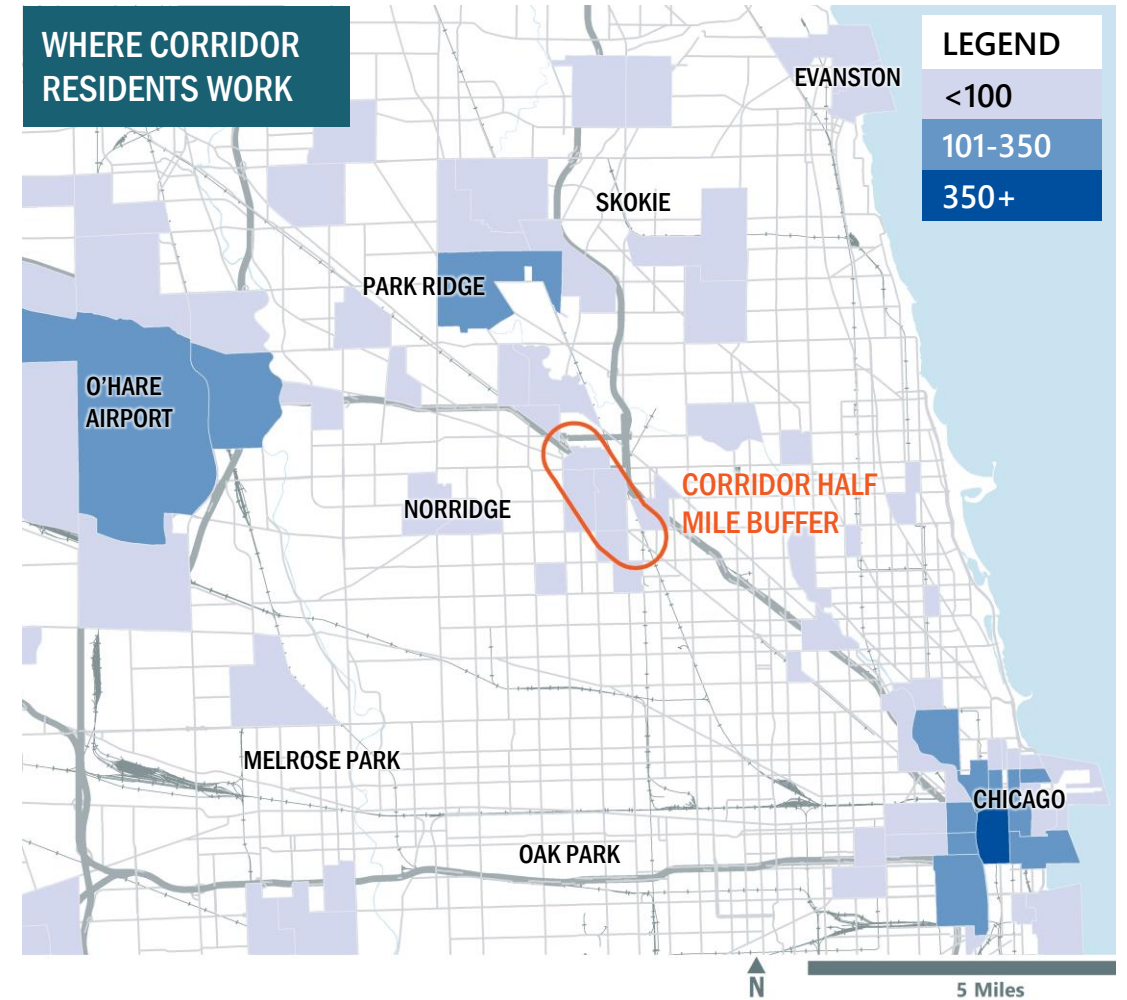
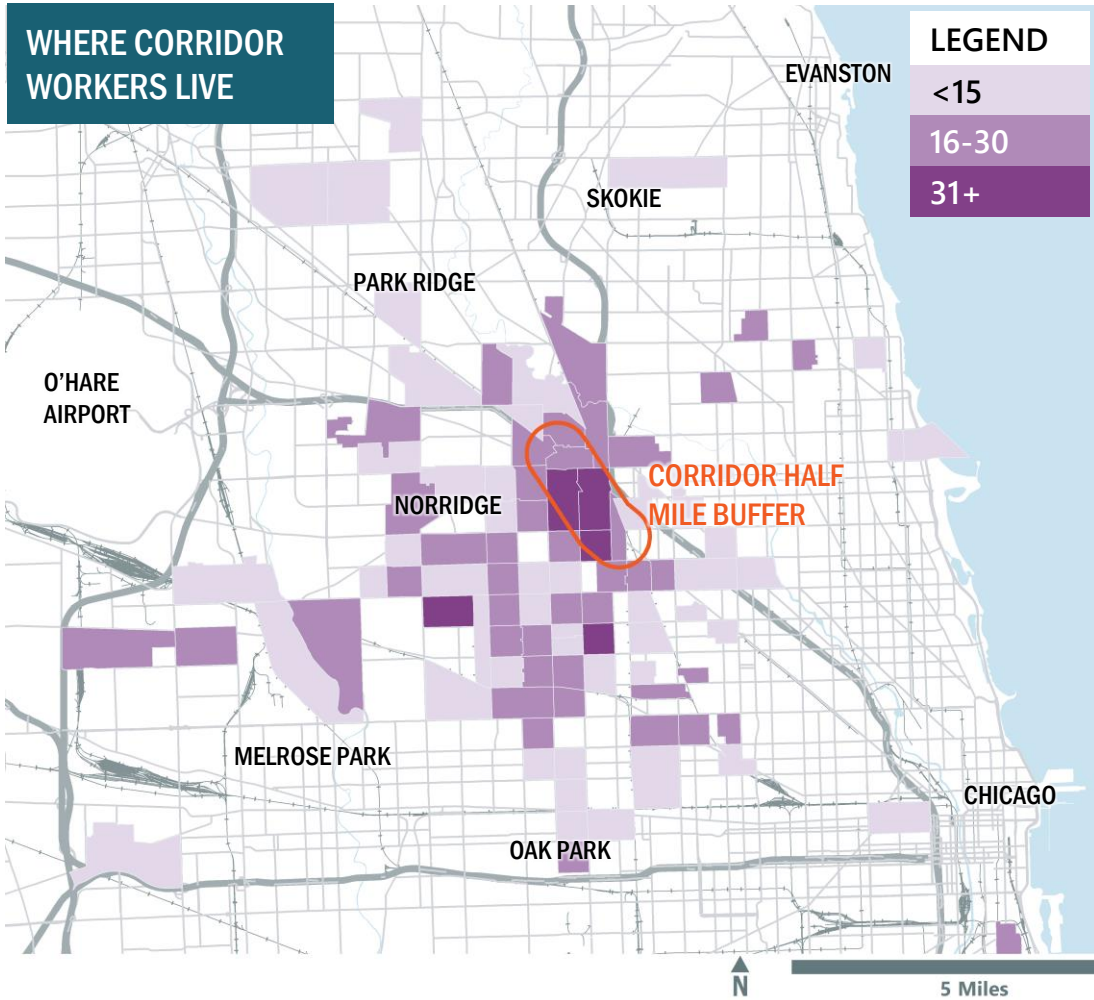
- Nearly 40% of workers in the Corridor Half-Mile Buffer are employed in wholesale and retail trade.
- There is little overlap between Corridor residents and workers; only a small share of people living within a half mile of the Corridor work within the same area.

	Corridor Half-Mile Buffer Jobs	
Wholesale & Retail Trade	2,800	39%
Finance, Insurance & Real Estate	950	13%
Health Care & Social Assistance	830	12%
Accommodation & Food Services	720	10%
Construction	385	5%
Manufacturing	335	5%
Management & Professional Services	300	4%
Other Sectors	785	11%
Total	7,105	100%



INFLOW/OUTFLOW

Most Corridor workers live near the Corridor; most Corridor residents commute further out for work

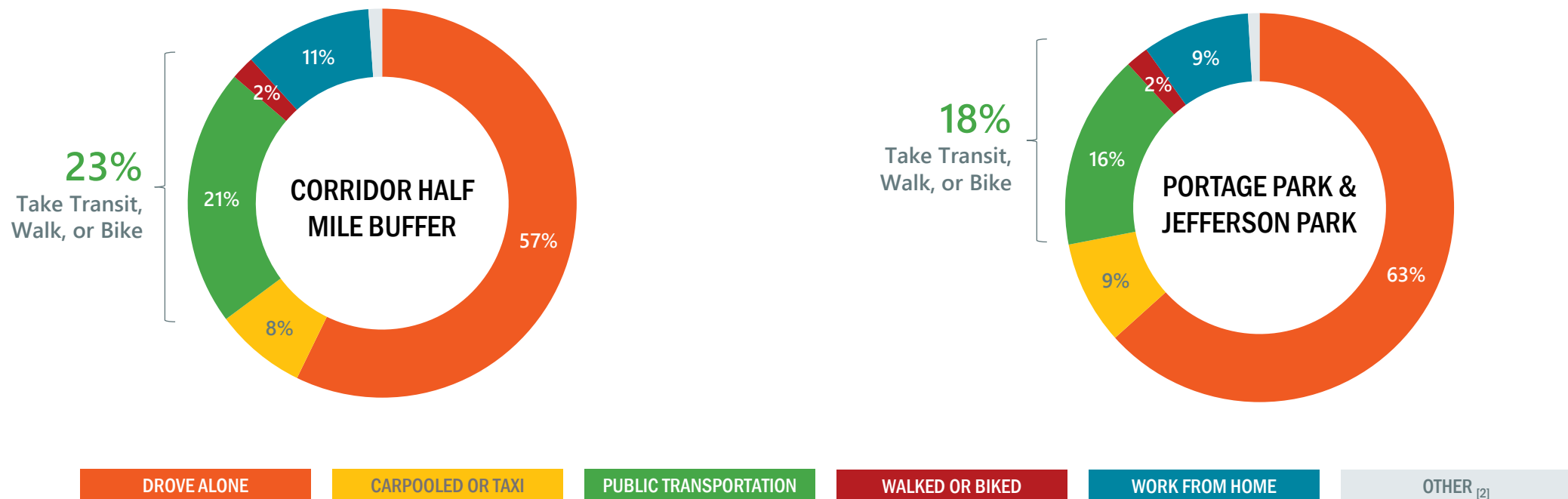


Source: Longitudinal Employer-Household Dynamics (LEHD); SB Friedman
SB Friedman Development Advisors, LLC

MODE OF TRANSPORTATION

A larger share of Corridor area residents take transit to work compared to surrounding communities

MEANS OF TRANSPORTATION TO WORK [1]



