

Kenilworth

Market Feasibility Update

Preliminary Draft

Content

- Current Conditions
- Allowed Uses
- Conceptual Feasibility

Existing Conditions

Buildings

- 554 Green Bay
 - 11,000 SF
 - Not thought to be available
- 558 Green Bay
 - 2,570 SF
- 562 Green Bay
 - 2400 SF
- 600 Green Bay
 - 2,750 SF
- 604 Green Bay
 - 3,400 SF

Allowed Uses

- Retail
- Office
- Residential

Market Support

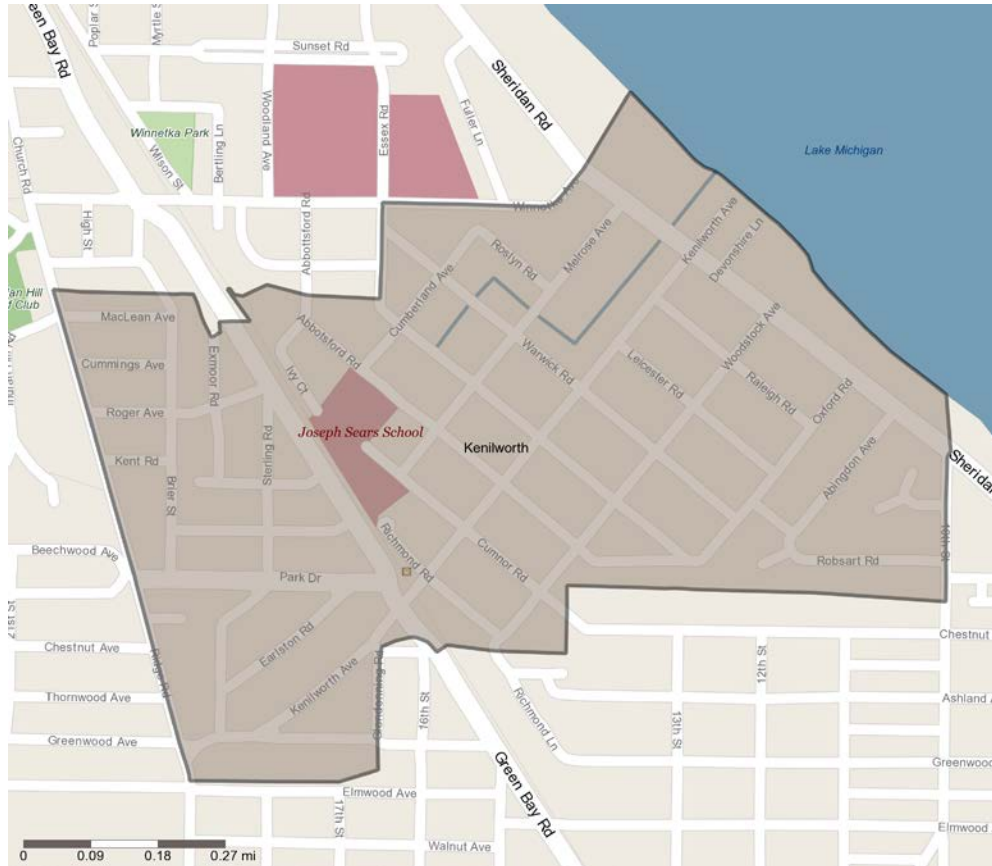
- Commercial Micro-Market
- Logical consumers
 - Affiliated: Residents
 - Pedestrian: ½ Mile
 - Convenience: 5-Minutes (Bikes & Metra Commuters)
 - Destination: 20-Minute Drive Time

	Kenilworth	.5 mile(s)	5 drivetime minute(s)	20 drivetime minute(s)
Populations	2,538	3,416	17,721	347,866
Daytime Population	3,339	6,040	19,404	
Resident Spending				
Median Income	\$219,233	\$201,456	\$164,416	\$86,355
Restaurant spending	\$3,441,576	\$4,667,794	\$25,504,576	\$436,347,309
Percapita Restaurant Spending	\$1,356	\$1,366	\$1,439	\$1,254

