

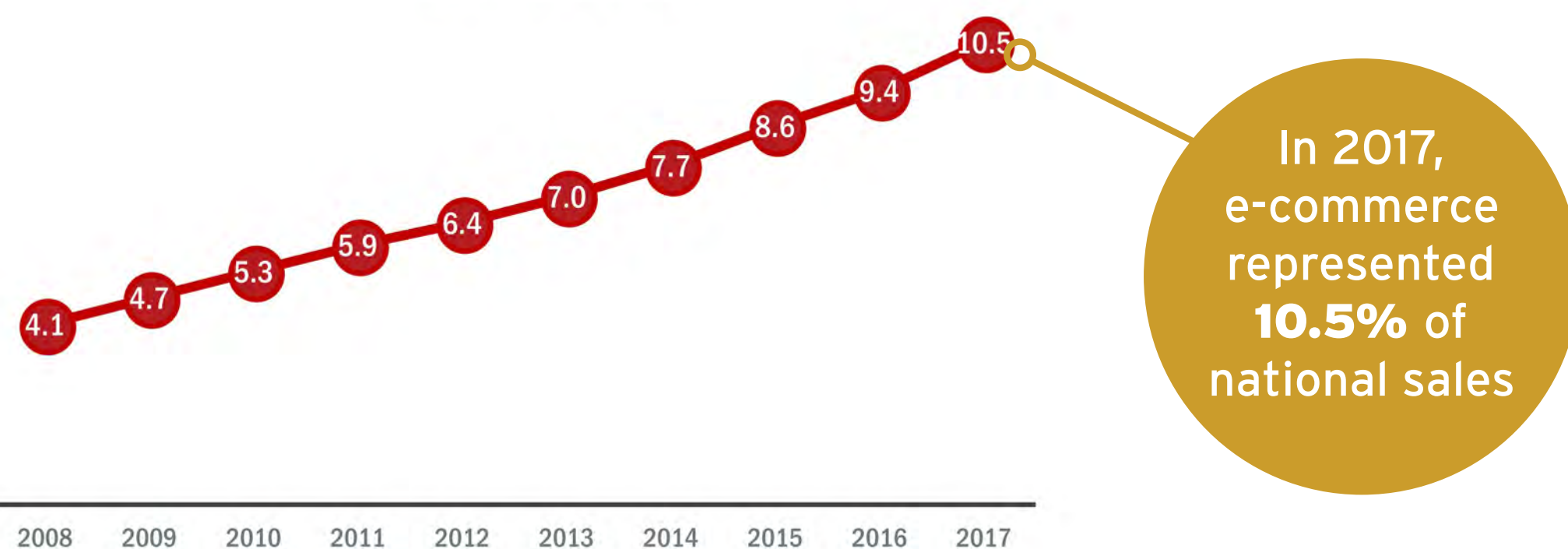
# RETAIL MARKET ANALYSIS

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## Retail Trends

### E-COMMERCE IS GROWING

E-Commerce as a Percent of Total National Sales



Source: US BLS; Estimated Quarterly U.S. Retail Sales (Not Adjusted): Total and E-commerce. Estimates are based on data from the Monthly Retail Trade Survey and administrative records for fourth quarter of each year

### GROWTH DRIVERS



- » Growth of Amazon
- » Technology
- » Quicker-than-ever delivery
- » Emerging e-commerce business models

## Future Patterns of Retail

### EXPERIENCE-FOCUSED



- » High-end and lifestyle retail centers
- » Dining and entertainment
- » Experimental retail (ie freezer rooms to try on coats)

### CONVENIENCE-FOCUSED



- » Groceries, fast-casual restaurants
- » Convenient access to a wide range of goods and services
- » Visibility and accessibility are key

### VALUE-FOCUSED



- » Fast fashion, off-price retail
- » Caters to those looking for discounts and value options

### EMBRACING OMNI-CHANNEL CONCEPTS



- » Increase expected in web and in-store shopping platforms
- » Stores functioning as showrooms and service centers
- » Consumers desire to shop across channels (in-store, web, personal device, etc.)



# RETAIL MARKET ANALYSIS

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## Competitive Clusters

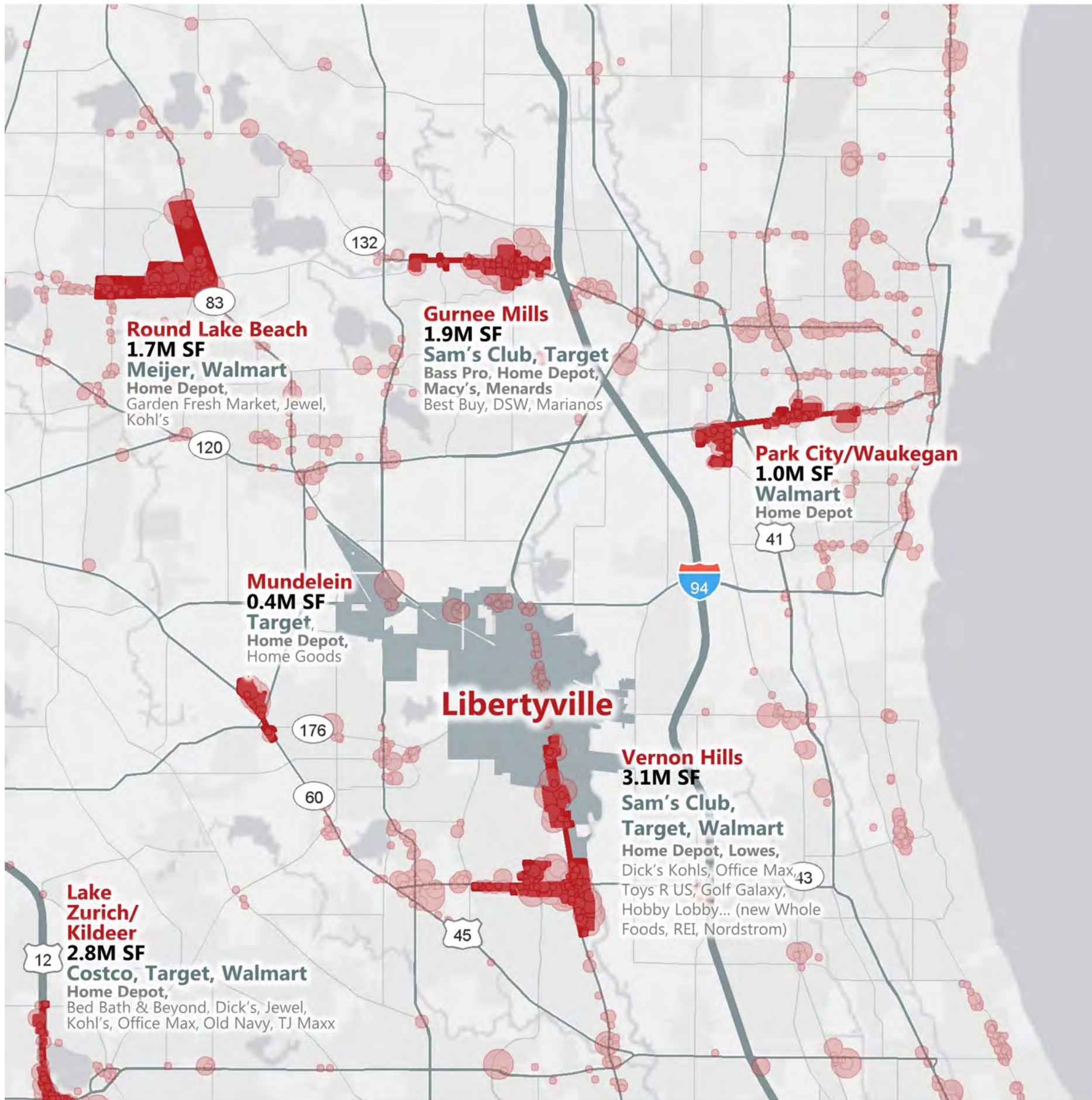
The largest retail clusters near Libertyville are Vernon Hills to the south and Gurnee Mills to the north. Because of its proximity to Vernon Hills, Libertyville does not have major big box retail since this typology is typically reliant on the retail gravity of other big box stores. The retail supply in Libertyville is mainly its downtown shops, convenience retail strip centers and the auto dealers along the “Mile of Cars”.