[1] For workers ages 16 years and older

[2] Includes "motorcycle" and "other means"

Source: Esri Business Analyst (2021 5-Year ACS), SB Friedman

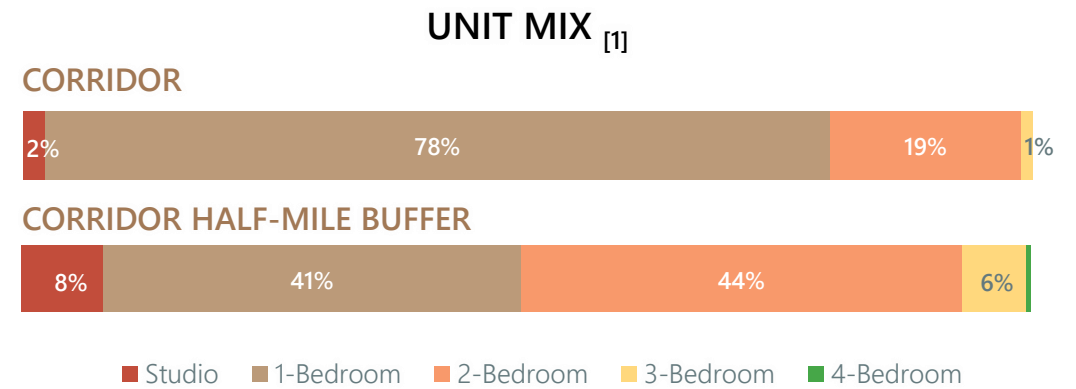
SB Friedman Development Advisors, LLC

02 Residential Market Analysis

RENTAL INVENTORY

Corridor units tend to be one-bedrooms; vacancy is low throughout the Corridor Half-Mile Buffer

- CoStar reports 279 units in the Corridor and 1,724 units in the Corridor Half-Mile Buffer. Both figures likely undercount non-institutional rental units, which are not reported in CoStar data.
 - For comparison, Esri Business Analyst reports 314 rental units in the Corridor and 5,477 rental units in the Corridor Half Mile Buffer.
- Per CoStar, most units within the Corridor are one-bedrooms. The Corridor Half-Mile Buffer has a more even split of one- and two-bedroom units.
- Median monthly rents are about \$1,100 in both the Corridor and Corridor Half-Mile Buffer, per Esri Business Analyst.



	Corridor Half-Mile Buffer	Corridor
Units [2]	1,724	279
Vacancy	2.9%	1.8%
Median Monthly Rent	\$1,076	\$1,061

[1] Excludes properties with unavailable data as well as assisted living and memory care beds

[2] Unless otherwise noted, this analysis relies on CoStar data, which is more detailed and up to date than other available sources

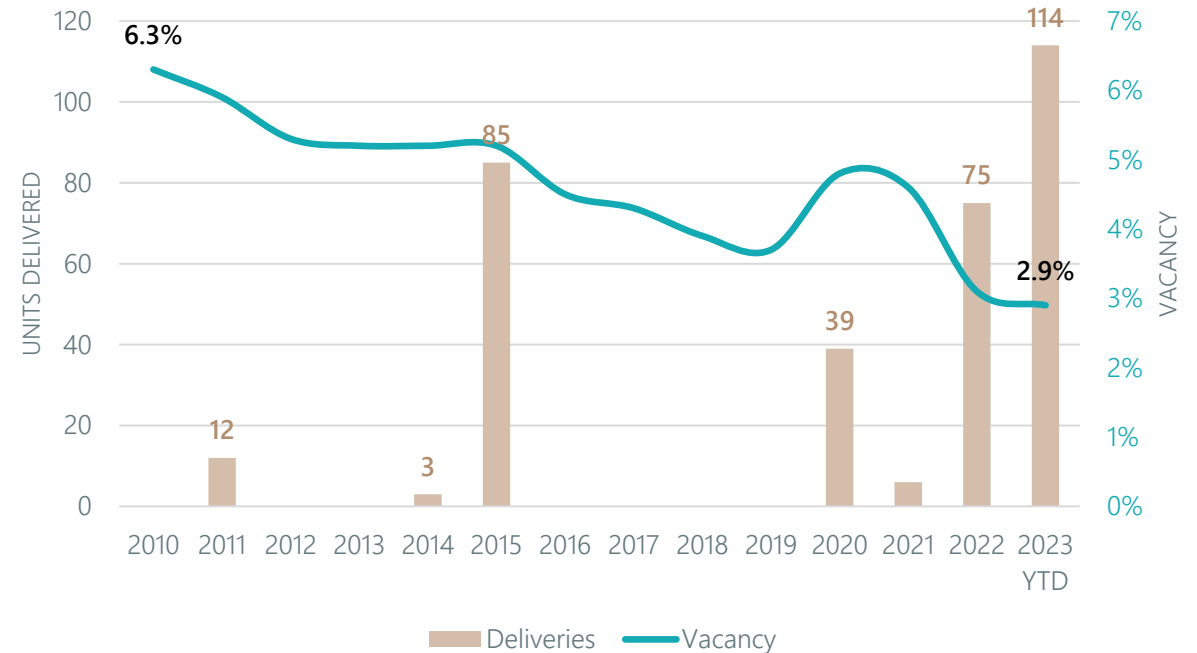
Source: Costar (July 2023), Esri Business Analyst (ACS 2021 5-Year Estimates), SB Friedman

RENTAL DEVELOPMENT SUMMARY

Even as new units have delivered, rental vacancy in the Corridor Half-Mile Buffer has continued falling

- There have been 478 units built since 2010 in the Corridor Half-Mile Buffer. Most are in two, larger mixed-income developments:
 - Clarendale at Six Corners (4715 W Irving Park Rd), a senior development completed in 2023, delivered 258 units (114 senior units, 98 assisted living units, and 46 memory care studios).
 - Jefferson Park Apartments (5150 N Northwest Hwy) delivered 75 mixed-income units in 2022.
- Even as new units have been delivered, rental vacancy in the Corridor Half-Mile Buffer has continued to decline, indicating that new product has been quickly absorbed. Rental vacancy in the Corridor has followed a similar trend.

CORRIDOR HALF-MILE BUFFER DELIVERIES & VACANCY^[1]

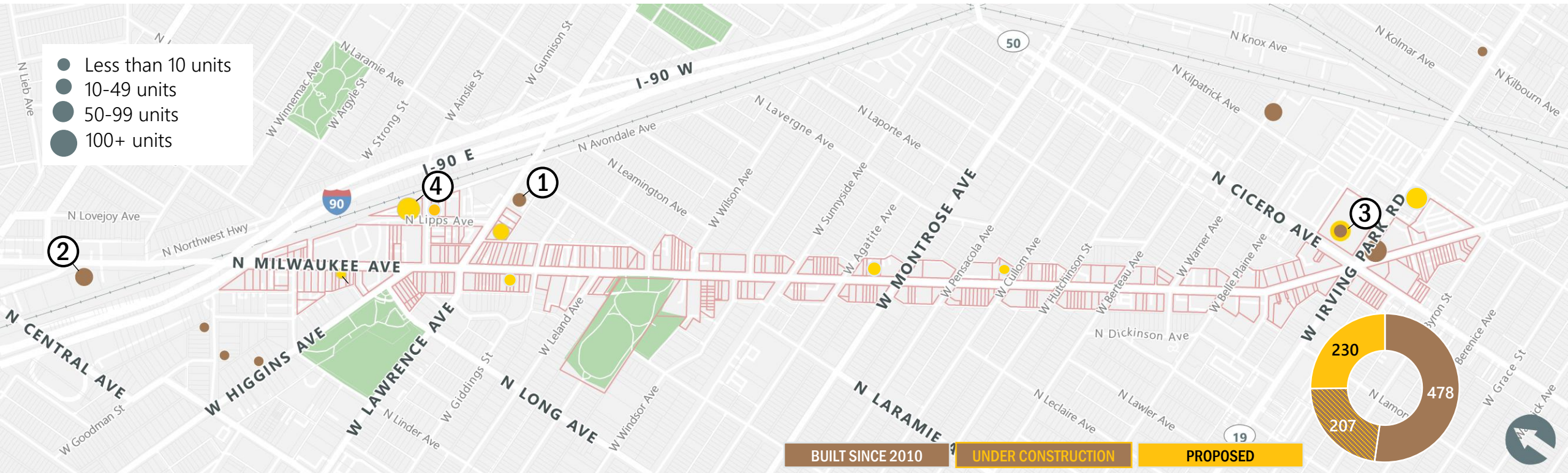


[1] Chart excludes properties with unavailable data as well as assisted living and memory care beds. The Clarendale at Six Corner project includes 98 assisted living units and 46 memory care studios. Source: Costar (July 2023), SB Friedman
SB Friedman Development Advisors, LLC

RENTAL DEVELOPMENT ACTIVITY

There are 207 multifamily units currently under construction in the Corridor

- Recent large-scale development has been concentrated near the Cicero/Irving Park intersection; several projects are proposed near the Jefferson Park Transit Center.



[1] Proposed projects are known development proposals in CoStar, or from recent news articles (July/August 2023). Several of the CoStar proposed projects are older and may no longer be moving forward.
[2] Information on the properties numbered on the map is included on the following slide.

