

CHICAGO PEDWAY INITIAL MARKET POTENTIAL AND FISCAL IMPACT ANALYSIS



Prepared for:



ENVIRONMENTAL LAW & POLICY CENTER

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EXECUTIVE SUMMARY

INTRODUCTION TO THE ASSIGNMENT

Goodman Williams Group was retained by the Environmental Law & Policy Center (ELPC) to conduct a study of the market potential for additional retail and service uses along the “Main Stem” of the Chicago Pedway. Based on initial findings, we have also prepared a high-level fiscal impact analysis that outlines the potential revenues that could result from additional commercial activity over the next 10 years. This study is part of ELPC’s broader analysis of ways to improve the Pedway and enhance the pedestrian experience under Chicago’s Loop.

This study looks at the Pedway spaces below the following seven properties:

- The Thompson Center
- 69 W. Washington
- Block 37
- Macy’s Department Store
- The Heritage Shops
- Chicago Cultural Center
- Millennium Station

These blocks of the Pedway are consistent with previous work led by BuroHappold with one exception: we have added 69 W. Washington to this analysis, since Pedway level-commercial space in that building is directly connected to the Pedway level of the Daley Center.

SUMMARY OF FISCAL IMPACT

The fiscal impact analysis assumes that beginning in 2018, baseline improvements, including wayfinding, lighting, and improved security, will be made to this part of the Pedway. In 2019, we have assumed nearly 30,000 additional SF will be leased.

We estimate the City of Chicago currently receives approximately \$595,000 in sales tax revenue from restaurants and retailers in this portion of the Pedway. With improvements and investment to the Pedway, we project annual sales tax revenue collected by the City to be more than \$1.1 million by 2027. Using the same methodology, sales taxes to Cook County would increase from less than \$500,000 in 2017 to an estimated \$875,000 annually by 2027. **Over the 10-year period, the City, County, and State taxes collected would total nearly \$15.5 million.**

Summary of Tax Benefits	<u>2017</u>	<u>2027</u>	10 Year Total Increment
State of Illinois Sales Tax	\$1,651,772	\$3,127,287	\$9,450,601
City of Chicago Sales Tax	\$594,638	\$1,125,823	\$3,402,216
Cook County Sales Tax	\$462,496	\$875,640	\$2,646,168
TOTAL ANNUAL SALES TAX INCOME	\$2,708,907	\$5,128,751	\$15,498,986

Increased sales and leasing activity would also provide economic benefits to the private sector in the form of increased sales, rents, and property values. The overall occupancy rate will increase from roughly 64% to 90% over this period. It should be noted that per-square-foot sales and rent estimates for these Pedway spaces are likely to remain significantly less than those occupying prime street level sites.

This analysis does not project employment increases resulting from this new commercial activity, which are likely to be limited. Given the 6 PM closing time for much of the Pedway, many of the stores are open for only one shift daily, and are closed on weekends.

RECOMMENDATIONS

Current pedestrian counts at key locations would help prove rising demand, so new pedestrian counts are recommended.

As improvements to this portion of the Pedway are considered, it makes sense to initially focus on improvements that build off the Pedway's strongest commercial blocks, from the retail at Millennium Station west to Block 37. While new commercial offerings and the resulting fiscal impacts may be somewhat limited, the improved connections and enhanced pedestrian experience will provide significant benefits to those working, visiting, and living in the Loop. An increase in commercial activity in the Pedway is not likely to directly impact or compete with above-ground retail in Chicago's Loop, particularly if pedestrian traffic continues to grow.

