

**AN ANALYSIS OF THE ECONOMIC BASE AND
REAL ESTATE MARKET CONDITIONS OF THE VILLAGE OF ROMEovILLE**

A Report to

VILLAGE OF ROMEovILLE

from

GRUEN GRUEN + ASSOCIATES
Urban Economists, Market Strategists and Land Use/Public Policy Analysts

August 2016



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APPLYING KNOWLEDGE
CREATING RESULTS
ADDING VALUE

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CHAPTER I: INTRODUCTION AND EXECUTIVE SUMMARY

INTRODUCTION

This report summarizes the results of the research and analysis Gruen Gruen + Associates (“GG+A”) conducted to assess conditions and trends impacting Romeoville and to profile Romeoville’s economic base and real estate/land use inventory. This report provided an information base and perspective for the development of the Village’s Comprehensive Plan.

WORK COMPLETED

In order to accomplish the study objectives, GG+A performed the following principal tasks:

1. Analyzed employment and business establishment data over time to derive a profile of the economic structure and employment base of Romeoville and its relative position in the regional economy;
2. Reviewed relevant demographic and labor force characteristics of the community;
3. Identified the current inventory of office, industrial, and retail space, and analyzed historical patterns of change within the local and regional economy; and
4. Interviewed real estate brokers, developers, leasing agents, and residential realtors to obtain perspective on conditions and factors affecting the local real estate market for differing land uses.

PRINCIPAL FINDINGS AND CONCLUSIONS

The principal findings and conclusions drawn from the research and analysis described in this report include the following:

Employment Growth

From 2005 to 2015, employment in the Village increased by an estimated 6,600 jobs, from nearly 9,800 jobs in 2005 to approximately 16,400 jobs by 2015.

Sectors which experienced the most employment growth included:

- Transportation and warehousing (gain of 1,890 jobs or 29 percent of net job growth);
- Wholesale trade (gain of 978 jobs or 17 percent of net job growth);
- Other services (gain of 695 jobs or 11 percent of net job growth);
- Retail trade (gain of 610 jobs or nine percent of net job growth);
- Leisure and hospitality (gain of 565 jobs or nearly nine percent of net job growth); and
- Manufacturing (gain of 503 jobs or nearly eight percent of net job growth).



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Composition and Structure of Employment Base

The economic base of Romeoville is weighted toward wholesale and retail trade, transportation and warehousing, and manufacturing. With average annual job growth of 2.3 percent over the past decade in the transportation and warehousing sector, the sector shifted upward from a very small share of employment in 2005 to 13.2 percent, the third largest source of employment in 2015. The share of employment in the wholesale and retail trade sectors decreased slightly by 5.0 percentage points but still remains the largest source of employment at over 30 percent collectively.

Romeoville's Economic Base Differs from Chicago Metropolitan Area as a Whole

The composition of the local employment base differs from that of the region. The finance, insurance and real estate and professional and business services sectors comprise more than 40 percent of the job base in the Chicago Metropolitan Area while representing only 13 percent of employment in Romeoville. The transportation and warehousing sector is about twice as concentrated in Romeoville as it is regionally. The construction and wholesale trade sectors also comprise a larger share of employment in Romeoville (24 percent) than they do in the Chicago Metropolitan Area (10 percent).

Largest Employers in Romeoville and Labor Shed of Workers

Peacock Foods, the largest individual employer with nearly 1,200 jobs in Romeoville comprises 7.3 percent of total employment. The next largest employer, PDV Midwest Refining CITGO with about 800 jobs reported comprises 4.8 percent of total employment. Kehe Foods reports approximately 750 employees in Romeoville and comprises about 4.6 percent of total employment. Aryzta, another food related business, has 600 jobs, or about 3.6 percent of total employment.

The largest 13 private employers (all reporting 250+ employees in Romeoville) employ a total of 6,900 people or approximately 42 percent of the total Romeoville employment base. Eleven of the largest employers are in the manufacturing or distribution sectors.¹

Only about seven percent of workers employed in Romeoville live within the community. (Only about five percent of Romeoville residents work in Romeoville). Another 29 percent of Romeoville workers originate from outside of Romeoville but within Will County. Cook and DuPage counties are the source of an additional 40 percent of labor employed within Romeoville. Trade, transportation, and utilities activities draw most of their labor from the core labor shed of Will, Cook, and DuPage counties.

¹Amazon is locating a fulfillment center in Romeoville which will employ 600 workers making it one of the top five employers in the Village.



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Village of Romeoville Population and Household Base

The Village is currently estimated to include a population of approximately 39,700 and a housing base including nearly 12,000 households and 12,844 dwelling units. The average household size is about 3.3 persons and the overall housing vacancy rate is estimated at 8.5 percent. Between 2000 and 2010, the Village grew rapidly increasing from about 21,000 residents to nearly 40,000 residents. Between 2010 and 2014, the population and household base remained relatively stable.

Jobs-Housing Balance

The jobs-housing balance (the ratio of jobs in the community to total housing units) has increased over the past several years as employment grew strongly and the available housing inventory remained comparatively stable. The jobs-housing balance approximated 1.02 in 2010 and grew to about 1.27 by 2014/2015. Romeoville's job-housing balance is now within that range of 1.3- to 1.7-jobs-per housing unit considered for a balanced relationship between jobs and housing. It would be appropriate for Romeoville to monitor employment and housing conditions and to encourage the maintenance of a healthy relationship between the number of local jobs and amount of housing units.

Labor Force Conditions and Characteristics

The size of the civilian labor force in Romeoville is estimated at approximately 18,500, up slightly from 2010. The local unemployment rate has declined to 6.5 percent from a high of 12.3 percent in 2012.

Approximately 59 percent of Romeoville's labor force (age 25+) has some college-level educational experience or degree and a majority have completed high school. Approximately one-quarter of adult residents in Romeoville possess a bachelors or advanced degree, less than the proportion of residents in the Chicago Metropolitan Area that possess bachelors or advanced degrees.

The management, business, science, and arts-related occupational category comprises the largest segment of the labor force at nearly 29 percent. Sales and office (i.e. administrative) occupations represent an additional 26 percent of the resident labor force. Service occupations represent an additional 18 percent of labor in Romeoville. About one quarter of Romeoville's resident labor force is employed in traditional blue-collar jobs in the natural resources/construction/maintenance and production, transportation and material moving occupational categories.

Approximately five percent of Romeoville's resident labor force work and live in the Village.²

² The proportion of resident labor force that works outside of Romeoville employed in the "good-producing" and "trade, transportation, and utilities" industry classes is approximately 39 percent. This compares 59 percent of the in-flow of workers to Romeoville (who do not reside in Romeoville) who work in these same industry classes.



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Land Use Characteristics

The Village of Romeoville encompasses approximately 12,000 acres of incorporated land. Residential uses total about 2,100 acres and comprise nearly 17 percent of land area within the Village. Commercial and industrial uses and other uses total approximately 6,700 acres and comprise about 54 percent of land area within the Village. Approximately 906 acres of vacant land exists within the Village of Romeoville commercial, mixed-use, and industrial zoning districts. The Village's GIS land use data indicates that approximately 711 acres of vacant land exists within "Planned Business District", and "Light/Medium Manufacturing" and "Medium/Heavy Manufacturing" zoning districts. About 195 acres of additional vacant land exists within commercial and mixed-use districts with the majority of vacant land in the "Highway/Regional Shopping District."

Office Market

The Village of Romeoville currently contains only 29 office buildings encompassing about 465,000 square feet of office space. The office space inventory of Romeoville comprises well under one percent of the total office space inventory of the Metro Chicago market. The vacancy rate within the Village is estimated at 5.7 percent currently and asking gross rents are reported at \$18.43 per square foot, below submarket and regional averages.

Romeoville is not a preferred office location within the Metro Chicago region. The Village has not historically experienced any significant office development and the number of jobs in the finance, insurance, and real estate sector which is the sector most likely to use office space makes up less than five percent of Village employment. Relative to the Joliet/Central submarket of which it is a part, Romeoville's office space inventory has accounted for only about four percent of office space construction and three percent of office space absorption within the broader submarket over the past decade.

Consistent with the positive office space absorption which has occurred since 2011 and very little new supply additions, the office space vacancy rate in Romeoville has improved considerably since the aftermath of the recession in 2011, declining from 12 percent to around six percent today. Corresponding rent growth has been strong. Average asking rents have grown by over \$3 per square foot over past four years from about \$15 per square foot in 2011 to over \$18 per square foot today.

The current vacancy of 5.7 percent equates to vacant space of approximately 26,500 square feet in Romeoville. With historic average annual absorption of about 7,100 square feet of space in Romeoville the office market has capacity to absorb space demand for approximately three years.

Industrial Market

Romeoville's desirable location for industrial users, especially those in the distribution chain due to its excellent transportation accessibility to I-55, I-355, and I-80 is evidenced by Amazon's recent announcement that it is converting an existing vacant facility to a new fulfillment center. Romeoville has 216 industrial buildings comprising 30.2 million square feet of space. This amount of space



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equates to about 26 percent of the total I-55 Corridor industrial market inventory. The vacancy rate for the industrial inventory in Romeoville at 5.6 percent is considerably lower than the 7.6 percent vacancy rate for the I-55 Corridor market and the 6.9 percent vacancy rate for the overall Metro Chicago industrial space market. Rental rates of \$5.92 per square foot are lower than rents in the I-55 Corridor market but higher than for Metro Chicago.

The Romeoville industrial market has been in relative balance over the past decade. The amount of net absorption of industrial space has been about the same as the amount of new space delivered to the market. Approximately 10.1 million square feet of industrial space has been absorbed in Romeoville since 2007, or annually about 1.1 million square feet of space on average. Romeoville has accounted for 49.5 percent of the I-55 Corridor's space absorption and about 48 percent of the new space delivered in the submarket.

This trend of increasing rent and declining vacancy correlates with the recovery from the Great Recession and low amount of industrial space built in Romeoville between 2011 and 2013 which was only approximately 35 percent of the amount of space built between 2007 and 2010. In 2014 and 2015, as demand picked up and net absorption of space increased, the vacancy rate has come down to its current 5.6 percent, lower than for the I-55 Corridor submarket. Few existing vacancies and limited "shovel ready" land sites remain available in Romeoville for industrial space users.

The current vacancy of 5.6 percent equates to vacant space of nearly 1.7 million square feet in Romeoville. With historic average annual absorption of about 1.1 million square feet of space in Romeoville the industrial market has tightened up as rents continue to increase. The new supply additions (under construction or in the pipeline) in Romeoville and nearby totaling approximately two million square feet of space will satisfy near term demand (and temper near term rent increases). Over the longer term, land constraints will constrain the ability of Romeoville to accommodate significant more industrial development that could otherwise be expected to occur.

Retail Market

Romeoville contains 103 retail buildings totaling nearly two million square feet of space. The amount of retail space equates to about two percent of the total retail inventory in the South Suburban submarket. The retail space vacancy rate is 8.7 percent, slightly higher than the vacancy rate for Metro Chicago and about the same for the South Suburban market. Average net rental rates in Romeoville, estimated currently at \$14.51 per square foot, are generally consistent with average rents throughout the South Suburban submarket and lower than the Metro Chicago average net retail of \$15.81 per square foot.

Romeoville's location between larger nodes of retail space/activity in Joliet and Bolingbrook has influenced the existing retail inventory in Romeoville to serve neighborhoods within and the community as a whole. Shopping center space of 1.4 million square feet accounts for 73 percent of the Village's retail inventory and includes the 397,000-square-foot Shops of Romeoville community center with Kohl's, Petco, and Target and the 391,000-square-foot Romeoville Crossings with Sam's Club and Walmart, both located along Weber Road. The Shops of Romeoville still has land to accommodate a significant amount of future retail development. Several outlots remain available at the Romeoville Crossings project at Weber and Airport Roads. In addition several new outlots will



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become available in front of the new Farm and Fleet store on Weber Road.

Future retail development in Romeoville will likely be directed to serving the local household and employment base. Land remains available on the preferred Weber Road to accommodate additional commercial development.

Residential Market

Romeoville's relative affordability compared to alternative locations and good freeway accessibility to I-55 and I-355 has made it a desirable location in Will County in which a significant amount of housing has been built in the 1990's and 2000's.

Between 2000 and 2014, the total housing stock increased by 74 percent, or about 5,500 units from approximately 7,400 units to approximately 12,800 units. Attached single-family housing experienced the largest increase of over 300 percent of its stock. In 2014, detached single-family units comprised 69 percent of Romeoville's single-family housing stock, down from 79 percent in 2000. Attached single-family units increased by over 2,100 units to comprise 21.3 percent of the single-family housing stock, up from 8.2 percent in 2000. Multi-family units increased by 277 units, but decreased from nearly 13 percent of the housing stock in 2000 to just under 10 percent in 2014. The relatively limited amount of apartment supply growth may explain the growth in rental rates summarized below.

