

Downtown Market Assessment

SECTION 5

The market assessment in this section provides an overview of the market reconnaissance and analysis of the development potential of Downtown Romeoville and the Village's East Side.

Apartment Development Opportunities

In order to identify whether sufficient demand may exist to support the development of apartment uses in Downtown Romeoville and to make rental rate estimates, GG+A conducted inspections of apartment projects and interviews with leasing agents of the developments described below. Interviews were directed toward obtaining data and insights concerning:

- The relevant geographic market area within which apartment uses built Downtown will compete for tenants;
- The likely demographic and employment characteristics of the tenants that will be attracted to the potential developments; and
- The characteristics and performance of competing apartment projects.

This market assessment presents: (a) a definition of the primary market area within which apartment uses built

Downtown would compete for tenants; (b) a description of the types of renters likely to be attracted to apartment uses in the Downtown; (c) an analysis of apartment market supply characteristics and trends; and (d) an analysis of demographic and employment-related determinants of future demand potential for apartment units.

Summary of Market Opportunities

The current market conditions for apartment uses are favorable with extremely high occupancy rates and rising rents. The impacts of the Great Recession have stimulated the demand for apartments from households which formerly occupied ownership housing as well as households which currently lack the confidence or ability to obtain loans to invest in for-sale housing. In addition, the longer-term demographic- and employment-determinants of demand for apartment units appear sufficient to support additional apartment uses in Romeoville. Sources of demand for

The current market conditions in Downtown Romeoville for apartment uses are favorable with extremely high occupancy rates and rising rents.

apartment units include Echo boomers, including students, older-aged households seeking to trade down from their single-family units, and households attracted to the market area because of employment opportunities.

Assuming a density of 12- units per acre, the Village-owned site of approximately nine acres could accommodate 108 units. As described below, the market demand holds potential for supporting this number of units in the Downtown. This assumes the units are competitively priced and include features such as private entries, attached parking, well-sized units, and preferred common area amenities.

In order to enhance the competitive position of an apartment use built Downtown, we think the Village's plans to create a second recreational center of 30,000 square feet of space would be a desirable complimentary use. In addition, while the competitive conditions are intense, if a small-format grocery store could be attracted proximate to the apartment use, such a use would help the apartment project attract tenants and the uses would be mutually reinforcing.

Market Area Definition

The interviews with leasing agents for the two existing Romeoville apartment developments, Remington Apartments and HighPoint Apartments, indicate that the primary geographic areas within which rental apartment projects in Romeoville compete for tenants includes Romeoville, Bolingbrook, and Crest Hill. The market-rate HighPoint Reflections apartments compete for market rate tenants with the Remington Apartments because the projects are located within approximately two miles of each other.



Source: Apartments.com



Source: Apartments.com



Source: RentHomes.com

The apartment projects surveyed for the market reconnaissance included (clockwise, from top left): (1) HighPoint in Romeoville; (2) Remington in Romeoville; (3) Riverstone in Bolingbrook; (4) Sutton Place in Crest Hill; (5) The Woodlands of Crest Hill; and (6) Lincoln at River Run in Bolingbrook. The two apartment complexes in Romeoville are located along the Weber Road corridor on the Village's west side.

Lincoln at River Run is a 374-unit, nine-year-old apartment development in Bolingbrook located approximately four miles north of the Downtown. The leasing agent for Lincoln at River Run indicated that the Remington Apartments represent the primary source of competition for tenants, in addition to three apartment communities located in Naperville (Glenmuir, Thornberry Woods Apartments, AMLI at River Run) and the Retreat at Seven Bridges in Woodridge.

Other multi-family projects outside of Romeoville but within the relevant market area include AMC @ Riverstone, a 789-unit subsidized housing development built 35 years ago also located in Bolingbrook, approximately 2.5 miles north of the Downtown. Many of the units and common areas have been remodeled. This subsidized development competes directly with HighPoint Serenity in Romeoville, the other primary subsidized multi-family rental development in the primary market area.

Two apartment developments in Crest Hill also are within the primary market area. Sutton Place, built approximately nine years ago, includes 18 two-story buildings of one- and two-bedroom units. Sutton Place, currently about 98 percent leased, is approximately eight miles south of the Downtown. The 35-year-old Woodlands development, including 730 units, is approximately seven miles south of the Downtown.

While the Woodlands development competes with apartment projects in Romeoville and Bolingbrook, it also competes with apartment developments located nearby in North Joliet. Sutton Place has attracted and lost tenants from both Remington Apartments and HighPoint Reflections of Romeoville. Sutton Place, which features private entry units, obtains higher rents than the Woodlands and

competes more with the Remington Apartments community in Romeoville.

The map in Figure 5-1 shows the relative locations of these apartment complexes.

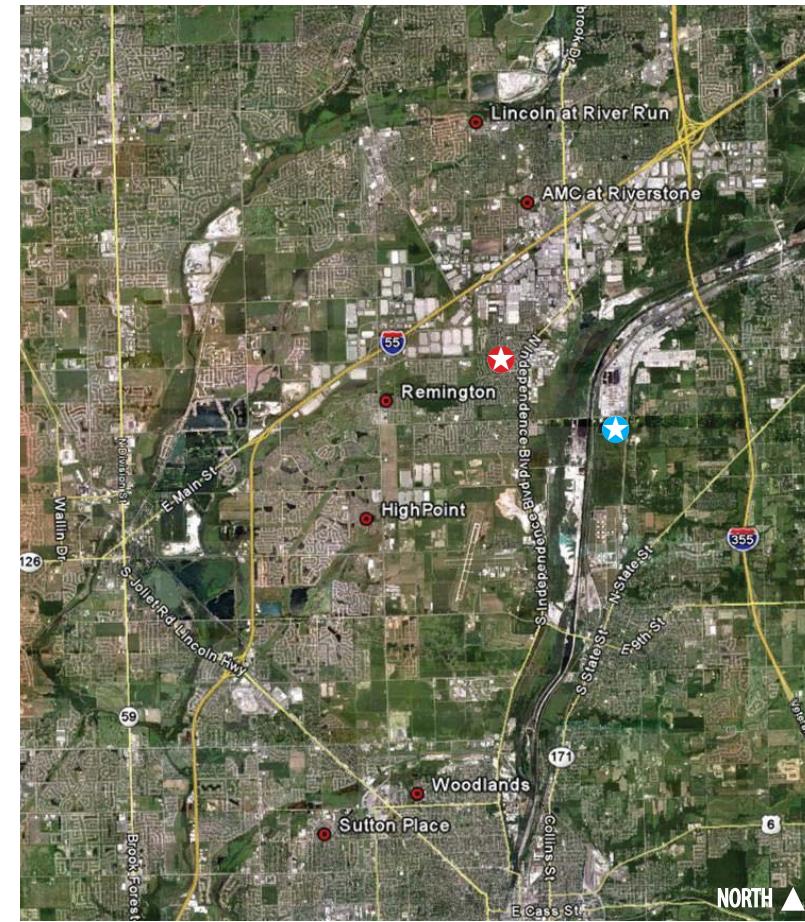
Interestingly, none of the leasing agents indicated that rental competition from existing single-family housing in the primary market area was significant.

Primary Types of Household Demand for Apartments

Apartment complexes located within the primary market area appeal to households seeking locations near their places of employment. This includes "corporate transients" relocating to the area to be close to new employment opportunities with businesses located along Interstate 55. Temporary contractors brought in by large industrial employers, such as Citgo, also stimulate demand for apartments. A second primary source of demand for apartments

FIGURE 5-1
Apartment Projects
in Primary Market Area

- ★ Downtown Romeoville
- ★ Proposed Metra Site
- Nearby Apartment Project



Source: Gruen Gruen + Associates.

in the market area is college students attending Lewis University or Joliet Community College. A third and important source of demand has emerged since the Great Recession and housing foreclosure crises: households, which have been forced to move-out of for-sale, single-family or townhouse housing units.

