

Demographics and Other Trends Impacting Community Sustainability and Finance

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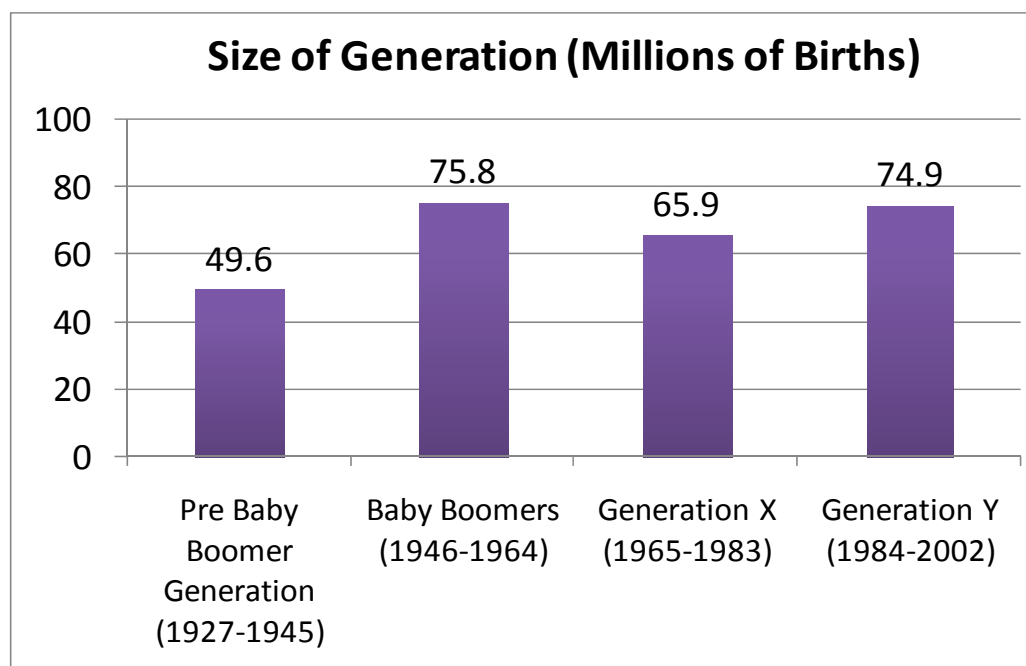
Introduction

- Growth and Demographics
- Being a “Community of Choice”
- Building on Drivers and Anchors
 - Infrastructure
 - Anchor Institutions
 - Emerging Industries
- Impacts on Land Use and Housing Types and Community Development

So Far, No One Has Cancelled the Future

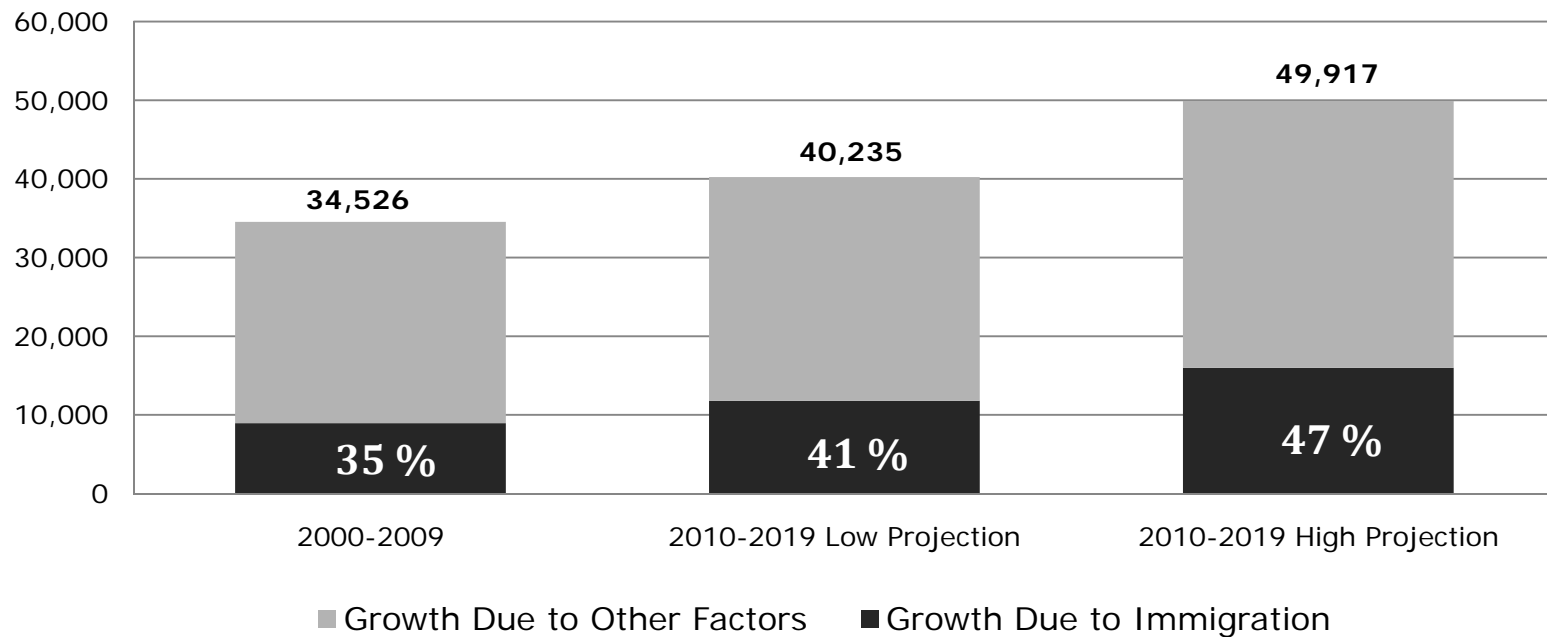
Baby Boomers and Millennials Shape Markets

Generational Waves (U.S.)