Between 2010 and 2014, the tenure of housing units shifted with the proportion of renter-occupied units increasing from about 10 percent to nearly 15 percent. The total vacant units increased from under four percent to over eight percent of the housing stock (including unoccupied but sold or rented units). During this period, the vacancy rate of owner-occupied units increased to a still low two percent. The renter-occupied vacancy rate remained constant and just over 11 percent.

Unadjusted for inflation, the median home value in Romeoville grew by 2.5 percent annually between 2000 and 2014 from \$118,100 to \$167,300. Median monthly gross rent grew faster over the 14 year period increasing from about \$900 to \$1,700. Romeoville shifted upward in price as newer housing stock was added but still remains below Will County median home value and rent levels.

The for-sale residential market in Romeoville has improved substantially since 2011. The velocity of sales has significantly increased from 383 total sales in 2011 to over 700 sales in 2015. The average sales price has increased by about 31 percent from nearly \$124,000 in 2011 (with a slight decrease to \$116,600 in 2012) to over \$162,000 (year to date 2016). The average number of days on the market has been significantly reduced from nearly six months in 2011 to less than 90 days in 2016. Year to date activity in 2016 is on track to meet or exceed 2015 sales activity, with increasing average sales price and decreasing days on the market.

Romeoville contains two existing apartment projects with a total of 782 market rate apartments. While current occupancy rates at these two projects are a little lower than a few years ago, rents have continued to increase. Monthly rents have increased since 2011. On a per square foot basis, per square foot rents have increased from about \$1.30 to over \$1.50, a 15 percent increase over the past five years. A new 292-unit apartment project is nearing completion in the Village. The developer



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anticipates attracting younger age (20-34-years of age) workers for the smaller unit types and larger-sized family households to the larger unit sizes to the project.

ECONOMIC DEVELOPMENT AND LAND USE POLICY RECOMMENDATIONS

Monitor and Regularly Confer with Largest Employers

- The largest employers should be met with regularly to monitor conditions, identify issues of recurring concern, and to assist with real estate requirements or service needs as they arise.

Mitigate Infrastructure Constraints

- Roadway access or congestion constraints reduce the potential for not only attracting and retaining industrial space users, but also office space users. To maintain the key quality of life advantages and concurrently serve the evolving economic base requires continuing to plan, finance and implement the appropriate expansion of public infrastructure at least in step with development.

Continue to Encourage the Enhancement of Romeoville As a Place to Live, Shop, Play and Work In Order to Facilitate the Evolution of Economic Base and Tighter Alignment Between Resident Labor Force and Jobs Available in Romeoville

- The enhancement of the desirability of Romeoville for office space users, commercial uses, and less cost-sensitive higher-skilled seeking industries will continue as the result of encouraging the type of housing, shopping, restaurants, schools, parks and other community services and amenities that appeal to middle class households. A recent example of a community enhancement that appeals to Romeoville's large base of family households with children living at home includes the Romeoville Athletic & Events Center that has also helped to attract commercial uses to Uptown.
- Most potential office space demand will be for office space that provides locational, display, and amenity advantages to service firms and professionals serving local rather than basic markets (markets outside of the local area).
- Attempt to attract firms requiring higher level skills that better match the labor force characteristics of residents so that over time opportunities may arise for a higher proportion of residents to work within the community. Encourage firm seeking workers to promote openings to local residents.

Apartment Development Will Encourage Existing Apartment Complexes to Maintain Quality and Respond to Macro Demand Forces

- Existing apartment complexes may be prodded by the new apartment supply competition to invest in maintenance and quality investments.



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- Demographic- and behavioral-driven factors (including the deferral of marriage, overhang of student debt, and because highly-educated millennials comprise the largest population category and are highly mobile) are primary reasons driving the demand for apartments.
- Locations near transit and near restaurants, entertainment and recreational offerings, and employment opportunities are likely to be the most market responsive and competitive.
- One reason to encourage apartments is they can incubate young people in the community who may become home buyers later and because some older households may choose to stay in the community by moving from their homes they no longer need and want to maintain.

Encourage a Concentration of Integrated Retail Uses Mixed with Eating and Drinking Establishments, Medical Office, and Residential Uses

- More and more goods are now purchased on the Internet. According to U.S. Census Bureau, online sales now account for about 7.4 percent of all retail sales in America (up from under three percent in 2005). The growth of etailing will place increasing pressure on retailing and retail real estate to evolve and respond to the threat of loss of on-the-ground customer traffic and sales.
- Locations that provide the most accessible places are no longer enough for success. Required are places that provide the most efficient quality of time. Retail clusters succeed because they contain a variety of proximate shopping opportunities and are large and diverse enough to facilitate multi-purpose shopping and service trips.
- It would be advantageous for Romeoville to have fewer, but larger, well-integrated shopping and service nodes than numerous smaller strip centers and free-standing buildings that siphon off relatively small sales dollars so as to make more difficult the development of larger projects with greater trade areas and more frequent visitation, or higher per visit expenditures. The Comprehensive Plan should encourage mixed-use development on Weber Road providing an integrated set of retail, eating and drinking, entertainment, healthcare, and housing uses that maximize the use of time and reduce traffic congestion.
- An increasing proportion of food expenditures are made away from home. According to the Bureau of Labor Consumer Expenditure Survey, approximately 41 percent of all food expenditures are made away from home. This trend suggests one potential substitute for traditional retail space will be food uses. For example, an agglomeration of restaurants centered on Weber Road, appealing to a wide variety of tastes and budgets will be able to draw from both residents and workers.
- Medical offices will also demand additional space in the coming years, and there will be a shift from hospitals to offices for some treatments, as there already has been for glaucoma surgery, for example. A major effect of the Affordable Care Act includes the need for lower-cost medical treatment options than hospitals traditionally have been able to provide. Medical clinics, docs-in-boxes, physical therapy, and MRI centers are just some examples of activities that will increasingly occur outside of a hospital environment.



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- To increase the potential for surviving the competitive threat from the Internet as well as existing and future existing competing centers, encourage big-box retailers to locate in mixed-use centers (while discouraging freestanding stand-alone locations) that can serve residents as well as workers in close by business and industrial parks. Some Internet customers prefer shopping at services with both clicks and bricks so they have an opportunity to both pick-up and take back products. This means that retail chains will close their less successful stores, concentrating on their most successful regional outlets. Well designed, accessible centers with plentiful parking and a diverse set of uses and attractions are more likely to produce successful stores than freestanding locations.



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CHAPTER II: EMPLOYMENT BASE COMPOSITION AND TRENDS

INTRODUCTION

This chapter presents an analysis of the structure and composition of the Village of Romeoville's employment base. This chapter also summarizes analysis of characteristics related to employment by industry sector, patterns of growth and decline, and the commute shed. The analysis of the employment base provides a framework from which to identify the industry sectors likely to continue to grow or contract within the local economy and the types of firms and activities likely to represent potential business targets for Romeoville.

EMPLOYMENT TRENDS BY INDUSTRY SECTOR

Table II-1 summarizes historical wage and salary employment for the Village of Romeoville for 2005, 2010, and 2015. The data is drawn from the Quarterly Census of Employment and Wages ("QCEW") program and was provided by the Illinois Department of Employment Security. The employment estimates in Table II-1 are summarized by 2-digit NAICS code.



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Table II-1: Village of Romeoville Private Sector Employment by Industry Sector, 2005-2015¹

Industry Sector	2005 #	2010 #	2015 #	Change 2005-2015 #	Average Annual Growth Rate 2005-2015 %
Natural Resources & Mining	-	-	-	-	-
Utilities	-	-	-	-	-
Construction	953	873	1,342	389	3.5
Manufacturing	1,269	1,420	1,772	503	3.4
Wholesale Trade	1,606	2,090	2,584	978	4.9
Retail Trade	1,961	2,856	2,571	610	2.7
Transportation & Warehousing	273	1,299	2,163	1,890	23.0
Information	250	293	273	23	0.9
Finance, Insurance & Real Estate	412	612	819	407	7.1
<i>Finance & Insurance</i>	155	375	421	266	10.5
<i>Real Estate</i>	257	237	398	141	4.5
Professional & Business Services	713	548	1,142	429	4.8
<i>Prof., Scientific & Tech. Services</i>	168	182	260	92	4.5
<i>Management of Companies</i>	-	-	12	-	NA
<i>Admin, Support, Waste Mgmt Services</i>	545	366	870	325	4.8
Education & Healthcare	393	443	195	(198)	-6.7
<i>Educational Services</i>	-	-	-	-	NA
<i>Healthcare & Social Assistance</i>	393	443	195	(198)	-6.7
Leisure & Hospitality	699	1,076	1,264	565	6.1
<i>Arts, Entertainment & Recreation</i>	17	62	199	182	27.9
<i>Accommodation & Food Services</i>	682	1,014	1,065	383	4.5
Other Services	264	351	959	695	13.7
Unclassified	-	-	-	-	NA
TOTAL	9,804	12,884	16,408	6,604	5.3

¹ Employment estimates are as of March of each year. Excludes public administration.

Sources: Illinois Department of Employment Security, Where Workers Work;
Gruen Gruen + Associates.

From 2005 to 2015, employment in the Village increased by an estimated 6,600 jobs, from approximately 9,800 jobs in 2005 to approximately 16,400 jobs in 2015. This equates to an average annual growth rate of 5.3 percent. Despite the Great Recession which started in 2007 and ended in 2009, between 2005 and 2010, total employment is estimated to have increased by nearly 3,100 jobs, and an annual growth rate of 5.6 percent. Between 2010 and 2015, total employment grew by approximately 3,500 jobs and an annual growth rate of 5.0 percent.

Over the entire 2005-2015, sectors which experienced the most employment growth included:

- Transportation and warehousing (gain of 1,890 jobs or 29 percent of net job growth);
- Wholesale trade (gain of 978 jobs or 17 percent of net job growth);
- Other services (gain of 695 jobs or 11 percent of net job growth);



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- Retail trade (gain of 610 jobs or nine percent of net job growth);
- Leisure and hospitality (gain of 565 jobs or nearly nine percent of net job growth); and
- Manufacturing (gain of 503 jobs or nearly eight percent of net job growth).

The only sector which experienced a decrease in employment over the decade was healthcare with a loss of nearly 200 jobs.

Table II-2 shows the shift in the composition of the employment base for 2005 to 2015.

Table II-2: Shift in Composition of Village of Romeoville Employment, 2005-2015

Industry Sector	2005 %	2010 %	2015 %	Shift 2005-2015 Pct Points
Natural Resources & Mining	NA	NA	NA	NA
Utilities	NA	NA	NA	NA
Construction	9.7	6.8	8.2	(1.5)
Manufacturing	12.9	11.0	10.8	(2.1)
Wholesale Trade	16.4	16.2	15.7	(0.7)
Retail Trade	20.0	22.2	15.7	(4.3)
Transportation & Warehousing	2.8	10.1	13.2	+10.4
Information	2.5	2.3	1.7	(0.8)
Finance, Insurance & Real Estate	4.2	4.7	5.0	+0.8
<i>Finance & Insurance</i>	1.6	2.9	2.6	+1.0
<i>Real Estate</i>	2.6	1.8	2.4	(0.2)
Professional & Business Services	7.3	4.2	6.9	(0.4)
<i>Prof., Scientific & Tech. Services</i>	1.7	1.4	1.6	(0.1)
<i>Management of Companies</i>	NA	NA	NA	NA
<i>Admin, Support, Waste Mgmt Services</i>	5.6	2.8	5.3	(0.3)
Education & Healthcare	4.0	3.4	1.2	(2.8)
<i>Educational Services</i>	NA	NA	NA	NA
<i>Healthcare & Social Assistance</i>	4.0	3.4	1.2	(2.8)
Leisure & Hospitality	7.2	8.4	7.7	+0.5
<i>Arts, Entertainment & Recreation</i>	0.2	0.5	1.2	+1.0
<i>Accommodation & Food Services</i>	7.0	7.9	6.5	(0.5)
Other Services	2.7	2.7	5.8	+3.1
TOTAL	100.0	100.0	100.0	
Sources: Illinois Department of Employment Security, Where Workers Work; Gruen Gruen + Associates.				

The economic base of Romeoville is weighted toward wholesale and retail trade, transportation and warehousing, and manufacturing. With average annual job growth of 2.3 percent over the past decade in the transportation and warehousing sector, the sector shifted upward from a very small share of employment in 2005 to 13.2 percent, the third largest source of employment in 2015. The share of employment in the wholesale and retail trade sectors decreased slightly by 5.0 percentage points but still remains the largest source of employment at over 30 percent collectively.