Characteristics of Apartment Projects Surveyed

The table in Figure 5-2 summarizes the apartment projects surveyed in the primary market area.

Number of Units

The Romeoville apartment projects include 902 units. The apartment projects surveyed within the market area, but outside Romeoville, include 2,010 units.

Age and Type of Units

The two Romeoville projects were built approximately 11 and 14 years ago. These apartment projects differ in their provision of amenities. Remington Apartments has a smaller scale of amenities that are for the exclusive use of residents. HighPoint has a larger community center operated by a church for the activities of church members and the larger area community, including residents. In addition, HighPoint includes units reserved for lower-income residents. Two of the other developments in the market area were each built 35 years go, while the newest project in Bolingbrook (Lincoln at River Run) was built approximately nine years ago. The 35-year-old Woodlands was last reno-

FIGURE 5-2
Characteristics of Existing Apartment Communities

Apartment Complex/ Location	Age # Years	Type of Units ¹	Number of Units #	Unit Size # Sq Ft	Monthly Rents \$	Monthly Rents \$ per Sq Ft	Occupancy Rate %	Features / Amenities
HighPoint Reflections Romeoville	14	1/1 1/1 2/2 2/2	64 32 128 64	631-701 807-880 885-950 1,078-1,155	950-970 1,045-1,065 1,115-1,135 1,235-1,255	1.38-1.51 1.21-1.29 1.19-1.26 1.09-1.15	Mid 80% for 2000-04 90% for 2005 91% for 2006-07 98% for 2011	27,000 square foot community center with gym and health club, organized ath- letic leagues, rent- to-own program, private garages, in- unit washer/dryer, paddleboats, pool
HighPoint Serenity Romeoville	14	2/2	100 100	885 950	910-1,050 910-1,070	1.03-1.19 0.96-1.13	98% for 2011	
Remington Apartments Romeoville	11	1/1 2/1 2/2 3/2	180 959 150 20	700 801 959 991 995 1,036 1,089 1,167 1,123 1,364 1,417 1,346 1,406	985-1,020 1,005-1,050 1,300 1,180 1,245-1,400 1,157-1,187 1,465-1,505 1,320-1,340 1,310-1,450 1,725 1,640 1,813-1,883 1,618-1,628	1.41-1.46 1.25-1.31 1.36 1.19 1.25-1.41 1.12-1.15 1.35-1.38 1.13-1.15 1.17-1.29 1.26 1.16 1.35-1.40 1.09-1.15	85-87% for 2000-04 90-91% for 2005 92% for 2006-07 99% for 2011 Note: Over past two years three bedroom units 100% leased; no rental concessions provided	Fitness Center, con- ference centers, pool, high speed internet access, attached garages, Plainfield schools, laundry facility, furnished apartments available

¹ First figure refers to number of bedrooms while second figure refers to number of bathrooms.

Source: Leasing agents and property managers for apartment communities shown on this table; Gruen Gruen + Associates.

FIGURE 5-2 (CONTINUED)

Characteristics of Existing Apartment Communities

Apartment Complex/ Location	Age # Years	Type of Units ¹	Number of Units #	Unit Size # Sq Ft	Monthly Rents \$	Monthly Rents \$ per Sq Ft	Occupancy Rate %	Features / Amenities
Lincoln at River Run Bolingbrook	9	1/1	374	670	989	1.48	90% for 2007 97.5% for 2011	Washer/dryers, at-tached garages, pool, business center, high speed internet access, washer/dryer in unit, extra storage, fireplaces, dishwashers, private exterior entryways
		1/1		744	1,029	1.38		
		1/1 Grg.		807	1,204	1.49		
		1/1		884	1,065	1.20		
		2/2		1,045	1,299	1.24		
		3/2		1,157	1,399	1.21		
				1,262	1,725	1.37		
AMC at Riverstone Bolingbrook	35	Studio	789	400	575	1.44	90% for 2007 96% for 2011	Short term leases avail-able, clubhouse, fitness center, pool, tennis cts, laundry facilities, ga-rages/covered parking
		1/1		672	684	1.02		
		2/1		862	876	1.02		
		2/1.5		928	876	0.94		
Sutton Place Crest Hill	8	1/1	93	886	945	1.07	96% for 2007 98% for 2011	High speed internet, op-tional garages, private exterior entryways
				966	975	1.01		
		2/2		88 ²	1,114	1.00		
Woodlands Crest Hill	35	Studio	730	374	650	1.75	93% for 2007 95% for 2011	Pool, short term leases, health club, high speed internet, furnished apartments available, clubhouse, laundry facility, tennis courts
		1/1		598	600	1.00		
		1/1 den		874	650	0.74		
		2/1		816	750	0.92		
		2/1.5		874	900	1.03		
TOTAL	-	-	2,912	-	-	-	97% for 2011	

¹First figure refers to number of bedrooms while second figure refers to number of bathrooms.²Three additional units not rentable.

Source: Leasing agents and property managers for apartment communities shown on this table; Gruen Gruen + Associates.

vated about 14 years ago. The same developer also built the 35-year-old AMC at Riverstone project in Bolingbrook and the projects have similar designs. All of the projects are suburban style, low-rise developments, some of which are exterior walk-up type facilities and which offer private entry and attached garage, while others provide surface parking and common entry ways. Appendix A includes photographs of the apartment developments. Due to an increasing share of renters which have previously occupied single-family units, a preference is indicated for private entry as contrasted with common entryways.

Unit Sizes

Newer apartment projects contain larger size units than older projects. Leasing agents indicated that many households, especially those moving out of homes, prefer larger two-and three-bedroom units. The HighPoint Reflections development in Romeoville includes 96 one bedroom units ranging in size from 631 square feet to 880 square feet and 256 two bedroom units ranging in size from 1,078 square feet, to 1,173 square feet. The HighPoint Serenity development includes 100 two bedroom units at 885 square feet and 100 two bedroom units with 950 square feet of space. The Remington Apartments in Romeoville includes 180 one bedroom units ranging in size from 700 to 800 square feet; 150 two bedroom units ranging in size from 960 square feet to 1,123 square feet; and 20 three bedroom units ranging in size from 1,346 to 1,400 square feet.

The Remington Apartments contains larger unit sizes for two-bedroom apartments than the unit sizes of the HighPoint development. Remington includes three bedroom units which HighPoint does not include.

The newest project, Lincoln at River Run in Bolingbrook, includes one bedroom units ranging from 670 to 884 square feet, two bedroom units averaging 1,045 square feet and three bedroom units ranging from 1,157 to 1,262 square feet. The two oldest developments, the AMC at Riverstone in Bolingbrook and the Woodlands in Crest Hill, have smaller unit sizes with studio units of only 400 square feet or less and two bedroom units containing less than 1,000 square feet of space. The Sutton Place project in Crest Hill has one

bedroom units ranging in size from 886 to 966 square feet and two bedroom units ranging in size from 1,114 to 1,138 square feet of space.

Rental Rates

Rental rates have increased throughout the primary market area since the impacts of the Great Recession and housing foreclosure crises have taken effect. None of the projects surveyed are currently offering concessions or "move-in specials."

The HighPoint development, which is located in the Romeoville/Bolingbrook school district (Valley View 365U), has enjoyed significant rental rate increases this past year of \$75

to \$100 per unit. Rents per square foot range from \$1.09 to \$1.15 for the largest two bedroom units to \$1.28 to \$1.51 per square foot for the smallest one bedroom units.

