



**Economics Research Associates**

Project Report

**Rockford Retail & Residential Market  
Study**

Prepared for

**City of Rockford Community &  
Economic Development  
Rockford, Illinois**

**DRAFT**

Submitted by

**Economics Research Associates**

**July 3, 2008**

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## Table of Contents

<b>I. Executive Summary</b> .....	<b>4</b>
<b>II. Introduction</b> .....	<b>7</b>
Approach.....	7
Sources.....	7
<b>III. Demographic Perspectives</b> .....	<b>8</b>
Regional Trends .....	8
Downtown Trends .....	16
Demographic Implications.....	21
<b>IV. Retail Market: National and Local Assessments</b> .....	<b>23</b>
National Retail Trends .....	23
Rockford Area Retail Inventory.....	29
Retail Sales Trends in the Rockford Area.....	30
Pull Factor Analysis.....	35
Supportable Additional Retail Inventory.....	39
Retail Market Implications .....	41
<b>V. Retail Trade Areas and Strategies</b> .....	<b>42</b>
Central Area.....	42
West State and Kilburn Area.....	60
East State Street/Miracle Mile .....	60
South Rockford/South Main .....	65
West Side Rockford .....	70
<b>VI. Residential Market Assessment</b> .....	<b>76</b>
National Trends for Downtown Housing.....	77
Midwest Residential Trends .....	78
Midwest Residential Development Case Studies .....	86
Rockford Area Residential Market .....	92
Downtown and Near Downtown Demand Considerations .....	114
Preliminary Downtown Residential Recommendations.....	120
Additional Study Area Considerations.....	123
Residential Market Implications .....	134
<b>VII. Recommendations</b> .....	<b>138</b>
Downtown.....	138
7 <sup>th</sup> Street.....	143
Warehouse & Brownfield Development.....	145
Miracle Mile Area and East State St. and Alpine Rd. TIF.....	145
<b>VIII. Appendix A: Retail Case Studies</b> .....	<b>149</b>
Small but Stable Shopping Districts .....	150
Independent and Art-Related Retailers and Entertainment .....	152
Downtown Housing .....	153
Other Downtown Initiatives.....	154
Learning from Other Cities .....	154
<b>IX. Appendix B: Multi-Family Residential Case Studies</b> .....	<b>155</b>
Bartley Lofts, Toledo, Ohio .....	155
Brownstones on Grand, Des Moines, Iowa.....	156
Court Avenue Apartments, Des Moines, Iowa .....	159
4th Street Condos, Des Moines, Iowa .....	161
River West Townhomes, Toledo, Ohio .....	162

Tobacco Lofts at Findorff Yards, Madison, Wisconsin .....	163
Trostel Square, Milwaukee, Wisconsin .....	165
Yahara River View Apartments, Madison, WI .....	169
<b>X. Appendix C: Smart Growth Community Case Studies.....</b>	<b>171</b>
Birkdale Village, North Carolina .....	171
Middleton Hills, Middleton, Wisconsin.....	172
<b>XI. Appendix D: Retailer Location Specifications.....</b>	<b>174</b>
Retailer Location Specifications Information .....	175

## Index of Tables

Table 1. Population Growth Estimates.....	8
Table 2. Age Cohorts (2007).....	9
Table 3. Age Cohorts (2012).....	9
Table 4. Household Growth Estimate.....	10
Table 5. Family Households as Percent of Total Households.....	11
Table 6. Percent of Households with Persons 65 Years and Older .....	12
Table 7. Origin of Migrants (States).....	12
Table 8. Origin of In-state Migration .....	13
Table 9. Educational Attainment 1990 - 2000 Trends (CAGR).....	13
Table 10. Per Capita Income Trends .....	14
Table 11. Median Household Income.....	15
Table 12. Households by Income (2007) .....	15
Table 13. Downtown Population .....	17
Table 14. Educational Attainment within Downtown Households, 2000.....	18
Table 15. Downtown Households .....	18
Table 16. Median Household Income for Downtown .....	19
Table 17. Downtown Households by Income (2000) .....	20
Table 18. Downtown Households by Income (2012) Projections.....	21
Table 19. Retail Sales on Motor Vehicles and Gasoline, Millions.....	23
Table 20. Retail Inventory History, (Square Feet, in Millions) 2000-2012 .....	29
Table 21: Retail Inventory .....	30
Table 22. Non-Automobile Related Retail Sales by Geographic Area, 2000-2007 .....	31
Table 23. Non-Automobile Related Per Capita Retail Sales, by Retail Category, 2007 .....	31
Table 24. Non-Automobile Related Gross Retail Sales, by Retail Category, 2007.....	32
Table 25. Non-Automobile Related Retail Sales, Rockford Suburbs, by Category, 2007 .....	33
Table 26. Sales Trends, Rockford Suburbs .....	33
Table 27. Cherry Valley Non-Automobile Related Retail Sales, by Retail Category, 2007.....	34
Table 28. Machesney Park Non-Automobile Related Retail Sales by Retail Category, 2007 .....	34
Table 29 Loves Park Non-Automobile Related Retail Sales, by Retail Category, 2007 .....	35
Table 30. Pull Factor Trends by Retail Category, City of Rockford, 2000-2007 .....	36
Table 31. Peoria/Rockford City and Downtown Comparisons, 2007 .....	37
Table 32. Pull Factors by Retail Category, City of Peoria, 2000-2007 .....	37
Table 33. Retail Sales by Geographic Area, 2000-2007 .....	38
Table 34. Pull Factors City of Rockford and Suburbs, by Retail Category, 2007 .....	38
Table 35. Pull Factors by Retail Category, MSA Outside City of Rockford, 2000-2007 .....	39
Table 36. Non-Automobile Related Retail Sales by Geographic Area (in billions), 2000-2012.....	39
Table 37. Population and Income Growth Rates, 1990-2012.....	40
Table 38. Projection of Supportable Non-Automobile Related Retail Inventory .....	40
Table 39. Demographic Trends: 10-Mile Radius of Downtown Rockford .....	44
Table 40. Income Trends: 10-Mile Radius of Downtown Rockford .....	44
Table 41. Housing Trends: 10-Mile Radius of Downtown Rockford.....	45
Table 42. Demographic Trends: 5-Mile Radius of East State St. and Alpine Rd. ....	62
Table 43. Income Trends: 5-Mile Radius of East State St. and Alpine Rd.....	62
Table 44. Housing Trends: 5-Mile Radius of East State St. and Alpine Rd. ....	63
Table 45. Demographic Trends: South Side Retail Trade Area .....	66
Table 46. Income Trends: South Side Retail Trade Area.....	66
Table 47. Housing Trends: South Side Retail Trade Area .....	67

Table 48. Demographic Trends: West Side Retail Trade Area.....	71
Table 49. Income Trends: West Side Retail Trade Area.....	72
Table 50. Housing Trends: West Side Retail Trade Area.....	73
Table 51. Basic Housing Trends.....	79
Table 52. Downtown’s Share of Citywide Housing .....	81
Table 53. Supply vs. Demand (Downtown).....	82
Table 54. Housing Permits Growth (1990-2006) .....	83
Table 55. Residential Units: Median Year Built.....	83
Table 56. 2006 Absorption Rates for Condominium Apartments Completed in 2005.....	84
Table 57. 2006 Absorption Rates for Unfurnished Apartments Completed in 2005.....	84
Table 58. Condominium Apartments Completed During Q1 of 2007.....	84
Table 59. Unfurnished Apartments Completed During Q1 of 2007.....	85
Table 60. Composition of Urban Residential Products.....	87
Table 61. Comparable Midwestern Residential Developments.....	89
Table 62. Demand for Bedrooms by Type.....	93
Table 63. Average Sales Price (2005-2007).....	94
Table 64. Proportion of Residential Sales (2000-2007) by Price.....	96
Table 65. Age of Residential Inventory (Years by Price).....	97
Table 66. Average Days on Market.....	97
Table 67. Average Price per Sq. Ft. (by # of Bedrooms) .....	101
Table 68. Multi-family Rental Developments in Rockford .....	105
Table 69. General Estimates: Annual Moving Households.....	116
Table 70. Estimated Annual Demand by Life-Mode Group.....	118
Table 71. Downtown Rockford: Estimated Build-out .....	121
Table 72. Average Price Comparison: For Sale .....	121
Table 73. Average Sq. Ft. Comparison – For Sale .....	121
Table 74. Average Price Comparison - Rental.....	122
Table 75. Average Sq. Ft. Comparison-Rental .....	122
Table 76. Average Price per Sq. Ft. Comparison (For Sale).....	122
Table 77. 2007 Area Housing Comparisons.....	124
Table 78. 2000 Area Housing Comparisons.....	124
Table 79. Housing Growth (2000-2007) .....	125
Table 80. Median Year Built - Residential .....	125
Table 81. 2007 Wealth Indicators .....	125
Table 82. East State Street and Alpine Road Study Area .....	126
Table 83. Alpine Hills Site: Total Estimated Residential Build-Out .....	128
Table 84. Average Price Comparison – For Sale.....	129
Table 85. Avg. Sq.Ft. Comparison – For Sale .....	129
Table 86. Average Price Comparison – Rental .....	129
Table 87. Avg. Sq, Ft, Comparison - Rental .....	129
Table 88. Average Residential Sales – South Main Study Area.....	129
Table 89. Swedish American Hospital Study Area – Residential Sales.....	131
Table 90. Downtown Estimated Build-Out per Year.....	140
Table 91. Alpine Hills/Magna/CVS Site Total Estimated Residential Build-Out .....	147

## **General & Limiting Conditions**

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of Spring, 2008, and Economics Research Associates has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Economics Research Associates that any of the projected values or results contained in this study will actually be achieved.

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.



## I. Executive Summary

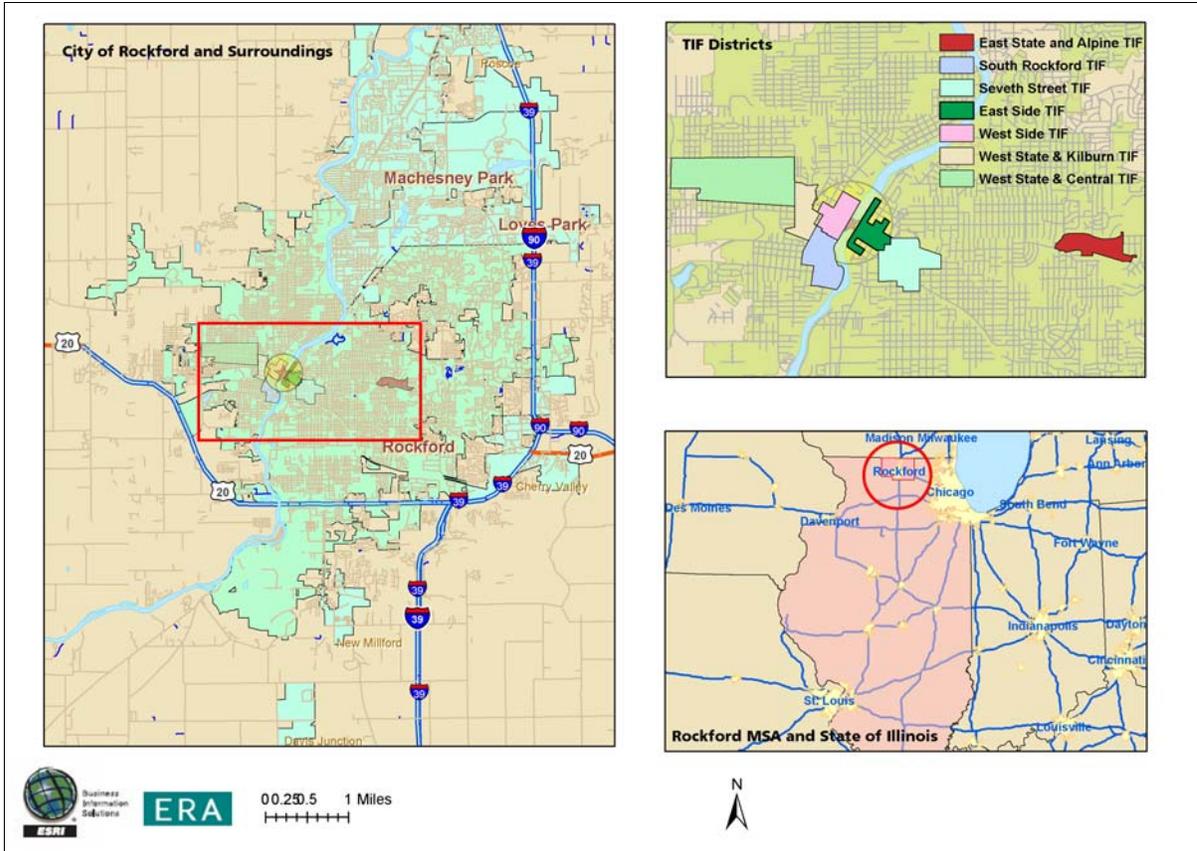
ERA was hired by the City of Rockford’s Economic Development Division to conduct a retail and housing market assessment for the city’s downtown, near downtown, and two neighborhood commercial corridors within the city of Rockford, Illinois. The assessments included analysis of retail and housing potential in six tax increment financing (TIF) districts within five primary study areas. ERA evaluated the comprehensive market that serves the broader communities and conducted specific analysis to identify the realistic range of supportable development and mix of both retail and residential for each study area. In addition, ERA created an implementation strategy for the City of Rockford’s Community Development Department. Specific approaches and / or incentives to leverage TIF and other public funds to create private investment were outlined.

The following chart is a compilation of key information and recommendations that are discussed in this report.

City Wide Retail Summary		
City of Rockford	<ul style="list-style-type: none"> <li>▪ Estimated 2007 retail sales (non-auto): \$1.75 billion</li> <li>▪ Estimated 2012 retail sales (non-auto): \$2.05 billion</li> <li>▪ Estimated supportable new retail sq ft by 2012: 400,000</li> </ul>	
Study Area Retail and Residential Summary		
Study Area	Retail	Residential
Central / near West State	<ul style="list-style-type: none"> <li>▪ Estimated supportable new retail sq ft by 2012: 160,000 (40% of city total)</li> <li>▪ Key Recommendation(s) Downtown: Target specific portion of west side; plan mixed use development along west side riverfront; create the Rockford Cultural and Entertainment District</li> <li>▪ Key Recommendation(s) 7<sup>th</sup> Street: Target resources and planning a few blocks at a time; enhance concentration of businesses and retailers; seek redevelopment of Amcore Bank parking lot and entrance; examine viability of current 7<sup>th</sup> St. identity; target retail and residential development around global goods, free trade, green construction; develop alternative restaurants; support artistic component; enhance business assistance programs; leverage infrastructure funds.</li> </ul>	<p><b>Annual Demand:</b> 25 for-sale and 33 rental units</p> <p><b>Annual Production:</b> 10-11 townhome, 14-16 condo, and 31-35 rental units</p> <p><b>Key Recommendation(s):</b> Gradually increase rental units with the goal of populating the area and introducing ownership as demand increases. Create a tiered package of living experiences that allow renters to move into ownership as their housing needs mature by creating units that can stand on their own as rentals but have the ability to be converted to condo/townhouse.</p>

<p>Miracle Mile Area /State &amp; Alpine</p>	<ul style="list-style-type: none"> <li>▪ <b>Estimated supportable new retail sq ft by 2012:</b> 200,000 (50% of city total)</li> <li>▪ <b>Key Recommendation(s):</b> Develop lifestyle center on Magna/CVS site with shopping, restaurants, entertainment, green space; acquire adjacent sites to enlarge project; consider Alpine Hills redevelopment into townhouses and condos; make infrastructure improvements; utilize currently partially covered creek as green space amenity.</li> </ul>	<p><b>Annual Demand:</b> 59 for-sale and 51 rental units</p> <p><b>Annual Production:</b> 28-31 townhome, 31-41 condo, and 51-57 rental units</p> <p><b>Key Recommendation(s):</b> Development should be a unique higher density project that takes advantage of the site's location to amenities and one-of-a-kind topographical features</p>
<p>South Rockford/ South Main</p>	<ul style="list-style-type: none"> <li>▪ <b>Estimated supportable new retail sq ft 2012:</b> 28,000 (7% of city total)</li> <li>▪ <b>Key Recommendations:</b> Determine new character: strip-malls, walkable pedestrian, or combination; create dense retail strip along South Main from Kent to Salter; provide appropriate zoning &amp; infrastructure work to support redevelopment of Barber-Coleman site; target specific business-types; plan for future land use around airport</li> </ul>	<p><b>Annual Demand:</b> Flat and decreasing</p> <p><b>Key Recommendations(s):</b> Prepare for impacts from future downtown development by assisting with residential improvement and promoting the area not only to residents living outside of the city, but residents in the city and within the south main area.</p>
<p>West State &amp; Central</p>	<ul style="list-style-type: none"> <li>▪ <b>Estimated supportable new retail sq ft by 2012:</b> 12,000 (3% of city total)</li> <li>▪ <b>Key Recommendations:</b> Use West State Square as model for community-based retail development; target specific business-types including a sit-down restaurant</li> </ul>	<p>Residential analysis was not conducted for the West State &amp; Central Study Area</p>
<p>Swedish American Hospital</p>	<p>Retail analysis was not conducted for the Swedish American Hospital Study Area</p>	<p><b>Annual Demand:</b> Flat</p> <p><b>Key Recommendations(s):</b> Prepare for housing impacts from future downtown development and the presence of Swedish American Hospital by expanding existing down payment assistance programs and promoting the area as live/work/play opportunity for hospital and Amcore employees.</p>

Map 1. Rockford Target Areas and Region



## **II. Introduction**

### **Approach**

ERA was engaged by the Economic Development Division of Rockford's Community Development Department to conduct a retail market analysis of the city and targeted areas within the city, to conduct a residential market analysis that identifies housing opportunities in target areas, and to evaluate current trends regarding retail and residential development that will shape near-term prospects for the downtown business district. ERA's approach included the following steps:

- Examination of existing market demographics and associated trends. This included an analysis of migration patterns.
- Discussion of the retail market, highlighting national trends in retail sales, regional and sector-specific pull factors and trends in Rockford retail and entertainment environment.
- A discussion of the residential market including recent home sale trends, prices and amenities for the region, as well as discussion of housing demand potentials for the downtown area.
- A discussion of current downtown real estate fundamentals, comparisons with midwest cities that have achieved some level of success in downtown revitalization, and specific approaches to encourage private investment.

### **Sources**

Data for this analysis was collected from a host of sources, including:

- The U.S. Census Bureau and Bureau of Labor Statistics
- GIS based data from Environmental Systems Research Institute (ESRI)
- Office of Federal Housing Enterprise Oversight
- CoStar
- Illinois Department of Revenue
- Rockford Area Association of Realtors
- Rockford and Cherry Valley Townships
- Rockford River District Association
- Not-for-profit community organizations and local business owners
- Retail, residential, and entertainment business owners

### III. Demographic Perspectives

#### Regional Trends

ERA collected demographic data from 1990 through 2012, including population and age change, household shifts, income levels, education data and other related information to place Rockford’s economic growth in a relevant regional context and identify important trends that may impact the development of the subject areas. Much of this section’s data comes from the U.S. Decennial Censuses and ESRI data that estimates current and future demographic markers.

#### Population

The following table highlights the growth experienced by Rockford in relation to the surrounding region. Slightly more than half the population of Winnebago County is currently estimated to live in the city of Rockford. However, the city’s proportion of overall county population is projected to decrease through 2012 due to greater population increases expected outside of the city. Rockford’s population is expected to continue positive growth, although not as rapidly as the suburban communities within Winnebago County and neighboring Boone County.

The Compound Annual Growth Rate (CAGR) will be used throughout this report to provide an apples-to-apples measure among the various geographic and economic areas of study. The CAGR measures the year-over-year growth rate of a given metric, in the same way that compound interest measures interest upon interest.

**Table 1. Population Growth Estimates**

	1990	2000	2007	2012	CAGR
Rockford	139,426	150,118	155,691	159,829	0.62%
Winnebago County	252,913	278,418	298,606	313,917	0.99%
Rockford MSA	283,719	320,204	353,160	378,757	1.32%
Illinois	11,430,602	12,419,293	13,122,246	13,678,993	0.82%
USA	248,709,873	281,421,906	303,582,361	323,785,827	1.21%

Source: US Census, ESRI

The following two charts describe the age composition of Rockford and the surrounding region and how this composition is expected to change. Rockford’s population is slightly younger than that of Winnebago County and the surrounding region. The population of children and young adults (up through 34 years old) comprises 48.8 percent of the city’s population. These same age groups comprise 46.7 percent of Winnebago County’s overall population and 46.9 percent of the MSA’s population.

However, the city has a larger proportion of residents age 65 and older (13.5 percent) when compared to the county (12.7 percent), metropolitan area (12.3 percent), and even the national average (12.5 percent). The age groups least represented within Rockford are those between 35 and 64 years of age. This population typically represents individuals who are part of established families with teenage or college age children. This group also represents individuals who are reaching their upper earning potentials before they retire.

**Table 2. Age Cohorts (2007)**

Age	Rockford City	Winnebago County	Rockford MSA	Illinois	United States
>15	21.5%	20.6%	21.0%	21.1%	20.4%
15-24	13.8%	13.5%	13.5%	13.8%	14.2%
25-34	13.5%	12.6%	12.4%	13.8%	13.2%
35-44	13.7%	14.3%	14.5%	14.5%	14.6%
45-54	13.9%	15.1%	15.0%	14.5%	14.5%
55-64	10.1%	11.2%	11.1%	10.2%	10.5%
65+	13.5%	12.7%	12.3%	12.1%	12.5%
Median Age	35.9	37.5	37.3	35.9	36.5

Source: US Census, ESRI

In general, the nation is expected to age between 2007 and 2012 (going from a median age of 36.5 years old to 37.5 years old due to the aging of Baby Boomers from their 50s and into their 60s). Rockford and the surrounding area are expected to experience similar demographic aging trends.

**Table 3. Age Cohorts (2012)**

Age	Rockford City	Winnebago County	Rockford MSA	Illinois	United States
>15	21.2%	20.3%	20.7%	20.7%	19.8%
15-24	14.0%	13.1%	13.1%	13.9%	14.0%
25-34	12.6%	12.7%	12.6%	13.3%	13.1%
35-44	13.0%	13.0%	13.1%	13.5%	13.3%
45-54	13.6%	15.2%	15.2%	14.6%	14.8%
55-64	11.7%	12.6%	12.4%	11.7%	12.1%
65+	13.9%	13.2%	12.9%	12.4%	12.8%
Median Age	36.7	38.2	38	36.6	37.5

Source: US Census, ESRI

Categories in red indicate notable projected drops in proportion between 2007 and 2012

## Households

Estimated household growth is shown in the following table. Rockford is estimated to have an annual household growth rate of 0.5 percent. However, the suburban communities extending into Winnebago and Boone counties are experiencing household growth at annual rates of 2.54 percent and 2.79 percent, respectively – greater than that of the U.S. and substantially more than the city of Rockford. Settlement preferences are evident by looking at the degree to which household growth expanded in Winnebago County when compared with growth in the city. In 1990, the county’s household population was roughly one-fifth greater than the city’s population. By 2012, the household population within the county is expected to be double that of the city. Household growth is the primary contributor to housing demand as well as demands for public services.

**Table 4. Household Growth Estimate**

	1990	2000	2007	2012	New Households 1990-2012	CAGR
Rockford City	54,839	59,159	60,047	61,225	6,386	0.50%
Winnebago County	96,818	107,980	114,774	120,171	23,353	0.99%
Rockford MSA	107,759	122,577	133,324	142,560	34,801	1.28%
Illinois	4,197,720	4,591,779	4,844,339	5,044,162	846,442	0.84%
USA	91,993,582	121,863,482	114,049,635	121,863,482	29,869,900	1.29%

Source: US Census, ESRI

The surrounding suburban areas are not only growing in households and population, but the size of these households have experienced growth since 2000 after dropping from approximately 2.6 people per household in 1990 to about 2.55 people per household in 2000. In general, households within the cities have been smaller than those in the surrounding counties. Rockford follows this trend. Household size has remained steady since 2000, much like that of the nation (see Figure 1).

**Figure 1. Average Household Size 1990 through 2012 (est.)**

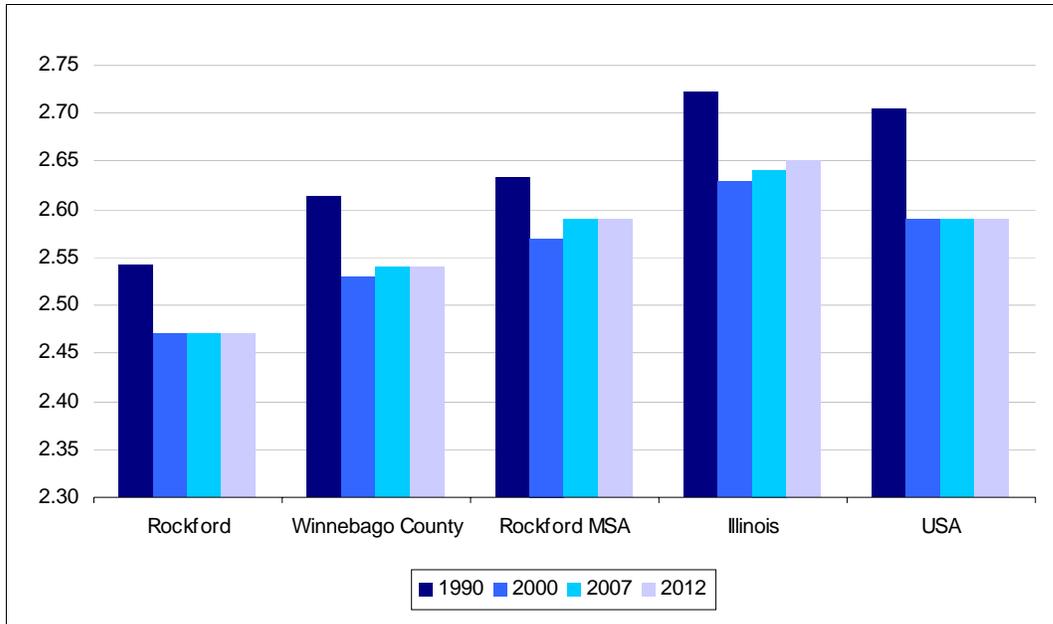


Table 5 illustrates the change in family households since 1990. As the number of overall households within each market increased, the smaller subset of family households (as a proportion of total households) decreased in both the city and throughout the region. Family households are typically considered to be married families or related persons living within the same household. The rise in the proportion of non-family households suggests that an increased number of households are composed of singles, particularly within the city of Rockford. This trend correlates to another trend highlighted in Table 2 (age cohorts 2007) – that Rockford has increasing numbers of young adults and residents age 65 and older, while the middle age groups (normally those with families) are decreasing.

**Table 5. Family Households as Percent of Total Households**

Jurisdiction	1990	2000	2007	2012	CAGR
Rockford City	67.0%	63.2%	60.6%	58.8%	-0.59%
Winnebago County	71.5%	68.2%	66.2%	64.8%	-0.45%
Rockford MSA	72.2%	69.3%	67.5%	66.3%	-0.38%
Illinois	70.1%	67.6%	66.0%	64.9%	-0.35%
United States	70.7%	66.3%	67.1%	66.3%	-0.29%

Source: US Census, ESRI

Although the 65 and up age group experienced growth since 1990, this cohort did not exhibit substantial growth as a proportion of population within the market areas. Nationally, the percentage

of 65 and older residents grew by 1.68 percent annually between 1990 and 2000. Rockford’s suburban regions experienced a slight increase in the proportion of this age group, while the city experienced an even smaller annual percentage growth of 0.22 percent.

**Table 6. Percent of Households with Persons 65 Years and Older**

Jurisdiction	1990	2000	CAGR
Rockford City	24.1%	24.6%	0.22%
Winnebago County	21.5%	22.7%	0.56%
Rockford MSA	21.3%	22.6%	0.57%
Illinois	22.1%	23.2%	0.49%
United States	21.8%	23.4%	1.68%

Source: US Census, ESRI

## Migration

The following two tables describe the origin of new Winnebago county residents based on 2006 Internal Revenue Service (IRS) migration statistics. Approximately 38 percent of new Winnebago county residents moved from another county within Illinois. This group had an average household income of \$35,328. Wisconsin was the only Midwestern state that lost a significant number of households to Winnebago County. Approximately 567 households (10 percent of total new households) moved to Winnebago County from Wisconsin. Florida and Arizona lost roughly 294 households to Winnebago with adjusted gross household incomes of \$26,857 and \$24,958, respectively. New households from these two states were the least affluent of the top groups migrating into Winnebago County.

**Table 7. Origin of Migrants (States)**

State	Households	Average Adjusted Gross Income
Illinois	2,162	\$35,328
Wisconsin	567	\$42,007
Florida	165	\$26,875
Arizona	129	\$24,958
California	59	\$43,036
Other	2,552	\$52,834
<b>Total</b>	<b>5,634</b>	<b>\$43,196</b>

Source: IRS County Migration Data

Table 8 shows the number of households that moved into Winnebago County from other counties within Illinois. Cook and Boone counties were the originating counties for almost 66 percent of new households in Winnebago. Residents from Boone had an average gross income of \$41,703 –

roughly \$34,000 more than the average gross income of households from Cook County. Households from Kane County were the second most affluent group of new Winnebago County residents.

**Table 8. Origin of In-state Migration**

County	Households	Average Adjusted Gross Income
Cook	718	\$38,299
Boone	701	\$41,703
Ogle	301	\$38,233
Kane	249	\$41,321
Machinery	229	\$35,760
Stephenson	195	\$40,118

Source: IRS County Migration Data,

### Education

The rate of increase annual increase of the proportion of students completing high school within the city (0.40 percent) and the surrounding counties (0.76 percent) has increased, although the rate of increase remains lower than the national average of 0.90 percent. This trend is similar with the population of individuals completing undergraduate or a post graduate education, although, again, the city of Rockford increase is lower than that of the MSA, the state, and the U.S (see following table).

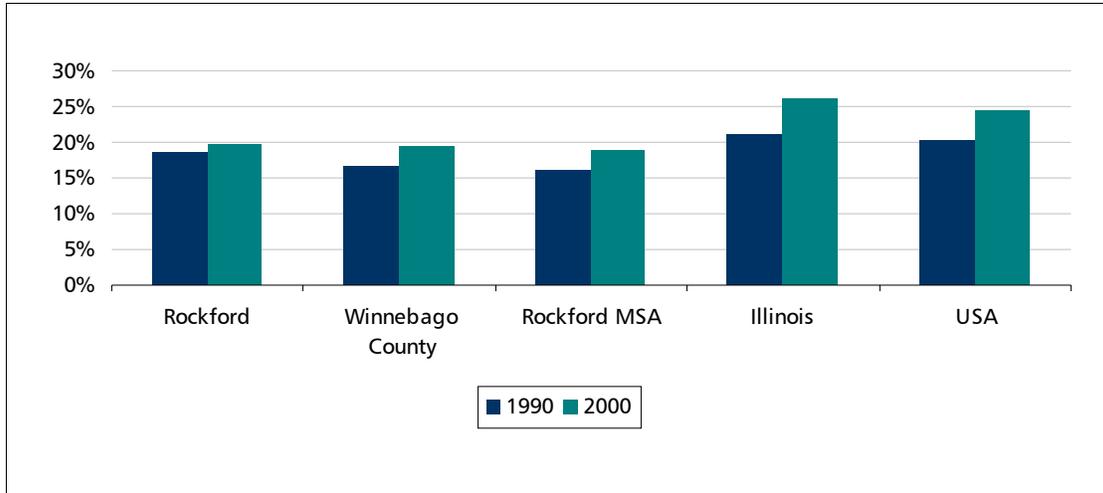
**Table 9. Educational Attainment 1990 - 2000 Trends (CAGR)**

	Rockford City	Winnebago County	Rockford MSA	Illinois	United States
Total	0.74%	1.09%	1.32%	0.90%	1.38%
High school graduate (includes equivalency)	0.40%	0.48%	0.76%	0.10%	0.90%
Undergraduate or Postgraduate Degree	1.21%	2.65%	2.86%	3.05%	3.24%

Source: US Census, ESRI

As the Figure 2 shows, in general, the population in and around Rockford had a higher educational attainment level in 2000 than it had in 1990, but the proportions are lower than the state and the U.S.

**Figure 2. Educational Attainment: Population 25 yrs + with Undergrad or Postgraduate Degree**



Source: US Census, ESRI

### Income

Residents within the city of Rockford and the surrounding region have experienced similar rates of annual per capita income growth; however, residents within the city have experienced the least income growth, at 3.33 percent, when compared to residents in Winnebago County (3.59 percent) and the overall MSA (3.66 percent), as shown in Table 10. Per capita incomes within these submarkets have not kept pace with the nation, which has maintained a 3.83 percent annual growth rate since 1990.

**Table 10. Per Capita Income Trends**

	1990	2000	2007	2012	CAGR
Rockford City	\$14,109	\$19,764	\$24,607	\$29,018	3.33%
Winnebago County	\$14,516	\$21,195	\$26,612	\$31,538	3.59%
Rockford MSA	\$14,498	\$21,246	\$26,850	\$31,946	3.66%
Illinois	\$15,201	\$23,105	\$29,497	\$35,598	3.94%
United States	\$14,420	\$21,587	\$27,084	\$32,982	3.83%

Source: US Census, ESRI

As highlighted in the following table, households within the MSA are projected to have the highest median income in 2012 at \$64,670 (about \$12,000 more than residents living within the city).

Median household income growth in the MSA, unlike per capita income growth, is expected to

increase at a greater annual rate than the overall country. Households within the city have experienced less of an increase in their median income when compared to the overall region.

**Table 11. Median Household Income**

	1990	2000	2007	2012	CAGR
Rockford City	\$28,282	\$37,853	\$46,384	\$52,658	2.87%
Winnebago County	\$31,336	\$43,940	\$54,395	\$62,897	3.22%
Rockford MSA	\$31,671	\$44,910	\$55,891	\$64,670	3.30%
Illinois	\$32,252	\$46,635	\$58,985	\$68,478	3.48%
United States	\$30,056	\$42,164	\$51,546	\$60,704	3.25%

Source: US Census, ESRI

The proportion of households earning less than \$35,000 within the city of Rockford (38 percent) is greater than that of the overall county and MSA, as shown in the following table. The most significant gap in city household income occurs within the groups of households earning between \$75,000 and \$150,000. Within this income range, city households comprise just 20 percent of total city households compared to 26 percent of households in Winnebago County and 27 percent within the MSA. At the upper income scales, approximately 6 percent of MSA households earn above \$150,000. The city is closely in line with the overall region with 5.2 percent of its households within this income stratum. Nationally, 7.7 percent of households earn above \$150,000.

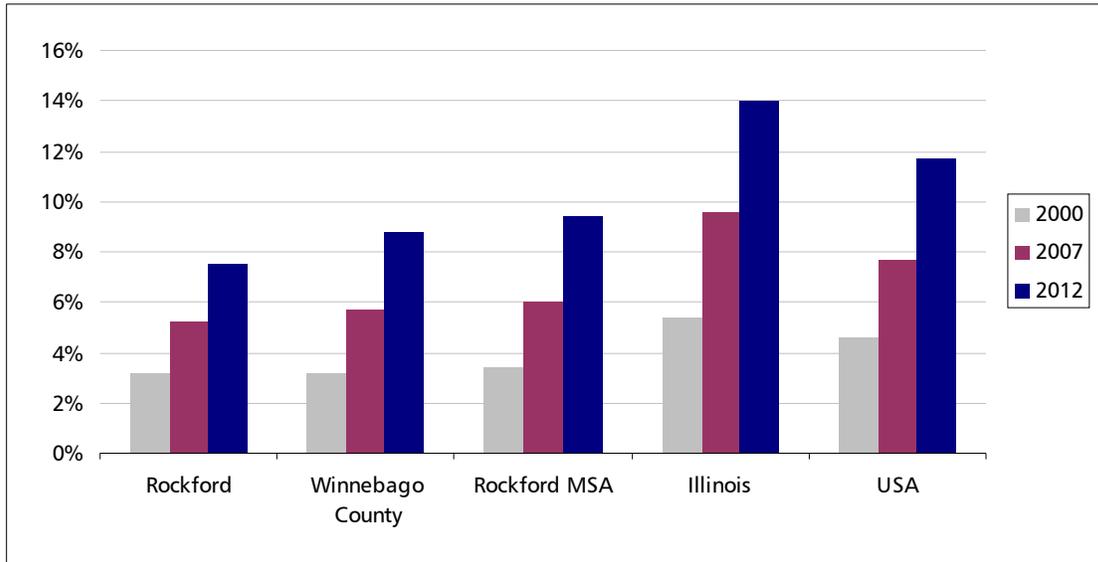
**Table 12. Households by Income (2007)**

	Rockford City	Winnebago County	Rockford MSA	Illinois	United States
<\$35,000	38.0%	30.3%	29.2%	28.6%	33.3%
\$35,000 - \$74,999	36.9%	37.8%	37.5%	34.0%	34.6%
\$75,000 - \$149,999	19.9%	26.1%	27.1%	27.8%	24.4%
\$150,000+	5.2%	5.7%	6.0%	9.6%	7.7%

Source: US Census, ESRI

Households earning incomes greater than \$150,000 have increased throughout the entire metro region since 1990. The following chart illustrates this growth.

**Figure 3. Households with Income of \$150,000 +**



Source: US Census, ESRI

### Downtown Trends

In addition to the demographic information collected for Rockford and its surrounding metropolitan region, ERA analyzed downtown and near downtown community data from cities identified by Rockford’s Community & Economic Development Department as comparable to Rockford (those cities with similar economic activity, downtown real estate growth, and economic development challenges). The following cities were considered:

- Peoria, IL
- Cedar Rapids, IA
- Des Moines, IA
- Fort Wayne, IN
- Madison, WI
- Milwaukee, WI

Demographic and economic trends characterizing downtown living in these cities can help to determine how Rockford will be impacted by and may respond to shifts in metro city population and housing demands. To compare the cities, ERA analyzed downtown market areas defined by a 0.5 mile radius around the center of each city’s downtown. This distance was chosen to match the approximate area of Rockford’s downtown, which includes activities and land uses (municipal, commercial, and recreational) that spread outward from the center of the River District for approximately 0.5 mile. In addition, various studies, including a survey conducted by Chicago Metra,

the Chicago suburban commuter rail system, conclude that the likelihood of individuals to walk to their destinations is greatest if the distance is under 0.5 mile. The likelihood of individuals walking drops dramatically after the distance of travel becomes greater than 1 mile. Development practices from “New Urbanism” based residential projects and a neighborhood’s walkability - how well the development’s streets and sidewalks connect to the community, nearby shopping, amenities, and welcoming public places – contribute to the success potential of downtown or near downtown development.

## Downtown Population

### *Changes in Downtown Demographics*

Table 13 provides a summary of projected downtown population change since 1990 for the comparison cities. Peoria and Rockford share similar negative downtown population growth trends. In contrast, the other comparison cities have experienced varying positive degrees of population and household growth, with Des Moines showing the greatest projected annual percent growth of 3.13 percent.

**Table 13. Downtown Population**

	1990	2000	2007	2012 Projection	CAGR (1990- 2012)
Peoria	2,494	1,759	1,795	1,806	-1.46%
Rockford	2,984	1,691	1,682	1,676	-2.59%
Cedar Rapids	1,247	1,270	1,655	1,254	0.03%
Des Moines	648	1,307	1,281	1,277	3.13%
Fort Wayne	2,378	3,028	2,973	2,947	0.98%
Madison	22,813	23,785	25,918	27,162	0.80%
Milwaukee	20,744	21,550	21,537	21,392	0.14%

Source: US Census, ESRI

Table 14 illustrates the levels of education attained by residents living in the downtowns of the comparison cities. In all downtowns, with the exception of Rockford and Peoria, at least 10 percent of the population have undergraduate or post graduate degrees. Approximately 53 percent of Madison’s downtown residents had achieved an undergraduate degree or better, which is likely a function of the fact that Madison includes a large Big 10 university. In Milwaukee, 44 percent of the downtown population holds bachelors or master’s degrees.

**Table 14. Educational Attainment within Downtown Households, 2000**

	Peoria	Rockford	Cedar Rapids	Des Moines	Fort Wayne	Madison	Milwaukee
Total	1,010	1,422	894	710	2,100	6,566	12,675
High School Graduate (includes equivalency)	34.5%	37.8%	30.1%	34.6%	36.2%	15.3%	16.4%
Undergraduate or Postgraduate Degree	9%	3%	23%	10%	16%	53%	44%

Source: US Census, American Fact Finder

Between 2000 and 2012, Madison and Milwaukee also experienced annual growth rates 1.91 percent and 0.96 percent, respectively, in downtown households, as shown in the following table. Households within these downtowns are increasing at faster rates than the populations, an indication that as households divide due to children moving out, divorce, or any number of other reasons, individuals are remaining downtown and forming new households. This trend, along with household immigration, is a primary reason for the increased household growth in downtown and near downtown neighborhoods, although Rockford’s downtown neighborhoods are not experiencing either population or household growth.

**Table 15. Downtown Households**

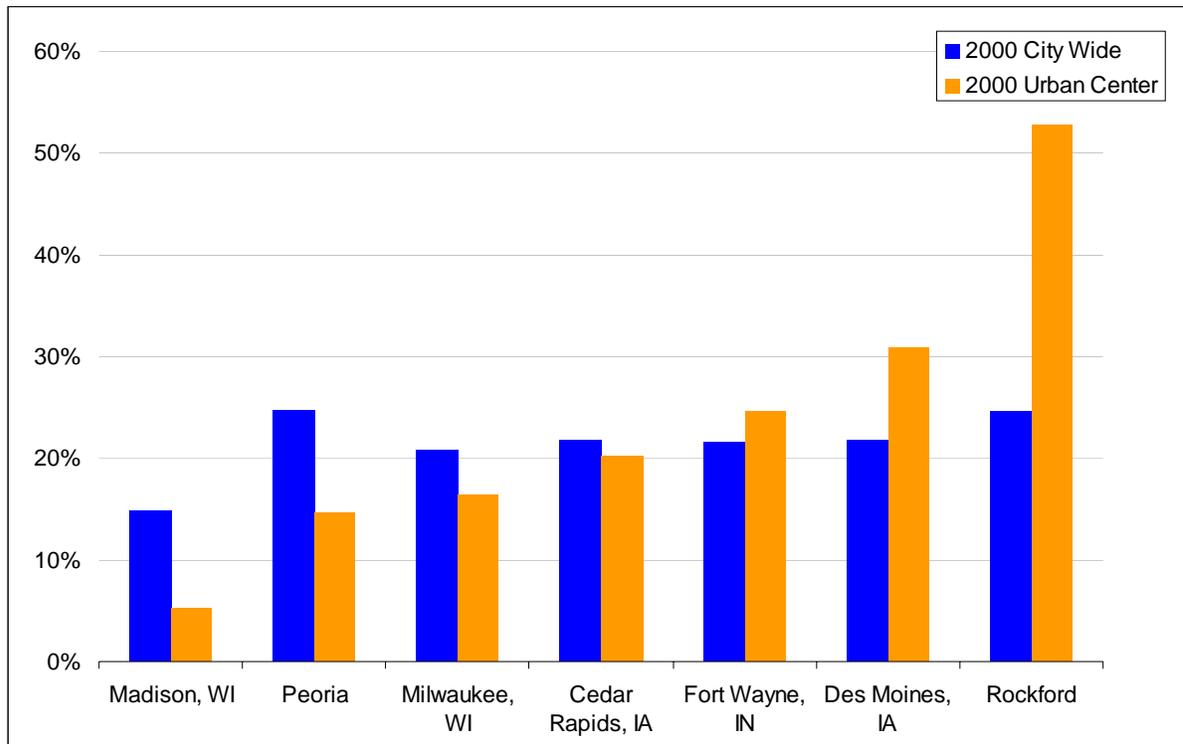
	2000	2007	2012 Projection	CAGR (2000-2012)
Peoria	1,162	648	678	-3.12%
Rockford	1,751	863	851	-5.84%
Cedar Rapids	631	658	655	0.31%
Des Moines	272	538	532	5.75%
Fort Wayne	1,122	1,348	1,303	1.25%
Madison	8,750	9,516	10,979	1.91%
Milwaukee	9,213	9,995	10,327	0.96%

Source: US Census, ESRI

The following chart illustrates the degree to which residents 65 years and older play a part in the demographic make-up of the comparison downtowns. Households with members of this age group comprise fewer than 5 percent of the downtown households in Madison and approximately 12 percent in Milwaukee. For these two cities, the senior age group has a more significant presence within households living outside of the downtowns of these two cities. In contrast, Fort Wayne, Des Moines and Rockford have larger proportions of households with seniors in the downtown than they do citywide. Households with residents 65 years and older represent more than 50 percent of

households living in downtown Rockford, but only 24 percent of households throughout the entire city.