RBA (square feet)

- Up to 15,000
- 15-50,000
- 50-100,000
- 100-150,000
- 150,000 +

### Competitive Clusters

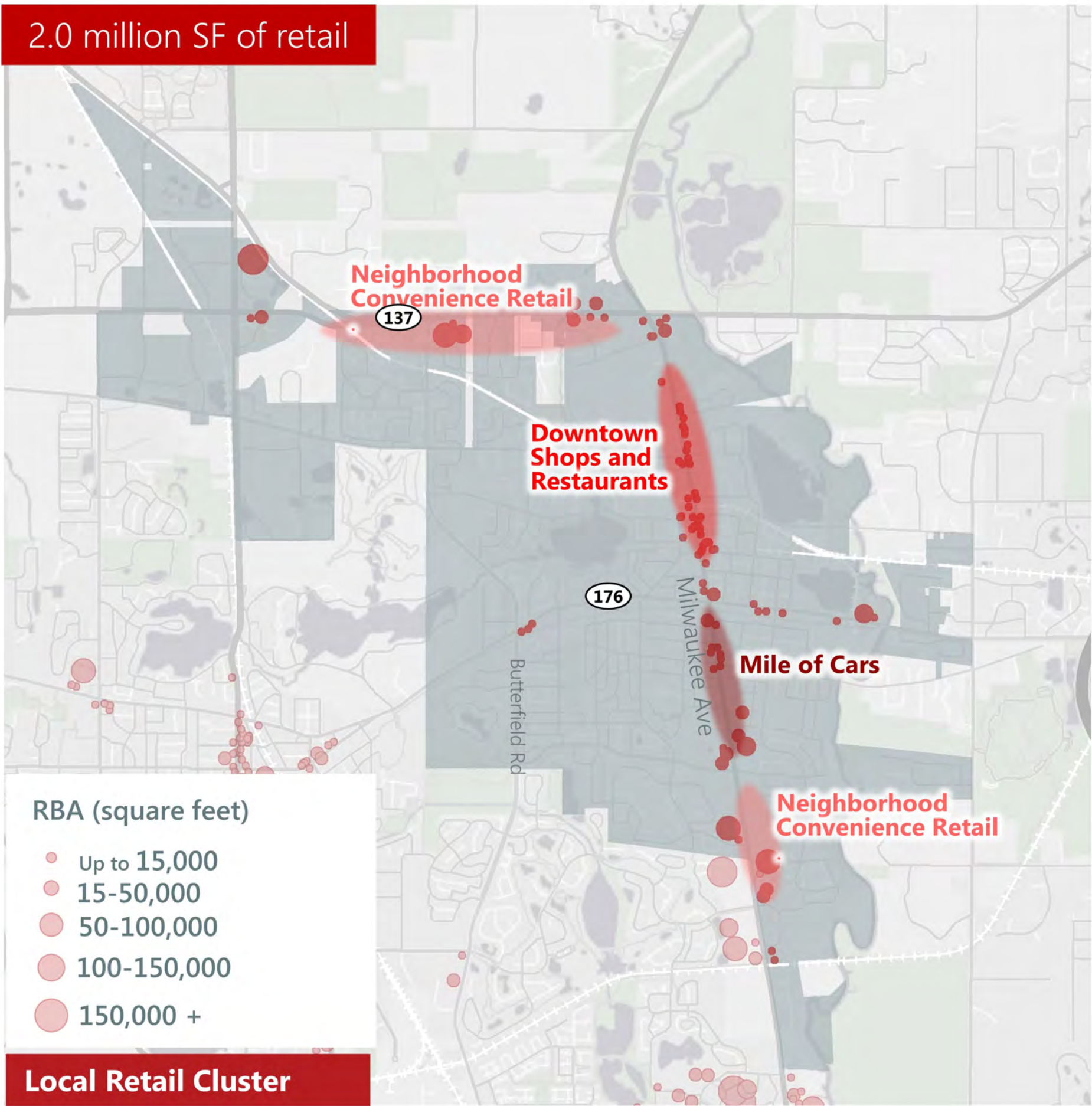
Name
Total RBA
Selected Tenants



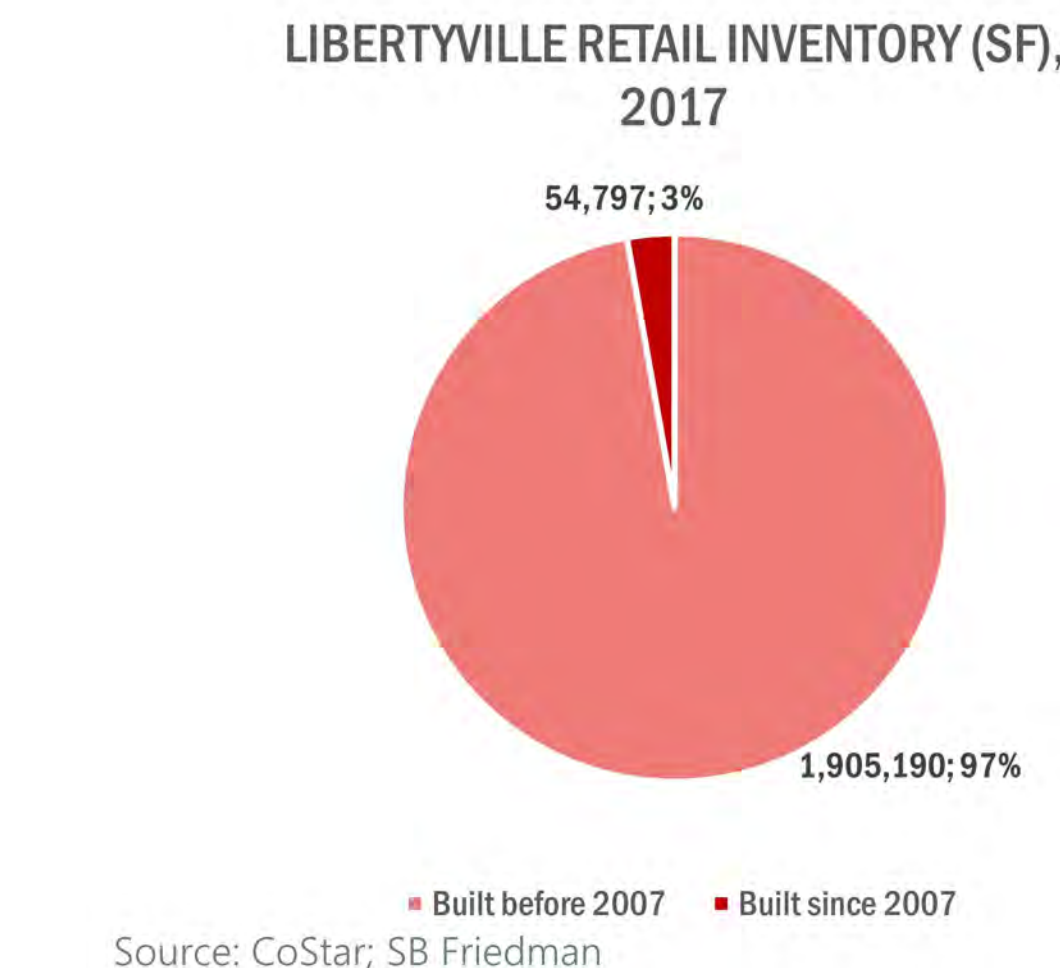
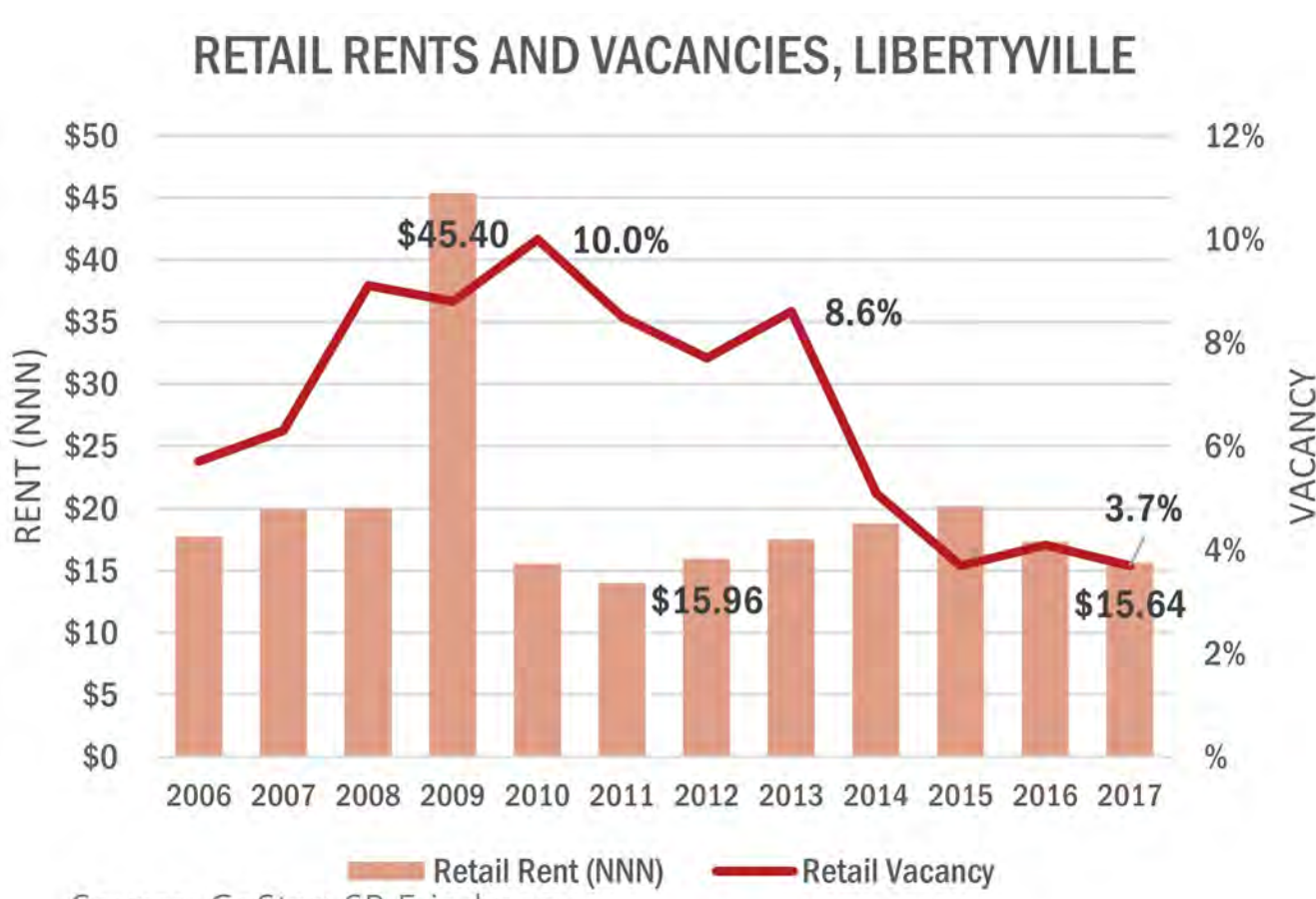
Source: CoStar; Esri; SB Friedman

## Libertyville Market

Aside from an outlier year in 2009, retail rents in Libertyville have been fairly constant at around \$16 per square foot. Vacancies have been declining since a highpoint in 2010 and are currently only 3.7%. Of the retail inventory in Libertyville, approximately 3% has been built since 2007. The biggest retail cluster in Libertyville is the auto dealer cluster (“Mile of Cars”) along Milwaukee Avenue.



