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HANOVER PARK SOUTH METRA LOT

Market Assessment

October 2022

VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

SBFRIEDMAN

Hanover Park USA

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00 Project Overview

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00 – PROJECT OVERVIEW

This assessment will identify the market potential of the South Metra Lot

Source: Esri; SB Friedman

In 2018, the Village of Hanover Park (the "Village") undertook a planning effort to update its vision for the Ontarioville historic core and Village Center area, which is located to the south and west of the Hanover Park Metra Station.

A key redevelopment opportunity within this area is the 6.5-acre existing commuter parking lot (the "Site"), portions of which are owned by the Village and Metra. The updated Village Center plan identified two redevelopment concepts for the Site, both of which recognized multifamily residential with structured parking as a suitable use. The concepts also identified portions of the Site that could accommodate replacement commuter parking.

SB Friedman was retained by the Village to evaluate the market feasibility of redevelopment on the Site. Our work included:

- Assessing Site attributes in terms of access, visibility and the local market context;
- Analyzing both the supply and demand for residential and supporting retail uses; and
- Interviewing developers, brokers and real estate professionals active in the local market.

Our findings are outlined on the following pages.

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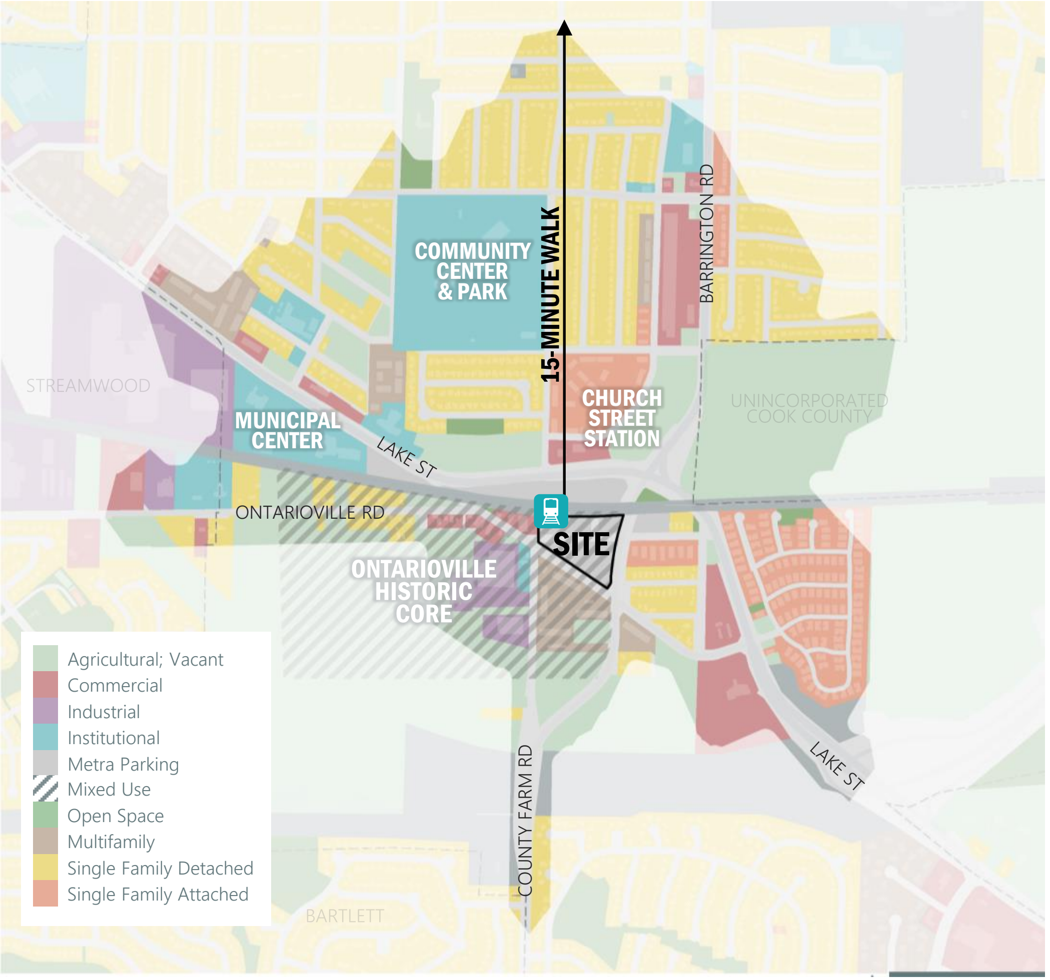
00 – SITE CONTEXT

The Site is the geographic center of the Hanover Park community



Source: CMAP; Esri; Google Earth, Lakota; SB Friedman

The Site is located to the north and west of the intersection of County Farm Road and Ontarioville Road. Approximately 19,400 vehicles per day travel along County Farm Road, while 9,200 vehicles per day travel along Ontarioville Road.

The adjacent Hanover Park Metra Station is located along the Milwaukee West line, which travels from Union Station in Chicago to Big Timber Station in Elgin. Approximately 1,200 commuters utilize the station daily. Parking is accommodated to the north and south of the station, as well as to the east of County Farm Road.

The Ontarioville historic core lies west of the Site. Beyond the station's north parking lot, the Church Street Station development includes two retail centers and townhomes built between 2006 and 2013. Residential uses, including a mix of multifamily and attached/detached single-family make up much of the area surrounding the Site. Institutional uses, including the Municipal Campus and Community Center/Park, are also located nearby.

Hanover Park Metra Station


Ontarioville


Church Street Station

00 – PRIOR PLANNING

The Village envisions transit-oriented development on the Site

Source: Lakota; Village of Hanover Park

The Village envisions that the Site and surrounding Village Center area will develop as a mixed-use, transit-oriented development (TOD) and be integrated with the Ontarioville historic core. Recent planning efforts will inform redevelopment of the Site, including:

Village Center Plan Update

Year: 2017

The plan update reaffirms the community's desire for a TOD incorporating the Ontarioville historic core. The document includes a "Final Concept Plan" to inform future analyses.

Ontarioville Historic District Urban Design + Streetscape Enhancement Plan

Year: 2018

The document establishes a preliminary site plan for the district and identifies potential locations for single-family and multifamily housing as well as commercial development.

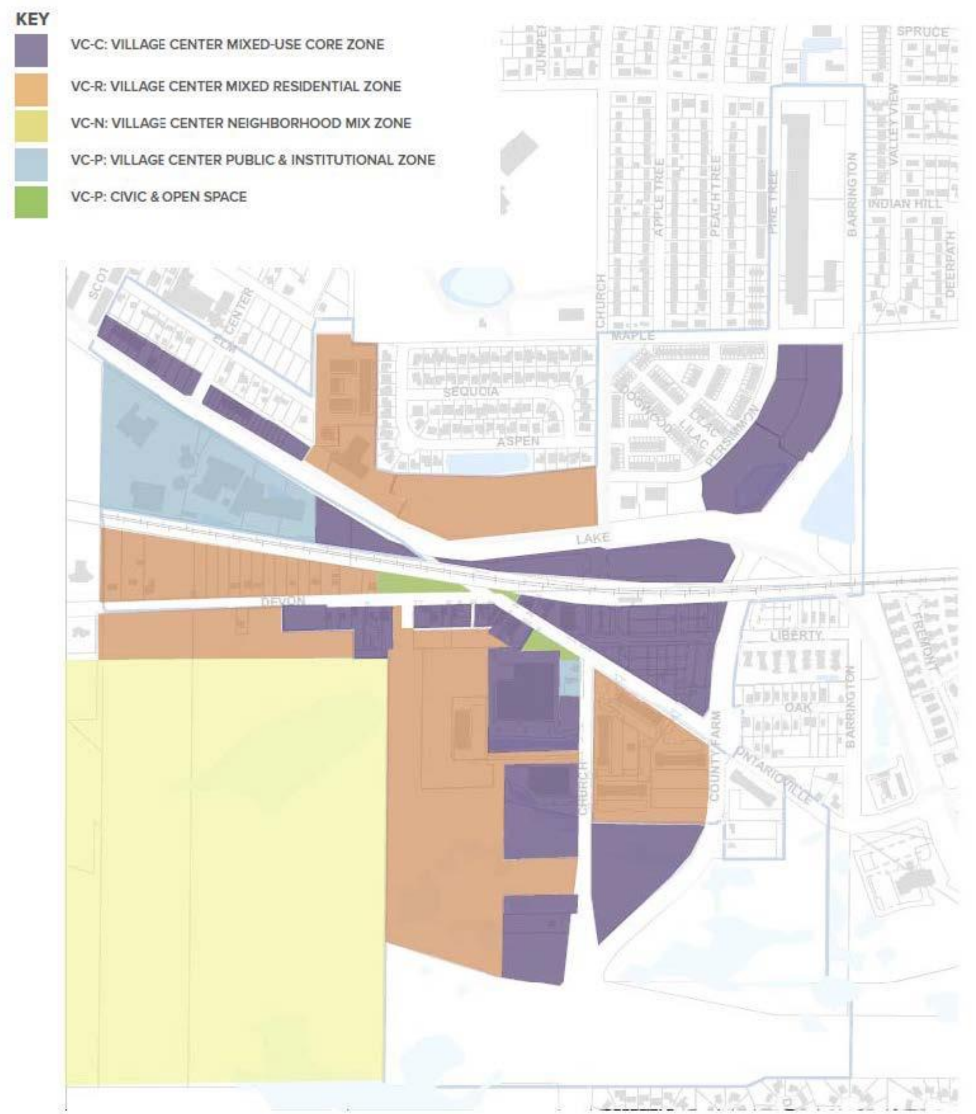
00 – ZONING OVERLAY

The Village has approved a zoning overlay district to accommodate the redevelopment of the site.