RECENT RENTAL DEVELOPMENT PROJECTS

Several larger, mixed-income projects have been delivered recently or are in the pipeline



	Jefferson Park Residences	Jefferson Park Apartments	6C Lofts	Jefferson Place
Status	Completed	Completed	Under Construction	Proposed
Year Complete	2020	2022	Est. 2023	--
Total Units [1]	39 (0/0/39/0)	75 (10/22/17/26)	207 (100/80/27/0)	114 (0/72/42/0)
Average Unit Size	1,353 SF	940 SF	--	1,111 SF
RBA	37,000 SF	50,000 SF	550,000 SF	150,000 SF
Style / Stories	Mid-Rise / 4	Mid-Rise / 7	Mid-Rise / 6	High-Rise / 16
Market	Market/Affordable	Market/Affordable	Market/Affordable	Market/Affordable
Average Rent per Unit / per SF	\$2,608 / \$1.94	\$1,702 / \$1.81 [2]	--	--
Vacancy	3.3%	--	--	--

[1] Total Units (Studios/1-BR/2-BR/3-BR)

[2] Average of both market rate and affordable unit rents

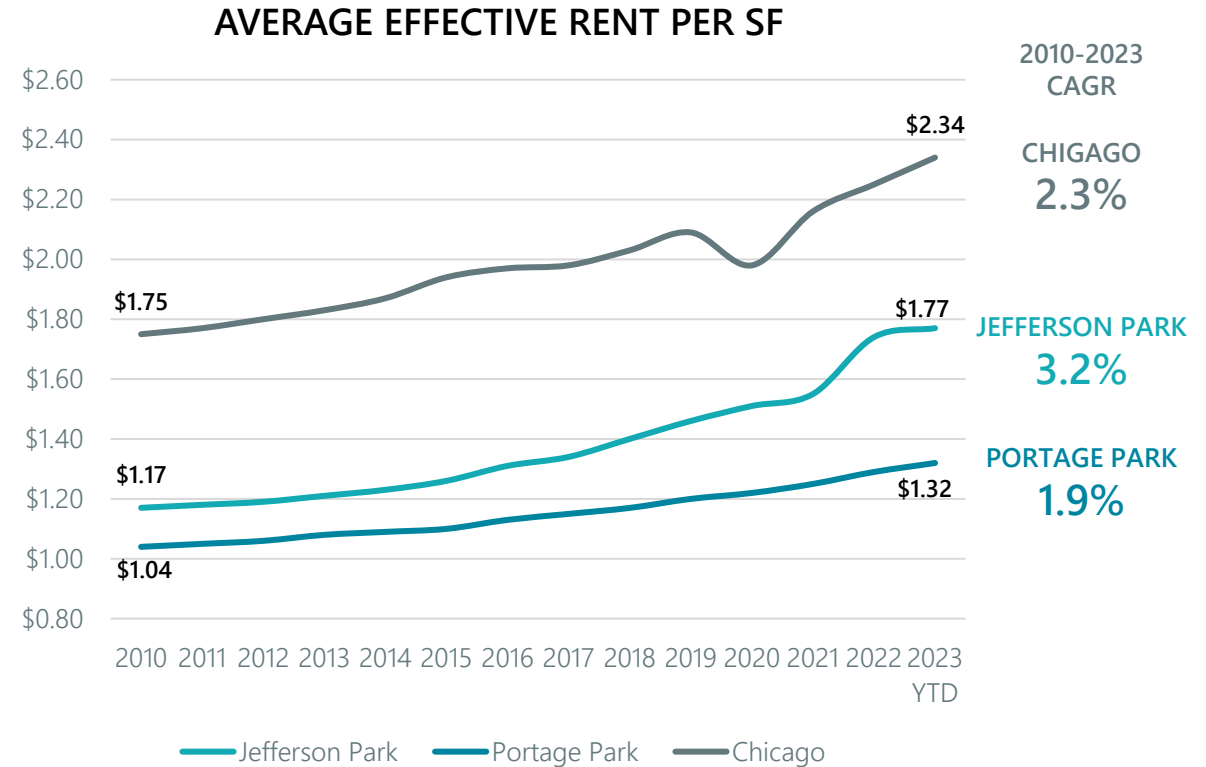
Source: Costar (as of July 2023), Trulia, SB Friedman

SB Friedman Development Advisors, LLC

RENT CHANGE

Rent growth in Jefferson Park has outpaced growth for Chicago overall, though rents remain low

- Since 2010, the average rent for multifamily units in Chicago has grown 2.3% annually. In Jefferson Park and Portage Park, average rent increased by 3.2% and 1.9% annually, respectively.
- New multifamily construction in Portage Park has clustered around Six Corners, while new product in Jefferson Park has been located immediately northwest of the Jefferson Park Transit Center and along Lawrence Avenue, west of the Corridor.
- New multifamily product in Jefferson Park and Portage Park has rents as high as \$1.94/square foot (\pm \$2,600/unit). Much of the new construction has been mixed-income or affordable product with rents substantially exceeding existing rental product.



HOMEOWNERSHIP INVENTORY

The vast majority of the roughly 275 for-sale units in the Corridor are condos

- The Corridor contains few detached or attached single-family homes; most units are in multifamily buildings.



[1] Single-Family Detached includes class code 2-05; Single-Family Attached includes class code 2-95; Condo includes class codes 2-99 & 5-99.

[2] Information on the properties numbered on the map is included on the following slide.

Source: Cook County Assessor (2021), SB Friedman

SB Friedman Development Advisors, LLC

RECENT HOME SALES

The Corridor has had no new for-sale construction since 2007; most units sold are older product



4558 N Milwaukee Ave

4522 N Milwaukee Ave #3E

4962 N Milwaukee Ave #2B

5036 W Pensacola Ave #205

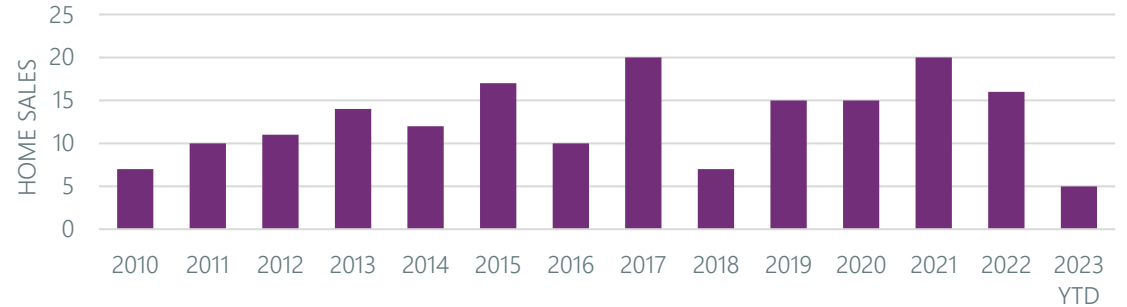
Community	Portage Park	Portage Park	Jefferson Park	Portage Park
Year Built	1966	1994	2006	2006
Year Sold	2023	2023	2021	2017
Beds / Baths	3 / 1.5	2 / 2	3 / 2	2 / 2
Sale Price	\$247,000	\$190,000	\$353,000	\$245,000
Unit Size	1,230 SF	1,000 SF	2,000 SF	1,450 SF
Price per SF	\$201	\$190	\$177	\$169
Unit Type / Building Stories	Single-Family Attached / 2	Condo / 3	Condo / 4	Condo / 4
Parking	1 Space	2 Spaces	1 Garage Space	1 Garage Space
Days on Market	34	73	50	166

CORRIDOR SALES ACTIVITY

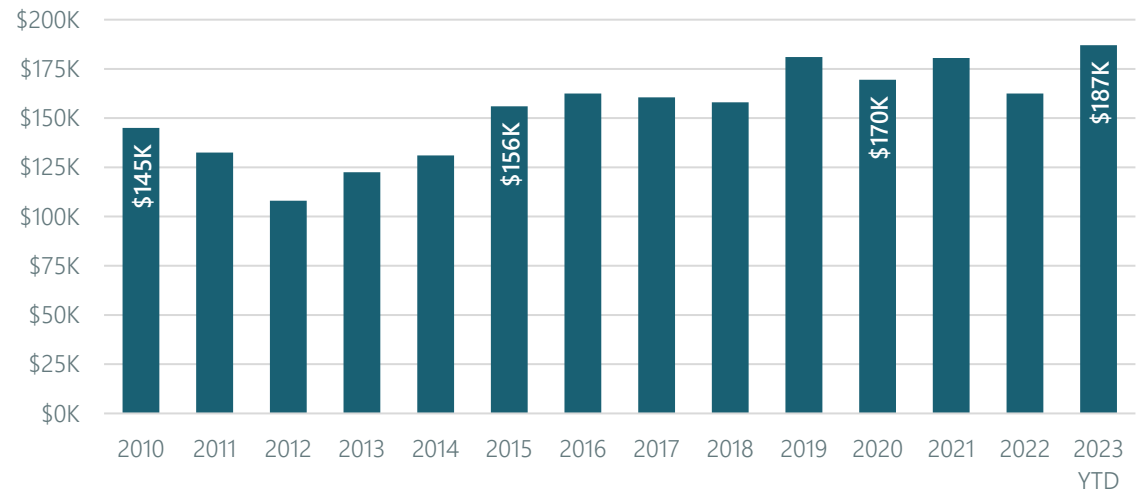
Median sold price has been rising since 2012, while sales volume has fluctuated

- Since 2010, 179 homes have been sold in the Corridor. The number of sales annually has ranged from 7 to 20.
- The median sales price has grown over the last decade. Between 2010 and 2023, the median sales price in the Corridor increased by 2.0% annually, on average.
- Recently, the median home sold in the Corridor was approximately 1,050 square feet and built in the late 1970s.

CORRIDOR ANNUAL HOME SALES



CORRIDOR MEDIAN HOME SOLD PRICE

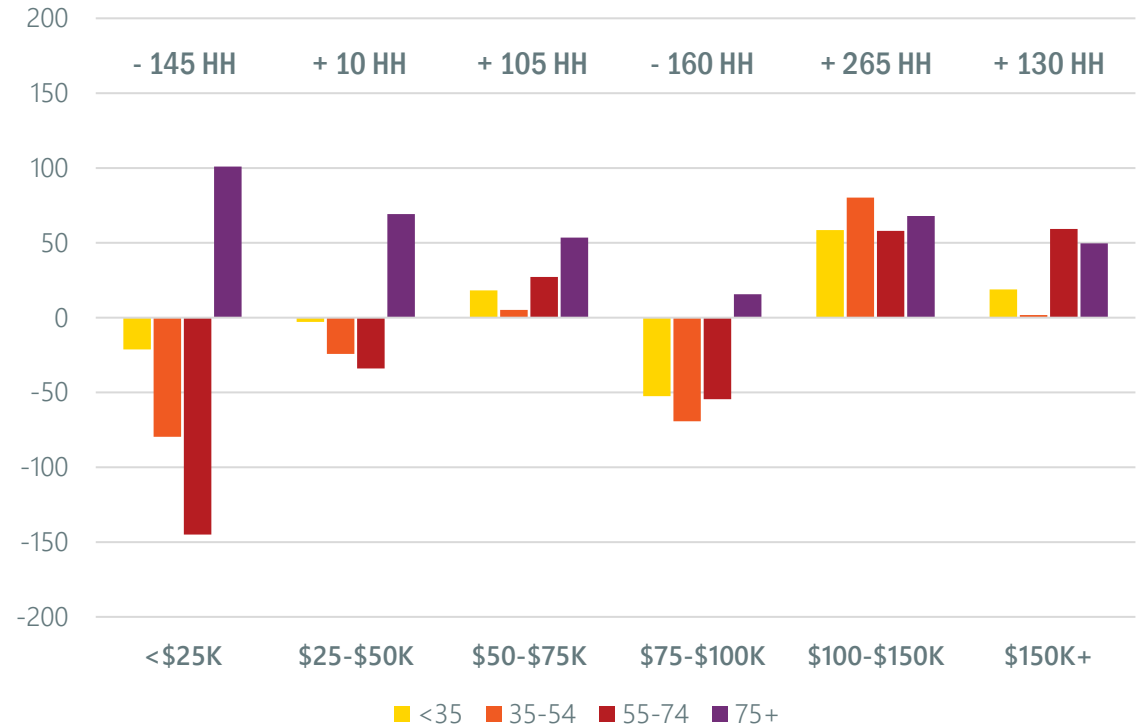


HOUSEHOLD CHANGE

Growth is expected among higher-income and senior households

- The Corridor Half Mile Buffer is projected to gain 200 net new households by 2028.
- The majority of household growth is anticipated in higher income brackets and among senior (75+) households, with nearly 400 new households earning at least \$100,000.
- The Corridor Half-Mile Buffer is expected to lose approximately 200 households earning less than \$100,000.
- Most of the new projected households will earn incomes that could likely support the cost of new construction rental housing along the Corridor.