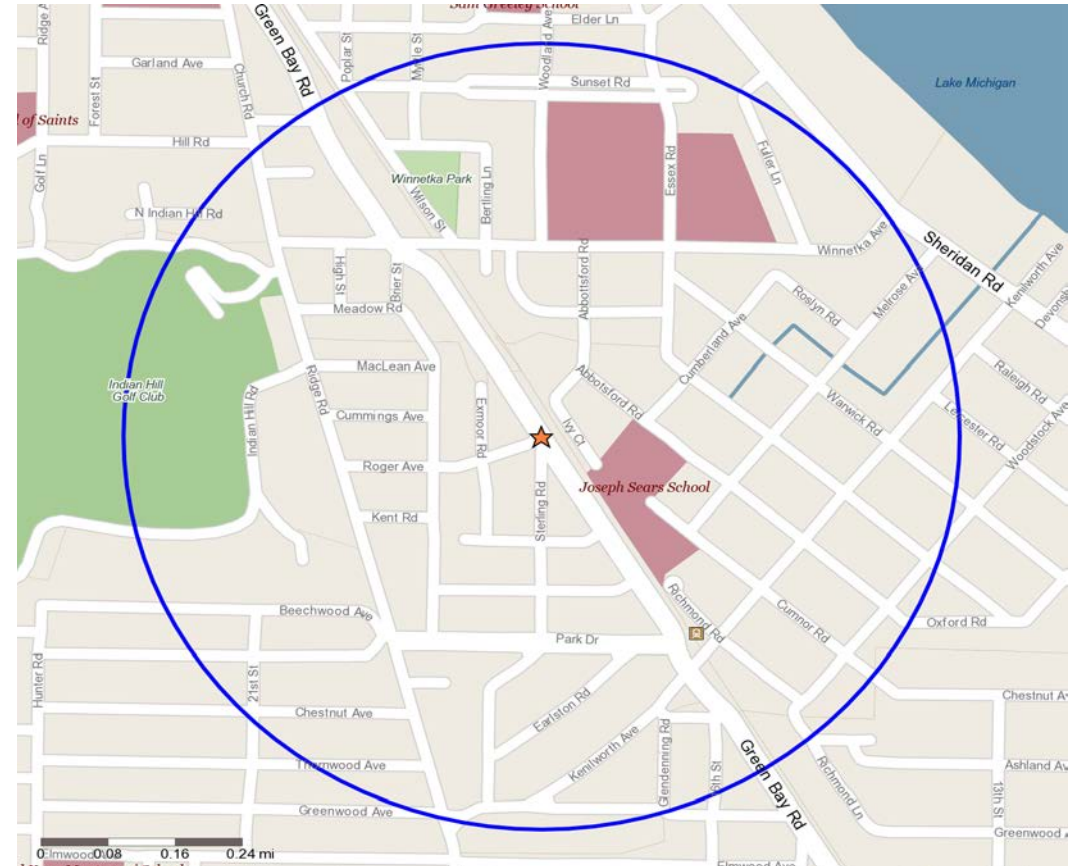
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Preliminary Draft

