

Lesson for Philadelphia's Market Street from Chicago's State Street

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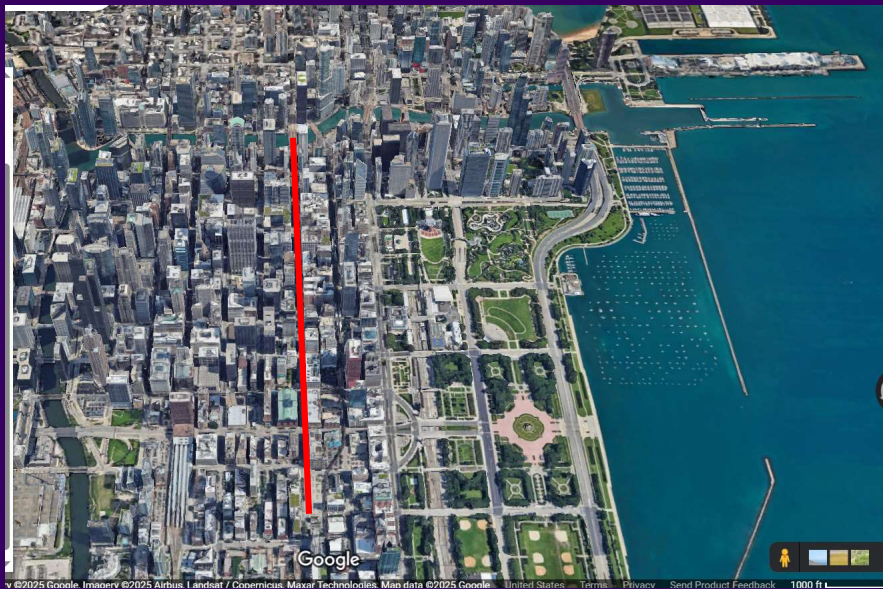
Lessons from Chicago's State Street Strong public sector role



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Two blocks west of Millennium Park



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Chicago's waterfront: Functioning rail yards



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**By 1926 less land was being used for rail;
used for parking**



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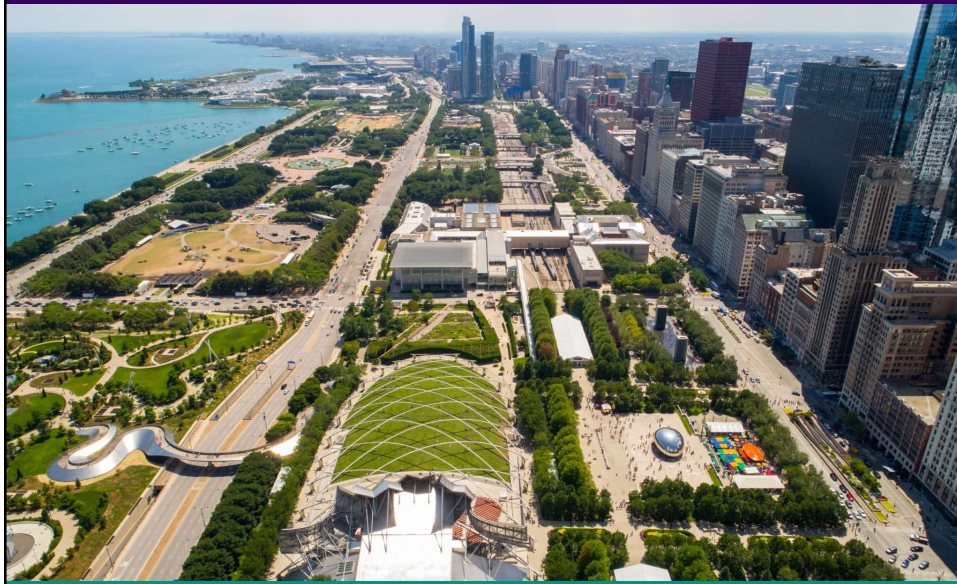
**Planning began in 1997
Rail lines placed underground**