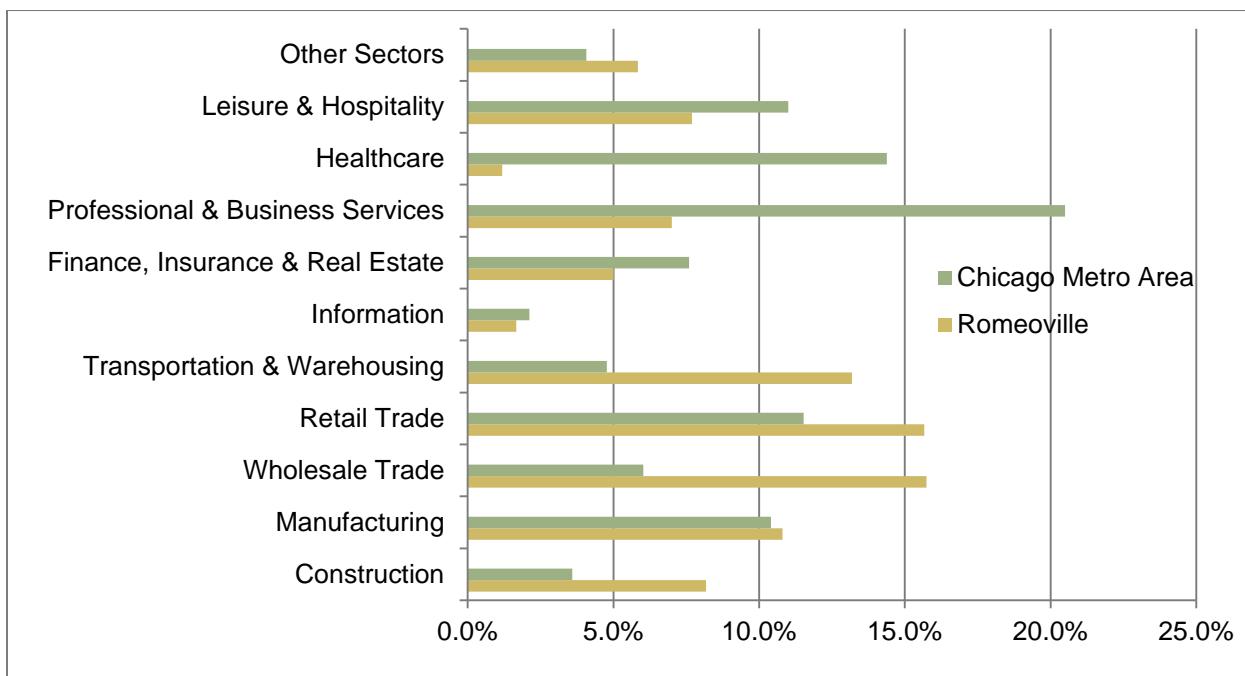


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INDUSTRY CLUSTERS WITHIN ROMEOVILLE

The composition of the local employment base differs from that of the region. Figure II-1 below compares the employment mix within Village of Romeoville to the regional Metro Chicago economy.

Figure II-1: Composition of Local and Regional Employment (2015 Percent of Employment)



The Romeoville economy is concentrated in the transportation and warehousing, retail trade and wholesale trade sectors. These three sectors comprise more than 45 percent of Romeoville's job base while representing only 22 percent of employment in the Chicago Metropolitan Area. Similarly, although it is much smaller, the construction sector is about twice as concentrated in Romeoville as it is in the Chicago Metropolitan Area. The local concentration of manufacturing employment is relatively consistent with the regional composition. The leisure and hospitality, professional and business services, and finance, insurance, and real estate and healthcare sectors are all less concentrated in Romeoville.

LARGEST EMPLOYERS

Table II-3 shows the largest, private, non-retail store employers in Romeoville.



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Table II-3: Private Non-Retail Employers With More than 250 Employees in Romeoville

Name	Industry / Activity	Employment
Peacock Foods	Food Manufacturer	1,200
PDV Midwest Refining CITGO	Fuels Refinery	803
Kehe Foods	Headquarters/Food Distributor	750
Aryzta	Food Manufacturer	600
Ulta	Offices/Distribution	542
RTC	Distribution/Manufacturing	530
Lewis University	Education	525
FedEx Ground	Distribution	500
Magid Glove and Safety	Headquarters/Manufacturing	400
Innotrac	Distribution	300
Chicago Tube and Iron	Corporate/Metal Processing	275
Neovia Logistics	Distribution	250
Samsung	Electronic Distribution	250
Total		6,925

Sources: Village of Romeoville, <http://www.romeoville.org/778/Our-Top-Employers>; Gruen Gruen + Associates.

Peacock Foods, the largest individual employer with nearly 1,200 jobs in Romeoville comprises 7.3 percent of total employment. The next largest employer, PDV Midwest Refining CITGO with about 800 jobs reported comprises 4.8 percent of total employment. Kehe Foods reports approximately 750 employees in Romeoville and comprises about 4.6 percent of total employment. Aryzta, another food related business, has 600 jobs, or about 3.6 percent of total employment. The largest 13 private employers summarized above (all reporting 250+ employees in Romeoville) employ a total of 6,900 people or approximately 42 percent of the total Romeoville employment base.³ Eleven of the largest employers are in the manufacturing or distribution sectors.

VILLAGE OF ROMEOVILLE LABOR SHED

Table II-4 summarizes the distribution of employees in Romeoville by industry super sector and county of residence.

³ Amazon is locating a fulfillment center in Romeoville which will employ 600 workers making it one of the top five employers in the Village.



AN ANALYSIS OF THE ECONOMIC BASE AND REAL ESTATE MARKET CONDITIONS OF THE VILLAGE OF ROMEOVILLE

Table II-4: Distribution of Workers Employed in Romeoville by County of Residence (2014)

	Goods Producing %	Trade, Transportation & Utilities %	Service Providing %	Total %
Will County	35.1	30.0	42.0	36.0
Cook County	34.0	29.4	22.0	27.1
DuPage County	12.8	14.0	13.0	13.4
Other Counties	18.3	26.6	23.0	23.6

Sources: U.S. Census Bureau, LEHD Program Data; Gruen Gruen + Associates.

Only about seven percent of workers employed in Romeoville live within the community. Another 29 percent originate from outside of Romeoville but within Will County. Cook and DuPage counties are the source of an additional 40 percent of labor employed within Romeoville. Trade, transportation, and utilities activities draw most of their labor from the core labor shed of Will, Cook, and DuPage counties. The labor shed accessed by a Romeoville location is wide and diverse.



AN ANALYSIS OF THE ECONOMIC BASE AND REAL ESTATE MARKET CONDITIONS OF THE VILLAGE OF ROMEOVILLE

CHAPTER III: DEMOGRAPHIC TRENDS AND LABOR MARKET CHARACTERISTICS

INTRODUCTION

Interrelated factors - including the level and kind of economic development, land use policy, and the amount and type of residential development - influence the extent to which community can attract and hold jobs. The quality and quantity of the labor force and housing, in turn, bear on the prospects for economic development. The specific characteristics of the labor pool, such as educational level, skill mix and income range, influence the kinds of businesses that can successfully operate in a community. This chapter, therefore, presents an overview of demographic and labor force characteristics.

VILLAGE OF ROMEOVILLE POPULATION AND HOUSEHOLD BASE

Table III-1 summarizes the historical population and household base of Romeoville.

Table III-1: Population, Households and Housing Units in Village of Romeoville

	2000 #	2010 #	2014 #	Historical Change 2000-2010 #	Historical Change 2010-2014 #
Population	21,153	39,680	39,719	18,527	39
Households	6,764	11,987	11,747	5,223	-240
Housing Units	7,379	12,623	12,844	5,244	221
Average Household Size	2.99	3.21	3.28	-	-
Housing Vacancy Rate	8.3%	5.0%	8.5%	-	-

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

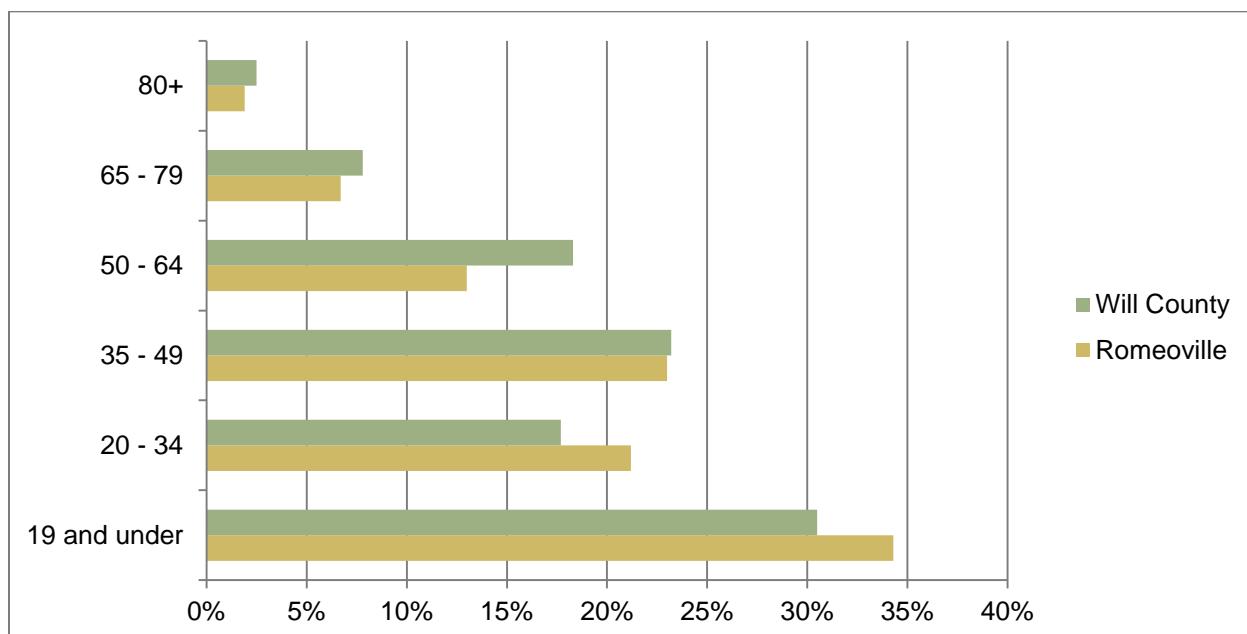
The Village is currently estimated to include a population of approximately 39,700 and a housing base including nearly 12,000 households and 12,844 dwelling units. The average household size is about 3.3 persons and the overall housing vacancy rate is estimated at 8.5 percent. Between 2000 and 2010, the Village grew rapidly increasing from about 21,000 residents to nearly 40,000 residents. Between 2010 and 2014, the population and household base remained relatively stable which is indicative of the increasingly built-out nature of residential land in the community as well as lingering effects of the Great Recession which slowed down household formation.

Figure III-1 summarizes the current distribution of the population by age cohort in Romeoville and Will County.



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Figure III-1: Romeoville Population by Age: 2014



Source: MetroPulse Community Data Snapshot, Chicago Metropolitan Agency for Planning: 2014 American Community Survey Five-Year Estimates

The population under the age of 19, comprising about one-third of Romeoville residents, is currently estimated at approximately 13,600 and is a higher proportion than for Will County as a whole.⁴ The population between the age of 20 and 34, currently comprising about 21 percent of total population, is also a larger share than for the County. The age 35 to 49 cohort in Romeoville, comprising 23 percent of total population, is comparable to that age cohort in Will County. Residents in the 65+ age cohorts are a smaller proportion at 8.6 percent in Romeoville than they comprise in the County (i.e., 10.3 percent).

Jobs-Housing Balance

The jobs-housing balance (the ratio of jobs in the community to total housing units) has increased over the past several years as employment grew strongly and the available housing inventory remained comparatively stable. The jobs-housing balance approximated 1.02 in 2010 and grew to about 1.27 by 2014/2015. A region is generally considered to have a sustainable jobs-housing balance if the ratio of jobs to housing units is 1.5.⁵

⁴ Lewis University indicates on its website that “The 12 residence halls on the Lewis campus are home to approximately 1,200 students.” Some of these students may be under 19 years of age contributing to Romeoville’s high share of under age 19 residents though more than 50 percent of Romeoville’s households are family households with children under 18.

⁵ See, for example, “Jobs-Housing Balances and Regional Mobility”, Robert Cervero, Institute of Urban and Regional Development University of California at Berkeley, APA Journal, spring 1989, pp.136-150.