**CORRIDOR HALF MILE BUFFER
HOUSEHOLD CHANGE 2023-2028**



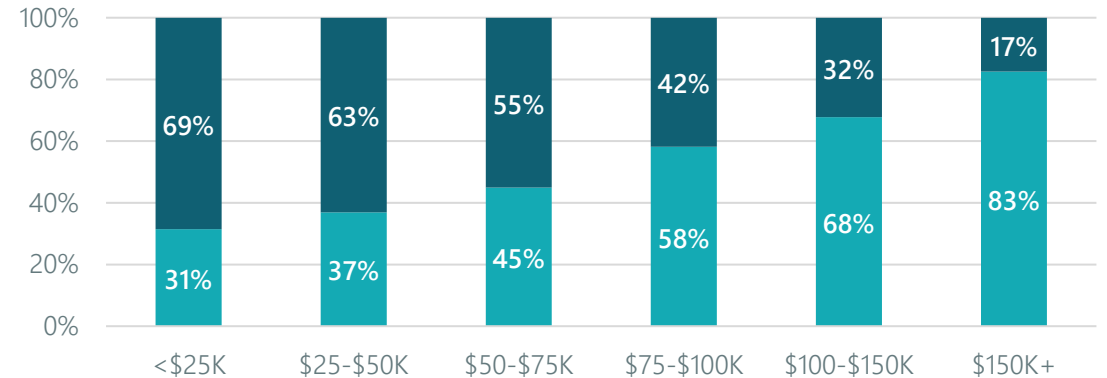
[1] Future household income is adjusted for inflation; income brackets reflect 2023 dollars.
Source: Bureau of Labor Statistics, Esri Business Analyst, SB Friedman

HOUSING TENURE

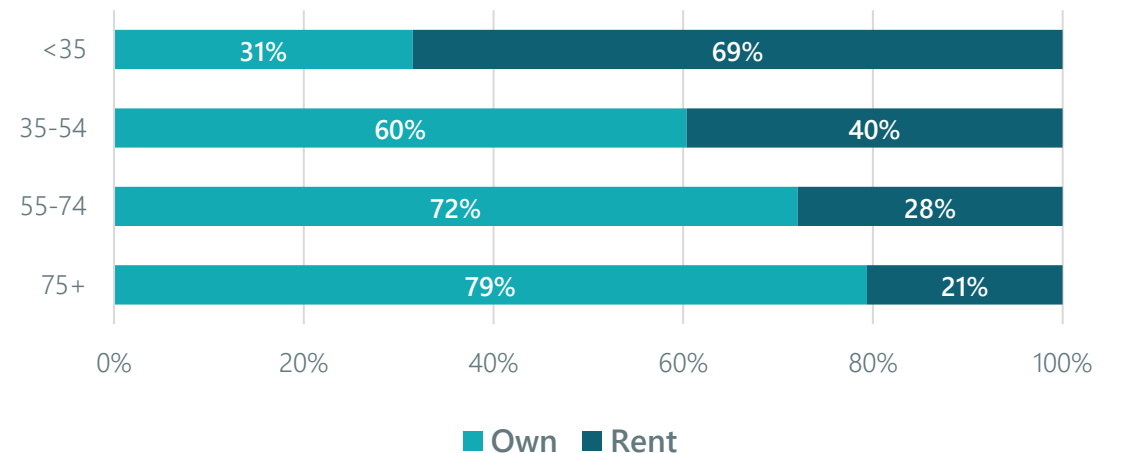
Homeownership rates increase with both age and income

- A majority of households on Chicago’s Northwest Side (58%) and in the Corridor Half-Mile Buffer (60%) own their homes.
- Homeownership rates increase with both age and income; households older than 35 years or earning more than \$75,000 annually tend to own their homes.
- Assuming that these tenure preferences remain stable, the Corridor Half-Mile Buffer is projected to gain 174 net new rental households by 2028 based on the Esri projections, with 79 households earning over \$50,000 annually.

NORTHWEST SIDE – TENURE BY INCOME [1]



NORTHWEST SIDE – TENURE BY AGE [1]



[1] Data are from the US Census Public Use Microdata Sample (PUMS), which compile data for defined public use microdata areas (PUMAs). For these analysis, the “Northwest Side” refers to three PUMAs which together encompass ten community areas: Albany Park, Avondale, Dunning, Forest Glen, Hermosa, Irving Park, Jefferson Park, Logan Square, North Park, and Portage Park.

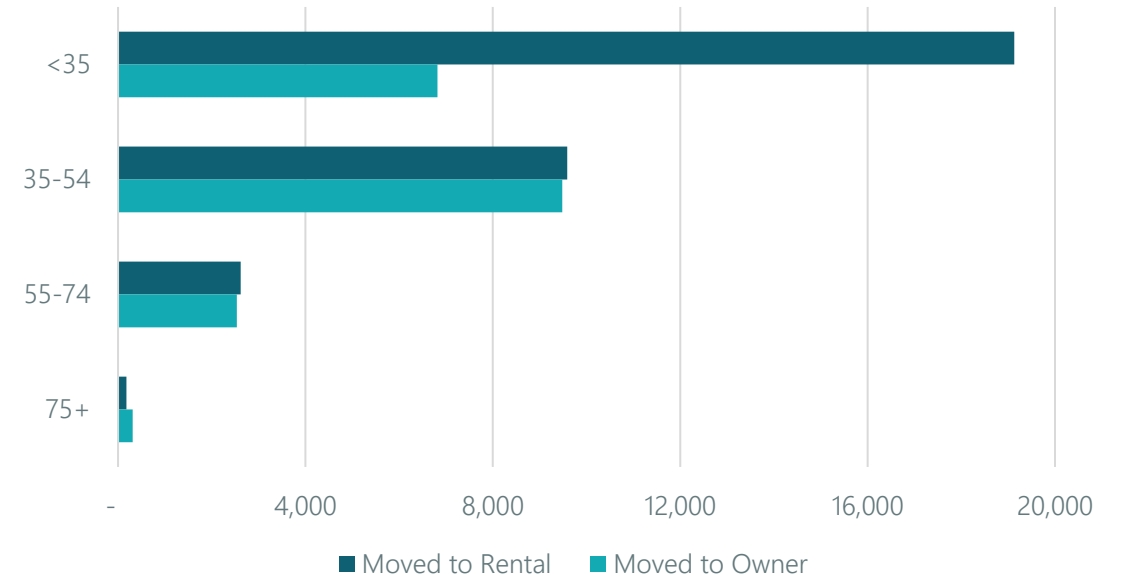
Source: Esri Business Analyst, SB Friedman, US Census PUMS (2021)

RESIDENTIAL MOBILITY

Renter households are more likely than owner households to move in a given year

- Renter households are more than twice as likely as owner households to move each year. Rental market vacancy of around 5% is typically needed to facilitate this greater “churn rate.”
- Younger households—which are more likely to rent—move at higher rates than older households. Over 30% of households under age 35 move each year, compared to only 2.5% of households aged 75 and above.
- New construction is more likely to reflect the preferences of households that are moving than the preferences of the general population.

ANNUAL RESIDENTIAL MOBILITY BY AGE

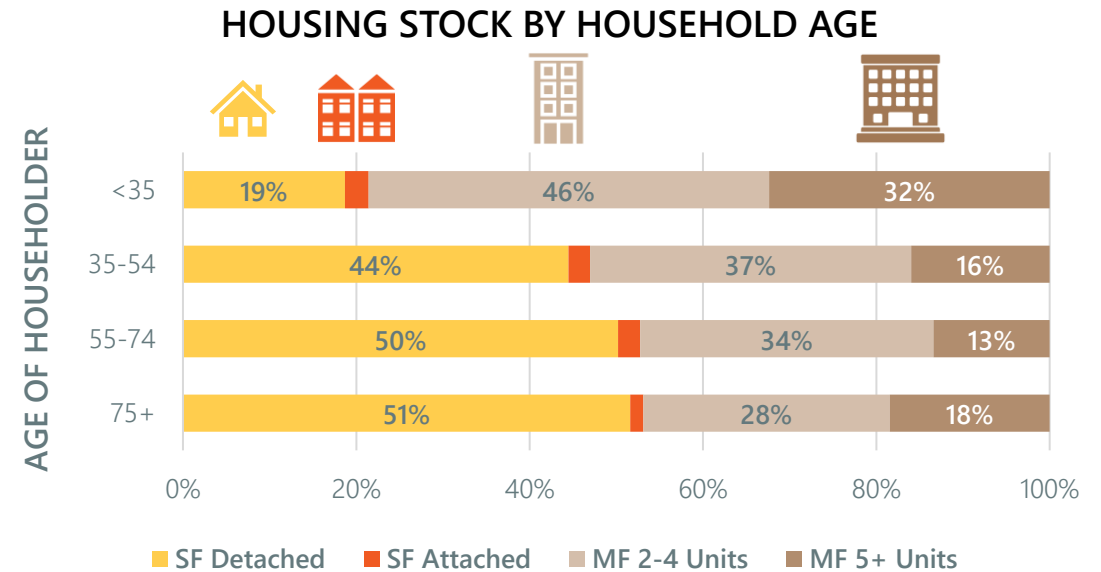


Age	Renter Movers	Homeowner Movers	Non-Movers
<35	22.2%	7.9%	69.9%
35-54	5.3%	5.2%	89.5%
55-74	2.6%	2.6%	94.8%
75+	0.9%	1.6%	97.6%

NORTHWEST SIDE HOUSING STOCK

Tenure has a major impact on the type of housing a household occupies

- Multifamily buildings account for roughly 57% of the Northwest Side's current housing stock.
- Homeowner households are much more likely to live in single-family homes, while renter households are much more likely to live in multifamily buildings.
- 68% of homeowner households live in single-family homes, compared to only 9% of renter households.
- Households under age 35 predominately live in multifamily buildings, due in part to their higher propensity to rent.