In accordance with the Village of Hanover Park's 2012 Village Center and Transit Oriented Development Plan, the Village has taken steps to create a vibrant downtown area oriented around the Metra Station. The Plan outlined the following goals:

- To create a focal point and community gathering place for all residents and visitors
- To significantly expand economic development opportunities in the Village, especially around transportation centers
- To increase transportation options for all residents

To further these goals, in 2022 the Village Board voted to approve a Text Amendment to the Zoning Code and a Map Amendment, applying new regulations to parcels in the Village Center. The Site is located in a VC-C Zone under these new guidelines.



Source: Village of Hanover Park

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01 Demographics

MARKET AREA

POPULATION PROJECTIONS

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EMPLOYMENT PROJECTIONS

WORK/LIVE

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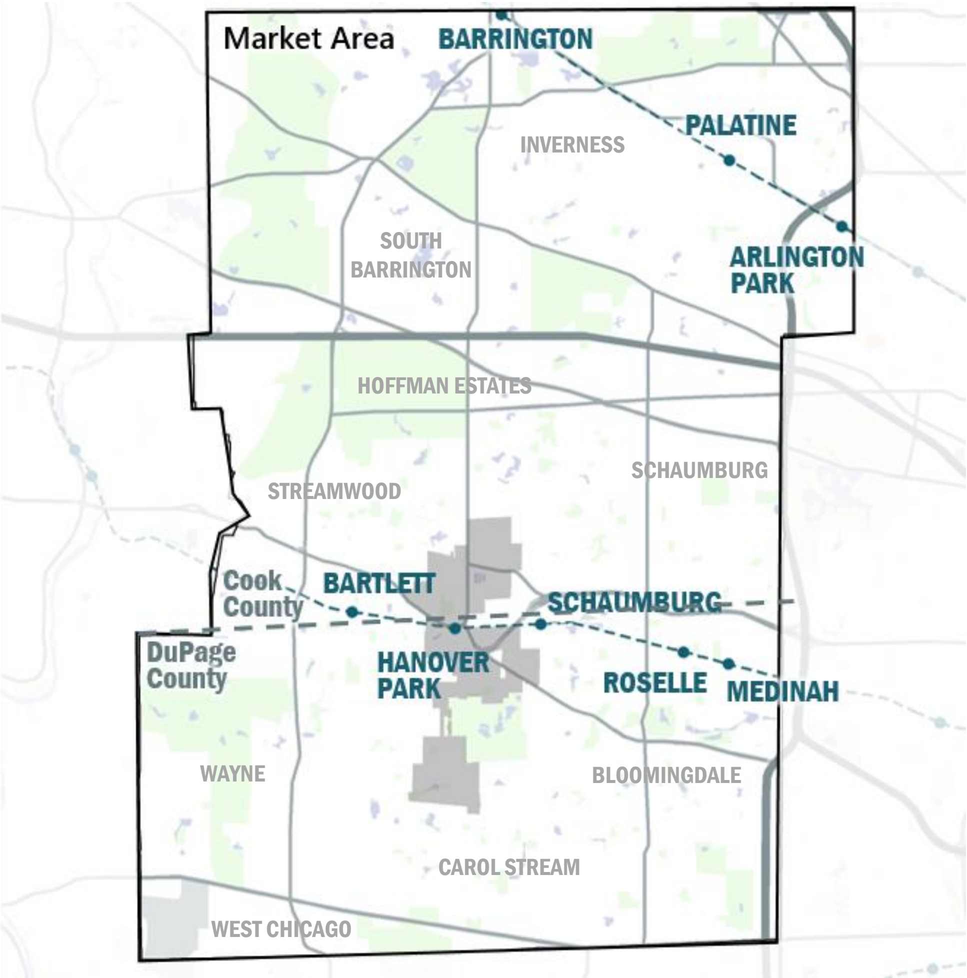
01 – MARKET AREA

The Market Area includes western DuPage County and northwestern Cook County



Source: Costar; Esri; SB Friedman

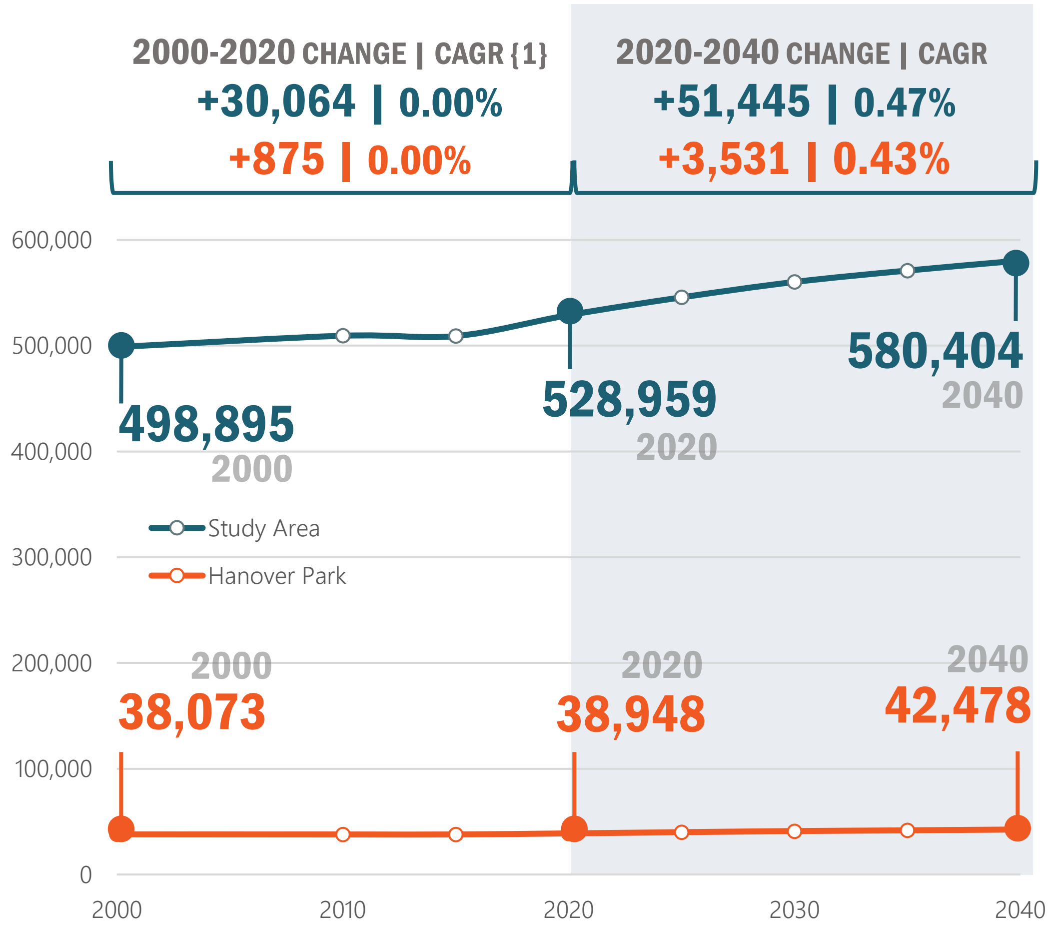
Hanover Park is a western suburb of Chicago which crosses the Cook County/DuPage County boundary. To evaluate market potential, SB Friedman delineated the area from which the Site would likely compete to attract most of its residents and shoppers (the “Market Area”). The Market Area is roughly bounded by I-290 to the east, North Avenue to the south, the western boundary of DuPage and Cook Counties to the west, and the northern boundary of Cook County (Dundee Road) to the north.

The Market Area extends beyond the Village and includes nearby western suburbs including Roselle, Medinah, Carol Stream, Bartlett, Streamwood, Schaumburg, Hoffman Estates, South Barrington, Inverness, and Palatine. Transit-oriented nodes within the market area are present along the Milwaukee West and Union Pacific Northwest lines.

01 – POPULATION PROJECTIONS

Population growth is a key indicator of market demand for new real estate

HISTORIC & PROJECTED POPULATION: 2000-2040



Source: CMAP; Esri; SB Friedman; US Census Bureau | [1] Compound Annual Growth Rate

Population projections for the Market Area are key inputs to this market assessment, as the demand for real estate is a function of population and employment growth.

The population in the Market Area and Hanover Park grew by 6% and 2%, respectively, from 2000 to 2020. Projections by Chicago Metropolitan Agency for Planning (CMAP) indicate that the population in Hanover Park will remain relatively stable, with slight population growth over the next 20 years (compound annual growth rate of ±0.4%). To achieve this population growth, the Village will need to consider redevelopment opportunities and identify areas for additional housing development.

CMAP believes there is potential in both the Village of Hanover Park, as well as the larger Market Area, for population growth. The population in the Market Area is projected to grow slightly faster at a compound annual growth rate of approximately 0.5% over the next 20 years.