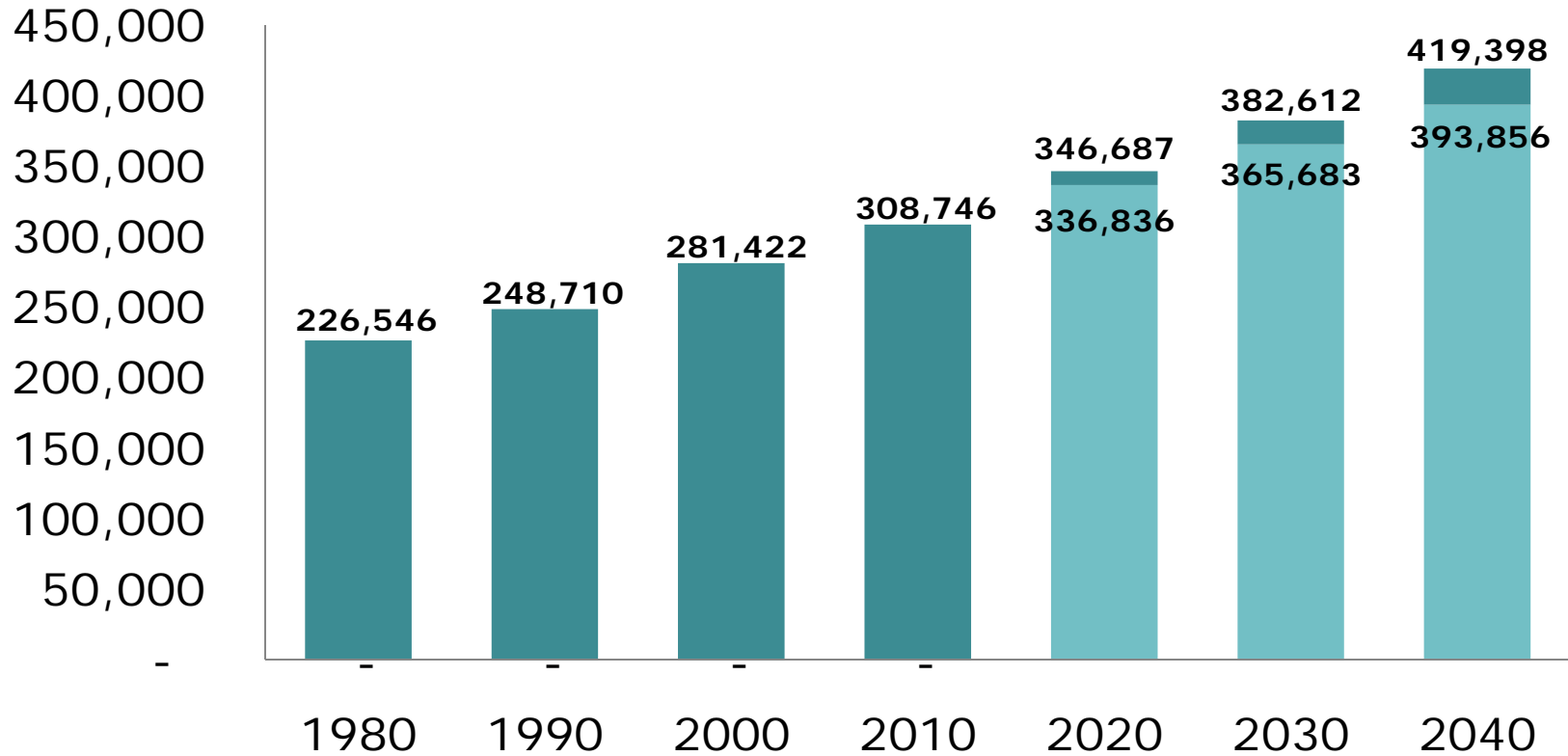


Immigration and Population Growth

Immigration Growth as Percent of U.S. Population Growth (Thousands of People)



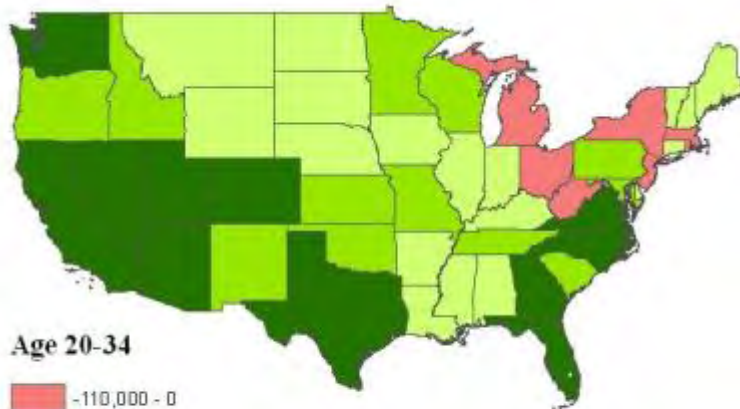
Population Growth is Forecast to Continue!