**Figure 4. Percent of Households with Persons 65 Years and Older: Downtown vs. Citywide**



### Downtown Incomes

The following table and chart illustrate income growth experienced by households living in the downtowns of the comparison submarkets. Rockford’s downtown has experienced average annual growth rates of 3.12 percent which place it in the middle of the comparison cities.

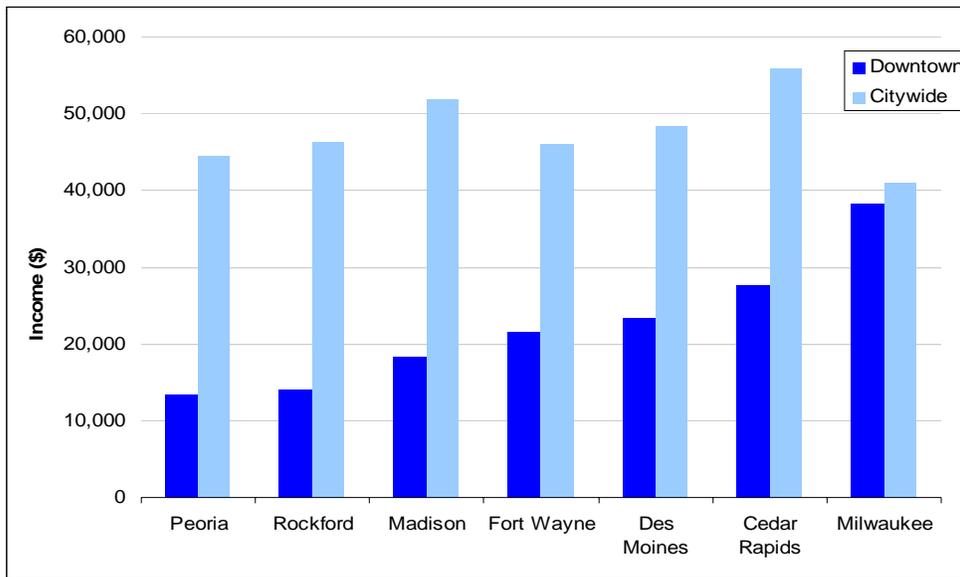
**Table 16. Median Household Income for Downtown**

	2000	2007	2012	CAGR 2000-2012
Peoria	\$10,104	\$13,446	\$15,951	3.88%
Rockford	\$11,045	\$13,995	\$15,962	3.12%
Madison	\$15,345	\$18,264	\$21,219	2.74%
Fort Wayne	\$18,177	\$21,660	\$24,652	2.57%
Des Moines	\$18,789	\$23,367	\$27,233	3.14%
Cedar Rapids	\$21,051	\$27,607	\$33,589	3.97%
Milwaukee	\$27,361	\$38,132	\$47,086	4.63%

Source: US Census, ESRI Business Analyst

When comparing household income between downtown households and households throughout the city (see following chart), all but one city share the obvious disparity between the two demographic groups. Milwaukee is the only city that has come close to inverting the trend, with downtown incomes almost equal to incomes in the overall city.

**Figure 5. Household Income: Downtown vs. Citywide (2007)**



Tables 17 and 18 further depict the change in household incomes as cities expand and improve their downtowns. As 2012 approaches, Milwaukee is expected to significantly increase the number of households earning \$75,000 and more living within its downtown. Rockford, Peoria and Madison had significant numbers of downtown households earning under \$35,000, although in Madison’s case, a large student population has a significant impact.

**Table 17. Downtown Households by Income (2000)**

	Peoria	Rockford	Cedar Rapids	Des Moines	Fort Wayne	Madison	Milwaukee
<\$35,000	87.3%	86.3%	65.8%	76.7%	73.0%	81.6%	35.2%
\$35,000 - \$74,999	11.8%	7.8%	27.1%	20.6%	23.3%	14.9%	41.4%
\$75,000 - \$149,999	0.0%	3.2%	5.4%	2.6%	2.6%	2.8%	17.9%
\$150,000+	0.9%	2.6%	1.8%	0.0%	1.1%	0.7%	5.5%

Source: US Census, ESRI Business Analyst

As earning potential of current residents increases and the cities attract wealthier households into and close to their downtowns, all of the comparison cities are expected to experience increases in

the proportion of households earning more than \$35,000 (see Table 18). Although Rockford will have relatively fewer downtown households by 2012, it will nevertheless have an increase in the middle and higher income ranges.

**Table 18. Downtown Households by Income (2012) Projections**

	Peoria	Rockford	Cedar Rapids	Des Moines	Fort Wayne	Madison	Milwaukee
<\$35,000	82.0%	81.3%	51.1%	60.5%	62.4%	71.1%	19.1%
\$35,000 - \$74,999	13.3%	11.1%	28.7%	31.2%	26.4%	21.2%	30.7%
\$75,000 - \$149,999	3.8%	4.5%	17.3%	8.1%	9.3%	6.3%	33.1%
\$150,000+	0.8%	3.2%	3.0%	0.2%	1.9%	1.3%	17.2%

Source: US Census, ESRI Business Analyst

Appendix A to this report details downtown economic development efforts by several of the cities analyzed in this section.

### Demographic Implications

Although the city of Rockford’s population is expected to grow annually at a rate of 0.62 percent between 1990 and 2012, population growth has not kept pace with the surrounding suburban region (1.32 percent) or Illinois’ population growth (0.82 percent). See *Table 1. Population Growth Estimates* for a review. Households are expanding into Boone County and into new subdivisions to the north and west of the city. Expansion is also occurring to the northeast and south, but at slower rates. Migration trends indicate that previous Cook County residents are the largest group of in-state in-migrants relocating to Winnebago County.

Analysis of representative Midwest cities indicates similar demographic trends among cities that have focused attention on developing residential density within their downtowns. With the exception of Peoria and Rockford, the comparison cities experienced downtown population growth between 1990 and 2007 within their downtowns. Rockford’s negative downtown population growth may be due to the continued household exodus from the urban core that began in the 1960s and continues unabated in many cities. The cities that have begun to reverse this trend – Milwaukee, Madison, Des Moines, Cedar Rapids, and Fort Wayne – have focused on public and private sector attention to residential density growth.

Prosperity indicators – education and income –illustrate the difference an urban residential strategy can make to the health of the urban core. In the comparison cities, except Rockford and Peoria, at least 10 percent of the downtown population has college or graduate degrees. Estimated



household incomes within the downtowns of both Peoria and Rockford were below \$14,000 in 2007. Downtown households in the other five cities are estimated to have median incomes ranging from \$18,000 in Madison to around \$38,000 in Milwaukee.

## IV. Retail Market: National and Local Assessments

### National Retail Trends

Before focusing on retail trends in the Rockford area, it is informative to look at current national trends.

Note that in most of its retail analyses, ERA does not include automobile-related retail inventory or sales for several reasons. Automobile dealerships are clustered geographically and draw from a much larger trade area than most other retailers. In addition, the large secondary market in automobiles—much larger than other retail goods—does not take place at dealerships, and most car purchases are financed. While consumers may seldom purchase high-ticket items such as televisions over the course of a given year, they will likely buy at least one high-cost durable consumer good (stereos, washing machines, work equipment, electric generators, computers/printers, lawn mowers). Also, nationally, Americans spend almost 30 percent (28.5 percent in 1992 and an estimated 29.6 percent in 2007) of their retail dollars on motor vehicles and associated service and repairs. This proportion has remained constant over time, although, due in part to rising gasoline prices in recent years, the share of retail dollars spent on fuel has increased. See the following table.

**Table 19. Retail Sales on Motor Vehicles and Gasoline, Millions**

Segment	1992	2007p
Total retail sales	\$2,019,131	\$4,506,100
Total automobile-related sales	419,353	924,900
Motor vehicle and parts dealers		
Gasoline stations	156,556	408,400

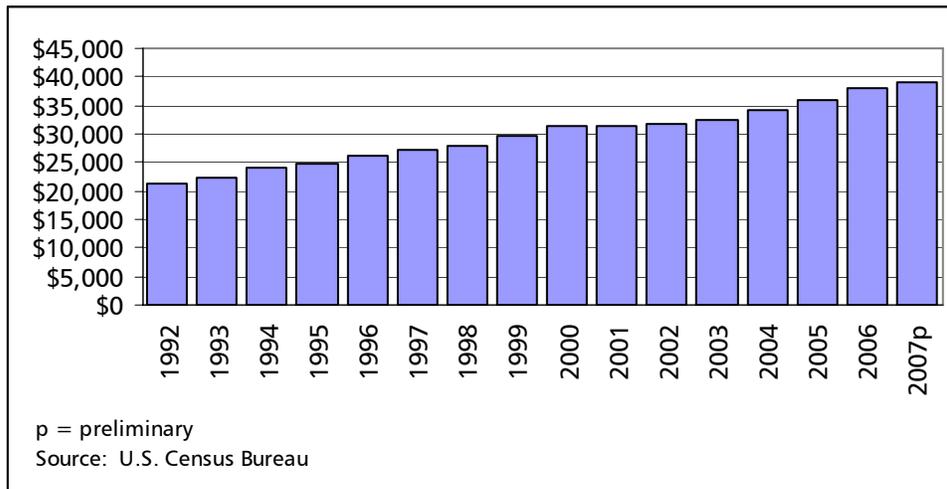
p = preliminary

Source: U.S. Census Bureau

For this report, therefore, in both ERA's national and Rockford area analyses, retail spending on motor vehicles, service and repairs, and fuel has largely been excluded to focus primarily on more everyday general retail purchases.

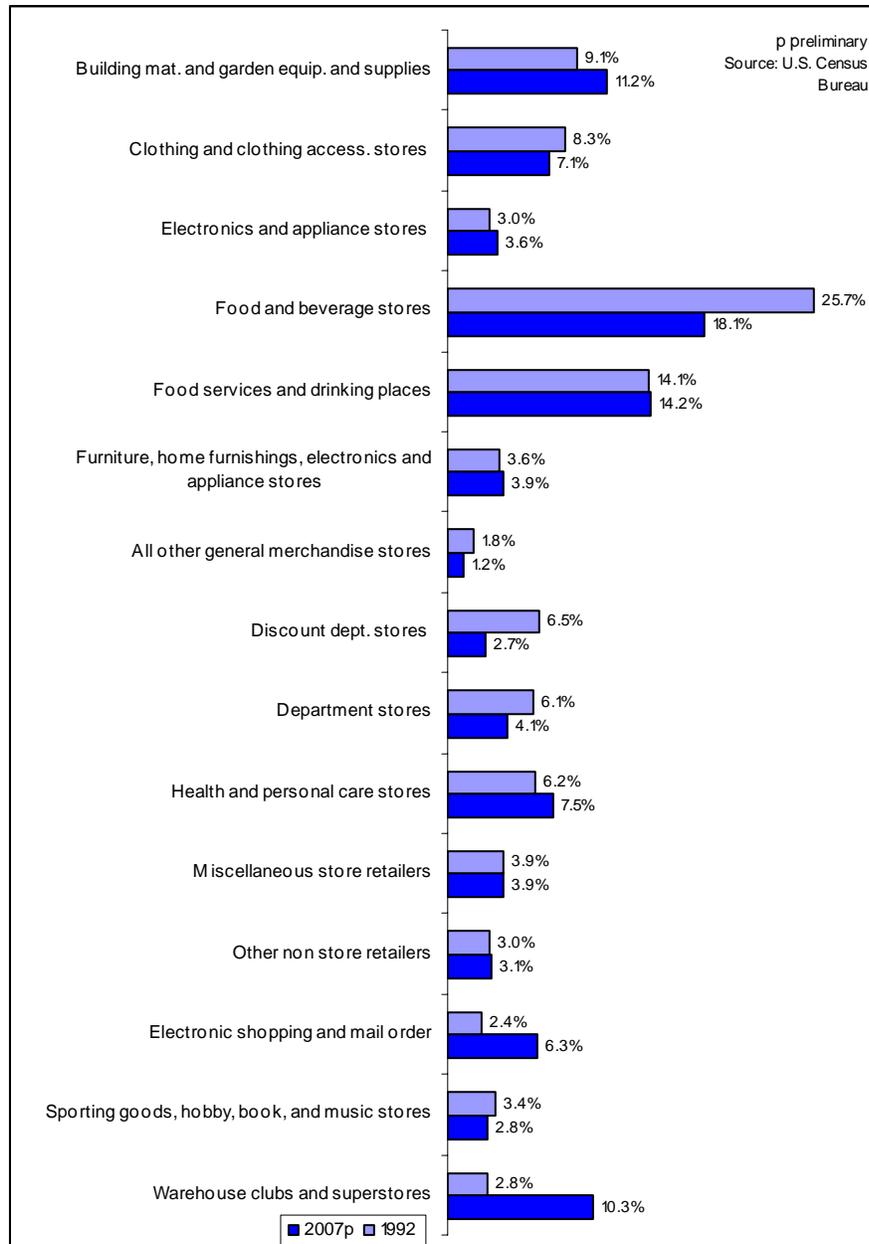
The U.S. Census Bureau provides national estimates of retail sales annually by category in the *Annual Revision of Monthly Retail and Food Services*. Retail sales include sales by establishments that sell merchandise to the general public without changing the product. Sales can occur in department stores, warehouses or specialized stores or through catalogs, infomercials, and the Internet. In 2007, U.S. retail sales were estimated to reach \$4.5 trillion. Nationally, the average spending per household has grown at an average annual rate (CAGR) of 4.2 percent since 1992. In 1992, average retail spending was \$21,105 per household, which grew to an estimated \$38,932 in 2007, as shown in Figure 6.

**Figure 6. National Retail Sales per Household**



Although the amount spent on general retail is growing substantially, *how* retail dollars are being spent has changed considerably. The following chart shows the distribution of dollars by retail category in 1992 and in 2007.

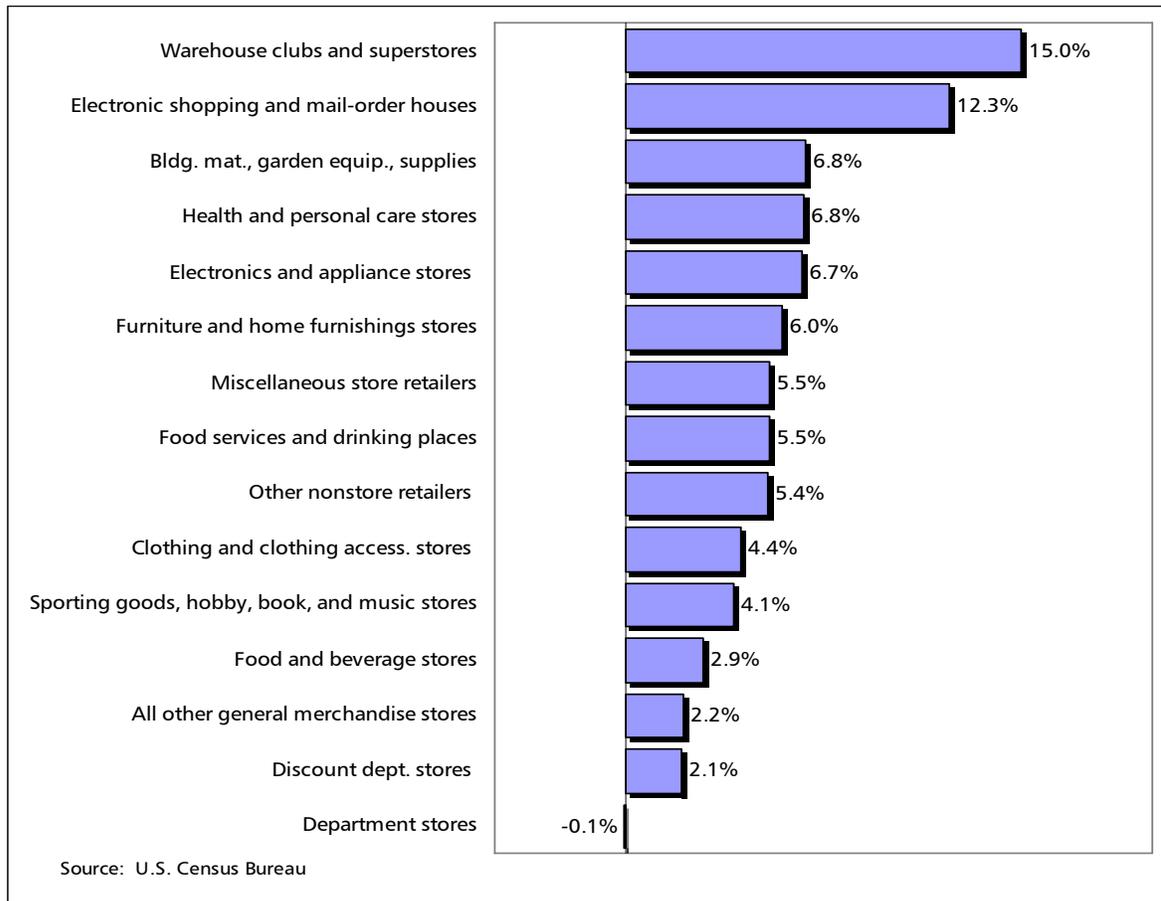
**Figure 7. Share of General Retail Dollars by Category, 1992 and 2007p**



The largest decline occurred in food and beverage stores, from nearly 26 percent of general retail dollars in 1992 to 18 percent in 2007. This most likely reflects the continued decline in the price of food until recently, rather than a decline in the amount of food and beverages purchased. Also, more types of stores sell groceries today than was the case in 1992, which also explains some of the decline in the food and beverage segment. General merchandise stores also received a smaller share

of retail dollars, which can be partly explained by the expansion of sales at warehouse clubs, superstores, and other “big boxes.” In 1992, 2.8 percent of all retail dollars were spent at stores such as Costco, Sam’s Club, Wal-Mart and Target. By 2007, this share had increased to 10.3 percent. Another notable change is the share of retail dollars spent at nonstore retailers, a category that includes retail purchases made through infomercials, catalogs and the Internet. In 1992, 5.5 percent of general retail dollars were spent this way. This has increased to an estimated 9.3 percent by 2007. All of these changes have led to substantial change in most categories of retail sales, as shown in the following chart.

**Figure 8. Annualized Growth in General Retail Sales Categories, 1992-2007p**



Americans are moving away from traditional department stores and making more of their retail purchases in big box stores and online. From 1992 to 2007, retail sales captured by warehouse clubs and superstores such as Wal-Mart, Costco and Target have grown at average annual rates of 15

percent. Online purchases increased 12.3 percent per year over this same time frame, while sales made in department stores showed no growth at all.

Since 1992, although overall retail sales have increased at 5.5 percent per year, warehouse club, superstore, and other similar retailers have grown by more than 15 percent per year. The strength and growth plans of Wal-Mart, Target, and Meijer and others are notable and have very specific implications for traditional grocery store and department store formats. Growth of these formats is leading to significant increases in store sizes and is reducing demand for traditional retail locations, particularly along older shopping corridors. (Rockford's East State Street corridor may be one of these in coming years, but city planning and changing retail and shopping center formats will help to forestall significant drops in demand.)

The Internet continues to take market share from traditional retail formats, including downtowns. Between 1992 and 2007, Internet retailing increased from 5.5 percent to 9.3 percent of general retail sales, representing growth from about \$35 billion in 1992 to an estimated \$200 billion in 2007. On a per household basis, this shift reflects an increase from \$368 on the internet per year to \$1,734 per year. Although the re-allocation of retail sales to the Internet is of little concern to retail chains that also sell via Internet, the same cannot be said of the communities that derive sales taxes from retail space within their borders, but do not receive tax revenues from Internet sales.

Reflecting the growth of superstores and warehouse clubs, traditional grocery stores and department stores have increasingly underperformed relative to other retail segments. Over the 1992-2007 period, the grocery store share of general retail sales decreased from 25.7 percent to 18.1 percent, with overall average growth of 2.9 percent per year. For department stores, the decrease was from 6.1 percent down to 2.7 percent of general retail sales, with a decline in retail sales of 0.1 percent per year. While department stores have continued to struggle, grocery stores have responded, with either larger formats (80,000 sq. ft. and up) or smaller footprints (Trader Joe's at 15,000 sq. ft.). The traditional 40,000 square-foot grocery store appears to be competitively challenged in the current market.

Growth in health and personal care stores reflects the increasing scale of products and services that drug stores and pharmacies now offer. Walgreens and CVS are examples. Both have been very aggressive in expanding across the Midwest and compete head to head in Rockford.

Larger format building material stores (Lowe's, Menards, Home Depot) have dramatically altered the market for home improvement supplies. However, sales growth appears to have slowed somewhat,

reflecting a likely level of saturation in this segment. Preliminary estimates of retail sales for 2007 indicate slight decreases.

Several broader economic factors are also influencing retail spending patterns, including:

- Cost increases for oil, natural gas, and gasoline which tend to have the strongest impact on low- to middle-income residents, diverting a share of potential retail spending into paying for home heating and gasoline. While historic spikes in energy prices have been short-lived, changing international economic conditions would tend to point to a future with higher energy prices. Since 1998, unleaded gasoline prices have increased at an annualized rate of 16 percent, while natural gas prices have increased at a 9.4 percent annualized rate. For lower income communities, gas price increases are a specific concern, as public transportation is generally less available or convenient.
- Retailers are reacting to changing spending patterns driven by new technologies such as Internet access and cell phones, both of which have in the past two to three years captured a significant share of disposable income. The emergence of services such as TiVo, cable DVR, XM Satellite Radio, iTunes, and Netflix are examples. A noticeable example is of how growth in broadband access is having a significant impact on video rental stores, formerly a standard anchor of many neighborhood retail centers.
- Nationally, shopping center owners are awaiting the expected fallout from the 2005 May / Federated department store merger which is expected to result in a number of traditional department store anchors going vacant. The current rollout of Macy's as a national brand also means the disappearance of more than ten regional department store brands, including Marshall Fields, Filene's, Foley's, Hecht's, Famous-Barr, Kaufmann's, Robinsons-May, and L.S. Ayres. Furthermore, the recent Sears / Kmart merger is also raising questions about the future of these formats.
- Big box formats are increasingly engaging in battles for market share (Wal-Mart versus Target, Kohl's versus JC Penney, Loews versus Home Depot and Menards, and Walgreens versus CVS). In all cases, the companies involved will choose to locate stores in close proximity to each other to pull sales from competitors. This level of competition has boosted retail inventories, lowered store sales per square foot, and created greater competitive pressures for independent store owners who compete with the chains.
- Because larger format retailers are finding their traditional suburban markets increasingly saturated with retail space, national chains are now looking at inner city markets for new growth in sales. Firms such as General Growth Properties and other shopping center owners, as well as

retailers like Target and Wal-Mart, are actively looking at urban sites and trying to deal with difficult questions of site assembly, brownfields remediation, store footprints and design, and entitlement.

- The housing market downturn in the wake of the subprime loan crisis is having an impact on retailing throughout the country, particularly as near-recessionary conditions set in.

The impact of superstore and other big box formats are reshaping the retail landscape, particularly with regard to store and shopping center formats. In Rockford, the collections of big box retailers north and east of the city are examples of this phenomenon. These trends point to a need to update the strip centers along the “Miracle Mile” on East State St. For downtown Rockford, the saturation of national chains in suburban areas may eventually bring some of them to central Rockford, although likely only after the downtown can prove itself to be a fertile shopping hub of independent and small retailers.

### Rockford Area Retail Inventory

The Rockford Metropolitan Statistical Area (MSA), which consists of Winnebago and Boone Counties, has more than 11 million sq. ft. of retail space. Table 20 highlights retail inventory growth for Rockford jurisdictions between 2001 and 2007 and projects likely retail inventory to 2012. Note that the retail totals in Table 20 reflect all retail space, including automobile-related retail. From 2000 to 2007, retail inventory in the Rockford area increased modestly – by approximately 370,000 sq. ft. in the MSA and under 140,000 sq. ft. in the city. As the table shows, the average annual increase in inventory (CAGR) from 2000 to 2007 is quite low in all three jurisdictions – well under 1 percent average growth each year and is projected to be lower when figured from 2000 all the way to 2012.

**Table 20. Retail Inventory History, (Square Feet, in Millions) 2000-2012**

Jurisdiction	2000	2001	2002	2003	2004	2005	2006	2007	2012 Projection	CAGR 2000- 2007	CAGR 2000- 2012
Rockford MSA	11,190	11,190	11,200	11,240	11,300	11,370	11,480	11,560	11,730	0.47%	0.27%
Rockford City	7,400	7,400	7,400	7,440	7,460	7,470	7,530	7,540	7,640	0.27%	0.16%
MSA w/o City	3,790	3,790	3,790	3,810	3,840	3,890	3,960	3,970	4,100	0.67%	0.39%

\*Automobile-related retail is included  
Source: CoStar

When automobile-related retail is removed, 2007 MSA total retail inventory is closer to 3.9 million sq. ft. while Rockford has approximately 2.57 million, as shown Table 21. The city of Rockford accounts



for approximately two-thirds of the MSA’s retail inventory, counted with and without auto-related businesses. Total retail vacancy rates are low (approximately 7.7 percent) and rates become even lower after excluding auto-related retail sales (averaging 3.6 percent).

**Table 21: Retail Inventory**

Jurisdiction	All Retail			Non-Auto Related Retail		
	Approximate Inventory in Sq.Ft.	Vacancy Rate	Square Feet per Capita	Approximate Inventory in Sq.Ft.	Vacancy Rate	Square Feet per Capita
Rockford City	7,540,000	7.4%	48.7	2,570,000	4.3%	16.5
MSA w/o City	3,970,000	7.7%	20.9	1,320,000	4.4%	6.9
Rockford MSA	11,560,000	7.7%	33	3,890,000	3.6%	11.1

Source: CoStar

In ERA’s experience, national per capita retail inventory (not including automobile-related retail) averages roughly 20 sq. ft. per person. A number exceeding this suggests that local retail is serving a far wider market than purely the local population. As shown in Table 21, at 16.5 square feet per person, the City of Rockford has the highest retail density of the three jurisdictions shown in the table. However, fewer than 20 feet per capita, the city could add a moderate amount of additional inventory.

### **Retail Sales Trends in the Rockford Area**

To understand the retail dynamics in the Rockford area, ERA looked at various retail categories (not including automobile-related retail) to understand their relative strengths. ERA calculated retail sales using state sales tax collections from the Illinois Department of Revenue for the city of Rockford and other nearby communities, and for the counties of Boone and Winnebago, which together comprise the Rockford Metropolitan Statistical Area (MSA).

Although retail sales have grown in the city of Rockford by an annual average of 3.2 percent since 2000, this growth is lower than the state of Illinois’ rate of 3.5 percent during the same period (see Table 22). Average annual growth rates in retail sales in the MSA outside of the city (more than 5 percent) and growth in Machesney Park (at more than 8 percent) outpace the city of Rockford’s retail sales growth rate.

**Table 22. Non-Automobile Related Retail Sales by Geographic Area, 2000-2007**

Jurisdiction	2000	2004	2007	CAGR
City of Rockford	\$1,401,530,000	\$1,586,730,000	\$1,753,090,000	3.2%
Winnebago County	\$2,060,980,000	\$2,391,020,000	\$2,698,000,000	3.9%
Rockford MSA	\$2,177,930,000	\$2,530,490,000	\$2,896,810,000	4.2%
Rockford MSA less City	\$776,400,000	\$943,750,000	\$1,143,710,000	5.7%
Machesney Park	\$119,540,000	\$167,170,000	\$208,700,000	8.3%
Loves Park	\$219,210,000	\$202,340,000	\$195,770,000	-1.6%
Cherry Valley	\$215,320,000	\$246,120,000	\$275,540,000	3.6%
State of Illinois	\$80,290,180,000	\$91,532,540,000	\$102,084,630,000	3.5%

Source: Illinois Department of Revenue and ERA

### Per Capita Retail Sales

Retail sales generated per capita at the city level are highlighted in the following table and compared to per capita sales in the state of Illinois and in the portion of the MSA excluding Rockford city. For this analysis, ERA utilized Illinois retail sales (exclusive of automobile-related retailers) generated per capita as a close approximation to total per capita retail spending for a typical state resident. (It is important to note that retail *sales* generated per capita in a given area, such as the City of Rockford is not the same as per capita *spending* because sales do not account for residents' spending at retailers that are outside the area.

**Table 23. Non-Automobile Related Per Capita Retail Sales, by Retail Category, 2007**

	Per Capita Retail Sales			Capture Rates	
	Rockford	Rockford	Illinois	Rockford	MSA less
	City	MSA less City		City	City
General Merchandise	\$2,820	\$1,510	\$1,520	1.9%	.99%
Food	\$2,200	\$1,350	\$1,450	1.5%	.93%
Drinking/Eating Establishments	\$1,670	\$730	\$1,310	1.3%	.55%
Apparel	\$370	\$270	\$450	.83%	.61%
Household Goods & Furniture	\$1,230	\$130	\$650	1.9%	.19%
Hardware, Bldg & Lumber	\$1,360	\$700	\$710	1.9%	.99%
Other Retail	\$1,830	\$1,100	\$1,680	1.1%	.65%

Source: Illinois Department of Revenue and ERA

The capture rates shown in Table 23 are the share of per capita retail sales in each jurisdiction realized by the retailers in each category. Therefore, the city of Rockford's per capita capture rate of 1.5 at food retailers (grocery stores) indicates that city retailers capture 50 percent more in sales than would be expected. This suggests that city retailers capture considerable non-resident spending, especially in general merchandise, food, household goods and furniture, and hardware, building, and

lumber. The apparel store category is the only city category that under-performs the MSA (the area outside the city) and the state.

In the MSA area outside of the city, per capita sales are lower than both the state's and the city's – and in some cases the difference is considerable. Only three retail categories (general merchandise, hardware, and food) come close to meeting the state's per capita sales.

### Gross Retail Sales

Table 23 highlighted *per capita* retail sales and capture rates; the following table shows *gross* retail sales for 2007 and associated capture rates.

Table 24 reveals similar general patterns in strengths and weaknesses as did the per capita analysis. Again, apparel has the lowest capture rate for city stores (as well as the lowest capture rate for stores in the whole MSA), while general merchandise, household goods and furniture, and hardware, building and lumber retailers bring in the highest proportions of customers from outside the city.

**Table 24. Non-Automobile Related Gross Retail Sales, by Retail Category, 2007**

	Retail Sales, 2007				Capture Rate		
	Rockford City	Rockford MSA	Rockford MSA less City	Illinois	City	MSA	MSA less City
General Merchandise	\$429,730,000	\$728,800,000	\$299,060,000	\$20,006,990,000	2.1%	3.6%	1.5%
Food	\$336,300,000	\$603,350,000	\$267,050,000	\$19,035,930,000	1.8%	3.2%	1.4%
Drinking/Eating Establishments	\$254,920,000	\$398,260,000	\$143,340,000	\$17,249,780,000	1.5%	2.3%	0.8%
Apparel	\$57,060,000	\$110,810,000	\$53,750,000	\$5,889,180,000	1.0%	1.9%	0.9%
Household Goods/Furniture	\$188,270,000	\$213,040,000	\$24,770,000	\$8,567,110,000	2.2%	2.5%	0.3%
Hardware, Building & Lumber	\$207,590,000	\$346,840,000	\$139,250,000	\$9,314,600,000	2.2%	3.7%	1.5%
Other Retail	\$279,220,000	\$495,710,000	\$216,490,000	\$22,021,050,000	1.3%	2.3%	1.0%
Total	\$1,753,090,000	\$2,896,810,000	\$1,143,710,000	\$102,084,630,000	1.7%	2.8%	1.1%

Source: Illinois Department of Revenue and ERA



In 2007, the three major suburban communities around Rockford posted retail sales as shown in Tables 25 and 26.

**Table 25. Non-Automobile Related Retail Sales, Rockford Suburbs, by Category, 2007**

Category	Cherry Valley	Loves Park	Machesney Park
General Merchandise	\$78,800,000	\$11,260,000	\$84,110,000
Food	\$31,990,000	\$45,860,000	\$4,530,000
Drinking & Eating Establishments	\$20,600,000	\$32,640,000	\$25,860,000
Apparel	\$45,040,000	\$7,540,000	\$230,000
Household Goods & Furniture	\$7,610,000	\$9,680,000	\$2,340,000
Hardware, Building & Lumber	\$49,040,000	\$17,270,000	\$61,210,000
Other Retail*	\$42,460,000	\$71,530,000	\$30,430,000
<b>Total</b>	<b>\$275,540,000</b>	<b>\$195,770,000</b>	<b>\$208,700,000</b>

\* Includes drug stores, book stores, and liquor stores

Source: Illinois Department of Revenue, ERA

**Table 26. Sales Trends, Rockford Suburbs**

Jurisdiction	2000 Sales	2004 Sales	2007 Sales	CAGR 2000-2007	2007 Capture Rate
Cherry Valley	\$215,320,000	\$246,120,000	\$275,540,000	3.6%	0.3%
Loves Park	\$219,210,000	\$202,340,000	\$195,770,000	-1.6%	0.2%
Machesney Park	\$119,540,000	\$167,170,000	\$208,700,000	8.3%	0.2%

Source: Illinois Department of Revenue

The primary fashion-oriented shopping center in the Rockford area, the 1 million-square foot Cherryvale Mall, is located in Cherry Valley, a village with an estimated residential population of less than 2,300 but which had the highest retail sales in 2007 of Rockford's three suburbs. The apparel segment has the largest capture rate of all retail segments in Cherry Valley (see Table 27). The food sector, representing grocery stores and supermarkets, has shown significantly growth (31.6 percent average annual growth) in Cherry Valley, while restaurants and bars have had negative growth.



**Table 27. Cherry Valley Non-Automobile Related Retail Sales, by Retail Category, 2007**

Categories	2000 Sales	2004 Sales	2007 Sales	CAGR 2000- 2007	2007 Capture Rate
General Merchandise	\$54,343,304	\$74,018,949	\$78,798,758	5.50%	0.40%
Food	\$4,670,754	\$27,742,067	\$31,988,397	31.60%	0.20%
Drinking/Eating Establishments	\$34,358,690	\$15,392,224	\$20,601,590	-7.00%	0.30%
Apparel	\$37,543,891	\$37,551,546	\$45,041,107	2.60%	0.50%
Household & Furniture	\$8,249,458	\$7,102,514	\$7,611,055	-1.10%	0.10%
Lumber, Bldg, Hardware	\$35,091,298	\$45,857,998	\$49,040,102	4.90%	0.20%
Drugs & Misc. Retail	\$41,062,407	\$38,456,902	\$42,458,384	0.50%	0.20%
<b>Totals</b>	<b>\$215,319,802</b>	<b>\$246,122,200</b>	<b>\$275,539,393</b>	<b>3.60%</b>	<b>0.30%</b>

Source: Illinois Department of Revenue, ERA

Although Machesney Park lost significant retail space when much of the Machesney Mall closed down in the early 2000s, today it has the highest retail sales growth rate since 2004 of the three suburbs, as shown in Table 28. Several retail sectors are thriving, particularly general merchandise, which includes large format or “big box” stores that sell a large variety of goods from a single location, such as Target. The intersection of Routes 251 and 173 in Machesney Park is the locus of a collection of large retailers in this category including Home Depot, Pier One, Office Depot, and Kohl’s, as well as a JC Penney Catalogue Outlet and a Bergner’s department store which comprise the remaining piece of Machesney Mall. At the same time, Machesney Park has lost a significant amount of apparel sales, possibly because apparel is a staple in many of the big box stores, which are categorized as general merchandise. As will be discussed below, the apparel category, while exhibiting positive growth in Rockford and in the Rockford MSA, has very low pull factors and lags behind other retail categories throughout the Rockford area.

**Table 28. Machesney Park Non-Automobile Related Retail Sales by Retail Category, 2007**

Categories	2000 Sales	2004 Sales	2007 Sales	CAGR 2000-2007	2007 Capture Rate
General Merchandise	\$29,372,612	\$63,920,448	\$84,107,216	16.20%	0.40%
Food	\$2,752,238	\$3,116,402	\$4,526,881	7.40%	0.00%
Drinking/Eating Establishments	\$18,680,956	\$14,996,686	\$25,856,303	4.80%	0.40%
Apparel	\$1,937,157	\$1,446,064	\$226,994	-26.40%	0.00%
Furniture & H.H. & Radio	\$2,544,571	\$1,429,202	\$2,341,395	-1.20%	0.00%
Lumber, Bldg, Hardware	\$34,244,294	\$62,401,201	\$61,211,729	8.70%	0.30%
Drugs & Misc. Retail	\$30,009,672	\$19,858,073	\$30,427,432	0.20%	0.20%
<b>Totals</b>	<b>\$119,541,500</b>	<b>\$167,168,076</b>	<b>\$208,697,950</b>	<b>8.30%</b>	<b>0.20%</b>

Source: Illinois Department of Revenue, ERA

Unlike other parts of the area, Loves Park (see Table 29) has experienced a significant increase in sales from apparel stores, as the previous table shows. Loves Park captures only a small amount of apparel sales in the market as a whole, although the segment is growing at a fast rate. Loves Park is losing sales in general merchandise, food, and furniture.

**Table 29 Loves Park Non-Automobile Related Retail Sales, by Retail Category, 2007**

Categories	2000 Sales	2004 Sales	2007 Sales	CAGR 2000- 2007	2007 Capture Rate
General Merchandise	\$24,275,024	\$19,537,820	\$11,260,616	-10.40%	0.10%
Food	\$85,886,650	\$69,770,352	\$45,857,272	-8.60%	0.30%
Drinking/Eating Establishments	\$28,203,510	\$27,480,899	\$32,635,952	2.10%	0.60%
Apparel	\$1,738,776	\$6,875,901	\$7,535,560	23.30%	0.10%
Furniture & H.H. & Radio	\$16,640,841	\$9,784,495	\$9,676,891	-7.50%	0.10%
Household & Furniture	\$9,949,910	\$14,446,109	\$17,268,370	8.20%	0.10%
Drugs & Misc. Retail	\$52,519,482	\$54,440,058	\$71,530,700	4.50%	0.40%
Totals	\$219,214,193	\$202,335,634	\$195,765,361	-1.60%	0.20%

Source: Illinois Department of Revenue, ERA

### Pull Factor Analysis

Pull factors are another way to look at the strength or weakness of a retail market. Pull factors are measures of the relative strength of an area's retail market. Using per capita sales, ERA determined the pull factor for each retail category. Pull factors, which help establish the relative effectiveness of a given area as a retail destination, are interpreted as follows:

- Pull factor of less than 1.0 indicates that the area is losing retail sales to adjacent areas;
- Pull factor of 1.0 indicates that resident retail spending balances with existing store sales;
- Pull factor of greater than 1.0 indicates that the area is an importer of retail sales above what the resident market would support.
- The following table highlights pull factors by retail category for the city of Rockford. As was the case with Rockford's per capita and gross retail sales analyses above, the pull factor analysis leads us to believe that the city is primarily an importer of retail sales. For example, the apparel category has a 2007 pull factor of 1.89, indicating that 2007's apparel store sales in the city of Rockford were 89 percent above what the city would expect to bring in. Sales in Rockford stores in this category, therefore, are supported by shoppers living outside the city as well as city residents. Household goods and furniture and general merchandise, with 2007 pull factors of 1.92 and 1.85 respectively, are also strong magnets for non-resident shoppers.

**Table 30. Pull Factor Trends by Retail Category, City of Rockford, 2000-2007**

<b>Categories</b>	<b>2000</b>	<b>2004</b>	<b>2007</b>	<b>Change 2000-2007</b>	<b>CAGR 2000-2007</b>
General Merchandise	1.62	1.68	1.85	0.22	1.85%
Food	1.28	1.85	1.27	-0.01	-0.08%
Drinking/Eating Establishments	0.75	0.83	0.83	0.09	1.55%
Apparel	2.33	1.88	1.89	-0.44	-2.94%
Household Goods & Furniture	1.19	1.58	1.92	0.73	7.10%
Hardware, Building & Lumber	1.33	1.15	1.09	-0.24	-2.76%
Other Retail	1.43	1.04	1.52	0.09	0.87%

Source: Illinois Department of Revenue and ERA

Overall, city retailers are capturing more sales from non-city residents than would be expected based on spending capacity of the Rockford area. Apparel stores are the only category not effectively pulling customers into the city. As will be discussed below, retailers in the MSA outside the city of Rockford are capturing fewer non-resident sales than the city’s retailers are, suggesting that many shoppers living outside the city are purchasing goods in other places, most likely in the city of Rockford.

Looking at the changes in city pull factors since 2000, hardware, building and lumber also experienced a decrease in annual average pull factor strength between 2000 and 2007. Restaurants and bars experienced a slight decrease. Although their pull factors are positive, general merchandise, restaurants and bars and other retail have shown relatively slow growth. Another way to examine change in retail strength is to look at the compound annual growth rate (CAGR) of the pull factors. The household goods and furniture retail segment in the city of Rockford has had an average annual increase of 7 percent in pull factors since 2000, but the other categories show slow growth and two categories – restaurants and bars and hardware, building and lumber have declining annual growth rates.

Changes in Rockford area shopping trends are largely due to the increase in retail outlets northeast and southeast of Rockford, where most of the area’s residential growth has occurred since the early 2000s. Northwest of the city, the Machesney Mall is mostly closed, with only two department stores open. However, along Routes 251 and 173, big box stores and strip center retail have proliferated. Combined, Machesney Park and its neighbor to the south, Loves Park, have approximately two million sq. ft. of retail space.

- Southeast of the city limits, the 35-year old Cherryvale Mall, located in the village of Cherry Valley, has four department stores, upscale shops such as Abercrombie and Fitch, and a new outdoor lifestyle center that includes Barnes & Noble, Chico’s, and Granite City Brewery, a Midwest brewpub/restaurant chain. Other upscale retail options for shoppers are about 50 miles away in Elgin and West Dundee, where newer malls such as Spring Park Mall in West Dundee are located.

### Rockford and Peoria Compared

- For comparison purposes, ERA looked at another traditional Illinois industrial city with similar demographic characteristics to Rockford. With an estimated city population of 113,000, Peoria is about 25 percent smaller than Rockford. The following table shows total retail sales for the two cities as well as data on downtown residents for both Rockford and Peoria. Peoria downtown population and household income are lower than Rockford’s, although Peoria has more total retail square feet in the city.