Maps

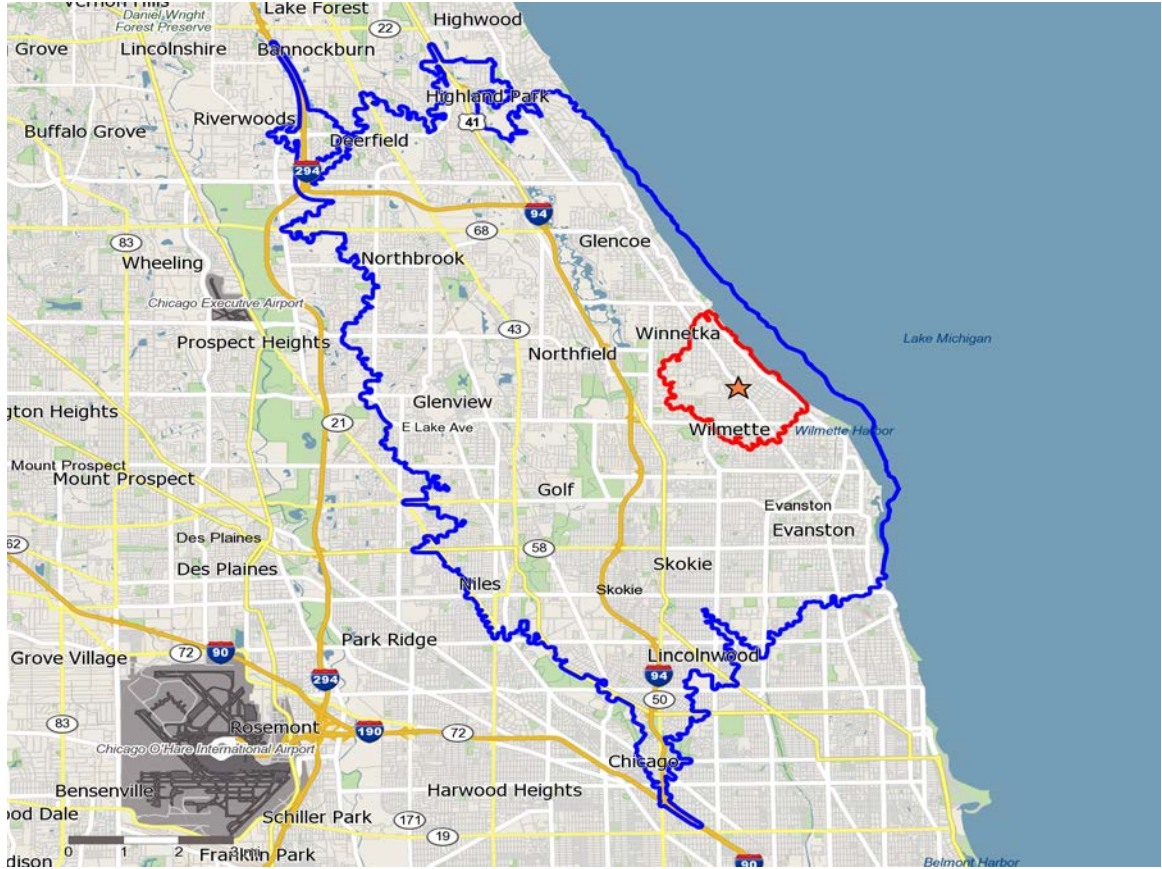
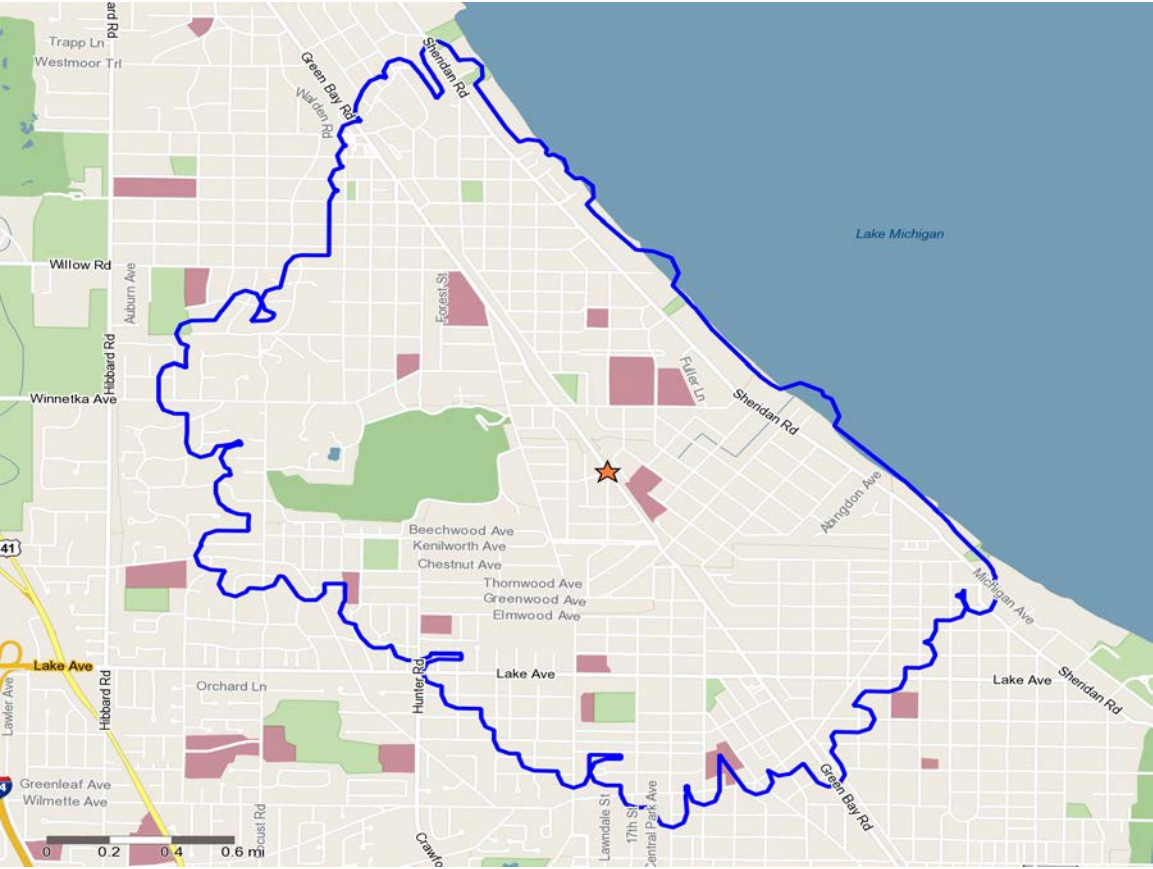