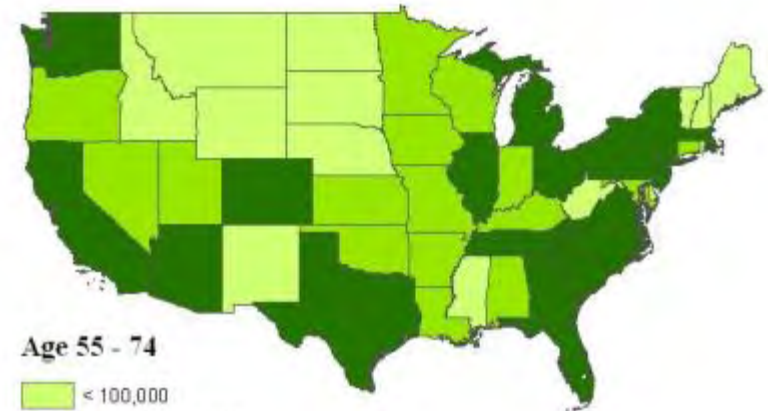
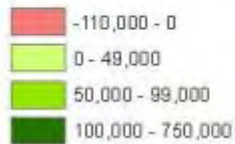
U.S. Population, in Thousands

Projected to grow between
 58,110 and 110,652 total
 between 2010 and 2040

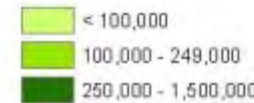
Some Regions Win; Some Lose



Age 20-34



Age 55 - 74



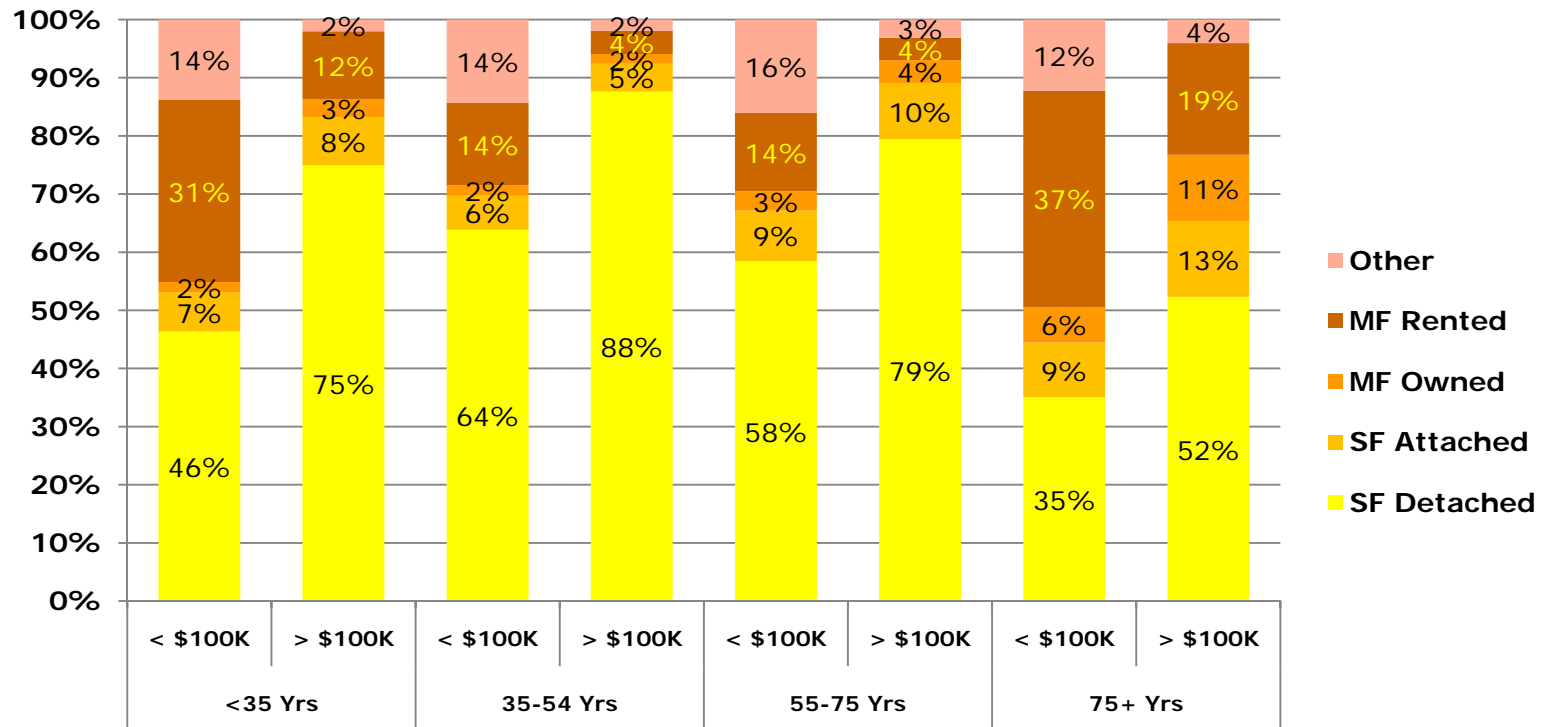
Estimated Population Change 2000-2009
 Continental U.S.A.

| Age 20-34 | | | |
|----------------|---------|---------------|---------|
| Highest Growth | | Lowest Growth | |
| Texas | 735,683 | Michigan | -11,524 |
| Florida | 530,357 | New Jersey | -27,160 |
| California | 403,585 | Massachusetts | -15,117 |
| Arizona | 282,443 | Ohio | -14,477 |
| Georgia | 187,228 | Rhode Island | -5,833 |

| Age 50-74 | | | |
|----------------|-----------|---------------|--------|
| Highest Growth | | Lowest Growth | |
| California | 1,489,202 | D.C. | 18,832 |
| Texas | 1,061,982 | North Dakota | 19,187 |
| Florida | 726,147 | Wyoming | 27,187 |
| New York | 668,118 | Rhode Island | 36,165 |
| Georgia | 508,971 | Vermont | 36,497 |