**Table 31. Peoria/Rockford City and Downtown Comparisons, 2007**

	City-Wide			Downtown & Near-Downtown		
	2007 Retail Square Feet*	2007 Retail Sales*	Housing Units	Population	Households	Median Household Income
City of Peoria	4,750,000	\$1,511,200,000	892	1,795	678	\$13,446
City of Rockford	2,570,000	\$1,736,640,000	1,817	2,735	1,407	\$15,083

Sources: ESRI Business Analyst, CoStar, Illinois Dept. of Revenue

\*Not including automobile-oriented businesses

- Peoria’s 2007 retail pull factors (see Tables 32 and 33) are generally higher than Rockford’s, meaning that retailers in Peoria make a larger proportion of their retail sales from customers outside the city than do Rockford’s retailers.

**Table 32. Pull Factors by Retail Category, City of Peoria, 2000-2007**

Categories	2000	2004	2007	Change 2000-2007	CAGR 2000-2007
General Merchandise	2.04	2.38	2.26	0.22	1.46%
Food	1.44	1.33	1.35	-0.09	-0.88%
Drinking/Eating Establishments	1.63	1.53	1.52	-0.10	-0.94%
Apparel	1.47	2.00	1.98	0.51	4.32%
Household Goods & Furniture	2.42	2.24	2.40	-0.02	-0.11%
Hardware, Building & Lumber	1.90	1.63	1.74	-0.17	-1.29%
Other Retail	1.65	1.58	1.34	-0.31	-2.94%

Source: Illinois Department of Revenue and ERA

**Table 33. Retail Sales by Geographic Area, 2000-2007**

Jurisdiction	2000	2004	2007	CAGR
Peoria	\$1,282,580,000	\$1,434,320,000	\$1,511,160,000	2.4%
Rockford	\$1,401,530,000	\$1,586,730,000	\$1,753,090,000	3.2%
State of Illinois	\$80,290,180,000	\$91,532,540,483	\$102,084,630,000	3.5%

Source: Illinois Department of Revenue and ERA

### Suburban Pull Factors

The following table reveals that the village of Cherry Valley has unusually high pull factors due to the location of the Cherryvale Mall within its limits and the fact that its population is under 2,400. While these factors make Cherry Valley a unique community, Machesney Park and Loves Park, located north of Rockford, can more reasonably be compared with Rockford in terms of attracting shoppers. The following table of suburban retail pull factors shows that Machesney Park is losing sales to other communities – including Rockford — in most retail segments except general merchandise and hardware, building and lumber. The high pull factors in these two segments are due to the presence of big box stores such as Home Depot, Target, and Kohl’s in the retail hub centered on Routes 251 and 173, which is convenient to both city and suburban residents.

**Table 34. Pull Factors City of Rockford and Suburbs, by Retail Category, 2007**

Categories	Cherry Valley	Loves Park	Machesney Park	City of Rockford
General Merchandise	22.89	0.30	2.43	1.85
Food	9.77	1.29	0.14	1.52
Drinking & Eating Establishments	6.94	1.02	0.87	1.27
Apparel	44.45	0.69	0.02	0.83
Household Goods & Furniture	5.16	0.61	0.16	1.89
Hardware, Building & Lumber	30.60	1.00	3.80	1.92
Other Retail*	11.21	1.75	0.80	1.09

Source: Illinois Department of Revenue, ERA

\* Includes drug stores, book stores, and liquor stores

### MSA Outside Rockford City

Pull factors for the portion of the Rockford MSA that does not include the city of Rockford are shown in the following table. Although the pull factors in all retail categories have increased since 2000, all are under 1, meaning that retailers in this area are losing sales to neighboring areas. As shown in Tables 34 and 35, the city of Rockford pulls more outside shoppers into its restaurants and stores in most categories than does the portion of the MSA outside the city. Apparently, MSA residents outside the city are doing much of their shopping within the Rockford city limits, but also possibly at



shopping malls in South Beloit, IL and Beloit, WI (15 to 20 miles away) or in West Dundee or Elgin (50 miles away).

**Table 35. Pull Factors by Retail Category, MSA Outside City of Rockford, 2000-2007**

Category	2000	2004	2007	Change 2000- 2007	CAGR 2000- 2007
General Merchandise	0.50	0.60	0.99	0.50	10.43%
Drinking/Eating Establishments	0.52	0.01	0.55	0.04	0.97%
Apparel	0.49	0.49	0.61	0.11	3.05%
Household Goods & Furniture	0.25	0.16	0.19	-0.06	-3.85%
Hardware, Building & Lumber	0.81	0.89	0.99	0.18	2.90%
Other Retail	0.60	0.50	0.65	0.05	1.21%
Food	0.59	1.02	0.93	0.34	6.78%

Source: Illinois Department of Revenue and ERA

Pull factors for all retail categories in the MSA outside of the city of Rockford are below 1. Although most of the categories have increased in pulling power since 2000, the MSA outside of Rockford is still losing sales either to Rockford or to areas north and east, as mentioned above. Household goods and furniture, restaurants and bars, and apparel are especially low draws. Although the city of Rockford pulls from other areas in the household goods and furniture category, this is not the case in the MSA outside of the city, where the pull factor (0.19) is quite low.

### Supportable Additional Retail Inventory

Retail square footage needed in the near future can be projected by using the growth trajectory of retail sales since 2000 plus demographic projections. Using 2007 retail sales as a base and assuming the same average annualized growth in sales (CAGR) since 2000, ERA has projected retail sales for the various jurisdictions under study (see following table). Note that, except within the city of Rockford, sales growth rates are ahead of growth rates for the state of Illinois.

**Table 36. Non-Automobile Related Retail Sales by Geographic Area (in billions), 2000-2012**

Jurisdiction	2000	2004	2007	2012 Projection	CAGR 2000- 2012
Rockford City	\$1,402,000	\$1,587,000	\$1,753,000	\$2,056,000	3.2%
Winnebago County	\$2,061,000	\$2,391,000	\$2,698,000	\$3,270,000	3.9%
Rockford MSA	\$2,178,000	\$2,530,000	\$2,897,000	\$3,552,000	4.2%



Rockford MSA less City	\$776,000	\$944,000	\$1,144,000	\$1,509,000	5.7%
State of Illinois	\$80,290,000	\$91,533,000	\$102,085,000	\$121,189,000	3.5%

Source: Illinois Department of Revenue and ERA

The volume of future supportable square footage is related to the sales velocity of the relevant area. Since the Rockford MSA outside the city of Rockford has a higher projected sales growth (CAGR) between 2000 and 2012 than the city of Rockford (5.7 percent vs. 3.2 percent), more square footage may be needed outside of the city. This is a logical conclusion partly because of the large amount of retail square footage already in the city of Rockford (some 7.5 million versus 3.9 million outside of the city, including automobile-related retail).

In addition to retail sales, both population and income growth inform this projection. As shown in the following table, population growth in the area is slow but slightly more rapid than the state's population growth rate. Rockford, however, lags behind the state. Median household income levels have grown at slightly below the rate of the state's; again, the city of Rockford has the lowest average annual growth rate (CAGR).

**Table 37. Population and Income Growth Rates, 1990-2012**

Jurisdiction	CAGR	CAGR
	Population 1990-2012	Median Household Income 1990-2012
Rockford City	0.60%	2.90%
Winnebago County	1.00%	3.20%
Rockford MSA	1.30%	3.30%
MSA without city*	1.90%	3.20%
Illinois	0.80%	3.50%

Source: Illinois Department of Revenue and ERA

\*Estimated

ERA's projection of new supportable retail sq. ft. by 2012 (see following table) is a conservative one based on the factors discussed above. Because of the low growth rates in population and the somewhat moderate growth rates in income from 1990 to 2007, ERA assumed the same annualized growth rate in retail sales for the years between 2007 and 2012 that the area has experienced since 2000.

**Table 38. Projection of Supportable Non-Automobile Related Retail Inventory**

Jurisdiction	2007 Retail Square Feet	2012 Retail Square Feet Projection	Estimated Additional Supportable Retail Square Feet



City of Rockford	2,575,000	2,986,000	411,000
Rockford MSA less City	1,316,000	1,997,000	681,000

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Source: Illinois Department of Revenue, CoStar and ERA

The City of Rockford will be able to absorb approximately 400,000 new retail square feet by 2012, while the Rockford MSA that does not include the city will be able to add approximately 680,000 square feet. For the city, the general location of new retail square footage is discussed in the following section of this report.

### **Retail Market Implications**

Rockford has a distinct advantage in that people already come into the city to shop and city residents largely shop within the city. This retail strength, along with financial, infrastructure and other support from the city – especially within the TIF districts – can be leveraged to attract new retailers and developers.

As discussed previously, per capita apparel store sales in the city represent 83 percent of what the city could support. Specifically targeting apparel retailers would assist to fill this gap and bring in more shoppers from both inside and outside the city. Retailers in other segments are currently attracting shoppers into the city, indicating that the city has a relatively healthy overall retail economy. However, retail square footage is concentrated in a few areas of the city, primarily the East State Street corridor.

City strategy should focus on efforts to spread additional retail square footage among various retail categories and among several geographical areas. In the central study area (including the West Side and East Side TIF districts and the 7<sup>th</sup> Street TIF district), restaurants, apparel shops, book stores, entertainment venues, gift and accessory shops, and household goods are needed. In the south side and west side retail trade areas (discussed in more detail in the next section), basic neighborhood retailers such as groceries, drug stores, casual restaurants, and general merchandise are needed, as are services such as banks.

## **V. Retail Trade Areas and Strategies**

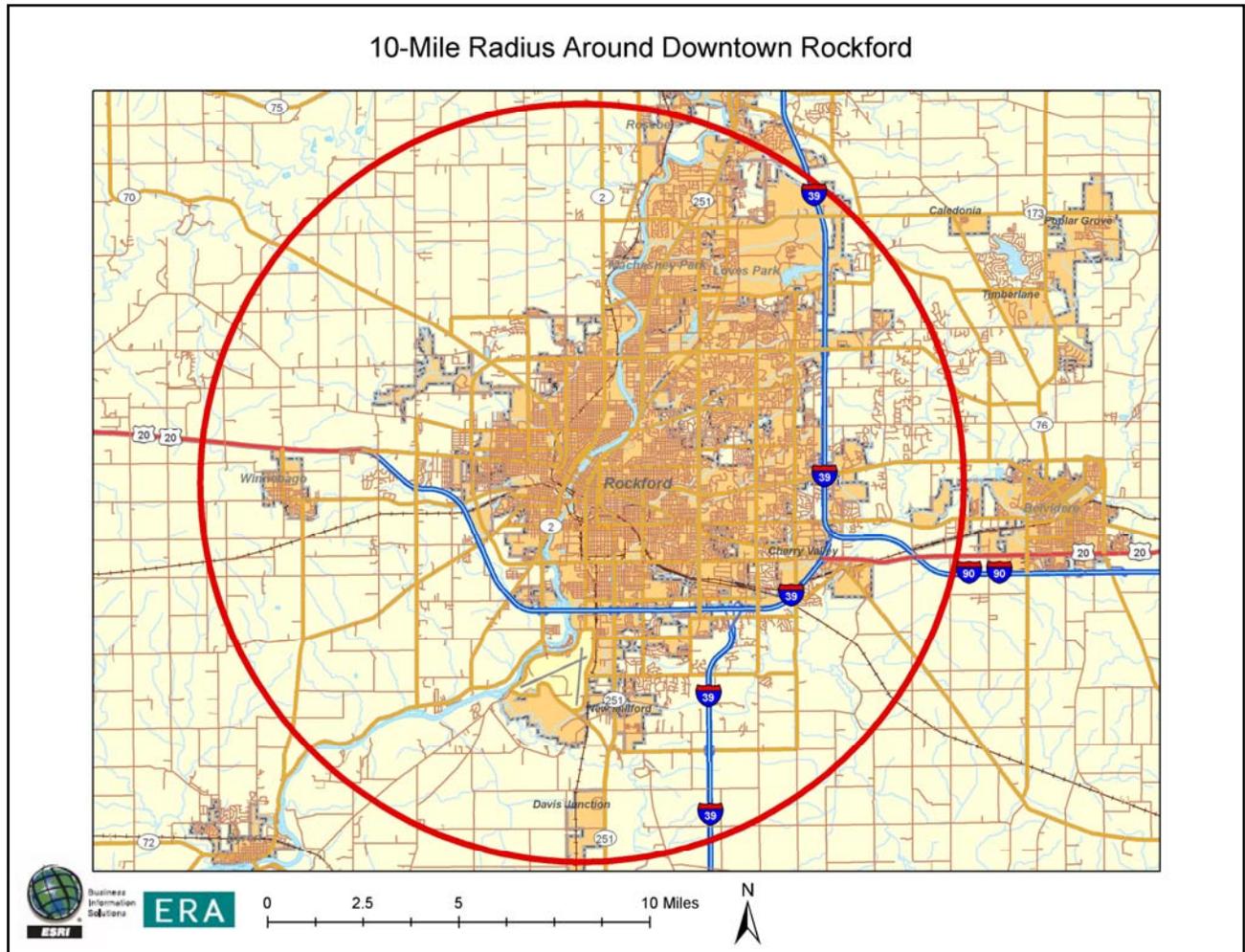
The City of Rockford has designated four submarket areas that require retail market analysis: The areas are the following:

- Central Area (downtown and near downtown communities)
- South Main/South Rockford Area
- West Side Area
- East State Street & Alpine/Miracle Mile

### **Central Area**

A diversity of retail and entertainment options in the downtown and near downtown brings people into the central city. Enhancing the quality and quantity of these attractions will bring in more people. ERA believes that customers for the downtown and near-downtown will be – and to some degree, currently are – attracted from a broad area that includes the entire city of Rockford and its suburbs. ERA estimates that this retail trade area is a 10-mile radius around downtown Rockford. See Map 2 for an illustration of the downtown retail trade area.

Map 2. Rockford Central Area Retail Trade Area





The following tables highlight current (2007) estimated demographic data and projections for 2012 for the central retail trade area. The CAGR figure in the table is the estimated average annual growth from 2007 to 2012. These measures indicate that the trade area is a relatively healthy one. General population in the 10-mile radius of downtown Rockford is expected to grow, although moderately. The largest growth in race/ethnic groups is projected to be in Hispanic residents, followed by African-American residents.

**Table 39. Demographic Trends: 10-Mile Radius of Downtown Rockford**

	2007	2012	CAGR 2007-2012	City of Rockford 2007	State of IL 2007
Population	250,840	259,800	0.7%	159,503	13,122,246
Households	98,128	101,815	0.7%	62,779	4,844,339
Family Households	63,344	64,204	0.3%	38,328	3,197,064
Average Household Size	2.51	2.50	-0.1%	2.47	2.64
Race/Ethnicity					
White	193,336	194,018	0.1%	110,728	9,337,341
African-American	33,443	36,901	2.0%	30,132	2,004,966
Hispanic Origin	24,522	29,937	4.1%	20,025	1,959,856
Gender					
Male	122,463	126,937	0.7%	77,027	6,44,4094
Female	128,377	132,863	0.7%	82476	6,678,152

Source: ESRI Business Analyst

The trade area is projected to maintain middle class income levels and a 3 percent average growth each year (see Table 40). While incomes in the trade area are lower than those of the state of Illinois, they are higher than those of the city of Rockford alone, and incomes are projected to grow faster than population within the trade area. The unemployment rate in the trade area is estimated at 8 percent in 2007 and projected to decrease to 7.3 percent by 2012. By comparison, the city of Rockford in 2007 had an estimated 9.5 percent unemployment rate, which is projected to decrease to 8.7 percent by 2012.

**Table 40. Income Trends: 10-Mile Radius of Downtown Rockford**

	2007	2012	CAGR 2007- 2012	City of Rockford 2007	State of IL 2007
Median Household Income	\$52,052	\$60,336	3.0%	\$46,907	\$58,985
Median Family Income	\$62,642	\$72,777	3.0%	\$56,139	\$70,197
Median Disposable Income	\$39,037	N/A	N/A	\$35,819	\$43,739
Average Household Income	\$65,665	\$77,599	3.4%	\$62,205	\$78,846
Average Family Income	\$77,334	\$90,525	3.2%	\$74,403	\$91,348
Per Capita Income	\$25,995	\$30,747	3.4%	\$24,927	\$29,497

Source: ESRI Business Analyst



More than 70 percent of housing units in the trade area are owner-occupied, as shown in the following table. This is a higher figure than the City of Rockford and it matches the state’s owner-occupied level.

**Table 41. Housing Trends: 10-Mile Radius of Downtown Rockford**

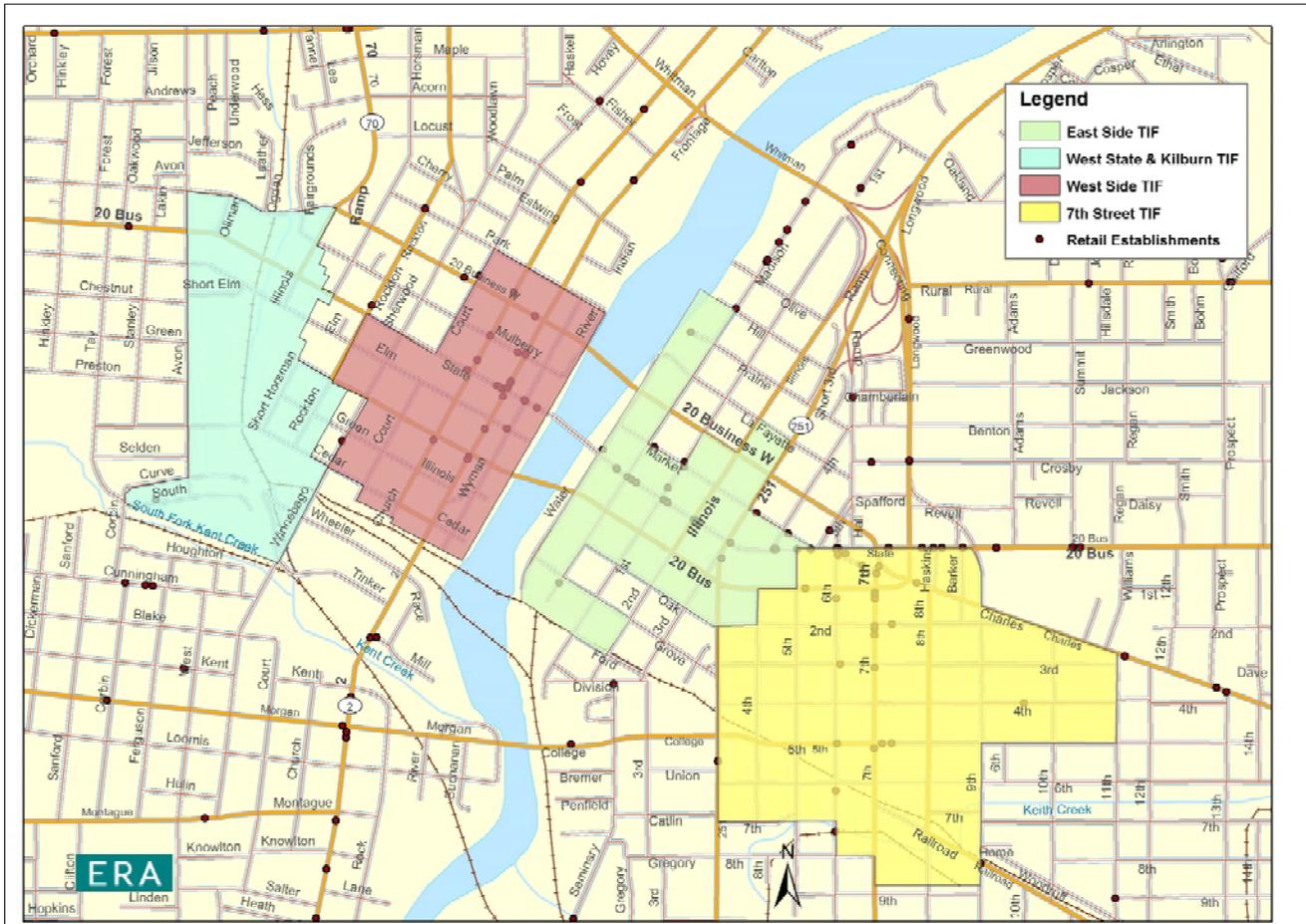
<b>Units</b>	<b>2007</b>	<b>2012</b>	<b>CAGR 2007- 2012</b>	<b>City of Rockford 2007</b>	<b>State of IL 2007</b>
Owner-occupied	68,743 (70%)	71,147 (70%)	0.7%	40,485 (64%)	3,883,960 (70%)
Renter-occupied	29,385 (30%)	30,668 (30%)	0.9%	22,294 (36%)	1,460,379 (30%)

Source: ESRI Business Analyst

Note that no estimate is available for dollars spent in the central area by people within the 10-mile radius trade area.

In addition to studying the demographic and income characteristics of the retail trade area for Rockford’s central area, ERA studied the individual TIF districts within the central area, and their immediate surroundings (see Map 3. Central Area TIF Districts). Following is a discussion of the two TIF areas (West Side and East Side) that make up the downtown core, the 7<sup>th</sup> Street TIF District, and the West State/Kilburn TIF District.

Map 3. Central Area TIF Districts



## **Downtown Rockford**

The River District Association provided key employment and retail spending data as it relates to the downtown (which is composed of the East and West TIF Districts).

- Estimated number of businesses in downtown Rockford: 150
- Estimated downtown employees within 1 mile of State and Main): 9,260
- Number of employees at large downtown employers (35 to 2,900 employees): 7,710
- Average weekly retail spending per downtown office worker: \$134

Based on physical survey, interviews with city officials and private stakeholders, and data research, ERA observes the following characteristics of downtown Rockford:

- Under-retailed
- Restaurants and bars are main consumer businesses; some closures, but some restaurant openings
- Several established arts venues and presenters
- Small-scale residential conversions of office buildings to rental residential units has occurred in the downtown over the past decade, including a spattering of artist live-work lofts
- Attractive building stock with potential for residential redevelopment and/or commercial use
- Downtown does not yet have deep enough residential development for a condominium market to develop
- Empty industrial buildings along the river give an impression of desolation
- Presence of subsidized housing is a discouragement to some developers
- Underutilized riverfront as an aesthetic and recreational amenity
- Improvements have been made to the downtown infrastructure

### ***Retail Potential***

In analyzing these characteristics, ERA draws the following conclusions, based on its experience with retailers, downtown revitalization efforts, and retail developments throughout the country.

- Although downtown Rockford is patronized by people from across Rockford, stores and restaurants coming into downtown are not likely to include national or regional chains until the downtown population has grown considerably.
- Although downtown Rockford has important elements of a successful arts/entertainment district, these elements are currently not well coordinated. Support from the city and public-private partnership is needed as well as branding and marketing.

- An attractive environment, including green space, riverfront improvements, and comfortable gathering spaces are needed.
- Beyond the large On the Waterfront Festival and other current events, increased use of the riverfront for more frequent events, large and small, will lend a feeling of activity downtown.

Downtown has a solid foundation of employment, buildings, and infrastructure on which to build. ERA believes that several specific steps should be considered in revitalizing downtown Rockford, an effort that will likely take from 10 to 20 years. A most important action – which will provide the basis for further actions – is to make a determination of a physical area in the downtown on which to concentrate initial efforts. Concentrating a small targeted geographical area is necessary to avoid diluting resources by committing them to too many locations in the downtown area. The following sections will discuss where public and private redevelopment efforts will best be concentrated.

Revitalizing downtown Rockford poses challenges, many of which the city has already taken on to varied success. This report provides initial analysis. Both public and private stakeholders should further evaluate downtown Rockford’s advantages and disadvantages and its amenities and distractions to determine the resources needed to properly and profitably develop the many positive aspects of downtown and to overcome the obstacles that currently exist.

#### *East Side Downtown/West Side Downtown TIF Strategy*

As stated above, in order to use limited resources wisely, ERA believes that the best course is to concentrate efforts in one area. By targeting a district and providing it with a variety of financial and other resources, a seed area of revitalization can be created, one that will grow in size as it succeeds. When that area succeeds, experience suggests that market forces will take over as perceived risks by lenders and developers decrease; further development will naturally be attracted to the area and the area will expand beyond the original target area borders.

The task of choosing an area on which to concentrate is difficult; downtown Rockford offers several potential “starting points,” each with its own advantages. To hone into the best possible target area, ERA looked at the downtown Rockford, both east and west sides of the Rock River.



**Downtown Rockford, east side, stores**

### *East Side Downtown*

The East Side of downtown has, in the past few years, added new entertainment destinations in the form of restaurants, bars, and nightclubs (especially in the 300 to 500 blocks of East State St. and some connecting streets). Businesses in that area include Irish Rose (a long-time staple), Brio, The Office, Kuma's Asian Bistro, Cru, and Zambucka. In addition to this emerging restaurant and bar scene, residential units have been added as the upper floors of some small buildings have been converted from office use to a small number of residential units. The presence of even relatively few residents living on the east side of downtown helps to enliven the area and provides customers for the restaurants and bars.



**Downtown Rockford, East Side, commercial building**

#### **East Side Revitalization Advantages**

- The existence of even limited residential development may reduce the perceived or actual financial risk for housing developers.
- For some residential developers, the east side may appear less risky than the west side, due to the absence of low-income housing, which is mainly located on the west side of downtown.
- Presence of a growing group of restaurants and bars in a relatively concentrated area.
- Planned renovation of the Midway Theater into a mixed-use development with condominiums, restaurant and possibly a boutique hotel.
- Riverfront views as amenity for residential units.
- Good building stock with potential to convert uses.

#### **East Side Revitalization Disadvantages**

- Lack of large performance venues.
- Location of railroad tracks along the shore. While residential developers will be attracted to the river as a view amenity from mid-rise or high-rise apartments, easy pedestrian access to the riverfront on the east side is difficult in places, partly because of the presence of railroad tracks.

### *West Side Downtown*

The major core of Rockford's west side of downtown is the area bounded by Winnebago St. on the west, Park Ave. on the north, Chestnut St. on the south and the river on the east. This core includes restaurants and bars, government buildings, theaters, several office buildings, and a successful renovation in the 1990s of a commercial building into 30 apartments and retail on the ground floor.

Like the east side, the west side has experienced nascent residential development. Fewer than 75 units have been converted to residential on the west side, mainly in the vicinity of State, Main and Wyman Streets according to the River District Association. As on the east side, where fewer residential units have been produced, many of these units were developed using historic preservation tax credits, which allows units to be converted to condominiums after five years as rental units.

Although the relative size of this residential conversion had more risk for the local developer than converting smaller buildings with many fewer units, the William Brown Lofts on W. Main St. has been successful, with consistently low vacancies in its 30 units. Also on the west side, the former Pioneer Life Building on Wyman St. – renamed the Morrissey Building – has been renovated to include both contemporary office space and loft apartments. The first floor and mezzanine level were renovated for use by several local companies, including Rockford Bank & Trust. The building renovation is now on the National Register of Historic Places. Similar downtown buildings that could be redeveloped into residential use include two office buildings near the central corner of State and Main Streets.

The west side of Rockford's downtown has both potential and challenges. For example, the west side has a collection of restaurants and bars that serve downtown workers and post-working hours patrons, including Kings Table, Swilligans, Octaine, Water Street Café, Kiwi Café, and On the Waterfront. New restaurants have not opened as readily on the west side as on the east, and at least two recently closed. In addition, the Great Bear Brewery at Main and Chestnut is also closed. There are several vacant store fronts on the west side, including a group on the 300 block of W. Jefferson St., which are to be developed into a new dance club.

A planning issue that has long been addressed by the City and the downtown community is whether or not to retain the Main Street pedestrian mall, a two-block stretch between Elm and Mulberry. Opening the street to traffic (but making it available as a closed area for special events) would

provide more exposure for businesses now located along the mall, such as those in Stewart Square which houses several retailers and a restaurant.

Closing off the street at certain times of the year for special events or simply retaining the pedestrian mall with added amenities and aesthetics may also benefit downtown development. For example, with the headquarters of the Ice Hogs Hockey Team already on the mall, other associated opportunities might be explored, such as a hockey-themed restaurant with an outdoor eating space in the summer, a hockey-themed shop, and a winter ice-skating rink on the mall that would have the potential to attract many to downtown.

An important amenity on the west side is the convergence of performing arts venues. Downtown Rockford is in an enviable position, compared to some cities of its size: No new arts-related development is needed to provide downtown with excellent locations for theater and concert performances; the venues are already there. These theaters lend downtown Rockford a classic ambience that no new development could duplicate. New investment has already been made in some arts venues, including the highly praised renovation of the Coronado Theater and renovation of the New American Theater which sits on the Main St. pedestrian mall. Other theaters located on the west side are the Mendelssohn Performing Arts Center and the Rockford Women's Club's Rockford Theater as well as the Rockford Metro Center, the site of rock and other popular music concerts.

Two large former industrial buildings, near the riverfront and Davis Park, comprise another critical location. The 13-floor Amerock and the six-floor Tapco buildings represent an opportunity for an experienced developer to create a new downtown residential district that would offer amenities of views and proximity to the riverfront and to jobs (including those in the new federal courthouse and other government buildings) as well as proximity to downtown entertainment and cultural amenities. An expansion of Davis Park would eventually be part of such a development, as would a planned Metra commuter station. The train station would add another attractive dimension to downtown, creating a convenient residential neighborhood for commuters who work in the Chicago downtown or suburbs. Additionally, there is ample vacant land around the Amerock and Tapco buildings to develop a new mixed-use center of stores, restaurants, green space, and residential units.



**Amerock Building, downtown Rockford**

#### **West Side Downtown Revitalization Advantages**

- Available land for development and large buildings available for redevelopment to eventually create a critical mass of residential population
- Potential site of Metra commuter rail station
- Concentration of office workers, particularly in government offices
- Potential to create a coordinated and strongly marketed downtown performing arts district
- City-owned properties: city block near the Metro Center and former Lincoln Hotel
- Major events are currently held at Davis Park and the Metro Center
- The city plans a walking corridor from the west side to the museum campus

#### **West Side Downtown Revitalization Disadvantages**

- Subsidized housing may discourage market rate residential development
- Redeveloping large older buildings often poses financial challenges
- Some prime west side downtown development sites are being taken by government and institutional expansion

#### **Strategies and Actions**

As discussed earlier, a specific district should be the focal point of revitalization efforts. ERA recommends centering attention and resources on a specific area of the downtown's west side:

- Target the portion of the west side bounded roughly by Park Ave., Elm St., Church St., and the riverfront.
- Plan mixed use development along west side riverfront
- Redevelop the Amerock and/or Tapco buildings for loft residential
- Reserve vacant land around buildings for mixed-use retail/residential development
- Add of green space as extension of Davis Park
- Create the Rockford Cultural and Entertainment District
- Metro Center, Coronado Theater, Mendelssohn Performing Arts Center, Rockford Women’s Club  
Rockford Theater, New American Theater
- Encourage and support art galleries to come into the district
- Coordinate advertising and marketing
- Develop a season of multi-venue arts events and offer flexible subscriptions
- Re-open New American Theater for use by a resident theater company that will attract a young audience

### 7<sup>th</sup> Street TIF District

The 7<sup>th</sup> Street business area, known as the “Old Swedish Downtown” is part of Rockford’s Central area. Seventh Street is clearly in transition. Its many empty storefronts and recent closing of an 80 year-old business attest to its downturn, while newer stores and new residential development indicate a potential improvement of its fortunes. Retailers in the area cite good access, a nearby municipal parking lot, and a steady volume of traffic going by as advantages to a 7<sup>th</sup> Street location.



**Phoenix Traders, 7<sup>th</sup> St.**

### *New Retailers*

While the current concentration of retail is low, a cluster of new retailers are giving a new image to the street, demonstrating that 7<sup>th</sup> Street is a good place in which to do business. One of these, Phoenix Traders, is a fair trade retailer that carries apparel, accessories, bags, tapestries, hemp products, and other imported items, grew out of a wholesale business. It opened in 2004

on 7<sup>th</sup> St. between 1<sup>st</sup> and 2<sup>nd</sup> Avenues. The retail store is a parallel business to Phoenix's online sales. Phoenix goods are often sold at local music events, environmental and social justice fairs, as well as to other retailers. The store has been successful; the owner states that the retail business could operate as a stand-alone business. He estimates his trade area as a three-mile radius, but the store also gets customers from farther afield, such as Janesville and Rochelle, who come to the store based on word of mouth. Serving a slightly older demographic than Phoenix, Just Goods, opened in 2006 at the corner of 7<sup>th</sup> Street and 1<sup>st</sup> Avenue, with fund-raising, renovation, and business support from Rockford Urban Ministries. It is a fair trade retailer, specializing in products created through the use of fair wages and ethical working conditions.

Just Goods carries clothing, gifts, handicrafts, figurines, wall hangings, pottery, tablecloths and similar merchandise that originate in various parts of the world, including the U.S. The store has been doing well. In its first year, it was able to become a 10 Thousand Villages partner store, allowing it to order stock through 10 Thousand Villages, but also allowing Just Goods to buy from other sources as well. Even with the drastic weather of the winter of 2007-08, the store's 2007 sales were higher sales than the previous year's.

Customers come to Just Goods from throughout the Rockford area, as well as from Beloit, Janesville, Freeport, Roscoe, and Rockton. While 7<sup>th</sup> Street is not currently a pedestrian corridor, people driving by on their way to Swedish American Hospital and other destinations are made aware of the stores on the street. Word of mouth, however, supplies most of the marketing. Just Goods also participates in Rockford's bi-annual Art Scene event.



**Just Goods, 7<sup>th</sup> St., Rockford**

Sharing the building with Just Goods is the Total Health Awareness Team, which was also developed and spun off from Rockford Urban Ministry. The building also includes six upstairs residential apartments, four of which have been renovated; plans are to renovate the other two. The apartments will rent at rates consistent with the neighborhood, which would be considered affordable for the region. The building also includes a meeting room which is an asset to the community as well as functioning as a

marketing tool for Just Goods by bringing people to 7<sup>th</sup> Street and to the building. This space serves as a small community center, hosting meetings, fund raisers, and even folk concerts.

MidTown Marketplace is located directly to the south of Just Goods. It is a consignment store for furniture, jewelry and antiques, some of which are high end in price. The store was launched through Rockford Urban Ministries but is currently an independent non-profit that supports a drug counseling program.

### *Long-time 7<sup>th</sup> Street Retailers*

Several retail businesses that have long been on 7<sup>th</sup> Street and are closely associated with the area remain in business. They include Nicholson’s Hardware Store, which is located south of the 1<sup>st</sup> Avenue/7<sup>th</sup> Street intersection, on 2<sup>nd</sup> Ave at 8<sup>th</sup> Street. The business is unique today because it has the ambiance of an old-fashioned hardware store, providing an alternative to big box stores such as Menard’s and Home Depot, which are located at the far ends of the city. Nicholson’s is patronized by both contractors and retail hardware customers. Lindberg Appliance Service Electrical repair shop is across the street from Just Goods and Phoenix, and Guler Appliance is on the same block. A recent loss to the street was the Rockford Mattress Co., in business for 80 years.



**Guler Appliance, 7<sup>th</sup> St. and 2<sup>nd</sup> Ave., Rockford**

### *New and Planned Residential Development*

Zion Development Corporation is currently completing Lantow Lofts on the 500 block of 7<sup>th</sup> St., a rehab of a vintage 19<sup>th</sup> century buildings. Seven 1,200- to 1,400-square foot residential units will be

sold starting at \$110,000. Deposits have been made on four of the units. The rehab includes green features such as solar-heated hot water with thermal panels on the roof, tankless water heaters, a high-efficiency water-piping system, and intense insulation methods. A coffee shop and a community meeting space will be located on the ground floor.



**Lantow Lofts, 7<sup>th</sup> Street**

Another new residential development is beginning this spring. Mid Town Lofts is rehabbing a building in the 400 block of 7<sup>th</sup> Street to create 21 loft apartments, which will be rentals for the first five years and then are eligible to be converted to condominium ownership units. The developer is receiving tax increment financing funding and a tax rebate arrangement from the city and county. The project, estimated to cost just under \$5 million, will also include 10,000 square feet of ground floor retail space and 28 covered parking spaces.

A plan is also in the works to renovate a building on the 300 block of 7<sup>th</sup> Street into a mixed-use project with up to 10 residential units.

***Strategies and Actions***

A negative perception about the general neighborhood caused by white flight, loss of business and general neglect of the area. The challenge is build on the small but significant recent spate of business and residential development by calling attention to 7<sup>th</sup> Street as a good place to do business and live. Currently, the 7<sup>th</sup> Street area will be attractive to businesses and entrepreneurs; two and

three-story buildings can be purchased in the \$100,000 range, and retail rents are low compared to other shopping and dining districts in and around Rockford.

### **Block by Block Targeting**

Seventh Street is a small enough area in which to target resources to encourage development. However, here too, some sub-area targeting – in units of blocks – will be necessary to encourage revitalization. Because both long-time businesses and newer retailers are currently concentrated in the 200 and 300 blocks, efforts to add to that concentration should be made. The Rockford Mattress space, for example, is a prime spot on which to target efforts to bring in new stores and restaurants.

At the same time that the 200 and 300 blocks of 7<sup>th</sup> Street are changing, residential development is ongoing or planned for the 400 and 500 blocks. Retail businesses and restaurants will likely be attracted to this stretch as residential use becomes established.

The surface parking lot for Amcore Bank on the 500 block is a distraction to developing a pedestrian streetscape, as is the fact that the entrance to the bank headquarters is set back from the sidewalk. Future planning with the bank may involve remedying these issues by building a two or three-story parking deck fronting directly on 7<sup>th</sup> St., with retail space on the street level and an entrance to the bank headquarters that is closer to the sidewalk than it currently is.

Beyond the 500 block, the next southward stretch of 7<sup>th</sup> Street is somewhat bereft of business and activity. If the historic railway station on the 700 block becomes an attraction as a museum or restaurant, or combination of the two, other development will likely spread south from the 500 block of 7<sup>th</sup> St, toward the station building.

### **Revised Identity**

A new identify for 7<sup>th</sup> Street is an important step in its revitalization. TIF funding can be used to improve infrastructure and create a streetscape and signage for 7<sup>th</sup> Street that contributes to the new identity. Public-private partnerships can enhance this effort by sponsoring events and activities that bring people to the area; for example, a “Taste of 7<sup>th</sup> Street”, possibly part of a Taste of Downtown event. The initial step in the identify and marketing effort is to examine whether the current identity of 7<sup>th</sup> Street as the “Old Swedish Downtown” is still relevant to the 7<sup>th</sup> Street area, particularly with regard to younger Rockford area residents.

7<sup>th</sup> St’s identity branding should also include consideration of these factors:

- Attracting retail and residential development that encompasses global goods, free trade practices, and green construction.
- Developing a unique restaurant that provides alternatives to restaurants in other parts of the central area; 7th Street eateries might, for example, be less expensive than other central area restaurants and offer unique dining experiences such as vegetarian cuisine, ethnic specialties, and the use of organic foods and/or ingredients grown or made nearby.
- Developing an artistic component to the street by placing locally made artwork in empty storefront windows and supporting new galleries and a craft studio for pottery, weaving, jewelry, knitting, and other crafts.

### **Local Business Connections**

Encouraging local non-retail businesses to develop a presence on 7<sup>th</sup> Street is another step toward revitalization. Several businesses, including two in the immediate area, would contribute to a new 7<sup>th</sup> Street identity by showing their items in 7<sup>th</sup> Street stores or by opening their own showrooms or shops:

- Colorlab Custom Cosmetics, located on 5<sup>th</sup> Avenue off 7<sup>th</sup> Street, which produces custom-made cosmetics
- Benson Stone, located at Railroad Avenue and 11<sup>th</sup> Street, which specializes in granite, marble, kitchen and bath fittings, fireplaces, barbeque grills, among other items.
- BD Imports a Rockford-based business that imports African coffee and sells on-line.

### **Potential Partners**

Two non-profit organizations, Rockford Urban Ministries and Zion Lutheran Church, have long invested time, funding and resources into the 7<sup>th</sup> Street area. Swedish American Hospital and Amcore Bank have also been active. These entities could comprise the core of 7<sup>th</sup> Street partnering organizations to contribute resources to 7<sup>th</sup> Street revitalization.

### **Incentives to Potential Residents and Businesses**

The city is in a position to offer important resources to both businesses and residents interested in the 7<sup>th</sup> St. neighborhood. This support could take any one or all of the following forms:

- TIF funding for infrastructure, streetscaping, signage
- Tax incentives and other incentives to developers

- Enhanced city business assistance programs (TIF funding may be used for some aspects of these programs), including small business loans and loan guarantees; small business technical assistance; business mentoring programs
- Joint marketing of the residential down payment assistance programs offered by Swedish American Hospital, Amcore, Winnebago County and the city of Rockford
- Assistance to homeowners in 7th Street area in the form of loans to repair facades, etc.

### **West State and Kilburn Area**

The West State/Kilburn TIF district represents a long-term redevelopment opportunity. This largely industrial area has the advantage of being centrally located in the city. Redevelopment is unlikely to occur in West State/Kilburn until downtown Rockford attracts new residents and new businesses and establishes itself as a quality place to live, work and recreate. As Rockford's downtown fulfills its potential, development will naturally spread to the West State/Kilburn area.

Future development in the West State/Kilburn area is likely to be a mix of residential, retail, and industrial land use. Some un-used industrial sites can be cleaned and prepared for residential and commercial development, but a primary goal should be to ensure that jobs remain and that new jobs are attracted to the area by providing usable sites on good streets for hi-tech, research, and clean manufacturing businesses, as well as office-using companies. Strategic action to prepare the area for future development should include:

- Identify brownfields and related issues
- Identify funding to assist brownfield clean-up, including TIF and other state and federal programs
- Plan and carry out clean-up and basic infrastructure improvements to assist in attracting investors and developers.

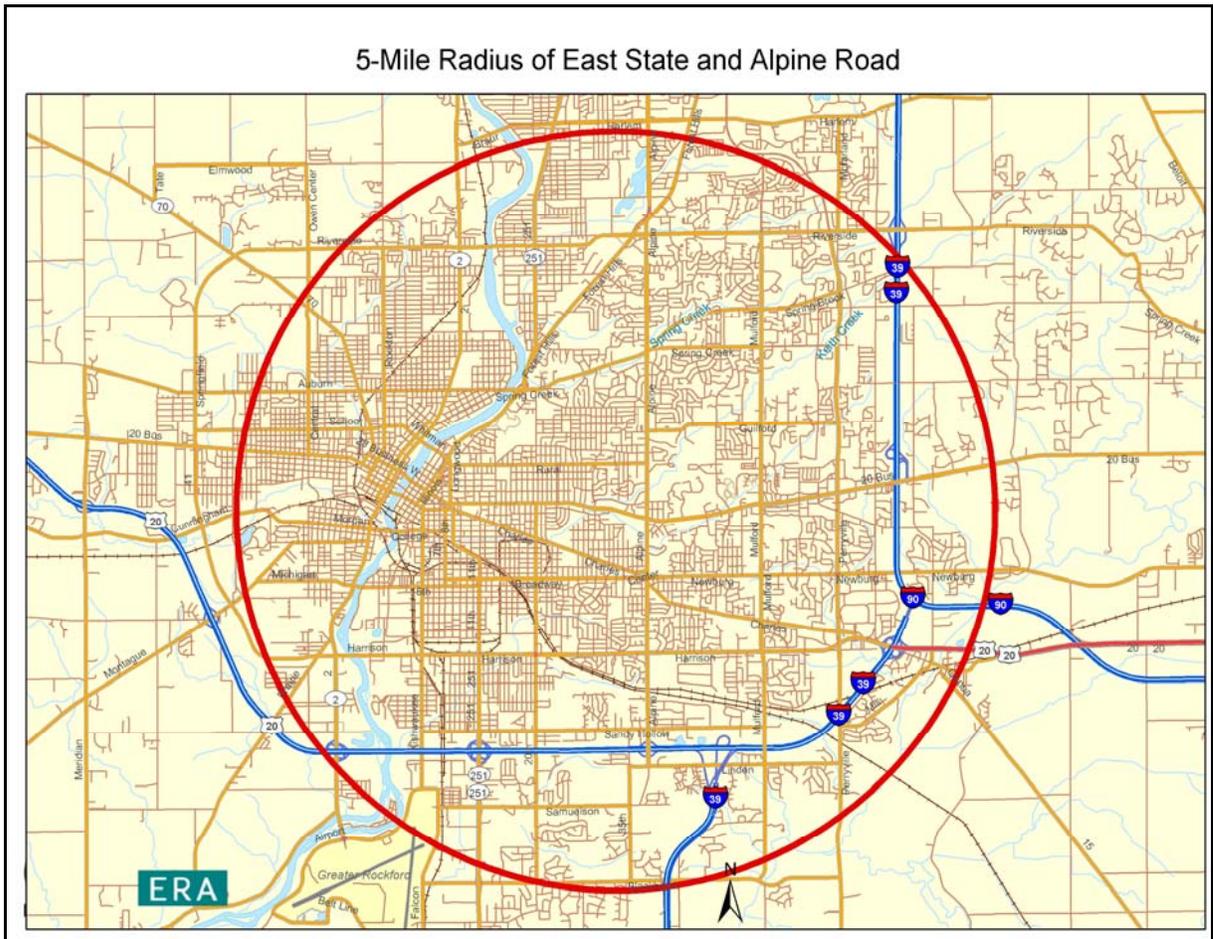
### **East State Street/Miracle Mile**

The East State/Alpine TIF is the densest section of the East State shopping district known as the "Miracle Mile." The district covers the shopping centers and stores on both sides of East State St. and runs easterly from approximately Oak Knolls Ave. to Alpine Rd.