The rents at the Remington Apartments development, which is located in the Plainfield school district (Plainfield Community School District 202), have increased 10 to 15 percent in the past few years. Prior the impacts of the Great Recession, discounts on asking rates of \$25 to \$50 per month were not uncommon. Remington Apartments' rents are higher than those at Highpoint. Rents for the larger units range from \$1.12 to \$1.40 per square foot. The rents for the smaller units range from \$1.41 to \$1.46 per square foot. Leasing agents at both the HighPoint and Remington developments indicate due to the impacts of the foreclosure crises, rents and occupancies have increased for the larger-sized units.

The newest and highest-quality development in the market area, Lincoln at River Run in Bolingbrook, commands the highest rents one bedroom units ranging from \$1.20 to \$1.49 per square foot, and two bedroom units obtaining rents of \$1.24 per square foot and three bedroom units obtaining rents of \$1.21 to \$1.37 per square foot. This project is more aligned or competitive with the Naperville projects referred to above than with the older AMC at Riverstone development in Bolingbrook. New rental product obtains a premium as indicated by substantially lower rents at the 35-year-old AMC at Riverstone development also located in Bolingbrook. Studio units rent for \$1.44 per square foot, one and two bedroom, one-bath units rent for \$1.02 per square foot and two bedroom, 1.5 bath units rent for \$0.94 per square foot.



An aerial view of the Remington apartment complex located at the northeast corner of Weber Road and Grand Boulevard in Romeoville.

Rents at the apartment communities located in Crest Hill are lower than those in Romeoville and Bolingbrook. The newer development Sutton Place, however, obtains higher rents than the older Woodlands development. One bedroom units in Sutton Place obtain rents of \$1.01 to \$1.07 per square foot compared to comparably-sized one bedroom plus den and two bedroom units at Woodlands of \$0.74 to \$0.92 per square foot. The much smaller two bed, 1.5 bath units at the Woodland obtain nearly comparable rents (\$1.03 per square foot rents) as the much larger two bedroom units at Sutton Place (\$0.99-\$1.00 per square foot rents).

Types of Renters Attracted

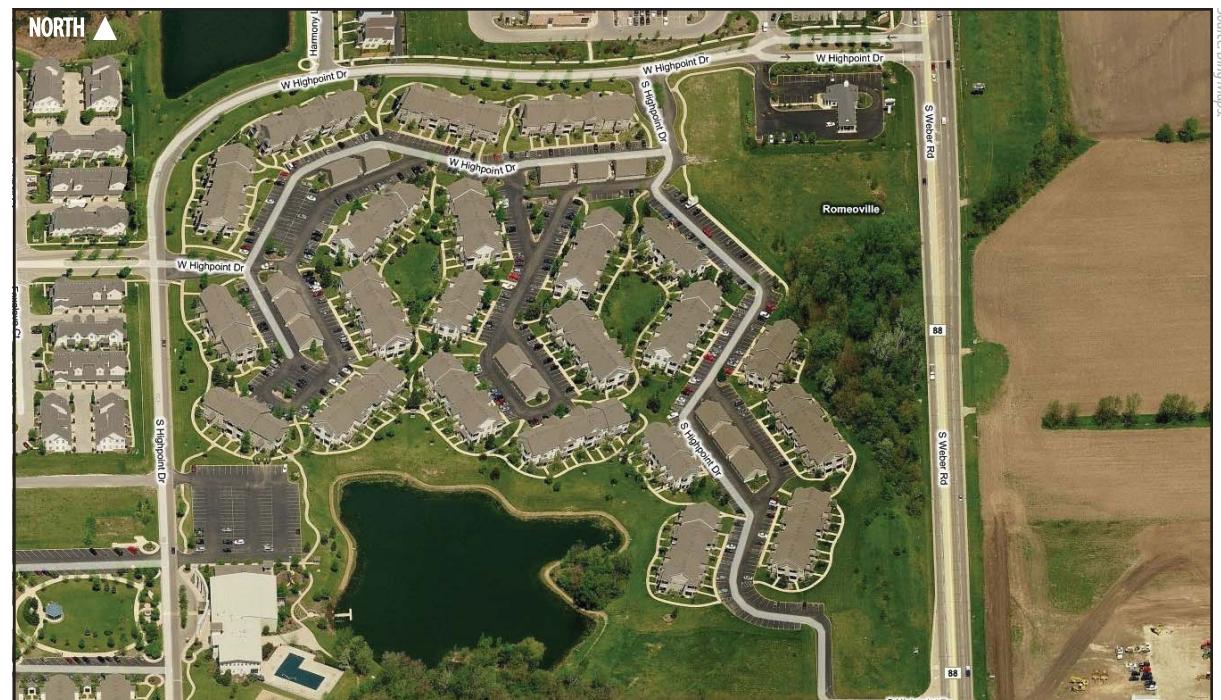
The market-rate HighPoint Reflections facility with 352 units serves renters relocating to the area for employment opportunities or waiting for the completion of their new single-family homes, or more recently, searching or waiting to buy an existing home. According to the leasing agent, approximately 40 percent of tenants attracted to the development have moved from out of the region. The proximity to the highway has been a key advantage because of the high proportion of renters attracted to employment opportunities along Interstate 55. Since the Great Recession and housing foreclosure crises, a major source of demand has been family households forced out of their single-family housing units. Some renters participate in the "rent to own" program. The primary reason tenants move out is to purchase a housing unit. Many stay within the Romeoville and Plainfield area.

The HighPoint Serenity apartments are all two-bedroom, one-bath units available under the Section 8, or Housing Choice Voucher Program, a Federal housing program which provides housing assistance to low-income renters and

homeowners. This assistance comes in the form of rental subsidies, limiting the monthly rent payment of the assistance recipient. The lower-income, larger-size (typically four members) households move from within Romeoville and also originate from Joliet.

The Remington Apartments serves three primary types of households: "corporate transients"; students attending Joliet Community College and Lewis University; and households affected by the Great Recession and housing foreclosure crises. Prior to the Great Recession and housing crises, households waiting for the completion of a new home in Romeoville, Joliet, or Plainfield were also an important

source of demand. The leasing agent indicated that over the past several years, the tenant make-up has changed considerably. Many current tenants plan to lease a unit in Remington for more than a year. A significant share of households have moved to the project from outside the region. Most households are not moving from within Romeoville. When renters move out, they primarily do so to purchase housing in Plainfield or leave the market area. As indicated above, the project is located in the Plainfield school system and renter households with children prefer to stay in the Plainfield school district. Rents are higher for Remington Apartments than rents at HighPoint in part because of the preference for the Plainfield school district (and Plainfield



An aerial view of the HighPoint apartment complex located at the southwest corner of Weber Road and Highpoint Drive in Romeoville.

lacks apartment product). Another factor that explains the rental differential between the projects relates to the closer proximity to I-55 of the Remington Apartments than the HighPoint development, which is an advantage to the households attracted to the area because of employment opportunities.