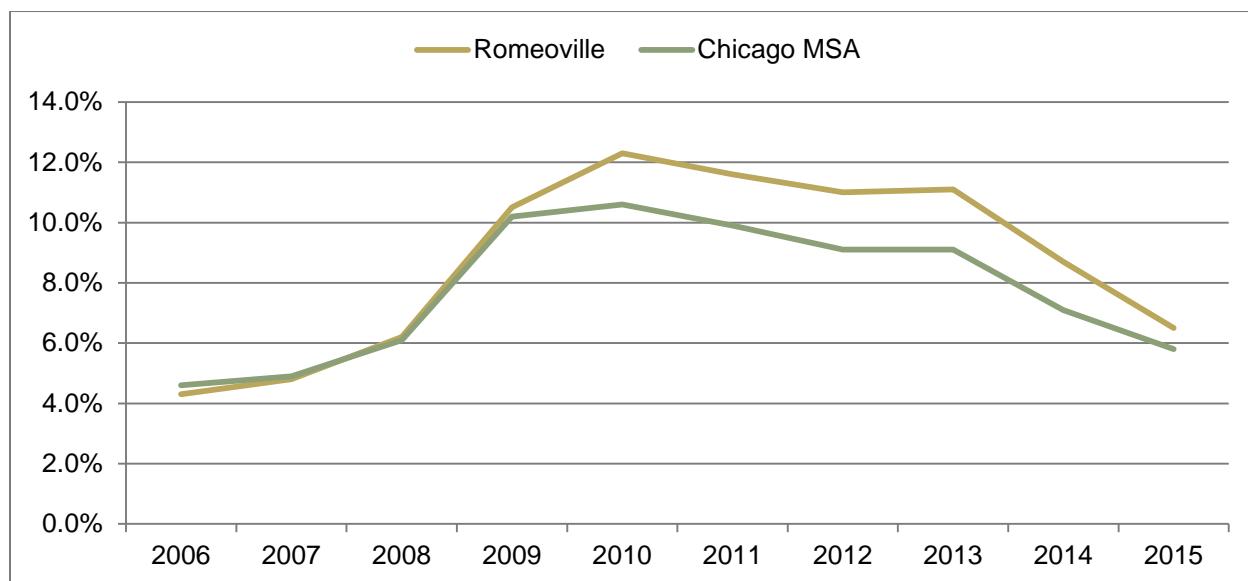
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While jobs to housing relationships will vary given differences among communities in labor force, social, and economic characteristics, transportation linkages, geographical constraints, and political factors, the generally accepted ratio for a balanced relationship between jobs and housing tends to fall within 1.3-to-1.7-jobs-per-housing unit.⁶ Romeoville's job-housing balance is now within the low end of the range. However, there does appear to be a mismatch between jobs and housing locations as a small proportion of those who work in Romeoville also live in Romeoville. Romeoville imports a great deal of labor to jobs in Romeoville and a great deal of employed Romeoville residents work outside of Romeoville.

LABOR FORCE CONDITIONS AND CHARACTERISTICS

According to 2010-2014 American Community Survey (5 Year Estimates), the size of the civilian labor force in Romeoville is estimated at approximately 18,521, up slightly from about 17,854 in 2010. According to the Illinois Department of Employment Security, the unemployment rate in Romeoville stood at 6.5 percent in 2015. The unemployment rate in Romeoville peaked at 12.3 percent in 2012. As illustrated in Figure III-2, the local unemployment rate has declined considerably over the past four years.

Figure III-2: Unemployment Rate Estimates, 2006-2015



As illustrated above, unemployment levels have declined but are still above pre-recession levels both locally and regionally, indications that the labor market not yet at a full-employment situation. Romeoville's unemployment level which mirrored the region until 2010 still remains slightly above that of the Chicago region.

⁶ The August 2008 Urban Land "Mixing It Up" article indicates the ideal jobs-housing ratio is generally between 1.2 and 1.4 jobs per housing unit and that sites or communities with an integrated set of land uses minimize traffic generation and increase "capture internal rates" for services, retail, restaurants and other uses. ("Mixing It Up," Urban Land, Walters, Jerry, Ewing, Reid. August 2008, p. 126).



AN ANALYSIS OF THE ECONOMIC BASE AND REAL ESTATE MARKET CONDITIONS OF THE VILLAGE OF ROMEOVILLE

Table III-2 summarizes educational attainment characteristics of the adult population in Romeoville and the Chicago MSA.

Table III-2: Educational Attainment of Residents Age 25+ (2014 Estimate)

Highest Level Completed	Village of Romeoville %	Chicago MSA ¹ %
Less than High School	12.8	13.1
High School or Equivalent	27.8	24.8
Some College, No Degree	24.6	20.2
Associate's Degree	9.4	6.9
Bachelor's Degree or Higher	18.9	21.5
Graduate or Professional Degree	6.5	13.5

¹ Chicago-Naperville-Elgin, IL-IN-WI Metro Area.

Sources: U.S. Census Bureau, 2014 American Community Survey; Gruen Gruen + Associates.

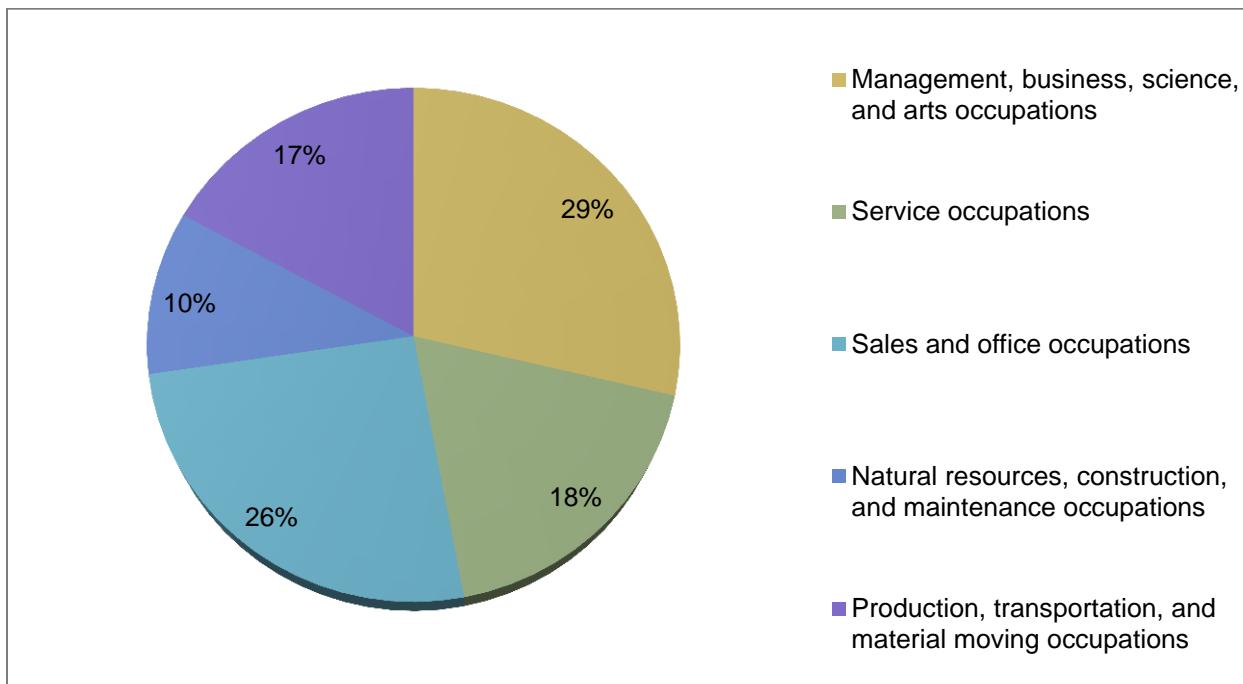
Approximately 59 percent of Romeoville's labor force (age 25+) has some college-level educational experience or degree and a majority have completed high school. Approximately one-quarter of adult residents in Romeoville possess a bachelor's or advanced degree, less than the proportion of residents in the Chicago MSA that possess bachelors or advanced degrees.

The levels of educational attainment are exemplified in the occupational mix of Romeoville's labor force, which Figure III-3 summarizes.



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Figure III-3: Occupational Mix of Romeoville Labor Force (2014 Estimate)



The management, business, science, and arts-related occupational category comprises the largest segment of the labor force at nearly 29 percent. Sales and office (i.e. administrative) occupations represent an additional 26 percent of the resident labor force. Service occupations represent an additional 18 percent of labor in Romeoville and the production, transportation and material moving and natural resource, construction, and maintenance-related occupations represent collectively about 27 percent of the employed labor force. About one quarter of Romeoville's resident labor force is employed in traditional blue-collar jobs in the natural resources/construction/maintenance and production, transportation and material moving occupational categories.



AN ANALYSIS OF THE ECONOMIC BASE AND REAL ESTATE MARKET CONDITIONS OF THE VILLAGE OF ROMEOVILLE

CHAPTER IV: LAND USE AND NON-RESIDENTIAL REAL ESTATE MARKET TRENDS AND CONDITIONS

INTRODUCTION

GG+A principals conducted interviews and reviewed secondary real estate market data to identify the following:

- The market area within which Romeoville competes for businesses searching for locations that enhance their productivity and competitiveness;
- The geographic origins of the firms that have moved into industrial and office space within the market area;
- The comparative advantages Romeoville provides or could create or improve so as to serve businesses with an ecosystem that makes them most competitive; and
- Real estate market conditions.

Chapter IV reviews the current land use characteristics of the Village of Romeoville and the existing inventory of office, industrial, and retail space within the community. Chapter IV also reviews historical trends related to the construction, absorption, vacancy and average rental rates for commercial and industrial building space in Romeoville.

COMPARATIVE ADVANTAGES

The results of the interviews indicate Romeoville offers the following primary comparative advantages:

- A central location with excellent highway accessibility and visibility and better proximity to Chicago than alternative locations;
- A location providing affordable housing relative to some other alternative locations;
- Proximity to customers, suppliers, and support services;
- Access to a broad labor base; and
- Excellent community services and amenities and a positive business climate.



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PRIMARY DISADVANTAGES

Primary disadvantages associated with a Romeoville location include the following:

- A limited supply of “shovel ready” available land for new industrial development; and
- Infrastructure capacity issues which may limit the ability to accommodate the growth of the industrial base.

CURRENT LAND USE CHARACTERISTICS

According to the Village of Romeoville’s GIS land use data, the Village of Romeoville encompasses approximately 12,000 acres of incorporated land. Table IV-1 summarizes the current composition of land use within the community by general land use category.

Table IV-1: Existing Land Use in Village of Romeoville

	Land Area # Acres	Land Area % of Total
RESIDENTIAL		
Single-Family, Duplex & Townhome	1,977.27	16.0
Multi-Family	79.01	0.6
Subtotal	2,056.28	16.6
COMMERCIAL, INDUSTRIAL, & OTHER		
Commercial	381.17	3.1
Light Industrial & Office	1,147.50	9.3
Industrial & Manufacturing	3,054.73	24.8
Institutional	2,094.45	17.0
OPEN SPACE & RECREATION	2,010.80	16.3
WATERWAYS	674.23	5.5
VACANT LAND	906.23	7.4
TOTAL	12,325.39	100.0

Sources: Teska Associates, Inc.; Village of Romeoville; Gruen Gruen + Associates.

Residential uses total about 2,100 acres and comprise nearly 17 percent of land area within the Village. Single-family residential properties represent the vast majority of residential land use at nearly 2,000 acres or nearly 16 percent of land area within the Village.

Commercial and industrial uses and other uses total approximately 6,700 acres and comprise about 54 percent of land area within the Village. Existing commercial and industrial land use comprise approximately 4,600 acres of land or 37 percent of the land area in the Village.

Approximately 906 acres of vacant land exists within the Village of Romeoville existing commercial, mixed-use, and industrial zoning districts. The Village’s GIS land use data indicates that



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approximately 711 acres of vacant land exists within "Planned Business District", and "Light/Medium Manufacturing" and "Medium/Heavy Manufacturing" zoning districts. About 195 acres of additional vacant land exists within commercial and mixed-use districts with the majority of vacant land in the "Highway/Regional Shopping District."

OFFICE MARKET SUPPLY TRENDS

Table IV-2 summarizes the current supply of office space within the Village of Romeoville, the Joliet/Central Will submarket which is the submarket of which Romeoville is a part, and Metro Chicago as a whole.

Table IV-2: Current Office Market Inventory and Conditions

	Romeoville	Joliet-Central Will	Metro Chicago
Number of Office Buildings	29	821	13,562
RBA ¹ in Square Feet	465,361	12,579,827	468,278,344
Vacancy Rate	5.7%	9.8%	13.1%
Average Gross Rent ²	\$18.43	\$19.43	\$23.28
RBA Under Construction	-	29,964	7,824,462

¹ Rentable building area.
² Annual asking rent per-square-foot.

Sources: CoStar; Gruen Gruen + Associates.