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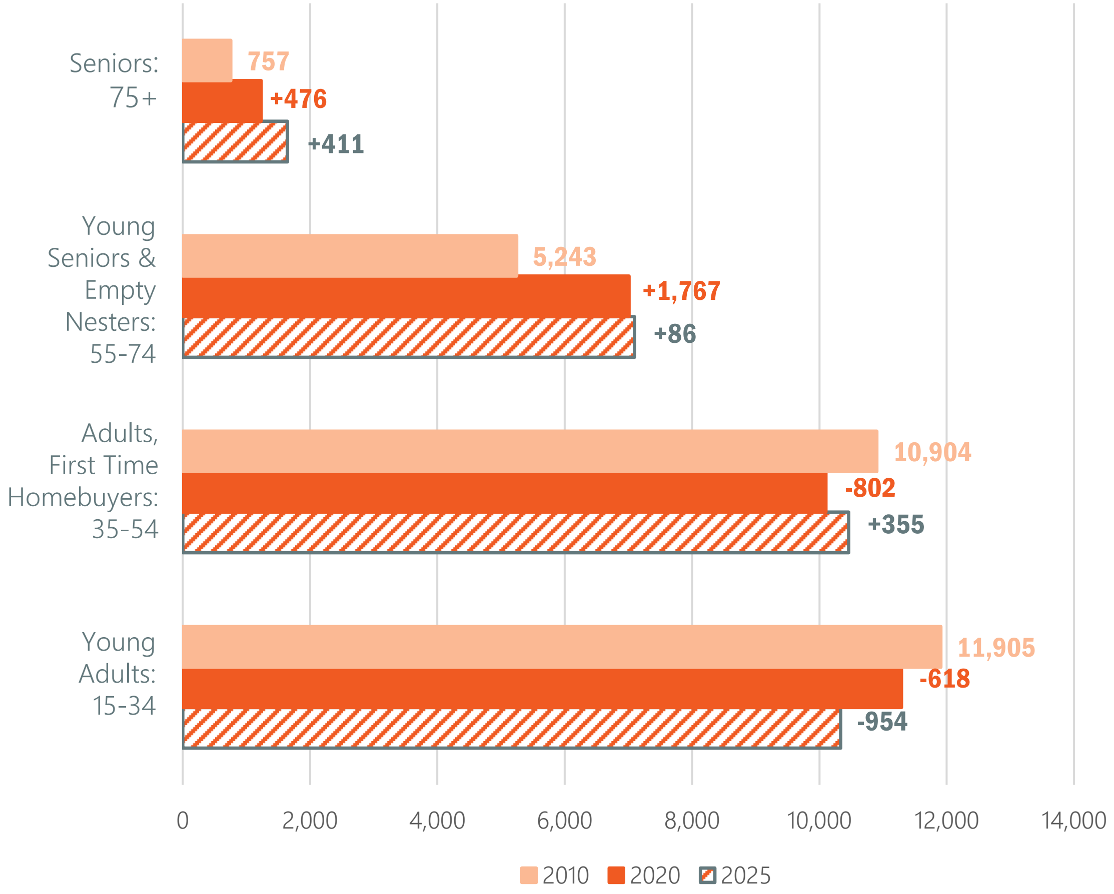
01 – ADULT POPULATION PROJECTIONS

Hanover Park's population is relatively stable, but shifts are occurring within age cohorts

VILLAGE OF HANOVER PARK ADULT POPULATION CHANGE: 2010-2025



Source: Esri; SB Friedman

Between 2010 and 2020, Hanover Park saw an increase of 823 adults. The young senior and empty nester cohort (ages 55-74) experienced the largest increase from 2010 to 2020. Meanwhile, the Village experienced a loss in young adults (15-24) and adults/first time homebuyers (35-54). Given the stability of the population, these changes are largely attributed to shifts within the population as households age.

Over the next 5 years, there is projected to be an increase in adults and first-time home buyers (35-54), with continued population loss in the young adult (15-34) population cohort. Young seniors, empty nesters, and seniors age 75+ are projected to continue to grow.

01 – DEMOGRAPHIC CHARACTERISTICS

Hanover Park is more diverse than the surrounding Market Area

HANOVER PARK PLACE OF BIRTH, 2018.

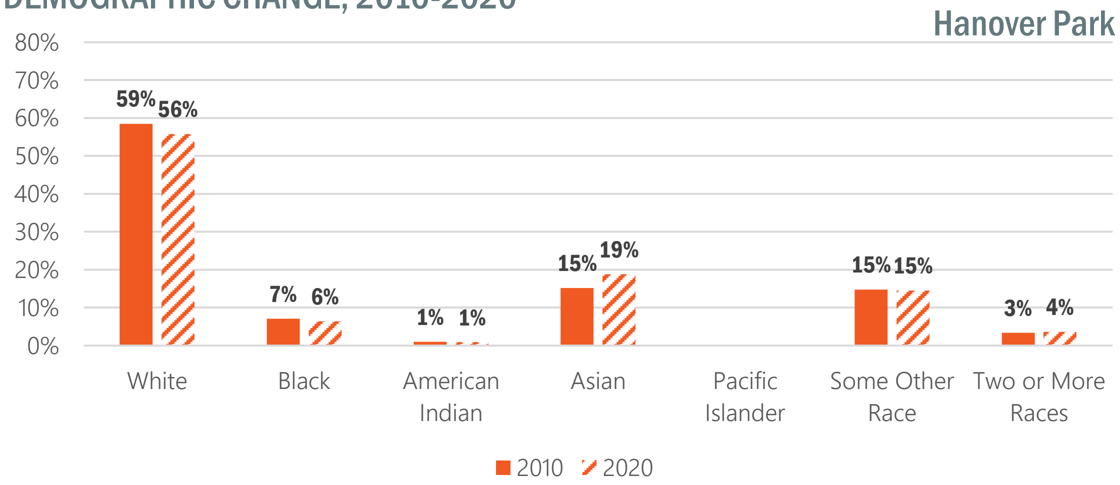
HISPANIC ORIGIN

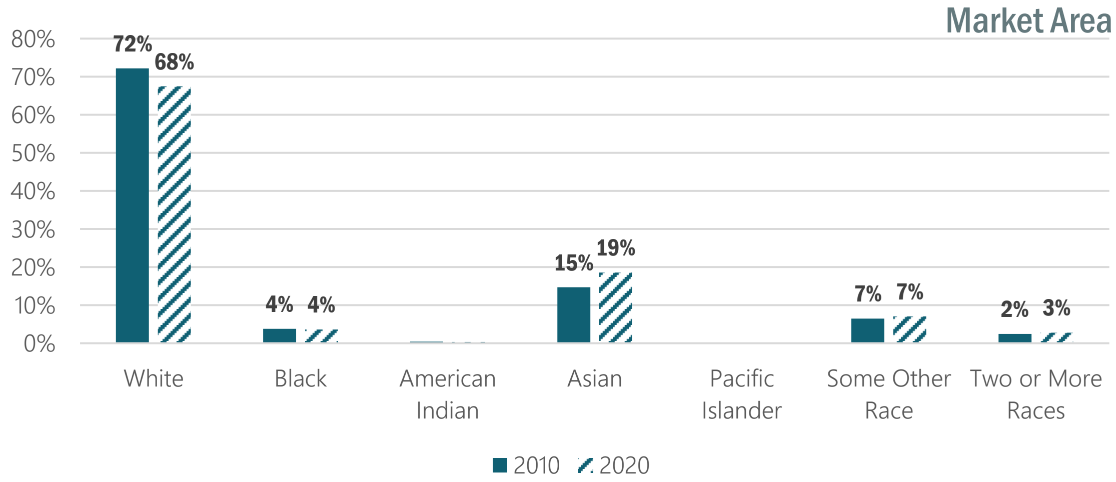
	Hanover Park	Market Area
2010	38.3%	16.7%
2020	38.6%	18.4%

Hanover Park is a diverse community and is more diverse than the surrounding Market Area. As of 2020, ±45% of residents identified as non-white, while ±39% identified as Hispanic. For comparison purposes, ±33% of residents identified as non-white, while ±18% identified as Hispanic in the wider market area. Both geographies have become more diverse over the last decade. According to the American Community Survey 5-Year Estimates (2014-2018), approximately 33% of the population of Hanover Park is foreign-born. More than half of the foreign-born population is from Latin America.

Hanover Park can continue attract a diverse community, specifically populations that may be interested in higher density options.

DEMOGRAPHIC CHANGE, 2010-2020



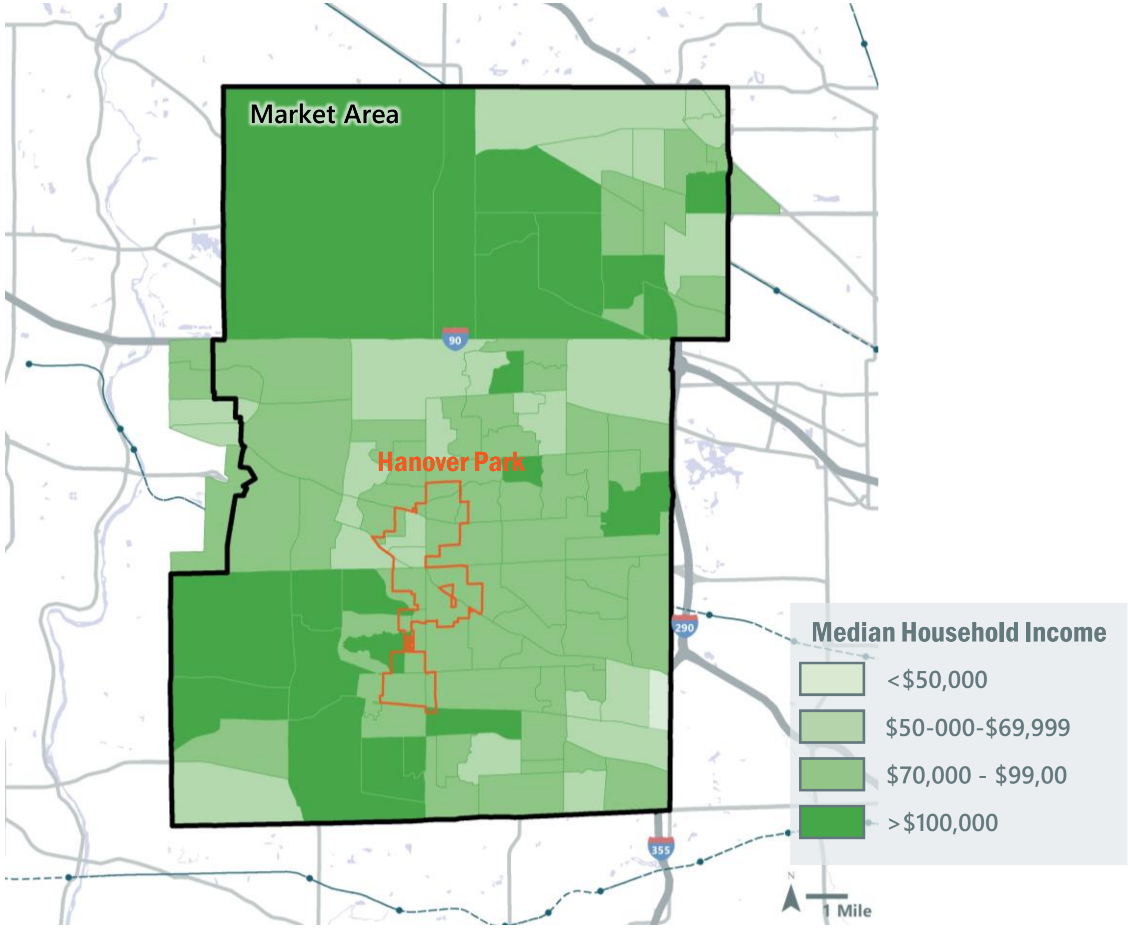


Source: American Community Survey 5-Year Estimates (2014-2018); Esri Business Analyst; SB Friedman