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Millennium Park: opened in 2004



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**“The Bean”
Signature urban object**



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High density office, hotel, residential



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State St: historic downtown shopping street; 1905



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State St: 1907



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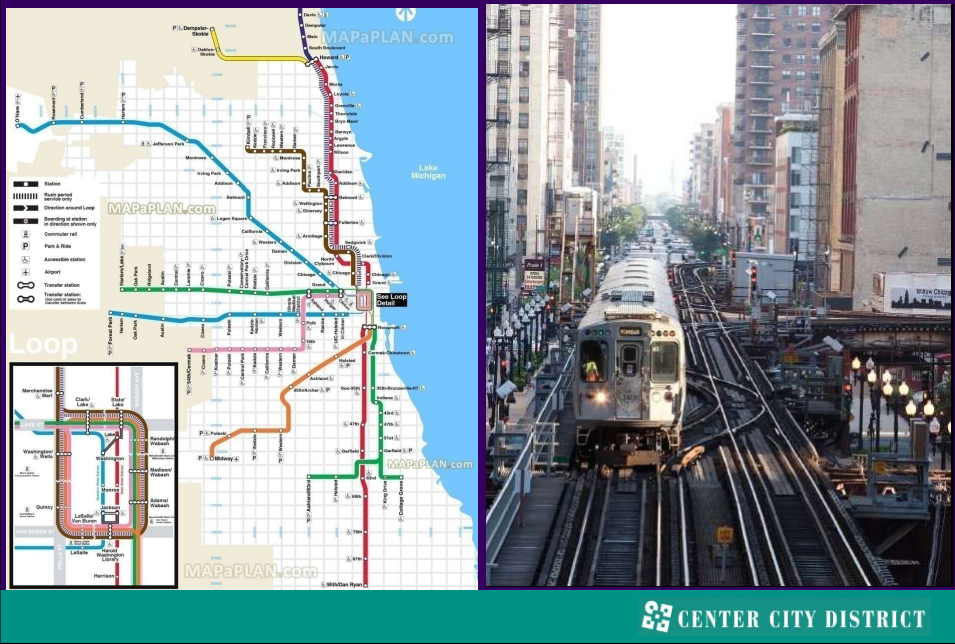
An area served by transit



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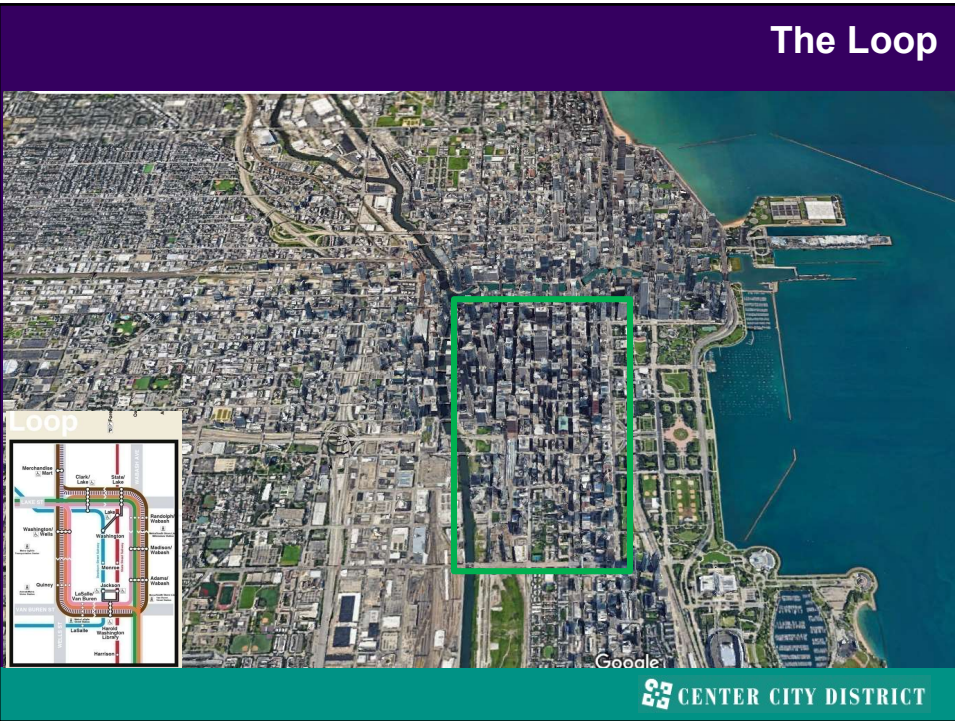
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Original downtown, called the Loop: at center of Chicago's transit system