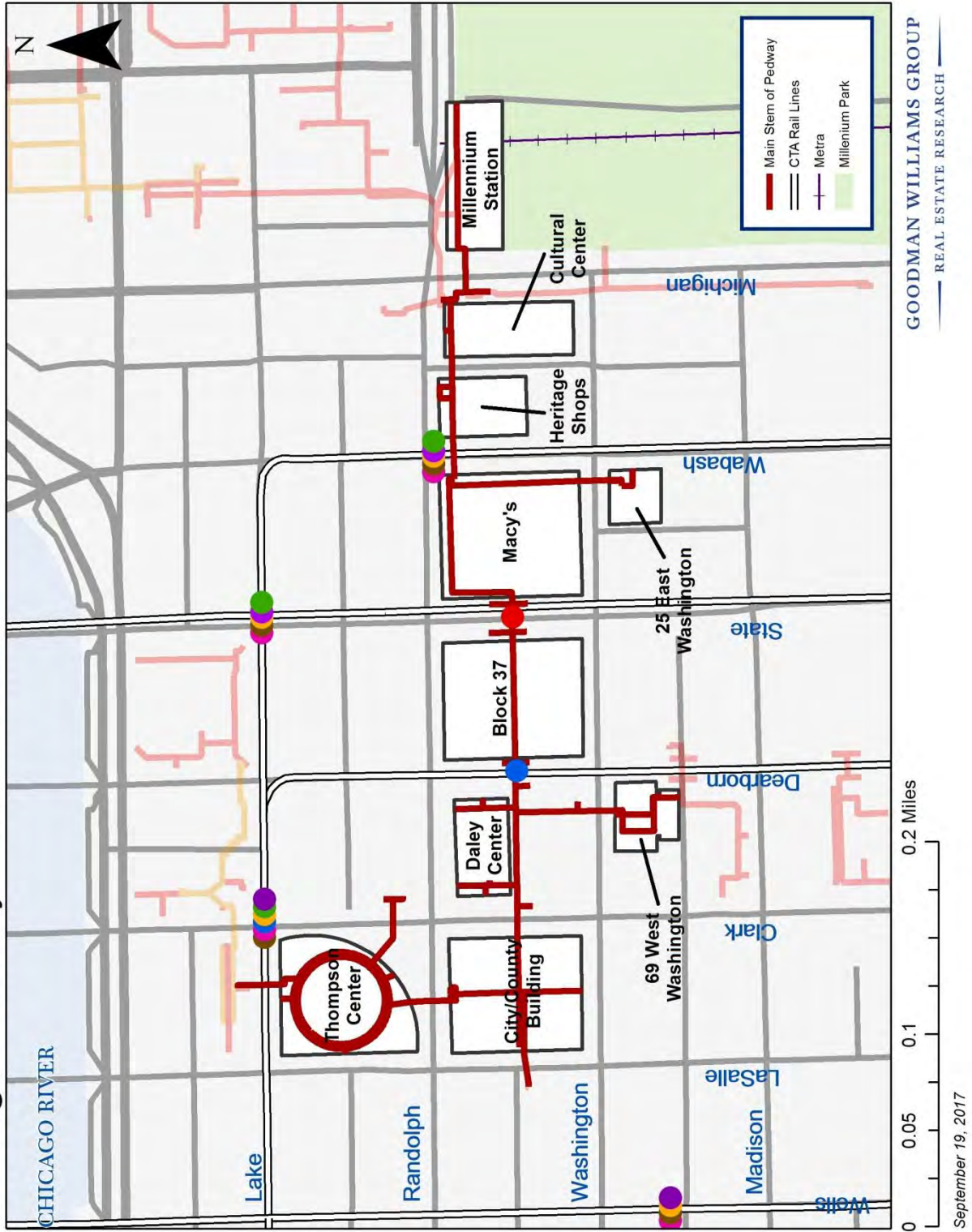
KEY MARKET FINDINGS

Currently the Main Stem of the Pedway has several active, disconnected commercial clusters located in the Thompson Center, 69 West Washington, Block 37, and Millennium Station. In the length of the Main Stem, there are 110,877 square feet of total space alongside the Pedway. (Governmental uses were not included in this total) Of that total, an estimated 70,336 SF are leased for commercial uses. Only 16,424 SF are vacant and currently being marketed, and an additional 24,117 SF are underutilized (storage or meeting space). Overall, these square footage estimates suggest this part of the Pedway has limited vacant or underutilized space that can be activated with new commercial uses.

Active Space		Vacant Space		Underutilized		Total
SF	%	SF	%	SF	%	SF
70,336	63.4%	16,424	14.8%	24,117	21.8%	110,877

The key blocks that have the most potential for adding commercial space and enhancing connections to existing commercial clusters are Macy's and the Cultural Center. The wayfinding, operational, and physical improvements that have been recommended by the BuroHappold Team will serve to encourage more pedestrians to walk through these blocks to their various destinations, strengthening existing commercial uses. In addition, the Blues Experience museum planned for 25 E. Washington could become a major new attraction at Pedway level.

Chicago Pedway - Main Stem



BUSINESS INVENTORY

Goodman Williams Group reviewed publicly available information on each of these properties to determine how much space was located on the Pedway level, types of businesses and uses, and current asking rents. We also interviewed representatives from building ownership and property management and leasing. A complete list of interviewees appears as Appendix 1. The following paragraphs summarize our understanding of the Pedway uses by block.

- **The Thompson Center.** Located at 100 W. Randolph Street, the James R. Thompson Center was completed in 1985. The building is in need of repairs, and its future is uncertain. The building provides access to CTA stations at Clark and Lake and has 23,216 square feet of commercial space in the Pedway level of the Atrium. Most of the space is occupied with quick service restaurants. Winthrop has a contract to lease and manage the commercial space through 2034. Gross rents reportedly range from \$45 - \$125 / SF.



Pedway level of the Atrium in the Thompson Center

- **City Hall / County Building.** Pedway access is available from the Thompson Center into Marriage Court, which is located at the lower level of 119 West Randolph Street. Down the hall from where nuptials are performed is a Facilities Management Custodial Department storage closet. According to CDOT, engineers have studied the potential to connect the Pedway under this building, but as yet no action has been taken. Underneath the County portion of the City Hall / County Building, escalators lead back down to the Pedway. An Illinois Vending Facility for the Blind is located here.
- **The Richard J. Daley Center.** The Public Building Commission financed and built the Daley Center (50 W. Washington) in 1965, and it currently houses more than 120 court and hearing rooms. The Illinois State Statute that created the PBC stipulates that it can only lease space to governmental and non-profit entities. The only exception is a Starbucks located at the eastern end of the building. The portion of the Pedway under the Daley Center is well maintained, but like many other Pedway buildings, is only open weekdays until 6:00pm. It is also subject to strict security measures, since those charged with crimes are escorted through the Pedway to hearings.
- **69 W. Washington.** Located south of the Daley Center, 69 W. Washington was formerly known as The Brunswick Building. Cook County purchased the 721,000-square-foot building in 1996 and converted it to the George W. Dunne Cook County Administration Building. The Pedway level has approximately 14,468 square feet which are leased to a variety of tenants including personal services, retail, and a sandwich shop. The Cook County Board of Elections office is a destination for those registering to vote. Gross rents are reportedly \$30/SF, and the space is actively marketed by Frontier Commercial.

- **Block 37.** This key block, which has been completely redeveloped over the past 12 years, is located between both a Blue and a Red Line station. A total of 25,774 square feet of Pedway level space is connected via escalators to the upper four floors. CIM is leasing the space, which currently features a number of quick service restaurants, service venues, and retail stores. Gross rents are quoted at \$45 per square foot, although space for certain stores (including a pop-up book store) are less expensive.
- **Macy's Department Store.** East of the Red Line Station is an awkward connection to the lower level of Macy's. While the department store is fully operational on one side of the Pedway, the other side has large storage rooms. An exhibit of stained glass windows provides an attractive visual distraction from the storage rooms. At the eastern end of this section of the Pedway is InField's, a restaurant and sports bar. Macy's has put the upper floors (8-14) of this flagship State Street store on the market and is likely to downsize the store. There has been no mention of selling any Pedway-level space.