01 – MEDIAN HOUSEHOLD INCOME

Median household income in Hanover Park is slightly lower than nearby western suburbs

MEDIAN HOUSEHOLD INCOME BY TRACT (2018)



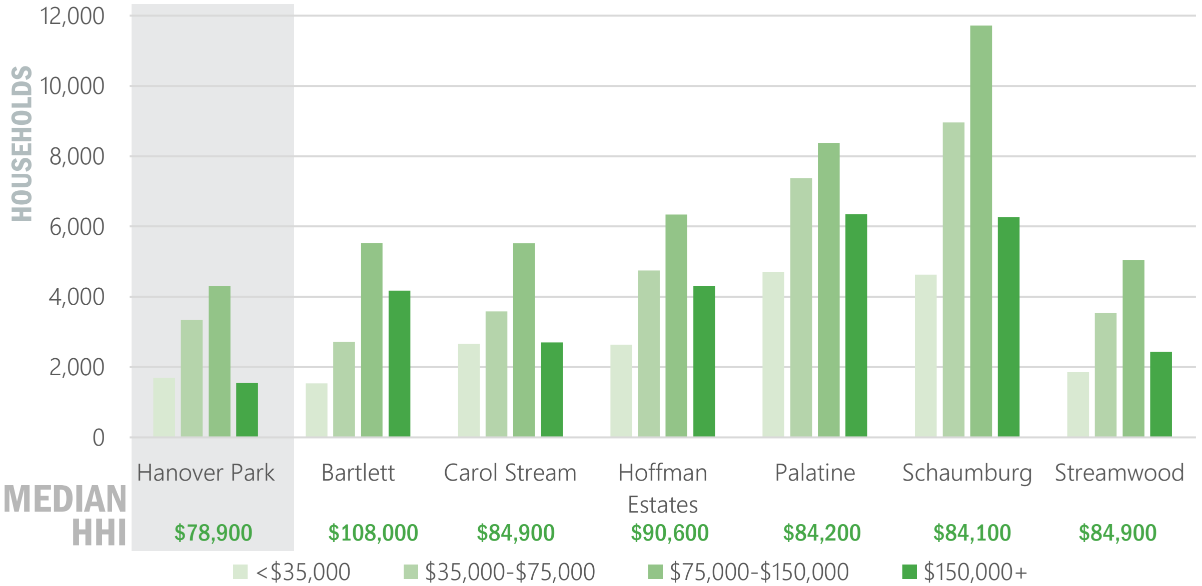
Source: American Community Survey 5-Year Estimates (2014-2018); Esri; SB Friedman

The median household income (HHI) in Hanover Park was approximately $78,900 in 2018. Over 50% of Hanover Park households have incomes above $75,000.

The median HHI of the Village is approximately $10,000 less than that of the Market Area and is lower than competitive western suburbs in the Market Area. Median HHIs of other suburbs surrounding the Site range from $66,000 to $160,000.

As the population in Hanover Park is projected to grow, the Village can attract a diverse population interested in living relatively affordably and located near transit.

HOUSEHOLD INCOME DISTRIBUTION OF WESTERN CHICAGO SUBURBS



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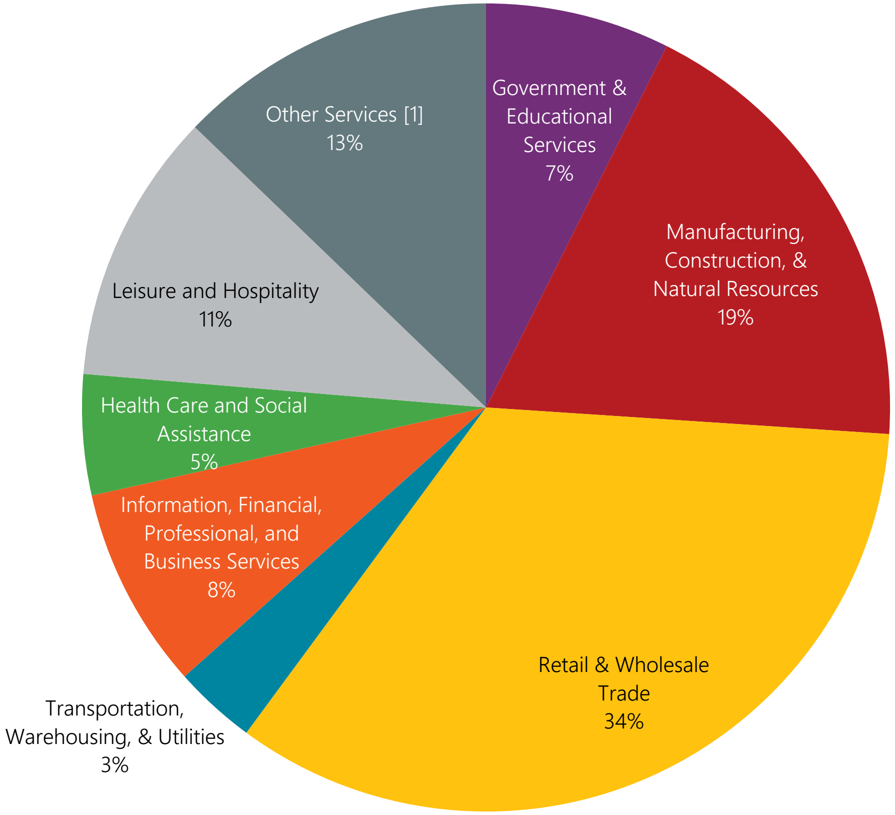
01 – WORKFORCE CHARACTERISTICS

Employment in Hanover Park is relatively diversified

HANOVER PARK WORK COMPOSITION, 2017



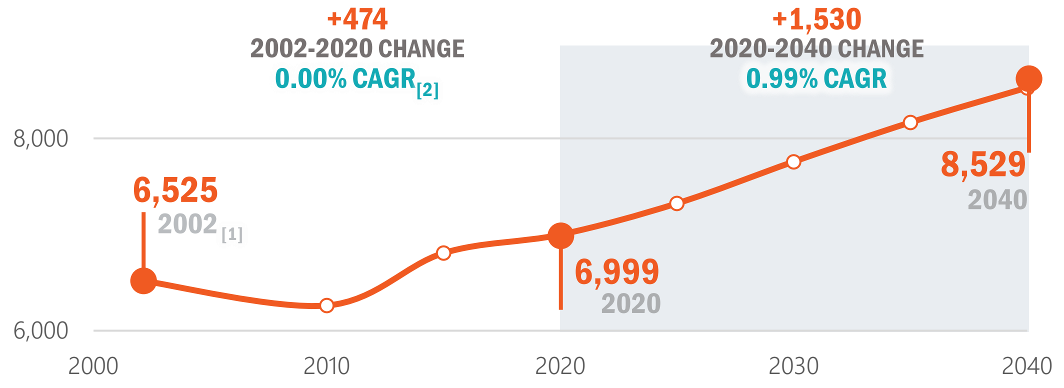
Hanover Park is largely a bedroom community; however, there is also an active employment sector that included approximately 6,700 jobs in 2017. Over a third of the employment sector is in Retail & Wholesale Trade. Manufacturing, Construction & Natural Resources is the sector with the second highest concentration of jobs. Leisure & Hospitality accounted for 11% of jobs in 2017; however, this sector is currently contracting, due in part to the effects of the COVID-19 pandemic.

[1] Other services includes Administration & Support, Waste Management and Remediation and other services.
Source: Longitudinal Employer-Household Dynamics (LEHD); SB Friedman

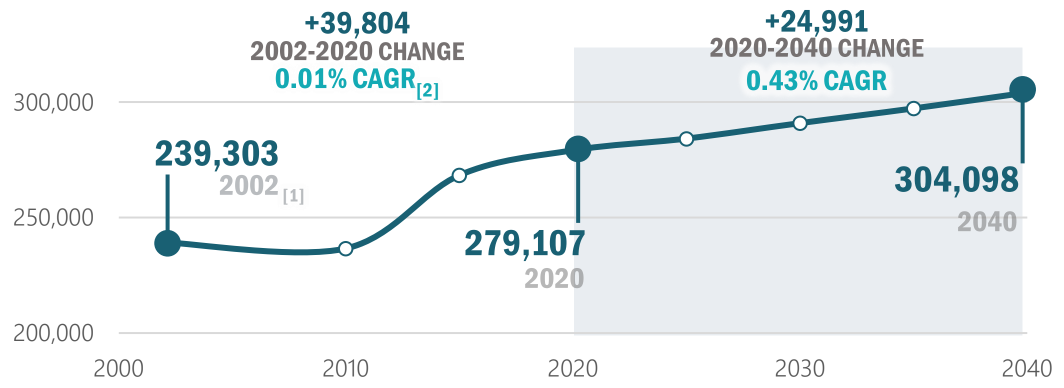
01 – EMPLOYMENT PROJECTIONS

Employment sectors have been stable

HANOVER PARK HISTORIC AND PROJECTED EMPLOYMENT COUNTS: 2002-2040



MARKET AREA HISTORIC AND PROJECTED EMPLOYMENT COUNTS: 2002-2040



Source: CMAP; Longitudinal Employer-Household Dynamics (LEHD); SB Friedman
[1] From 2002 LEHD; [2] Compound Annual Growth Rate

The Village experienced job losses as an effect of the Great Recession; however, employment sectors have since recovered. Per CMAP, employment in the Village increased by more than 700 workers between 2010 and 2020. CMAP projects that employment will continue to increase over the next 20 years, particularly in the industrial areas near Central Avenue and Gary Avenue.