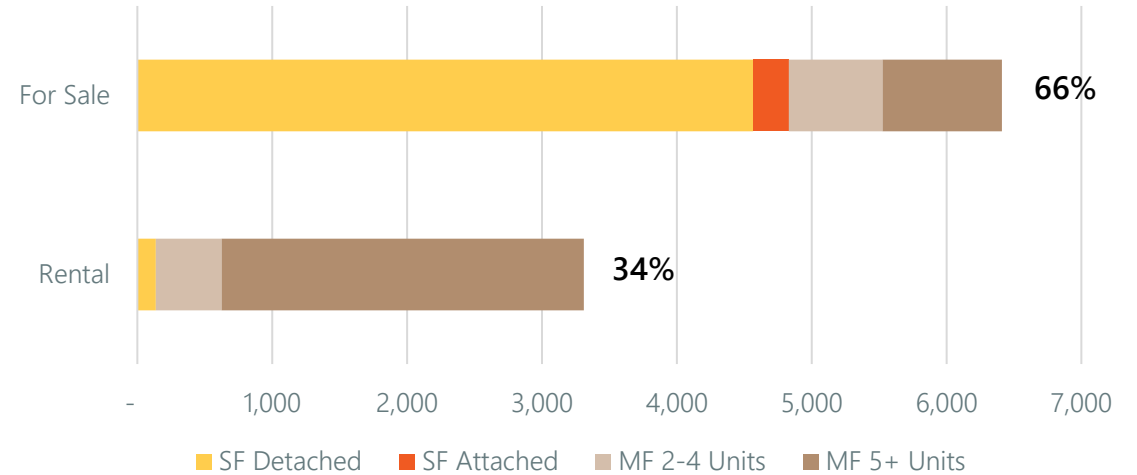
	Rental Units	Owner Units	Share of Total
SF Detached	11,800	144,900	40.6%
SF Attached	2,400	7,300	2.5%
MF 2-4 Units	94,500	51,600	37.8%
MF 5+ Units	53,800	20,000	19.1%
Total	162,500	223,800	100.0%

NORTHWEST SIDE RECENTLY BUILT HOUSING STOCK

Detached single-family homes and larger multifamily buildings account for most new construction

- Since 2010, detached single-family homes have accounted for most (71%) new homeowner units. The majority (81%) of rental units built since 2010 have been in larger multifamily buildings (5+ units).
- Compared to the overall housing typology mix in the area, relatively few 2-4 unit multifamily buildings have been constructed over the last decade. This is in part due to the ongoing, nationwide challenges of developing and financing condos and “missing middle” units [1].
- The Corridor will likely be able to attract larger, multifamily projects due to its transit service, existing zoning/land use mix, and current rents/sale prices.

NORTHWEST SIDE – HOUSING BUILT SINCE 2010



	Rental Units	Owner Units	Share of Total
SF Detached	137	4,565	48.4%
SF Attached	-	265	2.7%
MF 2-4 Units	487	695	12.2%
MF 5+ Units	2,686	885	36.7%
Total	3,310	6,410	100.0%

[1] “Missing middle” refers to a range of smaller, multifamily buildings compatible in scale with single-family homes.

Source: SB Friedman, US Census PUMS (2021)

INTERVIEW TAKEAWAYS

The Corridor is well-positioned for additional residential development

Several developers, brokers, and community organizations active in or familiar with the Corridor were interviewed.

Key Takeaways

- The Corridor has several vacant and underutilized sites suitable for development and redevelopment. However, development is sporadic; certain major property owners are content with holding vacant land and buildings, while even projects that receive entitlements frequently do not get built.
- Denser residential and/or mixed-use development (4+) stories is well-suited for the Corridor and would likely be successful. However, some vocal residents may push back against density further north along the Corridor.
- Recent large-scale, residential developments are expected to achieve rents at a premium above the current market. These projects will help “prove” the market for additional development.
- Public realm improvements are needed to make the corridor more pedestrian and bike friendly.
- Adaptive reuse and preservation of older buildings is often expensive and difficult, and likely needs public funding to be feasible.

MARKET DEMAND CONSIDERATIONS

Localized market housing demand depends on several factors



AREA HOUSEHOLD GROWTH

Household growth is a major driver of housing demand. Generally, growth in higher-income brackets is needed to support new construction.

The half-mile around the Corridor is projected to gain 400 additional households earning at least \$100,000 in the next five years. This income would be sufficient to support new construction.

New housing stock will be needed to support the net increase in households in the area.



MARKET VACANCY

A well-functioning housing market requires a controlled level of vacancy; low vacancy may indicate that supply has not matched recent growth in demand.

The Corridor Half-Mile Buffer absorbed 339 units since 2015. Even as new product has been delivered, the Corridor has a low rental vacancy rate (1.8%, per CoStar), indicating a tight rental market.

Given absorption and vacancy trends, the Corridor could likely absorb additional rental housing.



RENTS/PRICES COVER CONSTRUCTION COST

For development to occur, market rents or sales prices need to sufficiently cover construction costs, otherwise housing production will occur elsewhere.

Areas near the Cicero/Irving Park intersection and Jefferson Park north of Lawrence—have seen new, multifamily rental product in recent years. Housing production in the Corridor can build on this activity, especially if larger projects “prove” the market.

Sales prices are not likely at a level to support new for-sale construction in the near-term.



DEVELOPMENT SITE AVAILABILITY

To facilitate housing production, an area needs to have suitable development sites not constrained by size, zoning, or other market conditions.

The Corridor has several available vacant/underutilized development and redevelopment sites that could support denser, multifamily housing.

Given this availability, the Corridor could capture a significant share of housing development within the Corridor Half-Mile Buffer in the near-term.

[1] Market demand projections assume that historic housing preferences by age and income remain constant over the next five years and therefore do not account for shifts in demand.

RESIDENTIAL MARKET DEMAND

The Corridor could absorb 25-200 additional units in the next five years.

- Based on historic absorption and vacancy trends, as well as the projected growth in households, the Corridor could absorb an additional 25-200 units beyond the existing pipeline (207 units under construction; 230 units proposed) over the next five years.
- If challenges with the entitlement process and/or existing landowners holding vacant land and buildings continue, residential development over the period will likely be at the lower end of the range.
- In contrast, certain factors can positively impact housing production, and make it more likely that residential development is at the high end of or exceeds the range.
 - Additional public incentives for historic rehab, adaptive reuse and infill development projects can improve the feasibility of these projects.
 - Public investments in infrastructure and other area-wide improvements can make the Corridor more attractive to potential residents and the development community.
 - Large-scale development on key sites, including previously proposed projects, would generate a higher number of units.

RESIDENTIAL MARKET TAKEAWAYS

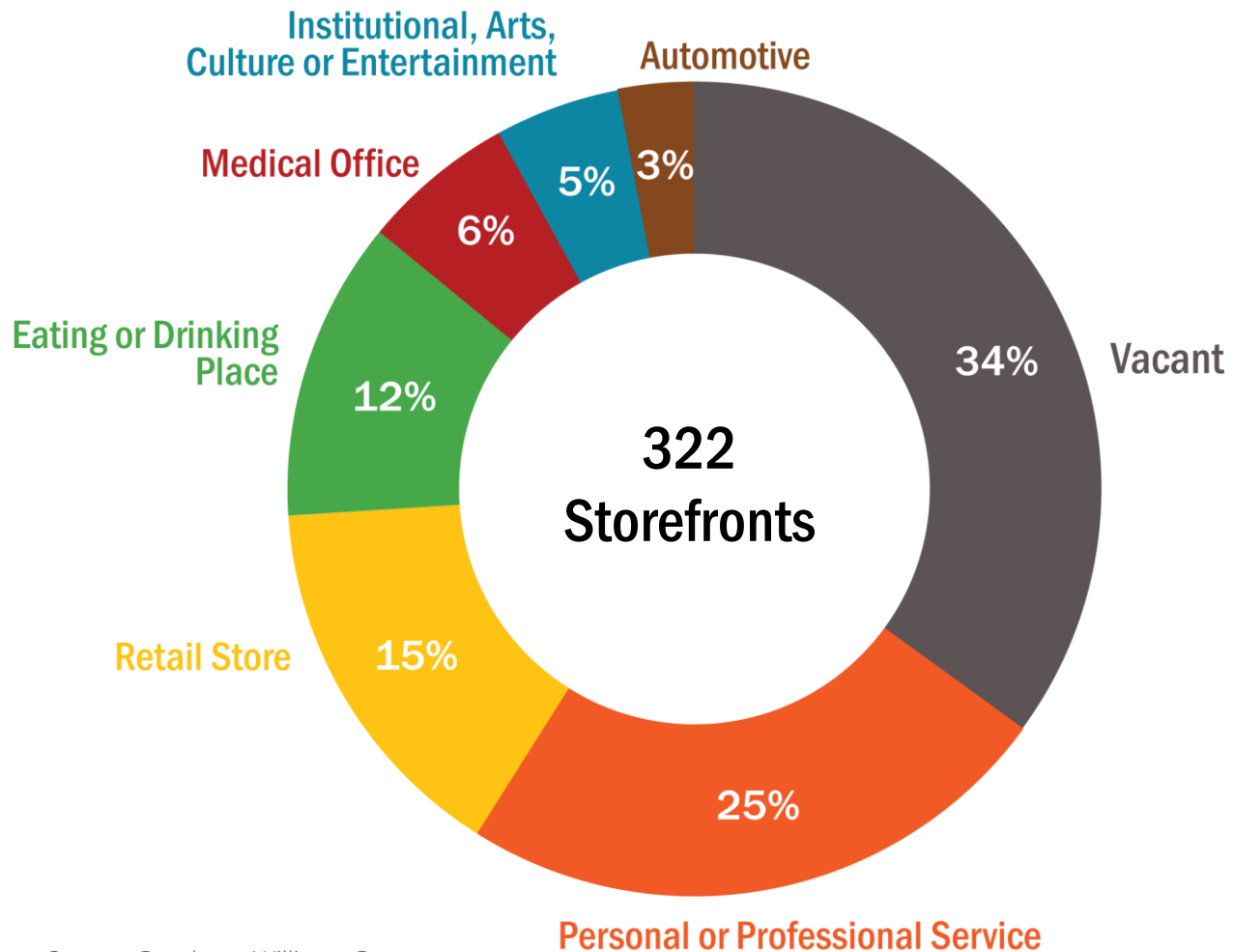
The Corridor can absorb new, multifamily rental housing in the near-term

- Demographic and market trends—declining vacancy, rising rents, and growth in households—indicate that there is unmet local housing demand for multifamily rental housing, and that the area can likely absorb new product of this type. Achievable sales prices along the Corridor are likely not at a level to support new for-sale construction in the near-term.
- The Corridor provides a range of sites suitable for residential development, and can likely capture a significant share of multifamily housing demand in Jefferson Park and Portage Park.
- While the Corridor has seen relatively little multifamily development recently, several factors can increase the Corridor’s capture of household growth:
 - Major recent deliveries and pipeline projects—including Clarendale Six Corners and 6C Lofts—can help “prove” market and reduce the perception of risk to other developers.
 - Re-zoning and other land use policies can open up additional sites in the Corridor to new multifamily development.
 - Increased affordable housing production can complement market-rate development and bring additional residents that would support the Corridor’s retail base.
- The Corridor could absorb an additional 25-200 units beyond the existing pipeline over the next five years.