The lower level of Macy's has a direct but unmarked pedestrian connection south to **25 E. Washington**, which was formerly the Marshall Field Annex Building. The Chicago Blues Experience has announced plans to open a 50,000-square-foot blues museum and performance space in the Pedway and Lobby level of this building by 2019. If that happens, it will likely be a significant tourist draw.

- **Heritage at Millennium Park.** In 2016, Hunt Investment Management paid \$46.5 million for the 4-level, 100,000 SF commercial portion of this development, which sits at the base of a condominium tower. Anchor street-level tenants include LA Fitness, Ann Taylor Loft, McDonald's, and Intelligentsia Coffee. The Pedway level has 25,263 square feet of space, including the swimming pool level of L.A. Fitness, which is not accessible to the Pedway. Other uses include two retail stores, a cobbler, and a dry cleaner. Rents are reportedly \$40/SF on a gross basis, and Mid-America Realty is currently seeking additional personal service and fitness tenants.
- **Chicago Cultural Center.** The Pedway level of the Cultural Center is a wide, attractive walkway with two meeting rooms on one side. Signs advertise various events and attractions on the upper floors, which are accessible via elevator. Cultural programming and related commercial uses would be welcome additions to this space.
- **Millennium Station.** The station serving the Metra Electric and South Shore commuter rail lines underwent \$22 million worth of renovations in 2005. A total of 16,082 square feet of commercial space is located adjacent to the station and includes quick service restaurants, convenience retail, and service businesses. RKF recently took over leasing, and is quoting gross rents as high as \$100 per square foot.

Information sheets for these blocks appear in the Appendix.

SUMMARY OF BUSINESS INVENTORY

For the purposes of this analysis, our summary of businesses along this portion of the Pedway excludes the uses underneath the following buildings:

- **City Hall / County Building.** We recognize the Marriage Court is a significant destination and nearby governmental storage could be repurposed for supportive business uses.
- **Daley Center.** Without a change in the State Statute, these Pedway spaces can only be used for government or non-profit uses.
- **25 E. Washington.** Most of the Pedway uses have been vacated in anticipation of The Chicago Blues Experience..

Uses in the remaining blocks are included in our summary analysis. We have divided them into the following three categories:

- **Active.** Indicates the space is occupied by a retail business or service paying rent. These uses are further divided into the following specific types of businesses.
 - Retail
 - Food and Beverage
 - Professional Service
 - Personal Service
- **Vacant.** These spaces are being actively marketed to new tenants.
- **Underutilized.** These spaces are currently used for storage or meetings, but in the event of upgrades to the Pedway, could be marketed to retail or service businesses.

The Summary Table of Pedway Business Inventory on the next page shows that nearly 64% of the potential commercial space is currently in use, with the remaining 36% of potential commercial square footage vacant or underutilized. More than 80% of active commercial space is located in the Thompson Center, Block 37, and Millennium Station. The vacant space being marketed is spread throughout the Pedway blocks. The largest concentration of underutilized space is in the Macy's block, where an estimated 18,981 square feet is empty or used for storage.

It should be noted that these square footage totals do not include actively used governmental space, some of which are important generators of pedestrian traffic in the Pedway. The Secretary of State's offices at 69 W. Washington and the Thompson Center, where driver's licenses can be renewed and voter registration applications are available, are good examples.

Pedway Main Stem Business Inventory

	Active Space		Vacant Space		Underutilized		Total
	SF	%	SF	%	SF	%	SF
Thompson Center	21,161	91.1%	2,055	8.9%	0	0.0%	23,216
69 W Washington	7,480	51.7%	6,988	48.3%	0	0.0%	14,468
Block 37	22,647	87.9%	3,127	12.1%	0	0.0%	25,774
Macy's*	2,000	9.5%	0	0.0%	18,981	90.5%	20,981
Heritage Shops	2,716	31.0%	2,504	28.6%	3,536	40.4%	8,756
Chicago Cultural Center	0	0.0%	0	0.0%	1,600	100.0%	1,600
Millenium Station	14,332	89.1%	1,750	10.9%	0	0.0%	16,082
	70,336	63.4%	16,424	14.8%	24,117	21.8%	110,877

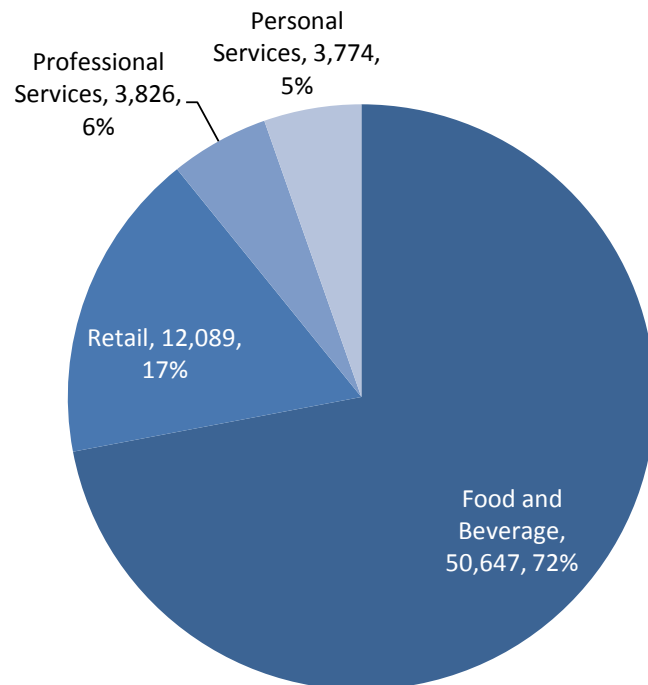
Note: Underutilized includes spaces currently used as storage and non-commercial space

***Does not include the active lower level of Macy's Department Store**

Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering. July, 2017.