Within the wider Market Area, employment increased by approximately 42,500 jobs between 2010 and 2020. Per CMAP projections, this growth is projected to continue over the next 20 years at a faster rate than experienced in the past decade.

01 – WORK/LIVE IN HANOVER PARK

The Village is largely a bedroom community for commuters

Nearly 19,900, or 98% of Hanover Park residents work outside of the Village. This demonstrates Hanover Park's nature as a bedroom community. The Hanover Park Metra station provides access to employment within the Loop, while other employment centers, not located along commuter rail lines, are located nearby in Schaumburg and Hoffman Estates.

HANOVER PARK COMMUTING PATTERNS

Source: Longitudinal Employer-Household Dynamics (LEHD); SB Friedman

01 – WORK/LIVE IN THE MARKET AREA

A large percentage of commuters also live in the wider Market Area

The wider Market Area also includes a high number of commuters. Nearly 202,962, or 74% of Market Area residents work outside of the Market Area. Development of the Site provides opportunities for commuters to live in a location with a more direct connection to employment in the Loop.

MARKET AREA COMMUTING PATTERNS

Source: Longitudinal Employer-Household Dynamics (LEHD); SB Friedman

02 Residential

02 –EXISTING HOUSING SUPPLY

The Village's existing housing stock is largely owner-occupied, single-family housing

MEDIAN HOME VALUE

$197,849 Hanover Park, 2020

$271,166 Market Area, 2020

MEDIAN GROSS RENT

$1,271 Hanover Park, 2018

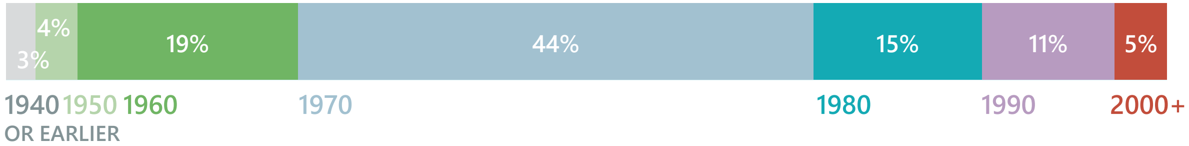
$1,313 Market Area, 2018

HANOVER PARK HOUSING TENURE, 2018

11,171 TOTAL HOUSEHOLDS

HANOVER PARK HOUSING MIX, 2018

HOUSING YEAR BUILT, 2018



Source: American Community Survey 5 Year Estimates (2014-2018); Esri Business Analyst; SB Friedman

Hanover Park is generally more affordable than the Market Area, with a lower median home value and median rent.

Approximately 75% of households in Hanover Park are owner-occupied. Hanover Park's housing stock is predominately single-family housing (82%), most of which is detached. Approximately 17% of the housing stock is multifamily, most of which are in structures with 5-19 units. Only 3% of all units in Hanover Park are in buildings with 20 or more units.

Most of Hanover Park's existing housing stock was constructed between 1960 and 1989, with only 5% built in the last twenty years.

02 – SUITABLE RESIDENTIAL USES

The Site presents an opportunity for denser development

Source: Esri; SB Friedman

As previously discussed, the Village envisions transit-oriented development (TOD) on the Site. Key TOD principles include creating a mixed-use environment that is dense, walkable, connected and compact. Therefore, townhomes (attached single-family) and multifamily development are the most appropriate residential uses. SB Friedman evaluated the market performance of these uses, as discussed on the following pages.

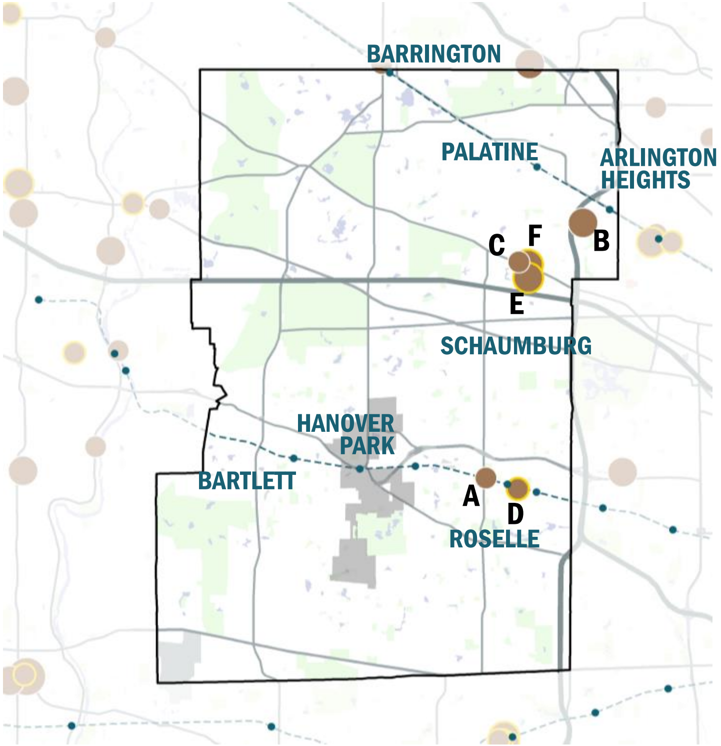
SINGLE-FAMILY DETACHED	SINGLE-FAMILY ATTACHED (TOWNHOMES)	MULTIFAMILY
• The Site is too small for significant single-family detached development. • From a TOD perspective, single-family attached housing is also not the highest and best use of the Site. • Single-family detached could be built outside of the Site, but within the Village Center area.	• The Site size and location are suitable for single-family attached development. • Townhome development is common within TOD environments. • Townhomes could be owner- or renter-occupied.	• The Site size and location are suitable for multifamily development. • Multifamily development is very common within TOD contexts. • Multifamily units could be owner- or renter-occupied.

02 – RECENT MULTIFAMILY DEVELOPMENT

Over 400 units have been built since 2010, while nearly 1,000 units are in the development pipeline

Multifamily development within the Market Area has been a mix of traditional development and TOD. Traditional development has occurred in Arlington Heights and Schaumburg, while TOD has occurred in Roselle. The product is varied and typically includes an emphasis on one-bedroom units with a small portion of two-bedroom units. Rents are largely in excess of $2.00 per square foot.

MULTIFAMILY DEVELOPMENT SINCE 2010



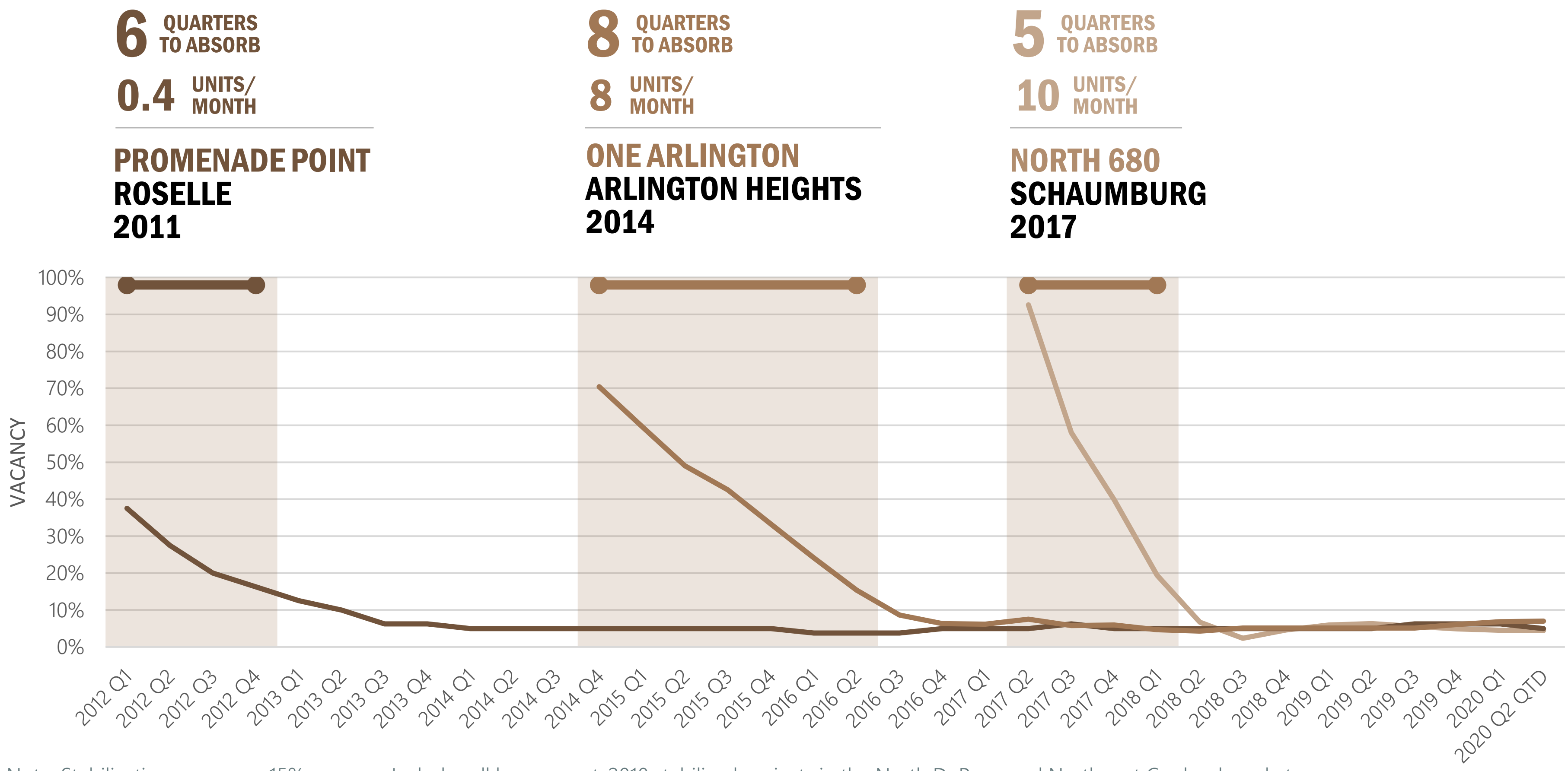
Source: Costar; Esri; SB Friedman

STABILIZED SINCE 2010			PROJECTS IN LEASE-UP / PIPELINE			
A Promenade Point of Roselle	B One Arlington	C North 680	D Roselle Apartments	E Element at Veridian	F Algonquin at Old Plum Grove	
Roselle	Arlington Heights	Schaumburg	Roselle	Schaumburg	Schaumburg	City
TOD	-	-	TOD	-	-	TOD
2011	2014	2017	2020	2020	2023	Year Built
8	214	180	72	260	373	Unit Count
0% | 100% | 0% | 0%	22% | 51% | 27% | 0%	0% | 71% | 29% | 0%	0% | 0% | 100% | 0%	22% | 55% | 20% | 3%	0% | 74% | 26% | 0%	Unit Mix
-	$2.49	$2.64	$1.65	$2.90	-	Average Rent PSF
-	922	910	1,227	906	832	Average SF per Unit
2.4%	3.6%	2.7%	12.3%	5.1%	-	Vacancy Rate
-	1.1	1.5	-	1.7	2.2	Structured Parking Per Unit