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The Loop



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Home of very first office skyscrapers



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Louis Sullivan's Carson Pirie Scott department store



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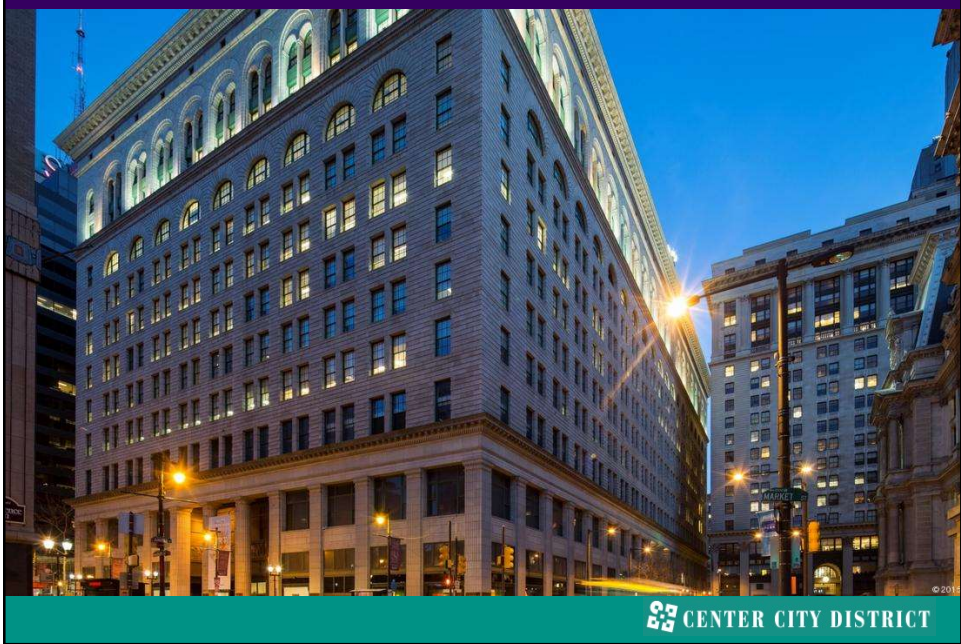


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Burnham also designed Wanamaker's



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Both became Macy's



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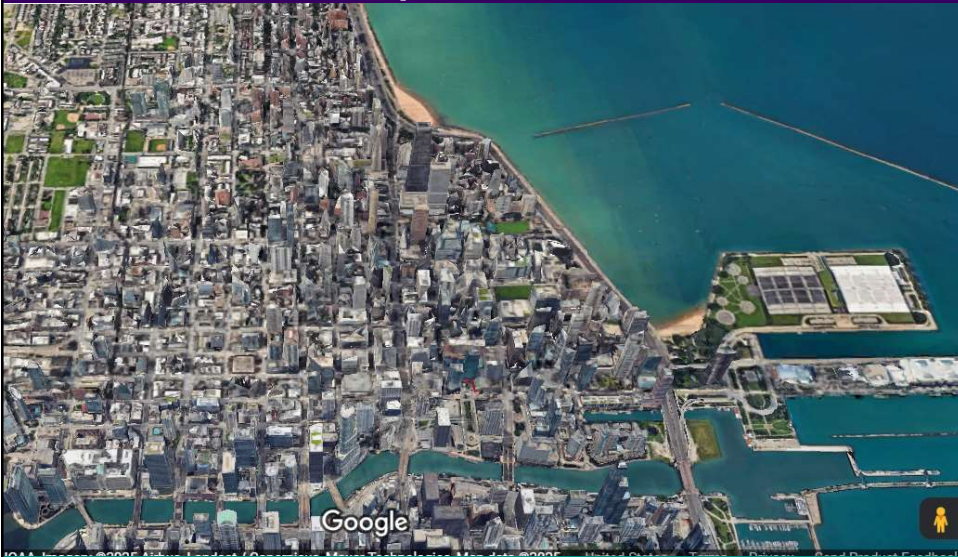
All cars are eliminated