Active Use Categories in Main Stem

In Square Feet, Percentage of Space



- Among active use categories in the main stem, the most common is Food and Beverage - with 34 active storefronts out of 60 total.
- Of the 34 Food and Beverage establishments, 30 are quick service restaurants. 15 of these restaurants are located in the Thompson Center.
- Of the three drinking places in the Pedway, none is located west of Macy's.
- There are 12 retail stores in the Main Stem of the Pedway, half of which are located in Block 37.
- Six professional service uses and seven personal service businesses are located in the Pedway. This figure does not include the LA Fitness pool.

SOURCES OF DEMAND FOR PEDWAY COMMERCIAL SPACE

Pedestrians walking through the Main Stem of the Pedway are in the Loop for a number of reasons and include the following groups:

- Commuters and those riding public transit
- Employees working in the Loop
- Residents living in the nearby highrises
- Visitors to Millennium Park, the museums, and other Downtown Chicago tourist destinations
- Students enrolled in one of the numerous colleges and universities in the Loop.

This section explores some of the metrics related to these sources of demand and looks at recent trends. For all of these groups, the proposed improvements to the Pedway and potential large-scale investments such as the Chicago Blues Experience would encourage more of them to walk underground, particularly during inclement weather, increasing the spending potential and thus demand for commercial space along the Pedway.

Pedway Pedestrian Traffic

There are no current Pedway pedestrian counts. The most recent counts were completed in 2007. As noted in the 2008 CDOT report, *Pedestrian Activity in Chicago's Downtown*:

“The Pedway has been under construction for various periods over the last several decades. The Metra Electric Station, Millennium Park, Millennium Park Tower and now the Pedway under Block 37 (between Macy's and Daley Plaza) required closures of the Randolph Street Pedway. These disruptions make comparisons difficult and have forced several changes in the number and locations of Pedway sites counted.”

The report also noted that increases in pedestrian traffic volumes could be expected when the entire Main Stem of the Pedway reopened. **Current pedestrian counts would no doubt indicate higher Pedway usage and would be useful in attracting additional businesses.**

2007 Pedway Pedestrian Counts

Thompson Center to City/County	1,300
City/County to Daley Center	2,800
Daley Center to Blue Line	4,100
Macy's to Red Line	1,000
Chicago Cultural Center	2,200

Source: Chicago Department of Transportation

Public Transit

The following table presents the most recent data available for the CTA and Metra transit stations proximate to the Pedway entrances. For each station, annual ridership has increased significantly. It should also be noted that construction of an attractive new L stop at Wabash and Washington, which began in 2015, is now complete and the station is open.

Ridership Figures - Pedway Adjacent Transit Stations

Station	Annual Ridership		Weekday Ridership	
	2001	2016	2001	2016
Clark and Lake Station	4.3 million	6.0 million	16,524	20,797
Washington/Dearborn (Blue)	2.6 million	3.6 million	9,148	12,255
State and Lake (Red)	4.1 million	7.0 million	13,990	21,542
Wabash/Randolph Station	1.8 million	3.0 million	6,168	9,541
Millennium Station Metra			25,857	20,706
Millennium Station South Shore			8,116	9,413*

Ridership includes both boardings and alightings

**2006 is most recent South Shore information available*

Source: Chicago Transit Authority, Metra. July, 2017.

The following table provides other metrics that show increases in various sources of demand for the Pedway, including employment, residential development, and tourism.

- Employment has steadily risen in the Loop, increasing by more than 60,000 over the span of 12 years.
- The number of residents in the Loop has been gaining steadily and is projected to rise sharply, with almost 6,000 new units currently planned or under construction.
- Recently, Millennium Park became the most popular tourist destination in the Midwest, with more than 12.9 million visitors during the second half of 2016 alone. These visitors were a large percentage of the nearly 54 million tourists who visited Chicago in 2016.

Sources of Pedway Demand

Employment

	2002	2014
Private Sector in Loop	277,055	289,924
Public Sector in Loop	51,159	98,471
Total	328,214	388,395

Residents

	2017
Existing residential units in Loop	13,499
Units under construction	1,974
Units proposed	3,964

Students

	2014
Total students	58,025
Student spending in the Loop (includes rent)	\$853,000,000
New student units proposed	985

Tourists

	2016
Visitors to Chicago	53.91 M
Visitors to Millennium Park	25.8 M

Hotels

	2017
Existing Hotel Rooms Downtown	44,070
Rooms Currently Under Construction	621

Sources: Metra, Choose Chicago, Chicago Loop Alliance, OnTheMap, City of Chicago, STR, Goodman Williams Group. July, 2017.