02 – MULTIFAMILY PERFORMANCE

Post-2010 projects stabilized in under two years, on average

The lease-up performance of comparable product is a key indicator of multifamily demand. Completed projects have stabilized within two years of completion.



WEIGHTED AVERAGES

7 QUARTERS TO ABSORB

9 UNITS/ MONTH

Note: Stabilization assumes <15% vacancy; Includes all known post-2010 stabilized projects in the North DuPage and Northwest Cook submarkets
Source: CoStar; SB Friedman

02 – MULTIFAMILY TOD OUTSIDE OF THE MARKET AREA

TOD projects are typically denser, offer structured parking, and are well-amenitized

Given that TOD development in the Market Area has been relatively limited, SB Friedman also analyzed aspirational multifamily developments that are in suburban TOD contexts elsewhere in the Chicagoland region. These projects share similar characteristics with non-TOD projects in the Market Area, particularly in terms of the emphasis on one-bedroom units. However, these projects are typically denser, offer structured parking, and are well-amenitized.

Burlington Station	Ellison	Marq on Maine	20 West	Maple and Main	
Downers Grove	Des Plaines	Lisle	Mount Prospect	Downers Grove	**City**
0.18	0.12	0.16	0.16	0.28	**Distance from Metra Station**
2018	2019	2018	2019	2018	**Year Built**
89 0% | 74% | 21% | 4%	113 0% | 66% | 34% | 0%	202 0% | 66% | 34% | 0%	71 13% | 58% | 28% | 1%	115 14% | 59% | 23% | 3%	**Unit Count** **Unit Mix**
$2.75	$2.73	$2.64	$2.69	$3.39	**Average Price PSF**
997	894	815	831	866	**Average SF per Unit**
Yes 1.15	Yes	Yes 1.42	Yes 1.10	Yes	**Structured Parking** **Per Unit**
Business & Fitness Centers, Picnic Area, Pool, Spa, Dry Cleaning & Laundry Service, Package Service, Bicycle Storage, Multi Use Room	Fitness Center, Bicycle Storage, Conference Rooms, Pet Washing Station	Fitness Center, Car Wash Area, Grill, Car Charging Station, Lounge, Sundeck	Clubhouse, Fitness Center, Package Service, Roof Terrace, Lounge	Fitness Center, Pool, Guest Apartment, Roof Terrace, Storage Space, Bicycle Storage	**Amenities**

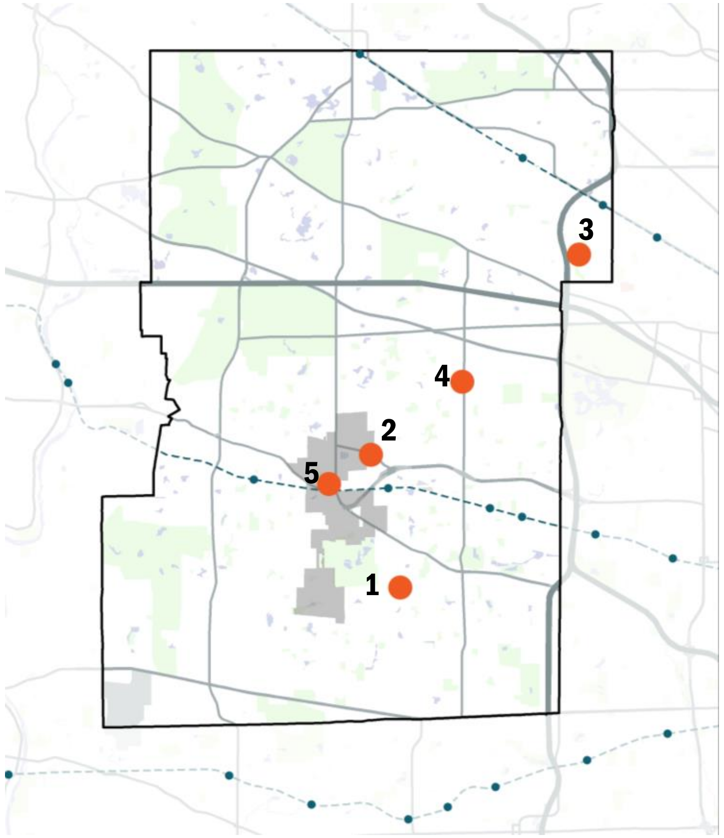
Source: Costar; SB Friedman

02 – RECENT SINGLE-FAMILY ATTACHED DEVELOPMENT

Many recent townhome developments are not located near transit

Recent townhome deliveries are comparable in terms of characteristics and design. However, townhome development has occurred largely outside of TOD environments.

RECENT COMPARABLE TOWNHOME DEVELOPMENT







1. Bloomingdale Walk	2. Georgetown of Schaumburg	3. Lexington Crossing	4. Pleasant Square	5. Church Street Station (TOD)	
Bloomingdale	Schaumburg	Rolling Meadows	Schaumburg	Hanover Park	City
2018-2020	2005-2007	2016-2017	2014-2018	2007-2014	Year Built
91 + additional sites	91	54	99	120	Unit Count
$203	$155	$180	$180	$130	Average Price PSF
$1.25	$1.13	$1.31	$1.26	$1.15	Estimated Rent PSF
2,160	2,150	1,800	2,130	1,730	Average Unit SF

Source: Esri; Multiple Listing Services; SB Friedman

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02 – RECENT FOR-SALE MARKET PERFORMANCE

Hanover Park had a relatively high percentage of single-family homes sold and appreciation value

Recent trends within the for-sale market in Hanover Park, Schaumburg, Roselle, and Bartlett are outlined below. Single-family for-sale performance in Hanover Park seems to be strong. Year-over-year, home values in Hanover Park appreciated by approximately 11.23%, as compared to 13.56 in Bartlett, 12.89% in Roselle, and only 3.4% in Schaumburg. Additionally, in comparison to the same three nearby suburbs, Hanover Park saw the greatest percentage of homes sold in August 2022. While Schaumburg, Roselle, and Bartlett have larger average home sizes, there may be a preference for the smaller, and likely more affordable, homes offered in Hanover Park.

	AVG HOME SIZE	AVG DAYS ON THE MARKET	APPRECIATION IN SOLD HOME PRICES	HOMES SOLD
Hanover Park	1,575	54	11.23%	29.6%, 70.4% of unsold homes still listed
Schaumburg	2,089	54	3.4%	21.1%, 78.9% of unsold homes still listed
Roselle	2,063	60	12.89%	16.4%, 83.6% of unsold homes still listed
Bartlett	2,366	56	13.56%	25%, 75% of unsold homes still listed
Source: Bowers Realtors August 2022	Aug. 2021-Aug. 2022	Aug. 2021-Aug. 2022	Aug. 2021-Aug. 2022	Aug. 2021-Aug. 2022

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02 – RESIDENTIAL DEMAND CONSIDERATIONS

Demand is driven by several household characteristics

To project demand for new residential product, SB Friedman considered the following:

1. **Household Change** – Projections of future population growth by age and income and shifts within age and income cohorts.
2. **Homeownership and Rental Preferences** – Historic household preferences and shifting demand patterns for for-sale and rental product.
3. **Mobility Rates** – The percentage of household (by age and income) that move on an annual basis; as household movers generate demand in the market.
4. **Preference for New Construction** – Historic preference for new construction housing amongst movers, by residential product type.

This information, specific to local market area, is presented on the following pages.