The total Metro Chicago office market contains over 13,000 buildings with a current rentable building space inventory of approximately 468.3 million square feet. The vacancy rate currently stands at 13.1 percent with average asking gross rents reported at \$23.28 per square foot. Approximately 7.8 million square feet of office space is currently under construction throughout Metro Chicago. The largest submarket in Metro Chicago is the metro Chicago submarket which comprises the core part of Chicago with over 175 million square feet of office space, approximately 37 percent of the region's office inventory. The East/West Corridor is the second largest submarket with another 72 million square feet of office space, another 15 percent of the region's office inventory. Vacancy rates in the Metro Chicago submarket have declined from 12.8 percent in 2012 to a current vacancy rate of 10.8 percent. Vacancy rates in the East/West Corridor submarket have also improved from 16.6 percent in 2012 to a current vacancy rate of 14.5 percent. While vacancy rates have improved over the past couple years in suburban Chicago, several large blocks of suburban office space are becoming available which could increase vacancy rates and lead to softer market conditions.⁷ According to Jones Lang LaSalle, nine blocks of office space of 300,000 square feet or more exist in the Chicago suburbs.

The Joliet/Central Will submarket contains approximately 12.6 million square feet of office space across more than 800 buildings. The office space vacancy rate within the Joliet/Central Will submarket currently stands at 9.8 percent, lower than for the Metro Chicago region. Average asking

⁷ <http://www.chicagobusiness.com/realestate/20160606/CRE03/160609897/mcdonalds-moves-adds-another-big-vacancy-to-suburban-office-market>



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gross rents are reported at \$19.43 per square foot. Less than 30,000 square feet of office space is currently under construction within the submarket.

According to CoStar, the Village of Romeoville currently contains 29 office building encompassing about 465,000 square feet of office space. The office space inventory of Romeoville comprises well under one percent of the total office space inventory of the Metro Chicago market. The vacancy rate within the Village is estimated at 5.7 percent currently and asking gross rents are reported at \$18.43 per square foot, below submarket and regional averages.

Interviews with local real estate brokers and developers indicate that Romeoville is not a preferred office location within the Metro Chicago region. The Village has not historically experienced any significant office development and the number of jobs in the finance, insurance, and real estate sector which is the sector most likely to use office space makes up less than five percent of Village employment. Some of the office space in Romeoville relates to medical office use. For example, The Family Medical Center at the corner of Weber Road and Windham Parkway is currently for sale. The 9,642-square-foot building is also being marketed as a possible conversion for a corporate office building.

Historical Office Space Absorption and Construction

Table IV-3 summarizes historical office space absorption and new construction deliveries for Romeoville and the Joliet/Central Will submarket.

Table IV-3: Historical Office Space Absorption and New Construction

	2007-2010 # Square Feet	2011-2016 # Square Feet	Total 2007-2016 # Square Feet
Romeoville:			
Net Absorption ¹	28,408	39,326	67,734
New Space Delivered	68,251	10,000	78,251
Joliet/Central Will:			
Net Absorption ¹	1,487,802	785,891	2,273,693
New Space Delivered	1,264,092	547,288	1,811,380
Romeoville Share of Submarket:			
Net Absorption¹	1.91%	5.0%	2.98%
New Space Delivered	5.40%	1.83%	4.32%

¹ Refers to the change in occupied office space over a period.

Sources: CoStar; Gruen Gruen + Associates.

From 2007 to 2010, which included the advent of the Great Recession in 2007, over 68,000 square feet of office space was completed in Romeoville and only 28,400 square feet of office space was absorbed. During 2011 to 2016, however, only 10,000 square feet of new office space has been delivered but approximately 39,000 square feet of space has been absorbed. Over the past 10 years, the amount of space delivered has been slightly higher than the amount of space absorbed. Relative to the Joliet/Central submarket, Romeoville's office space submarket has accounted for about four percent of office space construction and three percent of office space absorption.

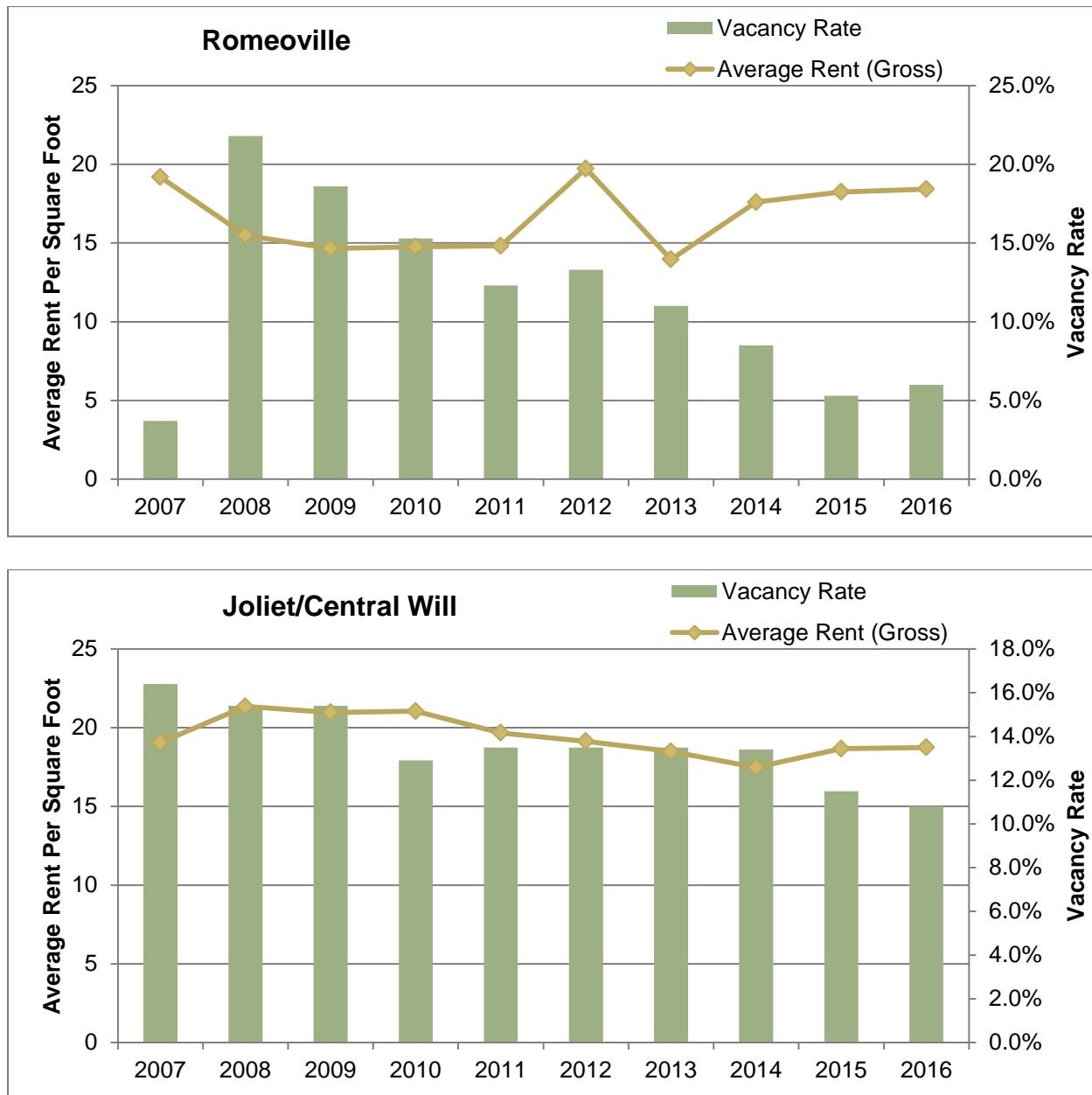


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Historical Office Vacancy Rates and Rental Rates

Figure IV-1 presents a historical comparison of the office space vacancy rate and average gross rent in Romeoville to the Joliet/Central Will submarket.

Figure IV-1: Office Vacancy and Average Rental Rates, 2007-2016



Office vacancy in Romeoville peaked in 2008 at around 22 percent following the delivery of about



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50,000 square feet of new office space in 2007. The broader office market vacancy remained much more stable, never exceeding 16 percent over the past decade.

Coinciding with the Great Recession and decline in employment and growth in office space supply, average gross office rents in Romeoville declined sharply between 2007 and 2011 by about 23 percent or over \$4 per square foot.

Consistent with the positive office space absorption which has occurred since 2011 and very little new supply additions, the office space vacancy rate in Romeoville has improved considerably since 2011, declining from 12 percent to around six percent today. Corresponding rent growth has been strong. Average asking rents have grown by over \$3 per square foot over past four years from about \$15 per square foot in 2011 to over \$18 per square foot today.

INDUSTRIAL MARKET SUPPLY TRENDS

The South I-55 Corridor industrial market of which Romeoville is a part contains approximately 7.2 percent of the Chicago region's industrial space. According to CoStar, the South I-55 Corridor submarket which comprises Romeoville, Bolingbrook and Lockport contains an industrial inventory of 84.5 million square feet of space. The South I-55 submarket is located between two large industrial submarkets – North I-55 Corridor (30.2 million square feet of space) and I-80/Joliet Corridor further south of Romeoville (63.5 million square feet of space).

Submarket from which Industrial Space Users are Attracted

The North I-55 submarket is generally a source of demand for industrial space users in Romeoville; that is, Romeoville and other locations in Will County have attracted space users that moved from locations in Cook County further north along the I-55 corridor. Berlin Packaging relocated from Arlington Heights in Cook County to Wyndham Commerce Center in Romeoville in 2014 to obtain lower taxes in Will County and obtain highway visibility. Pods, a moving and storage company, relocated from Woodridge and leased nearly 112,000 square feet in the Wyndham Commerce Center in 2015.

Competing Industrial Space Supply Alternatives and Typical Sources and Types of Demand

The I-80/Joliet Corridor submarket represents a source of competition to locations in the South (and North) I-55 Corridor including Romeoville for which users will lease industrial space or buy industrial land. Land prices and rents are lower in the I-80/Joliet Corridor which is attractive to the largest size users, generally occupying 400,000 square feet of space or greater. For example, Home Depot moved to a new 1.6 million-square-foot distribution facility in Joliet in 2013 and vacated two large warehouse buildings in Bolingbrook and Romeoville. Mars, the candy company, is planning to leave two warehouse properties in Romeoville and Manteno for a new 1.4 million-square-foot distribution facility in Joliet that will open in 2017.

The South I-55 Corridor submarket is comprised of firms in different industries which require superior highway accessibility and proximity to the dense population base in the region. Much of the



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industrial space demand in the South I-55 Corridor comes from firms in the 200,000 square foot to 400,000 square foot range. While remaining land sites are dwindling in the South I-55 Corridor, new development activity is strong.⁸ Romeoville currently has a large amount of new industrial space under construction in four new projects: 1) Pizzuti's development of up to 1.2 million square feet of space on Taylor Road; 2) Hillwood Investment Properties is building two of four new buildings, each 199,924 square feet in size; 3) Panattoni is building a 723,200-square-foot building south of Airport Road (a future building of 400,000 square feet is also approved for the project); and 4) Pizzuti is constructing a 416,504-square-foot speculative building at Taylor Road and South Creek Parkway. In addition, a new 70-acre project, Fountain Square Commerce Center in Bolingbrook, is currently under construction and will add four new speculative Class A buildings ranging in size from 109,088 square feet to 320,532 square feet, adding over 800,000 square feet of new space to the market. Note Amazon is opening a new fulfillment center in Romeoville in an existing 750,000-square-foot facility which will employ over 600 workers.⁹

Table IV-4 summarizes the current supply of industrial space within the Village of Romeoville, the I-55 Corridor submarket of which Romeoville is a part, and Metro Chicago as a whole.

Table IV-4: Current Industrial Market Inventory and Conditions

	Romeoville	I-55 Corridor ¹	Metro Chicago
Number of Industrial Buildings	216	1,336	22,801
Inventory in Square Feet	30,238,602	114,209,508	1,172,257,839
Vacancy Rate	5.6%	7.3%	6.9%
Average NNN Rent (Industrial) ²	\$5.92	\$6.42	\$5.71
Inventory Under Construction	1,500,000+	2,230,111	15,293,360

¹ Includes North I-55 and South I-55 submarkets.
² Annual asking triple net rent per-square-foot. (Triple net rents exclude operating expenses).

Sources: CoStar; Gruen Gruen + Associates.

Romeoville has 216 industrial buildings comprising 30.2 million square feet of space. This amount of space equates to about 26 percent of the total I-55 Corridor industrial market inventory. (Romeoville has a far higher proportion of the industrial market inventory than it does of the office space market inventory. This overweighting reflects a higher concentration of construction, wholesale trade, and transportation and warehousing employment in Romeoville than the region). The vacancy rate for the industrial inventory in Romeoville at 5.6 percent is considerably lower than the 7.6 percent vacancy rate for the I-55 Corridor market and the 6.9 percent vacancy rate for the overall Metro Chicago industrial space market. Rental rates of \$5.92 per square foot are lower than rents in the I-55 Corridor market but higher than for Metro Chicago.