RETAIL TRENDS IN THE LOOP

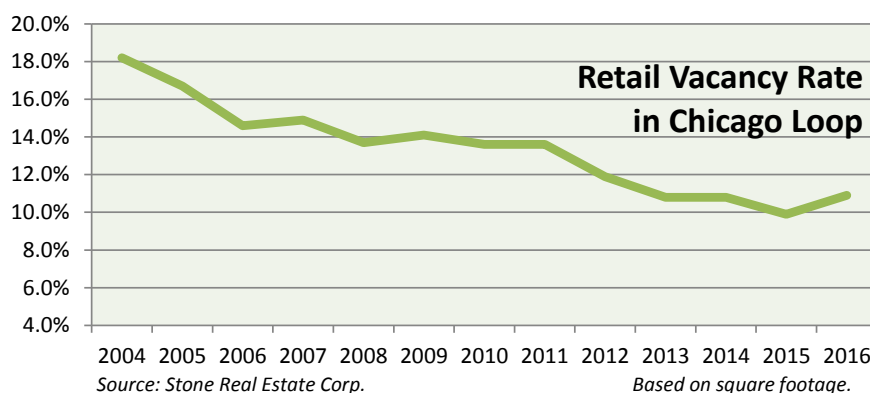
Worries about the future of retailing in the era of on-line shopping persist, particularly for larger apparel stores and mid-market department stores. Nonetheless, a number of economic factors and local trends suggest that retail in Chicago's Loop is doing well, with increases in demand, decreased vacancy rates, and increases in rents.

On the economic front, the national unemployment rate has fallen to a 10-year low of 4.5%. The Consumer Confidence Index had its largest increase in March 2017, reaching its highest level since 2000. And The City of Chicago has had success in attracting new headquarters businesses to the Loop, with the added employment supporting the increase in new households and demand for additional retail. In its latest **Chicago Loop Retail Analysis**, Stone Real Estate says the following: Retailers' pursuit of density, pedestrian traffic, and high income should shield the Loop from any major decline in demand.

At the end of 2016, Stone reported a Loop retail vacancy rate of 10.9%, the third lowest vacancy rate in 15 years. The space that has become available the past year is largely a result of Ulta closing its State Street store and Walgreens consolidating two stores into one. The pipeline for new commercial development in the Loop is limited. Demand for both quick service and higher-end sit-down restaurants has been thriving in the Loop. Also increasing is the number of fitness establishments (classified in our inventory as Personal Services).

Marcus & Millichap reports that retail rents in the East Loop have risen more than 10% over the past year to an average of \$45.00 per square foot on a net basis. Stone Real Estate prefers to express the range in rents, from \$30 to \$130 on a net basis and \$40 - \$145 on a gross basis. Not surprisingly, net rents at street level are higher than those in the Pedway.

An increase in commercial activity in the Pedway is not likely to directly impact or compete with above-ground retail in Chicago's Loop, particularly if the pedestrian traffic continues to grow. But the Pedway increase, as will be discussed, is dependent on the improvements discussed in the BuroHappold Plan, particularly as it relates to wayfinding, safety, and hours of operation. Additional cultural offerings and destinations in the Pedway will also serve to increase demand for food operations, service businesses, and a limited amount of additional retail.



FUTURE PEDWAY COMMERCIAL ACTIVITY

NEAR-TERM ADDITIONS

The assumptions and related projections in this report reflect basic improvements to the Main Stem of the Pedway beginning in 2018. These improvements include enhanced wayfinding and accessibility, more marketing and awareness of the Pedway, better lighting and cleanliness, consistent hours, and some measure of new cultural programming. It is reasonable to assume these baseline improvements will result in increased pedestrian traffic throughout the Main Stem and therefore increased ability to lease vacant and underutilized space.

The following types of businesses are the most likely. Most would occupy spaces of less than 2,000 than square feet. While most would sign traditional leases, the layout and lower rental rates of the Pedway could be ideal for short-term, rotating pop-up shops.

Food and Beverage. Currently, more than 75% of leased space in the Pedway Main stem is leased to food and beverage operations. One limitation to additional restaurants is a lack of spaces equipped with black iron ventilation. This ventilation system is necessary for restaurants that use fryers, grills, or other open heat sources. Installing black iron systems in the Pedway would likely be prohibitively expensive. Another factor to be considered by restaurants operating in the Pedway is the hours of operation. The majority of Pedway blocks are only open weekdays until 6 PM, meaning successful restaurants must base sales on breakfast and lunch.

As a result, new food and beverage space in the Pedway will likely be limited going forward, both in square footage and in the types of restaurants. Users without the need for black iron systems include coffee/tea shops, sandwich shops, and poke or sushi restaurants - restaurants that serve food that does not need to be cooked or has been cooked off site. These food users could also come in the form of food carts, either on a regular basis (such as the bar cart in Millennium Station) or those that could temporarily activate the Pedway for special events.

Convenience Retail. Additional convenience retailers are likely to seek space in the Pedway, particularly proximate to the transit stations. Small retailers selling everyday items such as snack foods, over-the-counter drugs, toiletries, newspapers and magazines, and umbrellas would be patronized by commuters, visitors, and downtown residents. Some additional destination retail might also be appropriate, such as those selling Chicago-themed gift items to area tourists or florists and photographers adjacent to Cook County Marriage Court.

Service Uses. Discussions with leasing agents and property managers along the Pedway indicate high demand for personal services, medical offices, and fitness studios. While these uses do not generate sales tax, they are appropriate for Pedway space and will increase foot traffic. Businesses like hair and nail salons, shoe repair, key makers, dry cleaners, dentists, and specialty fitness users desire Loop locations where rents are less than those at street level.

VISIONARY LONG-TERM IDEAS

Longer-term, more significant additions of commercial space are possible along the Main Stem of the Pedway if major additional physical investments are completed. In addition to physical improvements between sections of the Pedway and entryways, changes in ownership and management would be needed to provide, among other things, longer hours. Significant new attractions and programming could also alter Pedway economics longer-term.

Several ideas are discussed briefly below, but the fiscal impact analysis did not include specific increases in commercial square footage tied to these improvements.

Changes Along Macy's Lower Level. Macy's continues to operate the lower level of its department store, which includes its housewares, luggage, and sports apparel departments, as well as InFields restaurant. While floors 8 – 14 are currently on the market, Macy's has made no mention of selling the Lower Level. As mentioned previously, the storage areas on the opposite side of the Pedway are used, in part, to store Macy's Christmas decorations. It is possible that new ownership of the Pedway fronting spaces or the entire lower level of Macy's could allow a reconsideration of the commercial use of this space.