03 Commercial Market Analysis

GROUND-FLOOR COMMERCIAL INVENTORY

There are 322 ground-floor storefronts in the Corridor, containing many service-related businesses



- The following analysis is based on a July 2023 inventory of ground-floor commercial spaces in the Corridor.
- 322 ground floor storefronts in the Corridor
 - 212 occupied storefronts (66%)
 - 110 vacant storefronts (34%)
- Most occupied storefronts are occupied by local businesses
 - 178 local businesses (84%)
 - 34 national or regional tenants (16%)
 - Fast food, gas stations, banks, tax/insurance
- The Corridor includes many small, professional office tenants with limited public interaction
 - Finance/insurance/tax, attorneys, real estate, construction

GROUND-FLOOR COMMERCIAL BUILDING CONDITION

An inventory of ground-floor commercial space found many Corridor buildings in fair or poor condition

Information collected included business address, business name, business type, occupancy status, building condition, number of stories, and number of parking spaces. Using supplemental data sources, the year built was included if available.

New: 36 storefronts

Building is recently constructed or renovated, with few or no cosmetic imperfections. Building needs no serious repair other than routine maintenance.



Good: 197 storefronts

Building is fully intact and is performing its intended purpose. Building has few or no cosmetic imperfections and needs no repair other than routine maintenance.



Fair: 70 storefronts

Building is showing signs of aging, wear or deterioration and needs some improvements beyond routine maintenance.



Poor: 19 storefronts

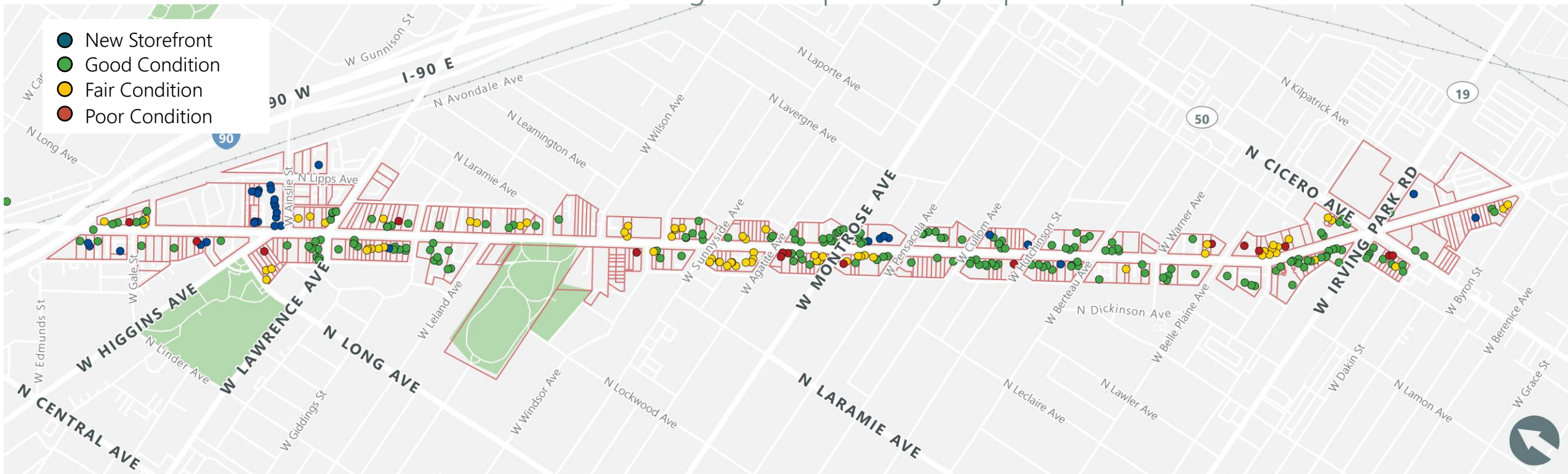
Building is no longer performing as its intended purpose and has noticeable deterioration and damage that requires major repair.



GROUND-FLOOR COMMERCIAL BUILDING CONDITION

An inventory of ground-floor commercial space found many Corridor buildings in fair or poor condition

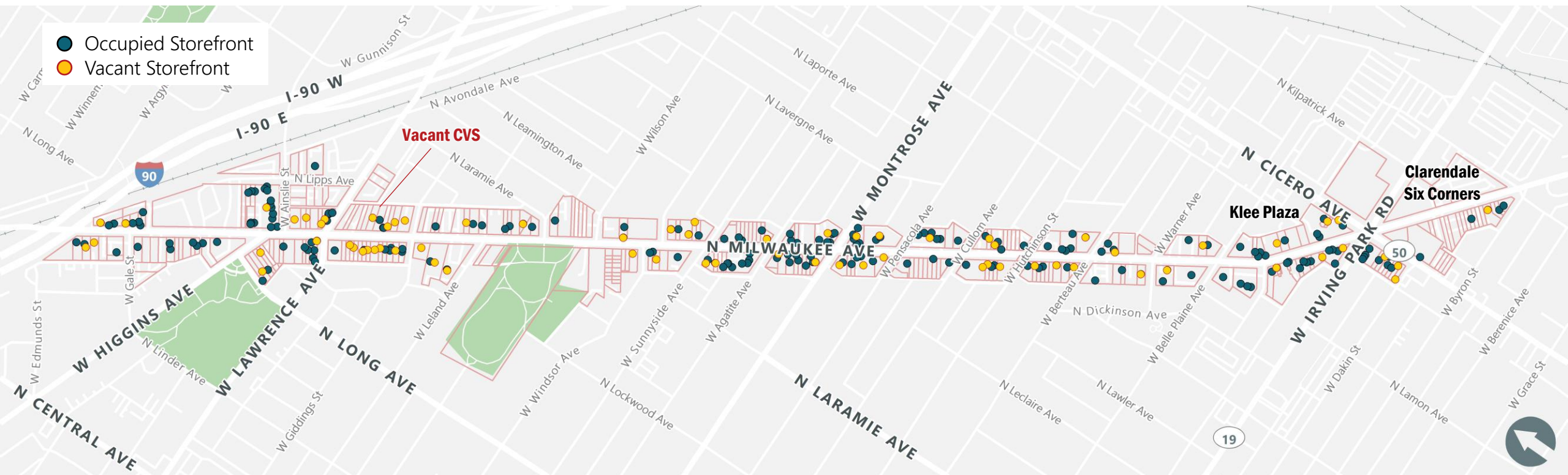
- Many buildings are showing signs of deterioration and need improvements beyond routine maintenance, while some have noticeable deterioration and damage that requires major repair or replacement.



VACANT STOREFRONTS IN THE CORRIDOR

There are 110 vacant, ground-floor storefronts in the Corridor, accounting for 34% of storefronts

- There are many large vacant retail spaces in new construction or renovated buildings near Irving Park Road.
 - Clarendale Six Corners (17,000 SF), Klee Plaza (12,455 SF) – high asking rents, lack of visible street parking options



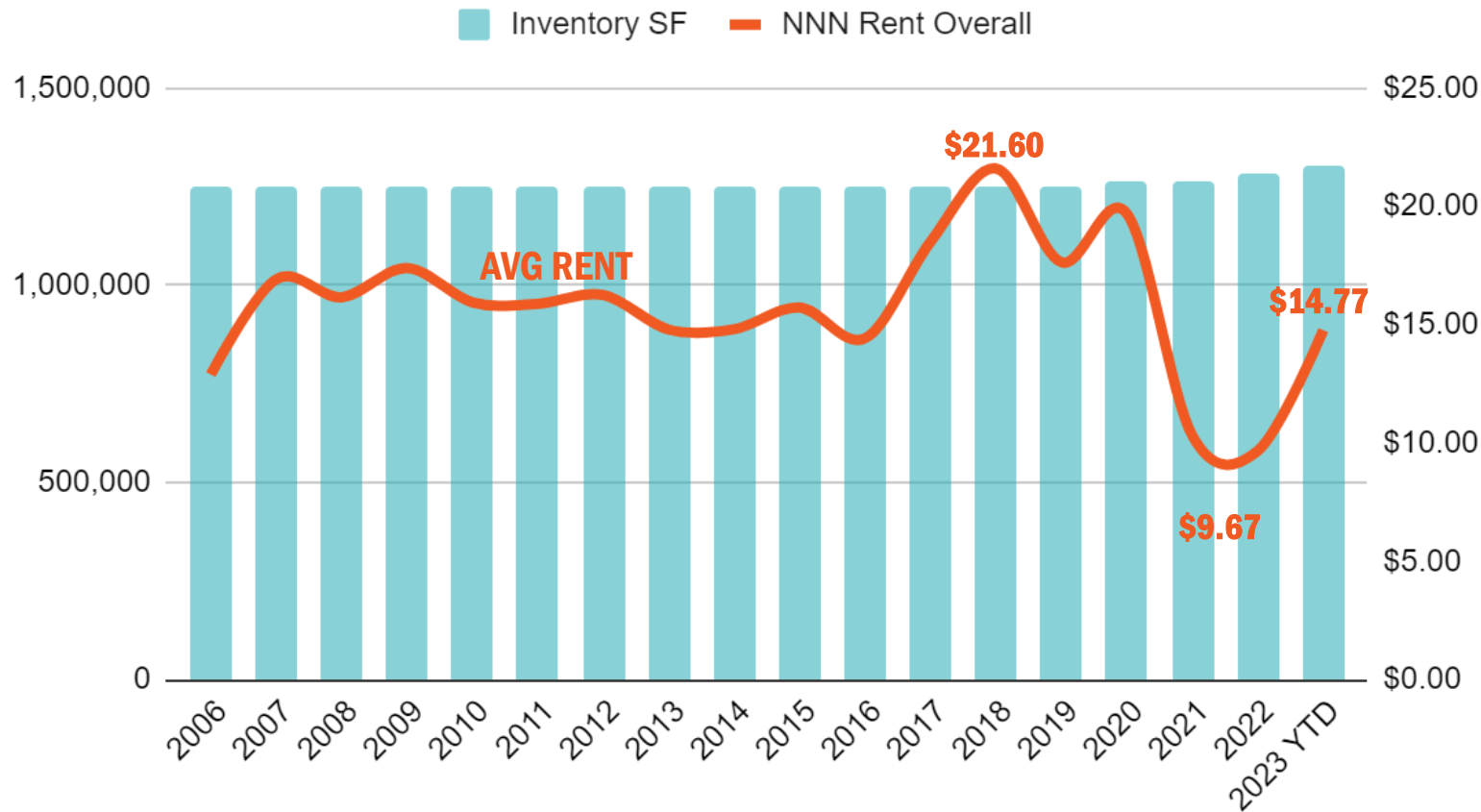
- One-third of vacant storefronts are in buildings in poor or fair condition
 - Many vacant storefronts need significant tenant improvements that landlords do not appear able or willing to provide