### East State and Alpine Retail Trade Area

ERA estimates that the area from which this shopping district draws customers is conservatively a five-mile radius around the center point of the TIF district. See *Map 3. Central Area TIF Districts* for an illustration of the TIF district and surrounding area. This retail trade area is robust, with relatively low unemployment and middle to upper incomes.

### Map 4. Miracle Mile Retail Trade Area



The following table gives demographic information about the retail trade area as estimated for 2007 and projected for 2012. Population of the area, as the table shows, is fairly dense, at nearly 200,000, including more than 77,000 households. In the five-mile radius, the Hispanic population is growing at a faster rate than either the white or African-American populations.

**Table 42. Demographic Trends: 5-Mile Radius of East State St. and Alpine Rd.**

	2007	2012	CAGR 2007-2012	City of Rockford 2007	State of IL 2007
Population	194,125	199,352	0.53%	159,503	13,122,246
Households	77,360	79,603	0.57%	62,779	4,844,339
Family Households	47,724	47,789	0.03%	38,328	3,197,064
Average Household Size	2.45	2.45	0.00%	2.47	2.64
Race/Ethnicity					
White	143,762	142,067	-0.24%	110,728	9,337,341
African-American	29,147	32,041	1.91%	30,132	2,004,966
Hispanic Origin	22,008	26,579	3.85%	20,025	1,959,856
Gender					
Male	94,325	97,043	0.57%	77,027	6,44,4094
Female	99,800	102,309	0.50%	82476	6,678,152

Source: ESRI Business Analyst

Although median household and median family incomes in the retail trade area are lower than Illinois state incomes, they are equivalent to or higher than city of Rockford incomes, as shown in Table 43. Also, trade area incomes are growing at a faster rate than the population. Unemployment in 2007 was estimated by ESRI Business Analyst at 8.5 percent, lower than the City of Rockford's 9.5 percent.

**Table 43. Income Trends: 5-Mile Radius of East State St. and Alpine Rd.**

	2007	2012	CAGR 2007-2012	City of Rockford 2007	State of IL 2007
Median Household Income	\$49,237	\$56,458	2.77%	\$46,907	\$58,985
Median Family Income	\$60,051	\$68,795	2.76%	\$56,139	\$70,197
Median Disposable Income	\$37,314	N/A	N/A	\$35,819	\$43,739
Average Household Income	\$63,580	\$75,000	3.36%	\$62,205	\$78,846
Average Family Income	\$76,031	\$89,162	3.24%	\$74,403	\$91,348
Per Capita Income	\$25,704	\$30,360	3.39%	\$24,927	\$29,497

Source: ESRI Business Analyst

Housing owner-occupancy rates in the trade area, shown in the following table, are similar to those in the city of Rockford, but lower than state-wide proportions.

**Table 44. Housing Trends: 5-Mile Radius of East State St. and Alpine Rd.**

Units	2007	2012	CAGR 2007- 2012	City of Rockford 2007	State of IL 2007
Owner-occupied	51,197 (66%)	52,455 (66%)	0.49%	40,485 (64%)	3,883,960 (70%)
Renter-occupied	26,163 (34%)	27,148 (34%)	0.74%	22,294 (36%)	1,460,379 (30%)

Source: ESRI Business Analyst



**Strip Mall adjacent to CVS site; residential area above**

*Miracle Mile*

In the 1960s and 1970, the area now known as the Miracle mile was considered the outskirts of Rockford. As the residential neighborhoods in that part of Rockford grew, retail developed along East State Street to serve the new residents. Since then, residents and retailers have increasingly moved farther east and north, leaving the Miracle Mile in a transition mode, needing changes and improvements to maintain and enhance its status as a shopping destination. The residential area

surrounding the East State shopping corridor, as well as new residential developments farther east and north, continue to represent a stable and growing customer base and market.

Given that big box retailers are east of the Miracle Mile close to major highways and given the size of sites these retailers generally require, it is not likely that a Costco, for example, will choose to locate on the Miracle Mile. Similarly, well-known and high-end national chains shops such as Abercrombie and Fitch, Chico's and Victoria's Secret tend to locate at centers such as the Cherryvale Mall, making it difficult to attract them to the Miracle Mile. Many such chains favor lifestyle centers, similar to the new section of Cherryvale Mall.

### *Development Considerations*

The pivotal development site includes the East State/Alpine TIF district, the former site of the Magna supermarket and soon-to-be former site of a CVS store on the south side of the 3900 block of East State St. The site is located amidst the densest portion of the Miracle Mile strip that starts at about the 3400 block and runs east to Rockford College, which places it between downtown Rockford and the big box shopping area west of I90. CVS has announced that it is moving out of that site to relocate to the southeast corner of East State St. and Alpine Rd. Alpine Hills Golf Course, southeast of the CVS site, is not in the TIF district, but it may be key to the redevelopment of the Magna/ CVS site.

### *Strategies and Actions*

In addition to needed storm water infrastructure improvements, the Magna/ CVS site's next user might want to take advantage of the partially covered creek that runs at the southeast end of the site to create a green space amenity. Another element that should be considered in redeveloping this site is its potential connection to future redevelopment of the Alpine Hills Golf Course. Should the golf course be developed residentially, a pathway connection to the redeveloped Magna/ CVS site would be an amenity for the new residential community.

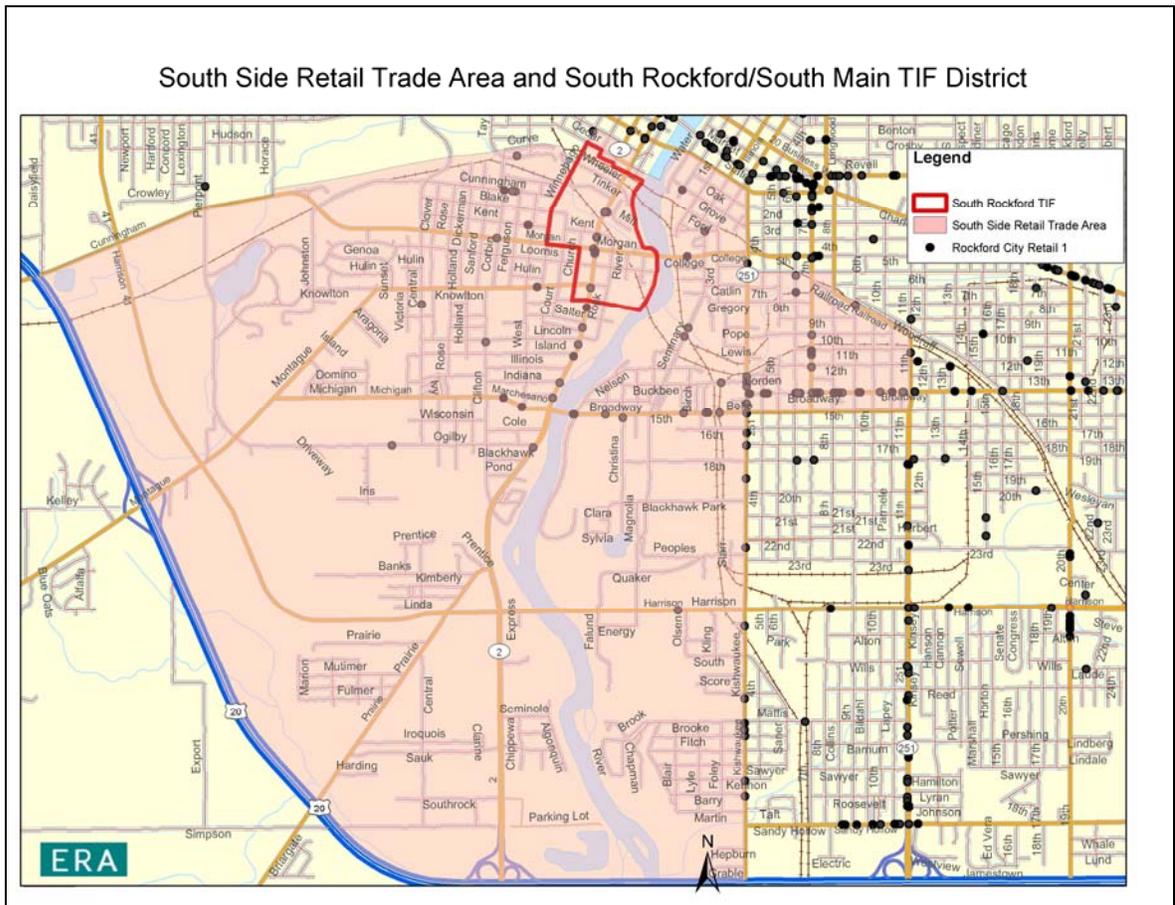
Acquiring additional retail sites directly adjacent to the east and west of the Magna/ CVS site would give the city the opportunity to revitalize the Miracle Mile with a lifestyle center that includes a mix of shops, restaurants, entertainment elements, and green space. The most comprehensive redevelopment model – and one that would redefine the Miracle Mile – would result from acquiring the most possible square footage along East State St. from the eastern boundary of the subject site as far as possible toward Alpine Road, and developing both a lifestyle center and a major residential component, which would be accomplished through redevelopment of the golf course site.

Townhouses and condominiums would attract both the empty-nester market and a younger market of singles and couples. (See page 71 for discussion of national trends in residential development.) The retail component of any redevelopment on this site will benefit from the nearby location of national big box retailers; similar groups of shoppers would likely patronize both the big boxes and the new, somewhat more upscale development on the Miracle Mile. With the addition of green space and passive areas to gather and relax, shoppers might even favor the new development over the large retailers and their massive parking lots.

### South Rockford/South Main

Map 5 illustrates ERA’s approximation of the South Side Retail Trade Area. This geographic area is where the bulk of customers for stores and services in the South Rockford/South Main TIF district currently come from and will likely continue to come from.

**Map 5. South Side Trade Area: Retail Locations**



### South Side Retail Trade Area

This retail trade area is an eclectic one in many ways. The land use is a combination of industrial, residential and retail that is mainly independently owned and neighborhood-oriented. Its population (see Table 45) includes nearly equal proportions of Hispanic, African-American and white residents. Economically, the south side trade area is poor, with lower incomes compared to the city of Rockford and the state of Illinois, as well as a high unemployment rate, estimated by ESRI Business Analyst at 17.4 percent in 2007.

**Table 45. Demographic Trends: South Side Retail Trade Area**

	2007	2012	CAGR 2007-2012	City of Rockford 2007	State of IL 2007
Population	18,027	18,145	0.13%	159,503	13,122,246
Households	6,189	6,226	0.12%	62,779	4,844,339
Family Households	3,903	3,812	-0.47%	38,328	3,197,064
Average Household Size	2.88	2.89	0.07%	2.47	2.64
Race/Ethnicity					
White	7,069	6,628	-1.28%	110,728	9,337,341
African-American	6,579	6,758	0.54%	30,132	2,004,966
Hispanic Origin	5,591	6,115	1.81%	20,025	1,959,856
Gender					
Male	8,946	9,002	0.12%	77,027	6,444,094
Female	9,081	9,143	0.14%	82,476	6,678,152

Source: ESRI Business Analyst

As the following table illustrates, incomes in the south side retail trade area are considerably lower than those in both Illinois and city of Rockford averages and medians. Incomes, as in the central city retail trade area examined previously, are growing faster than the population.

**Table 46. Income Trends: South Side Retail Trade Area**

	2007	2012	CAGR 2007-2012	City of Rockford 2007	State of IL 2007
Median Household Income	\$30,859	\$34,245	2.10%	\$46,907	\$58,985
Median Family Income	\$35,712	\$40,219	2.41%	\$56,139	\$70,197
Median Disposable Income	\$25,365	na	na	\$35,819	\$43,739
Average Household Income	\$41,554	\$47,358	2.65%	\$62,205	\$78,846
Average Family Income	\$46,437	\$52,441	2.46%	\$74,403	\$91,348
Per Capita Income	\$14,422	\$16,425	2.64%	\$24,927	\$29,497

Source: ESRI Business Analyst

The homeownership rate in the south side retail trade area is lower than both the city's and the state's (see Table 47).

**Table 47. Housing Trends: South Side Retail Trade Area**

Units	2007	2012	CAGR 2007-12	City of Rockford 2007	State of IL 2007
Owner-occupied	3,189 (52%)	3,187 (51%)	-0.01%	40,485 (64%)	3,883,960 (70%)
Renter-occupied	3,000 (48%)	3,039 (49%)	0.26%	22,294 (36%)	1,460,379 (30%)

Source: ESRI Business Analyst

### *Character of South Side Retail*

Many of the stores within the side south trade area are concentrated along and near South Main St., as shown in *Map 6. West Side Trade Area: Retail Locations*. South Main is not a continuous retail strip for more than a block or two; there is no one area of concentrated retail. According to ESRI Business Analyst, fewer than 90 retailers are in the south side trade area, with a total of an estimated 350,000 square feet of space. These retailers do approximate annual aggregate sales of approximately \$99 million. The vast majority of these retailers are small individually or family owned businesses. Weekly sales average approximately \$22,000 at each store. Hispanic-owned and oriented businesses make up a growing proportion of retail businesses in the south side trade area.

The residential character of the South Side Retail Trade Area is mainly 50 to 60 year-old single family houses. Several public parks are in the trade area or the near vicinity.

### *New Development in South Side Retail Trade Area*

South Main St. retail is being revitalized by a new LaFamilia grocery store, which now occupies the site of a shuttered IGA store at South Main St. and Knowlton St., and an adjacent new development of a 9,000 square-foot Family Dollar store and a 4,000 square-foot Hispanic-oriented health clinic, scheduled to open in fall, 2008.

The Barber-Coleman industrial site, just north of the LaFamilia store, has been the subject of redevelopment visioning and proposals for some time. A redevelopment that is currently in the planning stages would bring redevelop the site into a major amateur sports complex with ancillary uses such as a hotel.

Farther south, in the vicinity of South Main St., 15<sup>th</sup> Avenue and Marchesano Rd., riverside townhomes and condominiums have been developed and priced for a higher-end market than

currently lives nearby. Little residential development has taken place or is planned in the South Rockford area that is geared toward typical neighborhood residents. Farther south, at South Main and Harrison Streets, plans are to develop Satori Place, a new senior living facility with assisted living and independent living buildings. The city is expected to make TIF funding available for infrastructure work.



New La Familia store on S. Main St.

### *Strategies and Actions*

Creating a concentrated and dense retail strip along a targeted portion of South Main Street is the most appropriate strategy. Accomplishing the following will knit together a consistent five-block retail stretch from Kent Street south to approximately Salter St.

- Determine whether South Main St. will have a strip-mall character or a walkable pedestrian character, or a coordinated combination of the two. That determination will impact and be impacted by the planned South Main St. road improvements.
- Bolster viability of the retail strip on South Main Street from Kent St. south to Loomis St. Some stores are abandoned and many need repair and improvements.
- Enhance understanding and availability of small business loans through the city, private institutions, or public-private partnerships.

- Strengthen relationships between business owners and local financial institutions
- Provide business services to small businesses, including technical assistance in business planning, financing, accounting, insurance, human resources, and other critical areas
- Most of the stores in this retail hub currently rely on on-street parking (see discussion below on South Main St. road improvements)
- Redevelop the Barber-Coleman site fronting on the 1200 and 1300 blocks of South Main St. into the proposed sports complex or, alternately, into mixed-use retail/residential fronting on South Main.
- Specific business-types to target:
  - Restaurants, including a locally owned Mexican restaurant
  - Apparel stores to appeal to both the Hispanic and general market
  - A drug store
  - Day care center
- Upgrade streetscaping and street lighting along the retail blocks of South Main St.
- Target residential improvements
- Direct homeowners to sources of low interest loans for repairs and rehab.
- Create an infill building program to fill in vacant lots in residential neighborhoods.
- Continue to take action to minimize boarded up houses and businesses by acquiring properties and offering them to residents for sale or rent-to-own programs
- Plan for the future of land around the Rockford International Airport, located just south of the South Side Retail Trade Area.
- Market the eclectic mix of museums in the vicinity of Booker Washington Park – the Graham Genestro House, the Tinker Swiss Museum, and the Ethnic Heritage Museum.

***Note on Proposed Road Improvements***

South Main St is earmarked for major improvements if funding is obtained through a State of Illinois capital improvement program. As planned currently, enhancements would include landscaping, signage, medians and lighting. Widening the street for better access and removing on-street parking is also part of the plan for South Main St.

A thorough examination of parking issues should be a critical aspect of South Main street improvements and revitalization. Removing on-street parking has the potential to hurt as well as help local businesses. Improving the backs of business buildings to provide off-street parking is one way to deal with the loss of on-street parking. However, this issue may have more to do with urban

design and potential new than parking regulations. Several perspectives should be examined. No on-street parking and street widening may encourage strip mall development which would change the character of much of the South Main Street corridor. In many places, on-street parking and traditional store design with sidewalk access give an area an inviting personality and a sense of vitality and busy-ness, making it attractive as a place to shop. On the other hand, providing an environment to encourage new strip mall shopping opportunities would also bolster economic activity in the South Main area.

### **West Side Rockford**

Map 6 shows ERA's approximation of the West Side Retail Trade Area. This geographic area is where the bulk of customers for stores and services in the West State and Central TIF district come from. Land use is a combination of industrial, residential and neighborhood-oriented retail. Like the south side trade area, the west side has low incomes and a high unemployment rate, estimated at 19.3 percent in 2007.

**Map 6. West Side Trade Area: Retail Locations**

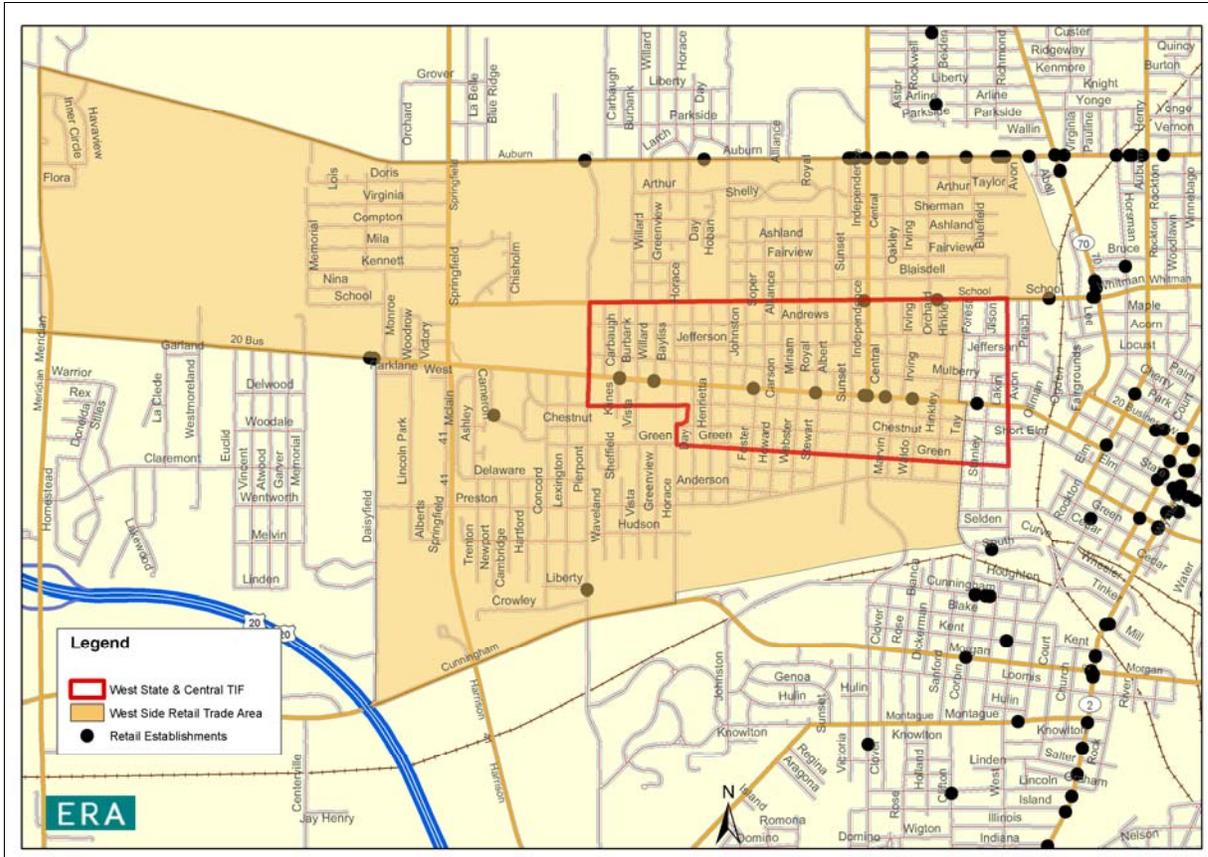


Table 48 illustrates, the West Side Retail Trade Area is far more homogenous than the three trade areas already examined. An estimated 63 percent of the west side trade area’s population is African-American; the proportion of Hispanic residents is small (approximately 12 percent) but is projected to grow faster than other groups.

**Table 48. Demographic Trends: West Side Retail Trade Area**

	2007	2012	CAGR 2007- 2012	City of Rockford 2007	State of IL 2007
Population	13,269	13,356	0.13%	159,503	13,122,246
Households	4,354	4,398	0.20%	62,779	4,844,339
Family Households	3,193	3,155	-0.24%	38,328	3,197,064
Average Household Size	3.03	3.02	-0.07%	2.47	2.64
Race/Ethnicity					



White	3,389	3,106	-1.73%	110,728	9,337,341
African-American	8,478	8,715	0.55%	30,132	2,004,966
Hispanic Origin	1,645	1,833	2.19%	20,025	1,959,856
Gender					
Male	6,221	6,248	0.09%	77,027	6,44,4094
Female	7,048	7,108	0.17%	82476	6,678,152

Source: ESRI Business Analyst

Although median household incomes (shown in the following table) are higher than in the South Side Retail Trade Area, they are well below all-Illinois and City of Rockford medians.

**Table 49. Income Trends: West Side Retail Trade Area**

	2007	2012	CAGR 2007- 2012	City of Rockford 2007	State of IL 2007
Median Household Income	\$32,226	\$36,013	2.25%	\$46,907	\$58,985
Median Family Income	\$34,938	\$39,334	2.40%	\$56,139	\$70,197
Median Disposable Income	\$26,092	na	na	\$35,819	\$43,739
Average Household Income	\$41,387	\$47,037	2.59%	\$62,205	\$78,846
Average Family Income	\$43,788	\$49,340	2.42%	\$74,403	\$91,348
Per Capita Income	\$13,666	\$15,585	2.66%	\$24,927	\$29,497

Source: ESRI Business Analyst

Homeownership rates in the west side retail trade area are higher (at 59 percent) than they are in the south side trade area, but, again, are well below state levels (see Table 50).

**Table 50. Housing Trends: West Side Retail Trade Area**

	2007	2012	CAGR 2007- 2012	City of Rockford 2007	State of IL 2007
Owner-occupied units	2,579 (59%)	2,570 (58%)	-0.10%	40,485 (64%)	3,883,960 (70%)
Renter-occupied units	1,775 (41%)	1,828 (42%)	0.60%	22,294 (36%)	1,460,379 (30%)

Source: ESRI Business Analyst

*Current Retail*

Retail is largely located on one of two streets in the West Side Retail Trade Area, as shown in Map 6. Auburn St. at the north end of the retail trade area, and West State Street, which runs through the center of the trade area are the major retail streets. According to ESRI Business Analyst, Co-star, and other resources, the estimated 200,000 square feet of non-automobile-related retail space in the West Side Retail Trade area does approximately \$62 million in sales annually. Like the south side trade area, the vast majority of west side retailers are small and independently owned. Sales at each of these stores average at approximately \$25,000 per week.

*New Residential Development*

With the combined challenges of low-income residents, along with blighted pockets throughout the trade area, little new development, either residential or retail, has occurred in the trade area in recent years. An exception is Emerson Estates, which is now in its second phase. Developer Oscar Emerson is building the new community on 38 acres of vacant land in the vicinity of N. Springfield Ave. and W. 8<sup>th</sup> St. less than three miles from downtown Rockford. When completed, Emerson Estates will include 84 houses, as well as a Family Dollar Store as part of the second phase of development. The first phase of 1,200 to 1,900 square houses feet was built in 2004 and 2005 and sold at below-market prices of \$79,000 to \$120,000. Forty-one houses in the second phase are currently being sold in the \$109,000 to \$140,000 range. Buyers in both phases were offered down payment assistance from the city, using Home Funds. If they took advantage of this assistance, buyers' income was required to be no more than 80 percent of area median income. The city provided TIF funding for infrastructure.

Emerson Estates buyers have come from both the immediate neighborhood and other parts of Rockford. Buyers are mainly city residents; most are first-time homebuyers, and they include African-Americans, Hispanics, whites, seniors, and singles and families with children. Future plans

are to develop an entire block in the same vicinity with apartments, additional retail, and a day care center.

### *Strategies and Actions*

For the West Side Retail Trade Area, ERA is recommending a similar strategy to the one outlined for the South Side Retail Trade Area. The task is more difficult on the West Side because there are fewer retailers and an even lower concentration of stores and services than in the South Side Retail Trade Area. Upgrading and filling in retail along West State St. in the small area from approximately Oakley Ave. to Independence Ave. is a strategy that could be modeled after West State Square shopping center on West State St. between Central and Independence Avenues. A community development corporation developed this small center, the only relatively new retail venue in the west neighborhoods.

- The city can bolster retail viability in the neighborhoods directly west of downtown by:
  - Making funding and loans available to business owners to repair and renovate their businesses.
  - Enhancing small business loans availability, either through the city or private institutions, or public-private partnerships and strengthen relationships between business owners and local financial institutions
  - Provide business services to small businesses, including technical assistance in business planning, financing, accounting, insurance, human resources, and other critical areas for small businesses.
- Among specific retailers and services needed are:
  - Medium-priced sit-down restaurant
  - Fast-food restaurant
  - Drug store
  - Day care center
  - Upgrade streetscaping, sidewalks, and street lighting.
  - Offer homeowners loans, grants, and access to programs to help them repair and renovate their properties and upgrade residential neighborhoods
  - Create an infill building program to develop vacant lots in residential neighborhoods.
  - Direct homeowners to sources of low interest and no-interest loans;
  - Minimize boarded up houses and businesses by acquiring properties and offering them to residents for sale or rent-to-own programs.

- Both South and West Side Retail Trade Areas:
- Determine how planned widening of streets on the south and west sides will impact the type of new retail development as well as the timing of redevelopment.
- Market the eclectic mix of museums in the vicinity of Booker Washington Park – the Graham Genestro House, the Tinker Swiss Museum , and the Ethnic Heritage Museum

## **VI. Residential Market Assessment**

The residential analysis looks at the potential for urban housing products within Rockford's housing market. Analysis primarily delves into downtown housing; however, summary assessment is provided on other targeted areas, including the neighborhoods in close proximity to the intersection of Alpine Road and East State Street, the Swedish American Hospital, and along South Main Street.

Note that study areas used for analysis of retail are slightly different than those used for housing analysis. Where the retail market area describes geographic area from which retail stores will more than likely draw customers based on competitive advantage, the target housing market is a subset of all mobile households migrating into and within the Rockford area. Defining submarkets within the housing analysis is important in describing the economic features of a specific community and comparing that community with others. These features provide comparables that assist in defining the type and value of housing that may possibly succeed within a specific community.

Over the past ten years, many cities have seen significant central urban area revitalization based on a combination of commercial and residential development within downtown and near downtown neighborhoods. Later in this section we will explore Midwest residential trends. Despite some significant commercial projects (primarily the Metro Centre and the renovation of the Coronado Performing Arts Center), downtown Rockford has not experienced market demand for urban housing proportional to that of other small to midsized Midwest cities such as Peoria, IL, Milwaukee, WI, and Des Moines, IA.

It is position held by Rockford's leaders and residents (as expressed in Rockford's 2020 Plan) that urban housing be an integral part of a downtown revitalization strategy. It adds buying power for downtown retailers and restaurateurs, supports smart growth and workforce housing initiatives, and reduces sprawl. The City has an interest in fostering action that generates a sustained and widespread private market reaction that can generate increased market rate downtown and near downtown. This section describes the existing, and in some cases, the projected market for multi-family residential development. In addition, demand analysis and interviews provide the framework for a public strategy to generate potential market reaction.

## National Trends for Downtown Housing

Reversing a long period of decline, the 1990s brought revitalization and population increases to many downtowns. The growing popularity of downtown living has not happened by accident but reflects the cumulative effect of several trends. These include:

- New public-private investment in the central urban areas has resulted in infrastructure upgrades, creative reuse of once abandoned commercial and industrial buildings, and the construction of public amenities that take advantage of historic landmarks, rivers, and other natural resources located in downtowns.
- Public policies have encouraged conversion of underutilized and abandoned commercial and industrial space to residential use.
- Traffic congestion has decreased the appeal of long distance commutes.
- Movement of many professional service jobs back to downtowns.
- An increasing number of households without children. Downtown living offers these households reduced home maintenance and management activities and increased access to shopping, culture, and entertainment.
- An aging population has new housing needs that are not met by suburban detached housing.

People choose to live in the downtowns for a variety of reasons. While demographic trends give an indication of the type of people that would consider living the downtown, in many instances, the actual choice of moving into an urban neighborhood is a lifestyle choice. A few common reasons are listed:

- Convenient access to shopping, parks, and other neighborhood amenities
- Shorter commutes
- Simplicity and reduced maintenance and management of urban housing products
- Social and entertainment opportunities
- An increased social integration

One and two person households make up the vast majority of downtown residents in any city. Successful downtowns offer single people and young couples proximity to jobs, social opportunities, and neighborhood services. Downtown living can offer older householders fewer maintenance hassles and greater convenience than large detached homes in suburban areas. Families with children are less likely to pioneer in emerging downtown neighborhoods. These families typically seek larger homes in established neighborhoods that they believe offer the best schools. Young residents at the start of their careers are often the first to pioneer downtown neighborhoods. In

these “early” years of an urban neighborhood’s evolution, many of the amenities such as shopping, parks, restaurants, and entertainment may not be fully developed. However, downtowns that have a critical mass of population, services, and amenities are able to attract older and wealthier households.

## **Midwest Residential Trends**

ERA gathered demographic data from the US Census and other select sources for the cities listed below. The effort is to highlight relevant comparisons between Rockford and similar markets within the Midwest that have experienced downtown residential growth.

- Peoria, IL
- Cedar Rapids, IA
- Des Moines, IA
- Fort Wayne, IN
- Madison, WI
- Milwaukee, WI

Table 51 shows the percentage of owner and rental occupied units within Midwest cities and their corresponding vacancy rates.

Owner occupancy has increased in all cities, but Fort Wayne. Madison and Milwaukee have higher percentages of renter occupied housing. Overall, the average ownership rate is 54.8 percent. Rockford’s ownership rate of 57.5 percent is above average.

The overall average proportion of renter occupied housing is estimated in 2007 as 36.9 percent. Rockford’s proportion of rental (33.1 percent) is below average

The overall average vacancy of the comparison cities is estimated in 2007 at 8.3 percent. Rockford’s vacancy rate (9.4 percent) is above average.

**Table 51. Basic Housing Trends**

		2000	2007
Peoria, IL	Owner Occupied	55.4%	55.5%
	Renter Occupied	36.5%	33.2%
	Vacant	8.1%	11.3%
Rockford	Owner Occupied	57.3%	57.5%
	Renter Occupied	35.7%	33.1%
	Vacant	6.9%	9.4%
Cedar Rapids, IA	Owner Occupied	66.0%	65.8%
	Renter Occupied	29.5%	27.1%
	Vacant	4.6%	7.1%
Des Moines, IA	Owner Occupied	61.3%	61.3%
	Renter Occupied	33.4%	31.9%
	Vacant	5.4%	6.8%
Fort Wayne, IN	Owner Occupied	56.6%	55.0%
	Renter Occupied	34.9%	34.1%
	Vacant	8.5%	10.9%
Madison, WI	Owner Occupied	44.4%	44.7%
	Renter Occupied	51.8%	50.6%
	Vacant	3.8%	4.6%
Milwaukee, WI	Owner Occupied	42.4%	43.6%
	Renter Occupied	50.8%	48.4%
	Vacant	6.8%	8.0%

Source: ESRI

### Midwest Downtown Comparison

According to city planners associated with the markets identified, their respective cities began revitalizing their central urban area during the 1990s and early 2000s. Cities like Milwaukee, Des Moines, and Madison, which laid the groundwork for urban residential infill and commercial development in the 1990s began experiencing substantial central urban area residential and commercial activities starting around 2000. Their growth paralleled national resurgence of urban areas across the country. Common activities initiated by these cities during the 1990s are the following:

- Policies were created to allow for new types of zoning. Building codes were expanded to facilitate mixed use development.
- Assistance was provided to assist developers with acquiring tax credits and creating a toolbox of incentives that reduced development risk.

- Downtown employers were included in downtown discussions to facilitate the marketing of affordable workforce housing.
- Permit processes were improved to facilitate more efficiency in the building process.
- Policies were created to facilitate the removal of vacant and dilapidated properties.
- Local financial institutions were introduced to various financing tools associated with urban mixed use development.

More analysis of development enabling activity is provided later in this section.

The following tables provide insight into downtown development in the Midwest. A 0.5 mile radius was used to capture the housing market within the downtown and surrounding communities for Peoria, Rockford, Cedar Rapids, Des Moines, and Fort Wayne. The geography was slightly enlarged for Madison and Milwaukee because a significant amount of activity is happening in areas that are considered downtown, but fall outside of the 0.5 radius.

Table 52 how the comparison markets have fared in downtown housing development when compared to development throughout the rest of the city. Madison, with its student and government workforce driven housing demand, has consistently maintained a significant proportion of residential units in its downtown communities. Although annual growth rates indicate downtown housing construction has been slightly under pace when compared with citywide housing construction, downtown's share of citywide housing has continued to hover around 11 percent. At 4.56 percent, Milwaukee's downtown has not been able to capture the same degree of housing captured by Madison; however, annual growth rates indicate a pace of downtown housing construction that is greater than what has been experienced by the overall city. The downtown communities in Cedar Rapids (0.42 percent annual growth rate) and Fort Wayne (0.21 percent annual growth rate) have also experienced an increasing share of overall housing since 1990.

Rockford's apartment high rises are substantial contributors to the 2.74 percent share of city wide housing its downtown had in 2007. Newer units have been constructed or returned to the market through rehabilitation; however, the 0.31 percent annual growth rate indicates that this development has not occurred at the same rate experienced throughout the rest of the city.

**Table 52. Downtown’s Share of Citywide Housing**

	1990	2000	2007	CAGR
Madison	11.34%	10.66%	11.16%	-0.10%
Milwaukee	4.02%	4.36%	4.56%	0.74%
Rockford	2.89%	2.65%	2.74%	-0.31%
Cedar Rapids	3.41%	2.87%	2.62%	-1.56%
Fort Wayne	1.86%	1.76%	1.93%	0.21%
Peoria	1.61%	1.46%	1.73%	0.42%
Des Moines	0.62%	0.59%	0.60%	-0.16%

Source: ESRI

The comparison cities have experienced different rates of household in-migration and growth that have, subsequently, impacted the demand for housing (see Table 53). Milwaukee and Madison have been aggressively developing their downtowns since the early 1990s and their experience is reflected in their consistent delivery of housing that matches demands associated with household growth.

Cities initially experience a more uneven balance between supply and demand as various development activities commenced - outdated inventory was identified and removed, housing developers tested the downtown market through “trial and error,” employment bases shifted as economic development goals are realized, employers moved offices into downtown, residents rediscovered urban living, etc. Eventually market forces responded appropriately. For instance, Des Moines and Peoria began aggressive policies in the late 1990s and early 2000s. Des Moines introduced TIF legislation which attracted or helped expand a number of corporations within the downtown (like Wells Fargo, Principal Financial, and Allied-Nationwide). Simultaneously the city set aggressive housing development goals to attract households from a variety of demographic groups – empty nesters, young professionals, middle to lower income service employees, municipal workers, etc. The city allowed household demand to catch up with demand through the 1990s and since 2000 household growth has remained even with the growth of housing supply. Peoria, in contrast, removed substantial numbers of older units from the downtown inventory as household demand decreased though the 1990s. Since 2000, both new housing construction and household demand increased at similar proportions.

**Table 53. Supply vs. Demand (Downtown)**

		1990	2000	2007	CAGR
Peoria	Housing Units	778	718	892	0.81%
	Households	1,162	648	678	-3.12%
Rockford	Housing Units	1,757	1,684	1,817	0.20%
	Households	1,751	863	851	-4.16%
Cedar Rapids	Housing Units	1,578	1,500	1,503	-0.29%
	Households	631	658	655	0.22%
Des Moines	Housing Units	514	503	538	0.27%
	Households	272	538	532	4.03%
Fort Wayne	Housing Units	1,645	1,599	1,837	0.65%
	Households	1,122	1,348	1,303	0.88%
Madison	Housing Units	9,167	9,843	11,453	1.32%
	Households	8,750	9,516	10,979	1.34%
Milwaukee	Housing Units	10,226	10,865	11,513	0.70%
	Households	9,213	9,995	10,327	0.67%

Source: ESRI

### Citywide Building History

The following tables reflect the supply of multifamily and single-family new residential construction within the comparison submarkets. Residential building permits are tracked by the Census Bureau via its Building Permits Survey.

The majority of submarkets experienced rapidly expanding housing production between 1990 and 2000 with a contraction after 2000. The annual rate of Rockford's 5+ unit residential construction (i.e. condo and apartment products) expanded from a 22.62 percent growth between 1990 and 2000 to a 27 percent growth rate between 2000 and 2006. In contrast, single family home construction dropped from a 27.62 percent annual growth rate to an 8 percent growth rate after 2000. The rate of construction of 2 to 4 unit properties in Des Moines increased from 7.18 percent annually between 1990 and 2000 to over 44 percent between 2000 and 2006. These types of buildings are usually associated with townhouses. In contrast, no 5+ unit buildings have been constructed in Des Moines since 2000.

A consistent trend amongst all the comparison cities - new multifamily housing inventory increased at greater rates than single family homes.

**Table 54. Housing Permits Growth (1990-2006)**

	Housing Product	1990 - 2000	2000-2006	CAGR 1990-2000	CARG (2000-2006)
Peoria	2-4 Units	208	362	21.78%	18.30%
	5+ Units	1,388	727	50.04%	7.27%
	Single Family	2,151	1,798	28.30%	10.66%
Rockford	2-4 Units	960	1,005	24.08%	12.68%
	5+ Units	146	469	22.62%	27.08%
	Single Family	2,694	1,573	27.62%	7.97%
Cedar Rapids	2-4 Units	887	546	33.32%	8.32%
	5+ Units	2,607	1,774	46.31%	9.04%
	Single Family	3,526	2,212	31.79%	8.45%
Des Moines	2-4 Units	4	33	7.18%	44.89%
	5+ Units	289	0	27.73%	0.00%
	Single Family	755	1,310	27.60%	18.26%
Fort Wayne	2-4 Units	193	104	28.28%	7.45%
	5+ Units	2,018	1,449	25.82%	9.44%
	Single Family	2,910	2,223	26.75%	9.92%
Madison	2-4 Units	92	30	36.83%	4.82%
	5+ Units	630	238	51.33%	5.49%
	Single Family	1,658	615	31.90%	5.40%
Milwaukee	2-4 Units	518	210	45.72%	5.84%
	5+ Units	1,216	1,094	20.65%	11.29%
	Single Family	1,792	1,766	24.90%	12.11%

Source: HUD: State of the Cities Data Systems

### Age of Structures

**Table 55. Residential Units: Median Year Built**

	Year
Milwaukee	1951
Des Moines	1955
Peoria	1958
Rockford	1958
Fort Wayne	1962
Cedar Rapids	1963
Madison	1967

Source: ESRI

The average median year built of the residential inventory of the comparison cities is 1959. Rockford's housing inventory falls just below the average. Madison has the youngest housing inventory of the comparison cities.

## Absorption

The following tables describe the market absorption of new rental apartments and condominiums in specific geographical areas.

**Table 56. 2006 Absorption Rates for Condominium Apartments Completed in 2005**

	Percent of Total	Sold within 3 month (%)	Sold within 6 month (%)	Sold within 9 month (%)	Sold within 12 month (%)
U.S Total	100%	76%	86%	90%	93%
Midwest	14%	58%	77%	85%	90%
Metro Areas	94%	76%	86%	90%	93%
Central Cities	52%	78%	87%	92%	95%

Source: U.S. Census Bureau, Survey of Market Absorption

**Table 57. 2006 Absorption Rates for Unfurnished Apartments Completed in 2005**

	Percent of Total	Rented within 3 month (%)	Rented within 6 month (%)	Rented within 9 month (%)	Rented within 12 month (%)
U.S Total	100%	64%	84%	92%	96%
Midwest	18%	64%	86%	93%	97%
Metro Areas	94%	63%	83%	91%	96%
Central Cities	55%	64%	82%	91%	96%

Source: U.S. Census Bureau, Survey of Market Absorption

In both segments the absorption rates over the first three-month period in Q1 2007 are lower than they have been in 2005. This could be linked to the season and to the overall cooling of the housing market which is more pronounced in the metro areas along the east and west coasts.