The Chicago Blues Experience. If this Blues museum and performance space opens at 25 E. Washington as planned, it would add a major new cultural attraction to this part of the Loop as well as a gift shop. And the lower level of this space is directly accessible to the Pedway through the lower level of Macy's. Connections between this major tourist destination and the transit stations along the Pedway could greatly enhance pedestrian traffic and potential business opportunities.



Rendering of Chicago Blues Experience

Other Cultural Attractions. In addition to the Blues Experience, other performances and cultural attractions along the Pedway would enhance its commercial potential. Currently, additional programming is under consideration in select Pedway locations including the Cultural Center. Significant physical improvements to Pedway-fronting spaces that would allow larger attractions could generate even more economic impacts.

Connections Under City Hall. Currently, it is not possible to walk from Cook County Marriage Court located below City Hall at 119 S. Randolph to the Daley Center without taking escalators back up to the main lobby of the City / County Building and then down again. Previous engineering studies have been done to determine the cost of making such connections, but no such plans are currently being considered. A Pedway connection would be important for joining the Thompson Center's active commercial space to the rest of the Main Stem, assuming that future Thompson Center improvements continue to include active Pedway commercial uses.

FISCAL IMPACTS

The Appendix to this report contains both a pro forma and table showing the assumptions we used. Analysis was done for a ten-year period, and focuses on impacts to both the public and private sectors as a result of improvements to, and growth in, the Pedway.

The following assumptions were used in the fiscal analysis:

- Timing – Baseline improvements, as explained in the prior section, are assumed to begin in 2018. Additional improvements could occur throughout the 10-year time horizon and will positively affect the increment.
- Lease-Up – We have projected that an additional 29,774 SF of space will be leased by the end of 2019, including 12,086 SF of existing vacant space and 17,688 SF of underutilized space. It is assumed that 40% of new users will generate sales tax.
- Sales/SF – Basic escalation of sales starts with 3% annually and bumps up in 2021 after improvements are made.
- Increase in Net Rents – Lastly, it is assumed that with basic improvements, increased commercial activity, and an increase in sales per square foot, overall rental rates will rise approximately 20% by the end of 2023 over 2022 levels.

PRIVATE SECTOR IMPACTS

Upgrades to the Pedway will result in limited, though notable, benefits to landlords and store owners.

Commercial sales per square foot are projected to increase from the current estimated average of \$424 to \$675 by 2027. During the same time frame, lease rates are projected to rise from \$60/SF to \$89/SF. While lease rates and sales numbers rise, the Pedway's occupancy rate should concurrently rise from the current level of 63.4% up to 90.3%, roughly the same rate as at street level in the Loop.

Although not analyzed in this study, an increase in pedestrian traffic and commercial lease rates should lead to increased advertising revenue and growth in property values. Additionally, there will be a relatively small bump in employment and wages affiliated with Pedway businesses.



PUBLIC SECTOR IMPACTS

To estimate incremental sales tax, we assumed that all restaurant and retail establishments would pay total retail sales tax at the 2017 level of 10.25%.

Summary of Fiscal Impacts			
	<u>2017</u>	<u>2027</u>	
Active SF Leased	70,336	100,110	
Gross Rent/SF	\$64	\$89	
% Sales Tax Generating	89%	74%	
Sales/SF	\$424	\$674	
Estimated Taxable Sales	\$26,428,359	\$50,036,596	
			10 Year Increment
State of Illinois Sales Tax	\$1,651,772	\$3,127,287	\$9,450,601
City of Chicago Sales Tax	\$594,638	\$1,125,823	\$3,402,216
Cook County Sales Tax	\$462,496	\$875,640	\$2,646,168
TOTAL ANNUAL SALES TAX INCOME	\$2,708,907	\$5,128,751	\$15,498,986

Source: Based on field work, research done by Goodman Williams Group. August 2017

As shown in the table above, we estimate that in 2017 the total amount of taxable sales generated from active commercial space along this section of the Pedway is \$26,428,359. This generates sales taxes of approximately \$595,000 to the City of Chicago, \$460,000 to Cook County, and nearly \$1.7 million to the State of Illinois for a total of \$2.7 million. With Pedway improvements, annual sales tax revenues in 2027 would reach approximately \$1.1 million to the City of Chicago, \$900,000 to Cook County, and \$3.1 million to the State of Illinois.



Pedway level of Chicago Cultural Center

The ten-year total increment captured between 2017 and 2027 amounts to approximately \$15 million.

In addition to these economic benefits, the Pedway improvements would certainly result in qualitative improvements to those working, visiting, and living in Downtown Chicago, and would strengthen existing businesses in the process.