HOUSEHOLD CHANGE

HOMEOWNERSHIP & RENTAL PREFERENCES

MOBILITY RATE

PREFERENCE FOR NEW CONSTRUCTION

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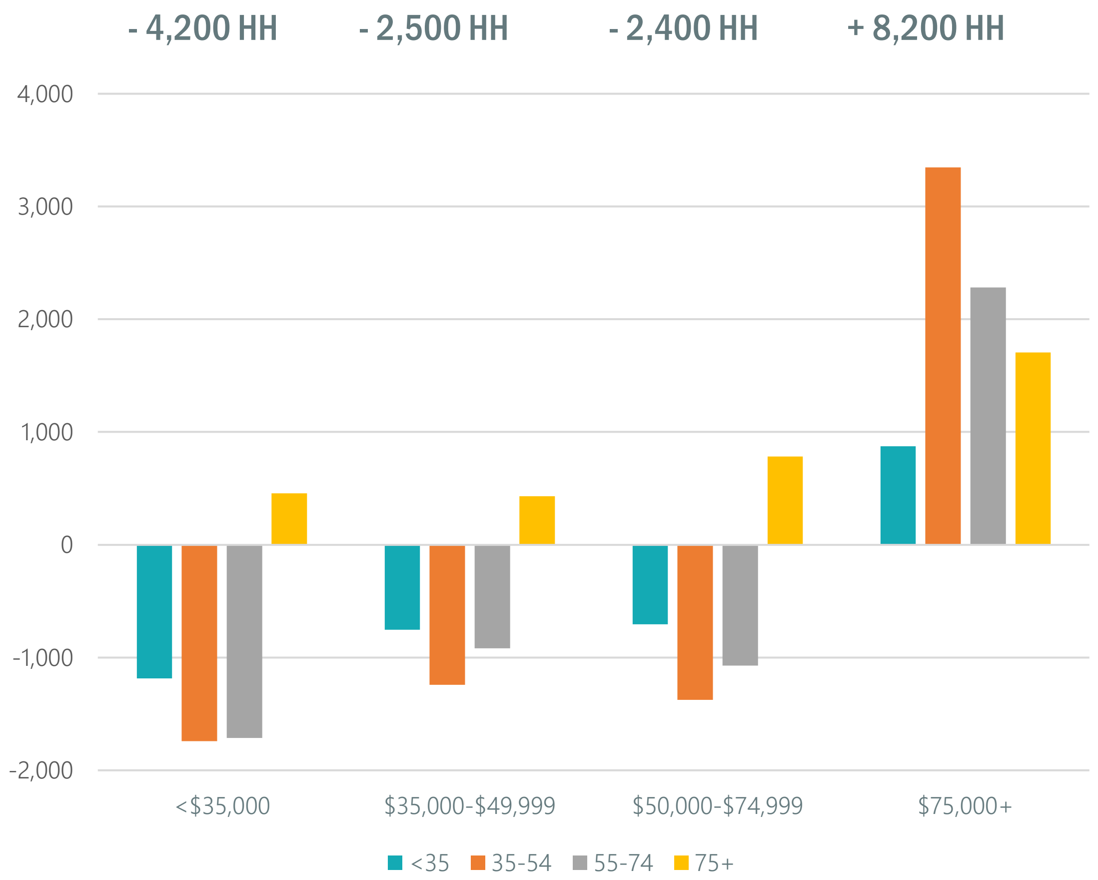
02 – HOUSEHOLD CHANGE & PREFERENCES

Demographics are shifting in the Market Area, which impacts housing needs

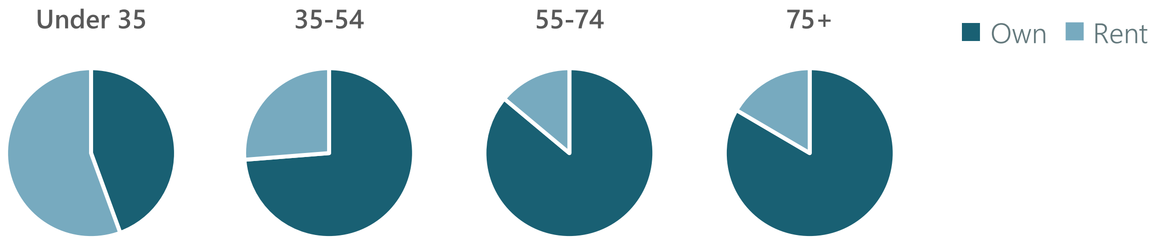
MARKET AREA HOUSEHOLD CHANGE: 2019-2024



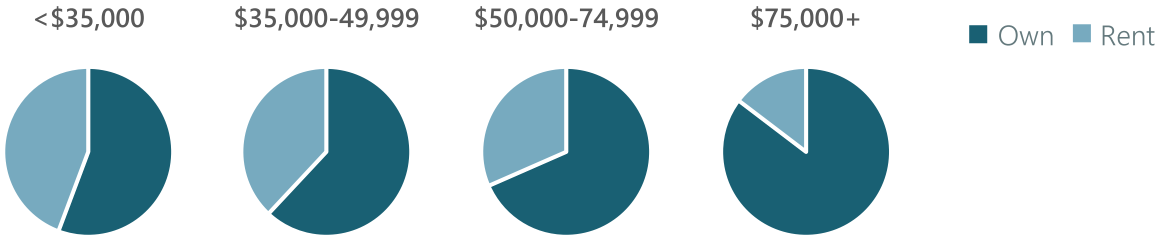
Source: ESRI Business Analyst, SB Friedman

The number of households within the Market Area is relatively stable; however, major shifts are projected to occur over the next five years. Households earning over $75,000 per year are projected to increase by 8,200 households. This is the income cohort that is likely to be able to afford new construction market-rate housing. Seniors in all income cohorts are also projected to grow. It is important to understand these shifts, as households at different age and income cohorts have different housing preferences, as outlined below.

HOMEOWNERSHIP & RENTAL PREFERENCE BY AGE OF HOUSEHOLDER

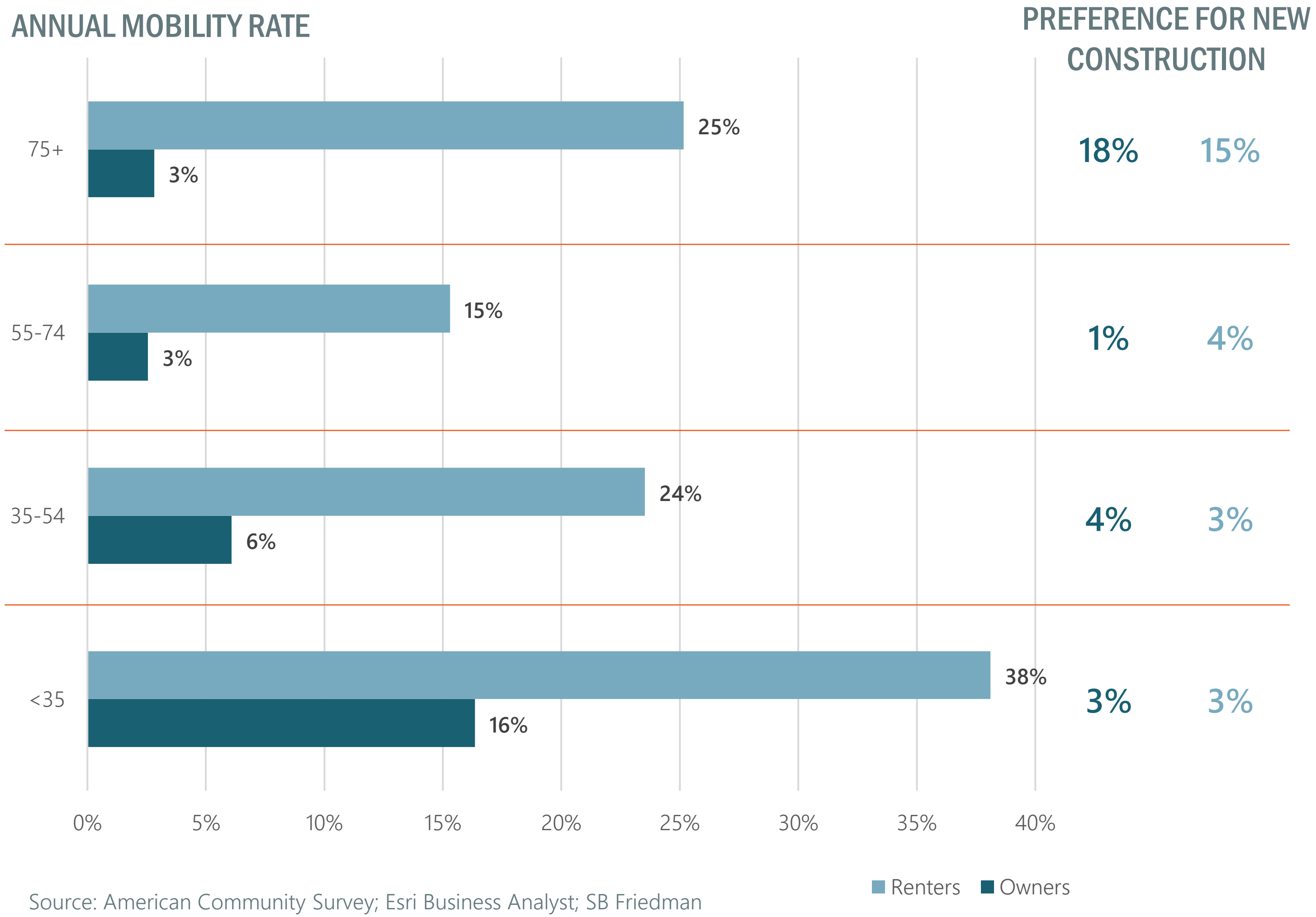


HOMEOWNERSHIP & RENTAL PREFERENCE BY INCOME OF HOUSEHOLDER



02 – MOBILITY RATES AND PREFERENCE FOR NEW HOUSING

The desire to move and to move into new housing varies by age



Source: American Community Survey; Esri Business Analyst; SB Friedman

Market demand is driven by the portion of the population most likely to be moving in any given year. This accounts for new households migrating into the Market Area, formation of new households (e.g. a young professional moving out their parents' home) or existing households in the region changing the housing they live in. Each year these movers add to the demand for both existing and new construction housing.

In the Market Area, nearly 40% of renter households under the age of 35 move annually. Senior renters in the Market Area also have a relatively high mobility rate. The preference for new housing is largely driven by the availability of new supply. Approximately 3-4% of movers prefer new housing. The preference for new housing increases for the senior population, who is often seeking housing with less maintenance or specialized care.

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02 – DEMAND FOR NEW MARKET-RATE HOUSING

There is identified demand for ±356 new market rate residential units annually in the Market Area

The results of our demand analysis are outlined below.