**Table 58. Condominium Apartments Completed During Q1 of 2007**

	Percent of Total New Condo Apartments	Sold within 3 month (%)	Median Asking Price
U.S.	100%	58%	350,000+
Midwest	15%	20%	\$268,300
Metro Areas	95%	56%	350,000+
Central Cities	54%	55%	\$322,700

Source: U.S. Census Bureau, Survey of Market Absorption

**Table 59. Unfurnished Apartments Completed During Q1 of 2007**

	Percentage of Total Apartments	Rented within 3 months (%)	Median Asking Rent
U.S.	100%	51%	\$934
Midwest	8%	55%	\$808
Metro Areas	95%	51%	\$956
Central Cities	63%	53%	\$932

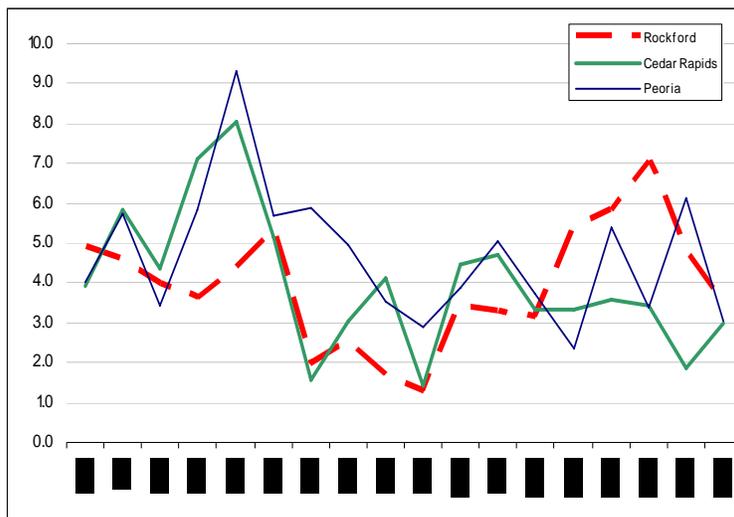
Source: U.S. Census Bureau, Survey of Market Absorption

### Single Family Home Sales Trends

ERA analyzed data from Office of Federal Housing Enterprise Oversight’s (OFHEO) House Price Index (HPI). The HPI measures the average change in existing single-family home prices on a quarterly basis. The following charts summarize annual appreciation in existing single-family home prices for Rockford compared to other Midwest comparison cities.

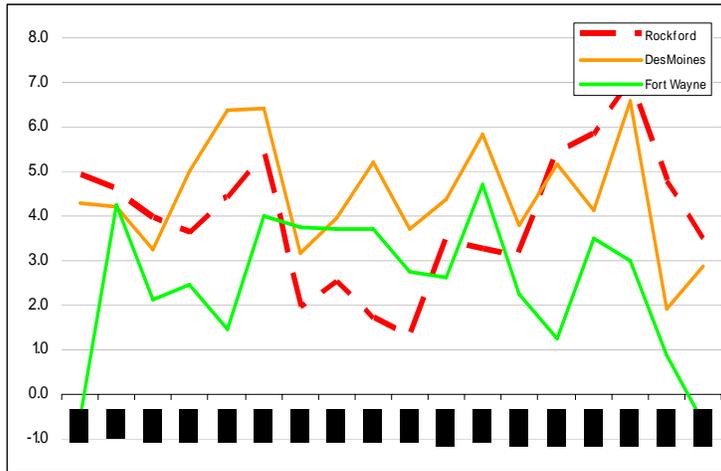
Overall, the selected Midwest cities experienced significant levels of appreciation in the mid 1990s followed by a sudden decline. The following years saw fluctuations with upward appreciation through the late 1990s and into the early 2000s. Levels of appreciation regained its mid 1990s highs in 2005 and similar to those 1990 highs, sales prices for single family homes again experienced a rapid decline that has yet to reach a clear bottom.

**Figure 9. Midwest House Price Trends**



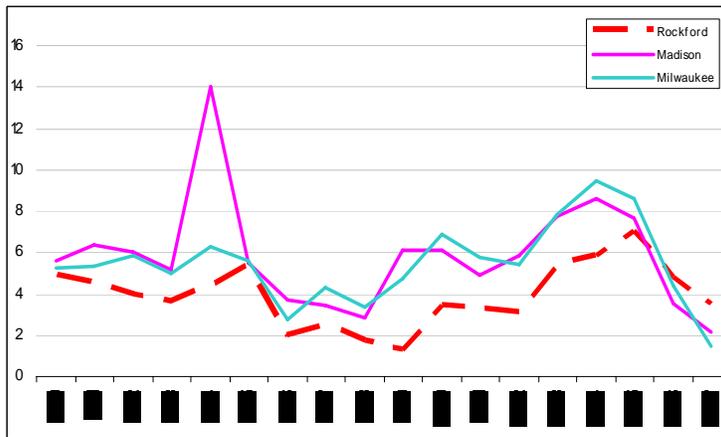
The single family home prices within the Rockford region did not experience the same spikes in value as Cedar Rapids, Peoria, Des Moines, and Madison during the mid 1990s (see next graphs).

Prices within Rockford experienced moderate declines between 1994 and 1997 of approximately 1.5 percent (compared to 5-6 percent declines experienced by Cedar Rapids and Peoria and the 14 percent decline experienced in Madison).



The late 1990s through 2004 brought price increases in most markets. Rockford area homes followed the trend, but again, increases were muted when compared to the other Midwest submarkets.

Rockford area home prices responded to the market during much the time periods as other Midwest cities, but history suggests that prices within the Rockford market, generally, are not as prone to great increases or substantial decreases like other similar Midwest cities.



Source: Office of Federal Housing Enterprise Oversight

## Midwest Residential Development Case Studies

### Specific Projects

ERA analyzed residential developments from other Midwest cities that share some or most of the following traits:

- Downtown or near downtown
- Proximity to waterfront (either lake or river)
- Catalyst residential developments
- Higher density development
- Warehouse/Brownfield conversions

- Considered within the Mid to High range in price and amenities

Table 61 compares eight Midwestern developments that are comparable to the urban residential products that Rockford would like to see in its downtown core and surrounding neighborhoods. Realtors, management companies, and local economic & planning development officials provided insight into each project. Detail for each of the developments can be found in the Appendix.

### *Product Mix*

The composition of units, average price, and average square footage of the comparison developments are shown in Table 60. Two-bedroom units comprise 70 percent of the For Sale developments while one and two-bedroom units comprise 13 percent and 16 percent, respectively. Two-bedroom units also comprise a significant 65 percent of the rental comparisons. Three bedroom rentals are rare and thus were not included.

**Table 60. Composition of Urban Residential Products**

<b>For Sale</b>	<b>Price</b>	<b>SQFT</b>	<b>\$ per SQFT</b>	<b>Percent of Total</b>
1 Bed	\$185,350	1,082	\$171.32	13%
2 Bed	\$223,225	1,461	\$152.83	72%
3 Bed	\$280,667	1,973	\$142.25	16%
<b>Rental</b>	<b>Price</b>	<b>SQFT</b>	<b>\$ per SQFT</b>	<b>Percent of Total</b>
1 Bed	\$879	905	\$0.97	35%
2 Bed	\$1,091	1,078	\$1.01	65%
3 Bed	-	-	\$1.27	-

Source: ERA

### *Lessons Learned*

Some of the lessons learned from these projects include:

- Most developments had some kind of gap financing required, at the least there was municipal participation in infrastructure costs in most catalyst projects.
- Absorption rates were slower than originally anticipated. The most successful project in terms of absorption had an absorption rate of about five per month.
- Projects that were not inherently connected to other parts of the community considered connection options between the site and the rest of the community
- Many projects provided a residential lifestyle that was not available prior to the development coming into the market. ERA recommends a similar approach for the proposed development.

There are some community and unit amenities that will be considered compulsory in the market (e.g. good quality household appliances, good quality kitchen and bathroom finishes, parking spaces available, etc). Others may set the project apart (various styles of units including loft-style units, units that automatically include some home technology conveniences like wi-fi or high speed networking capabilities, green/sustainable building design or site infrastructure, direct connections between the community's green space and proposed park space along the lake, units that have views of the river and/or downtown Peoria, etc.)



**Table 61. Comparable Midwestern Residential Developments**

<b>For Sale</b>												
	<b>Water Tower Place Loft Condos Cedar Rapids, IA</b>			<b>River West Town Homes Toledo OH</b>			<b>Bartley Lofts Toledo, OH</b>			<b>4th Street Condos, Des Moines, IA</b>		
Units	46			40			52			46		
	Average Price	Average SQFT	Units	Average Price	Average SQFT	Units	Average Price	Average SQFT	Units	Average Price	Average SQFT	Units
1 Bed	\$178,000	730	8	\$210,000	1,680	7	\$123,000	800	6	\$230,400	1,118	2
2 Bed	\$249,500	1,397	34	\$225,000	1,800	10	\$155,000	1,350	44	\$263,400	1,296	44
3 Bed	\$390,000	1,859	4	\$265,000	2,160	23	\$187,000	1,900	2	-	-	-
<b>Rental</b>												
	<b>Court Avenue Lofts Des Moines, IA</b>			<b>Tobacco Lofts Madison, WI</b>			<b>Trostel Square Milwaukee, WI</b>			<b>Crescent Square Davenport, IA</b>		
Units	97			61			99			129		
	Average Rent	Average SQFT	Units	Average Rent	Average SQFT	Units	Average Rent	Average SQFT	Units	Average Rent	Average SQFT	Units
1 Bed	\$565	711	24	\$1,083	853	34	\$1,220	880	18	\$649	1,175	48
2 Bed	\$670	968	47	\$1,377	1084	27	\$1,408	1,137	81	\$910	1,125	80
3 Bed	-	-	-	\$1,576	1241	2	-	-	-	-	-	-

Source: ERA

### **Developer & Planning Agency Feedback**

- Conversations between ERA and a variety of Midwest developers, along with survey research conducted by the Center for Economic Development at the University of Wisconsin, provide the landscape in which residential reuse, brownfield development, and rehabilitation methods provide “lessons learned”.

### ***Where is Development Occurring?***

- Urban development consists largely of mid- to high-end, high-density, market rate housing built by for-profit developers clustered in neighborhoods near the downtown core
- Lower density and affordable units are constructed in other parts of the city mainly by non-profits or the municipal government with the hope of sparking interest in renewal
- Projects are taking place on all kinds of sites that range extensively in size, and many of which have lain vacant for decades

### ***What Attracts Developers***

- Primarily factors related to location
- Strength of the area's property market
- Proximity to roadways and highways, good neighborhoods, and gentrifying/"yuppifying" neighborhoods
- Property's proximity to public transit
- Attributes associated with land
- Low price of land
- Availability of an area-wide development plan
- Subsidy provisions

### ***Barriers to Development***

- Cost (or amount) of cleanup required
- Liability risks
- Longer project duration which increases costs
- Unknown or surprise costs
- Fear of loss of equity discourages investment in housing stock
- Depressed price of housing in the city makes it difficult to develop market rate housing with sufficient rents to offset development costs.
- Banks and other lenders remain largely unwilling to loan against the full promise of the emerging market
- Weak markets

- Lack of public funding
- Lack of formal or understood process for housing development in the downtown core
- Chain of command or responsibility for housing development is unclear and answers to developer questions are found in multiple locations with multiple people. As a result the development process is unpredictable and difficult for local developers and even more so for out-of-town developers.
- Bureaucratic entanglement and delays
- Zoning ordinances that are not conducive to multi-use development

### *Aids to Development*

- Costs and risk are strongly tied to the experience of developers in managing them
- Financial support from government that gets developers to take on more challenging properties.
- Willingness of banks to provide support, particularly to developers that have a good track record, even if that track-record is based on greenfield projects
- Reduction in the amount of cash equity required
- Capital write downs in the form of non-interest-bearing second mortgage covering a specified amount of the purchase price for a residential unit
- Streamlined approach to managing development, where the Department of City Development oversees issues related to cleanup, planning, development, and funding
- Majority of developers feel that greater financial assistance is the key to increasing residential redevelopment. However, many are still willing to go about profitable projects on their own, particularly if it helps avoid bureaucratic entanglement and delays.

### *Public Sector Interventions*

- Public sector interventions are perceived as necessary for increasing residential development related directly to improving the bottom-line of projects, whether through some form of direct funding to help cover costs, relaxing regulatory requirements to minimize cleanup and/or time-related costs, or reducing land acquisition costs. In addition, the public sector manages the degree to which preferences of housing fits the diversity of residents within the housing market.
- Streamline regulatory procedures
- Develop portfolios of city and privately owned properties, and then devise site-specific or area-wide strategies for renewal based on public and private interests
- Requiring 15 percent to 20 percent of new or rehabilitated units to remain affordable
- Environmental mitigation of brownfield sites
- Land assembly

- Lower real estate taxes to reduce costs to house owner
- Tax exemptions for housing improvements

### *Investment Strategies*

- Density bonuses allow developers to build extra units beyond allowed densities if they meet certain goals of infill development.
- Transfer of development rights may be used to reduce development in rural areas in exchange for increasing development in the city by allowing developers to purchase development rights in outlying areas for each housing unit they want to build in the city.
- Where rehabilitation of existing infrastructure becomes necessary, there are a number of funding policies that can mitigate the expense of needed infrastructure improvements. Funds can come from the capital budget or special taxes that are funded directly back into infrastructure projects
- Tax increment financing (TIF) district where property tax revenue is redirected to infrastructure projects in that district instead of being added to a general fund
- Tax abatement for residential improvements
- Low interest loans

## **Rockford Area Residential Market**

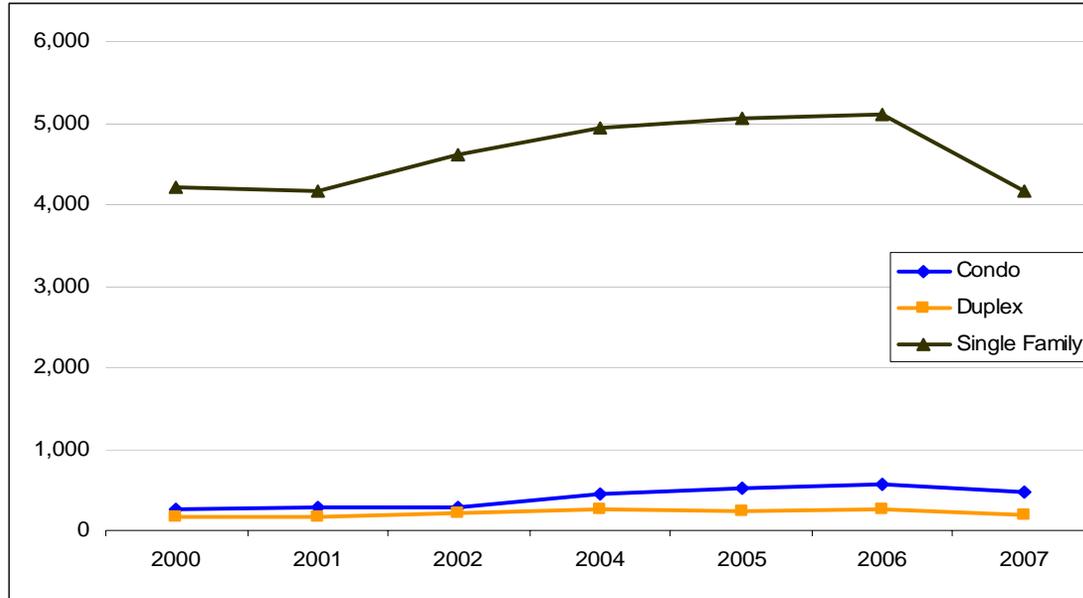
### **Ownership Market**

ERA analyzed sales data from the Rockford Area Association of Realtors for the areas of Rockford, Loves Park, Cherry Valley, and Machesney Park for the years 2000 through 2007.

The residential ownership market has been fairly stable, although surges were experienced briefly among all product types between 2004 and 2006. The number of total condo sales in the Rockford area (includes the townships of Rockford, and Cherry Valley townships, has fluctuated between 250 and 560 units annually, with a slight surge in 2004 and 2006. Duplexes (townhouses) also experienced modest fluctuations between 170 and 260 units annually with similar increases between 2004 and 2006. Single family home sales experienced the greatest fluctuation in sales when compared to the other product types, with unit sales numbered around 4,620 to 5,820 units annually. The far fewer number of transactions for condo and townhouse units reflects the relatively small number of condos and townhouses in the area's housing stock compared to single family houses. This is not uncommon in the US where the single family house has been the overwhelmingly dominant housing form for many decades. Only in recent years, as the percentage

of households with children under 12 drops below 20 percent and the overall household continues to shrink, have we seen renewed investment in multifamily unit development.

**Figure 10. Number of Home Sales**



**Table 62. Demand for Bedrooms by Type**

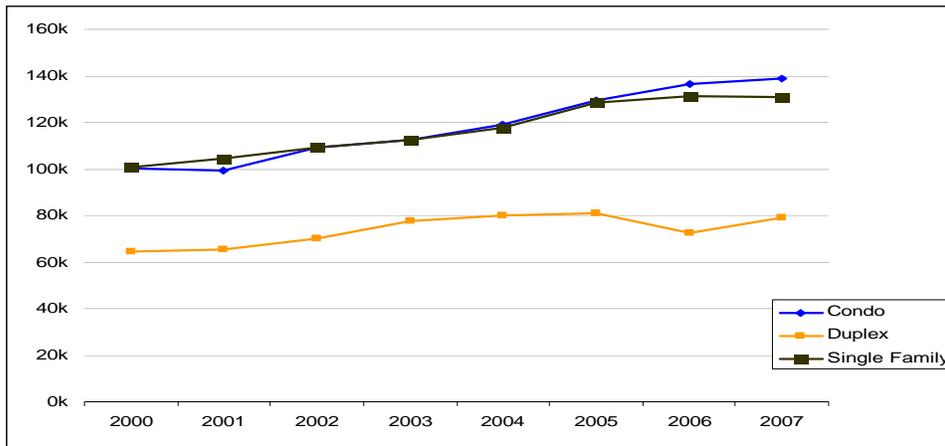
Residential Type	# Bedrooms	Total	%
Condominium	1	67	2%
	2	2,620	81%
	3	515	16%
	3+	23	1%
	<b>Total</b>		<b>3,225</b>
Townhome	1	82	5%
	2	1,038	61%
	3	353	21%
	3+	227	13%
	<b>Total</b>		<b>1,700</b>
Single-family	1	216	1%
	2	5,488	15%
	3	23,050	62%
	3+	8,347	22%
	<b>Total</b>		<b>37,101</b>

Source: Rockford Area Association of Realtors

The following chart illustrates the appreciation of condominiums, townhouses (duplexes), and single-family homes from 2000 through 2007. Condominiums and single-family homes have experienced

similar price points, averaging \$100,000 in 2000 and rising to between \$130,000 and \$140,000. The average condominium sale price trended higher in 2007 than that of single-family homes. The average sale price of townhouses did not experience the similar degree of growth. Prices started at around \$65,000 in 2000, peaked in 2005 just above \$80,000 and ended in 2007 at just below \$80,000.

**Figure 11: Average Sales Price**



Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

Table 63 shows the sales price for condo, townhouse, and single-family home products when averaged over the past three years. Condos have garnered a higher price, on average, than both single-family homes and townhouses. As expected, as bedrooms increase in number within a condo and single-family home, the sale price has increased. Unexpected, however, is as the number of bedrooms within townhouse units increase beyond two per unit, the sales prices have decreased.

**Table 63. Average Sales Price (2005-2007)**

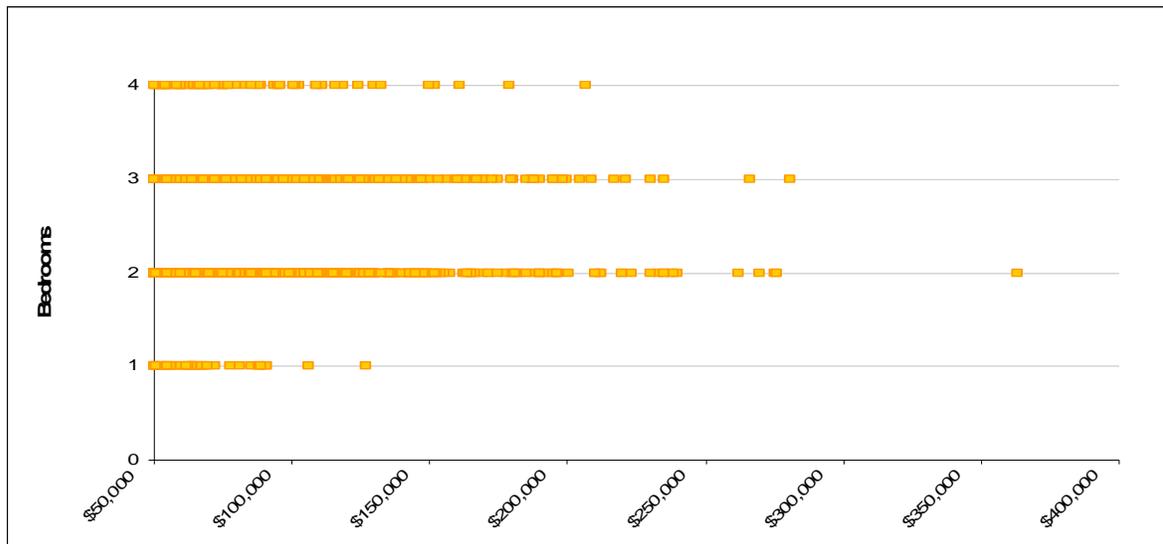
Bedrooms	Condo	Townhouse	Single Family
1	\$88,480	\$52,018	-
2	\$128,605	\$82,404	\$75,255
3	\$161,775	\$81,293	\$126,197
4	\$211,979	\$56,611	\$173,996
Overall	\$134,839	\$77,675	\$128,598

Source: Rockford Area Association of Realtors

The following two charts only track condo and townhouse sales using a scatter plot. Each dot represents a 1, 2, 3, or 4 bedroom home sold between 2000 and 2007. By placing individual sales on a scatter plot graph in order of number of bedrooms, the concentration of sales can be analyzed. The scatter plot indicates that the majority of townhouse sales have been at prices below \$200,000. Four-bedroom townhouses have been sold, but most are valued at prices below \$150,000. The majority of townhouses sold at prices above \$250,000 contained 2 or 3 bedrooms (primarily 2 bedrooms). The most expensive townhomes reached upper price limits of approximately \$250,000.

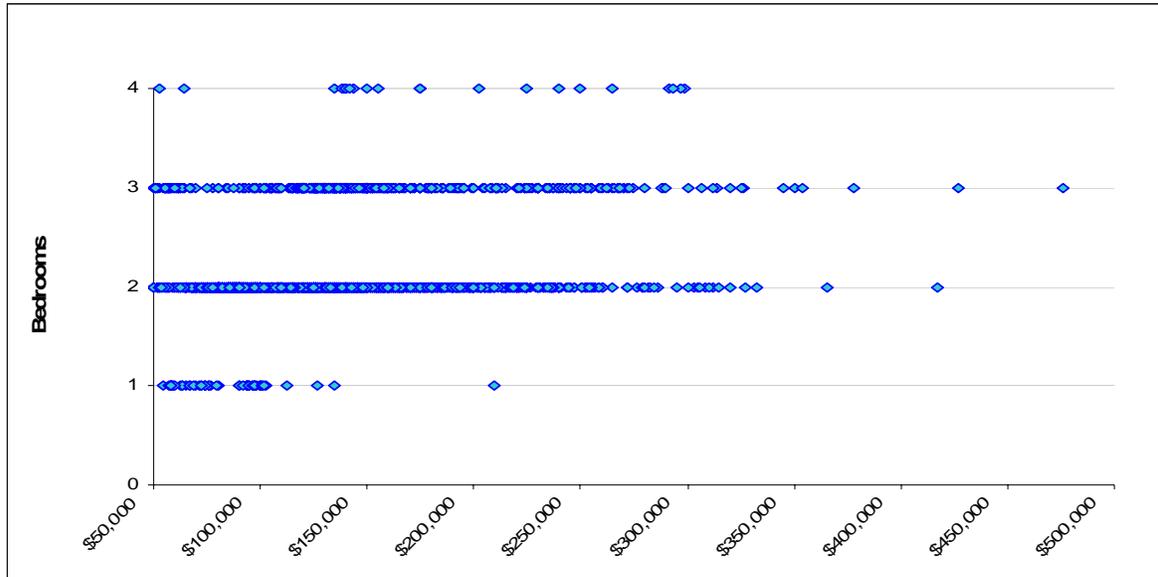
When compared to townhouses, more condos have been sold at prices above \$250,000. Two and three-bedroom units, similarly, seem to be more popular than one and four-bedroom units. Two and three bedroom condo units garnered higher sales prices that reached upper limits of around \$350,000.

**Figure 12. Townhome Sales (2000-2007) - Rockford Region**



Source: Rockford Area Association of Realtors (includes Rockford, Machesney Park, Cherry Valley, and Loves Park)

**Figure 13. Condo Sales (2000-2007) - Rockford Region**



Source: Rockford Area Association of Realtors (includes Rockford, Machesney Park, Cherry Valley, and Loves Park)

Table 64 shows the proportion of homes purchased within five price ranges. Approximately 40 percent of all properties sold between 2000 and 2007 within the Rockford region were purchased at prices that ranged from \$50,000 to \$107,499. This is consistent with condominium sales (46 percent), townhouse sales (48 percent), and single family homes (40 percent). Overall, 12 percent of homes were bought at prices higher than \$179,200. Townhome products were the most likely residential type valued lower than \$50,000.

**Table 64. Proportion of Residential Sales (2000-2007) by Price**

Sale Price	Condo	Townhouse	Single Family	Total
< \$50,000	3%	32%	11%	11%
\$50,000 - \$107,499	46%	48%	40%	40%
\$107,500 - \$179,100	39%	16%	37%	36%
\$179,200 - \$320,100	12%	3%	12%	11%
> \$321,000	0%	0%	2%	1%

Source: Rockford Area Association of Realtors

Table 65 shows the age distribution of housing types based on value range. Single-family homes valued above \$321,000 tend to be among the newest single-family product constructed in the Rockford region. Condominiums are the newest type of housing within Rockford, with an average age of 7 years. Townhouse products (also called duplexes) are the oldest types of housing in the region. On average, the youngest homes across all housing types tend to be valued between

\$179,200 and \$320,100. The oldest inventory of single-family homes, condominiums and townhouses are valued below \$50,000.

**Table 65. Age of Residential Inventory (Years by Price)**

Price	Single Family	Condo	Townhouses
< 50,000	63	33	77
50,000 – 107,499	47	8	66
107,500 - 179,100	19	5	45
179,200 - 320,100	11	2	17
>321,000	14	0	39
Total Average	32	7	60

Source: Rockford Area Association of Realtors

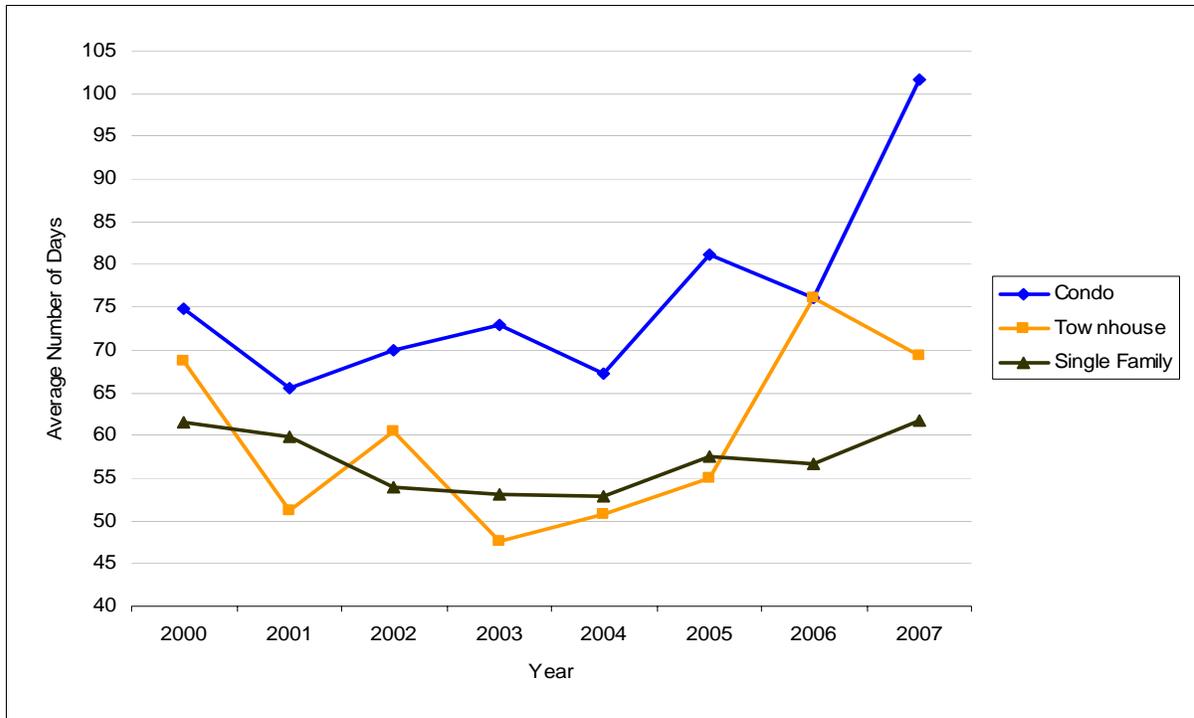
Table 66 and Figure 14 illustrate the demand of various types of homes based on the average number of days houses remain on the market. Overall, condominiums average the longest amount of days on the market (60 days) while townhouses and single-family homes average 57 days. Interestingly, lower priced condos and single-family homes (less than \$105,499) tend to stay on the market longer than homes priced at the higher end of the market. Upscale condos have remained on the market for the least amount of days (21 days on average) when compared to residential types at different price points. The single-family home market has had the most stability since 2000, oscillating between 53 days in 2004 and around 61 days in 2000 and 2007. When compared to the other product types, townhomes were remaining on the market the least amount of days between 2003 and 2005 (between 47 and 55 days), but experienced a lag in demand as homes begin staying on the market longer in 2006 (averaging above 75 days). Condos also experienced longer periods on the market, going from 75 days in 2006 to over 100 days in 2007. As indicated in a prior section in Table 54, Rockford also experienced a substantial building surge in multi-family housing between 2000 and 2006.

**Table 66. Average Days on Market**

Price	Single Family	Condo	Townhouses
< 50,000	74	68	59
50,000 – 107,499	70	60	50
107,500 - 179,100	88	47	58
179,200 - 320,100	72	59	70
>321,000	55	21	83
Total Average	57	60	57

Source: Rockford Area Association of Realtors

**Figure 14. Average Number of Days on Market**

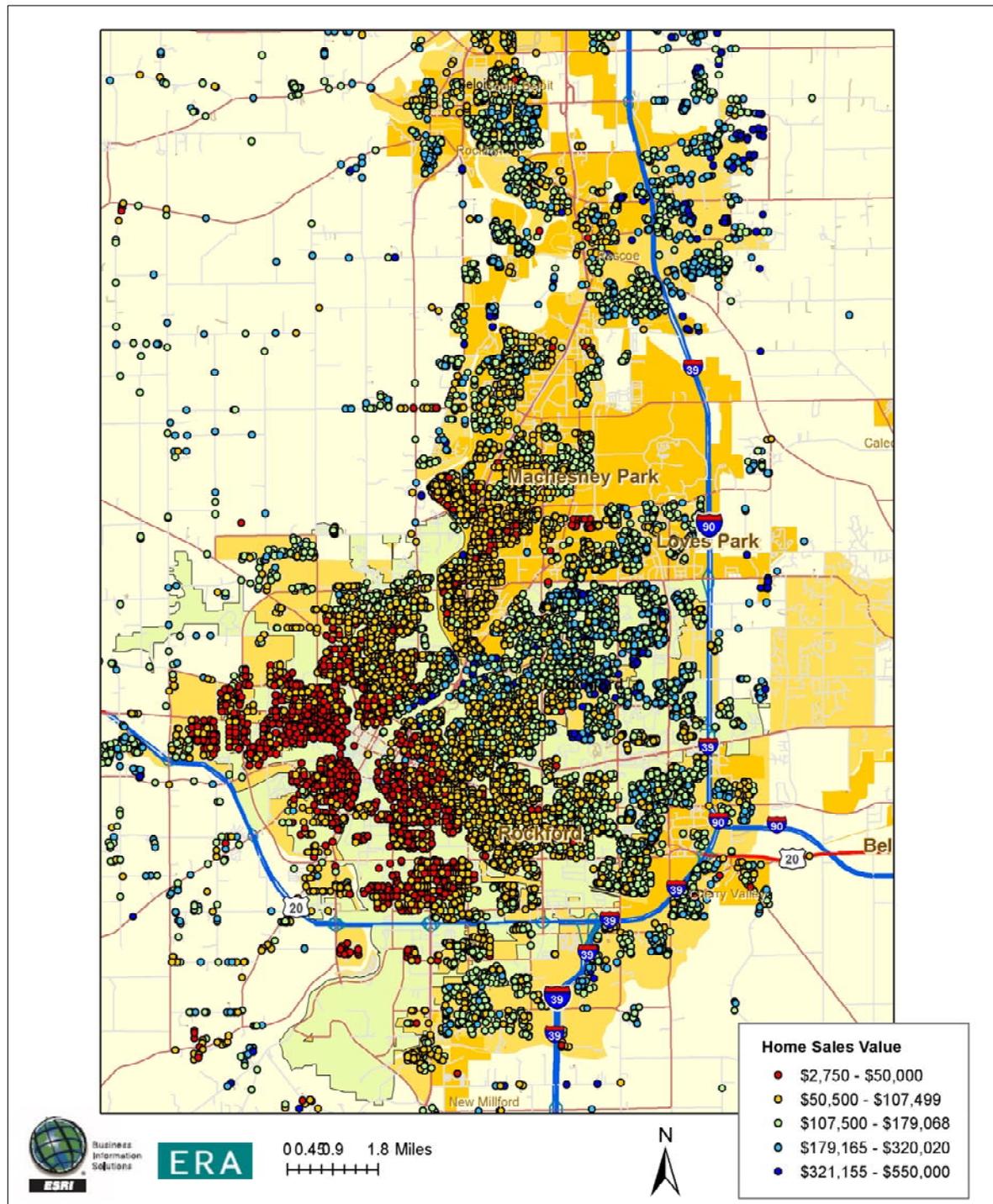


*Map 7. Rockford Area Home Sales* illustrates the geographical patterns associated with homes purchased between 2000 and 2007. Home sales below \$50,000 were concentrated in a concentric pattern within the neighborhoods in and around downtown Rockford. The neighborhoods south of downtown and west to the city’s border also have high concentrations of housing that were valued below \$50,000.

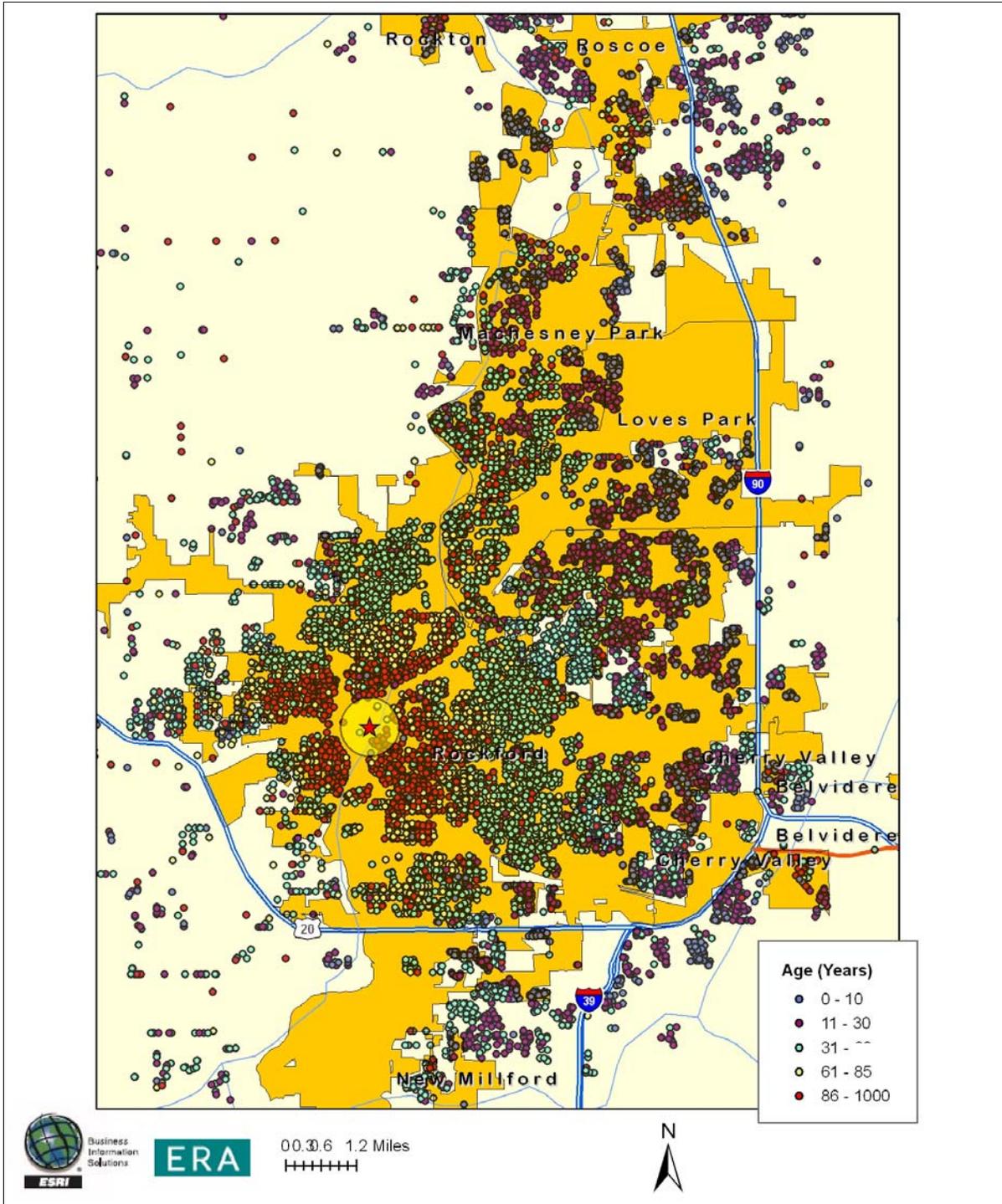
The City’s housing increases in value as the pattern of home sales moves in almost an arc, spanning from north of the city down to neighborhoods southeast of the Rock River. The majority of homes valued at \$179,000 and above are located in neighborhoods in the city’s north east and neighborhoods north of the city and on the outer edges to the east and south east.

The special distribution of houses based on age is similar to the distribution illustrated in the housing value map. *Map 7. Rockford Area Home Sales Sold* depicts a pattern of old housing stock to newer starting from the downtown and expanding concentrically outward in a north eastern direction.

**Map 7. Rockford Area Home Sales**



Map 8. Age of Homes Sold (2000-2007)



Unit size analysis is based on a market that includes only the Townships of Rockford and Cherry Valley. Overall, the market has experienced price per square foot appreciation since 2000 at rates of over 3 percent annually. Two-bedroom homes experienced the greatest annual increase (4.23 percent).

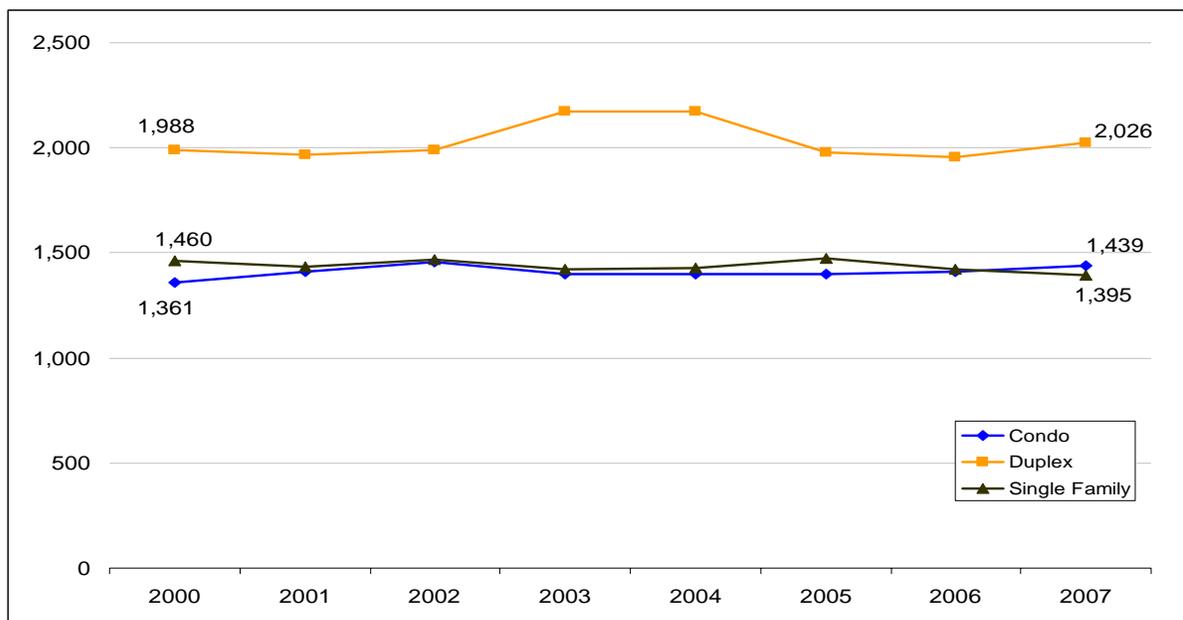
**Table 67. Average Price per Sq. Ft. (by # of Bedrooms)**

Rooms	2000	2001	2002	2003	2004	2005	2006	2007	CAGR
1 BR	\$47	\$48	\$41	\$47	\$62	\$68	\$56	\$60	3.48%
2 BR	\$57	\$58	\$63	\$63	\$66	\$73	\$74	\$76	4.23%
3 BR	\$61	\$63	\$67	\$68	\$71	\$78	\$80	\$80	3.95%
4 BR	\$60	\$61	\$68	\$70	\$68	\$76	\$78	\$77	3.62%

Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

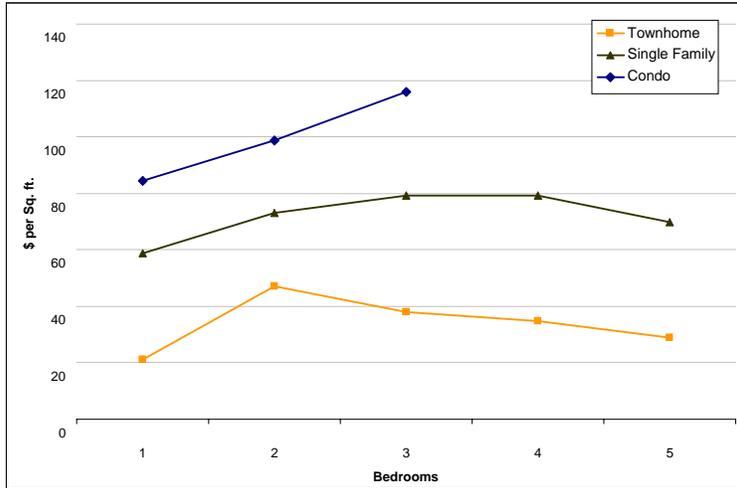
As illustrated in the following chart, the average size of homes purchased since 2000 has remained fairly constant. On average, townhouses purchased in 2000 were approximately 2,000sqft while the average single-family home was approximately 1,400sqft and condominium was 1,400sqft. In 2007, townhouses averaged approximately 2,030sqft while single-family homes averaged just under 1,400sqft and condominiums just over 1,400sqft. A slight adjustment in the housing stock occurred in 2004 and 2005 when townhouses purchases reached 2,100sqft.