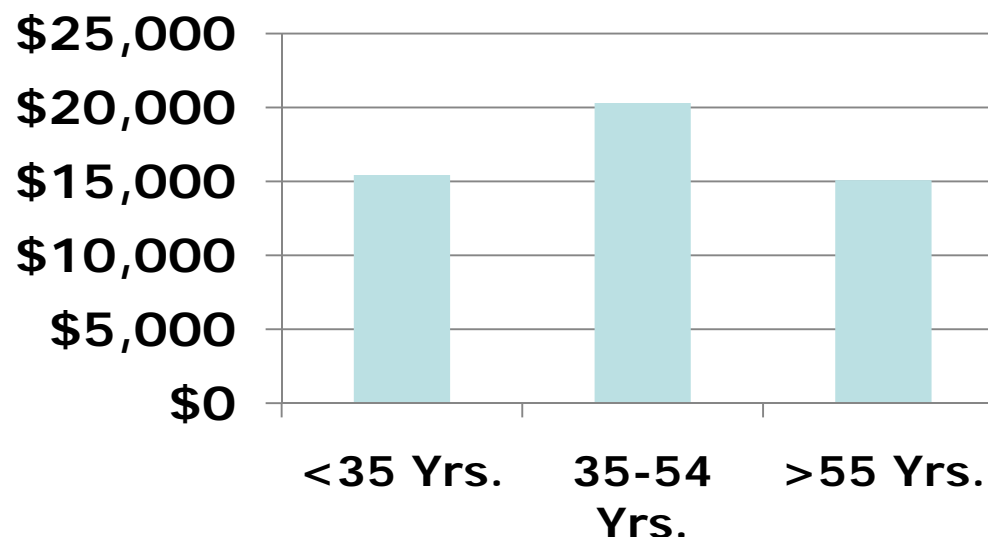
Growth is almost entirely in urban areas.

Housing Choice by Householder Age and Income: 1995-2006 (National)



Retail Spending Impacts

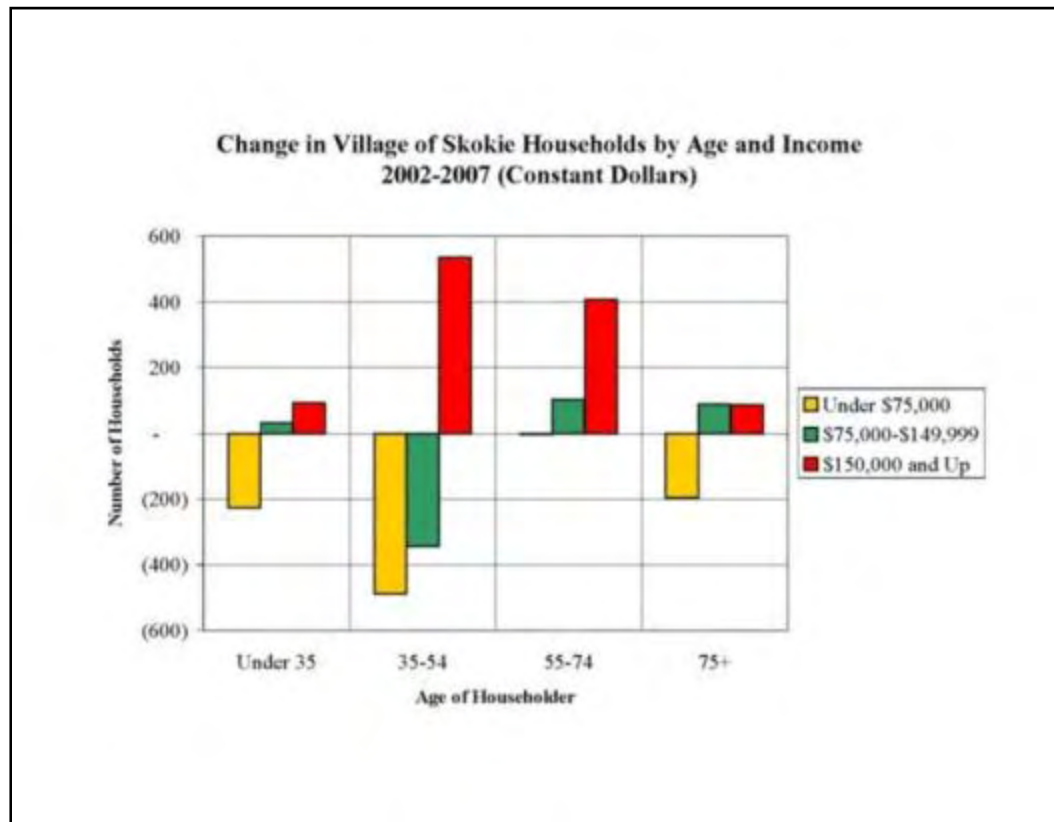
Spending by Select Retail Categories by Householder Age



Source: US Bureau of Labor Statistics Consumer Expenditure Survey 2008 and S.B. Friedman & Company

***(Net worth of those under Age 45 negative; over positive)
55+: More spending on services***

Assessing Position: Decoding the Population Pyramid



How Can Communities Position Themselves to Be Communities of Choice?