The Lincoln at River Run development in Bolingbrook attracts households from Bolingbrook, Plainfield, Romeoville, and Chicago. Some tenants have moved from the HighPoint development in Romeoville. About 10 percent of the renters are via corporate housing programs. Some of the companies which rent the housing operate out of facilities in Rome-

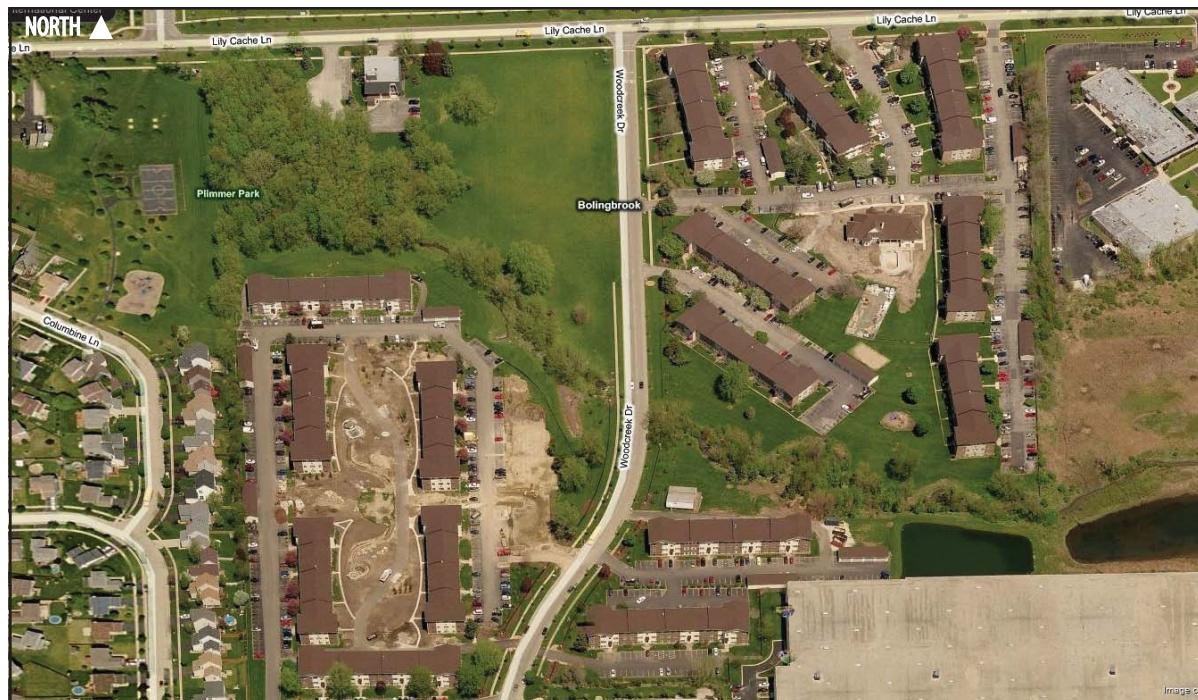
oville. In addition to renters moving because of proximity to work opportunities, households attracted in the past one to two years have frequently been moving from homes lost due to foreclosures. A few students have also been attracted but this is a limited source of demand given few schools are located near the facility.

The AMC @ Riverstone subsidized rental housing project serves younger (some households are between 18-years and 30-years-old), lower-skilled "hourly" workers. Most renters move to the project from Romeoville and Bolingbrook. The project has also attracted family households forced to move out of their owned housing units due to the

foreclosure crises. The project has also appealed to households attracted to the area because of work opportunities in the distribution and industrial facilities in Bolingbrook and Romeoville.

The Sutton Place Apartments in Crest Hill opened in 2003 and was fully built-out in 2005. It has attracted a higher proportion of older age (45 to 50-years or older) households. The development has attracted empty-nester households, which have sold their homes for various reasons as well as corporate employees and professionals anticipating renting for not more than a year. Before the Great Recession, the other primary sources of demand were family households waiting for a house to be completed. Since the impacts of the Great Recession have been felt, an important source of demand has been family households forced out of housing units lost due to foreclosures or because of the inability to obtain loans to purchase for-sale housing. Divorced individuals are another source of demand. In March, the project had a waiting list for two available units. The larger units are preferred by family households.

The Woodlands attracts single young adults from the area and others which have been transferred to the area for employment reasons. Prior to the Great Recession, this project also included workers which resided in the apartment units as second residences during the work week. For example, some individuals working in the construction and manufacturing sectors maintained temporary apartments when they had projects in the area but maintain permanent residences in Indiana or elsewhere in the Chicago region. The Woodlands also attracts households waiting to move into or build a new home in the area and more recently households which have left their housing units due to unemployment or loan foreclosures.



An aerial view of the Lincoln River Run apartment complex located near IL Route 53 in neighboring Bolingbrook.

Occupancy Rates

Consistent with the rent increases reported since 2007, occupancy rates have increased so that overall the 2,912 units are approximately 97 percent leased.

The HighPoint complex is 98 percent leased. The 120 units of affordable tax credit housing is 97.5 percent leased. For three months last year, the complex was 100 percent leased. Occupancy rates have significantly increased from approximately 90-to-91 percent in 2005 through 2007 and the even lower rates in the first part of the past decade.

Occupancy rates at the Remington have increased to 99 percent. This compares to an 89 percent to 91 percent occupancy rate about four years ago. In the past, turnover was relatively high with few tenants remaining more than a year at the property. Even “corporate transients” are tending to stay longer as some are working for local companies for two or three years. The one bedroom and three bedroom units have been fully or nearly fully occupied over the past few years. Prior to the Great Recession, the three-bedroom units had the highest percentage of vacancy. Most occupants of the three bedroom units were families living in the units for a short time while new homes were being completed. The leasing agent indicated that one reason the larger-sized

units were more difficult to rent than one bedroom units is that for households planning to remain in the area for more than a year or two, it was more cost effective to purchase for-sale housing units. Now, the larger units are consistently fully leased due to the increase in households which moved out of ownership housing, or which do not currently have the confidence to purchase for-sale housing.

The Lincoln at River Run development is approximately 98 percent leased up from 90 percent in 2007. The AMC at Riverstone in Bolingbrook has experienced an increase in its occupancy rate from 90 percent in 2007 to 96 percent today. The occupancy rate for the Sutton Place develop-

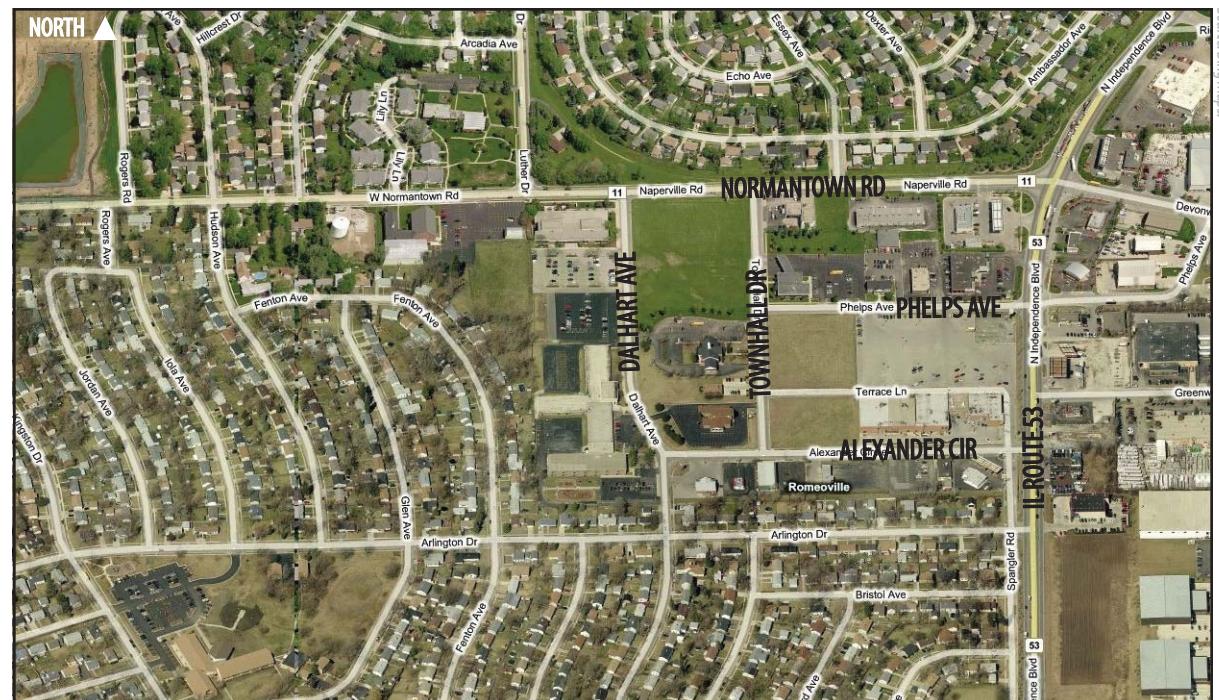
ment in Crest Hill has increased from 96 percent in 2007 to 98 percent in 2011. Similarly, the Woodlands development in Crest Hill has also experienced an increase in occupancy rates, from 93 percent in 2007 to 95 percent today.