Source: CoStar; Esri; SB Friedman



## KEY TAKEAWAYS

» Libertyville’s downtown is capitalizing on the demand for experienced-focused retail, including restaurants, farmer’s markets and events

» Given the competitive supply and site availability in the Village, big box retail is likely to locate elsewhere in the near term

» There may be some infill/redevelopment potential for convenience retail along Route 137

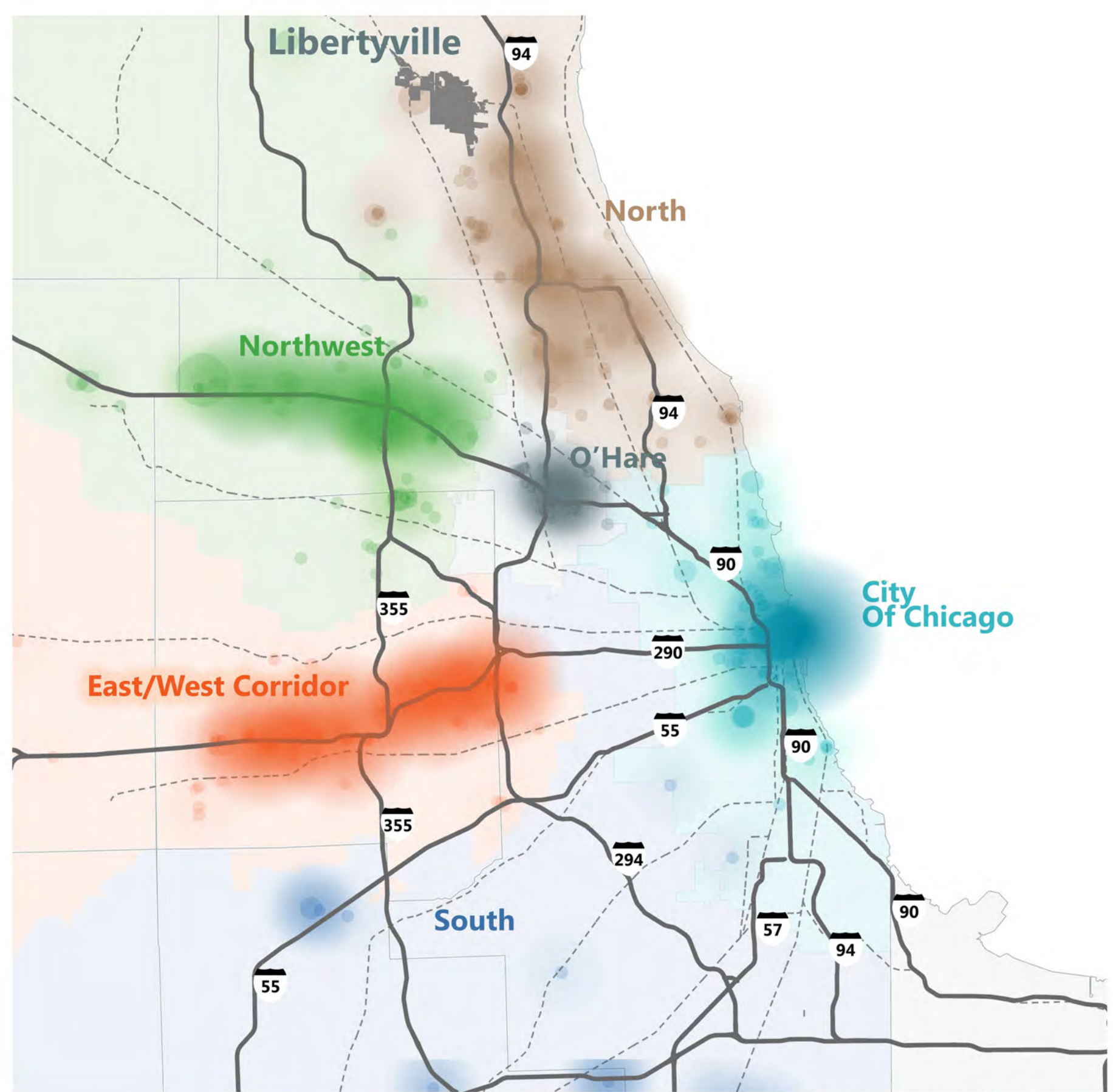
» Libertyville’s “Mile of Cars” will be sensitive to changes in auto purchasing and ownership and will likely require strategic planning for future changes to the auto sales landscape



# OFFICE MARKET ANALYSIS

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## Regional Class A Competitive Supply Map