- Fiscal Condition a Function of Economic Growth
- Fiscal Balance a Function of Balanced Land Use
- Residential Still +/- 80% of Property Value
- Sustainable Balance Critical
- Local Government Largely on Its Own
- Equity Concerns Can Only Be Addressed at Local Level if Local Economy and Fiscal Condition Are Sound

Build on Drivers and Anchors

- Infrastructure
 - Changes in Access and Service
 - Transit
 - Critical Needs / Extensions and Financing
- Anchor Institutions
 - Hospitals
 - Universities
 - Government
- Major 21st Century Industries and Economic Sectors
- Population and Age/Income Shifts and Choices



Image: Courtesy of the University of Illinois at Chicago

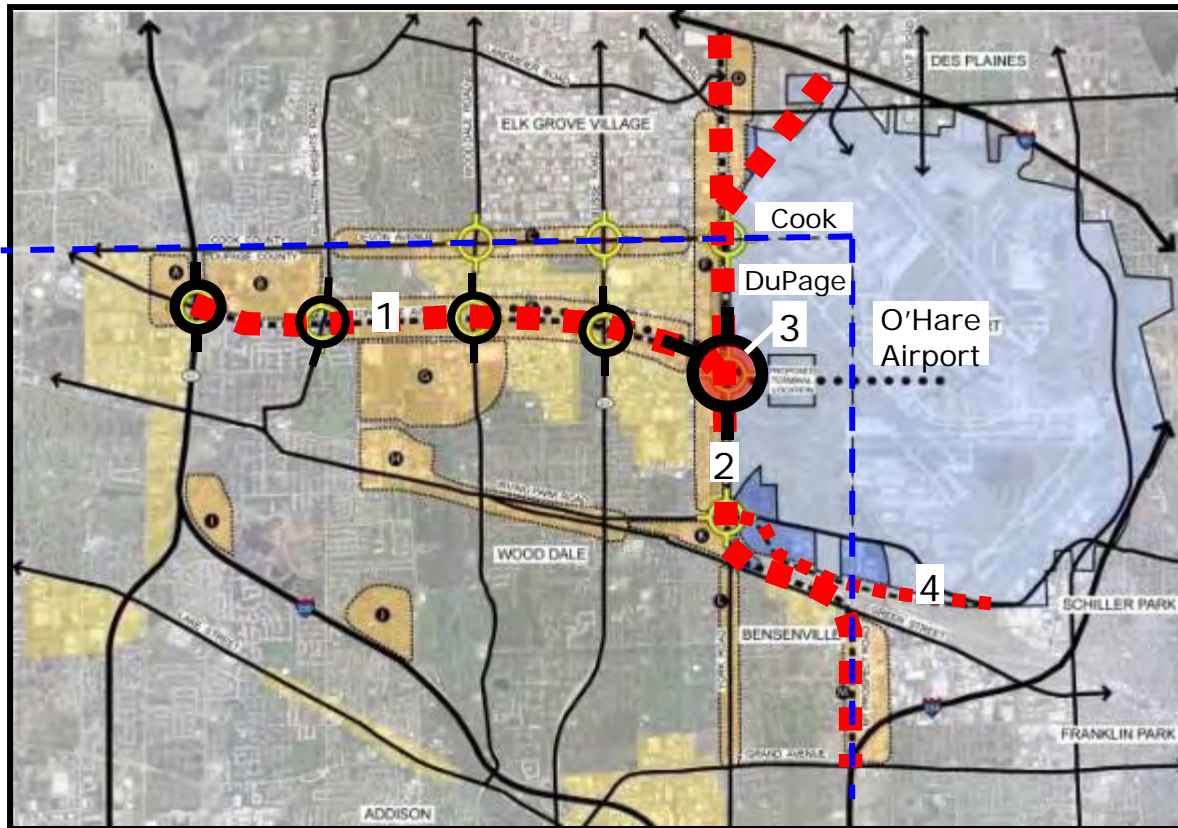


Game Changing Infrastructure

Urban Land Institute, Chicago District Council
Infrastructure Task Force Criteria:

- Competitiveness
- Opportunity
- Sustainability
- Public Support
- Financial Feasibility and Funding

O'Hare Modernization Plan and Related Roadway Improvements



1. Elgin O'Hare Expressway
2. Western Bypass
3. Western Access
4. IL 19 Improvements

New Transit Hub at O' Hare

- Existing Blue Line
- Star Line from Woodfield
- Thorndale Transit Corridor



What are your game changers?

Industrial / Commercial Markets

- Driven by Overall Economic Growth by Sectors
- Finance and Insurance Global
- Consulting and Design
- Logistics Major Factor
- Manufacturing – Reshoring
- Forecast Based on:
 - Historical Relationship to Manufacturing Index or Moody's DotCom Data
 - Land and Building Absorption
- Access / Congestion
 - Multi-Modal Connections
- Shovel-Ready Sites