Future Supply

Discussions with staff of the three municipalities in the primary market area did not indicate any planned future supply of apartment uses.

Conclusions Drawn from Review of Rental Supply

The supply analysis and interviews suggest occupancy rates and rents have increased in the past few or more years. The



This aerial view illustrates how Downtown Romeoville is surrounded by mostly single family residential neighborhoods to the north, west, and south.

The high occupancy rates and increasing rental rates suggest that in the current market and economic environment, additional apartment units could be supported in the market area.

major source of the increase have been households forced out of their existing housing units or households which lack confidence or the ability to purchase existing or new housing units.

Consistent with the reported influx of demand from these types of households, larger two and three bedroom units which used to be more difficult to rent than smaller units have become preferred types of units.

In addition, the market area does not contain any new rental products. But the newer rental communities command rent premiums of approximately 20 percent to 30 percent over older communities. The nine-year old Lincoln at River Run apartments in Bolingbrook obtains comparable per square foot rents on some unit types as the 11-year old Remington Apartments in Romeoville and significantly higher rents than the older projects and those in less desirable locations such as in Crest Hill.

The high occupancy rates and increasing rental rates suggest that in the current market and economic environment, additional apartment units could be supported in the market area. Even if a new project built in Downtown siphoned off two percent of the demand (equivalent to 58 units) from existing apartment surveyed, the overall occupancy rate at the existing products would be a high 95 percent.

Estimated Supportable Demand for Potential Apartment Use in Downtown Romeoville

Demand for apartment units is likely to arise from Echo Boomers, older households, and most important, employment growth and the need to house new workers.

Echo Boomers, also known as Generation Y or the Millennials, are (largely the children of the Baby Boomers) currently between the ages of 11 and 28. The recent severe recession particularly impacted this group's ability to find work, so that many returned to their parents' homes or "doubled up" with friends in high density living relationships. As jobs become available for this group these young adults will generate demand for apartments. Given the housing foreclosure crises has disenchanted many with the value of a home as an investment, many Echo Boomers will opt to rent housing units. According to the 2010 Census, Romeoville includes approximately 12,284 residents between the ages of 10 and 29. This population group represents 31 percent of the total Village population. If even one percent of the existing individuals in this age group elected to rent an apartment in the Downtown, this would support 123 units.

In addition, the interviews suggest potential demand for housing will arise from shifts in lifestyle or lifecycle changes. For example, some older, empty-nester households (i.e., children have moved out of the household) may seek to

FIGURE 5-3
Employment-Driven Rental Housing Demand in the Primary Market Area

	2010-2020 #
Potential Employment Growth ¹	6,200 jobs
Total New Housing Units Demanded ²	4,960 jobs
Rental Housing Demand ³	990 units
Rental Housing Demand Potentially Captured at Downtown Site @ 10% capture rate	99 units

¹ The projection of future employment growth is based on the growth rates forecast by CMAP in its 2040 Forecast of Population, Households and Employment.

² Based on a jobs-to-housing balance of 1.25 (i.e. four new housing units per every five jobs added). This is a conservative assumption given that the current jobs-to-housing balance of the primary market area approximates 1.0 (one job per housing unit).

³ According to the 2010 Census, approximately 18.7 percent of the existing stock of occupied housing units in the primary market area is comprised by rental housing units. Assumes tenure characteristics will remain similar so that 20 percent of total new housing unit demand will consist of rental product.

Sources: U.S. Census Bureau, 2010; Chicago Metropolitan Agency for Planning, 2040 Forecast of Population, Households and Employment; Gruen Gruen + Associates.

trade down from older, single-family homes they no longer wish to maintain or need, and who for lifestyle or social reasons desire to move from their existing single-family neighborhoods but stay in Romeoville or move from neighboring communities such as Crest Hill.

The table in Figure 5-3 presents an estimate of demand for apartment units based on employment growth forecast by the Chicago Metropolitan Agency for Planning.

CMAP forecasts a growth of 6,200 jobs between 2010 and 2020 in the primary market area communities of Romeoville, Bolingbrook and Crest Hill. If a very sound jobs-to-housing balance of 1.25 jobs per household is maintained, approximately 4,960 new housing units would be needed to accommodate the potential forecast growth in jobs. Currently, 20 percent of the primary market area housing stock is comprised of rental housing units. If this same ratio is maintained, the forecast job growth would create demand for an additional 990 rental housing units. If a well-

If a well-designed and priced apartment project in the Downtown could be positioned to capture ten percent of the potential demand, this would equate to supportable demand of nearly 100 units.

designed and priced apartment project in the Downtown could be positioned to capture ten percent of the potential demand, this would equate to supportable demand of nearly 100 units.

Market Demand Supported Apartment Units Accommodated on Village of Romeoville-Owned Site in Downtown

If an apartment use was built Downtown at the same density as the Remington apartment complex at 12 units per acre, the Village-owned site of approximately nine acres could accommodate 108 units. This number of units would appear to be supported by the demographic and employ-

ment determinants of demand and the current sources of demand that are driven by the housing crisis.

Complimentary Uses

In order to enhance the competitive position of an apartment use built Downtown, we think the Village's plans to create a second recreational center of 30,000 square feet of space would be a desirable complimentary use. In addition, while the competitive conditions are intense, if a small-format grocery store could be attracted proximate to the apartment use, such a use would help the apartment project attract tenants and the uses would be mutually reinforcing.

Retail Development Opportunities

GG+A conducted a reconnaissance of the retail market potential of the "Downtown" at IL Route 53 and Normantown Road in Romeoville. This subsection presents the results of our retail market reconnaissance. Conclusions drawn from the market reconnaissance are presented at the end of this report.

