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Des Plaines Station Feasibility Study

Market Assessment Technical Memorandum

City of Des Plaines

June 4, 2019

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City of Des Plaines

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1. Introduction

The City of Des Plaines is conducting a comprehensive feasibility study for a new station on the Metra North Central Service Line (NCS). The NCS line uses 40 miles of the Canadian National Railway (CN) route between Antioch and Franklin Park, and operates its last 12.7 miles to Chicago Union Station (CUS) over the Metra Milwaukee District West (MD-W). The study seeks to answer the following questions:

- Where can the City physically accommodate a station and parking on the NCS Line?
- Will the station be compatible with current railroad operations?
- Will there be a sufficient number of potential users?
- Will the anticipated impacts to traffic, storm water, and other factors be manageable?
- Is there a realistic funding source for a new station?
- Will a station stimulate the redevelopment of adjacent properties?

This technical memorandum investigates market considerations to assess the feasibility of transit-oriented development near a potential infill station to Metra's NCS line in Des Plaines. This is an important consideration as the station may be not only be a transportation connection, but also a catalyst for revitalization and economic development in the surrounding area.

The memorandum will cover the following areas:

- Background and purpose of a potential station,
- Summary of existing conditions analysis and previous planning work,
- Assessment of local real estate and TOD market trends, and
- Discussion of potential Oakton Station development scenarios and capacity.

2. Background and Station Purpose

The City of Des Plaines is criss-crossed with rail lines, including two that are used by Metra trains. The Union Pacific Northwest (UP-NW) line operates between downtown Chicago and Harvard in McHenry County, and includes two stations in Des Plaines, Cumberland and Downtown. The North Central Service (NCS) line operates between downtown Chicago and Antioch in Lake County. Despite traversing the full length of the City, approximately 6 miles, there currently in no NCS Des Plaines station. As documented in the *Station Spacing Technical Memorandum* (Des Plaines, November 2018), the NCS has a 6.9-mile gap without a station, between the Prospect Heights Station north of the City and the O'Hare Transfer Station to the south. The UP-NW cuts diagonally east-west across the top one-third of the City, the bottom two-thirds is less well-served by transit. Indeed, the *Connecting Cook County Long Range Transportation Plan* (Cook County, August 2016) identified much of this area as a transit desert, that is, having high demand but without access to high-quality transit.

The City has identified a number of large and contiguous commercial properties that are vacant or underutilized near the NCS which could potentially be redeveloped. A new station could spur the development process to affect this transition in land use. In addition, the residential neighborhoods near the NCS tend to be comparatively dense, with smaller lot single-family or multi-family, which would complement use of a proposed transit investment. Many of these neighborhoods contain households that are classified as low-moderate income, based on the Community Development Block Grant criteria. The City has also advanced plans to develop areas east of the NCS as mixed-use.