**Figure 15. Average sq. ft. of Residential Products**



Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

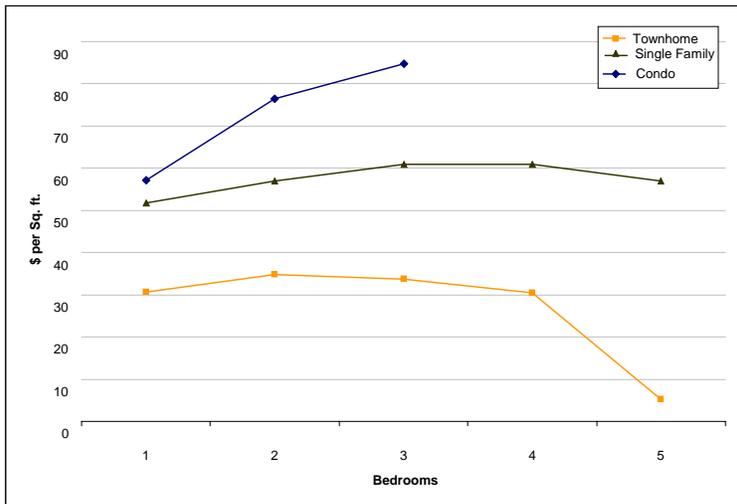
**Figure 16. Square Foot Costs by Bedrooms (2007)**



Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

The cost per square foot of condominiums and single-family homes increased from 2000 to 2007. The average 1-bedroom condominium sold for approximately \$56 per sq. ft. in 2000 and around \$81 per sq. ft. in 2007. Similar increases were experienced for single-family homes (\$50 per sq. ft. in 2000 and \$60 per sq. ft. in 2007). Townhouses experienced a price drop, going from \$30 per sq. ft. in 2000 to \$20 per sq. ft. in 2007.

**Figure 17. Square Foot Costs by Bedrooms (2000)**



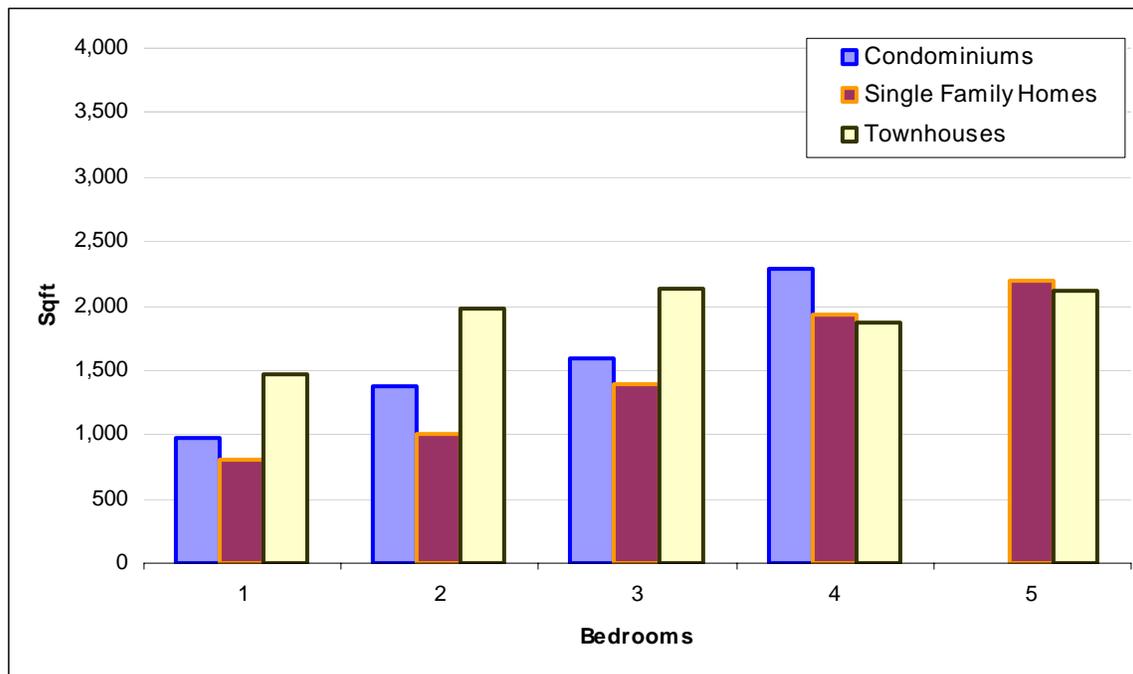
Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

At almost \$120 per sq. ft., 3-bedroom condominiums garnered the highest price points between the three residential products. Townhouses consistently sold at prices per sq. ft. lower than that of the other two product types.

Two-bedroom townhouses sold at greater price points than townhouses of other sizes while three and four-bedroom single-family homes sold at higher price points within its product line.

Townhouses (i.e. duplexes), on average, have more space than condominiums and single-family homes in the Rockford market, at least until the units have four bedrooms. Four bedroom condominiums are primarily found north of Rockford Township in the Harlem and Owen Townships. These newer condominiums are larger than those found in the city of Rockford and in the suburbs or Rockford Township.

**Figure 18. Size of Residential Type (SQFT)**

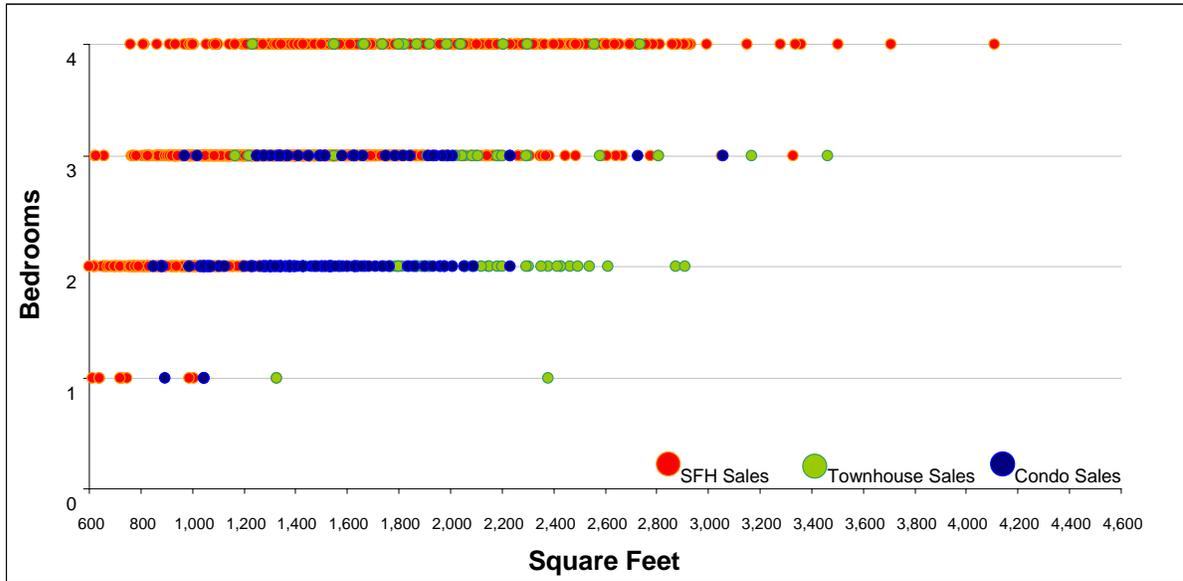


Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

The following two graphs compare 2000 and 2007 sales by sq. ft. and number of bedrooms. Each dot represents a 1, 2, 3, or 4 bedroom home sold in 2000 and 2007. The graphs illustrate that typical 2-bedroom and 3-bedroom condominiums (the most likely types of condo units) span between 1,200sqft and 2,000sqft. Units larger or smaller than that range are rare. The data only reflects sales in Rockford and Cherry Valley Townships, thus 4-bedroom condominium sales, a rarity in these two townships, are not recorded.

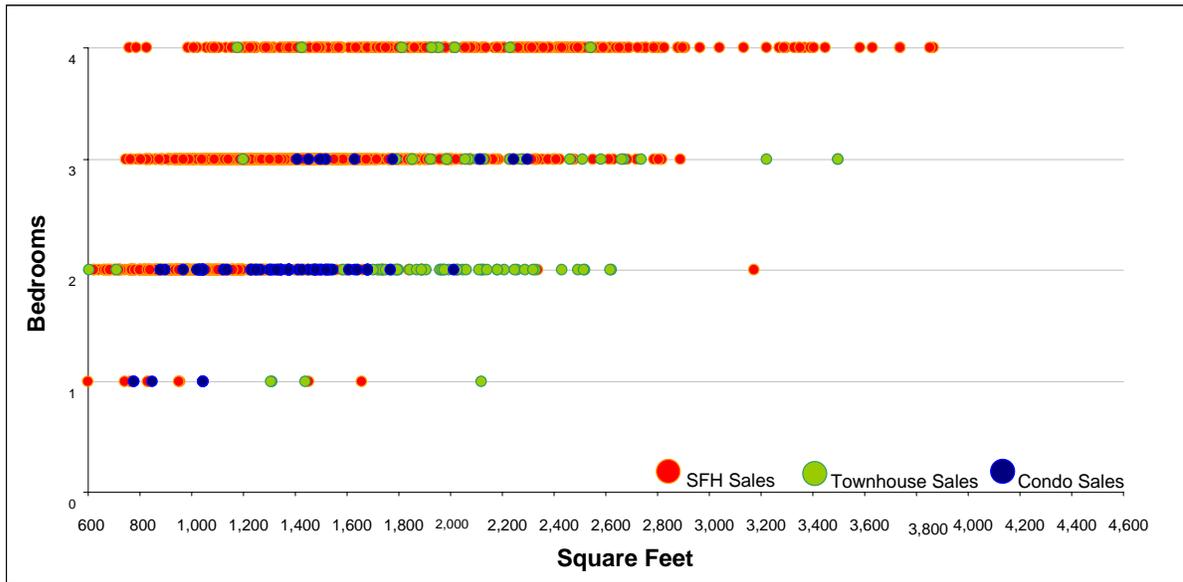
The supply of 2-bedroom townhomes has tended to be larger in size than both 2-bedroom condominiums and single-family homes. Townhome units rarely extend beyond 2,600 sq. ft.

Figure 19. Sq. ft. Distribution of Residential Products (2007)



Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors

Figure 20. Sq. ft. Distribution of Residential Products (2000)



Source: Rockford Township and Cherry Valley Township, Rockford Area Association of Realtors



## Rental Market

### *Multi-Family Local Examples*

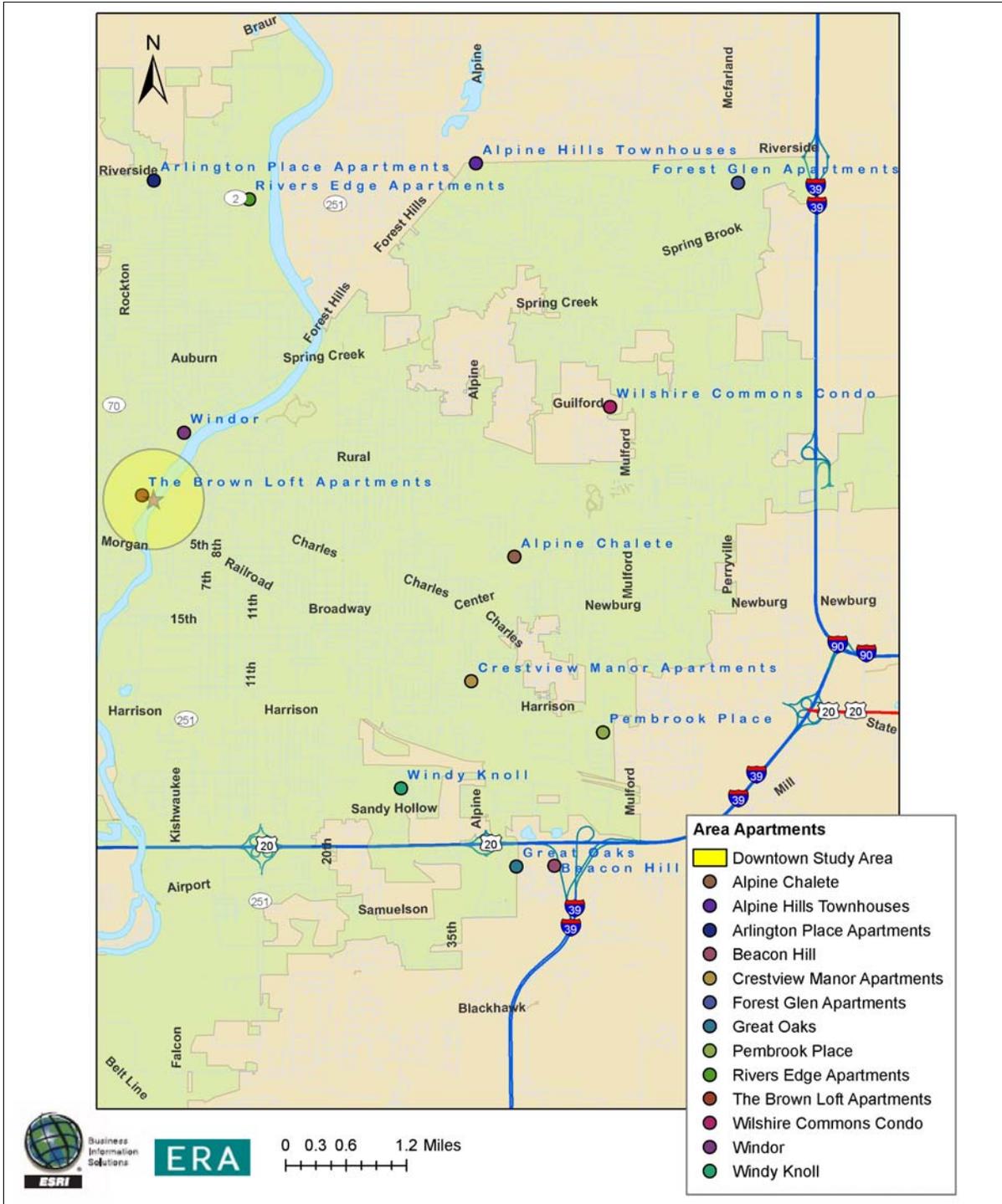
Interviews and data collected from selected multi-family developments suggest the rental market in downtown Rockford, along with other competitive rental markets in proximity of downtown and at the outer periphery of the city, are experiencing monthly average occupancy rates that have consistently ranged between 94 percent and 100 percent for the past few years. River District apartments have consistently contained fewer units than their suburban or peripheral counterparts. The range of price per sq. ft. between rentals within the city and those on suburban periphery have little variance. Upscale apartments (city or suburban) tend to reach a price ceiling at just below \$1.00 per sq. ft., while only a few apartments are valued at less than \$.60 per sq. ft. However, the property amenities do differ between city and suburban apartments. One is more likely to find pools, club rooms, fitness facilities, and ample parking at suburban rental locations. Family oriented facilities, like play grounds, are also more common within the suburban developments. Little to no difference is found between unit amenities between city and suburban locations (see apartment development information later in this section).

Examples of multi-family developments used to understand the breadth of the Rockford rental market are shown in Table 68.

**Table 68. Multi-family Rental Developments in Rockford**

Name	Location	Price Per S.F.	Occupancy	Total Units
Alpine Chalet	City	\$0.62 to \$0.64	N/A	N/A
Windy Knoll	City	\$0.62 to \$0.48	N/A	N/A
Crestview Manor Apartments	City	\$0.68 to \$0.80	98%	53
Windsor	Downtown/Near Downtown	\$0.47 to \$0.50	95%	22
Carlton	Downtown/Near Downtown	\$0.52 to \$0.58	100%	19
The Brown Loft Apartments	Downtown/Near Downtown	\$0.76 to \$0.99	95% – 98%	30
Pembrook Place	Suburban Rockford/City Periphery	\$0.64 to \$0.93	95% - 98%	136
Forest Glen Apartments	Suburban Rockford/City Periphery	\$0.79 to \$0.99	98	140
Alpine Hills Townhouses	Suburban Rockford/City Periphery	\$0.63	95% - 100%	38
Arlington Place Apartments	Suburban Rockford/City Periphery	\$0.64 to \$0.98	85%-90%	218
Rivers Edge Apartments	Suburban Rockford/City Periphery	\$0.59 to \$0.70	99%	100
Great Oaks	Suburban Rockford/City Periphery	\$0.66 to \$0.90	95%	542
Beacon Hill	Suburban Rockford/City Periphery	\$0.47	90-95%	669
Wilshire Commons Condo	Suburban Rockford/City Periphery	\$0.65	100%	N/A

Map 9. Selected Multi-Family Housing



### Beacon Hill

In close proximity to the intersection of Route 20 and Interstate 39, Beacon Hill spreads across approximately 40 acres on the southeast periphery of city’s boundaries. The 669 units range in price from \$345 for a one-bedroom unit to \$455 for a two-bedroom unit. One and two-bedroom units are evenly split between the total units. Occupancy rate ranges between 90 percent and 94 percent.



### Forest Glen Apartments

The Forest Glen Apartments sit on the northeast perimeter of Rockford, less than a mile from Interstate 90. The 140 unit complex has an assortment of one, two, and three bedroom choices that range from \$840 one-bedrooms and \$930 two-bedrooms to \$1,000 three-bedrooms. Occupancy remains high in this complex – averaging close to 98 percent for 2007.



### Alpine Hills Townhomes

The 38 unit townhouse complex staggers the northern periphery of the city along the border between Loves Park and the City of Rockford. The 1,500 sq. ft. 3-bedroom townhomes cost approximately \$975 per month. Site amenities include garage parking. Standard luxury features like granite countertops and walk-in closets are within each unit.



**Pembroke Place**

Pembroke Place is located within the Cherry Valley Township at the southeastern periphery of the city. Like many of the suburban developments, the management takes pride in the development's quiet neighborhoods and family amenities. A community center and pool are the central amenities for the households that live within its 136 apartment units. Renters have a choice between 845 to 860 sq. ft. one-room units, 875 sq. ft. to sq. ft. to 1,040 sq. ft. two-bedroom units (with one or two bathrooms), and 1,160 sq. ft. to 1,300 sq. ft. three-bedroom units. The 22 one-bedroom units list at \$800. The 67 two-bedroom units list at \$645. The 47 three-bedroom units list from \$950.



**Great Oaks**

Located at the southeast periphery of the city and near Interstate 39, Great Oaks Apartments is a moderately priced 542 unit rental complex with one and two bedroom options. Current list prices are approximately \$350 for a one-bedroom and \$470 for a two-bedroom. There are reportedly 171 one-bedroom and 171 two-bedroom units that are near 95 percent occupied. Renters have access to an on-site swimming and shared laundry facilities in each building.



### **(William) Brown Loft Apartments**

The city’s largest historic tax credit residential rehabilitation project was completed in the early 2000s and now houses a diverse mixture of rental tenants who work in the downtown, attend the local academic institutions, hold positions within the numerous downtown and neighborhood organizations, or simply enjoy living in an urban environment. This upscale loft building has 30 units ranging from \$675 for a one-bedroom to \$1,225 for its largest river-view units. The building’s 18 one-bedroom units and 12 2 bedroom units are consistently rented with an occupancy rate of approximately 95 percent. Units have comparable amenities to suburban rental (like walk-in closets, secure parking, granite countertops, and cable).



### **Alpine Chalet**

Just southeast of the intersection of Alpine Road and East State Street and blocks from Alpine Park sits the Alpine Chalet apartments. The apartments are common residents of students at Rockford College and families. Apartments range between \$450 and \$605 for varying floor plans of 680 sq. ft. one-bedroom units +to 980 sq. ft. two-bedroom units. Three bedroom apartments are 1,500 sq. ft. for \$975. Site amenities (primarily green space) are not as plentiful as those found in more suburban locations.



### Wilshire Commons Condo & Apartments

This rental and ownership combination is located in the eastern part of the city near a number of business/office parks that line Guilford Road, State Street, and Interstate 90/39. The Wilshire subdivision is a 250 unit complex comprised of four different ownership entities. Wilshire Commons, one of the four developments, consists of 48 two-bedroom units divided among 12 buildings. Two buildings have been sold as owner occupied condominium units while the remaining 10 buildings have remained rental. Each unit is 1,250 sq. ft. Rental units list between \$795 and \$850 depending on in-unit finishing. Common tenant groups include young adults with no children, young families, and 55+ seniors. Roughly 10 percent of the rental groups are 55+ seniors.



### Arlington Place Apartments

Located in the northern periphery, but within the city limits, Arlington Place is a rental development composed of 218 one- and two-bedroom units. The 72 one-bedroom units range in price from \$450 to \$530. The 145 two-bedroom units range in price from \$565 to \$600. One-bedroom units range in size from 460sqft to 640sqft. Two-bedroom units range in size from 785sqft to 295sqft. Unit amenities include balconies, patios, walk-in closets, cable, and a variety of upscale finishings depending on the apartment. The apartments are consistently filled at around 95 percent occupancy.



### Rivers Edge Apartments

Near Rockford Country club at the city's northern boundary sits 100 units of one- and two-bedroom apartments that have remained close to 100 percent full since spring 2007. The 32 one-bedroom units are approximately 650sqft and are priced at \$450. The 68 two-bedroom units are approximately 880sqft and priced at \$520. Units come with the walk-in closet and storage.



### Carlton Apartments

Carlton's near downtown location is an amenity that is valued by many who chose urban living. The development consists of 19 two-bedroom units that range in size from 1,200sqft to 1,400sqft. Listing prices \$700 to \$760. Other amenities include private balconies overlooking the courtyard, secured 1 car garage space, hardwood floors, and fireplaces. Currently the building is 100 percent occupied.



### Windsor Apartments

Similar to the Carlton, the Windsor Apartments are located near downtown Rockford. The complex has similar vintage 1916 charm with porches, sunrooms, hardwood floors, fireplaces, and large rooms. The Windsor is slightly larger with 22 units – 6 one-bedroom, 10 two-bedroom, and 6 three-bedroom. One-bedroom units range from 900sqft to 1,000sqft and list between \$600 and \$700. Two-bedroom units range from 1,100sqft to 1,200sqft and list between \$690 and \$740. Three-bedroom units range from 1,300sqft to 1,400sqft and list between \$750 to \$800.



### Crestview Manor Apartments

Located in the southeast portion of Rockford, the Crestview Manor Apartments are located less than 1 mile from Colonial Village Mall, minutes from Rockford Colleges, and within close proximity to various industrial parks near the intersection of Alpine Road and Harrison Avenue. The 53 unit building has 19 one-bedroom units that price at \$499 for 620sqft, 10 two-bedroom units that price at \$575 for 850sqft, and 24 three-bedroom units that price around \$650 for 900sqft to 1,000sqft. Crestview Manor has experienced 98 percent occupancy since 2007.



**Windy Knoll**

The Windy Knoll Apartments are located in the southern regions of the city just a few blocks east of Sandy Hollow Golf Course. Two-bedroom units are listed between \$550 and \$610 while three-bedroom units list at approximately \$710. The two-bedroom units range from 870sqft to 980sqft. The three-bedroom units are approximately 1,460sqft. The building has been recently remodeled inside. Apartment amenities include central air, fireplace, walk-in closets, private patios, 1.5 Bathrooms, and blinds provided for all windows.



## **Downtown and Near Downtown Demand Considerations**

In the earlier market trends section we reviewed residential trends and characteristics of the urban housing markets along with a comparison of similar Midwestern cities to understand how cities which have begun downtown development in the 90s and early 2000s have fared. This section highlights and evaluates residential market conditions for a diverse selection of urban residential products for downtown and near downtown urban communities.

ERA evaluated overall household and income dynamics as well as area supply characteristics to help inform and establish appropriate planning criteria. ERA estimated annual demand for mid-density (townhouses and 3-to 5-floor mid-density structures) mixed residential (ownership and rental).

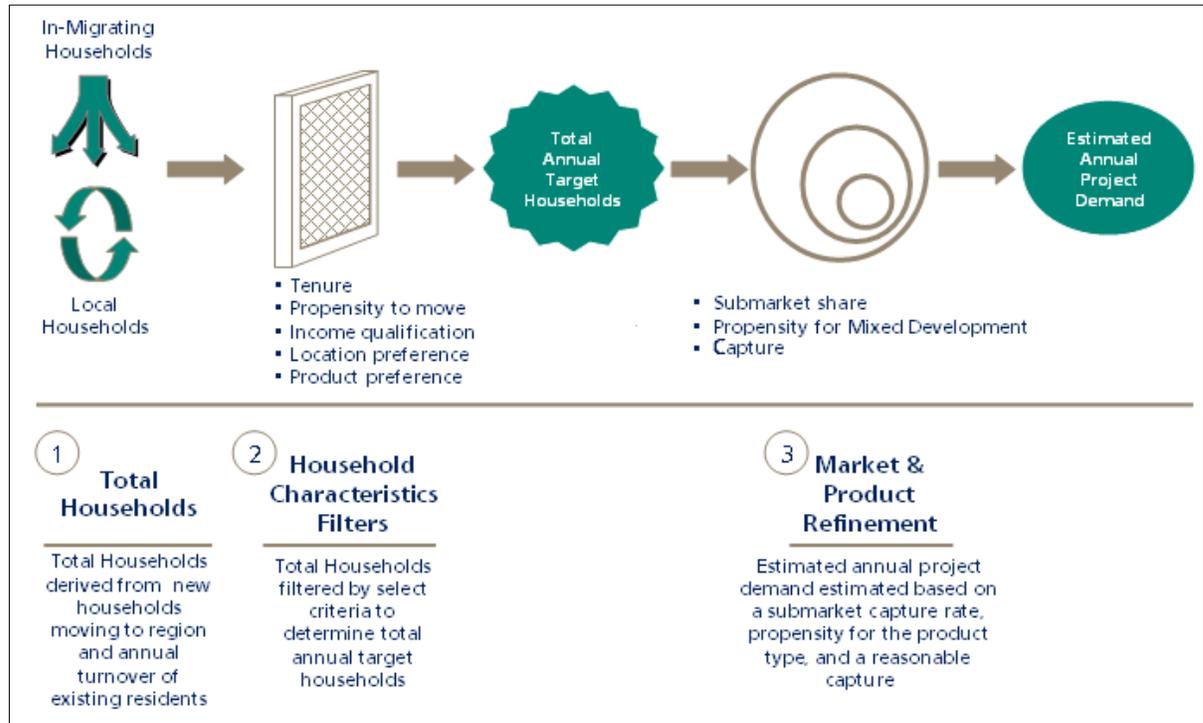
Objectives included:

- Estimating demand potentials for residential units at higher densities
- Identifying an appropriate unit mix, tenure, and achievable densities

### **Estimating Demand**

To estimate area demand, total annual mobile households are filtered by several criteria to identify target households, which are then refined by demographic preferences and product preference capture rates. See the following chart for general methodology.

Figure 21. General Methodology



Mobile households include households that move within the primary area (in this case, Winnebago County) and those that migrate to these counties. For example, according to 2005-2006 IRS County to County Migration Data, there were about 6,000 households that moved into Winnebago County from other counties. In addition, according to Census estimates, about 6 percent of homeowners and approximately 23 percent of renters move annually within Winnebago County. About 75 percent of these owner-movers and 25 percent of renter-movers stay within the county.

**Table 69. General Estimates: Annual Moving Households**

	<b>Households</b>
<b>Households Migrating to County</b>	<b>6,000</b>
<b>Households within County</b>	<b>115,000</b>
% Owners	75%
% Renters	25%
<b>Households Moving within County</b>	
% Owners	6%
% Renters	23%
<b>Total Estimated Households Moving within County</b>	<b>12,000</b>
<b>Mobile Households</b>	<b>18,000</b>

Source: Economics Research Associates, IRS County Migration Data, U.S. Census, ESRI Business Solutions Tapestry Household Data

The 18,000 total mobile households (those moving from other counties and those moving within the county) are filtered by ERA’s model through a series of demographic and psychographic characteristics to determine target households that earn above \$25,000 annually and have a high likelihood of locating their housing in an urban area and living in a unit that is not a single family detached home. What the methodology of the model grasps is the likelihood that a household moving into a particular county will locate in a specific type of urban environment and residential product type based on lifestyle characteristics and income.

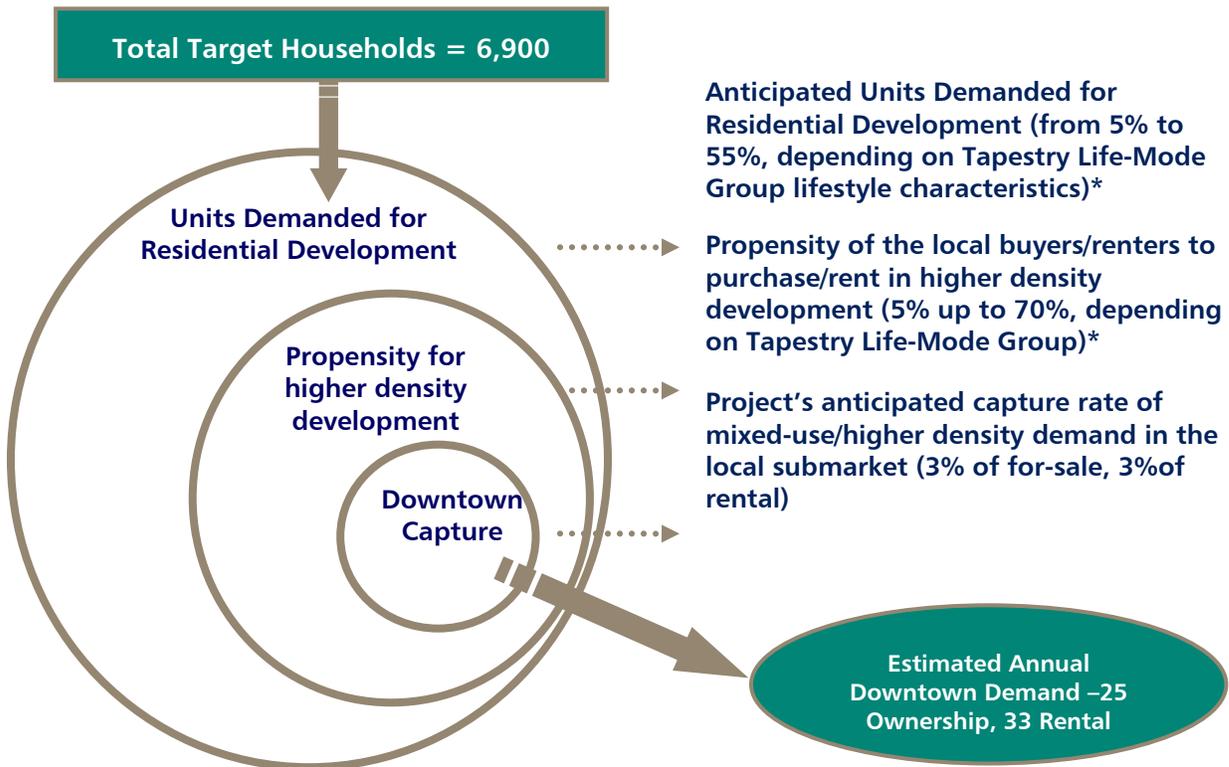
The ERA model determines that 6,900 households fit the characteristics of likely multi-unit residents – that is the total number of units demanded in the region for all types of housing product on an annual basis. This number is different from the general calculations made in the previous table because it is the result of detailed modeling based on household segmentation characteristics. The model then calculated the potential for downtown/central city living in Rockford, as the following figure shows.

As illustrated below, to estimate annual demand for housing within the central urban area (downtown and near downtown neighborhoods), total target households (6,900 households) were then refined for likelihood of affording and having interest in moderate to upscale housing, propensity to live in mixed residential development, and the downtown’s likely capture rate.

Market capture is based on understanding demand. ERA’s demand model filters households most likely to be attracted to a moderate to upscale, mixed-use, higher density development that city planners and economic developers are currently anticipating redeveloping and renovating. The following figure illustrates the inputs and estimated demand for central urban area (downtown and near downtown) housing within Rockford.

The lower capture rates reflect trends held by central urban areas in similar Midwestern cities analyzed in earlier sections of this report.

**Figure 22. Total Target Household Calculation**



\* Capture rates of units demanded for upscale and higher density development are based on actual calculations using data supplied by ESRI for each diverse Life-Mode Group. See Appendix for detailed descriptions of Live-Mode Groups.

### Identification of Household Types

Seven Life-Mode groups (groupings of Tapestry household segments that share similar lifestyle characteristics) make up about 79 percent of anticipated total demand for urban living when taking into account for-sale and rental demand. The percentage comparison is provided in the in Figure 23 and Figure 24.

**Table 70. Estimated Annual Demand by Life-Mode Group**

Annual For-Sale Units	Life-Mode Group	Annual Rental Units	Life-Mode Group
11	Traditional Living	10	Solo Acts
3	High Society	7	Traditional Living
3	Senior Styles	4	Senior Styles
2	Solo Acts	4	Global Roots
2	Family Portrait	2	High Hopes
4	Other	6	Other
<b>25</b>	<b>Total</b>	<b>33</b>	<b>Total</b>

Source: Economics Research Associates, ESRI Business Solutions

**Traditional Living:** Hard-working settled families with a high median age and earning a modest living, looking toward retirement

**Solo Acts:** Includes young, start-up households as well as established singles who are well-educated and are interested in living in more urban settings, more renters than home owners

**High Society:** Affluent and well educated households with high-paying jobs and the highest household incomes of the Life-Mode groups. They have high levels of home ownership

**Senior Styles:** Seniors, either couples or singles, living in a mix of housing types and various levels of home ownership

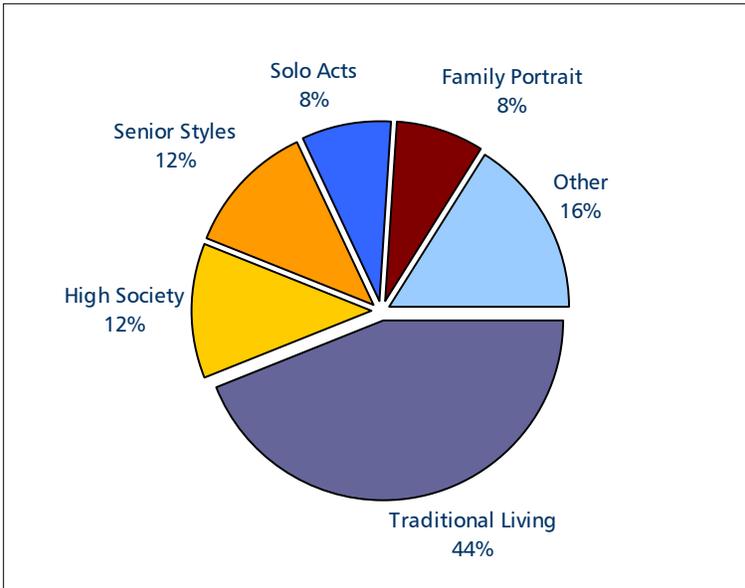
**Global Roots:** Ethnically diverse young households with modest incomes and tend to rent in multiunit dwellings. The youth of this group reflect recent immigration trends; half of all households have immigrated to the United States within the past 10 years.

**Family Portrait:** Rapidly growing ethnically diverse young households with young children. The neighborhoods are predominantly composed of homeowners who live in single-family homes (detached and townhomes).

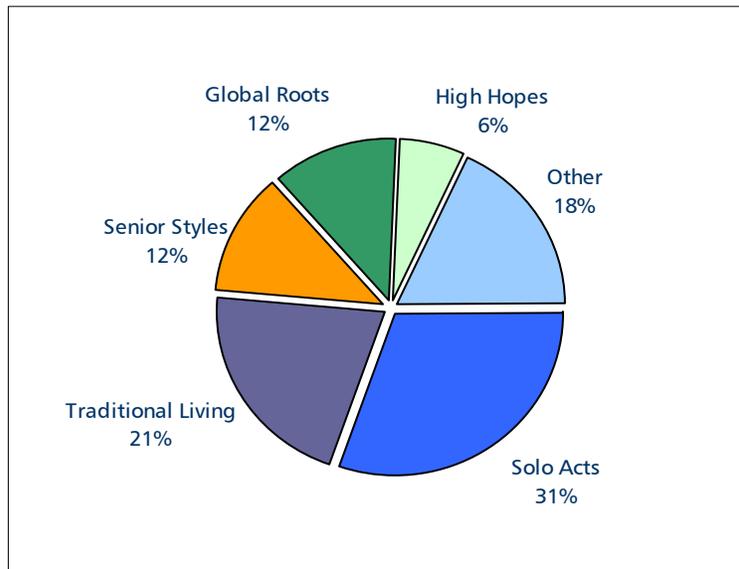
**High Hopes:** Typically young and educated households that live in single-family houses or multiunit buildings who aspire to homeownership and rewarding careers. Median net worth is above average.

After applying the local sub-market capture rate, estimated annual demand by the top five Life-Mode groups separated into For-sale and Rental units is shown in the following chart. See the Appendix for additional descriptions of Life-Mode groups.

**Figure 23. Owned Units Demand by Life Mode Group**



**Figure 24. Rental Units Demand by Life Mode Group**



## **Preliminary Downtown Residential Recommendations**

The residential program is intended to act as a guideline for an optimal mix of units based on market demographics and trends within other Midwest cities. The outlined residential program is determined by the integration of two primary analyses:

1. Demographic and supply characteristics used as inputs for the previously outlined Migration and Tapestry Model.
2. Comparison of similar residential developments in other Midwest cities. Analysis of these comparison projects is located in the section, "Midwest Residential Trends" and within Table 61. Comparable Midwestern Residential Developments.

Additional factors that will greatly impact the demand for downtown and near downtown housing are push and pull factors that every household must consider. Push factors are those concerns that keep households from moving downtown or incite them to leave downtown. Pull factors draw or keep targeted households downtown.

### **Pull Factors**

- Access to downtown employment base
- Access to downtown entertainment, recreation, dining, and shopping when downtown redevelopment has matured
- Walkability
- Less need for driving and spending money on gas
- Urban social environment with diversity and hipness
- Public transit (assuming its attractive, safe, and reliable)

### **Push Factors**

- Cost of market rate housing
- Perceived or real crime
- Lack of retail and dining options in a newly redeveloping downtown
- Perceived or real lack of parking
- Congestion and density of a mature downtown
- Limited K-12 educational options that are deemed adequate and/or above average



ERA assumes that targeted households will measure these push and pull factors in their totality. Simply, creating new condos and townhouses without efforts to reduce other push factors and increase pull factors, has shown to be less effective than comprehensive planning, marketing, and private/public strategies.

Our analysis concludes that the full build-out of residential development should be based on a yearly evaluation by the Department of Community and Economic Development based on goals established by the City. The build-out incorporates townhomes, condos, and rental units and assumes aggressive marketing. See the following table for recommended mix by size, price points, and style.

**Table 71. Downtown Rockford: Estimated Build-out**

Category	Annual Units	Unit Sizes (SF)		Price	
<b>For Sale - Townhouse</b>	<b>10 - 11</b>				
1-Bed	0%	N/A	- N/A	N/A	- N/A
2-Bed	65%	1,800	- 2,100	\$243,000	- \$285,000
3-Bed+	35%	2,100	- 2,500	\$275,000	- \$325,000
<b>For Sale - Condo</b>	<b>14 - 16</b>				
1-Bed	10%	930	- 1500	\$135,000	- \$217,500
2-Bed	72%	1,600	- 1,955	\$217,000	- \$265,000
3-Bed+	18%	1,800	- 2,300	\$244,000	- \$312,000
<b>For Rent</b>	<b>31 - 35</b>				
1-Bed	65%	800	- 1,000	\$720	- \$1,000
2-Bed	36%	1,100	- 1,400	\$1,000	- \$1,400
3-Bed+	0%	0	- 0	0	- 0

Source: ERA

The following tables provide a comparison of the estimated downtown build-out and similar high density urban developments throughout the Midwest. Square footage estimates and prices are slightly higher than those currently found within similar residential products in other Midwest cities. One-bedroom for-sale units; however, are priced on average lower than the comparison units. Price per square foot is expected to run lower than that of the comparison projects.

**Table 72. Average Price Comparison: For Sale**

Bedrooms	Rockford Build Out	Comparison Midwest Projects
1	\$176,250	\$185,350
2	\$252,500	\$223,225
3	\$289,000	\$280,667

**Table 73. Average Sq. Ft. Comparison – For Sale**

Bedrooms	Rockford Build Out	Comparison Midwest Projects
1	1,215	1,082
2	1,864	1,461
3	2,175	1,973



**Table 74. Average Price Comparison - Rental**

Bedrooms	Rockford Build Out	Comparison Midwest Projects
1	\$860	\$879
2	\$1,200	\$1,091
3	-	-

Rockford Area Association of Realtors

**Table 75. Average Sq. Ft. Comparison-Rental**

Bedrooms	Rockford Build Out	Comparison Midwest Projects
1	900	905
2	1,250	1,078
3	-	-

**Table 76. Average Price per Sq. Ft. Comparison (For Sale)**

Rockford Build Out	Rockford Upper Tier Condo Market	Comparison Midwest Projects
\$137.80	\$132.56	\$155.45

Reasons for this adjustment are as follows:

- Lower price per square foot indicates a better value for downtown housing compared to other downtown housing in Midwest cities. This increased value is necessary to stimulate residential demand. Note that the estimated price per square foot for downtown housing is still greater than the top tier condo market (top 2/5th) that exists in the Rockford area.
- Rockford has not established pull factors to the same degree as the comparison Midwest cities. In addition, the incentive of a quickly appreciating housing market that assisted downtown residential development throughout the Midwest does not exist to the same degree during this current economic downturn.
- Rockford desires a household growth that captures numerous types of demographic needs for downtown housing. Expanding the inventory of 1-bedroom units and offering them at a wide range of prices supplies a variety of needs, from housing for government employees and fixed income empty nesters to young professionals and corporate housing.
- The comparison projects are located within cities that begun downtown development earlier than Rockford, and thus, have progressed further in creating a demand for downtown living which inevitably increases price.
- Amenities are more abundant in the downtowns of Des Moines, Cedar Rapids, Madison, and Milwaukee, thus, downtown housing within these cities can garner a slightly higher price than what can be expected in Rockford, at least within the immediate future.

ERA assumes that the proposed residential units are delivered with market accepted unit finishes and community amenities.

ERA believes that a mixture of product types, particularly rental, will attract a wider range of households and increase the demand for downtown housing. By creating or expanding upon existing communities, the likelihood of successful commercial activities and recreational amenities within the downtown is improved.

ERA recommends rental units that can stand on their own as rental units but perhaps are a different product type than other for-sale units (for example, soft-loft style units) because they may be converted to condo over. This creates a tiered package of living experiences for the for-sale market at a later point. However, ERA recommends that they are rental units at the onset.

### **Additional Study Area Considerations**

The City of Rockford has designated four submarket areas within the city as requiring residential market investigation in this report. The areas are the following:

- South Main Area
- Central/near West State (Downtown and near downtown communities)
- Swedish American Hospital
- East State Street & Alpine (Magna-CVS-Alpine Hills Golf Course)

This section uses the owner and rental supply information in conjunction with demand analysis, and the perspectives of private and public sector stakeholders to define the market for varied urban housing options.

A detailed Downtown comparison was discussed in “Midwest Trends for Downtown Housing” which highlighted Rockford’s downtown. Although this section speaks to the downtown study area plus near West communities, more emphasize is placed on the other three study areas. For comparative purposes, the area of analysis around the intersection of East State Street and Alpine Road extends in a 0.5 mile radius from the intersection. Similarly, a 0.5 mile radius extending from the Swedish American Hospital is used to define its study area. The South Main Study area is slightly larger since the impact area of the South Rockford TIF district is expected to extend south along South Main Street to Michigan Avenue and as far west as Clifton Avenue.

### **Overview**

The following tables highlight the unique housing and wealth situations that provide context for a comparison of the four study areas.

Three of the four study areas are estimated to have had greater proportions of renter occupied housing than owner occupied housing in 2007. The exception to this trend is within the residential areas surrounding the intersection of East State Street and Alpine Road where the proportion of owner occupied housing is 67 percent. Ownership rates varied little from 2000 through 2007 in the four study areas. However, vacancy rates made noticeable increases as the proportion of rentals decreased in the study areas closer to the city’s center. Housing vacancies range between 14 percent and 21 percent between **Central/near West State**, South Main Street, and Swedish American Hospital study areas. In each of the areas, except for the communities around the East State Street and Alpine Road intersection, the proportion of vacant houses increased 4 percentage points. Vacancy rates around the intersection only rose by 1 percentage point with 5 percent of houses estimated as vacant in 2007.