Summary of Market Opportunities

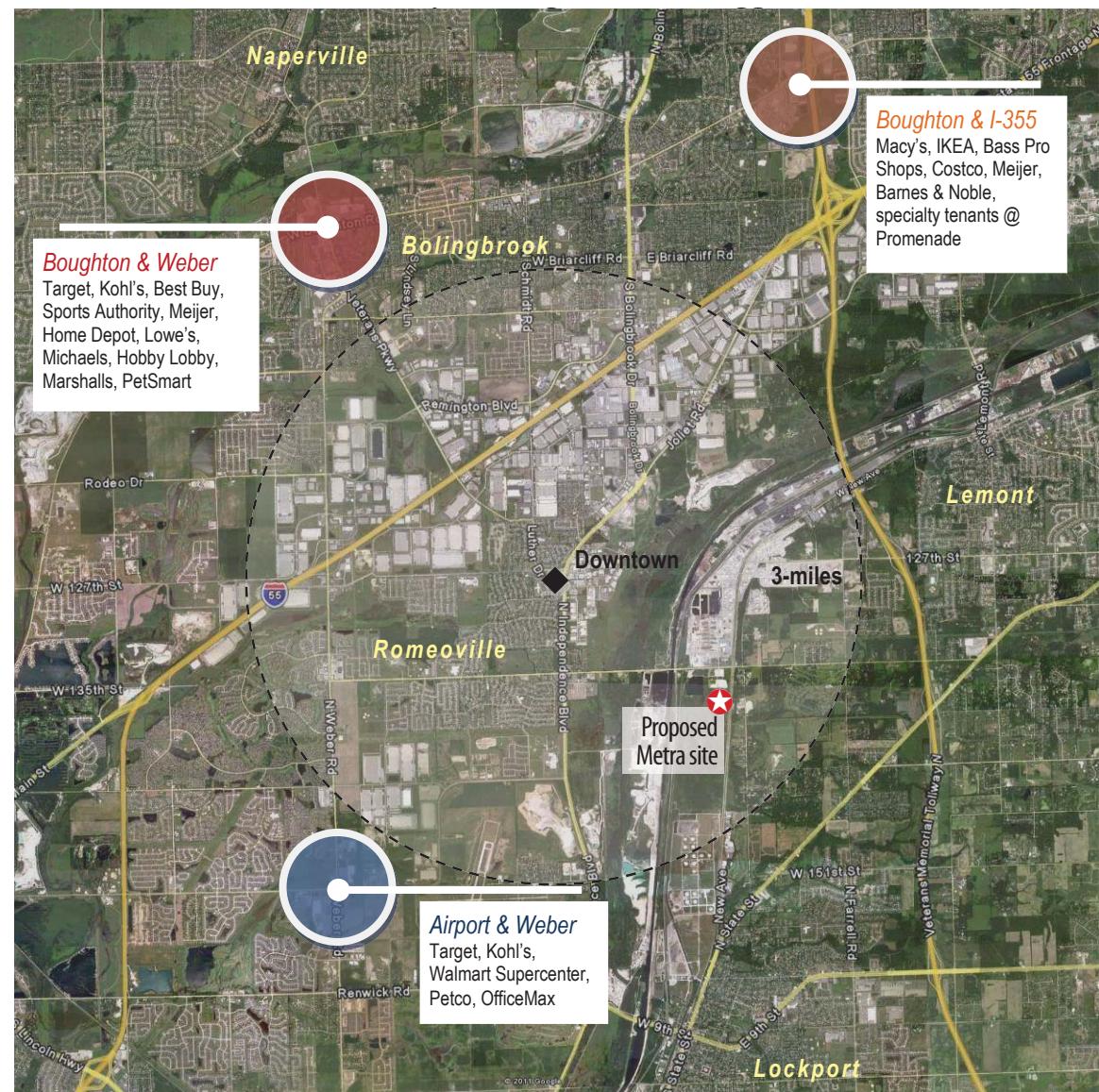
The retail market reconnaissance suggests that market conditions will be highly competitive for the foreseeable future, especially for the commercial uses not located in the dominant agglomerations.

Retail demand at the site is not likely to be regional- or community-serving in nature because of the following: (a) the availability of regional and community shopping centers and major freestanding uses located within four to five miles of the site; (b) the lack of a significant mix or agglomeration of commercial uses in the immediate area; and (c) a location less accessible and visible to either Interstate 55 or Weber Road relative to potential competing locations.

Review of Area Retail Supply: Community- & Regional- Serving Retail

As shown on the Map in Figure 5-4, the Downtown is circumscribed by several dominant retail agglomerations. A full array of necessity and discretionary shopping opportunities exist within a 10-minute drive of the Downtown. It would be extremely challenging to create a significant retail complex to compete with these alternative locations both within and near Romeoville because many of the dominant retailers have located in these existing retail clusters. The combination of hard and soft goods retailing have created

FIGURE 5-4
Community & Regional Retail Agglomerations



Source: Gruen Gruen + Associates.

major retail destinations in well-established locations. A variety of popular restaurants have also located in these locations, providing lunch- and dinner-time traffic and support for retail tenants. The established nature and destination quality of the retail agglomerations makes competing with them as a new entrant in the market very difficult.

For example, less than five miles north of the Downtown, the Boughton Road corridor in Bolingbrook contains a relatively complete supply of category-killer, general merchandise, and specialty retailers. The node at Boughton and Weber Roads (approximately four miles northwest of the Downtown) contains well over one million square feet of retail and restaurant space; anchored by tenants such as Best Buy, Target, Kohl's, Home Depot, Lowe's, Sports Authority, and Meijer. Retailers at this location serve a collective trade area that encompasses Bolingbrook, Romeoville, and the south end of Naperville.¹⁸

Approximately five miles northeast of the Downtown at the intersection of Boughton Road and Interstate 355, an increasingly strong retail agglomeration exists that includes major destination retailers serving extensive trade areas. In addition to the 750,000-square-foot Bolingbrook Promenade, adjacent freestanding retailers include Ikea, Bass Pro Shops, Costco, and Meijer. The Promenade also includes a cinema and a number of casual dining and fast-casual restaurants.

¹⁸ Although some of the tenancies present at this agglomeration have now opened stores in Romeoville (e.g. Target, Kohl's), it still captures the expenditures of Romeoville households. For example, a leasing agent for a local apartment community who has lived near the Downtown for most of her life indicated she most frequently shops at Boughton and Weber Roads because it is easily accessible (via Veteran's Parkway) and is much more conducive to multi-purpose shopping trips.

Nearest to the Downtown, located in Romeoville at the intersection of Weber Road and Airport Road, are two recently developed power centers. The 400,000-square-foot Romeoville Crossing project is anchored by a 200,000-square-foot Wal-Mart Supercenter. At the northeast corner of the intersection, Kohl's and Target have each opened stores. Each project contains considerable land on which to accommodate additional anchor tenants.

The Downtown is "betwixt and between" each of these agglomerations. It is not sufficiently close enough to capture potential spill-over demands; but too proximate to establish a trade area that is not already served by retailers in these well-established locations.

Locational Advantages & Constraints of Downtown as a Commercial Location

The identification of significant regional-and community-serving retail developments proximate to the site suggest an assessment of the locational advantages and disadvantages of the site for neighborhood or convenience/necessity uses be considered. The relative advantages and disadvantages of the Downtown location are presented next.

IL Route 53 Traffic

Proximity to high volumes of vehicular traffic on IL Route 53 can be expected to represent both an advantage, and at times, a constraint. According to the Illinois Department of Transportation ("IDOT"), nearly 32,000 cars pass by the



Source: pinoychicago via Panoramio

One of the corners of the intersection of Weber Road and Airport Road in Romeoville is anchored by a retail power center, which includes Target.

site each day. The primary advantage associated with high volumes of traffic relates to the level of exposure. Although many smaller retail and personal service-related tenants (e.g. dentists or dry cleaners) may not directly capture a significant proportion of their sales from IL Route 53 pass-through traffic, exposure through signage and street visibility is often an important source of advertising for small service providers and necessity-oriented retailers.

IL Route 53 is not generally conducive to destination-oriented traffic or "in and out" trips. The high travel speeds and the lack of a signalized intersection directly abutting the site may make it somewhat challenging to access the site (left in and left out) during peak morning and evening hours. Ideally, direct access to the site would be made through a controlled intersection.