Industrial and Distribution Potentials

Inland Port -- Explosive Industrial Growth: Over 40 Million SF in 10 Years



Map: Courtesy of Will County



Top and Bottom Images: Courtesy of CenterPoint Properties

Shovel-Ready Criteria for Modern Business/Industrial Parks

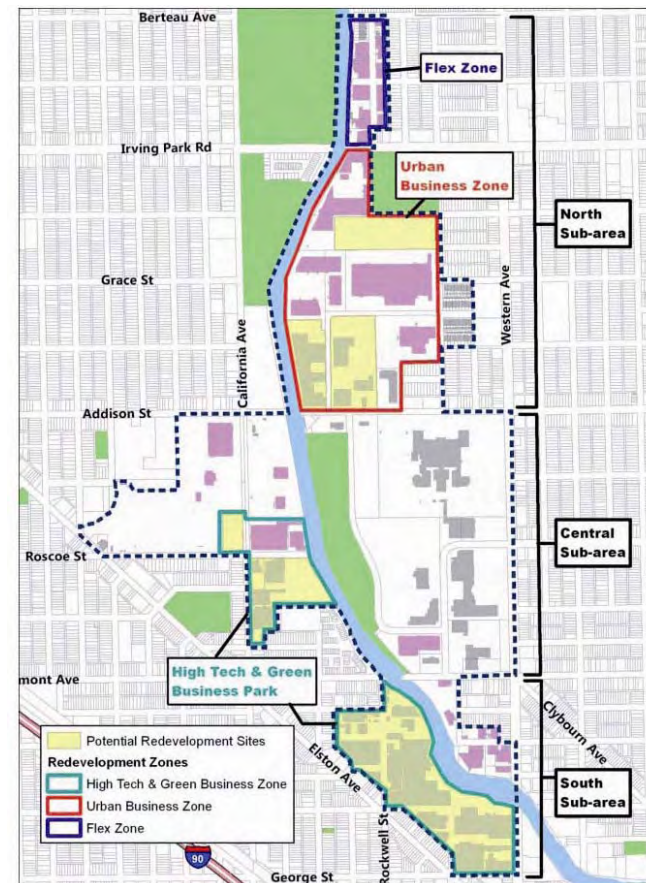
- Acreage: 25+ Acres
- Appropriate Zoning
- Shape of Parcels
- Single Ownership
- Highway Visibility and Access
- Multimodal
- Compatible Surrounding Uses
- Topography
- State-of-the-Art Infrastructure
- Environmental Characteristics
- Image of the Area
- Purchase Conditions

Amenities Offered in Modern Business/Industrial Parks

- Design Guidelines
- Codes, Covenants and Restrictions
- Walking Paths
- Jogging Trails
- Green Space, Landscaping, Attractive Lighting and Signage
- Water Features: Ponds, Lakes, Fountains
- Incubator
- Health Club/Athletic Facilities
- Retail, Restaurants, Service Establishments, Dry Cleaner
- Mini Grocery Store, Food Mart
- Daycare

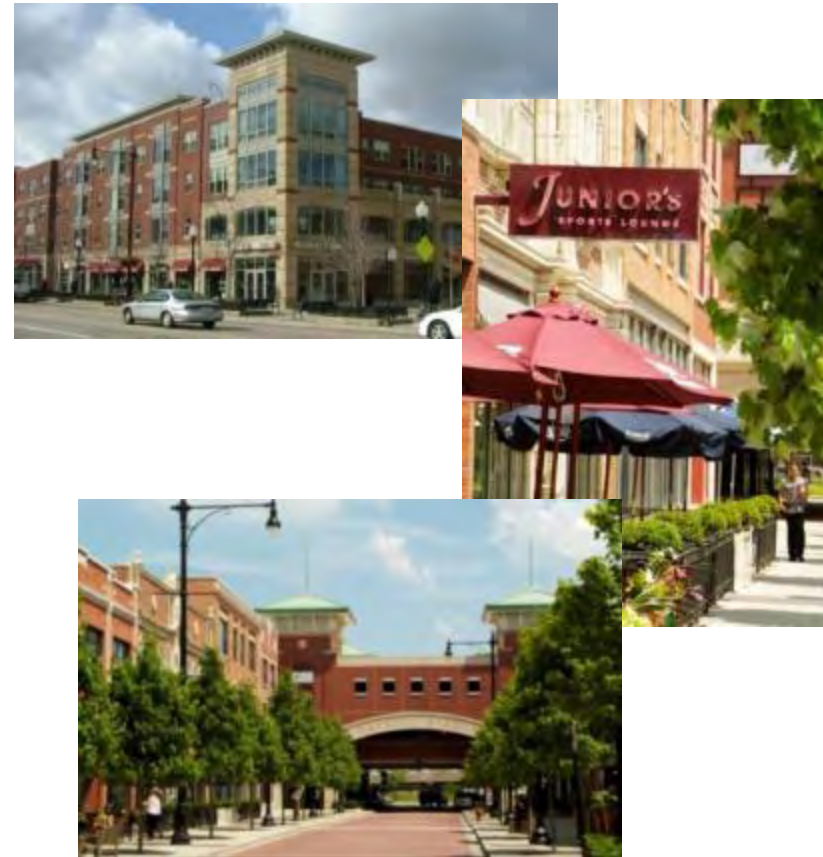
Urban Industrial Redevelopment

- Sectoral Analysis
- Facilitate Expansion of Healthy Firms
- Redevelopment of Obsolete Buildings
- Tap Into Target Industries/Firms
- Green Trend Firms
 - Design
 - Wind/Solar
 - Architecture
- Other Locations for Manufacturing
- Land Banking
- Land Use Conversion Criteria



Anchor Institutions: UIC's University Village

- Development Program
 - 140,000 Sq Ft Retail
 - 890 For-Sale Units
 - 72,000 Sq Ft of Office
 - 1,500 Units of Student Housing
 - Parking Garage
 - 3,000-Seat Multi-Event Center (UIC Forum)
- Primary Driver in Transforming the Look and Appeal of the Campus
- Replaced Flea Market
- Total Development Costs: \$400 Million
- TIF Investment: \$50 Million



Residential – Impact of Recession and Demographics

- Rental Housing
- Return of Condos ? When Re-sales resume.
- Reconsider Half-Built Sub-Divisions
- Localized Mix



Image: Courtesy of AMLI Residential

Development Implications -- Growing Generation Y Cohort

- Apartment Renters
- Both Downtown and Near Suburban Workplaces
- Return of the Clubhouse Complex?
- Zoning Requests for High-End Rental and Higher Densities
- Changing Politics – “Our Kids...”