⁸ The I-55 Corridor, both north and south, has 12 projects under construction totaling 2.5 million square feet of space. According to Colliers, all but one of these is being built on a speculative basis with no tenant in place.

⁹ <http://www.romeoville.org/DocumentCenter/View/1276>



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Historical Industrial Space Absorption and New Construction

Table IV-5 shows the amount of industrial building space absorption from 2007 to mid-year 2016 in Romeoville and the I-55 (both north and south) Corridor.

Table IV-5: Historical Net Absorption of Industrial Space and New Construction

	2007-2010 # Square Feet	2011-2016 ¹ # Square Feet	Total 2007-2016 ¹ # Square Feet
Romeoville:			
Net Absorption	5,173,022	4,931,654	10,104,676
New Space Delivered	5,225,534	4,724,970	9,950,504
I-55 Corridor:			
Net Absorption	6,459,530	13,966,067	20,425,417
New Space Delivered	9,699,891	10,897,568	20,597,459
Romeoville Share of Submarket:			
Net Absorption²	80.1%	35.3%	49.5%
New Space Delivered	53.9%	43.4%	48.3%
¹ As of mid-year 2016.			
² Refers to the change in occupied industrial space over a period.			
Sources: CoStar; Gruen Gruen + Associates.			

The Romeoville industrial market has been in relative balance over the past decade. The amount of net absorption of industrial space has been about the same as the amount of new space delivered to the market. Approximately 10.1 million square feet of industrial space has been absorbed in Romeoville since 2007, or annually about 1.1 million square feet of space on average. Romeoville has accounted for 49.5 percent of the I-55 Corridor's space absorption and about 48 percent of the new space delivered in the submarket.

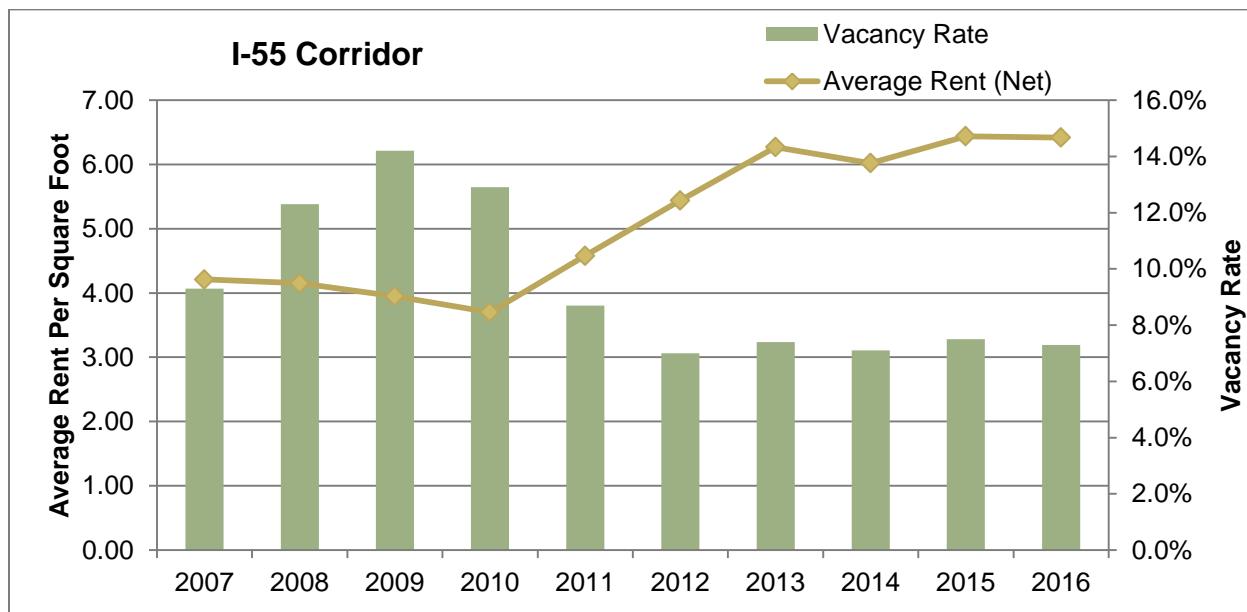
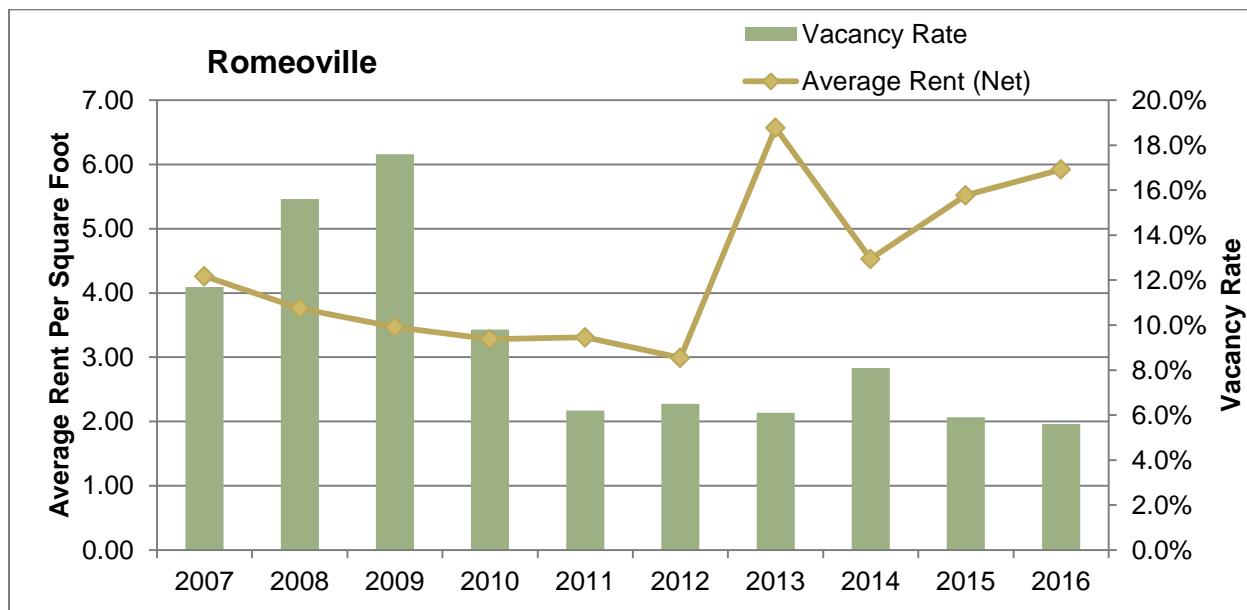
Historical Industrial Vacancy Rates and Rental Rates

Figure IV-2 presents a historical comparison of vacancy and rental rate trends for industrial building space in Romeoville and the I-55 Corridor for 2007 to 2016.



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Figure IV-2: Industrial Vacancy and Average Rental Rates, 2007-2016



Between 2007 and 2009 in Romeoville, industrial space vacancy hit a high of nearly 18 percent as rents began to decline. Since 2009 as rents fell, vacancy rates also came down. In 2013, rents began to increase again even as the vacancy rate continued to decline. This trend of increasing rent and declining vacancy correlates with the recovery from the Great Recession and low amount of industrial space built in Romeoville between 2011 and 2013 which was only approximately 35



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percent of the amount of space built between 2007 and 2010. In 2014 and 2015, as demand picked up and net absorption of space increased, the vacancy rate has come down to its current 5.6 percent, lower than for the I-55 Corridor submarket.

RETAIL MARKET SUPPLY TRENDS

The Southwest Suburban market of which Romeoville is a part contains approximately 17.1 percent of the Chicago region's retail space. According to CoStar, the Southwest Suburban submarket which comprises a wide area contains a retail inventory of 91.2 million square feet of space. Romeoville is located between several larger nodes of retail space – 1) the regional-serving Louis Joliet Mall area approximately seven miles south; 2) in Bolingbrook, the Weber and Boughton Roads node; and 3) Boughton Road and I-355 node approximately four to five miles to the north. The majority of Romeoville's retail space is located along Weber Road, one of two main north-south thoroughfares through Romeoville.

Competing Retail Space Supply Alternatives and Typical Sources and Types of Demand

The Louis Joliet Mall area in Joliet, the Weber and Boughton Roads area, and Boughton Road and I-355 area in Bolingbrook represent sources of competition to locations in Romeoville for which users will lease retail space or buy retail land. The U.S. Route 30 corridor through Joliet remains a strong regional corridor where retailers choose to locate. In 2015, Dick's Sporting Goods and DSW Shoes broke ground on the site of a former movie theater that was torn down near the 943,000-square-foot regional mall. Fresh Thyme Market also opened near the mall in 2015. Other major retailers around the Louis Joliet Mall include Target, Home Depot, Best Buy, Bed Bath & Beyond, Aldi, Petsmart, OfficeMax, and Old Navy. A developer has also recently announced plans to develop a mixed-use development on 300-acres near I-55 and I-80.

A report prepared by GG+A in August 2011 titled “The Market for Retail Uses in Downtown Romeoville” describes Romeoville’s location between larger retail agglomerations stating that “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.¹⁰” The GG+A report then states “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.”

¹⁰ 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.



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Table IV-6 summarizes the current supply of retail space in Romeoville and broader market areas.

Table IV-6: Current Retail Market Inventory and Conditions

	Romeoville	South Suburban	Metro Chicago
Number of Retail Buildings	103	5,898	40,904
Inventory in Square Feet	1,970,821	91,205,478	533,915,482
Vacancy Rate	8.7%	8.6%	7.5%
Average NNN Rent ¹	\$14.51	\$14.29	\$15.81
Inventory Under Construction	0	216,094	1,935,753

¹ Annual asking triple net rent per-square-foot. (Triple net rents exclude operating expenses).

Sources: CoStar; Gruen Gruen + Associates.

Romeoville contains 103 retail buildings totaling nearly two million square feet of space. The amount of retail space equates to about two percent of the total retail inventory in the South Suburban submarket. The retail space vacancy rate is 8.7 percent, slightly higher than the vacancy rate for Metro Chicago and about the same for the South Suburban market. Average net rental rates in Romeoville, estimated currently at \$14.51 per square foot, are generally consistent with average rents throughout the South Suburban submarket and lower than the Metro Chicago average net retail of \$15.81 per square foot.

Romeoville's existing retail inventory is neighborhood and community serving in nature. Shopping center space of 1.4 million square feet accounts for 73 percent of the Village's retail inventory and includes the 397,000-square-foot Shops of Romeoville with Kohl's, Petco, and Target and the 391,000-square-foot Romeoville Crossings with Sam's Club and Walmart, both located along Weber Road. Several outlots remain available at the Romeoville Crossings project at Weber and Airport Roads. Discussion with local real estate brokers indicate that while national and regional chain restaurants prefer Weber Road locations, attracting these users may be challenging depending on the proximity of other restaurants in the chain. For example, a Portillo's restaurant at Boughton Road and Route 53 is too close (within 3 miles) to find a Romeoville location appealing. In addition to a couple restaurants, a non-retail use has located on the front parcels in Romeoville Crossings facing Weber Road. Presence Health, a new 26,000-square-foot senior healthcare and immediate care facility has located on a front parcel.

Blain's Farm and Fleet has closed on 29 acres on the southeast corner of Weber Road and Airport Road across from Romeoville Crossings and south of Shops of Romeoville. The retailer plans to build a 129,000-square-foot store and seven retail outlots. The store is scheduled to open in late 2016 or early 2017.

Uptown Square, the Village's Downtown area bounded by Normantown Road on the north, Illinois Route 53 on the east, Alexander Circle on the south, and Dalhart Avenue on the west includes the Spartan Square Shopping Center and various outlots. New retail development is beginning to take place in the Uptown Square. Fat Ricky's restaurant will move from their existing nearby location into a new larger building 9,500-square-foot building by the new Edward Hospital Athletic and Event



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Center at Phelps Avenue and Route 53. The building has been leased with a relocated Harris Bank, dental office, and possibly a sandwich shop, and nail salon. Only one 1,400-square-foot space would remain if the other spaces are leased. A new McDonald's has recently opened across the street from the new athletic and event center.

Historical Retail Space Absorption and New Construction

Table IV-7 summarizes retail space absorption and construction activity from 2007 to 2016 in Romeoville.

Table IV-7: Historical Retail Space Absorption and New Construction

	2007-2010 <u>#</u> Square Feet	2011-2016 ¹ <u>#</u> Square Feet	Total 2007-2016 ¹ <u>#</u> Square Feet
Romeoville:			
Net Absorption ²	646,679	64,712	711,391
New Space Delivered	534,164	169,068	703,232

¹ As of mid-year 2016.
² Refers to the change in occupied retail space over a period.

Sources: CoStar; Gruen Gruen + Associates.