APPENDIX

List of Interviewees

Key Block Business Inventories

Pedway Interviews

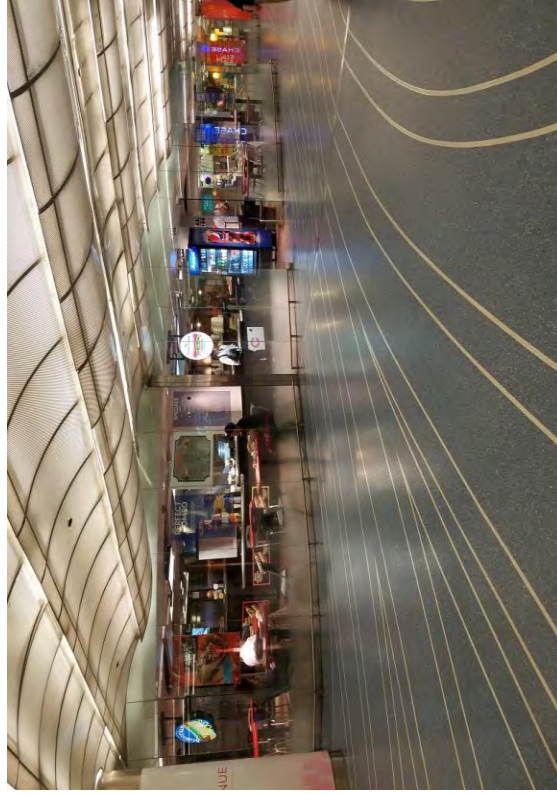
Name	Organization	Pedway Property	Meeting Date
Aaron Gadiel	CIM	Block 37	7/19/2017
Luann Hamilton	CDOT		7/21/2017
Michael Edwards	Chicago Loop Alliance		7/18/2017
Chanelle Rogers / Elizabeth Strand / Patricia Moreno	Cook County	69 W Washington	7/20/2017
Alex Christenson / Campbell Wickland / Jessica Rowe	Mid-America	Heritage at Millenium Park	7/13/2017
Liz Granato / John Beatty	PBC / MB Real Estate	Daley Center	7/19/2017
Anthony Campagni / Steve Schwartz	RKF	Millenium Station	7/18/2017
Lauren Knieja / Lucie Habina	Winthrop	Thompson Center	7/19/2017
Ivan Boone	Frontier Real Estate	69 W Washington	7/24/2017

Millennium Station Commercial Mix

Managed By: RKF

Ownership: Metra

Lease Owned By: Private Investor Group



Tenant	Use	Square Footage
M Bar	Drinking Place	1,783
Ruchi Pizzeria, Indo Asian Food	Quick Service Restaurant	1,783
Burger King	Quick Service Restaurant	1,700
Chase Bank	Professional Services	1,132
Starbucks	Quick Service Restaurant	1,739
Chicago Kernel	Food Store	600
Vacant	Vacant	900
Subway	Quick Service Restaurant	935
Millennium Dogs/Taco Fresco	Quick Service Restaurant	1,532
Vacant	Vacant	850
Millennium News & Views	Retail	750
Athletico Physical Therapy	Professional Services	1,678
Red Mango	Quick Service Restaurant	690
Beer Cart	Drinking Place	10
	Vacant	1,750
	Underutilized	0
	Active Space	14,332
	Total	16,082

Percentage Vacant	10.9%
Percentage Underutilized	0.0%
Percentage Active	89.1%
Gross Rents/SF	\$100
Pass-Through Expenses	\$20/SF

Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering, July, 2017.

Heritage at Millennium Park Commercial Mix

Managed By: Mid-America

Ownership: Hunt Investment Management



Tenant	Use	Square Footage
L.A. Fitness Pool	Fitness	16,507
Vacant	Vacant	416
Vacant	Vacant	1,031
Shore Line Convenience Store	Retail	504
Vacant	Vacant	689
North Shore Management	Storage	729
Vacant	Vacant	368
Intelligentsia	Storage	389
Poonja Development Network	Professional Services	406
Heritage Cleaners	Personal Services	492
Accento Gift Shop	Retail	368
Lane Bryant	Storage	1,197
Sam the Shoe Doctor	Personal Services	946
McDonald's	Storage	1,221

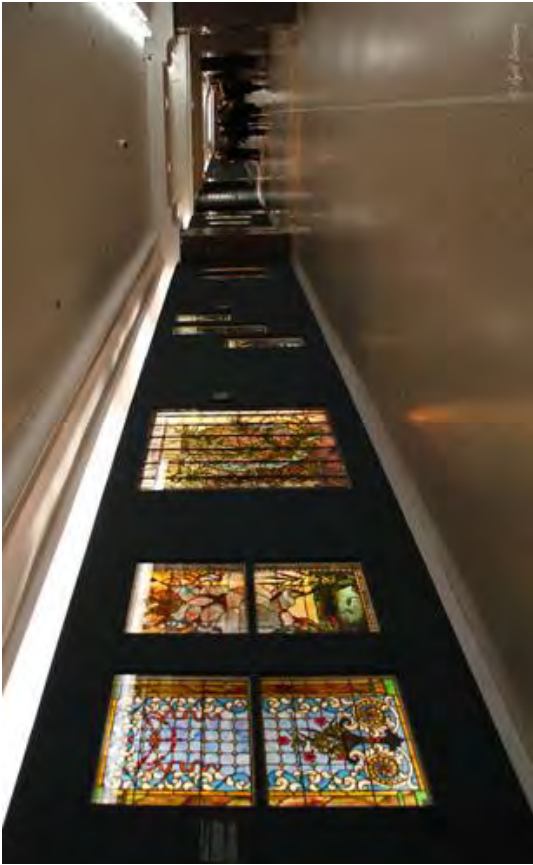
Vacant	2,504
Underutilized	3,536
Active Space	2,716
Total SF	8,756
Percentage Vacant	28.6%
Percentage Underutilized	40.4%
Percentage Active	31.0%
Gross Rents/SF	\$30
Pass-Through Expenses	\$17/SF

Active space does not include L.A. Fitness pool

Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering. July, 2017.

Managed By: Macy's
Ownership: Macy's

Macy's Commercial Mix



Tenant	Use	Square Footage
InField's	Drinking Place	2,000
Macy's	Retail	N/A
Vacant	Storage	256
Vacant	Storage	560
Vacant	Storage	720
Vacant	Storage	720
Vacant	Storage	7,800
Vacant	Storage	7,800
Vacant	Storage	500
Vacant	Storage	625
Vacant		0
Underutilized		18,981
Active Space		2,000
Total		20,981
Percentage Vacant		0.0%
Percentage Underutilized		90.5%
Percentage Active		9.5%
Gross Rents/SF		N/A
Pass-Through Expenses		N/A

Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering. July, 2017.