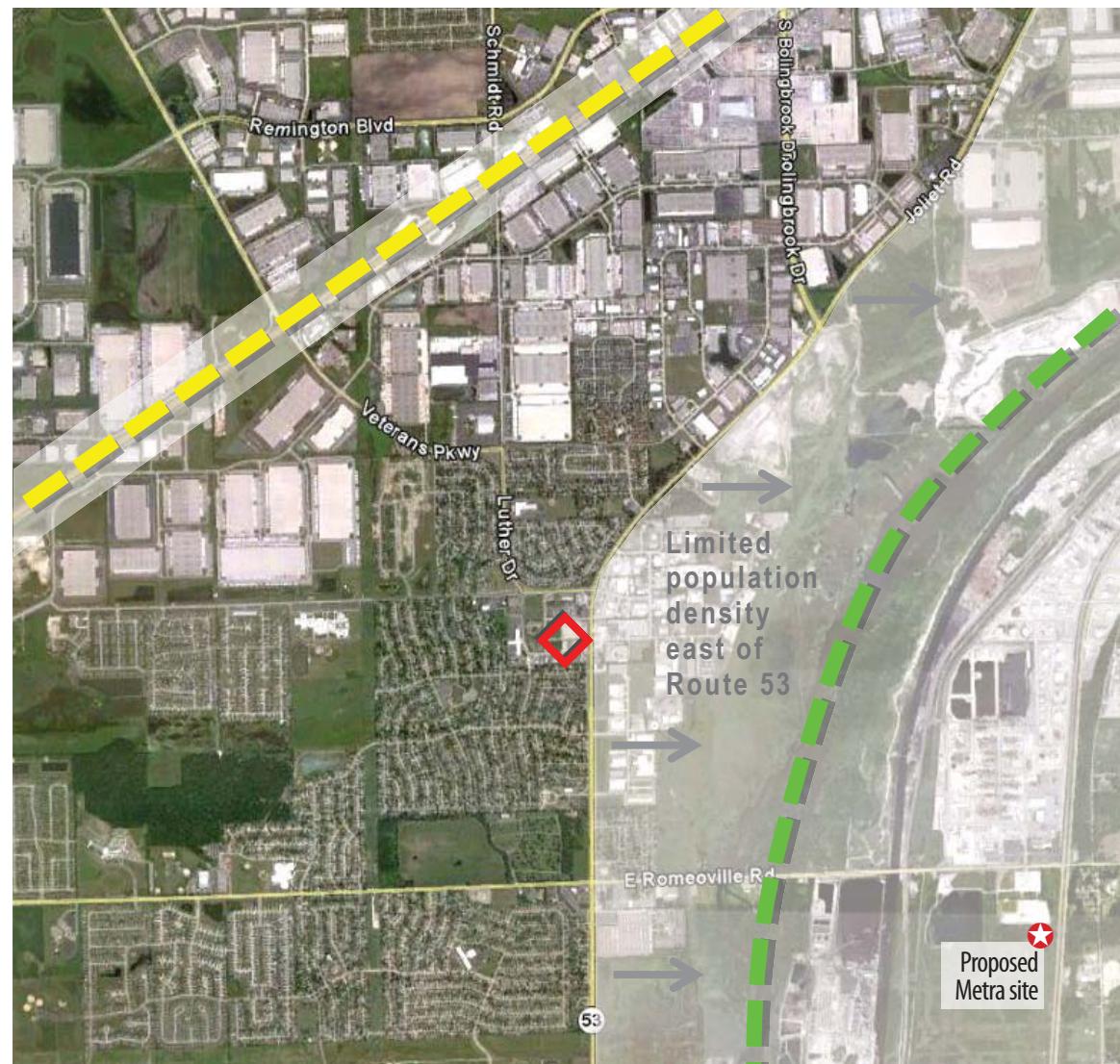
Visibility

Visibility to the Downtown site is less than ideal. Most retailers and restaurants will prefer "four way" street intersection visibility when considering smaller not well established commercial locations. Although close to the primary intersection along IL Route 53 (at Normantown Road, the "hard corner"), existing uses adjacent to the site limit visibility from this east-west arterial street.

Lack of Critical Mass

Another constraint relates to the locational image and adjoining uses, which are local-serving in nature. The IL Route 53 corridor on the east side of Romeoville does not include a well-established critical mass of retail and restaurant uses. The Downtown and surrounding areas also currently lack significant activity generators (such as large medical or entertainment uses).

FIGURE 5-5
Physical & Symbolic Barriers to the Trade Area



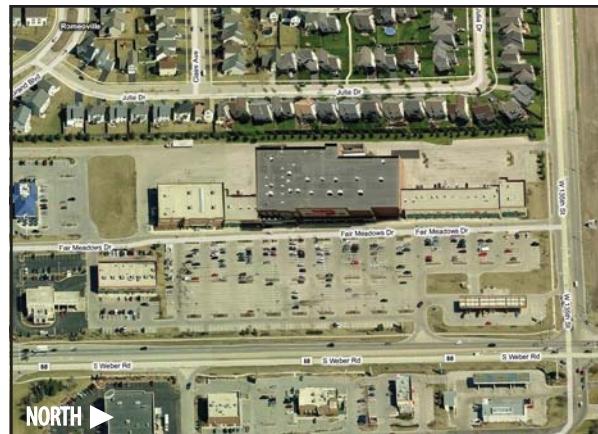
Source: Gruen Gruen + Associates.

Many of its existing commercial spaces are competitively obsolete. The limited presence and “hodge podge” of existing retail, commercial, and restaurant uses in the vicinity make it challenging to capture customers and patrons from beyond the immediate neighborhoods.

The lack of a critical mass in a location not on the preferred commercial corridors near highways will discourage the attraction of national retailers and restaurants which typically seek locations near large high-volume community or regional-serving retailers.

Physical & Symbolic Barriers Limit the Trade Area

Another disadvantage of the Downtown location relates to the geography of the community. The Downtown is not centrally located to most households in Romeoville as recent housing growth has primarily occurred south and west of the Downtown. The presence of actual and symbolic barriers will constrain the trade area for retail and commercial uses at the site.



The Dominick's at Weber Road and 135th Street in Romeoville (left) and the Food 4 Less at IL Route 53 and Lily Cache Lane in Bolingbrook (right) are two of seven grocery stores located within five miles of Downtown Romeoville. Nine general merchandise stores are also located within the same radius.

As shown on the map in Figure 5-5, Interstate 55 to the north and the Canal/River to the east of the Downtown serve as symbolic boundaries and physical barriers that will make it difficult to attract households from beyond the immediate area. In addition, the market potential is limited to the east of IL Route 53 which is primarily comprised of open space and heavy industrial uses.

Existing Neighborhood Retail & Grocery Store Supply Limit Trade Area that Neighborhood Uses Located in the Downtown Potentially Serve

The existing neighborhood retail and grocery stores located near the Downtown limit the trade area potential of neighborhood uses located in the Downtown. Three full-service grocery stores exist within approximately three miles of the Site. These include:

- ❑ Dominick's, located at the northwest corner of Weber Road and 135th Street in the Romeoville Town Center shopping center;



- ❑ Food 4 Less, located at the northwest corner of IL Route 53 and 107th Street in the Pheasant Hill Plaza shopping center (in Bolingbrook); and

- ❑ Jewel-Osco, located at the southwest corner of Weber Road and Taylor Road in the High Point Square shopping center.

Each store contains approximately 65,000 square feet of space. The two full-service grocery stores on Weber Road in Romeoville, Dominick's and Jewel, reportedly serve a primary trade area consisting of Romeoville and unincorporated Plainfield (i.e. the Carillon community). The Food 4 Less just north of I-55 on IL Route 53 also serves households residing near the Downtown.

In addition to these full-service supermarkets, the immediate area surrounding the site contains smaller-format grocers and multiple drug stores. The broader area contains general merchandise stores and warehouse clubs including grocery components.

The table in Figure 5-6 identifies the freestanding grocery stores and general merchandise stores that carry groceries within five miles of the Downtown. Within five miles of the Downtown, eight traditional grocery stores exist totaling 368,000 square feet of space. Another seven larger general merchandise stores selling groceries exist within the five-mile radius. A 160,000-square-foot Meijer store is also proposed for a 40-acre site at the northeast corner of Weber Road and Renwick Road on the south side of Romeoville.

The map in Figure 5-7 shows the location of these stores and an overlapping 3-mile trade area served by the two nearest full-service grocery stores (Dominick's and Food 4 Less) relative to the Downtown.