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North Michigan Avenue
New post-World War 2 office district



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Generous commitment to landscaping



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Funded by merchants



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Public amenities that animate all seasons



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Response in 1997: State Street Redevelopment



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Comprehensive redevelopment plan

Theater district at northern end



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Retail in the center



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Price conscious shopping



Macy's & Target
Michelle Tan, Anthropologie
PUMA ,Sephora
Disney Store.
Magnolia Bakery
Akira, American Apparel,
Forever 21
Urban Outfitters. Old Navy
H&M, DSW,
Nordstrom Rack,
Burlington Coat Factory
T.J. Maxx.

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Public Library at southern end



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Re-use of office buildings DePaul University



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School of Art Institute of Chicago



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58,000 students in the Loop 22 colleges & universities

LEARN IN THE LOOP

EDUCATIONAL INSTITUTIONS

SERVICES

RESOURCES



Loop U

Approximately 58,000 college students attend 22 colleges and universities throughout the Loop.

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State Street TIF: Multiple developers; City guarantee



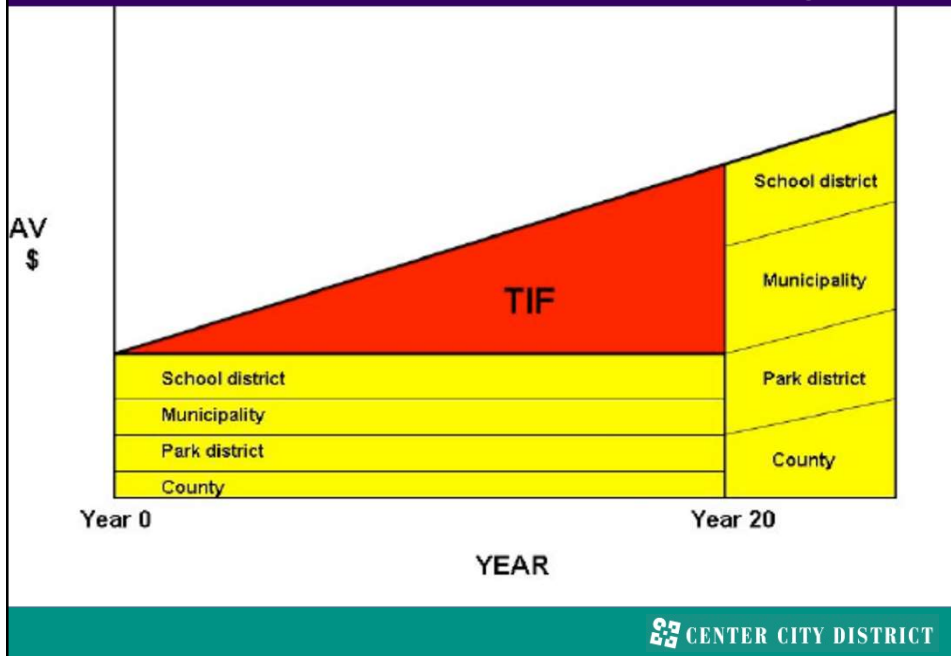
80% resources devoted to individual project financing