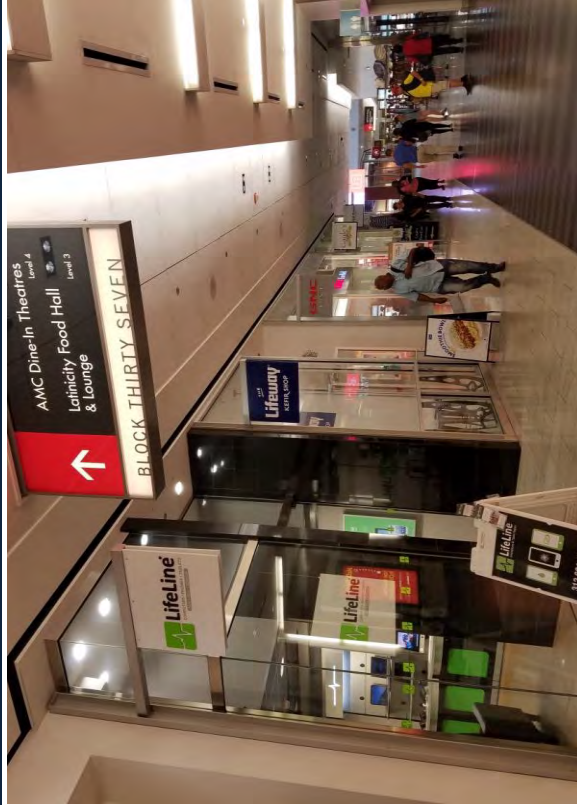
Block 37 Commercial Mix

Managed By: CIM

Ownership: CIM (currently on market)

Tenant	Use	Square Footage
Vacant	Vacant	977
Vacant	Vacant	1,015
Vacant	Vacant	991
Lifeway Kefir Shop	Limited-Service Dining	706
Simply Thalia	Full-Service Dining	1,292
Which Wich Sandwiches	Limited-Service Dining	1,448
Dunkin' Donuts	Limited-Service Dining	2,600
Magnolia Bakery	Limited-Service Dining	3,506
Au Bon Pain	Limited-Service Dining	2,933
GNC	Health and Wellness	1,314
Explore Store	Retail	1,637
Taqueria 2.0	Limited-Service Dining	991
Lifeline Tech Repair	Personal Services	506
Kiosks	Retail	1,600
Pret a Manger	Limited-Service Dining	2,934
Pop Up Shop	Retail	600
Dunkin Donuts (EI - Red)	Limited-Service Dining	400
Vacant (EI - Blue)	Vacant	144
INS (Convenience Store) (EI - Blue)	Retail	180

Vacant	3,127
Underutilized	0
Active Space	22,647
Total	25,774
Percentage Vacant	12.1%
Percentage Underutilized	0.0%
Percentage Active	87.9%
Gross Rents/SF	\$50
Pass-Through Expenses	\$20/SF



Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering, July, 2017.

69 W. Washington Commercial Mix

Managed By: CBRE / Frontier
Ownership: Cook County



Tenant	Use	Square Footage
Vacant	Vacant	1,745
Driver's Express Facility	Government	N/A
Subway	Quick Service Restaurant	2,664
Clock/Watch Repair	Personal Services	724
Cook County Board of Elections	Government	N/A
Lower Level Conference Room	Government	N/A
Pedway Room	Government	N/A
Convenience Store	Retail	1,036
CVS	Retail	2,000
Shoe Repair	Personal Services	100
Vacant	Vacant	5,243
Cook County Digital Graphics Unit	Government	N/A
Citi Bank	Professional Services	100
Barber	Personal Services	856
Vacant		6,988
Underutilized		0
Active Space		7,480
Total		14,468
Percentage Vacant		48.3%
Percentage Underutilized		0.0%
Percentage Active		51.7%
Gross Rents/SF		\$30
Pass-Through Expenses		Unknown

Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering. July, 2017.

Thompson Center Commercial Mix

Managed By: Winthrop
Ownership: State of Illinois



Tenant	Use	Square Footage
Vacant	Vacant	555
A & B Convenience Store	Retail	1,500
America's Dog	Limited-Service Dining	210
Arby's	Limited-Service Dining	1,500
Burger King	Limited-Service Dining	3,250
Dunkin' Donuts	Limited-Service Dining	2,600
Illinois Vehicle Insurance	Professional Services	300
KFC	Limited-Service Dining	500
M Burger	Limited-Service Dining	1,500
Marcello's Market & Deli	Limited-Service Dining	500
New Orleans Kitchen	Limited-Service Dining	1,500
Panda Express	Limited-Service Dining	1,600
PINKYS	Limited-Service Dining	800
Pita Express	Limited-Service Dining	500
Sbarro Fresh Italian Cooking	Limited-Service Dining	1,541
DMV	Government	NA
Shoe Hospital	Personal Services	150
SUBWAY	Limited-Service Dining	500
Taco Bell	Limited-Service Dining	2,000
Tokyo Lunch Boxes	Limited-Service Dining	500
Atrium Management	Professional Services	210
Vacant	Vacant	1,500
Auditorium	Government	
Vacant		2,055
Underutilized		0
Active Space		21,161
Total		23,216
Percentage Vacant		8.9%
Percentage Underutilized		0.0%
Percentage Active		91.1%
Gross Rents/SF		\$60
Pass-Through Expenses		\$20/SF

Source: Based on sources deemed reliable by Goodman Williams Group and BuroHappold Engineering. July, 2017.