Village



1/2 Mile

Maps



5-Minute Drive Time/ 10-Minute Bike Time

20-Minute Drive Time

Market Support

- Markets that drive sales
 - Affiliated (Community)
 - Daytime
 - Destination
- Shared markets

	Kenilworth	Wilmette	Winnetka	Lake Forest	Barrington	Hinsdale
Community Population	2,538	27,493	12,341	19,173	10,148	17,176
Destination Population	347,866	334,000	355,296	364,000	321,933	671,940
5-Minute Employees	6,200	6,749	4,678	8,374	9,623	23,710
5-Minute Daytime Population	19,404	19,315	17,561	20,374	20,744	36,685

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What is the Market?

Residential

Address	sf	price	price/sf	
720 Green Bay Rd	1,931	\$645,000	\$334.02	
720 Green Bay Rd	1,963	\$655,000	\$333.67	
720 Green Bay Rd	1,688	\$550,000	\$325.83	
630 Winnetka Mews	1,725	\$520,000	\$301.45	
660 Winnetka Mews	1,751	\$335,000	\$191.32	
943 Westmoor Rd	1,619	\$585,000	\$361.33	
518 Winnetka Ave	1,693	\$570,000	\$336.68	
640 Winnetka Mews	1,700	\$310,000	\$182.35	
947 Westmoor Rd	1,399	\$386,000	\$275.91	Capitalized Fee/sqft
1616 Sheridan Rd	1,800	\$230,000	\$127.78	\$292.33
1616 Sheridan Rd	1,800	\$290,000	\$161.11	\$297.00
1500 Sheridan Rd	2,340	\$595,000	\$254.27	\$218.97

Commercial



907-A Green Bay

Winnetka, IL

907 Green Bay is in the heart of the Hubbard Woods business district of Winnetka. Many retail, service, and professional businesses nearby...

180 - 1,570 SF

\$24 - \$30/SF/Year

2 Spaces

8,700 SF Bldg

Creative/Loft



The Offices at 460 Winnetka

Winnetka, IL

Very professional and fantastic first floor street level private offices. Professional one and two room offices. Common areas include conf...

155 - 200 SF

\$33.85 - \$40.50

/SF/Year

4 Spaces

6,000 SF Bldg

Office Building



986 Green Bay

Winnetka, IL

2200 Square feet of raw retail space in a three story building. Wide open canvas for the right creative & innovative tenant to build out the...

2,200 SF

\$28/SF/Year

1 Space

2,200 SF Bldg

Street Retail



The Winnetka Galleria

Winnetka, IL

Winnetka Galleria is the crown jewel of the Winnetka's posh East Elm District. Its opulent design garnered this courtyard building the 2002...

1,400 SF

\$39.43/SF/Year

1 Space

60,000 SF Bldg

Street Retail

Preliminary Draft

Trends

- Apartments are smaller with group amenities
- Condos are large and luxurious
- Telecommuting means executives need business services near home
- Fast Casual is the growing restaurant format
- Celebrity Chefs draw from large market (Lovell's closed)

Conceptual Feasibility

Opportunities

- Rehab existing buildings
- Redevelop property
 - Retail
 - Residential
 - Office
- Combination

Analysis

- What is market supported?
- What is the potential financial return?
- How do trends impact future success?
- What competing projects effect success?
- How does development satisfy community aspirations?

Rehab Existing Buildings Concept

- Interviews revealed
 - Fully leased
 - Buildings in good condition
- Space at “Schwab Building” marketed at “\$27 - \$29 /SF/Year”
- “Redevelopment Cloud” currently undermines reinvestment
- How could these properties be enhanced by façade improvements?