Conclusions Drawn from Reconnaissance

The older subdivisions on the northeast side of Romeoville have not experienced the same level of growth that occurred elsewhere in the community throughout the past decade, nor do they include a significant source of office employment. Infill residential development near the Downtown has been minimal. Households in the older Romeoville subdivisions have considerably greater access to nearby shopping and dining alternatives that did not exist in the past.

The retail market reconnaissance suggests that market conditions will be highly competitive for the foreseeable future, especially for the commercial uses not located in the dominant agglomerations. The lower rental rates, higher vacancy rates, higher tenant turnover, and signs of greater deferred maintenance in commercial facilities located in or near the Downtown location is explained by the population and development shifts away from IL Route 53.

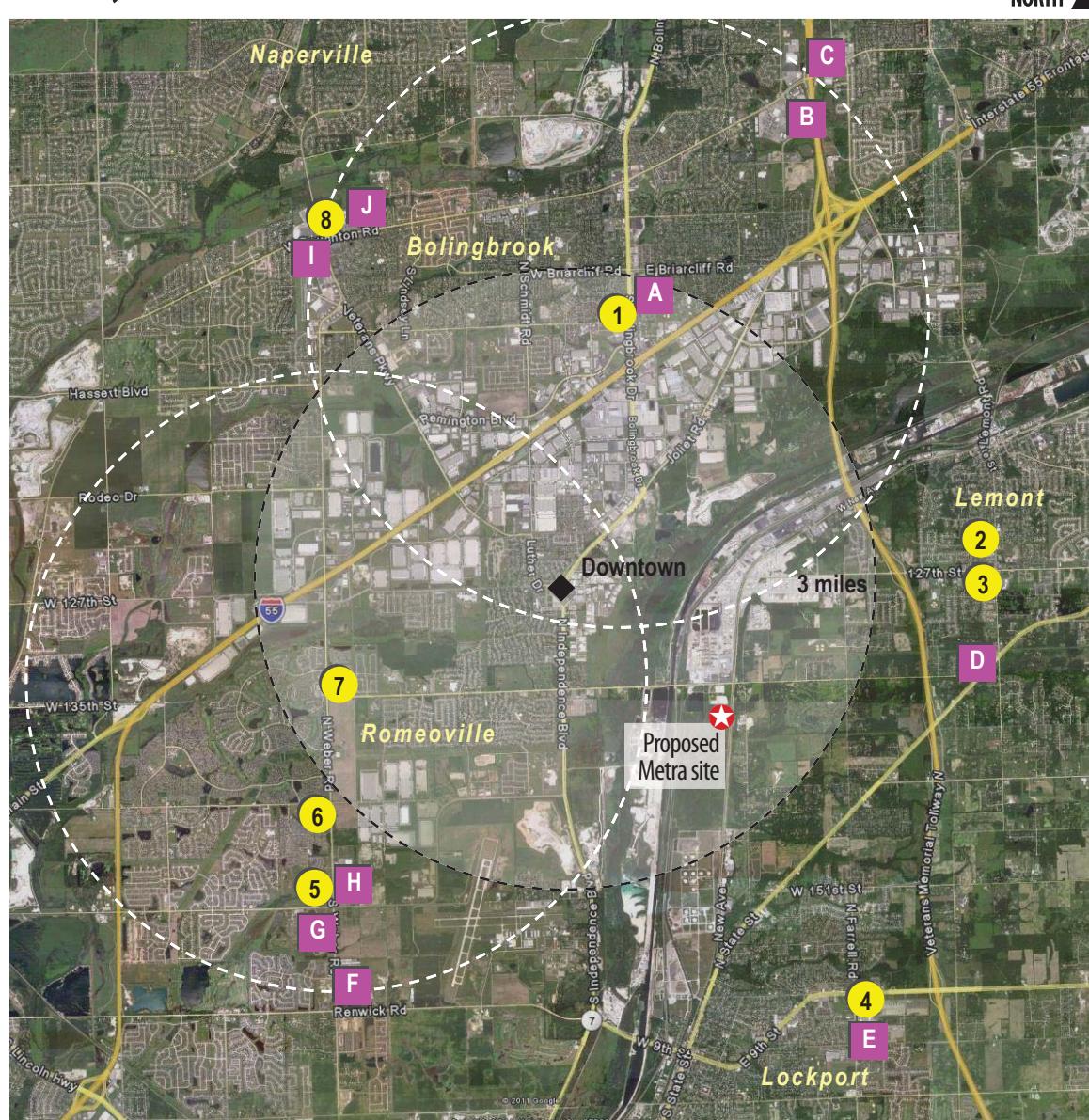
For new commercial space to succeed in the Downtown, they will need to capture demand being realized by existing stores and shopping clusters located outside the Downtown on Weber and Boughton Roads.

FIGURE 5-6
Grocery & General Merchandise Stores Located Within Approximately 5 Miles of Downtown

Map ID	Name	Location	Distance from Downtown # Miles	Store Size # Sq Ft
Grocery / Supermarket				
1	Food 4 Less	NWC Route 53 and 107 th , Bolingbrook	2.7	63,000
2	Chipain's	NWC State and Wend, Lemont	4.2	20,000
3	Jewel-Osco	SWC State and 127 th , Lemont	4.2	70,000
4	Jewel-Osco	SEC 159 th and Farrell, Lockport	4.9	65,000
5	Aldi	NWC Weber and Airport, Romeoville	3.8	16,000
6	Jewel-Osco	SWC Weber and Taylor, Romeoville	3.1	63,000
7	Dominick's	NEC Weber and 135 th , Romeoville	2.5	65,000
8	Jewel-Osco	NEW Weber and Boughton, Bolingbrook	4.2	71,000
TOTAL				368,000
General Merchandise / Superstores				
A	Wal-Mart	SEC Rt 53 and Briarcliff, Bolingbrook	3.1	157,000
B	Meijer	SWC Boughton and I-355, Bolingbrook	5.2	200,000
C	Costco	NEC Boughton and I-355, Bolingbrook	5.8	152,000
D	Target	NWC Archer and State, Lemont	4.1	120,000
E	Wal-Mart	SEC 159 th and Farrell, Lockport	5.1	200,000
F	Meijer (proposed)	NEC Weber and Renwick, Romeoville	4.3	156,000
G	Wal-Mart	SWC Weber and Airport, Romeoville	3.9	200,000
H	Target	NEC Weber and Airport, Romeoville	3.7	120,000
I	Meijer	SWC Boughton and Weber, Bolingbrook	4.1	190,000
J	Target	NEC Boughton and Weber, Bolingbrook	4.2	125,000
TOTAL				1,620,000

Sources: The Shiner Group; Edgemark Real Estate; Loopnet; Gruen Gruen + Associates.

FIGURE 5-7
Area Grocery & General Merchandise Stores



Source: Gruen Gruen + Associates.

The supply analysis and interviews suggest that for new commercial space to succeed, the Downtown will need to capture demand now being realized by existing stores and shopping clusters located outside the Downtown on Weber and Boughton Roads. These locations tend to offer greater accessibility, visibility and agglomeration advantages than does the location of the Downtown. An ample amount of land also remains available in the Weber Road corridor to accommodate future commercial needs.

Commercial use in the Downtown should be targeted to strengthen the competitive position of the location for apartments and enhancing the appeal of the neighborhood to existing and perspective new households. Such a strategy calls for seeking to attract eating and drinking establishments and a small-format grocery that had previously indicated interest in locating within the Downtown. Given the competitive market conditions, it is likely that favorable transactions will be required to induce commercial uses to locate in the Downtown.

Commercial use in the Downtown should be targeted to strengthen the competitive position of the location for apartments and enhancing the appeal of the neighborhood to existing and perspective new households.

This page intentionally left blank to accommodate double-side printing.