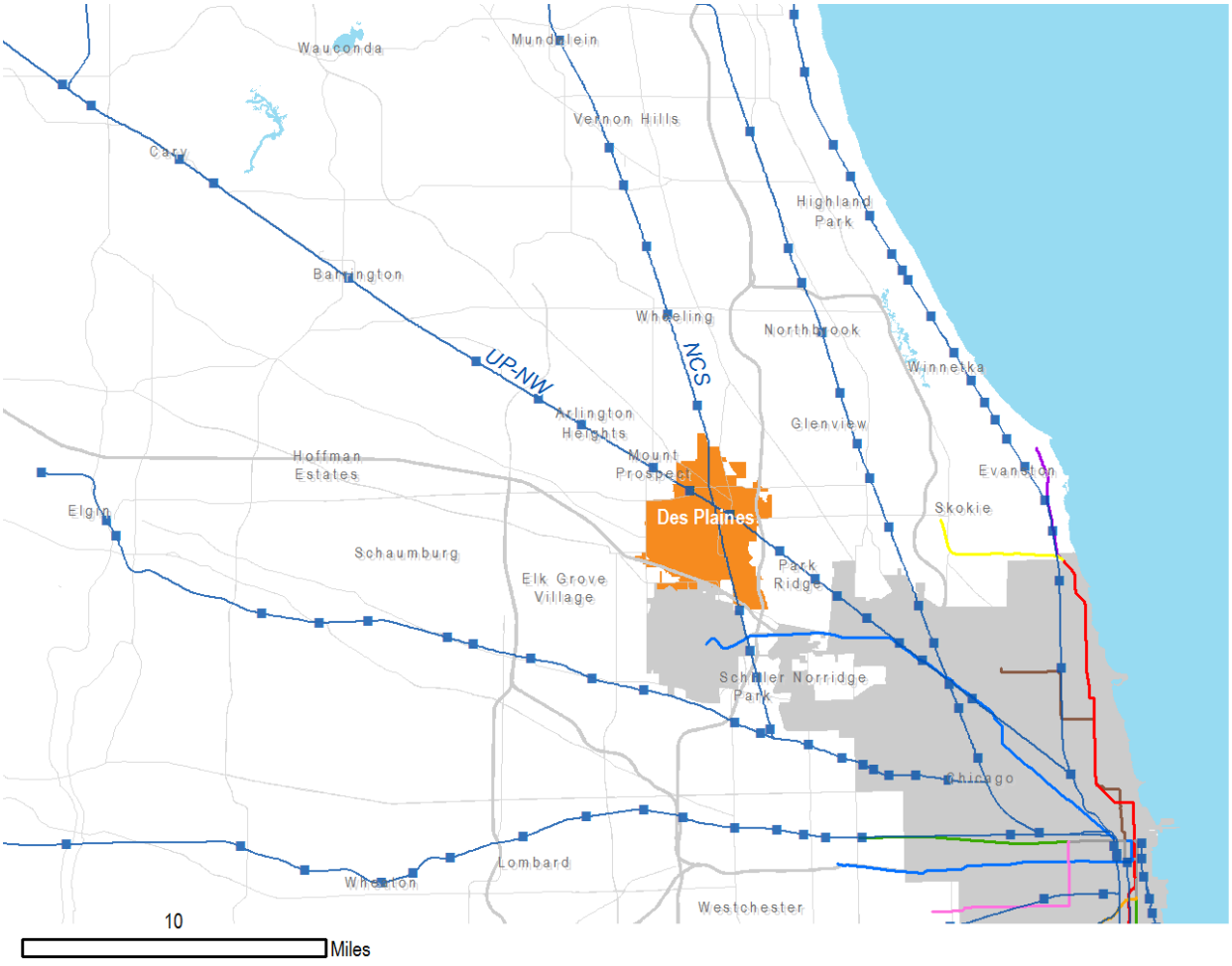
Finally, the NCS line is unique on the Metra system in providing access to O'Hare Airport. The NCS O'Hare Transfer Station will be connected to the Airport terminals by an extended Airport Transit System (ATS), which is to be fully operational in fall 2019. This Airport improvement could facilitate users of a Des Plaines NCS station to conveniently access O'Hare Airport, including both air travelers and workers.

The *Existing Conditions Technical Memorandum* (Des Plaines, April 2019) provides additional background and detail on the characteristics of the area surrounding the proposed station site at Oakton Street.

3. Existing Conditions Summary

The City of Des Plaines is located in Cook County, and shares borders with Chicago, Elk Grove Village, the Village of Mount Prospect, the Village of Glenview, the City of Park Ridge, and the Village of Rosemont. The population of Des Plaines is higher than its suburban neighbors (58,193 in 2017). The City is located between I-90 and I-294, approximately 17 miles from downtown Chicago (Figure 3-1).