Redevelop Concepts

- Ground floor Choices

- Retail
- Restaurant
- Professional services

- Upper Story Choices

- Apartments
 - Average Size: 900 SF
 - Rent: \$2.25/SF (\$2025 per Month)
- Condominiums
 - Average Size: 1,800
 - Price: \$400 per SF
 - Average Unit Price: \$720,000
- Office
 - Flexible Space
 - \$40 per square foot


Community Aspirations

- Gateway befitting Kenilworth
- Safe Intersection
- Public gathering place (Coffee shop?)
- Place for Downsizing residents (price point 70% of sold home)
- Place for transitioning families & parents to relocate (Apartments)

Discussion

Ground Floor Restaurant Preliminary Concept

- Ground floor:
 - Height: 15+ feet
 - Sqft: 10,000
 - Rent: \$30 triple net (75% NOI)
 - Income based value @ 8%: \$2,812,500
 - Conceptual Cost: \$ 3,016,250
 - Parking
 - Share Metra?
 - 100 spaces (Does not fit on site)
 - Estimated Cost: \$900,000
- Potential Annual Municipal Sales Tax: \$30,000 to \$50,000

RSMeans QuickCost Estimator			
Project Title:	Kenilworth		
Model:	Restaurant		
Construction:	Wood Siding / Wood Frame		
Location:	NORTH SUBURBAN, IL		
Stories:	1		
Story Height (l.f.):	12	Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.	
Floor Area (s.f.):	5,000		
Data Release:	Year 2012 Quarter 3		
Wage Rate:	Union		
Basement:	Not included		
Cost Ranges	Low	Med	High
Total:	\$811,800	\$902,000	\$1,127,500
Contractor's Overhead & Profit:	\$202,950	\$225,500	\$281,875
Architectural Fees:	\$71,100	\$79,000	\$98,750
Total Building Cost:	\$1,085,850	\$1,206,500	\$1,508,125

Ground Floor Market Support Summary

- Destination businesses are key
 - Inherent Parking Demand
- Selling Daytime population is important
 - Teachers (New Trier and Sears)
 - Students (open Lunch? Parents sending lunch)
- With rents of \$30/sf, land or parking costs not covered
 - Land covered by upper-story uses?
 - Parking provided by Village or shared Metra?
- To fully cover costs
 - Realistic rent \$40
 - Lower return?

Upper-Story Apartment Concepts

- Types

- Luxury Market
- Affordable Market
- Senior/Snowbird Targeted

- Capacity

- Reserve 15% to 25% for public space and amenities
- Footprint 11,000 SF
- Leasable space per Floor: 8,250-9350
- 2-Floors: 18 to 21 units
- 2.5-Floors: 23 to 26 units

- Conceptual Financial Feasibility

- Project costs

- Build 2 - stories: \$5,400,000
- Build 2.5 - stories: \$6,450,000
- Parking ??
- Land ??

- Potential Income

- 7% cap rate
- Rent \$2.25/SF

- Income Value:

- 2-stories: \$5,410,000
- 2.5-stories: \$6,760,000

- Sensitivity


- Ground floor cost duplication
- Local developer savings

Upper Story Condominiums Concept

- Land Value?
 - \$3,000,000
- Condo Price at 17% land value
 - \$18,689,076
- SF @ \$400 sales price
 - 46,723
- Existing 85% Footprint
 - 9,452
- Stories
 - 5 + 2 stories of parking
- Average condo cost
 - \$747,563
- Sensitivity
 - Can current owner do development and thereby combine land value and profit?
 - Can price/square foot compete with Downtown Chicago? (\$1,000)
 - Can Parking go underground?

Office

- Existing Footprint
 - 11,120
- 3.5 Stories Square Feet
 - 39,000
- Cost to build
 - \$9,055,000
- Parking
 - \$702,000
- \$40/SF income
 - \$1,560,000
- 80% NOI
 - \$1,248,000
- Value at 9% cap rate
 - \$13,866,667
- Parking, Land & prep
 - \$4,811,667

RSMeans QuickCost Estimator			
Project Title:	Kenilworth		
Model:	Office, 2-4 Story		
Construction:	Face Brick with Concrete Block Back-up / Wood Joists		
Location:	NORTH SUBURBAN, IL		
Stories:	3	 <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p>	
Story Height (l.f.):	12		
Floor Area (s.f.):	39,000		
Data Release:	Year 2012 Quarter 3		
Wage Rate:	Union		
Basement:	Not included		
Cost Ranges	Low	Med	High
Total:	\$4,874,400	\$5,416,000	\$6,770,000
Contractor's Overhead & Profit:	\$1,218,600	\$1,354,000	\$1,692,500
Architectural Fees:	\$426,600	\$474,000	\$592,500
Total Building Cost:	\$6,519,600	\$7,244,000	\$9,055,000

Land Cost Concept

- Determining Appropriate Sales Price
 - Value of existing income stream
 - Existing properties fully utilized
 - Owner occupied but rents would be \$25 to \$30/sf
 - Add relocation costs