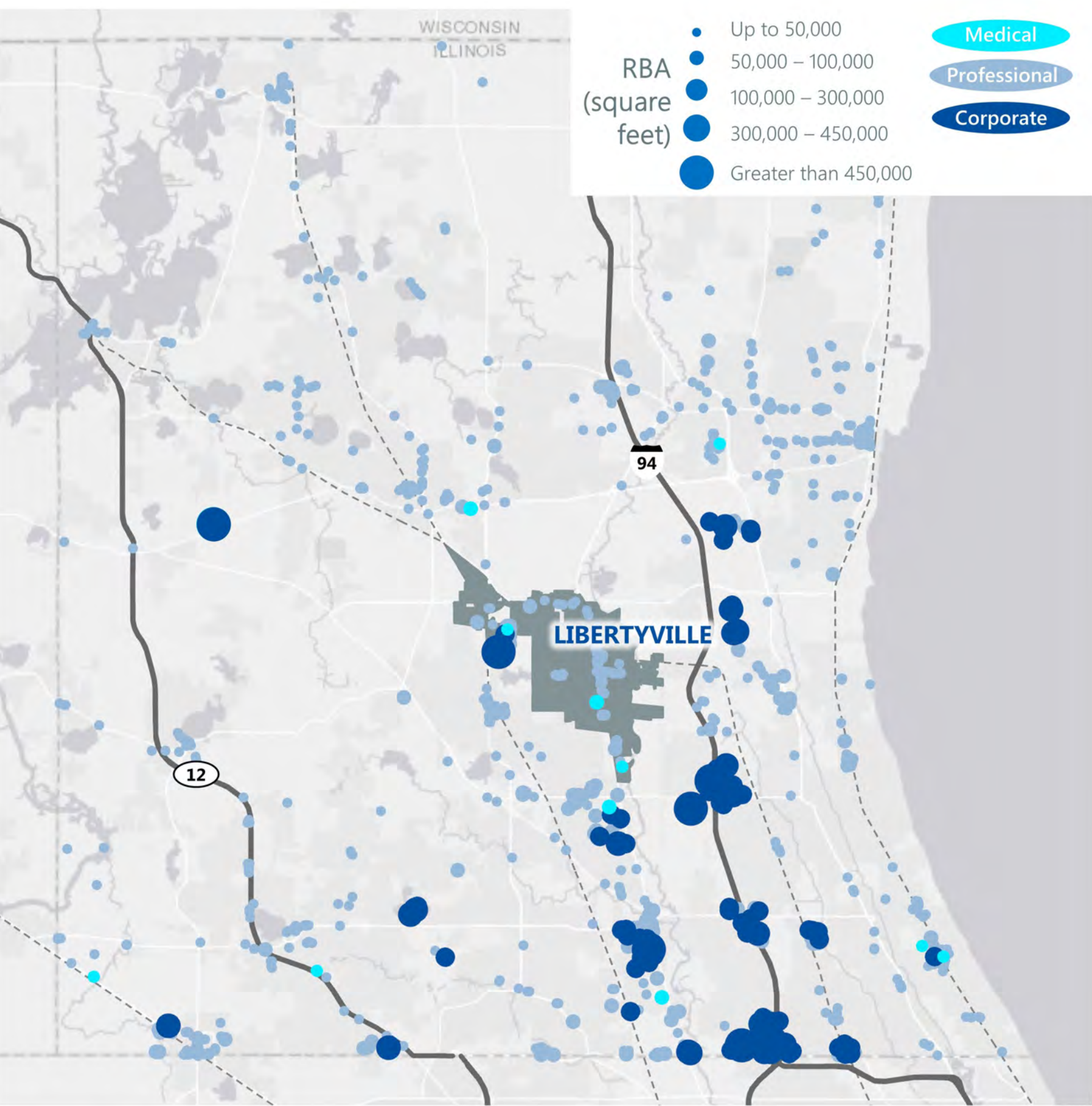


### LOCATION PATTERNS

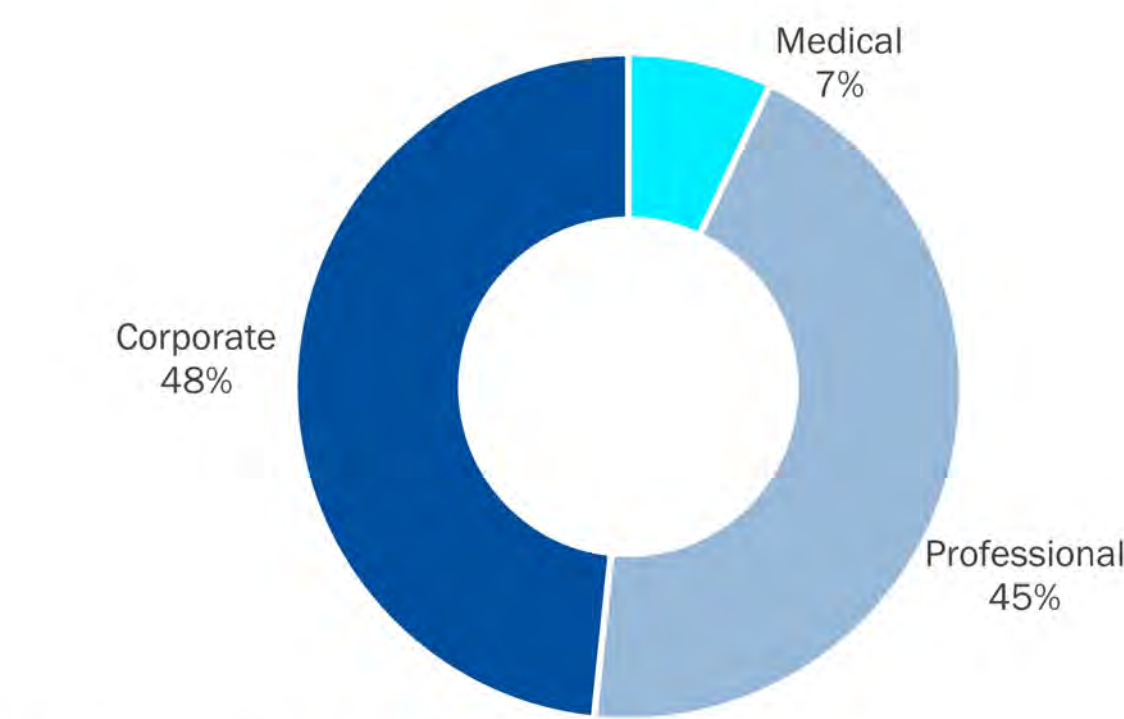
- » Regionally, Class A office is generally located in existing clusters:
  - Within the Loop in downtown Chicago and along major transportation corridors including I-94, I-90/I-290, I-88 and Chicago O'Hare International Airport
- » There tends to be limited Class A multi-tenant or headquarter developments outside of these clusters
- » Corporate office typically consists of single-tenant headquarter buildings or larger multi-tenant Class A/B space, with visible locations that are also accessible to corporate executives

## Lake County Class A Competitive Supply Map

Libertyville has several larger medical office buildings, but corporate office is generally located outside of Libertyville along the I-94 corridor. Within Lake County, Libertyville's office space accounts for only 5% of overall square footage.



LAKE COUNTY OFFICE MIX, 2017



OFFICE INVENTORY, 2017

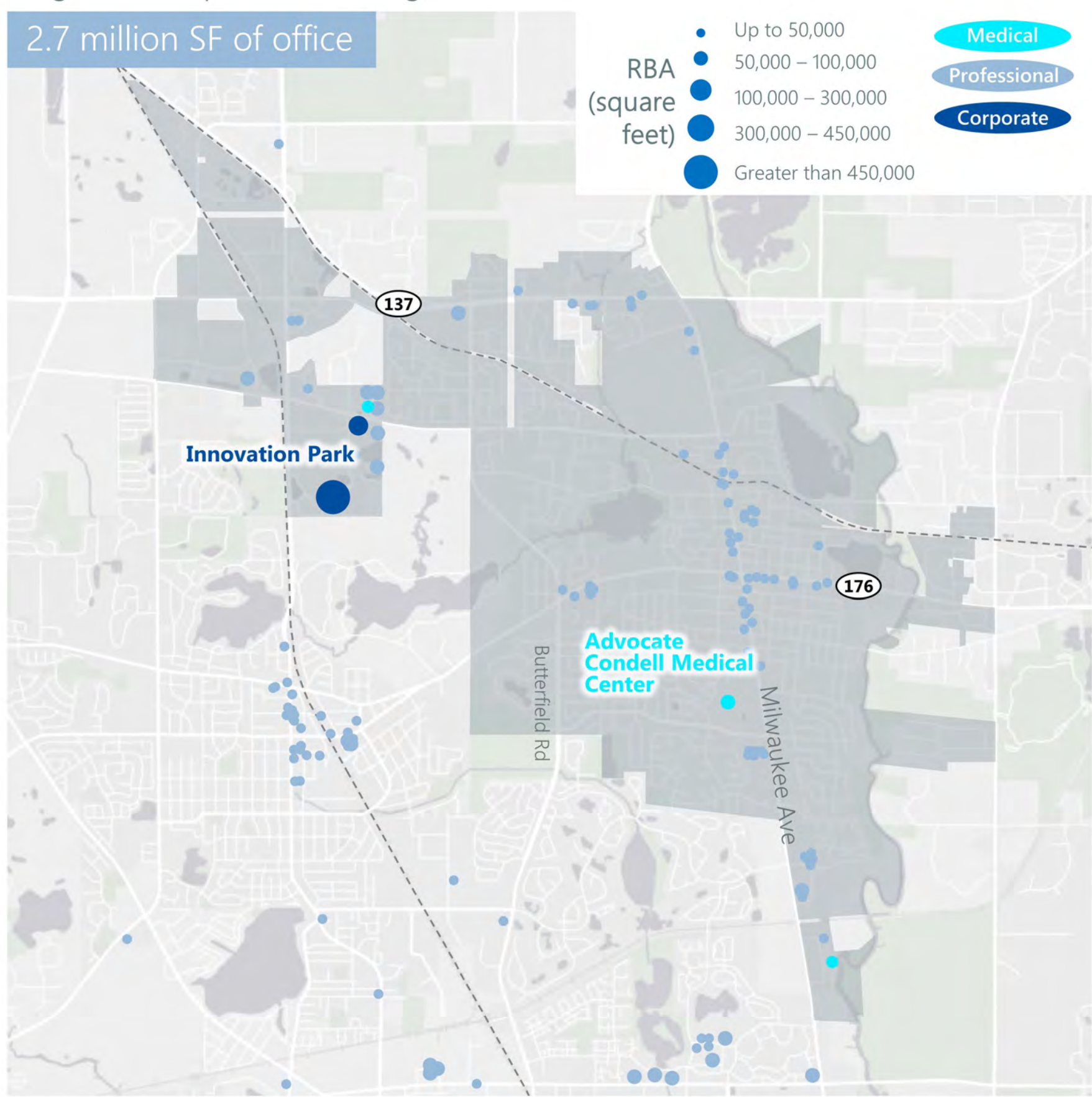
	Medical	Professional	Corporate	TOTAL
Libertyville	375,000	694,000	1,069,000	2,138,000
Lake County	3,179,000	20,320,000	22,003,000	45,502,000
Libertyville Capture	12%	3%	5%	5%