Market-Rate Rental Product of High Quality



Bristol Station – Naperville (TOD)



Thornberry Woods – Naperville

Top Image: Courtesy of RMK Management
 Bottom Image: Courtesy of Lincoln Property Company



AMLI at 7 Bridges – Woodridge

Image: Courtesy of AMLI Residential



Alta at Kinzie Station – Chicago

Image: Courtesy of FRC Realty, Inc.

Development Implications – Flat 35 to 55; Growing 55 +

- Slowing Sales of Entry Level Condos
- Empty Nesters to Both Downtown and Suburban Downtowns
- Other Lifestyle Choices
- Market Support for Higher Densities
- Political Long-Timers Wanting to Stay in Community Influence Policy and Zoning
- Limited Demand for Single Family in Many Locales
- Recovery of Resale Market Required
- Slow Growth Areas May Not Have Enough to “Back Fill”

Diverse Condo Forms



The Shops and Residences of Uptown –
 Park Ridge



Condo on Chicago Avenue – Evanston



Image: Courtesy of Central Station Development Corporation
 Central Station – Chicago

ShoDeen – Geneva Suburban Downtown Infill



NEB – Bartlett Suburban Town Center

Del Webb – Sun City – Huntley



Image: Courtesy of PulteGroup, Inc.

Aging Population: Development Implications

- Slowing Single Family Requirements May Drag Sales of Empty Nester's Homes
- But Many Ages Prefer Single Family
- Builders Likely to Shift to Other Products
- Pressure for Mixed Housing Type Developments to Hedge Risk
- Niches Come and Go
 - 1980s Continuing Care
 - 1990s Assisted Living
 - % Ever in Nursing Care Declining
- Post 2016, Steady Growth
 - Continuing Care
 - Mixed Age
- Softening Retail Demand

Options for Aging

Image: Courtesy of the
 Village of Glenview



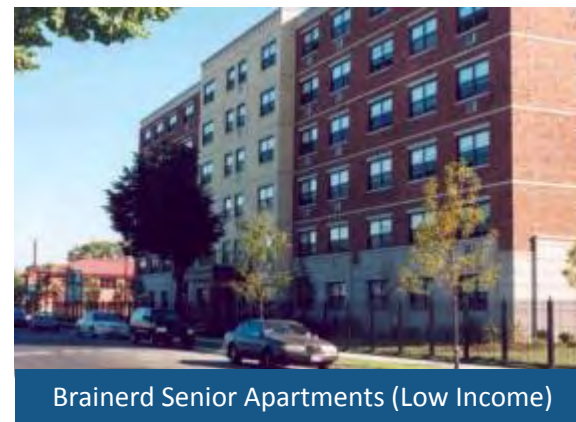
Classic Residence by Hyatt – Glenview



Belmont Village – Oak Park



Sunrise – Lincoln Park, Chicago



Brainerd Senior Apartments (Low Income)

Impacts on Retail

- More Complex and Less Predictable than Housing
- Tied to Lifestyle, Income, Consumer Preferences
- Aging Shifts to Food from Other Retail
- May See Actual Declines in Retail Spending
- But It Will Evolve Due to Many Factors, Including Age Demographics
- Fewer Strong Retail Downtowns
- More Services
- More Public Anchors

Image: Courtesy of Dougherty Architectural Consulting



Deer Park Town Center



Lifestyle Retail



Des Plaines Library Plaza

Most Successful Retail Formats for the Future (RetailWire Survey)