**Table 77. 2007 Area Housing Comparisons**

Study Area	Owner Occupied housing	Renter Occupied Housing	Vacant
South Main St	43%	40%	17%
Central/near West State	11%	68%	21%
Swedish American Hospital	34%	52%	14%
East State St and Alpine	67%	28%	5%
City of Rockford	58%	33%	9%

Source: ESRI

**Table 78. 2000 Area Housing Comparisons**

Study Area	Owner Occupied housing	Renter Occupied Housing	Vacancy
South Main St	43%	44%	13%
Central/near West State	11%	74%	16%
Swedish American Hospital	33%	57%	10%
East State St and Alpine	66%	30%	4%
City of Rockford	57%	36%	7%

Source: ESRI

**Table 79. Housing Growth (2000-2007)**

Study Area	CAGR
South Main St	0.01%
Central/near West State	0.20%
Swedish American Hospital	0.08%
East State and Alpine	0.18%
City of Rockford	0.51%

Source: ESRI, Rockford Building Department

**Table 80. Median Year Built - Residential**

Study Area	Year
South Main St	1948
Central/near West State	1962
Swedish American Hospital	1940
East State and Alpine	1963
City of Rockford	1958

Source: ESRI

Primary wealth indicators of household income and those living around the East State Street and Alpine Road study area and the other three study areas. **Central/near West State** households had the least income (\$16,736) and greatest unemployment (21 percent) of the comparison areas. In contrast, households within the East State Street and Alpine Road study area had an average income of \$50,904 and an unemployment rate of 6 percent. Rockford's average household income was \$46,384 and unemployment rate was 10 percent for the same time period.

**Table 81. 2007 Wealth Indicators**

Study Area	Median HH Income	Unemployment
South Main St Area	\$30,859	17%
Central/near West State	\$16,736	21%
Swedish American Hospital Area	\$32,751	12%
East State St and Alpine	\$50,904	6%
City of Rockford	\$46,384	10%

Source: ESRI

Little new housing has been added to the residential market since 1990 in the four study areas. The Southside study area experienced the least positive growth, with only 0.01 percent annual growth since 1990. All study areas have experienced less annual growth than that of the entire city (0.51 percent).

With a median year built of 1940, the neighborhoods within the Swedish American Hospital study area have the oldest homes between the 4 study areas. The **Central/near West State** and East State Street and Alpine Road study areas have the youngest.



### East State Street & Alpine Road Study Area

The 1 mile radius emanating from the intersection of East State Street and Alpine Road includes the East State and Alpine TIF and a mix of amenities that make residential development within the area attractive. A few of these amenities include:

- Alpine Park
- Aldeen Park
- Shopping and dining along East State Street
- Rockford College
- The area is less than 4 miles drive from Downtown Rockford and the Metro Centre
- The current Alpine Hills Golf Course has unique features and topographic elevations that provide a view of the surrounding area.

In addition to the amenities listed above, Alpine Hills Golf Course abuts Alpine Road along its eastern side and sits behind the retail strips along East State Street. It is currently a fully operational Par 3 nine-hole golf course; however, future plans include the possible redevelopment of this area into other uses that could possibly include residential.

The number of residential sales within this study area has slowed since 2005 after experiencing peaks of 169 and 163 in 2000 and 2003, respectively. Sale prices have increased at an annual rate of 2.52 since 2000; however the average sale price in 2007 (\$116,633) was slightly under the area’s 2006 average of \$116,642. Citywide sales trends presented earlier indicate that the Rockford area residential market has experienced neither large gains nor losses in home value when compared to other Midwest cities. A recession does impact housing sales in unique ways that are not reflected in the past trends; however since prices in and around the study area did not experience rapid growth during the boom, it is unlikely that the foreseeable price correction will be any different.

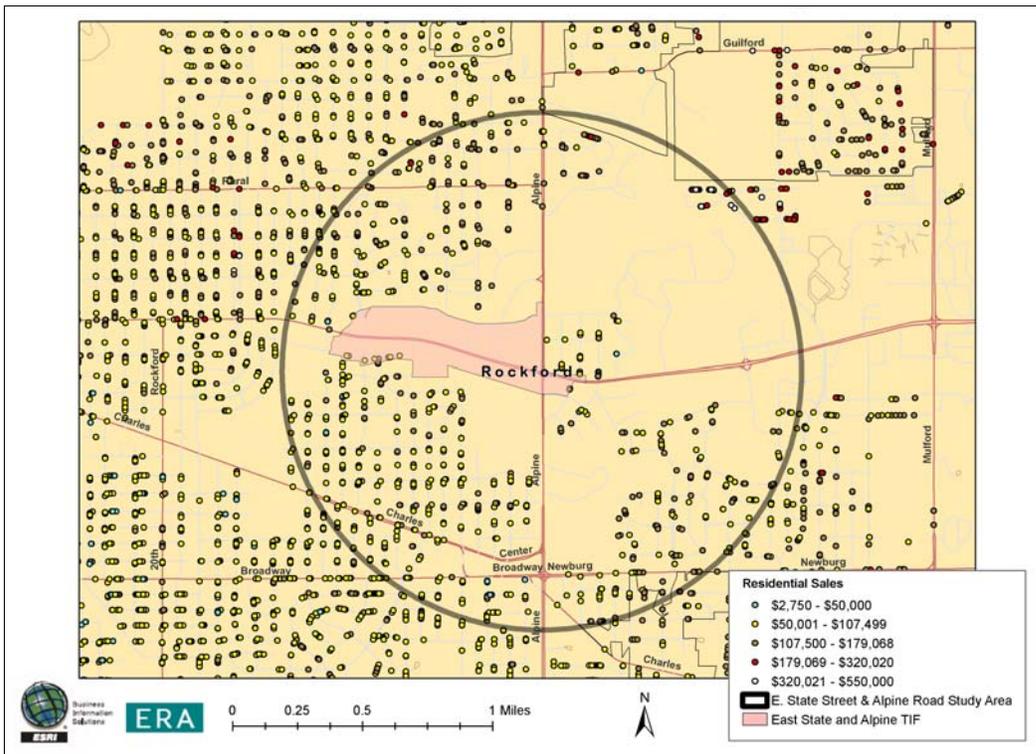
**Table 82. East State Street and Alpine Road Study Area**

	2000	2001	2002	2003	2004	2005	2006	2007	CAGR
Number of Sales	169	161	141	163	158	156	149	126	
Average Sale Price	\$97,988	\$85,969	\$102,317	\$102,264	\$108,350	\$114,449	\$116,642	\$116,633	2.52%

Source: Rockford Area Association of Realtors, Rockford Township Assessors Office

A following map of housing purchases since 2000 indicates that the great majority of homes sold at a price between \$50,000 and \$179,000. Proximity to East State Street or Alpine Park has not noticeably impacted the sale value of homes. Prices are consistent within the area; however higher priced homes (above \$179,000) are located in the residential subdivisions near the intersection of Mulford and Guilford Roads.

**Map 10. East State St. & Alpine Rd Study Area - Residential Sales (2000-2007)**



***Alpine Hills Estimated Project Demand***

Within this section, ERA has evaluated the redevelopment potential for the housing component of a potential mixed use New Urbanism development at the Alpine Hills Golf Course. Using a similar model to that used to estimate potential demand for downtown and near downtown housing, demand, product differentiation, and average pricing for the Alpine Hills site can be estimated.

Based on numerous years of research, ERA has illustrated that, on average, New Urbanism and Smart Growth projects throughout the Midwest have captured approximately 10 percent of a market’s target population. This was a conservative estimate during a housing boom, within an expanding national economy, and within markets that were closer to major housing markets than



Rockford is to Chicago (examples of these locations can be found in the Appendix). Rockford is pursuing housing development during in a slowed economy and within a region that has not experienced the same type of demand for urban residential product types. Thus, the capture rate is estimated to be 7 percent for owned and 5 percent for renter housing. Estimated yearly build out is shown below.

**Table 83. Alpine Hills Site: Total Estimated Residential Build-Out**

Category	Annual Units	Unit Sizes (SF)		Price (\$)	
For Sale - Townhouse	28 - 31				
1-Bed	0%	N/A	- N/A	N/A	- N/A
2-Bed	65%	1,400	- 1,750	\$211,000	- \$263,500
3-Bed+	35%	1,800	- 2,400	\$270,500	- \$360,000
For Sale - Condo	31 - 41				
1-Bed	18%	850	- 1,250	\$130,500	- \$192,000
2-Bed	60%	1,250	- 1,550	\$188,000	- \$233,000
3-Bed+	22%	1,600	- 2,100	\$240,000	- \$315,000
For Rent	51 - 57				
1-Bed	40%	730	- 1050	\$720	- \$1,050
2-Bed	60%	950	- 1,250	\$950	- \$1,250
3-Bed+	0%	N/A	- N/A	N/A	- N/A
<b>Total</b>	<b>110- 129</b>				

Source: Rockford Area Association of Realtors, Rockford Township Assessors Office

Note that square footage and sales/rental price estimates are similar to those currently found within urban high density residential products in other Midwest cities (see the following tables). This development should be a unique project that takes advantage of the sites location to amenities and one-of-a-kind topographical features. The uniqueness of a new urbanism project on this site will not compare with any development currently built or planned in the Rockford area, thus, expected sales prices will be, on average, greater than prices experienced by the current aging housing stock.

**Table 84. Average Price Comparison – For Sale**

Bedrooms	Alpine Hills Build Out	Comparison Midwest Cities
1	\$161,250	\$185,350
2	\$223,875	\$223,225
3	\$296,375	\$280,667

**Table 85. Avg. Sq.Ft. Comparison – For Sale**

Bedrooms	Alpine Hills Build Out	Comparison Midwest Cities
1	1,050	1,082
2	1,488	1,461
3	1,975	1,973

**Table 86. Average Price Comparison – Rental**

Bedrooms	Alpine Hills Build Out	Comparison Midwest Cities
1	\$885	\$879
2	\$1,100	\$1,091
3	-	-

**Table 87. Avg. Sq, Ft, Comparison - Rental**

Bedrooms	Alpine Hills Build Out	Comparison Midwest Cities
1	890	905
2	1,100	1,078
3	890	-

### South Main Study Area

The two census tracts that comprise the South Main study area includes the South Rockford TIF and is part of a larger Enterprise Zone. The area also contains a rail yard, light industry, an eclectic mix of ethnic residential enclaves and the supporting neighborhood commercial services. Amenities include:

- Tinker Park
- Booker Washington Park
- Abuts the Rock River

The number of residential sales within this area has fluctuated from 2000 through 2007 with alternating high and low peaks. The greatest number of residential sales occurred in 2006 with 94 sale transactions after coming off of a low 47 sales in 2005. Average sale price has increased at 4.13 percent annual rate since 2000. As of December 2007, the average sale price for homes within the area was \$48,108.

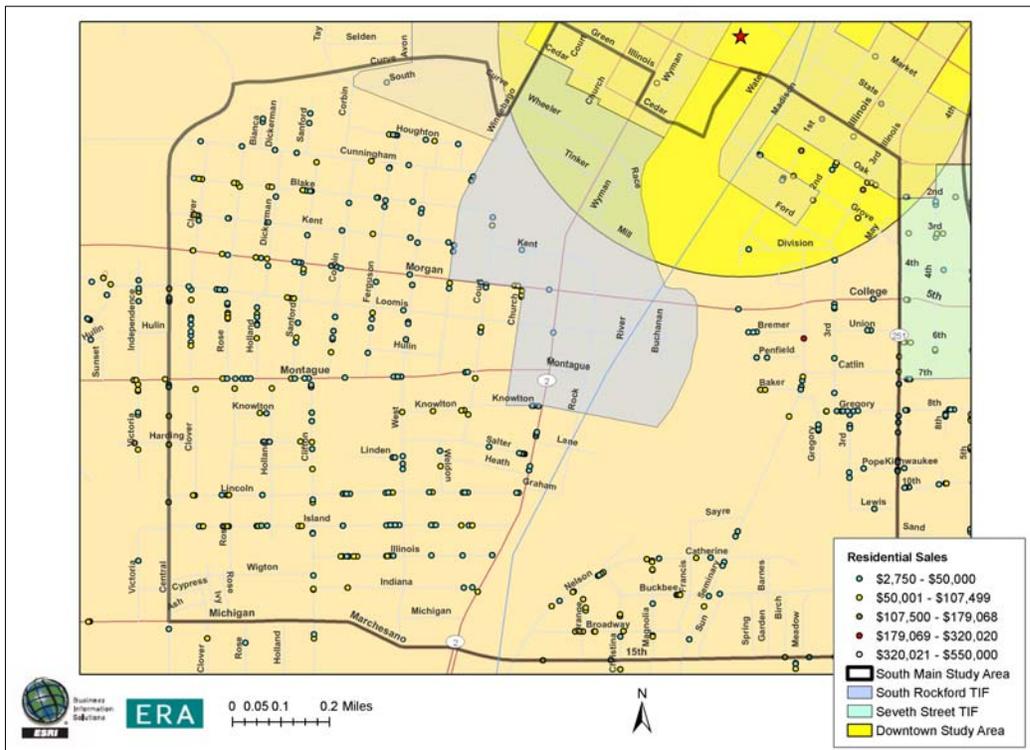
**Table 88. Average Residential Sales – South Main Study Area**

	2000	2001	2002	2003	2004	2005	2006	2007	CAGR
Number of Sales	51	44	75	61	70	47	94	59	
Average Sale Price	\$36,228	\$37,900	\$42,095	\$40,065	\$46,448	\$46,932	\$47,934	\$48,108	4.13%

Source: Rockford Area Association of Realtors, Rockford Township Assessors Office

The map below illustrated the special distribution of home sales. The vast majority of sales fell between \$2,740 and \$107,499.

**Map 11. South Main Study Area - Residential Sales (2000-2007)**



**Conclusion**

The South Main study area has an eclectic mix of residential styles and amenities; however lower than average household incomes, above average rates of vacant and dilapidated structures, above average costs of maintaining older homes (average built year 1948), and an above average unemployment rate combine to suppress the ability for this neighborhood to improve its physical state and attract new households and market driven residential development.

However, ERA research and studies suggest that revitalization of the downtown may eventually have positive market effects on the surrounding communities. Those people who want to live near downtown in traditional neighborhoods may be attracted to the community’s neighborhood stores, eclectic housing stock, parks, and access to the river. Rockford can prepare for this eventuality by

assisting with residential improvement and promoting the area not only to residents living outside of the city, but residents in the city and within the south main area.

- Assist residents in making improvements by:
- Directing homeowners to sources of low interest loans for repairs and rehab.
- Creating an infill building program to fill in vacant lots in residential neighborhoods.
- Minimizing boarded up houses and businesses by acquiring properties and offering them to residents for sale or rent-to-own programs.
- Establish or improve homeownership and maintenance education for residents.
- Increase monitoring and code enforcement to reduce blight.
- Market the eclectic mix of museums in the vicinity of Booker Washington Park – the Graham Genestro House, the Tinker Swiss Museum , and the Ethnic Heritage Museum

### Swedish American Hospital Study Area

The 0.5 mile radius study area emanating from the Swedish American Hospital includes the hospital campus, the Seventh Street Swedish Historic District, Seventh Street TIF, Jackson School TIF, and numerous historic structures like the Lake-Peterson House. The house stands on the main Swedish American campus and is listed on the U.S. National Register of Historic Places. Houses in this area range from single-family detached to townhouses and newly developed condominiums to 2<sup>nd</sup> floor apartments that sit above various types of community business and retail services.

The number of residential sales in the area has gradually declined since peaking at 96 during 2005. Average sale prices for homes have increased annually at a rate of a 4.27 percent. Average sale price peaked in 2006 at \$73,823. Average sale price dipped in 2007 to \$72,109.

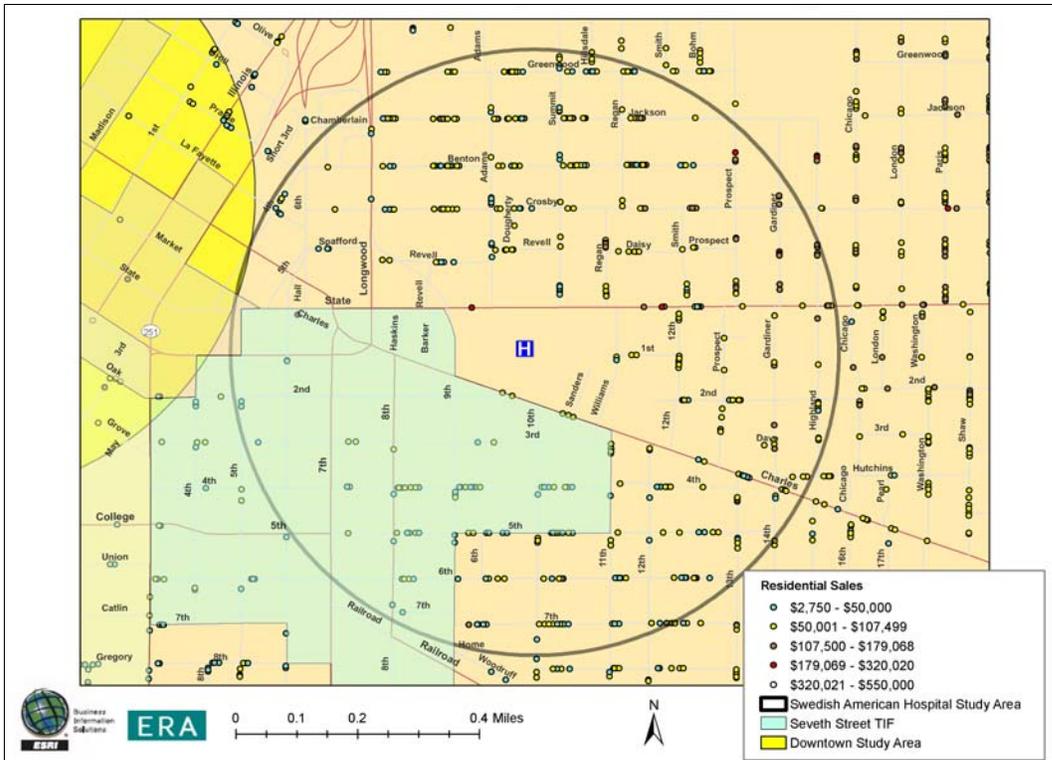
**Table 89. Swedish American Hospital Study Area – Residential Sales**

	2000	2001	2002	2003	2004	2005	2006	2007	CAGR
Number of Sales	77	72	92	76	96	79	90	87	
Average Sale Price	\$53,824	\$57,521	\$60,395	\$69,709	\$67,835	\$71,662	\$73,823	\$72,109	4.27%

Source: Rockford Area Association of Realtors, Rockford Township Assessors Office

The following map illustrates the special distribution of sales within the study area. The majority of homes have sold between \$50,000 and \$107,499 since 2007. However, homes valued below \$50,000 are present throughout and in no particular geographic pattern within the study area.

**Map 12. Swedish American Hospital Study Area - Residential Sales (2000-2007)**



Source: Rockford Area Association of Realtors, Rockford Township Assessors Office

### *Conclusion*

- The Swedish American Hospital study area has similar economic characteristics of the south main study area (higher than average unemployment, aging housing, and lower than average household income). Household growth is flat and is projected to remain flat under the current economy. Much like ERA's conclusion for the neighborhoods in the South Main study area, public sector initiatives in downtown and (in particular to this community) by Swedish American Hospital can have the affect of stimulating a market reaction in the communities around either downtown and/or Swedish American Hospital.
- Rockford can prepare for this eventuality by assisting with residential improvement and promoting the area not only to residents living outside of the city, but residents in the city and within the south main area.
- Joint marketing of the residential down payment assistance programs offered by Swedish American Hospital, Amcore, Winnebago County and the City of Rockford
- Assistance to homeowners in 7th Street area in the form of loans to repair facades, etc.
- Density bonuses that allow developers to build extra residential units beyond allowed densities if they meet certain goals of infill development.
- Market a live/work/play opportunity to employees of Swedish American Hospital

## Residential Market Implications

Analysis, interviews, and observations reveal that the overall city of Rockford has faced demographic and economic challenges that have placed downwards pressures on the housing market. However, the downtown and near downtown communities are posed to follow similar trends in market viability experienced in other Midwest cities when the overall national economy gains momentum and if the City continues to embrace similar effective comprehensive public sector stimulus that created positive market responses within other Midwest cities.

Our analysis has illustrated that the residential market within the city's central neighborhoods are out of balance with the residential markets in the outer fringes of the city and the suburbs. Vacancies are greater, owner occupied housing rates in the urban core are significantly lower, and sales prices of homes are lower while rental occupied housing and vacancy rates are far greater than what exists in the suburban communities. New housing development has occurred mostly in the suburbs and communities located the peripheries of the city (primarily to the northwest). Past housing policies concentrated elder and lower income households in the downtown and near downtown communities. Regionally, housing market indexes have seen declines during the past year and national economic indicators are projecting a continued sluggish strengthening of the housing market.



Townhouses - Zion Development Corp

However, housing transformation has occurred and continues to progress in Rockford. Home owners use programs like Rockford's Focus Area Rehabilitation Program and Tax Incentive Program to maintain and restore homes, as well as, build new homes on vacant lots. Community development corporations, like Zion Development Corp and Progressive West Community Development Corporation, have successfully improved the quality of housing for numerous low income households and

seniors and, in the case of Zion Development Corp, have successfully constructed 12 new market rate townhome products (the first of their kind in the urban core). Successful reuse of buildings has increased the amount of market rate rental within downtown (i.e. William Brown Lofts). And, national economic indicators suggests that the Rockford region did not experience the drastic

depreciation in values witnessed in other Midwest cities, which suggests that recovery will be less of a climb than what is expected around the Midwest and nation.

Although urban residential development in Rockford has been a fairly recent activity when compared to downtown development throughout the Midwest (many having starting in the 1990s), discussions with planners and economic development staff in other Midwest cities indicate similar patterns of activity that initiated residential growth within their cities. Downtown and near downtown housing development within the cities of Madison, Cedar Rapids, Milwaukee, Fort Wayne, and Des Moines were initiated by non-profits and the use of several mechanisms: community development block grants, historic tax credits, real estate tax abatement, low income tax credits, and tax incremental financing in conjunction with other innovative financing provided by institutions (both private and public) who were willing to provide low interest loans to fill the gap or require less cash equity. Many residential units were developed in conjunction with other non-residential construction, like parks, river walks, retail, office, and entertainment based real estate. Rockford's Comprehensive Development 2020 Plan has numerous conjoining features that are similar to what other Midwest cities accomplished:

- Brownfield redevelopment and remediation
- Creation of downtown amenities like the development of festival park on the riverfront in Davis Park, and major entertainment facilities such as the Metro Centre, the Coronado Theatre and the Midway Theatre
- Pedestrian friendly design which provides a safe and secure environment that is also appealing to the pedestrian

Rockford has also committed to policy and process changes similar to other Midwest cities:

- Creation and protection of policies that foster mixed use residential, office, and retail development
- Establishment of the Development Services Center within the City's Community Development department that will possibly act as an ombudsman within the real estate development process
- Commitment to housing a diverse work force downtown and within near downtown communities

As the demand for residential units grew in the comparison Midwest cities, the capacity and ability required of residential developers grew. Housing development moved from being the primary domain of non-profits to having significant players as larger regional developers. Larger developers were able to reduce the cost of housing through better construction processes, experience with the

increasingly complex packaging of real estate financing, and experience with navigating through the local and state bureaucratic processes that can add time to projects.

Comparison Midwest cities also experienced similar patterns in the placement of housing. Three types of sites tended to be the preferable location for fledgling residential projects

- Within reusable multi-story buildings (like offices, abandoned department stores, hotels, packing and light-manufacturing facilities) that are located in high traffic areas and active blocks of downtown. First floor commercial (either retail or office) and above floor residential dominated this category.
- Within the remaining structures of light-manufacturing and warehouse facilities that once operated along lakes and rivers
- On cleared brownfield that had gone through environmental remediation. Riverfront land was the most dominant location within this category.

### **Ownership Preferences**

One-bedroom ownership units are few and far between and there is likely little demand for this size ownership unit in any proposed development (either downtown, near downtown, or at Alpine and East State Street) because most buyers will want at least two bedrooms (even small households prefer to have a guest room available). Two-bedroom and three-bedroom units are most likely demanded. Multifamily ownership units for a mid to high-quality, mid to upper-scale development would likely achieve sales prices between \$130 and \$145 per square foot within downtown neighborhoods and sales prices between \$145 and \$150 per square foot around the Alpine and East State Street area. Although these ranges are at lower price points than more what has been sold in other Midwest, the estimates are within the price points of other mid to upper-scale developments in the Rockford region.

Higher sales prices per square foot may be achieved, but community and unit amenities would have to be far superior to other condo/townhome and residential upper-end developments and absorption levels would be more modest. The size range of two-bedroom units will likely need to be broad to include units that are slightly smaller than what many Rockford residents are accustomed to in order to bring unit sizes in line with comparable condo and townhouse sales in other Midwest markets (between 1,250 and 2,100 sq. ft.). The same increase of the lower bound is suggested for three bedroom units (between 1,600 and 2,500 sq. ft.). This creates an opportunity for developers to reduce construction costs to bring prices in line with the majority of the mid scale market while also

providing larger, more expensive units. The smaller units allow for moderate income households (like young singles, some service professionals, artists, and downsizing empty nesters) the ability to purchase in an urban environment. The larger units provide flexibility for owners to personalize their space – their den may be their home office, their movie room, game room, guest space, etc.

### **Rental Preferences**

Though one-bedrooms may not be ideal for ownership units, they do make sense for rental units because they (along with two-bedrooms) can help attract young executives, government employees, teachers, artists, and other household types who are interested in the lifestyle associated with urban living but may not be currently ready or able to own. Renters in the near-term may be owners in the mid-term so introducing renters to the urban locations can be helpful for the long-term vitality of the greater development. Having a combination of renters and owners can also be a significant component in creating a more vibrant 24 hours a day, 7 days a week environment. The mid to upper end of the rental market in comparison cities appear to command rents of \$0.90 per sq. ft. to \$1.00 per sq. ft. range and ERA assumes downtown development and development at Alpine and State Street will attain similar rent levels. Near downtown rents will be slightly less ranging from \$0.80 per sq. ft. to \$0.90 per sq. ft.

## **VII. Recommendations**

### **Downtown**

#### **Retail Recommendations**

Currently, downtown Rockford offers potential retailers a daytime population of approximately 9,000 workers and approximately 3,000 residents. Chain retailers want to see growth trends in population and income levels in a specific and immediate area a store's location. As stated earlier in the report, ERA believes that the true potential trade area for stores and restaurants in downtown Rockford is the population in a 10-mile radius of the downtown. However, retailers often give more credence to the actual downtown residential population than to other customers coming from the area. Industry guidance suggests that chains require at least 20,000 people living in the immediate area of their locations and even more for high-end retailers. They are also interested in the specific retailers already in the area. National chains also look at a demonstrated volume of business currently being conducted in an area they are considering. For example, restaurants may require that the other restaurants in the area are doing at least \$5 million in business annually.

Clearly, as more people come into the central area to live, downtown Rockford will become more attractive to chain retailers. Placing Rockford in perspective with other cities also helps to explain why few national chains will be interested in locating in downtown Rockford at the current time. Philadelphia, with a downtown residential population of approximately 80,000 and above-average income levels, had to reach those numbers before chains took notice. St. Louis' downtown is currently attracting national retailers after years of revitalizing its central area and growing its residential population to more than 10,000. Like the smaller cities ERA profiles in Appendix A, these big cities first built up their downtowns with local and regional retailers and restaurants, as ERA recommends Rockford do.

An important precaution should be noted when assessing national chains. Some retailers serving more moderate income populations, such as 7 11 and McDonalds, expect to be able to sign long-term leases. The risk for downtown Rockford is that these leases may undercut efforts to upgrade the level of retail later in the revitalization process.

Appendix D to this report is a list of retailers that ERA recommends Rockford target as possible additions to the city in both downtown areas and other neighborhoods. The list is a mix of national and regional retail chains. Some of these retailers and restaurants will be interested in Rockford as it is now or in the near future; others may not be potential candidates until the downtown has attracted

more residents or until a specific neighborhood experiences revitalization and/or new development. Making contact with location executives from these chains will help city officials understand their needs and may be the genesis of longer-term relationships with them. The Appendix includes contact information and, when available, the retailers' site specifications.

### ***Strategies and Actions for Downtown Rockford Retail Development***

- Focus on a target area of the west side of downtown, bounded roughly by Park Ave., Elm St., Church St., and the riverfront. Primary elements of redevelopment of this area
- Plan mixed use development along west side riverfront
- Redevelop the Amerock and/or Tapco buildings for loft residential
- Reserve vacant land around buildings for mixed-use retail/residential development
- Add of green space as extension of Davis Park
- Create the Rockford Cultural and Entertainment District
- Metro Center, Coronado Theater, Mendelssohn Performing Arts Center, Rockford Women's Club  
Rockford Theater, New American Theater
- Encourage and support art galleries to come into the district
- Coordinate advertising and marketing
- Develop a season of multi-venue arts events and offer flexible subscriptions
- Re-open New American Theater for use by a resident theater company that will attract a young audience

### **Residential Recommendations**

ERA recommends the gradual increase of rental units that can stand on their own as rental units but perhaps are a different product type than other for sale units (for example, soft-loft style units) because they may be converted to condo/townhouse when the housing market matures. This creates a tiered package of living experiences for the for-sale market at a later point. However, ERA recommends that they are rental units at the onset. The recommended composition of unit types, size, and price is show within the following table.



**Table 90. Downtown Estimated Build-Out per Year**

Category	Annual Units	Unit Sizes (SF)		Price	
<b>For Sale - Townhouse</b>	<b>10 - 11</b>				
1-Bed	0%	N/A	- N/A	N/A	- N/A
2-Bed	65%	1,800	- 2,100	\$243,000	- \$285,000
3-Bed+	35%	2,100	- 2,500	\$275,000	- \$325,000
<b>For Sale - Condo</b>	<b>14 - 16</b>				
1-Bed	10%	930	- 1500	\$135,000	- \$217,500
2-Bed	72%	1,600	- 1,955	\$217,000	- \$265,000
3-Bed+	18%	1,800	- 2,300	\$244,000	- \$312,000
<b>For Rent</b>	<b>31 - 35</b>				
1-Bed	65%	800	- 1,000	\$720	- \$1,000
2-Bed	36%	1,100	- 1,400	\$1,000	- \$1,400
3-Bed+	0%	0	- 0	0	- 0

Source: ERA

Concentrate residential construction as upper floor housing along with first floor commercial and townhouse development. Development should occur at a modest pace along East State Street (between the Rock River and N 1<sup>st</sup> Street) and NE along N. Madison Street (between Walnut Street and Market Street). The units are estimated to garner rents at between \$0.90 to \$1.00 per sq. ft. Market analysis indicates a demand also exists for upper floor housing along 7<sup>th</sup> Street (south of 1<sup>st</sup> Street), however, potential rents are expected to be around \$0.80 per sq. ft.

Generally, an upper floor renovation should be more cost effective than new construction. However, in some cases, there are serious problems with a building such as a deteriorating roof or extensive exterior deficiencies. Many of modifications to buildings during the 1950's and 60's resulted in boarded up windows, removal of stairways, and other changes that are costly to fix. Accordingly, the expected return from the rehabilitation cannot be expected to cover the entire project. The building must be evaluated as an entire unit, and not one floor.

The following images provide a visual of the area's in consideration.

Figure 25. Potential for Mixed-Use Development #1 (SE along East State Street)



Figure 26. Potential for Mixed-Use Development #2 (SE along East State Street)



Figure 27. Potential for Mixed-Use Development (S along 7th Street)



## **7<sup>th</sup> Street**

In addition to downtown, the 7<sup>th</sup> Street neighborhood has a particularly good opportunity to develop itself into an area of unique independent stores and restaurants. As detailed in Section V, 7th St. is currently taking on a new personality that embraces global, free-trade, and eco-friendly retailing. There is a great deal of room to build on that personality by targeting and supporting stores and restaurants that enhance the theme, to make 7<sup>th</sup> St. into a destination for a young and environmentally-attuned market. Current pricing in the 7<sup>th</sup> Street area will be attractive to businesses and entrepreneurs; two and three-story buildings can be purchased in the \$100,000 range, and retail rents are low compared to other shopping and dining districts in and around Rockford.

### **Strategies and Actions for 7<sup>th</sup> Street Retail Development**

#### ***Block by Block Targeting***

- Target resources and planning a few blocks at a time
- Both long-time businesses and newer retailers are currently concentrated in the 200 and 300 blocks, efforts to add to that concentration should be made.
- The Rockford Mattress space, for example, is a prime spot on which to target efforts to bring in new stores and restaurants.
- Residential development taking place on the 400 and 500 blocks. Target more residential; retail and restaurants will likely be attracted to this stretch as residential use becomes established.
- Seek redevelopment of Amcore Bank parking lot and entrance into a street-friendly façade
- a two or three-story parking deck, with retail space and bank entrance on street level.
- Encourage redevelopment of the historic railway station into museum, restaurant or combination.

#### ***Identity and Liveliness***

- Improve infrastructure and create streetscape and signage for 7<sup>th</sup> Street that contributes to a new identity.
- Support public-private partnerships to sponsor events and activities that bring people to the area; for example, a “Taste of 7<sup>th</sup> Street”, possibly part of a Taste of Downtown event.
- Examine viability of the current identity of 7<sup>th</sup> Street as the “Old Swedish Downtown”
- Target retail and residential development that encompasses global goods, free trade practices, and green construction.
- Develop a unique restaurant that provides alternatives to restaurants in other parts of downtown; 7th Street eateries might, for example, be less expensive than other downtown restaurants and

offer unique dining experiences such as vegetarian cuisine and the use of organic foods and/or ingredients grown or made nearby.

- Develop an artistic component to the street by placing locally made artwork in empty storefront windows and supporting new galleries and a craft studio for pottery, weaving, jewelry, knitting, and other crafts.
- Through public-private partnerships with area businesses such as Nicholson's Hardware and Benson Stone, enliven the district through activities such as green building and do-it-yourself workshops, barbecue demonstrations, and street fairs featuring specialties of local organic and vegetarian restaurants.

#### ***Local Business Connections***

- Incentivize local non-retail businesses to develop a presence on 7<sup>th</sup> Street
- Colorlab Custom Cosmetics, located on 5<sup>th</sup> Avenue off 7<sup>th</sup> Street, which produces custom-made cosmetics
- Benson Stone, located at Railroad Avenue and 11<sup>th</sup> Street, which specializes in granite, marble, kitchen and bath fittings, fireplaces, barbecue grills, among other items.
- BD Imports a Rockford-based business that imports African coffee and sells on-line.

#### ***Incentives & Investment Strategies for Potential Residents and Businesses***

- TIF funding for infrastructure, streetscaping, signage
- Tax incentives and other incentives to developers
- Tax abatements for residential improvements
- Enhanced city business assistance programs, including low interest loans, small business loans and loan guarantees; small business technical assistance; business mentoring programs
- Enhance joint marketing of residential down payment assistance programs offered by Swedish American Hospital, Amcore, Winnebago County and the city of Rockford
- Assistance to homeowners in 7th Street area in the form of loans to repair facades, etc.
- Density bonuses that allow developers to build extra residential units beyond allowed densities if they meet certain goals of infill development.
- Transfer of development rights may be used to reduce development in suburban and rural areas in exchange for increasing development in the city; under these programs, developers are allowed to purchase development rights in outlying areas for each housing unit they build in the city.
- In addition to TIF, infrastructure funds can also come from the capital budget or special taxes that are then funded directly back into infrastructure projects.

## **Warehouse & Brownfield Development**

A number of large warehouses and manufacturing facilities remain dormant throughout the city. Key locations exist along the river that could offer various uses for the city, either as renovated industrial space or altered reuses as office, retail, and residential. Large multi-unit developments can, by themselves, alter the demand patterns and perception of a downtown district.

The current residential and retail demand expected for Rockford does not justify the risks associated with a large 100+ residential unit development at this time, unless the project is phased over 10 years and planning is flexible enough for adjustments as markets shift. However, a development of this scale will ultimately compete with other downtown housing, creating a zero-sum game where you gain in one development but lose in another.

Locations near the riverfront and Davis Park offer two large former industrial buildings, the 13-floor Amerock and the six-floor Tapco buildings. Although not currently city-owned, one or both of these buildings represent an opportunity for an experienced developer to create a new downtown residential district that would offer amenities of views of and proximity to the riverfront and to jobs (including those in the new federal courthouse and other government buildings) and to downtown entertainment and cultural amenities.

The Appendix contains case studies of successful brownfield developments, property used in the past for industrial purposes. Trostel Square in Milwaukee, Wisconsin is a highlighted case study. Trostel Square is a residential community located on the Milwaukee River in close proximity to the downtown core and popular neighborhoods. The development has added to the public Riverwalk and also generated some open space for the neighborhood. It also includes a private clubhouse and boat slips for residents.

EPA has already selected the City of Rockford for a Brownfields Pilot and designated a 9.5-square-mile area within the city containing 227 acres of identified brownfields. One million square feet of industrial and commercial space has also been designated as an Enterprise Zone (EZ) by the U.S. Department of Housing and Urban Development (HUD)

## **Miracle Mile Area and East State St. and Alpine Rd. TIF**

Along East State St., the Miracle Mile shopping district is beginning to see changes. The Magna/CVS site will be redeveloped, possibly in conjunction with other adjacent sites, including the Alpine Hills Golf Club. The challenges this area will face in upgrading and redeveloping the shopping strip is

finding an appropriate level of retail to aspire to. Big box retailers are just east of the Miracle Mile, Cherryvale Shopping Center has attracted a collection of high-end retailers, and downtown and 7<sup>th</sup> Street will offer an eclectic, independent retail environment. As discussed in Section V, successful planning for the East State and Alpine TIF may best focus on creating a lifestyle center, rather than simply adding new stores and restaurants in the traditional strip mall format.

### *Strategies and Actions*

- Redevelopment of the East State and Alpine TIF district presents an opportunity to create an updated image for the entire Miracle Mile. As discussed in Section V, redevelopment options that should be considered include:
  - Creating a lifestyle center for the Magna/CVS site that includes a mix of shops, restaurants, entertainment elements, and green space
  - Enhance development opportunities by:
    - acquiring adjacent sites to enlarge the project
    - adding the Alpine Hills Golf Course site to the development for a major residential component.
    - create a pedestrian/bicycle pathway connection to the retail component from the residential component, as an amenity for the new residential community.
  - Physical enhancements:
    - make necessary storm water infrastructure improvements
    - take advantage of the partially covered creek that runs at the southeast end of the site to create a green space amenity.
  - Residential component
    - Townhouses and condominiums to attract both empty-nesters younger singles and couples.
  - Estimated yearly build out is shown on the following table



**Table 91. Alpine Hills/Magna/CVS Site Total Estimated Residential Build-Out**

Category	Annual Units	Unit Sizes (SF)		Price (\$)	
For Sale - Townhouse	28 - 31				
1-Bed	0%	N/A -	N/A	N/A -	N/A
2-Bed	65%	1,400 -	1,750	\$211,000 -	\$263,500
3-Bed+	35%	1,800 -	2,400	\$270,500 -	\$360,000
For Sale - Condo	31 - 41				
1-Bed	18%	850 -	1,250	\$130,500 -	\$192,000
2-Bed	60%	1,250 -	1,550	\$188,000 -	\$233,000
3-Bed+	22%	1,600 -	2,100	\$240,000 -	\$315,000
For Rent	51 - 57				
1-Bed	40%	730 -	1050	\$720 -	\$1,050
2-Bed	60%	950 -	1,250	\$950 -	\$1,250
3-Bed+	0%	N/A -	N/A	N/A -	N/A
<b>Total</b>	<b>110- 129</b>				

Source: Rockford Area Association of Realtors, Rockford Township Assessors Office

### South Side and West Side Neighborhood Retail

In south and west Rockford neighborhoods, raising the level of local retailing will be the city's challenge. Residential development and rehabilitation will be needed to attract new entrepreneurs to open neighborhood businesses as well as well as infrastructure and street improvements.

#### *Strategies and Actions*

##### **South Side**

- Determine whether South Main St. will have a strip-mall character or a walkable pedestrian character, or a coordinated combination of the two. That determination will impact and be impacted by the planned South Main St. road improvements.
- Create a concentrated and dense retail strip along South Main Street from Kent Street south to approximately Salter St. Note that most of the stores in this retail hub currently rely on on-street parking.
- Redevelop the Barber-Coleman site on South Main St. into the proposed sports complex or mixed-use retail/residential along South Main.
- Specific business-types to target:
  - Restaurants, including a locally owned Mexican restaurant
  - Apparel stores to appeal to both the Hispanic and general market
  - Drug store
  - Day care center

- Plan for the future of land around the Rockford International Airport, located just south of the South Side Retail Trade Area.

#### **West Side**

- Using the West State Square strip mall as a model, and in partnership with a local community development corporation, upgrade retail along West State St. from Oakley Ave. to Independence Ave.
- Among specific retailers and services needed:
  - Medium-priced sit-down restaurant
  - Fast-food restaurant
  - Drug store
  - Day care center

#### **South Side and West Side**

- Bolster retail viability in the south and west neighborhoods by:
  - Providing business services to small businesses, including technical assistance in business planning, financing, accounting, insurance, human resources, and other critical areas
  - Enhancing understanding and availability of small business loans through the city, private institutions, or public-private partnerships.
  - Strengthening relationships between business owners and local financial institutions
  - Upgrade streetscaping, sidewalks, street lighting and signage along targeted stretches of retail streets
  - Assist residents in making improvements by:
    - Directing homeowners to sources of low interest loans for repairs and rehab.
    - Creating an infill building program to fill in vacant lots in residential neighborhoods.
    - Minimizing boarded up houses and businesses by acquiring properties and offering them to residents for sale or rent-to-own programs
  - Market the eclectic mix of museums in the vicinity of Booker Washington Park – the Graham Genestro House, the Tinker Swiss Museum , and the Ethnic Heritage Museum

## VIII. Appendix A: Retail Case Studies

ERA looked at the experiences of a select group of Midwest cities that, like Rockford, have an industrial history and traditional downtowns. To varying degrees, these cities have addressed challenges of downtown revitalization. The five cities we looked at – Peoria IL, Fort Wayne IN, Des Moines IA, and Racine WI — have somewhat comparable demographic characteristics in common with Rockford, as shown in the following table.

**Table 91. Comparable Cities Demographic Data, 2007 Estimates**

	Rockford IL	Peoria IL	Fort Wayne IN	Des Moines IA	Racine WI
Population	159,503	113,121	205,348	198,682	79,592
Housing Units	62,779	51,698	95,110	91,080	33,528
Median Household Income	\$46,907	\$41,494	\$46,019	\$41,651	\$36,702

Source: ESRI Business Analyst

In size, Rockford is between Peoria and Des Moines, while in median income, Rockford is most comparable to Fort Wayne. Regardless of size and affluence, these cities have had similar downtown histories. Before the massive suburbanization trend of the 1960s and 1970s, their downtowns were true central business districts that functioned as the major shopping districts of the city and suburban communities. Like cities and towns throughout the U.S., these downtowns lost both retail and office-based businesses to the edges of the city and suburbs well into the 1980s. They were left with a situation in which most retail traffic — other than purely local neighborhood-oriented shopping and services — came to be located outside the central district.