Approximately 700,000 square feet of retail space was delivered from 2007 to 2016. This equates to nearly 36 percent of the total inventory of retail space in Romeoville. The space absorption exceeded the amount of new space constructed by only 8,000 square feet over the past decade. Since 2011, only nearly 65,000 square feet of space has been absorbed but approximately 169,000 square feet of new space has been delivered.

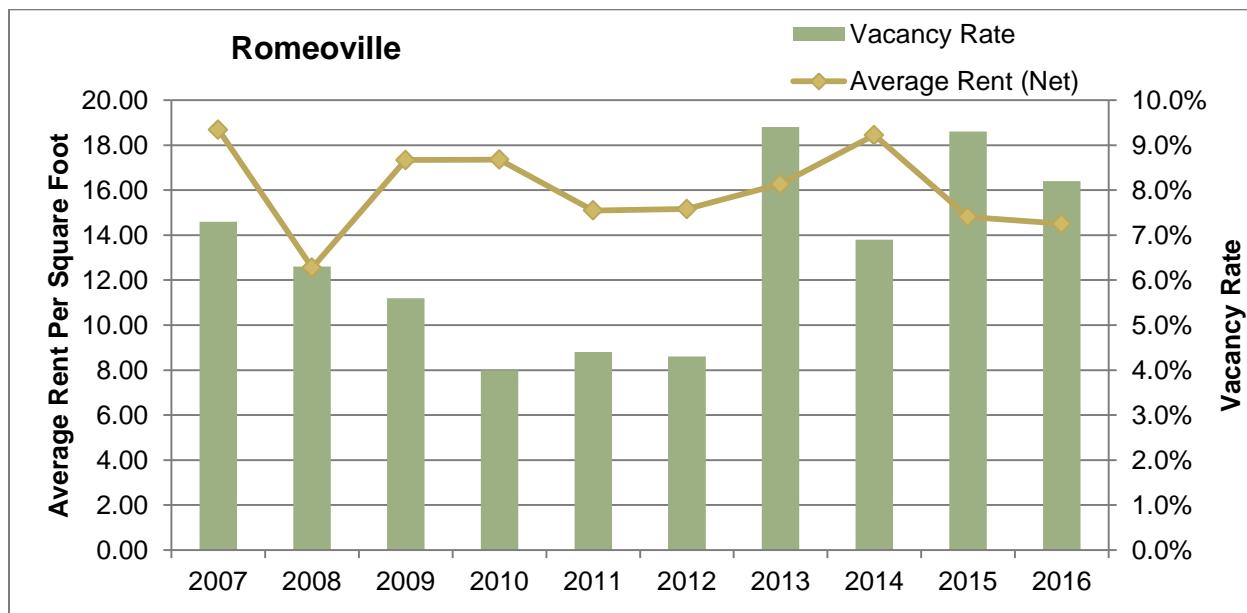
Historical Retail Vacancy Rates and Rental Rates

Figure IV-3 illustrates the retail space vacancy and average rental rates for 2007 to 2017 in Romeoville.



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Figure IV-3: Retail Vacancy and Average Rental Rates, 2007-2016



Between 2007 and 2012, Romeoville's retail market's vacancy rate declined to a low of four percent in 2010 around which it remained until 2012 when the vacancy started to increase to its current level of 8.7 percent or about 171,000 square feet of space. Nearly 40 percent of the retail vacancy consists of the 65,500-square-foot grocery anchor vacancy in the 108,000-square-foot Romeoville Towne Center on Weber Road. The former Dominick's grocery store closed in 2013.

Over the past decade, rents have declined as absorption of space fell and delivery of new space outpaced absorption. Retail rents in Romeoville have fallen to around \$14.50 per square foot (on a net basis). Discussions with local brokers indicate that rents vary in Romeoville with net rents higher for space on Weber Road than for space in the Uptown Square area. Net rents in the Uptown Square area are around \$24 -\$25 per square foot versus around \$30 per square foot for smaller strip centers on Weber Road.

A number of retail outlots and pad sites remain available in Romeoville. Around Weber Road and Airport Road in front of Sam's Club and Walmart four outlots totaling 6.17 acres are available. Another 3.23 acres in two outlots at the northwest corner of Weber and Renwick Roads is also available. Another 3.2 acres at Weber Road and Gaskin Drive is available which could accommodate building space of over 15,000 square feet. In addition, Blain's Farm and Fleet on Weber and Airport Roads is expected to contain several retail outlots. The Kohl's and Target-anchored Shops of Romeoville can also accommodate up to an additional 167,000 square feet of building space on several pad and outlot sites.



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CHAPTER V: RESIDENTIAL REAL ESTATE MARKET TRENDS AND CONDITIONS

INTRODUCTION

Chapter V reviews the existing residential market trends and conditions within Romeoville. The housing stock characteristics including type, tenure, vacancy, and value/rent as well as sales activity and rental activity are reviewed.

HOUSING CHARACTERISTICS

Romeoville's relative affordability compared to alternative locations and good freeway accessibility to I-55 and I-355 has made it a desirable location in Will County in which a significant amount of housing has been built in the 1990's and 2000's.¹¹

Table V-1 shows the housing inventory in Romeoville has increased by about 5,500 units between 2000 and 2014 from approximately 7,400 units to approximately 12,800 units.

Table V-1: Romeoville Housing Stock Characteristics

Housing Type	2000		2014		Change	
	#	%	#	%	#	%
Detached Single-family	5,827	79.0	8,893	69.2	3,066	52.6
Attached Single-family	603	8.2	2,736	21.3	2,133	353.7
Multi-family	938	12.7	1,215	9.5	277	29.5
Total	7,368	100.0	12,844	100.0	5,476	74.3

Source: U.S. Census Bureau, Census 2000 Summary File and U.S. Census Bureau, 2010-2012 American Community Survey; Gruen Gruen + Associates.

Between 2000 and 2014, the total housing stock increased by 74 percent. Attached single-family housing experienced the largest increase of over 300 percent of its stock. In 2014, detached single-family units comprised 69 percent of Romeoville's single-family housing stock, down from 79 percent in 2000. Attached single-family units increased by over 2,100 units to comprise 21.3 percent of the single-family housing stock, up from 8.2 percent in 2000. Multi-family units increased by 277 units, but decreased from nearly 13 percent of the housing stock in 2000 to just under 10 percent in 2014.

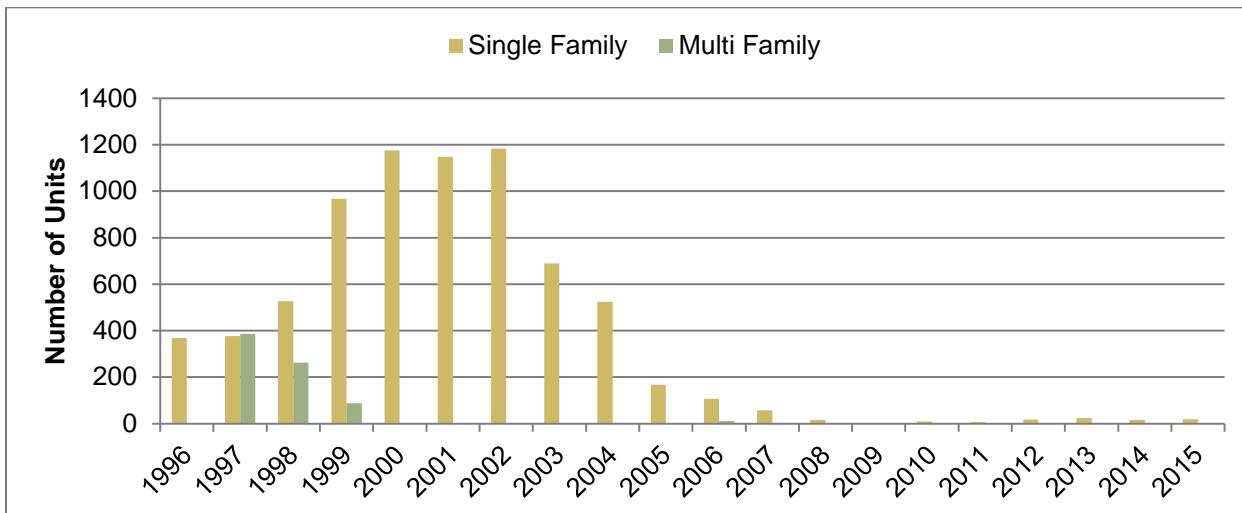
According to the U.S. Census Bureau Building Permits Survey, Romeoville had residential building permits issued for a total of over 8,100 units between 1996 and 2015. Approximately 94 percent of the single family units permitted occurred between 1996 and 2004. Approximately 86 percent of the multi-family units permitted occurred in 1997 and 1998. Since 2008 with the advent of the Great Recession, permits have been issued for only 109 single-family units and two multi-family units.

¹¹ According to the 2010-2014 American Community Survey (5 Year Estimates), 44 percent of Romeoville's housing stock was built between 2000-2009 and another 24 percent of the housing stock was built between 1990-1999. Romeoville has relatively little obsolete housing. Only eight percent of the housing stock is older than 55 years of age.



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Figure V-1: Residential Permits Issued by Year



Sources: U.S. Census Bureau Building Permits Survey, Building Permit Estimates; Gruen Gruen + Associates.

Table V-2 summarizes the vacancy rates and tenure arrangements of housing in Romeoville.

Table V-2: Vacancy and Housing Tenure in Romeoville

	2010 %	2014 %
Owner-occupied Units	90.1	85.2
Renter-occupied Units	9.9	14.8
Total Units	100.0	100.0
Vacant Housing Units ¹	3.5	8.5
Homeowner Vacancy Rate	0.4	2.1
Rental Vacancy Rate	11.5	11.6

¹ Includes unoccupied but sold or rented units. Vacant for sale and for rent units totals 3.5 percent of total units in 2014.

Sources: U.S. Census Bureau, 2010-2014 American Community Survey 5 Year Estimates, 2006-2010 American community Survey 5 Year Estimates; Gruen Gruen + Associates.

Between 2010 and 2014, the tenure of housing units shifted with the proportion of renter-occupied units increasing from about 10 percent to nearly 15 percent. The total vacant units increased from under four percent to over eight percent of the housing stock. During this period, the vacancy rate of owner-occupied units increased to a still low two percent. The renter-occupied vacancy rate remained constant and just over 11 percent.

Table V-3 summarizes median home values and monthly gross rent for Romeoville and Will County in 2000 and 2014.



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Table V-3: Median Home Values and Gross for Romeoville and Will County

	2000		2014		Average Annual Rate of Change 2000-2014	
	Romeoville \$	Will County \$	Romeoville \$	Will County \$	Romeoville %	Will County %
Median Home Value	118,100	154,300	167,300	212,700	2.5	2.3
Median Monthly Gross Rent	933	630	1,737	1,943	4.5	8.4

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

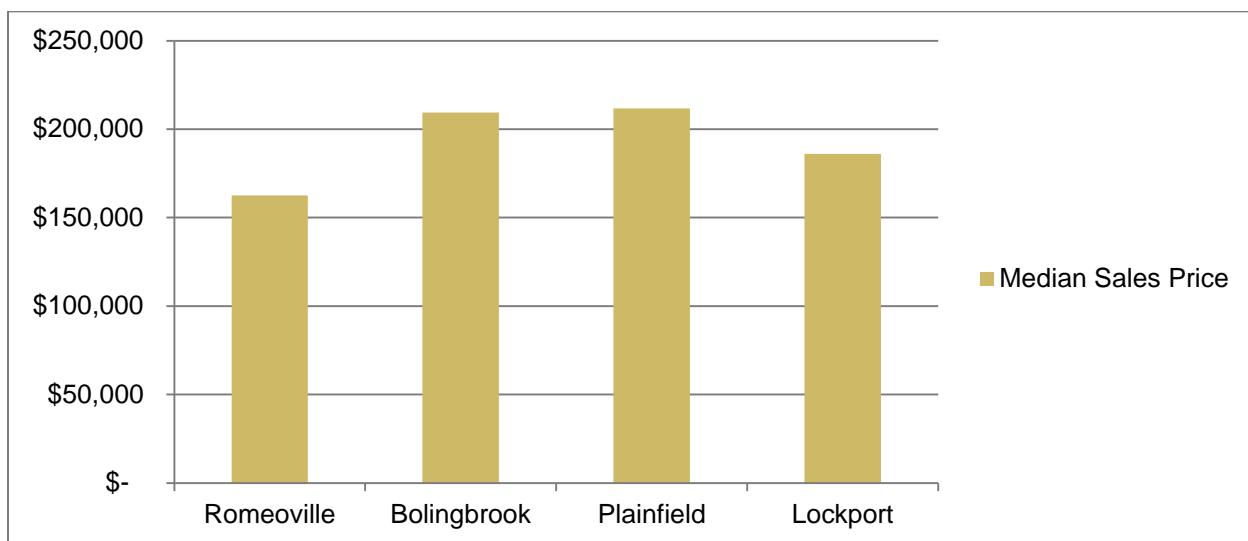
Unadjusted for inflation, the median home value in Romeoville grew by 2.5 percent annually between 2000 and 2014 from \$118,100 to \$167,300. Median monthly gross rent grew faster over the 14 year period increasing from about \$900 to \$1,700. Romeoville shifted upward in price as newer housing stock was added but still remains below Will County median home value and rent levels. Median monthly rent growth in Will County has substantially outpaced the rent growth in Romeoville over the 14 year period.