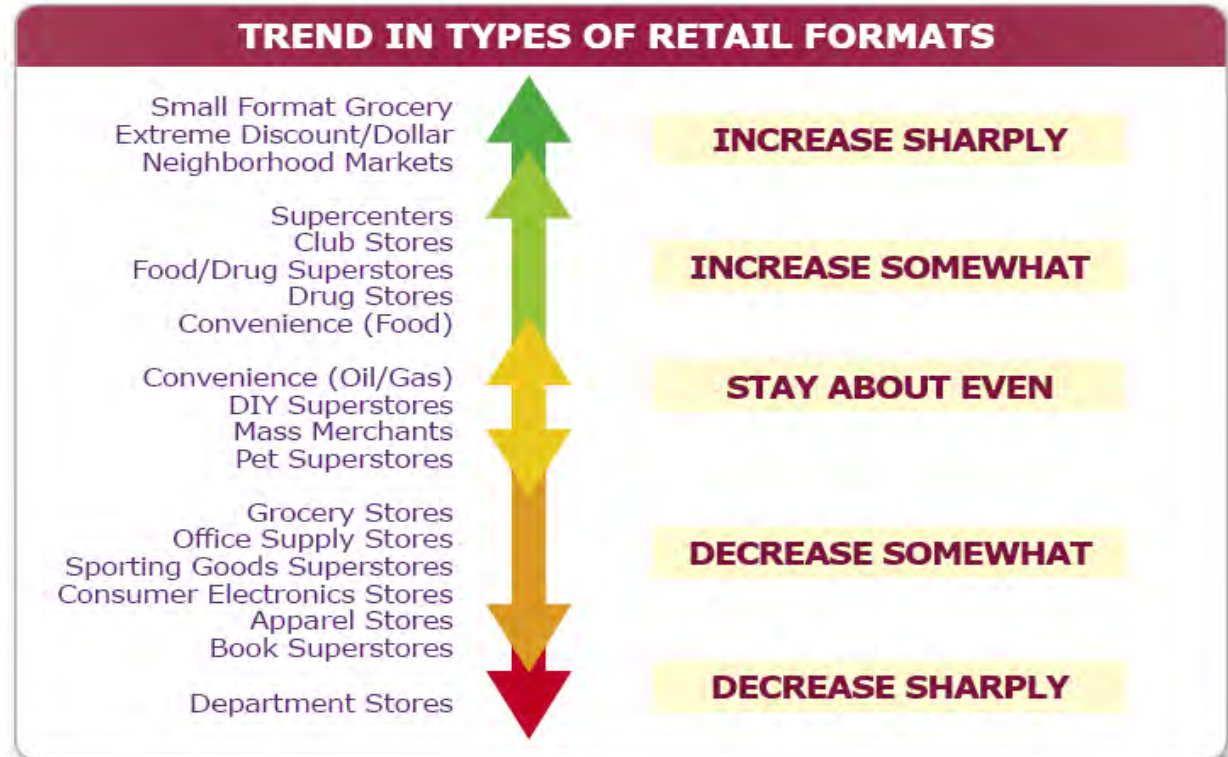
Oswego Commons Power Center - Oswego



Bartlett Town Center - Bartlett



Algonquin Commons - Algonquin



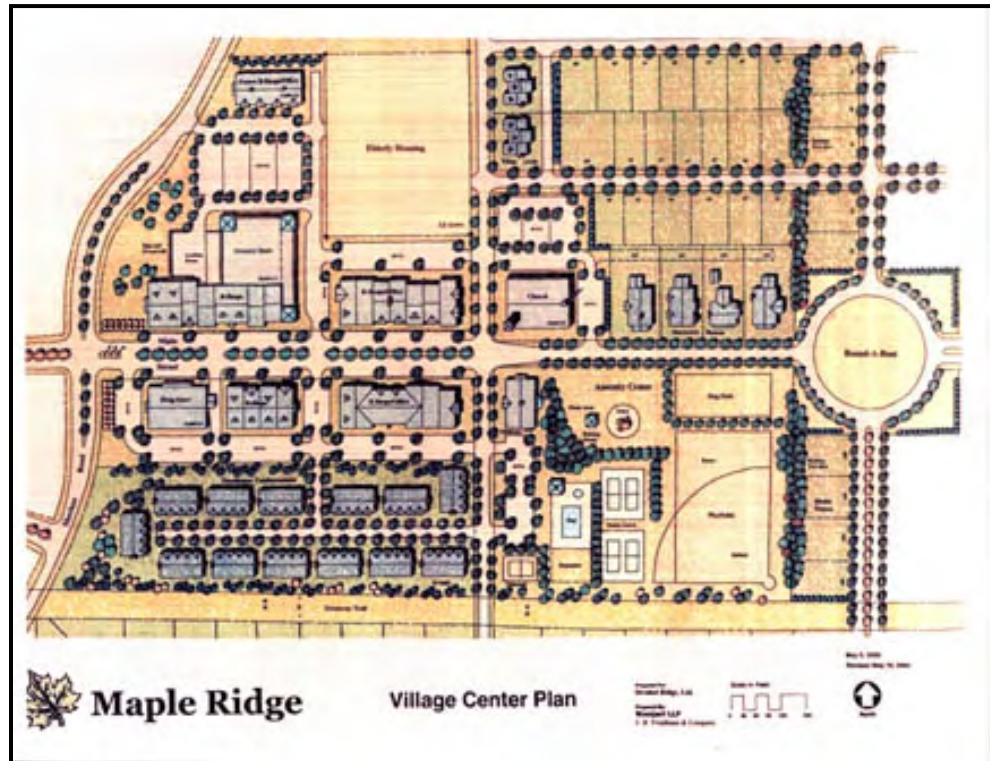
Source: RetailWire/Dechert-Hampe & Co. - "Retail Formats in Transition" study, February 2009

Mixed Use – Shops & Residences of Uptown

- Infill Completed Downtown as “Life Style Center”
- Development Program Included 190 Residential Units
 - 89,000 sq ft of commercial/retail
 - 550 underground parking spaces
- TIF Was Used for Land Acquisition, Site Improvements, Public Underground Parking
- Total Development Costs: \$107 Million
- TIF Investment: \$16.8 Million



How About Mixed-Age Communities?



Mixed Use (Sub) Urban Centers

- Old Satellite City with Rail and Expressway Downtown
- I-355 to I-80 Was Game Changer
- Two Commuter Lines' Hub $\frac{3}{4}$ Mile from I-80 Chicago Street
- Other Rail Webbed through (E J & E and Others)
- High-Speed Rail to Joliet Union Station
- Application for Multi-Modal Center
- Potential for Major Regional Center
 - Office
 - Residential
 - Education
 - Recreation



Images: Courtesy of the City of Joliet

In Closing...

- Infrastructure
- Anchor Institutions
- Major 21st Century Industries and Economic Sectors
- Population and Age/Income Shifts Drive Retail and Housing Choices
- Opportunity to Become “Community of Choice”
- Economic and Fiscal Base for Future