PROJECTED HOUSEHOLDS IN MARKET AREA
184,058

RENTAL			FOR-SALE
23% of HOUSEHOLDS RENT	41,405	141,187	77% of HOUSEHOLDS OWN
28% of RENTERS MOVE ANNUALLY	11,601	7,407	5% of OWNERS MOVE ANNUALLY
40% of MOVERS ABOVE INCOME THRESHOLD	4,618	3,744	51% of MOVERS ABOVE INCOME THRESHOLD
4.2% of MOVERS CHOOSE NEW CONSTRUCTION	196	161	4.3% of MOVERS CHOOSE NEW CONSTRUCTION

Rental

	TOWNHOMES	DETACHED	MULTIFAMILY
AVERAGE ANNUAL NEW UNITS	33	12	150
FIVE YEAR NEW UNIT DEMAND	165	61	754
SITE CAPTURE RATE	5-10%	NA	10-15%

For-Sale

TOWNHOMES	DETACHED	MULTIFAMILY	
58	86	17	AVERAGE ANNUAL NEW UNITS
290	432	83	FIVE YEAR NEW UNIT DEMAND
5-10%	NA	NA	SITE CAPTURE RATE

Source: ACS 5-Year Estimates, ESRI Business Analyst, SB Friedman

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02 – CAPTURE OF DEMAND ON SITE

There is market potential for up to 170 residential units on the Site

SB Friedman applied a capture rate to the Market Area demand projections to estimate the amount of multifamily and single-family attached development that could occur on the Site within the next five years. Pending site capacity analyses, approximately 110-170 residential units could potentially be absorbed. The multifamily housing could be attractive to young professionals/commuters and perhaps empty nesters looking for a walkable environment in a smaller home, as well as potential residents that are attracted to the diversity of Hanover Park. The townhomes provide diversity of housing type and may attract a different portion of the market, such as first-time homebuyers, people looking to leave the City, and others wanting access to transit in a mixed-use neighborhood.

We synthesized recent projects in the Market Area and aspirational multifamily TOD projects elsewhere in the Chicagoland region to inform project characteristics. Based on this analysis, an 85-125-unit multifamily project would be market supportable and could be comprised of predominately one- and two-bedroom units. Project features could include 1.2 structured parking spaces per unit and amenities such as a fitness center, bicycle storage, roof terrace or other community space. Based on comparable projects in the Market Area achievable absorption is estimated to be 7-9 units per month.

Up to 45 single-family attached units could also be supportable, the characteristics of which are likely to align with recent product in the market area.

5-15%
Site capture rate of the Market Area residential demand

10-15
townhome units, renter occupied
1,900 SF
$1.30-1.50 rent PSF

15-30
townhome units, owner occupied
1,900 SF
$165-190 price PSF

85-125
multifamily units, renter occupied
3% studio | 65% one bedroom | 30% two bedroom | 2% three bedroom
1.2 structured parking spaces per unit
Fitness center, bicycle storage, roof terrace/community space, etc.
Absorption of 7-9 units per month

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03 Commercial

SITE SUITABILITY

COMMON STATION AREA COMMERCIAL USERS

COMMERCIAL DEMAND

03 – SITE SUITABILITY

Commercial demand on the Site is largely attributable to Metra commuters

Source: Esri; SB Friedman

TOD environments typically include supporting commercial uses. To evaluate the feasibility of commercial uses on the Site, SB Friedman evaluated site characteristics and potential retail demand drivers, as discussed on the following pages.

SITE SUITABILITY FOR COMMERCIAL

The Site is located adjacent to the Metra Station and benefits from relatively good visibility from County Farm Road. However, Ontarioville Road is not a busy traffic corridor and complementary retail uses, or co-tenants, are limited. Adjacent uses include residential, institutional, office, and retail. Nearby commercial uses include:

- North of Lake Street: Starbucks, Jackson Hewitt Tax Service, Studio7 Hair Salon, Lily's Nails, and Subway.
- Along Ontarioville Road: Hanover Park Animal Care Center, Prairie Station Pub & Grill, and Robert de Canio American Family Insurance

Activity on the Site is largely driven by commuters who use the Metra Station. Therefore, the portions of the Site with the greatest market potential for commercial are those located adjacent to the station and able to capture retail demand from commuters.

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03 – STATION AREA COMMERCIAL USERS

Metra-adjacent locations elsewhere are a strong indicator of appropriate commercial uses

SB Friedman reviewed commercial uses that are typically located adjacent to comparable Metra stations in the western suburbs of Chicago. This commercial typically caters to Metra commuters and includes dining options, medical or professional office, and personal care stores. Dining options often include a mix of national food chains or local restaurants or bars. Office users typically include small medical offices like chiropractors, physical therapists or dentists, as well as supportive professional offices such as real estate, insurance and law. Many station areas include personal care stores, such as Walgreens, or services, like nail salons or barbershops.

In addition to common station area commercial users, there are other commercial users that are suitable to commuters that could be feasible for a mixed-use TOD development. These commuter-driven users include a daycare, pet daycare, and dry cleaners, etc. A more aggressive strategy may be necessary to attract these users to the Site or on adjacent areas targeted for redevelopment. However, these users could help advance the Village Center vision and support both commuters and residents.

COMMON STATION AREA COMMERCIAL USERS

RESTAURANTS & BARS

SMALL MEDICAL OFFICES

SMALL PROFESSIONAL OFFICES

PERSONAL CARE STORES & SERVICES

COMMUTER-DRIVEN COMMERCIAL USERS

DAYCARE

PET DAYCARE

DRY CLEANERS

03 – COMMERCIAL DEMAND CONSIDERATIONS

Demand is likely attributable to commuters and future Village Center residents

To evaluate the demand for commercial uses, SB Friedman analyzed the following:

1. **Daily Ridership** – Historic (Fall 2018) ridership data for the Hanover Park Metra station.
2. **Commuter Retail Spending** – Average spending of commuters, assumed to be entirely related to food and beverages.
3. **Population Increase from Envisioned Development** – Projections of population from development of the envisioned Village Center, estimated from the buildout of the Lakota plan and historic household size by unit type.
4. **Residential Retail Spending** – Historic per capita spending patterns based on ESRI leakage analysis.
5. **Absence and Presence** – Current adjacencies, retail and otherwise, to the Site.

The first four assumptions were incorporated into an SB Friedman retail model projecting commercial demand by store type. The absence and presence factor further informed what type of commercial use could be market feasible at the Site.

Daily Ridership

Commuter Retail Spending

Population Increase from Proposed Development

Residential Retail Spending

Absence & Presence

03 – COMMERCIAL DEMAND

Near-term demand is generated from commuters; long-term demand from further buildout of the area

The results of the demand analysis are outlined below.

NEAR-TERM DEMAND

2,700

square feet of retail generated from commuters

(1,200 weekday commuters)

INTERMEDIATE-TERM DEMAND

10,800

square feet of retail generated from residential development contemplated as part of the Village Center plan

(1,300 additional residents)

The demand above represents the quantifiable commercial demand for the Site. In the near-term, there is demand for 2,700 square feet of retail. This retail demand is generated from Metra weekday commuters. This demand projection assumes commuting patterns will return to pre-COVID levels in the near-term. Retail demand generated from the residential population is speculative and dependent upon the buildout of the Site and surrounding area. Over time as the Site and surrounding area in the Ontarioville historic core are developed, there could be additional retail demand of up to 10,800 square feet.

As the Village Center vision is realized and this area is enlivened, there is a potential for more retail demand from walkers and visitors. It is recommended that commercial development be phased parallel to residential development.

04 Conclusions

04 – CONCLUSIONS

Overall market potential for the Site consists of up to 170 residential units and 3,000 SF of retail

RESIDENTIAL

110-170 UNITS

RETAIL

13,500 SF

TOWNHOME UNITS, renter occupied	10-15	NEAR-TERM SF (generated from commuters)	2,700
TOWNHOME UNITS, owner occupied	15-30	LONG-TERM SF (generated from residential development of the area)	10,800
MULTIFAMILY UNITS, renter occupied	85-125		

Overall, the Site is an attractive opportunity in the market for TOD-appropriate residential uses, with limited supporting commercial space. The Site is a key redevelopment opportunity and critical to implementation of the Village Center plan.

Given current market conditions, SB Friedman projects the Site could support 110-170 residential units and up to 13,500 square feet of retail overtime.

Residential uses could be a mix of rental and for-sale townhomes, and rental multifamily. The diversity of housing types allows the Site to attract a variety of people, including young professional commuters, empty-nesters seeking a walkable environment, first time home-buyers, and more.

We project there is approximately 2,700 SF of commercial demand in the near term generated from Metra riders. There is an additional 10,800 SF of demand dependent upon residential buildout of the Site and surrounding area. There is the potential for additional commercial demand on the Site if the Village Center plan is realized and the area becomes a lively neighborhood center.

Residential and retail development on the Site could be phased to correlate with the larger vision of the Village Center and surrounding development.

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04 – DEVELOPMENT STRATEGY

Position development at the Site to be flexible and market responsive

While SB Friedman projects demand for up to 170 units in the next five years, initial schematics from Lakota in the *Ontarioville Historic District Urban Design and Streetscape Enhancements* suggest the Site has capacity for approximately 300 units. Therefore, initial residential development of approximately 170 units could be positioned to accommodate an additional phase of development as market conditions allow. By phasing residential development, it is possible to evaluate how the market responds to new multifamily development in Hanover Park, particularly in terms of absorption and increases in rental rates.

As noted previously, SB Friedman projects approximately 2,700 SF of commercial demand in the near-term, primarily from commuters, but as the Site and surrounding Ontarioville historic core is built out, there is likely additional demand for up to 10,800 SF of retail. As the Village Center plan is realized, the market may be able to absorb more development at the Site and nearby. Phasing development allows the market to absorb the new product and prove there is demand going forward.

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 proposed project.

Our study did not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses.

No effort was made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Further, we neither evaluated management's effectiveness, nor are we responsible for future marketing efforts and other management actions upon which actual results will depend.

Our report is intended solely for your 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 within the meaning of the freedom of information acts of the various governmental entities. Nothing in these terms and conditions is intended to block the appropriate dissemination of the document for public information purposes.

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