Figure V-2 shows Romeoville's median sales price compared to surrounding neighboring communities. One of Romeoville's primary competitive advantages is its relative housing affordability compared to surrounding communities.



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Figure V-2: Median Sales Price by Community



According to Trulia's Real Estate Market Overview by community, Romeoville's median sales price is approximately \$162,500, 14 percent lower than that of Lockport (\$186,000), and about 29 percent lower than that of Bolingbrook (\$209,500) and Plainfield (\$211,750).

HOME SALES ACTIVITY AND PRICES

Table V-4 shows historical sales activity and average sales price and average days on market for for-sale housing in Romeoville.



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Table V-4: Number of Properties Sold in Romeoville (2011-2016)¹

Year	Number of Properties Sold ¹ #	Average Sold Price \$	Average Days on Market #
2011	383	123,805	162
2012	493	116,630	151
2013	556	135,691	104
2014	654	145,793	76
2015	713	147,153	89
2016 ²	332	162,072	68
Average Sold Price Percent Change 2011-2016		+30.9	

¹Includes detached single and attached single homes.

² 1/1/16 through 7/9/16

Sources: A.S.A.P Realty Inc.; Gruen Gruen + Associates.

The for-sale residential market in Romeoville has improved substantially since 2011.¹² The velocity of sales has significantly increased from 383 total sales in 2011 to over 700 sales in 2015. The average sales price has increased by about 31 percent from nearly \$124,000 in 2011 (with a slight decrease to \$116,600 in 2012) to over \$162,000 (year to date 2016). The average number of days on the market has been significantly reduced from nearly six months in 2011 to less than 90 days in 2016. Year to date activity in 2016 is on track to meet or exceed 2015 sales activity, with increasing average sales price and decreasing days on the market.

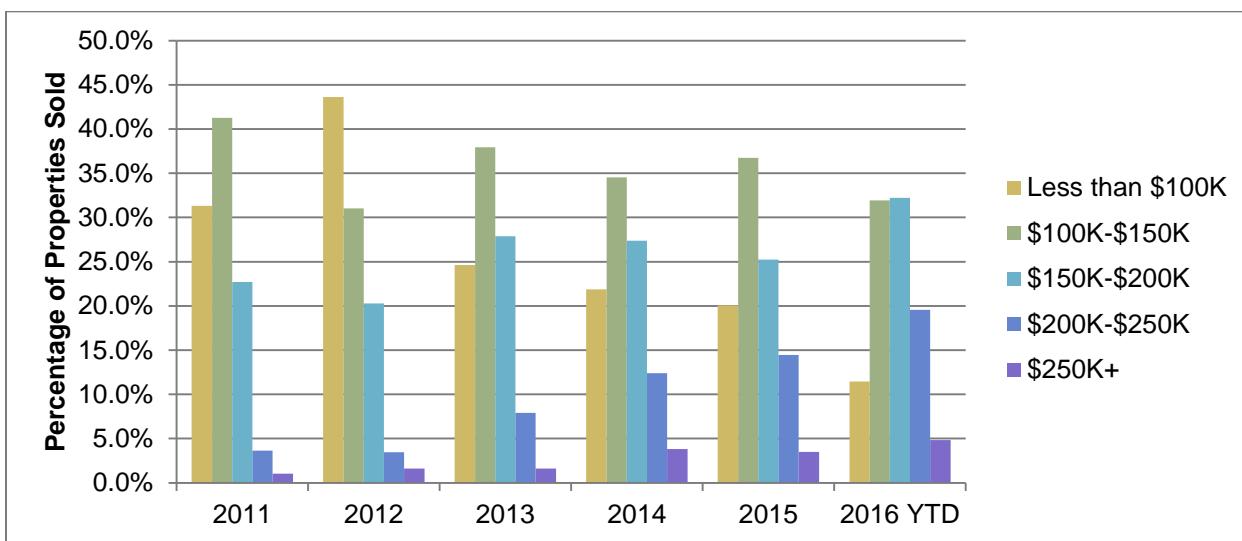
According to a local realtor, demand for home sales in Romeoville are primarily from households moving from inner ring suburbs, first time buyers, or new people moving in to the area for employment reasons. Demand for homes at the lower end of the price range in Romeoville has been greater than for homes towards the upper end of the price range. Figure V-3 shows the number of sales by price range over time in Romeoville.

¹² The number of homes foreclosed upon in Romeoville has declined from a peak of 2.6 percent of total homes from June-August 2014 to a current 1.05 percent (April-May 2016) of total homes.



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Figure V-3: Percentage of Properties Sold by Price Range in Romeoville



Sources: A.S.A.P. Realty, Inc.; Gruen Gruen + Associates.

In 2011 and 2012, the majority of homes sold in Romeoville were under \$150,000. Homes under \$100,000 and between \$100,000 and \$150,000 comprised 73 percent of total sales in 2011 and 75 percent in 2012. Since 2012 consistent with the improvement in the residential market, the proportion of homes sold in the lower price ranges has generally declined as the proportion of homes in the higher price ranges has increased. Homes sold in the \$100,000 to \$150,000 and \$150,000 to \$200,000 price ranges have made up 62 percent to 65 percent of total sales between 2012 and 2016 (year to date).



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RENTAL HOUSING

Romeoville contains two older existing apartment projects: 1) Highpoint Reflections on Taylor Road, east of Weber Road; and 2) Remington Apartments on Fair Meadow Drive, east of Weber Road. The two projects contain a total of 782 market rate apartment units. Current market conditions for apartment uses are favorable and occupancy rates are high as little supply has been added in the market area over the past several years. The supply survey conducted by GG+A in 2011 indicated apartment complex occupancy rates ranged from a low of 95 percent to a high of 99 percent in the market area. The impacts of the Great Recession had stimulated increased demand for apartments due to lack of confidence in the for-sale housing market, foreclosures, and inability of many households to obtain mortgage loans. A review of supply conditions by GG+A in 2013 indicated that occupancy rates had declined slightly in part due to improved for-sale housing market performance, increasing household confidence, and credit availability. The delivery of the first phase of the Springs at 127th market rate apartment development in 2013, located at 127th Street and Route 59 in Plainfield, impacted the occupancy of existing apartment supply in the broader multi-family housing market of which Romeoville is near.

Although the lingering effects of the Great Recession on for-sale housing demand appear to be wearing off and new competitive apartment supply additions near the market area have occurred since 2013, apartment occupancy rates for the projects in the relevant market still remain strong at 93 percent to 97 percent. As discussed in Chapter II, strong employment growth in the local and surrounding area has continued to generate demand for apartment units.¹³

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. Renters households have re-located from the City of Chicago to be closer to their sources of employment in the western suburbs (and to find more affordable rental housing). A second primary source of demand for apartments in the market area includes college students attending Lewis University or Joliet Community College. A third source of demand, includes family households which were been forced to move-out of for-sale, single-family or townhouse housing units and require temporary rental housing. Other sources of demand relate to newly formed households from within the market area as the result of children moving out of their parents’ dwellings, or as the result of divorce, or other life-cycle-related factors.

¹³ According to the Illinois Department of Employment Security, private wage and salary employment in Romeoville, Bolingbrook, and Plainfield grew by 8.1 percent between 2011 and 2012.



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Interviews with leasing agents of the two rental projects in Romeoville indicate a local market occupancy rate of 93 percent overall. Table V-5 provides of occupancy and rent levels of the two existing rental projects in Romeoville.

Table V-5: Examples of Rents and Occupancy of Apartments in Romeoville, July 2016¹

Project/Project Age/No. Units	Monthly Rents \$	Occupancy ² %
Highpoint Reflections 19 years 432 units	\$1,061/1 Bedroom - \$1,447/2 Bedroom	97
Remington Apartments 16 years 350 units	\$1,155-\$1,285 – 1 Bedroom \$1,360 - \$1,660 – 2 Bedroom \$1,833 - \$2,058 – 3 Bedroom	88

¹ Market rate units.

² Leased units.

Source: Gruen Gruen + Interviews

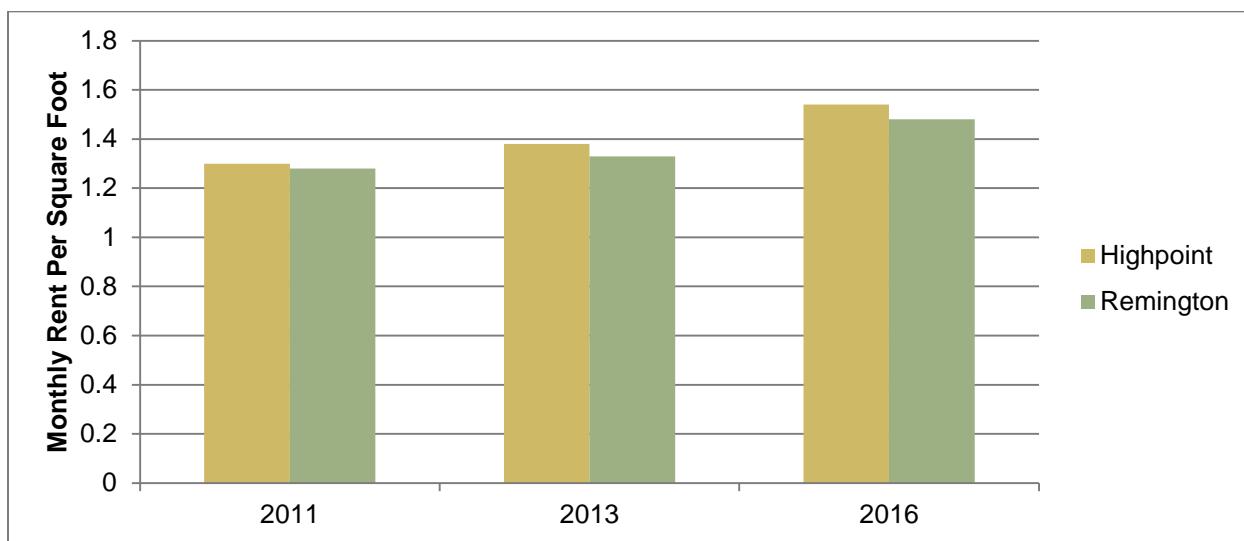
Current occupancy levels are higher at Highpoint Reflections than reported in 2013 (97 percent in 2016 compared to 93 percent in 2013). Current occupancy levels at Remington Apartments are lower than reported in 2013 (88 percent in 2016 compared 95 percent in 2013) although the leasing agent indicated that the occupancy level six months ago was at 93 percent.

Figure V-5 shows how rent levels have increased over time in the existing projects.



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Figure V-4: Monthly Rent Per Square Foot of Apartment Projects in Romeoville



Monthly rents have increased since 2011. On a per square foot basis, per square foot rents have increased from about \$1.30 to over \$1.50, a 15 percent increase over the past five years.

Until recently, no apartment inventory has been added in the Village. A new 292-unit project, Springs at Weber Road, is under construction at Weber and Renwick Roads. The project will contain studios, one-bedroom, two-bedroom, and three-bedroom units with the majority of units studio and one-bedroom units comprising 44 percent of the project and two bedroom units comprising 32 percent of the project. Three-bedroom units will make up only 10 percent of the total units. Monthly rents will range from \$1,000 for studio units up to \$1,900 for a three-bedroom unit (with garage). On a per square foot basis, monthly rents will range from \$1.17 to \$1.60. According to the developer's representative, the project is expected to attract younger (20-34-years of age) workers for the smaller unit types and larger-sized family households to the larger unit sizes to the project. At the developer's project in Plainfield completed in 2013 studio and one-bedroom units leased up the most rapidly by younger age renters who were seeking affordability. Three-bedroom units also leased well especially by households who could not or did not want to reside in single-family housing. The representative indicated the competitive market area includes the southern portion of Naperville, Bolingbrook, Plainfield, and the two existing older apartment projects in Romeoville.



Gruen Gruen + Associates (GG+A) is a firm of economists, sociologists, statisticians and market, financial and fiscal analysts. Developers, public agencies, attorneys and others involved in real estate asset management utilize GG+A research and consulting to make and implement investment, marketing, product, pricing and legal support decisions. The firm's staff has extensive experience and special training in the use of demographic analysis, survey research, econometrics, psychometrics and financial analysis to describe and forecast markets for a wide variety of real estate projects and economic activities.

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