Source: CoStar, SB Friedman



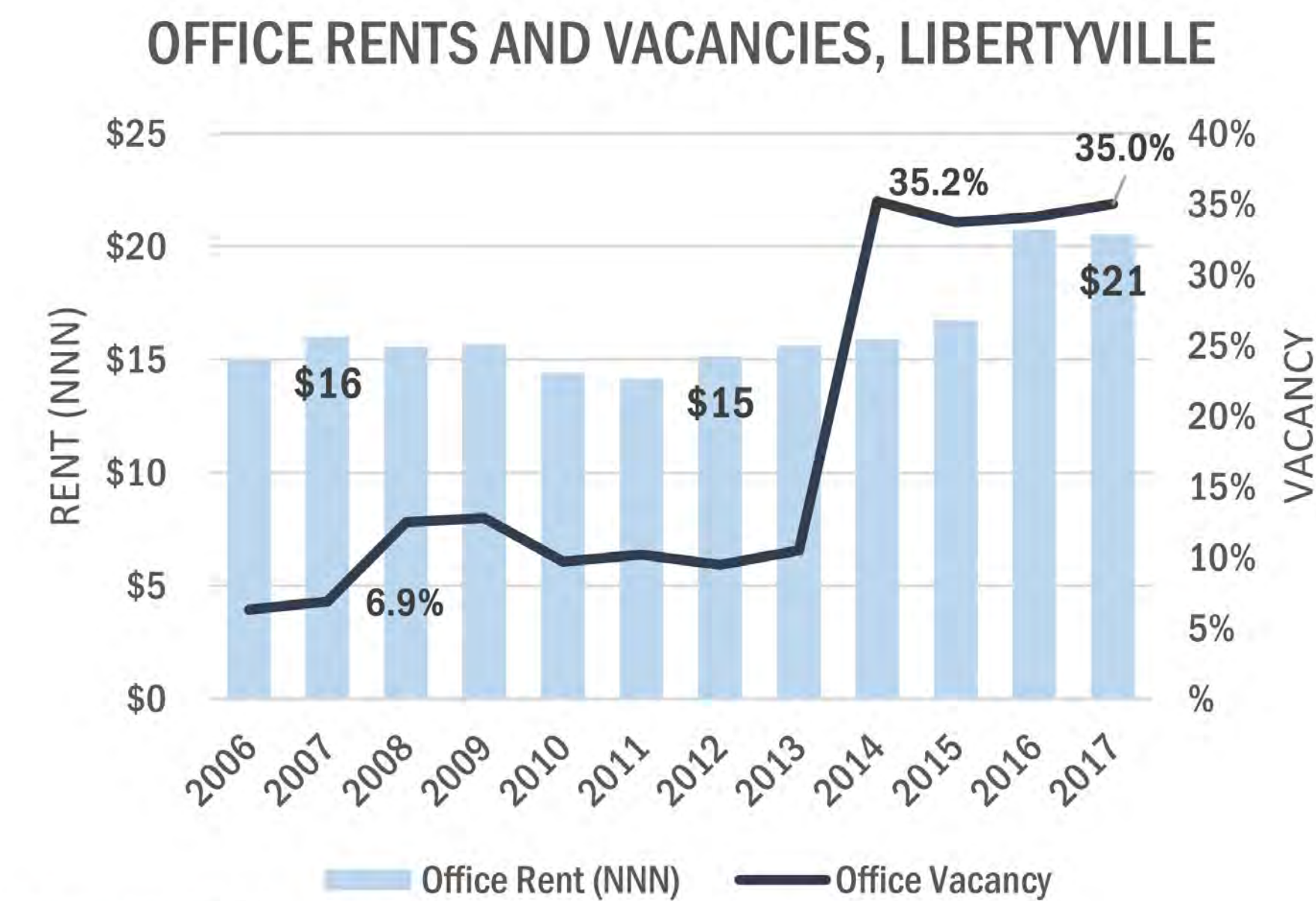
# OFFICE MARKET ANALYSIS

## Libertyville Market

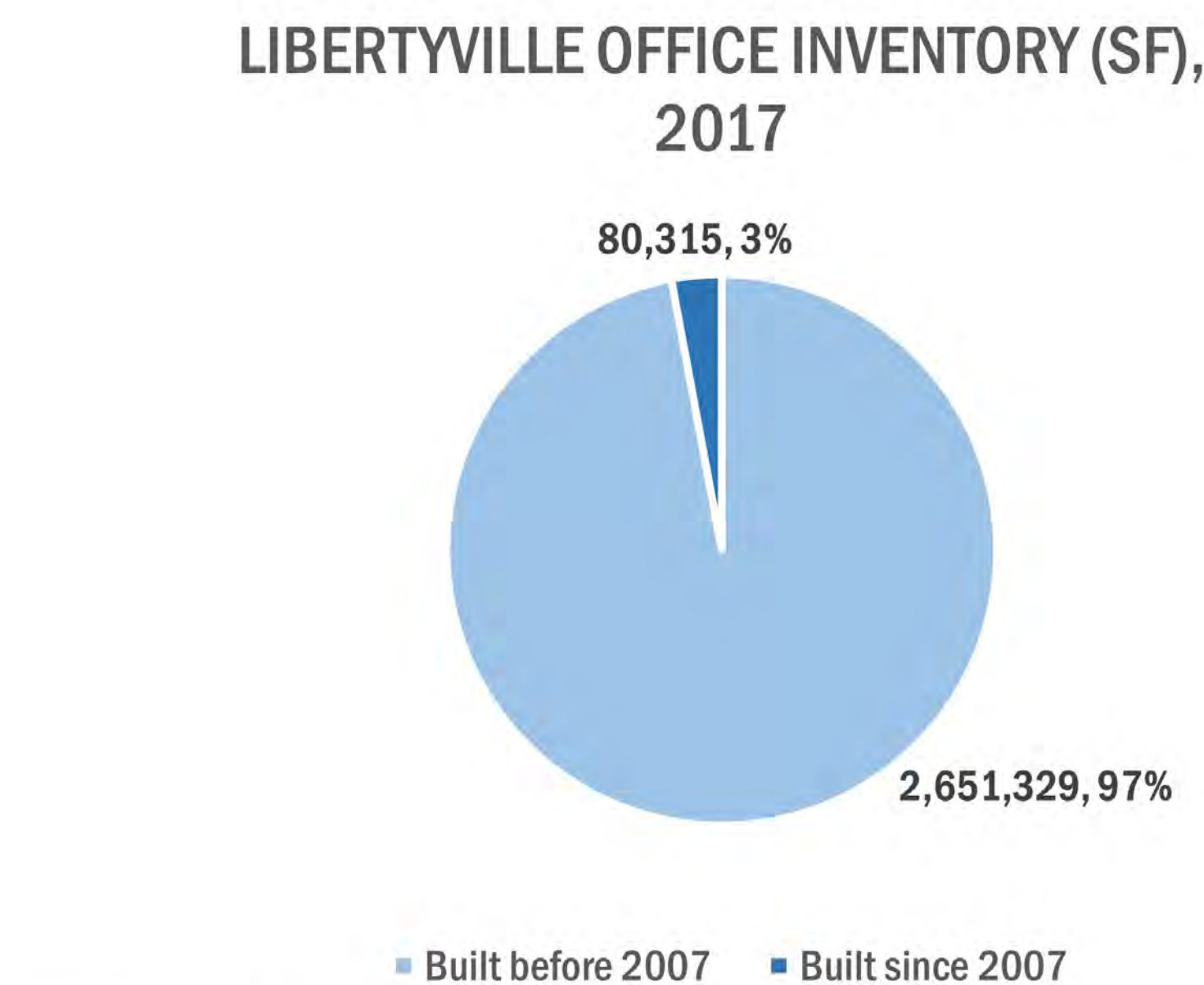


Source: CoStar; Esri; SB Friedman

Libertyville office rents have increased on the whole since 2006 to approximately \$21 per square foot. However, vacancy has increased sharply since 2013, reflecting Motorola’s move from their Libertyville headquarters. Current office vacancy is approximately 35%. Approximately 3% of all office inventory in Libertyville has been built since 2007. Aside from downtown, smaller professional offices, the largest office space in the Village is in Innovation Park, the former home of Motorola.