Source: Goodman Williams Group

COMMERCIAL RENT TRENDS

Rents in the Corridor have fluctuated since 2016 and have not recovered to pre-pandemic averages

Retail Inventory SF and NNN Rent



- Average asking rent per square foot (\$15/SF NNN) has not yet recovered to the pre-pandemic (pre-2020) average (\$22/SF NNN) but has increased from historic lows in 2021.
- All retail inventory additions in the last four years are located at Six Corners in Portage Park.
- In 2018, multiple large scale mixed-use developments were proposed within a half-mile of the Jefferson Park Transit station, prompting brokers to speculate growing retail demand in the area. None of the projects proposed at that time have been realized yet.

[1] NNN indicates triple-net leases, in which tenants pay all the expenses of the property, including real estate taxes, building insurance, and maintenance in addition to the cost of rent and utilities.

Source: CoStar (August 2023), Goodman Williams Group

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ASKING NEW COMMERCIAL RENTAL RATES

Newer spaces with high rents seek to attract regional and national tenants to Corridor's southern end



Clarendale Six Corners



Klee Plaza



Former CVS



6C Lofts



People's Gas Site

	Clarendale Six Corners	Klee Plaza	Former CVS	6C Lofts	People's Gas Site
Status	Completed	Completed	Completed	Under Construction	Proposed
Year Completed	2023	Renov. 2007	2003	Est. 2023	Est. 2026
Type	Retail	Retail or Office	Retail or Office	Retail	Retail
Total SF	17,900 SF	20,515 SF	10,880 SF	50,000 SF	30,000 SF
Vacant SF	17,900 SF	12,455 SF	10,880 SF	N/A	N/A
Asking Rent NNN	\$45-50 / SF	\$30-35 / SF	\$25 / SF	\$45 / SF	\$40-45 / SF
Retail Parking	45	23	38	100	126
Lease or Sale	Lease	Lease	Lease or Sale	Lease	Lease
Class A	Class A	Class B	Class B	Class A	Class A
Current or Previous Tenants	None	Verizon, Jimmy John's, Pearle Vision	CVS Pharmacy	--	--

ASKING GROUND FLOOR RETAIL RENTAL RATES

Rents are lower in older* buildings and more accessible to small/local businesses further north

*For this study, "older" buildings refer to buildings constructed more than 50 years ago (1973).



	4956-58 N Milwaukee	4811 N Milwaukee	Jefferson Park Plaza	4253-57 N Milwaukee	5316-26 W Lawrence Ave
Year Completed	1926 / Renov. 2007	1926	1956 / Renov. 1995	1932	1918 / Renov. 2009
Type	Retail or Office	Office	Retail	Retail or Office	Retail or Office
Total SF	3,500 SF	21,695 SF	20,332 SF	8,000 SF	4,148 SF
Vacant SF	3,500 SF	21,695 SF	16,210 SF	1,000 SF	775 SF
Asking Rent NNN	\$24.50 / SF	\$18.50 / SF	\$15-22 / SF	\$15.60 / SF	\$18-22 / SF
Parking Spaces	Street Parking	50	80	Street Parking	Street Parking
Lease or Sale	Lease	Lease	Lease	Lease	Lease
Class	Class C	Class C	Class B	Class C	Class B
Current or Previous Tenants	The Clubhouse Daycare	Formerly Northwestern College	Laundromat, Monk's Herb Center, ChinaStar	Chicago Bank & Real Estate, Home Visiting Physicians, Essential Preventative Health Care	Victoria Griffin OBGYN, Ewa's Snack Bar Café, Empire Limousine

COMMERCIAL CORRIDOR COMPARISON ANALYSIS

Corridor Half-Mile Buffer has more businesses per capita than nearby successful commercial corridors

	Milwaukee Ave 1.7 Miles	Clark St 2 Miles	Lawrence Ave 2.3 Miles	Lincoln Ave 1.7 Miles	Northwest Hwy 1.4 Miles
<i>Key characteristics of ½ mile radius around each Corridor (approximately 10-minute walk)</i>					
Population	33,567	55,448	58,998	51,568	17,942
Population per Sq. Mile	13,620	20,264	19,048	20,920	8,833
Households	13,869	28,853	21,790	23,955	7,222
Median HH Income	\$80,466	\$84,833	\$80,111	\$117,482	\$93,667
Median Age	38.6	36.9	34.7	34.8	45.5
Total Businesses Immediately along the Corridor [1]	313	371	306	360	152
Businesses per Capita Businesses per 10,000 Residents	93	67	52	70	85

- This comparison of the Corridor Half-Mile Buffer to the half-mile around other successful commercial corridors in Chicago analysis is based on Esri Business Analyst data.
- Median household income in the Corridor Half-Mile Buffer is similar to Clark Street and Lawrence Avenue.
- The Corridor Half-Mile Buffer has a similar number of businesses—and more businesses per capita—than nearby commercial corridors. There are fewer residents within the Corridor Half-Mile Buffer to support neighborhood businesses.

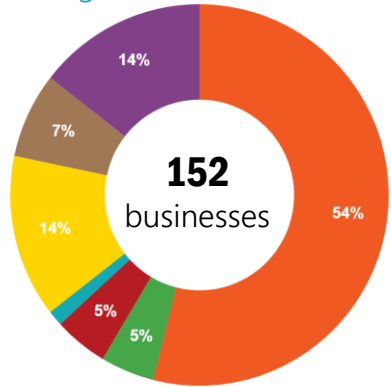
[1] This analysis uses Esri Business Analyst data, which differs from Goodman Williams Group's field analysis of ground-floor commercial space along the Corridor. Numbers between the analyses will differ.

Source: Esri Business Analyst (2023), Goodman Williams Group

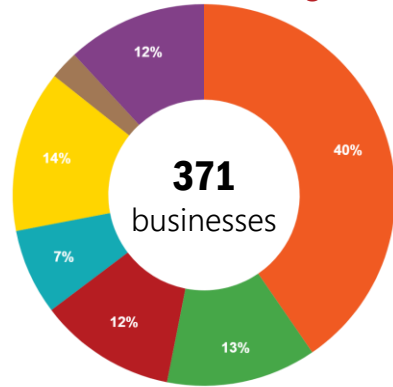
COMMERCIAL CORRIDOR COMPARISON ANALYSIS

The Corridor has a comparable business mix as other, nearby commercial corridors [1]

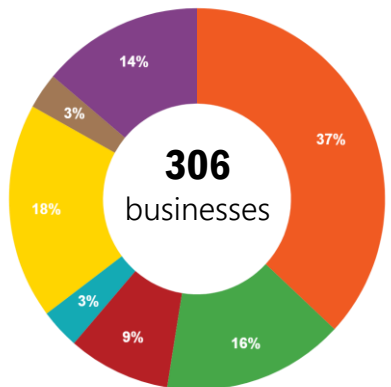
Northwest Highway
Nagle Ave to Harlem Ave



Clark Street
Montrose Ave to Ridge Ave



Lawrence Avenue
Cicero Ave to Manor Ave



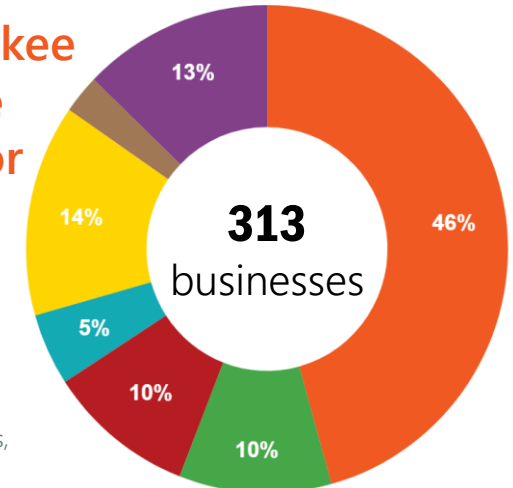
Lincoln Avenue
Addison St to Lawrence Ave



PERSONAL OR PROFESSIONAL SERVICE
EATING OR DRINKING PLACE
MEDICAL OFFICE
ARTS, ENTERTAINMENT, EDUCATION
RETAIL STORE
AUTOMOTIVE
OTHER

Other category includes Unclassified Establishments, Manufacturing, Transportation & Warehousing

Milwaukee Avenue Corridor



Source: Esri Business Analyst (2023), Goodman Williams Group

[1] This analysis uses Esri Business Analyst data to capture a static view of current businesses (as of February 2023), sourcing information from public records, government agencies, business directories, and proprietary data collection methods. This differs from Goodman Williams Group's field analysis of ground floor commercial space along the Corridor, leading to variations in the reported numbers between the two analyses.

SB Friedman Development Advisors, LLC

COMMERCIAL CORRIDOR COMPARISON PER CAPITA ANALYSIS

Per capita, current residents in the Corridor Half-Mile Buffer are well-served by existing businesses

	Milwaukee Ave 1.7 Miles	Clark St 2 Miles	Lawrence Ave 2.3 Miles	Lincoln Ave 1.7 Miles	Northwest Hwy 1.4 Miles
<i>Businesses per 10,000 residents in ½ mile radius around the Corridor (approximately 10-minute walk)</i>					
Personal or Professional Service	43	27	18	29	46
Eating or Drinking Place	10	8	8	10	4
Medical Office	9	8	4	7	4
Arts, Entertainment, Education	4	5	2	5	1
Retail Store	13	9	9	10	12
Automotive	2	2	2	1	6
Other	12	8	7	10	12
Total	93	67	52	70	85

- Per 10,000 residents, the Corridor has more or a similar number of businesses as nearby commercial corridors in all business types, apart from automotive businesses in Northwest Highway.
- Comparatively, current residents in the Corridor are well-served by the businesses in the Corridor, especially in personal or professional service needs.
- More residential density is needed in the Corridor to attract new tenants and fill vacancies.