20% to comprehensive streetscape enhancements & maintenance

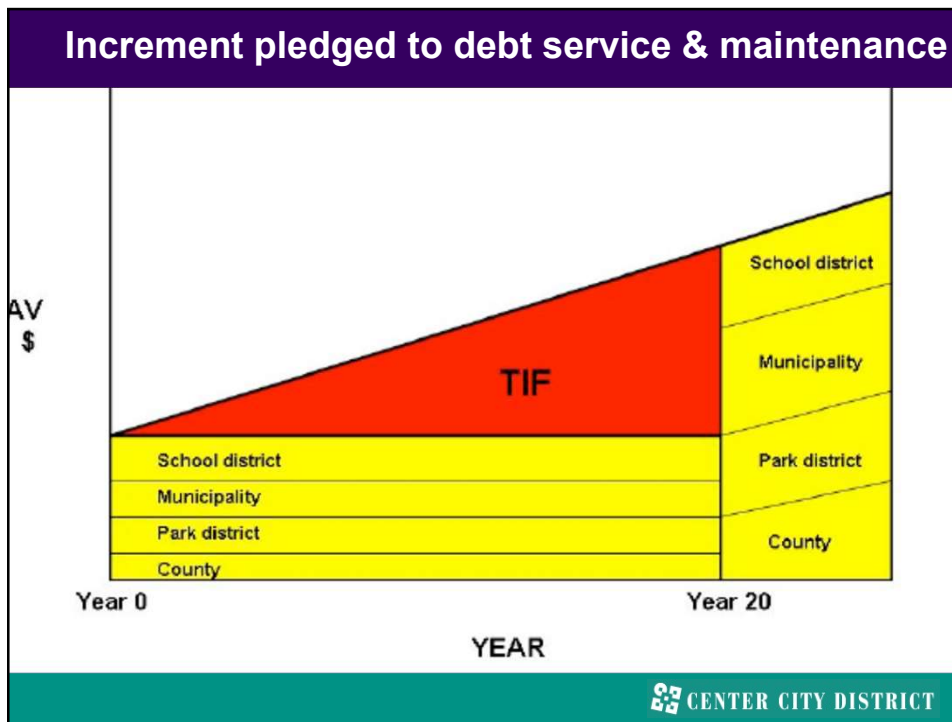
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State Street Tax Increment Financing District



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Key tool: tax increment financing districts

- First TIF established in 1984
- 1989: Mayor Daley took office – 12 TIFs
- 2011: Mayor Daley left office – 160 TIFs
- 40% (64) of all TIFs established between 1998-2002
- 30% of total Chicago area covered by TIFs
- Annual Collections: \$500 million

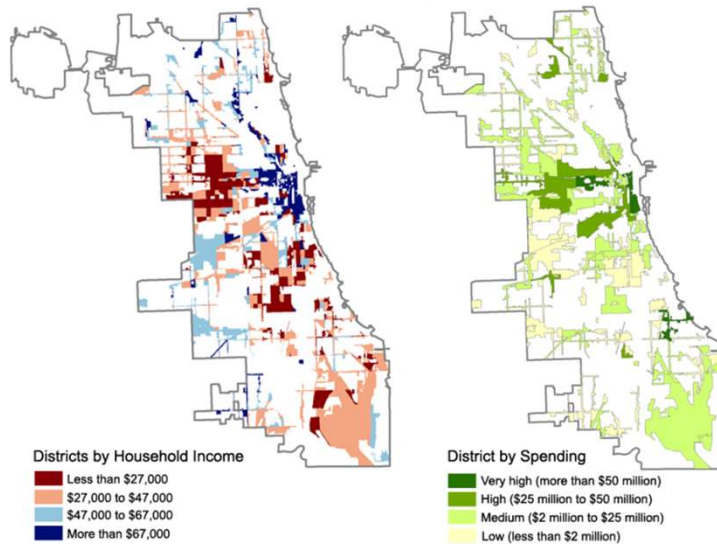
- Most TIFs are area-wide, not project specific - funded both development & surrounding public area improvements & long-term maintenance