Source: CoStar; SB Friedman



Source: CoStar; SB Friedman

## KEY TAKEAWAYS

- » Libertyville is located outside of the typical development pattern for Class A corporate office
- » The biggest potential in the Village for new office tenants is in the existing Innovation Park
  - Existing office should be supported to maintain supply and decrease vacancies
- » There is likely some market potential for additional medical office around Condell Medical Center

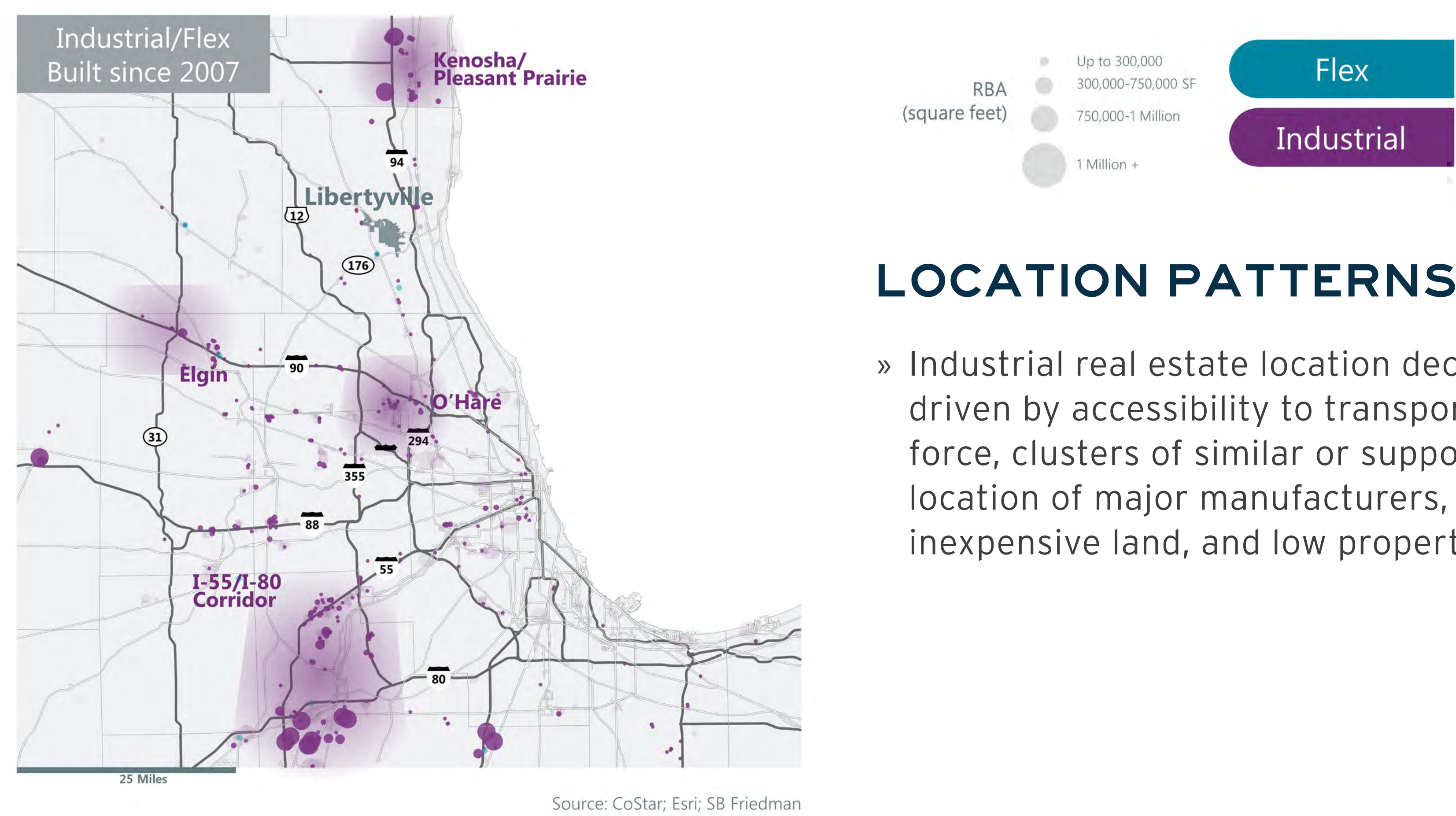


# INDUSTRIAL MARKET ANALYSIS

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## Competitive Supply Map

Libertyville is not located within a major industrial corridor, but has industrial activity nearby.