INTERVIEW TAKEAWAYS

Real estate professionals view the northern and southern portions of the Corridor as separate markets

Developer, brokers, and community organizations active in or familiar with the Corridor were interviewed.

Interview Takeaways

- Commercial brokers and developers perceive the area around Irving Park Road as a more suburban-style market, functioning as a retail hub that draws both regional and national high-credit tenants seeking high traffic counts, visibility, and abundant parking. Shoppers here also tend to drive and expect accessible parking options.
- Milwaukee Avenue is more pedestrian-oriented north of Montrose Avenue, and retail spaces are smaller depth with more street frontage. Commercial spaces here are more attractive to smaller, local businesses and are likely to achieve lower rents than newer retail spaces within the Corridor.
- Filling vacant spaces largely depends on the building owner's motivations, ability to make transactions, and availability of funds for tenant improvements.
- More residential density is likely needed before any major shift occurs in the commercial retail market.
- Developers indicated that community opposition to new development has negatively impacted retailer and developer interest along and near the Corridor.

RETAIL/COMMERCIAL KEY TAKEAWAYS

Commercial conditions and trends vary throughout the Corridor

■ Corridor & Market Area Dynamics

- The Corridor has not recovered as quickly as other nearby corridors relative to pre-2020 market performance metrics.
- Ample and visible parking availability is important for many retailers given the auto-centric nature of much of the Corridor.
- Real estate professionals perceive the two nodes in the Corridor (described below) as separate markets that will require different interventions and solutions to attract retail tenants.

■ Southern Portion (Six Corners to Montrose Avenue)

- The intersection of Milwaukee Avenue, Cicero Avenue and Irving Park Road is a historic shopping destination that benefits from high traffic counts and visibility, and is more auto-oriented, attracting national tenants.
- Multiple large-scale mixed-use projects are recently completed or in the pipeline, indicating rising demand.
- New construction developments demand high asking retail rents that could impact existing nearby retail properties.

■ Northern Portion (Montrose Avenue to I-90)

- The portion of the Corridor north of Montrose Avenue is more pedestrian-oriented, with an older building stock and smaller storefront spaces that tend to attract small and local businesses.
- Since 2000, there have only been two new developments with ground-floor retail space: a 3-story infill project with 1,500 SF of ground floor retail (now Weston's Coffee & Tap) and a free-standing 10,880 SF building (former CVS).

RETAIL/COMMERCIAL KEY TAKEAWAYS – RENTS

Rents are rising in the southern portion of the Corridor; stagnant in northern portion of the Corridor

■ Rent Trends

- Asking retail rents in the Corridor span a broad spectrum, ranging from \$10-50/SF (NNN).
- New construction projects, specifically those at Six Corners, command higher rents due to contemporary spaces, favorable tenant amenities, prominent visibility at key intersections, substantial traffic flow, and abundant parking options.
 - The upper end of the rental scale at Six Corners represents a high point of retail rental rates citywide with asking rental rates of \$40 - \$50 per square foot NNN.
- Age and condition impact achievable rents: older buildings (50 years old or more) offer more affordable rent options, attracting tenants seeking budget-conscious solutions, with rents between \$10 and \$25 per square foot NNN.
- **Southern Portion (Six Corners to Montrose Avenue)**
 - New mixed-use buildings at Six Corners are commanding top of the market rents.
 - Existing retail in the southern portion of the Corridor has asking rents of \$15 to \$35 per square foot NNN. These may increase with rising demand from new construction developments that will bring added residents (foot traffic), and new national and high-credit retail tenants like Target and Aldi will attract other tenants.
- **Northern Portion (Montrose Avenue to I-90)**
 - Existing retail in the area has asking rents ranging from \$10 to \$25 per square foot NNN.
 - Rents are likely to remain stagnant until the area sees investments in existing spaces, or new construction developments that brings updated storefront spaces and more residents to the area.

RETAIL/COMMERCIAL KEY TAKEAWAYS - VACANCY

Vacancy concentrated in northern portion of Corridor and in buildings that are 50+ years of age

■ Vacancy Trends

- The Corridor has substantial storefront vacancy, with negative implications for the overall real estate health of the area. There is a notable concentration of vacant storefronts between Leland Avenue and I-90 (northern portion of the Corridor).
- Building owners will play a pivotal role in addressing vacancies, as many need to enhance their spaces to attract potential tenants.
- More residential density is likely needed in and near the Corridor to support a significant shift in the number of vacant storefronts.

■ Building Age & Vacancy

- Building age was available for 216 of the 322 total storefronts inventoried. Of the 216 storefronts for which data is available, only 41 storefronts are in buildings constructed within the last 50 years (19%), and 175 storefronts are in buildings constructed more than 50 years ago (81%).
- Of the 216 storefronts for which data is available, the median year built is 1929.
- Building age data was available for 81 of the 110 vacant storefronts identified. Of the 81 storefronts for which data is available, 64 storefronts are in buildings that are 50 or more years old (79%), and 17 are storefronts in buildings constructed in 1990 or later (21%).

RETAIL/COMMERCIAL KEY TAKEAWAYS – BUSINESS MIX

Low activity and foot-traffic from visitors and residents contribute to high retail vacancy rates

■ Ground-Floor Inventory & Business Mix

- The Corridor Half-Mile Buffer has a similar number of businesses as competitive retail corridors, but fewer residents/households to shop at existing retailers or to attract new businesses to the area.
- The business mix inventory and Esri Business Analyst Presence-Absence analysis show a very high number of professional service storefronts and office spaces along the Corridor, limiting public interaction and activity.
 - Looking forward, building owners should seek tenants that bring more visitors, foot traffic and vitality to the street, such as sit-down eating and drinking places, retail stores, or personal service storefronts.
 - Recruiting more businesses that cater to the daytime population would be beneficial, such as limited-service restaurants.

■ Visitor Trends in the Corridor

- Visitors to the Corridor are primarily from the neighborhood (Jefferson Park, Portage Park) and other nearby Chicago neighborhoods such as Irving Park, Avondale, Albany Park, Belmont Cragin, Forest Glen, and Logan Square (PlacerAI).
- Visits to the Corridor are most often 15 to 29 minutes, indicating many quick, one-stop trips (PlacerAI).
- Over half of the visits to the Corridor are commutes from home, to the corridor, and then back home (PlacerAI).

RETAIL/COMMERCIAL KEY TAKEAWAYS – TYPES OF TENANTS

New construction retail space will attract different types of tenants than older, vacant retail spaces

- Potential tenant types for new construction space
 - National or regional high credit tenants that can pay high market rents, some examples include:
 - Major general merchandise retailer, such as Target (anchor tenant in Six Corners, expected delivery Dec 1, 2023)
 - Bank or financial institution
 - Medical office
 - Tenants that offer amenities to residents:
 - Fitness: Gym or specialized fitness, such as yoga or pilates
 - Eating or drinking place: Coffee shop or café, fast-casual restaurants (example: Panera Bread)
 - Pet amenities: pet store, grooming, pet medical
 - Service related: hair or nail salon
- Potential tenant types for older, vacant space [1]
 - Small and local businesses that are more budget-conscious, such as:
 - Clothing, accessories, shoes, and jewelry
 - Gift and hobby stores, such as a bookstore, record shop, gift store, toy store
 - Other retail stores, such as pet goods store, tobacco/vape, convenience, health and wellness
 - Eating or drinking places, provided that space is equipped for restaurant use, including necessary ventilation and exhaust
 - Local or regional bar or restaurant
 - Specialty food and drink, such as an ice cream shop, bakery, ethnic food store, butcher
 - Service-based tenant, both personal and professional
 - Electronics: phone carrier or electronics repair
 - Health and beauty: hair salon/barber shop, nail salon, spa/massage, lash/eyebrow, tattoo/piercing
 - Medical office

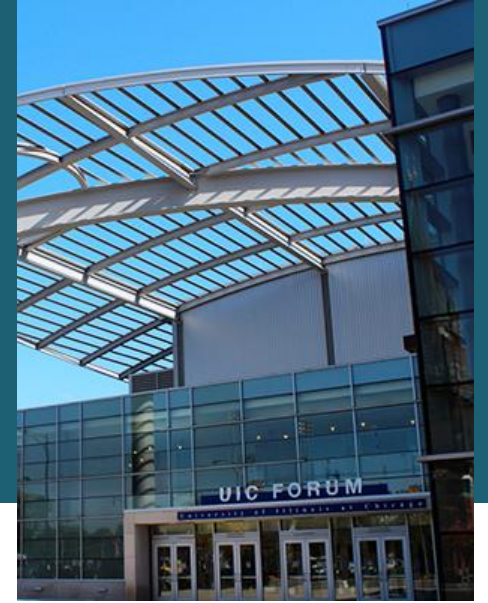
[1] "Older" refers to buildings built more than 50 years ago (1973 or earlier).
SB Friedman Development Advisors, LLC

04 Market Conclusions

MARKET CONCLUSIONS

Milwaukee Avenue Market Study – Jefferson Park and Portage Park

- Given demographic and market trends, as well as the availability of sites suitable for residential and mixed-use development, the Corridor can likely capture a significant share of multifamily rental housing demand in Jefferson Park and Portage Park. Sales prices are likely not at a level to support new for-sale construction in the near-term.
- The Corridor could absorb an additional 25-200 units beyond the existing pipeline (207 units under construction; 230 units proposed) over the next five years.
- The Irving Park/Milwaukee/Cicero intersection is more of an auto-oriented commercial destination attracting national tenants and shoppers driving to the area, while the area north of Montrose Avenue is more pedestrian-oriented with older buildings and smaller spaces. These two nodes represent separate markets and will require different interventions to attract tenants.



70 W Madison St, Suite 3700
Chicago, IL 60602
312-424-4250 | sbfriedman.com

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LIMITATIONS OF OUR ENGAGEMENT

Our report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report or to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, additional competitive developments, interest rates and other market factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the Corridor.

Our study did not ascertain the full legal and regulatory requirements applicable to development, including zoning, other state and local government regulations, permits and licenses. Further, we neither evaluated the effectiveness of property management, nor are we responsible for future marketing efforts and other property management actions upon which actual results will depend.

Our report is intended solely for the City of Chicago's information for the purposes of supporting redevelopment along the Corridor and should not be relied upon by any other person, firm or corporation or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan or other agreement or any document intended for use in obtaining funds from individual investors.

We acknowledge that our report may become a public document under the Freedom of Information Act. Nothing in these terms and conditions is intended to block the appropriate dissemination of the document for public information purposes.