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30% of total Chicago area covered by TIFs

Chicago TIF Districts



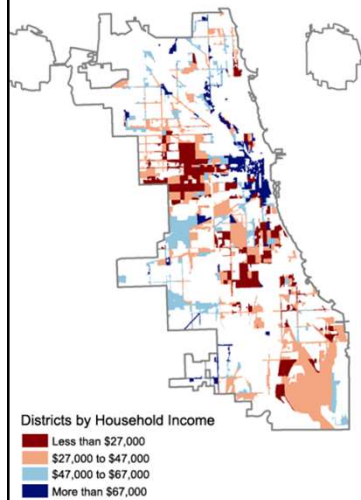
Source: American Community Survey, City of Chicago

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Not just downtown; neighborhoods at all income levels

Chicago TIF Districts



Districts by Household Income
Less than \$27,000
\$27,000 to \$47,000
\$47,000 to \$67,000
More than \$67,000



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Reopening the street to all modes of traffic



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Coordinated streetscape improvements



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Burnham Hotel outdoor dining



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Use of condemnation to facilitate new development



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Mixed-use new development Joffrey Ballet & Walgreens



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Central Loop office supply:

Central Loop

The second largest submarket in the Chicago CBD, the Central Loop is best known for its LaSalle Street corridor and its historic distinction as Chicago's core financial district. Although this distinction has dissipated some during the last decade, the submarket still remains home to several of the city's largest financial institutions, banks and professional services firms.

As suggested by its name, the Central Loop resides in the heart of the CBD Loop. The submarket is bordered by the Chicago River on the north, Van Buren Street on the south and Wells Street and State Street on the west and east, respectively.

Market Indicators	Q3 2014	Q2 2015	Q3 2016
VACANCY	11.7%	11.9%	11.7%
GTA ABSORPTION	84,262	203,087	75,265
YTD ABSORPTION	226,447	423,224	494,341
RENTAL RATE	\$24.55	\$25.62	\$25.58

Submarket Highlights & Forecast

The Central Loop continued its steady recovery from several years of post-recession stagnation during the third quarter as it experienced its sixth consecutive quarter of positive absorption, causing vacancy to hit 11.7 percent, its lowest mark since 2008.

As new space is delivered to the West Loop in 2016, the Central Loop's future success will largely depend on its ability to retain tenants and avoid the shadow space that will naturally occur with the delivery of over two million square feet to the market.