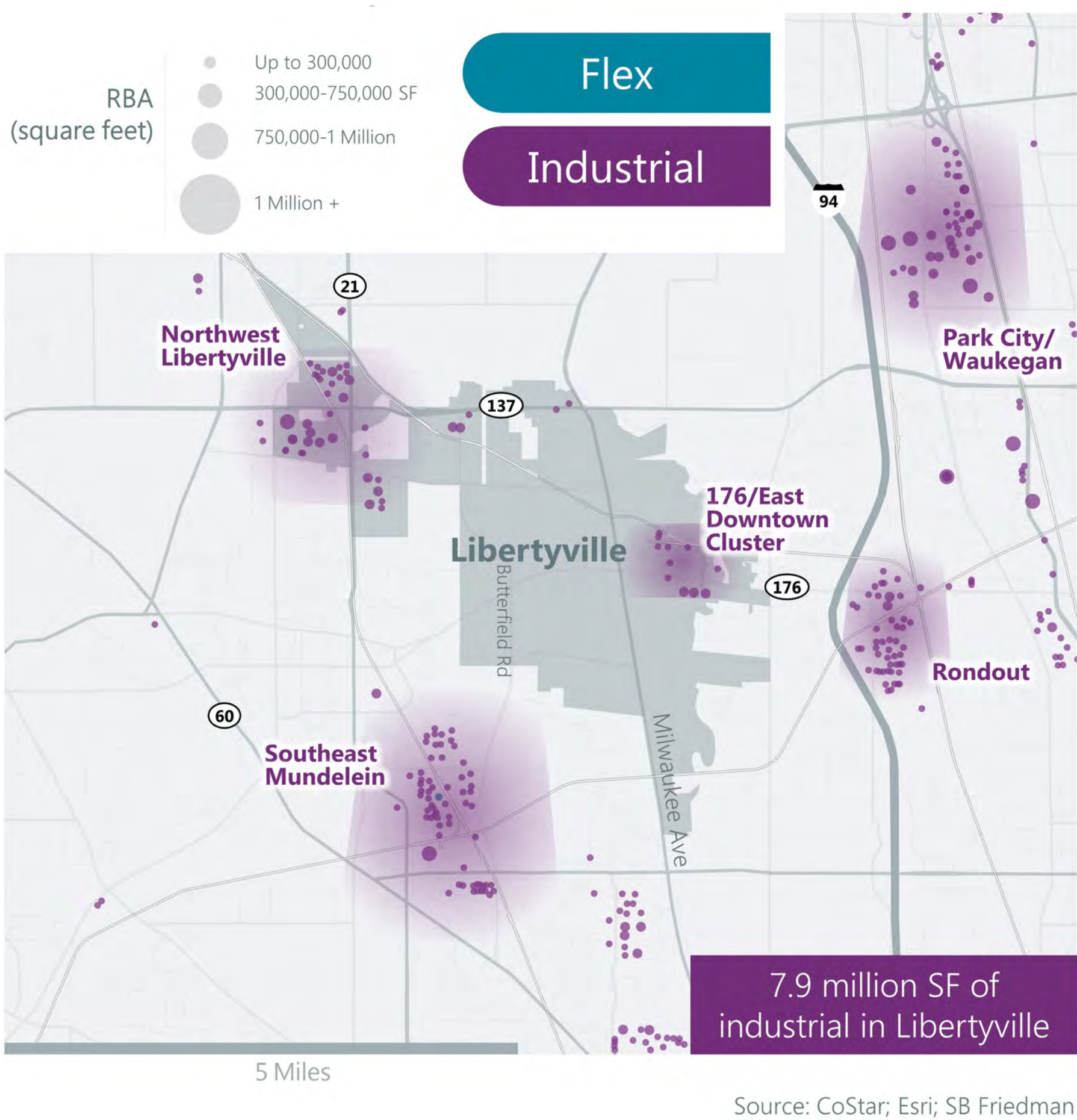


## LOCATION PATTERNS

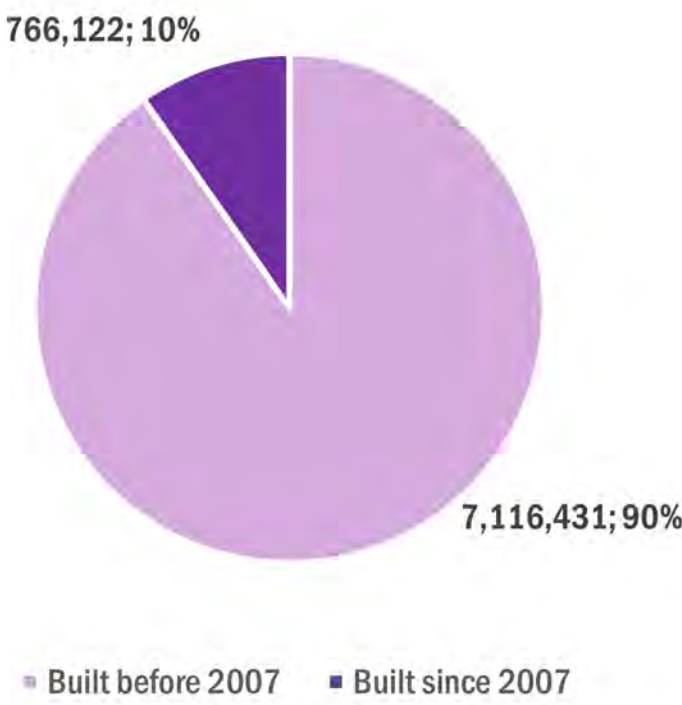
- » Industrial real estate location decisions are typically driven by accessibility to transportation and labor force, clusters of similar or supporting companies, location of major manufacturers, relatively inexpensive land, and low property taxes

## Libertyville Market

Libertyville industrial rents have been mostly stable over the past 10 years and currently average approximately \$5.60 per square foot. Vacancies have decreased since high points in 2010 and 2013 and are currently at a low of 3.9%. Approximately 10% of total industrial inventory in Libertyville has been built since 2007. Libertyville's main industrial clusters are along 176 east of downtown, and in the northwest corner of the Village.



LIBERTYVILLE INDUSTRIAL INVENTORY (SF), 2017



INDUSTRIAL RENTS AND VACANCIES, LIBERTYVILLE



## KEY TAKEAWAYS

- » Libertyville has strong industrial clusters east of downtown and in the northwest part of the Village
- » Lake County has had a strong industrial presence in the region historically, though other areas in the region (I-55 corridor, I-94 in Wisconsin) have been growing recently
- » There are industrial sites available for future growth in the northwest, which is poised for growth should the expansion of IL-53 be realized