For example, since the mid-1980s, Fort Wayne has experienced an exodus of retail to malls and other outskirt shopping areas. Since then, Fort Wayne’s downtown has had only limited retail. Retail in Fort Wayne’s downtown is limited to a few independent shops including a women’s dress store, a jewelry shop, and a gift shop. Similarly, Peoria experienced an exodus of retail to other parts of the city and suburbs, and in particular, to the north side of town. In Des Moines, the closing of its 106 year-old Youngers Department Store in 2005 signaled the bottom of the city’s downtown retail decline. Today, downtown Des Moines is characterized by a number of higher-end specialty shops catering to the downtown work-day business population totaling approximately 77,000 a day, as well as to residents of the recently developed condominium developments.



### **Peoria river boat**

Like Rockford, the comparable cities have faced the challenge of declining downtowns and reduced business base with a variety of plans and incentives. They continue to work on efforts to bring new life to their downtowns, often centering these projects on remaking the downtown into an attractive place to live and recreate, as well as shop. Most downtown rejuvenations involve turning downtowns into 18- to 24-hour districts by adding residential and entertainment components. This redevelopment process can often take decades to achieve. As cities work on improving their downtowns, some similar patterns can be discerned.

### **Small but Stable Shopping Districts**

Today, most of the downtowns of the comparable cities ERA looked at have smaller retail areas than they did in their heydays, but for the most part, there has been stability, without excessive retail churning. The comparable downtowns mainly have concentrated areas of retail, rather than spreading retail out throughout the central district. This pattern promotes density in the retail sector and gives the area a feeling of vitality.

Racine's downtown, comprised almost entirely of small local retailers, has been stable over recent years, without significant loss of businesses or extended vacancies. It includes more than 30 eating and drinking establishments, a dozen art galleries, various retailers, and two museums. Fort Wayne's downtown has also been relatively static since the 1990s. It has a similar number of restaurants and retailers as Racine and is the setting for several museums. While there has been

some small-scale growth in recent years, Fort Wayne authorities are counting on a large mixed-use project to build up the retail concentration and traffic downtown.

For the most part, the comparable downtowns include water-related amenities. Like Rockford, Peoria, Des Moines, and Fort Wayne have rivers flowing through their central areas, and Racine is located on the Lake Michigan shoreline. For all of these cities, connecting the downtown experience with the waterfront experience has been a significant component of their revitalization activities. Downtown Peoria stages a variety of riverfront entertainment. The Riverfront Marina offers boaters an opportunity to dock in the downtown area, and the “Spirit of Peoria” a turn-of-the-century style paddle wheeler, offers tours. During the summer, the Peoria Riverfront Market is an additional shopping option in the downtown area. Downtown Peoria also offers a variety of riverfront entertainment in the form of periodic festivals and activities offered at area parks. Also on the river is the Riverplex Recreation and Wellness Center, which offers swimming, basketball courts, track, weight lifting, and an indoor aquatic park.

### **Downtown Des Moines**



Des Moines has a riverfront amphitheater and a riverwalk that connects the east and west sides of the downtown area and includes a skating plaza with winter skating and other year-round events. Racine’s waterfront parks and harbors are part of its downtown, allowing a shopper to easily walk to the waterfront park and boat harbors.

## Independent and Art-Related Retailers and Entertainment

Overwhelmingly, the comparable downtowns are characterized by independent retailers, rather than national chain stores. Racine has purposely not targeted national retailers for its downtown, preferring to encourage local businesses. In describing downtown retail on its website, the Des Moines Downtown Community Alliance goes so far as to state, “Sorry, no big box stores allowed.” The Alliance highlights the independence, originality, and service-oriented character of Des Moines’ downtown retailers, describing shopping downtown as an experience, rather than an activity.

For several of the downtowns, the role of art is important in creating downtown character. Racine, for example, makes efforts to attract smaller retailers and, in particular, art galleries to the downtown area. Racine specifically identified public art as a way to enhance downtown and bring in more people. Concentrating on art that was both family and adult-friendly, Racine introduced downtown street art in 2002. Dog Days of Summer showcased 149 fiberglass Labradors created by area artists and shown throughout downtown. The city followed the event up with such art themes as Bird is the Word and Sphere Madness in ensuing years.

As mentioned previously, both Racine and Fort Wayne have art galleries downtown, and Des Moines’ downtown includes seven art galleries.

### Racine boat harbor



Entertainment and recreation are important parts of new downtowns in older cities. Restaurants and bars are a mainstay of all of the studied downtowns. Sports venues are often sited downtowns and are often the center of revitalization plans. Peoria’s minor league baseball stadium is located downtown, as is the Civic Center which has a 2,000 seat theatre as well as several exhibit halls. Fort Wayne is working on what it hopes will be a catalyst for its downtown. The Harrison Square Project is a mixed-use development that centers on the construction of a new minor league baseball stadium. As stated previously, Peoria’s recreation and wellness center is located riverside in the downtown.

## Downtown Housing

Like many other American cities, the comparable cities are working to bring residents to their downtown. The following table indicates that, so far these downtowns have quite small proportions of all city housing units. Downtown Rockford has the largest proportion of downtown houses – nearly 3 percent of all housing units in the city. These units, however, include older housing stock and subsidized units. Rockford has only recently begun to add market rate housing to its downtown. The other comparable cities are doing the same. Fort Wayne’s Harrison Square project will ultimately include 120 condominium units, as well as at least 30,000 sq. ft. of new retail space. Described above, Peoria’s Warehouse District is slated for industrial loft conversion to residential units.

**Table 91. Downtown Housing, 2006-07**

	Rockford IL	Peoria IL	Ft. Wayne IN	Des Moines IA	Racine WI
City Housing Units	62,779	51,698	95,110	91,080	33,528
Downtown Housing Units	1,817	892	1,837	538	830
Downtown Share of City Housing	2.89%	1.73%	1.93%	0.59%	2.48%

Source: Individual City Data

## Downtown Fort Wayne



The following table adds other Midwest cities to give a sense of how Midwest downtowns are faring in production of housing units. Rockford, along with Cedar Rapids and Des Moines, Iowa, have had slow growth in housing unit production, while Madison, Wisconsin, a large university city, has added residential units in much higher numbers than the other cities, yet still a slow, rate.

**Table 92. Downtown's Share of Citywide Housing**

	1990	2000	2007	CAGR
Peoria	1.61%	1.46%	1.73%	0.42%
Rockford	2.89%	2.65%	2.89%	-0.31%
Cedar Rapids	3.41%	2.87%	2.62%	-1.56%
Des Moines	0.62%	0.59%	0.60%	-0.16%
Fort Wayne	1.86%	1.76%	1.93%	0.21%
Madison	11.34%	10.66%	11.16%	-0.10%
Milwaukee	4.02%	4.36%	4.56%	0.74%

### Other Downtown Initiatives

Peoria is working on a revitalization of its Warehouse District, which is located just south of downtown. The city wants to develop into a vibrant mixed-use neighborhood, converting industrial lofts to condominiums and developing street level space for commercial and retail use. One notable catalyst for redevelopment is the Peoria NEXT Innovation Center, which opened in August 2007 and provides laboratory space and conference and office space for start-up companies. In Des Moines, local businesses and government leaders are assessing the feasibility of a light-rail tram system, connecting the major areas of downtown from the Iowa Events Center to the state Capitol.

### Learning from Other Cities

This review of other cities' downtown revitalization efforts reveals several common elements:

- Concentration on a relative small, dense retail area
- Important role of waterfront and open space
- Emphasis on local independent retailers and arts
- Entertainment and recreational venues
- Residential component

## IX. Appendix B: Multi-Family Residential Case Studies

### Bartley Lofts, Toledo, Ohio



Located on Washington between Ontario and Erie streets in downtown Toronto, the Bartley lofts offer panoramic views of the downtown and near south area from any unit within the renovated warehouse. The location provides walking access to downtown and Warehouse District attractions and convenient routes to major through streets and interstate highways. The Bartley Building was considered to be the largest independent grocery warehouse in the United States

in 1914. The Bartley Company occupied the warehouse until moving to a new warehouse on Brown Avenue. By the 1940s, the structure was owned by the Lamson Brothers, who used it for their department store chain until the early 1970s. In 2004, Timberstone and Park West Developers bought the building, and began the conversion of the property into loft living spaces.

#### Development Detail

**Number of Units:** 48

**Acres:** N/A

**Unit Breakdown:** Condo units consist of one-bedroom units of 732 sq. ft. to a three bedroom, two-bath condo with 3,805 sq. ft.

#### Unit Size:

- 1-bedroom units are 800 SF
- 2-bedroom unit are 1,350 SF
- 3-bedroom units are 1,900 SF
- Single 7<sup>th</sup> floor master condo is 3,805 SF

#### Pricing:

- Units range from \$128,900 to \$290,000

**Absorption:** 21 units were sold in first year of operation (less than two per month). Sales slipped in 2006 and the trend continues. 5 units have been sold since 2006.

**Dwelling Units (DUs) per Acre:** N/A

**Number of Stories:** 7

**Amenities:** Each unit comes with a 12-year property tax abatement provided by Lucas County. Units include energy efficient windows, all appliances, and walk-in closets. Also, common space includes indoor garage and rooftop pool and sundeck.



**Observations:** The condo project began pre-selling in winter 2004. By September of 2005, 21 of the 52 units were sold. Approximately \$11 million was invested in this project. FirstMerit Bank, Toledo, provided project financing. FirstMerit has also set up mortgage loan application support for prospective purchasers of the condominium units at Bartley Lofts.

## **Brownstones on Grand, Des Moines, Iowa**



Brownstones on Grand is a townhome project located at 2nd Avenue and Grand in downtown Des Moines. The 43 market rate three-story brownstones have a contemporary urban look with walkup up steps reminiscent of East Coast style brownstones. Unique to this contemporary design is the use of Green Technology. These townhomes are equipped with geothermal heating and cooling. Between 2nd and 3rd Streets on Grand, the Brownstones are within one block of the Des Moines Civic Center and two blocks from the new Principal Riverwalk. The Wells Fargo Arena and Hy-Vee

Convention Center are only blocks away, giving residents prime access to premier events. Featuring quick access to I-235, the Brownstones on Grand also allow for commutes to surrounding suburbs. For downtown workers, the skywalk system is easily accessible making parking a problem of the past.



## **Development Detail**

**Number of Units:** 48: 18 in Phase I have been completed. Phase II and III are scheduled to begin in the Winter of 2008 and summer 2011, respectively.

**Acres:** 1.6

**Unit Breakdown:** Phase one is composed of 12 two-bedroom and 6 three-bedroom configurations – both with optional dens; however, the utilization of the den as bedroom in some cases alters the unit breakdown. Phase II and III will have an increased number of larger units with 3 and four bedroom options to answer demands for larger units.

**Unit Size:**

- Units range from 1,946 SF to 2,386 SF.

**Pricing:**

- Units range from \$314,900 (\$159 per SF) to \$586,630 (\$246 per SF)

**Absorption:** Less than 1 per month (selling for about a year)

**Dwelling Units (DUs) per Acre:** 30

**Number of Stories:** 3

## **Observations**

Construction of the development began on March 11<sup>th</sup>, 2006. The last phase of 3 is scheduled to begin in 2011. The Brownstones on Grand, L.L.C is eligible to receive up to \$602,000 in investment tax credits and \$146,200 in sales tax refund form the State of Iowa Enterprise Zone Program. In addition, the Brownstones on Grand, L.L.C is eligible for partial exemption from property tax for the actual value added by improvements to the property under the Iowa Revitalization Act. This abatement equaled \$314,900 for FY 2007.

The sales history of the Brownstones on Grand has been sluggish since the first units arrived on the market in winter of 2006.

According to the Polk County Assessor, there were two units sold between Jan. 2007 and July 2007.

- Unit 119 sold in January for \$446,958
- Unit 201 sold in July for \$439,560



Both of these units had 2,037 sq. ft., and thus fairly comparable.

Greater absorption is desired from a project the size of the Brownstones on Grand over 7 months. So to improve, Hubbell Realty Company, discounted price and sold 3 more homes during August of 2007:

- Unit 105 sold for \$360,980
- Unit 111 sold for \$350,790
- Unit 117 sold for \$349,540

Sales increased after prices were adjusted. In addition, the units sold in August were slightly larger than those two sold in the previous 7 months. These last three had 2,058 sq. ft. Unit 117 had a nearly \$95,000 discount to the most expensive smaller unit, 119.

Sales have again slowed through the winter months with only Unit 115 having been sold for \$314,900. This 1,979 square unit is 79 sq. ft. smaller than those sold in August, discounted by almost \$34,000 less than the least expensive unit sold in 117.

As of March, 2008, 3 units are pending.

## Court Avenue Apartments, Des Moines, Iowa



The \$10 million Court Avenue Lofts is part of a larger project developed by the Court Avenue Partners consisting of three buildings: a 52-unit apartment building, a 40-unit condominium building directly behind the apartment building, and the mixed market rate and subsidized Court Avenue Lofts, which have been built above the newly renovated and historic Spaghetti Works building in the heart of the Court Avenue cultural district in the. The charm of the exterior of this historic building has been preserved with one and two bedroom loft style apartments on the 2nd, 3rd and 4th

floors.

### Development Detail

**Number of Units:** 51 apartments

**Acres:**

**Unit Breakdown:** The 51-unit apartments on the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> floors consist of 24 one-bedroom and 47 two-bedroom lofts.

**Unit Size:**

- One-Bedroom: 573 SF to 849 SF
- Two-Bedroom: 821 SF to 1,115 SF

**Pricing**

- One-Bedroom: \$565 per month (\$0.99/SF)
- Two-Bedroom: \$670 per month (\$0.82/SF)

**Absorption:** After one year of operations, the apartments were 98 percent occupied.

**Dwelling Units (DUs) per Acre:** N/A

**Number of Stories:** 5 (first floor restaurant)

**Unit / Community Amenities:** Units share a business center, fitness center, clubroom, and on-site laundry facility. Each unit has loft ceilings with contemporary dividing walls, large windows with

downtown skyline views, designer appliances, and wood laminate floors. In addition, each unit has original architectural structures including exposed wood beams, brick walls, and antique fire wall doors.

### **Observations**

The City approved an urban renewal agreement and utilization of tax increment financing (TIF) for the redevelopment of the upper floors of the Spaghetti Works building. In addition, the project received Low Income Housing Tax Credits.

The major terms of the Urban Renewal Development Agreement consisted of the following terms:

The City provided the developer, Court Avenue Partners I, LP, with an upfront economic development grant of \$1,146,951 and an ongoing subsidy of \$1,066,076. The ongoing grant was based on minimum assessed value and paid in 34 equal semi-annual payments of \$31,355.17 beginning July 1, 2007. TIF is the source of the City's financing.

City granted the developer a ten year, 100 percent abatement for the residential development.

The development received the Certificate of Occupancy in February 2007. Since its opening the development has kept 100 percent of its 25 units reserved for low income tenants occupied and approximately 98 percent of the remaining 26 market rate units occupied.

The tenant population has a diverse array, ranging from young singles and families to senior singles and couples. The majority of tenants work within the downtown area and were looking for housing in close proximity.

## 4th Street Condos, Des Moines, Iowa



The 4th Street Condo development is one project out of a series of urban renewal mixed-use ventures within the heart of the Court Avenue Entertainment District by Court Avenue Partners II, LP (a joint venture of BH Equities and Hubbell Realty).

### Development Detail

**Number of Units:** 46 Condos

**Acres:** N/A

**Unit Breakdown:** 40 two-bedroom and 6 two-bedroom with den condominiums come in choices of one-story or two-story designs.

**Unit Size:** Ranges from 985 SF to 1,606 SF

**Pricing:** Ranges from \$197,000 (\$200 per SF) to \$330,000 (\$205 per SF).

**Absorption:** The project is in pre-sale stages with only 2 offers currently.

**Dwelling Units (DUs) per Acre:** N/A

**Number of Stories:** 2

### Amenities:

Units have private balconies, in-unit washer/dryer, fully applianced kitchen and “high quality” fixtures that are unique to downtown Des Moines condo development. Common space includes underground parking.

### Observations

In November 2003, City Council approved an urban renewal agreement and utilization of tax increment financing (TIF) funding for a mixed-use project between 3rd and 5th Streets south of Court Avenue.

The project contained 40+ condominium units, 104 apartment units, and over 17,000 sq. ft. of commercial space. The project also included two important related components not included in the Urban Renewal Development Agreement—the rehabilitation of the upper floors of Spaghetti Works into mixed-income rental units and the rehabilitation of the ground floor of the Generations and Nacho Mamas buildings.

The total cost of the entire project, including Spaghetti Works and the entertainment/restaurant venues is \$40,576,151. The total cost of the projects included in the Urban Renewal Agreement is \$29,817,493. The condominium development received an upfront subsidy of \$1,154,706.

### **River West Townhomes, Toledo, Ohio**



River West Townhomes is a multiple 4-floor townhomes with rooftop penthouse with full-deck located in the heart of Toledo’s redeveloping warehouse district. The site is walking distance of the Toledo Mud Hen’s stadium, river, shops, restaurants, markets, and many other amenities.

#### **Development Detail**

**Number of Units:** 40

**Unit Breakdown:** The River West Townhomes are comprised of two detached buildings with seven 1-bedroom units, ten 2-bedroom units, and twenty-three 3-bedroom units.

**Unit Size:**

- 1-bedroom units are 1,680 SF
- 2-bedroom units are 1,800 SF
- 3-bedroom units are 2,160 SF

**Pricing:**

- 1-bedroom units are \$210,000 (\$125 per SF)
- 2-bedroom units are \$225,000 (\$125 per SF)
- 3-bedroom units are \$265,000 (\$123)

**Absorption:** 33 of 40 units are currently sold with few re-sales (between 2-4) since is opening in 2003. The development absorbs approximately 7 units per year.

**Dwelling Units (DUs) per Acre:** N/A

**Number of Stories:** 4

**Amenities:** Each unit has a private deck and balcony, walk-in closets, fireplace and a telephone intercom and video access security system. Also, each unit has an attached garage.

**Observations:**

The inspiration for River West Townhomes came from a similar townhome development in Chicago. The developer, having personal knowledge of the Chicago townhome felt the concept would work in redeveloping downtown Toledo. Townhomes are unique to Toledo and were non existent in downtown. The River West Townhomes development remain the only 3 or 4 level townhome development in downtown Toledo and the only dedicated townhome development with for-sale units. The development is designed to appeal to younger 25-35 year old urban professionals, although the development has captured a few empty nesters. No families with children live in the development.

Initial buying was brisk as the development sold 70 percent of its units in two years (between 2003 and 2005). Since 2006 the rate of absorption has decrease as only 5 units were sold through 2007.

**Tobacco Lofts at Findorff Yards, Madison, Wisconsin**



Tobacco Lofts at Findorff Yards is a restoration and adaptive reuse of two historic tobacco warehouse buildings built between 1899 and 1901 for the American Tobacco Company. Located in the diverse and dynamic Bassett Neighborhood nestled near Monona Bay, the Tobacco Lofts



are just 6 blocks west of the Capitol, adjacent to City park land and a bike path that connects to all of Madison.

The two buildings offer 61 rental apartments to the Bassett Neighborhood. The robust and authentic materials are an integral part of the interior, including brick, timber, steel, glass, and stone. The Tobacco Loft apartments are heated and cooled with a geothermal closed-loop heat pump system, which meant the developer didn't have to put bulky utility equipment on the roof.

The lofts were completed in August of 2005 and are fully occupied. The warehouses are official Madison landmarks, nominated by the Trust in 1992. They are the only intact survivors of a once thriving tobacco industry in Madison.

### **Development Detail**

**Number of Units:** 61 Apartments

**Acres:** N/A

**Unit Breakdown:** 34 one bedrooms, 6 regular two bedrooms, and 21 large two bedrooms

**Unit Size:** Average of 853sqft for one-bedrooms, 1,084sqft for two-bedrooms, and 1,241sqft for large two-bedrooms

**Pricing:** \$1.27 per sq. ft.: Operating expense around 40 percent of gross

**Absorption:** All 62 least within first year: 55 units least first 6 months, 7 additional units within 9

**Dwelling Units (DUs) per Acre:** N/A

**Number of Stories:** 3 on building, garage and above residential

**Amenities:** Indoor garage, landscaped courtyard with wooden boardwalk and bocce court

### **Observations**

Urban Land Interests placed the two buildings on that National Register of Historic Places. Historic Tax Credits: 20 percent of eligible tax, 5 percent for state of Wisconsin tax. Tax credits were sold to National City Bank. Urban Land Interests received also received gap financing through revolving capitalization load fund applied to the TIF district in addition to a 10 year fixed first mortgage with Fannie May.

## Trostel Square, Milwaukee, Wisconsin



Trostel Square is a residential community located on the Milwaukee River in close proximity to the downtown core and popular neighborhoods. The development has added to the public Riverwalk and also generated some open space for the neighborhood. It also includes a private clubhouse and boat slips for residents. This area was a former industrial corridor dating back to the

early 1800s with a railroad route that served various industrial facilities including the Schlitz and the Pabst breweries. Trostel Square is an example of a mid- to upper-range housing project that has successfully converted a vacant and unused tannery complex into what has become one of Milwaukee's most desirable urban neighborhoods. This brownfield site required some environmental remediation and government support to get off the ground, but its locational attributes and planned vision helped turn it into a taxable asset for the municipal government and a thriving neighborhood for Milwaukee.

### Development Detail

**Number of Units:** 126

**Areas:** 4.5 acres

**Unit Breakdown:** 27 condos and 99 apartments

**Unit Size:**

Apartments range from 772 to 1,346 sq. ft.

Condos range from 1,100 to 2,500 sq. ft.

**Pricing:**

Condo sale price: \$260,000 to \$480,000

Rental price: \$1,040 to \$1,680

**Number of Stories:** 2 and 3

**Amenities:** Concierge services, onsite management team, heated underground and exterior, parking, flexible lease terms, and pet friendly community

## Observations

The project was carried out by Mandel Group, Inc., a large residential multi-family developer operating primarily in the greater Milwaukee area. The Mandel Group is an integrated real estate services firm with operations in development, construction, and property management.

Trostel Square was built on land that housed the former Trostel Tannery, which was vacated in February 2000 when US Leather closed the Pfister & Vogel complex and other Milwaukee operations putting 525 employees out of work. The site was contaminated with heavy metals, volatile organic compounds, and sulfides that required cleanup to meet residential standards. Furthermore, the site's closure was dependent on all soils being managed on site. Site engineering included preparation of the site, grading and utility plans, and exhibits for the Department of Natural Resources. To build on the unstable soils, buildings had to be constructed on pilings sunk down as far as 50 feet into glacial till. Developers also had to construct a new dock wall for the River Walk, at a cost of as much as \$1,500 a linear foot.



Funding to manage contamination at the former tannery came from several sources, including the Wisconsin Department of Commerce Brownfields Grant (\$700,000), Tax Increment Financing, Remediation Tax Credits, and other city sources. Environmental remediation was overseen by the Wisconsin Department of Natural Resources. Mandel Group has agreed to pay over \$3.4 million for the property, which is higher than the original assessed value of the tannery's main building (\$262,600) and land (\$948,700). The Trostel Square project produced a closure strategy that was cost effective and sensitive to development options. Condominiums sold quickly without environmental encumbrances, while apartments were financed with reasonable encumbrances. The developer financed all other development-oriented costs. †

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† Excerpts of Trostel Square case are from survey research conducted by the Center for Economic Development of University of Wisconsin.

## Water Tower Place Loft Condos, Cedar Rapids, IA



The \$11.7 million conversion of the former Hawkeye Seed warehouse to the Water Tower Place Loft Condos is located a block off the Cedar River in downtown Cedar Rapids. It is the first project in Cedar Rapids to convert an old warehouse into upscale lofts. The development includes 46 loft units and 6,000 SF of commercial space.

### Development Detail

**Number of Units:** 46

**Acres:** 0 lot line property – about 16,000 SF footprint

**Unit Breakdown:** 8 one-bedrooms, 24 two-bedrooms, and 4 three-bedrooms

**Unit Size:**

- One-Bedroom: 730 SF
- Two-Bedroom: 1,245 to 1,549 SF
- Three-Bedroom: 1,857 to 1,861 SF

**Pricing** (The following current list prices do not including upgrades or parking. Upgrade packages range by unit between \$5,000 and \$25,000. Parking is an additional fee at about \$12,500 for an indoor space or \$6,000 for a surface space.):

- One-Bedroom: \$178,000 (\$245/SF)
- Two-Bedroom: \$205,000 to \$294,000 (\$165-\$190)
- Three-Bedroom: \$370,000 to \$410,000 (\$200 to \$220)

**Absorption:** Between July 2004 and July 2005, there were 24 units sold (2 per month). The first person moved in March 2006 and the last was completed in October 2007. The developer bought building in Oct 2003. There are currently 3 investor group owned units (technically all are sold now).

**Dwelling Units (DUs) per Acre:** 125

**Number of Stories:** There are six floors of residential and an additional (1st) floor of commercial and parking.

**Unit / Community Amenities:** The building features the area's first rooftop garden, which includes barbeque sets. The first floor of Water Tower Place will also be home to four local retail businesses – one of the four spaces has been sold.



**Observations**



Tax abatement for unit owners for improvements is a significant buyer incentive – the 100 percent tax abatement runs for 10 years and saves owners between \$25,000 and \$60,000, depending on the unit. However, the City does not anticipate any other tax abatement use in future downtown residential developments. The developer has also recently offered a close out rebate of \$20,000 off the listed price for sales prior to June 1, 2007.

Most of the buyers are empty nesters or young professionals and the buyers were offered the opportunity to customize their units, which was an incentive to attract buyers but also led to longer construction periods.

The project took the developer longer to build – they originally had an ARM construction loan, but as the adjustable interest rate approached 8 percent, the added costs related to increased interest rates tapped into potential profits of the development.

Cedar Rapids has actively been pursuing the downtown revitalization, particularly residential development, in the last few years. This project is seen as a catalyst for downtown development. Though the developer reportedly did not make a profit, it showed that a downtown building conversion could be done. In 2007 they completed a market analysis for their downtown area to identify likely demand for such housing in the market (the analysis proposed that as many as 100 units annually could be added to the downtown market). In January 2008, it was announced that

Minneapolis-based Sherman Associates had been selected by the Cedar Rapids City Council as its "preferred" developer to help the downtown build 40 to 50 new housing (rental) units. The developer intends to incorporate mixed-use development is already looking to acquire some existing downtown buildings for renovation to housing, starting their first project as early as spring 2008. The City is currently working on improving the walkability of the downtown and riverfront.

### **Yahara River View Apartments, Madison, WI**



The Yahara River View Apartments is an “L-shaped”, three-story 60-unit apartment building on Madison’s near east side overlooking the Yahara River. The building’s exterior is made of red and cream brick with stone lintels and stills designed to blend with the architecture of the surrounding neighborhood. With some below-grade parking covered with berm, surface parking has been minimized in order to maximize landscaping on the

grounds and increase the site’s appearance. In addition, solar panels are mounted on the southern side of the roof as one of several features to build energy efficiency into the complex

Common Wealth Development, a non-profit community development corporation, proposed purchasing the site for a housing redevelopment project and the company was receptive to the idea. The agreement between these parties was finalized in November of 2000 when Common Wealth Development purchased the land to build mixed-income rental housing.

#### **Development Detail**

**Number of Units:** 60

**Acres:**2.03

**Unit Breakdown:**

- Studio: 4
- One-Bedroom:19
- Two-Bedroom: 25

- Three-Bedroom: 12

### **Pricing**

Three of the apartments are available to households at or below 40 percent of Dane County median income; fourteen are available to households at or below 50 percent of median income; and thirty-five are available to households at or below 60 percent of median income. Eight apartments are leased without income restrictions.

### **Number of Stories: 3**

**Unit / Community Amenities:** Landscaped grounds, bike racks, sleeve air conditioners, dishwashers and disposals, private patios or decks, on-site laundry, high-speed Internet access, and location near a bus line. There is also an office and business center with computers and Internet access for use by residents, a community room with a kitchen, and playground equipment on-site.

### **Observations**

Redevelopment required leveling a 27,223 square-foot deteriorating warehouse building as well as significant reclamation. Site inventory and analysis discovered that past uses left contamination so much so that the site was considered an historic landfill. In addition, soils testing revealed that soil removal and replacement would be required in accordance with environmental remediation standards before construction could occur. These constraints translated into \$300,000 in unforeseen development costs. Furthermore, the site analysis also revealed that a high water table posed design construction constraints, which significantly affected important design issues such as underground parking possibilities.

In order to build affordability into the project, Common Wealth creatively layered multiple subsidies together to lower per unit costs. Critical financing was acquired from ten different entities. In particular, a City of Madison Community Development Block Grant Program – Federal HOME Funds Grant was crucial for the site purchase. In addition, support from former property owners as well as The Dane Fund’s Bridge Loan for land acquisition was instrumental in minimizing holding costs while reclamation efforts were underway. One of the key sources of housing redevelopment funding came from the Low Income Housing Tax Credit (LIHTC) program through the Wisconsin Housing and Economic Development Authority (WHEDA).

## **X. Appendix C: Smart Growth Community Case Studies**

### **Birkdale Village, North Carolina**

Birkdale Village is a 52-acre Greenfield development designed with principles of Smart Growth. It is pedestrian-oriented and has a grid street system. Additionally, it is mixed-use and includes parks and open spaces, commercial areas totaling 360,000 sq. ft., structured parking facilities, and 320 apartments that are located predominantly above retail storefronts. The retail space within the community includes a mix of national chains and local retailers and is frequented by residents of the suburban communities in the northern portion of Mecklenburg County, North Carolina. The site was previously an equine farm and required a major rezoning to accommodate the density of development envisioned at Birkdale Village. According to a project synopsis generated by the Urban Land Institute, the community is now achieving residential, retail, and office rents that are significantly above market averages.

#### **Location**

Birkdale Village is located approximately 15 miles north of Charlotte. The community is located five minutes west of Interstate 77 by car. It is five minutes away from Lake Norman, a state park with activities that include boating, camping, fishing, swimming, and hiking. The recreation areas of Blyth Landing and Jetton Park as well as two grocery stores are also a five-minute drive away from Birkdale Village. The community is three minutes away from the Birkdale Health Club and 35 minutes from the airport. The schools that service the community are located approximately 20 minutes away. The high school is considered very good. The elementary and middle schools are considered good.

#### **Home Characteristics**

The single-family homes in Birkdale Village are constructed of fiber cement siding. They have front porches. Home styles include one-story bungalows and two-story traditionally styled homes. The home prices ranged from \$139,900 to \$275,000 when new. Some houses have detached two-car garages while others have attached two-car garages. The garages are typically placed behind the residences with alley access.

#### **Community Amenities**

Birkdale Village's residents have access to a swimming pool, tennis courts, and walking trails. In addition, most homes are within walking distance to the amenities of the town center, including shopping, restaurants, and a 16-screen movie theater.

## Middleton Hills, Middleton, Wisconsin



Middleton Hills is a mixed-use Smart Growth development designed first and foremost as a walkable community. The development contains 325 single-family detached homes and 100 condominiums. The streets throughout the community are narrow. Of the total area, 44 acres within Middleton Hills are reserved for parks, open lots, and wooded trails.

### Location

Middleton Hills is adjacent to the 600-acre Pheasant Branch Creek Nature Preserve. It is near Lake Mendota, the airport, and the Middleton Business Park. Children residing in Middleton Hills attend schools within the Middleton School District.

### Home Characteristics

Every home in Middleton Hills is custom-built, but the community has a cohesive feel due to its architectural regulations and landscaping restrictions. Acceptable architectural styles for homes are Prairie, Craftsman, or Bungalow. Only natural products may be used on the exteriors, such as wood, stone, or stucco siding. Each home must use several colors in the design and must have a front porch. Additionally, yards can only include plantings that are indigenous to the area. The homes have access to their two-car garages along rear alleyways. The lots in the community are small, generally ranging from 4,800 to 9,000 sq. ft., but sell for prices similar to what an acre parcel might cost in a rural subdivision. The restrictions on building materials and architectural styles drive construction prices up, often to as much as \$250 per square foot. Interior spaces are usually higher-end, often with fine woodwork and custom kitchens.

### Community Amenities

Middleton Hills includes numerous public green spaces. The neighborhood has restaurants, coffee shops, a large grocery store, and a dry cleaner. The residents' mail is delivered to one central location, which encourages residents to walk around the community for daily provisions. Homeowners' Association fees for single-



family detached homes are \$225 per year.

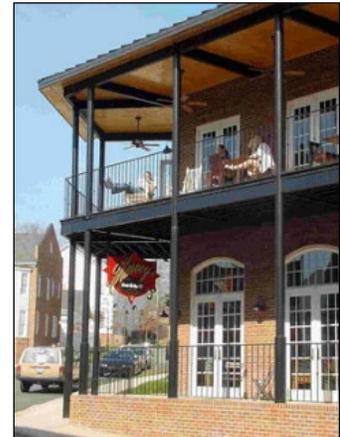
## Vermillion, Huntersville, North Carolina



Vermillion is a Smart Growth community that will comprise approximately 350 acres when completed. The developer sought to create a traditional walkable neighborhood with modern conveniences. To date, only phase one has been completed, which contains 130 townhouses and 50 single-family homes on approximately 30 acres. Additional phases of development are currently under construction.

### Location

The development is located within a walk or short bike ride of Historic downtown Huntersville. It is one mile away from Interstate 77, which provides access to the amenities of the region. Shopping opportunities include Northlake Mall as well as the shops at Birkdale Village. Vermillion’s homes must pay Mecklenburg County taxes and Huntersville town taxes. Blythe Elementary School, Bradley Middle School, and North Mecklenburg High School all service the community.



### Home Characteristics

Multiple builders are constructing the community. The architectural style and building materials remain consistent throughout the development and are very traditional, with brick and fiber cement siding.

### Community Amenities

Sidewalks are continuous throughout the development, creating a neighborhood that is pedestrian friendly. Mailboxes are located in a central location to encourage walking and a greater sense of community among residents. The town square includes a neighborhood restaurant surrounded by townhouses and live/work units. The community also includes several miles of wooded forests, multiple playgrounds, an outdoor pavilion, a pool, and neighborhood gathering places.



## **XI. Appendix D: Retailer Location Specifications**

ERA researched potential new retailers to Rockford and additional locations of retailers already located in the Rockford area. The companies' locations requirements, current locations, and contact information included. The information in the following table, as communicated to ERA, is accurate as of spring 2008. ERA categorized retailers by area of the city where they would most likely be interested in locating. The final category, "Build Partnerships," is a short list of retailers that are not currently interested in Rockford, but may be in the short-term or long-term future.

### Retailer Location Specifications Information

Store/Company Name	Contact Information	Franchise	Other Info	Hdqrtrs.	Current Locations	Requirements & Specifications
<b>DOWNTOWN</b>						
Trader Joes	Mike Degan, 248-569-7800		Gourmet and specialty foods; typically smaller stores than Whole Foods	Monrovia CA	285 stores nationwide; none in Rockford area	Demographic: specifies only a dense urban neighborhood; highly educated population; no specific economic parameters; Physical: 12,000 sf; 60+ parking spaces, ability to get a liquor license; room for 55-ft trailer
Panera Bread	314-633-7100; real estate mgr: Jamie Blue, 312-307-0025	Yes		Richmond Heights MO	1 in Machesney Park	Target market areas rather than single locations. A franchisee typically required to open 15 bakery-cafes in a period of six years. Strict qualification criteria, including a potential owner having a net worth of \$7.5 million and liquid assets of \$3 million.
MaggieMoos Ice Cream	Shelby Thomas, Nexen Brands Franchise mgt, Norcross GA; 800-524-6444; #103	Yes		Columbia MD	only IL site is Mundelein	Typically a middle class and upper class; lots of families; high traffic; like to be at centers with restaurants; free-standing OK if there are restaurants near there; downtowns OK; SPECS: Population: at least 50,000 in a 1-3 mile radius; Age: 18-54; Median Income: at least \$50,000; Traffic: at least 40,000 cars/day; Speed Limit: 35 mph or less; Building: 1000-1500 sf, about 25' signage frontage, at least 20 parking spaces; no more than 150' back from main road

Retailer Location Specifications Information (continued)

Store/Company Name	Contact Information	Franchise	Other Info	Hdqtrsr.	Current Locations	Requirements & Specifications
Chipotle	Jim Stadelman, Real Estate Mgr; 630-605-1402; 303-595-4000			Denver CO	1 near tollway	Urban and suburban with strong daytime and residential population; 1000-2800 SF; 25 ft. frontage; patio seating preferred; Demographics: 20,000 population in 2 mile area; 15,000 work population – white collar; Above average median income compared to mktplace; Below average median age. Another site is a possibility in Rockford; we do envision other stores. State and Alpine area; Downtown “scares us” a little because of lack of people on weekends; a lunch and dinner restaurant
Ebert and Gerberts	715.833.1375 1-800-283-5241	Yes		Eau Claire WI	Appleton WI	
Flat Top Grill				Oak Park IL	in Chicago area, Champaign, Peoria, none in Rockford Area	
Edible Arrangements	1 888 727 4258	Yes		Wallingford CT	no stores in Rockford; closest in Aurora and Palatine	
Radio Shack	main: 1-800-826-3905; Franchises: Jim Sickora 309-361-7251;	25% of stores are franchises		Fort Worth TX		Neighborhood and mall locations
Cracker Barrel	615-444-5533			Lebanon TN	1 location n Rockford, near 1 90	in 5-mile radius of downtown: 25,000-40,000 population; \$15,000 per capita income
Fitness Center	Lifetime Fitness: 952-947-0000			Chanhassen MN	No fitness center downtown; 1 Balleys on East State Street	

Retailer Location Specifications Information (continued)

Store/Company Name	Contact Information	Franchise	Other Info	Hdqtrts.	Current Locations	Requirements & Specifications
<b>SOUTH ROCKFORD and WEST SIDE</b>						
El Poco Loco	elpocoloco.com; 714-599-5000, Sandy Martin	Yes		Costa Mesa CA	2 in Chicago; 2 in suburbs	IL designated a company and franchise development market Specs: visibility; 20,000 sf lot; 2300-3200 sf-ft building; traffic count: 35,000+; general mkt and Hispanic or mixed-trade area; population 50,000+; daytime population: within 1 mile: 7,500
Pete's Fresh Market	Charlie Boulakis, owner; 773-927-4300		35 year old- company; many in Hispanic neighborhoods in Chicago	Chicago IL	only non-Chicago store in Evergreen Park	Rockford may be too far away , but open to discussion
Mercado del Pueblo	James Kim, President -- open to talking; 770-255-2300 jkim@mdpglobals.com		A "superstore" like a small Sam's Club: groceries & produce, electronics, apparel, money wiring, pharmacy, jewelry, perfume, restaurants, tax services	Atlanta GA	5 stores in Atlanta area; may expand to CA because many of their food products are shipped from there	Targeted to Hispanic and Asian mkts; 45,000 square feet; superstore
Liborio Markets (see State/Alpine)						
Marshall's TJ Maxx, AJ Wright Stores	The TJX Companies, 508-390-1000		off-price retailers of apparel and home fashions;	Framingham MA	1 Marshall's in Rockford; 1 TJ Maxx in Machesney Pk; 1 AJ Wright in Loves Pk	brands that target low and moderate-income shoppers; stores generally 26,000 to 32,000 sq. ft.
Simply Fashions	(205) 951-1530			Birmingham AL	none in Rockford area	At least 5,000 African Americans within 1 mile radius and 25,000 in 3 mile radius; 30,300 sf, 300 ft. frontage; strip centers, downtowns.
Sonic Drive-in	(800)569-6656 (405)225-5000	Yes		Oklahoma City OK		

**Retailer Location Specifications Information (continued)**

Store/Company Name	Contact Information	Franchise	Other Info	Hdqtrs.	Current Locations	Requirements & Specifications
Ross Dress for Less Stores	1-800-945-7677		2nd largest off-price retailer; not yet in Midwest or Illinois	Pleasanton CA		
<b>7th STREET</b>						
Now Foods - Fruitful Yield	Dave Reczek, General Mgr.; 630-942-8094 # 215; corporate office: 630-705-0313			Chicago IL	small chain in Chicago area, including South Elgin; Lombard, Elmhurst, Aurora, Berwyn	
Casey's General Store	Store Development Dept. Real Estate Clerk, Bianca Brashear -- she is the first call to make; location submissions then get passed on to associates 515-965-6100			Ankeny IA	chain of small groceries; 1500 stores in small cities and towns in Midwest: (examples in IL: Courtland, Waterman, Shabonna, WI: Milton, Beaver Dam, Deforest, Elkhorn	want 2300 sf; at least an acre; stand-alone store; near a residential neighborhood and if possible near a signalized corner; re: income and population -- they know that each city is different; they do their own analysis; won't go into a city as large as Chicago but would consider Rockford
Outpost Natural Foods	414-431-3377			Milwaukee WI		
Naturally Yours	309-692-4448		Peoria health foods store	Peoria IL		

**Retailer Location Specifications Information (continued)**

Store/Company Name	Contact Information	Franchise	Other Info	Hdqtrts.	Current Locations	Requirements & Specifications
<b>STATE/ALPINE AREA</b>						
Cato Fashions	Skip Severson, EVP, Chief Real Estate & Store Development Officer; Dennis Srenaski ; 704-554-8510 Dennis: 262-896-9701		Value-priced apparel	Charlotte NC	1 in Rockford @ Wal-Mart plaza; none in Chicago or suburbs;	3000-5000 sf; Normally don't go into cities, downtowns; very selective; Not a downtown or mall retailer; Don't own their sites, but rather lease; always in a shadow strip center usually near an adjacent Wal-Mart supercenter, a Super Target, or a grocer. in shadow center; need the anchor --- no square footage -- who it is; They might be interested in a power center with a Kohl's or a regular Target or a Marshals, but not in Rockford; Cato doesn't perform as well in the north as in the south; However, they see State/Alpine as a more attractive area than where they are now
Liborio Markets	Peter Perez (re: Tim DUBY, real estate Manager); 626 564-1100; email @ pperez@liborio.com.		49,000-square-foot stores, large meat and produce depts., brightly lit, wide aisles, juice bars	Maywood CA	8 stores in California, Nevada & Colorado	
DSW Shoes	614-237-7100			Columbus OH	None in Rockford Area	
<b>BUILD RELATIONSHIPS</b>						
Caffe Baci	Joe DeCarlo; William Marcia; 312-629-2215/6		Planning to expand outside of city of Chicago; probably will do so in future -- not interested in new locations in next year or two.	Chicago IL	In Chicago only	

Store/Company Name	Contact Information	Franchise	Other Info	Hdqtrs.	Current Locations	Requirements & Specifications
Naturally Yours	Virginia White; 309-692-4448		Peoria health food store. Not currently considering an additional location, but a future possibility for 7th Street	Peoria IL	17 years with one store in Peoria; Now opening a second store in Bloomington, IL	
Corner Bakery	CBC Restaurant Corp., Hank Janik, director of Real state: hank.janik@cornerbakerycafe.com; Chicago area broker: Steve Frishman Mid-America Real Estate Group 630.954.7325; sfrishman@midamericagrp.com;	Company - owned and Franchise	Possibility for a franchise location on Miracle Mile; requirements are too high for current downtown demographics	Dallas TX	Chicago area, southern California, Texas, Colorado, Washington DC, Virginia, Atlanta, Philadelphia	3100-3600 SF; Developing corporate locations in Chicago metro area but not anywhere else in Illinois; outside of Chicago metro, franchise only. Criteria: population: 17,000 in 1-mile radius; daytime population 20,000 to 75,000; median HH income \$65K; gross leaseable feet in area: at least 250,000 sf; outdoor seating; lifestyle center developments desirable; franchisee: \$7.5 million net worth; \$3 million liquidity; experience in market
Don Carter Lanes	John Sommer; 815-399-0314		Explore possibility of opening a Don Carter's downtown with restaurant facility	Rockford IL	1 on east State St.; sister locations in Loves Park and in Cherryvale Mall	