44 million square feet

2nd largest submarket

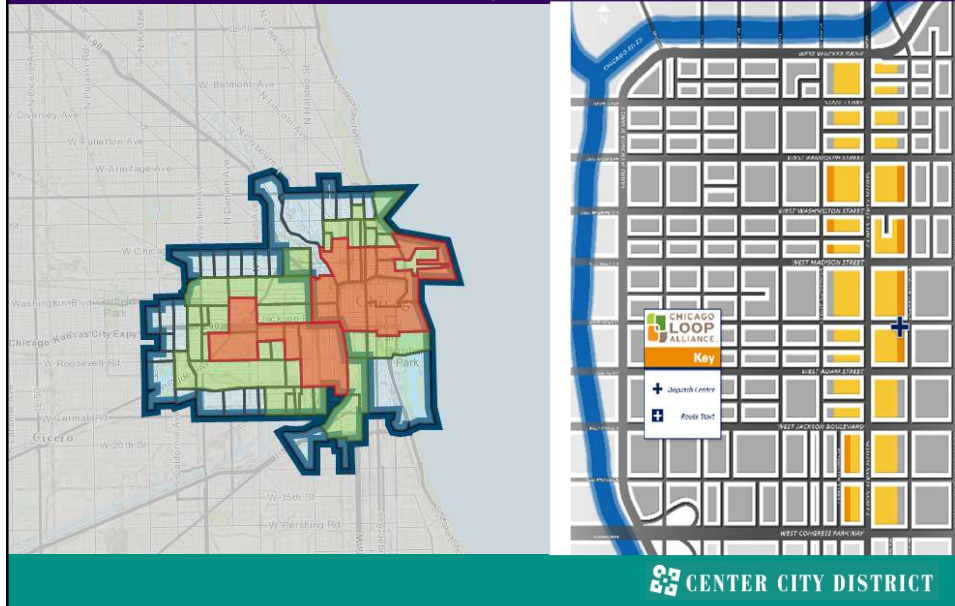
28% of downtown supply

Occupancy & rental rates rising

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**Over 300,000 jobs within the Loop Alliance area
62% of downtown jobs; 31% of citywide jobs**



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Thriving mixed use street



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High volumes of pedestrians



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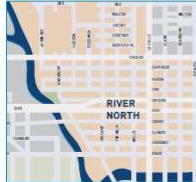
But river north is drawing tech firms & millennials



River North

River North continues to be one of the fastest growing submarkets in the CBD. The result of new office development, a booming residential community and most recently, an infiltration of the city's technology companies, River North has transformed from a once fairly undeveloped area consisting of warehouses and loft properties into a lively and dynamic office environment.

River North now contains a mix of office options ranging from Class B and C left-style properties to the newest Class A trophy office towers. This range in office space options captures the interest of both traditional and income-oriented office users leading to its low vacancy rate. The submarket's boundaries include Oak Street on the north, the Chicago River on the south and west and State Street on the east.



Market Indicators	Q2 2014	Q2 2015	Q2 2016
VACANCY	8.4%	9.2%	9.0%
QTR ABSORPTION	132,209	152,204	157,041
YTD ABSORPTION	275,795	680,203	1,020,211
RENTAL RATE	\$24.46	\$25.80	\$26.29

Submarket Highlights & Forecast

For the second consecutive quarter vacancy slightly decreased in River North, falling from 9.2 percent to 9.0 percent. The submarket posted the lowest vacancy rate in the CBD, and continues to be one of Chicago's best performing submarkets.

During the third quarter, it was again evident that River North is the preferred submarket for Chicago's burgeoning technology sector as both Grayscale and Web.com chose to expand their space within River North by 65,000 square feet and 72,000 square feet respectively.



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West loop is larger & enjoys better suburban & regional connectivity



West Loop



The West Loop's reputation as the CBD's leading submarket is the result of it possessing the largest office inventory of any submarket, its proximity to public transit and tenant desire for the image associated with being located on or near Wacker Drive, an address that has a long-standing positive reputation for office tenants.

Further contributing to the submarket's growth was the development boom experienced over the past decade which added several highly-efficient, state-of-the-art trophy towers to building inventory. The West Loop is bordered on the north by Kinzie Street, on the south by Van Buren Street, by Halsted Street on the west and Wells Street on the east.



MARKET INDICATORS	Q3 2024	Q3 2023	CHANGE
INVENTORY	21.7M	44.1M	-50.3%
YTD ABSORPTION	14,001	14,447	-3.2%
YTD ASSORTMENT	74,197	144,256	-48.3%
RENTAL RATE	\$26.27	\$28.48	-7.8%

Submarket Highlights & Forecast

The third quarter strengthened the West Loop's status as one of Chicago's most successful submarkets as it experienced decreasing vacancy and increasing rental rates for the third consecutive quarter.

Demand for space in the West Loop remained strong during the third quarter as four lease transactions of 50,000 square feet or greater involved West Loop tenants, the most in any CBD submarket.

During the third quarter, the West Loop landed a significant new tenant as Microsoft Solutions announced that it will move its corporate headquarters from its suburban campus to 500 W. Monroe. The move illustrates the continued trend of suburban companies moving their headquarters into the city in order to rebrand themselves and attract top talent, with tech-oriented industries popular among employers seeking to work and live in the city.



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