Figure 3-1: Des Plaines Regional Setting Map



3.1 Station Area Characteristics

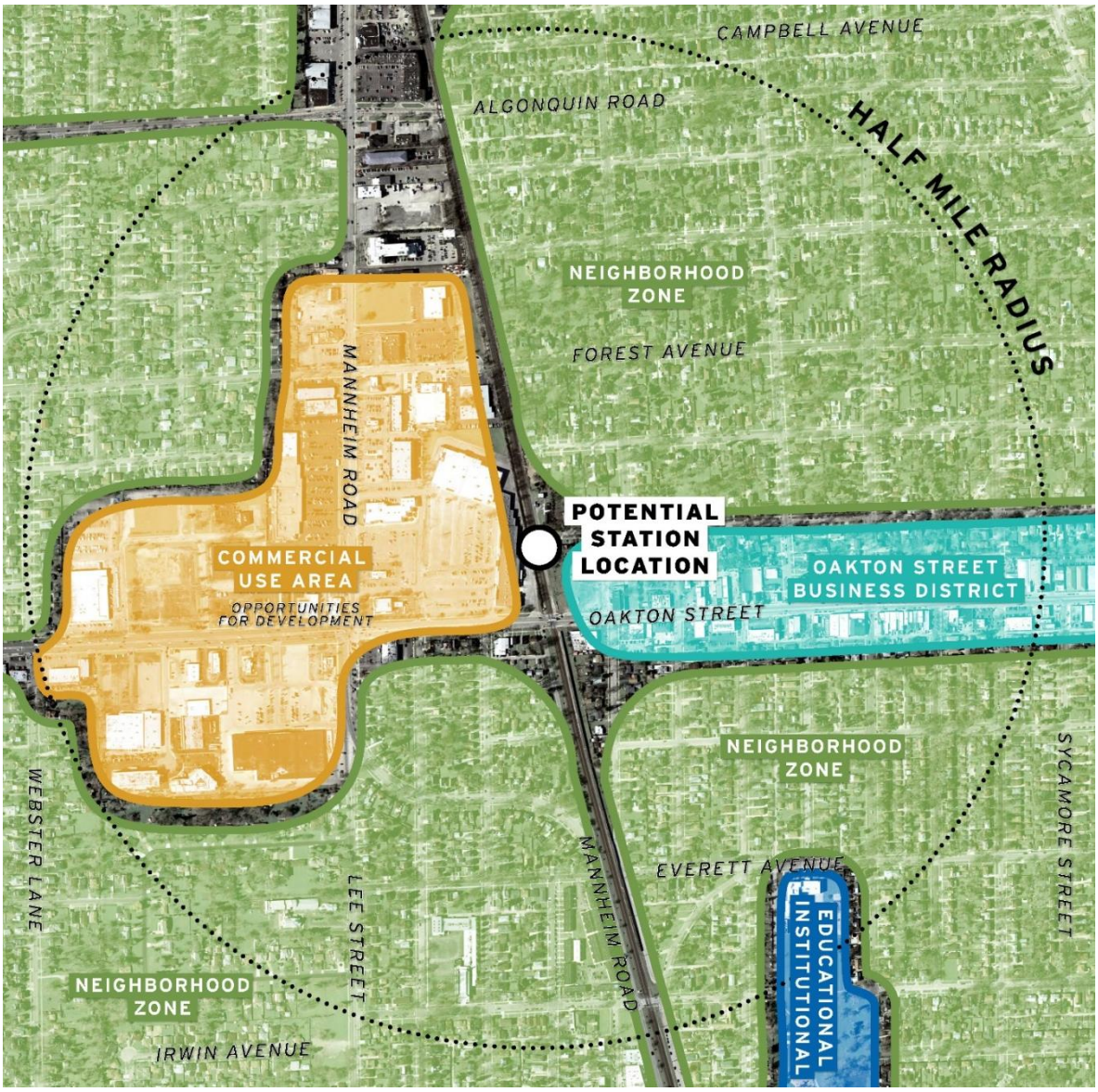
The general location of the potential station is depicted, along with the surrounding area, in Figure 3-2. The overall land use and development character of the Oakton station area is consistent with a major arterial roadway within a suburban context. Larger-scale commercial uses and suburban-styled commercial shopping centers are clustered around the primary intersection, and the surrounding areas are predominately single-family residential neighborhoods.

There are an estimated 1,443 households within a half-mile of the proposed station, equating an average density of roughly six units per acre. Residential neighborhoods to the south/southeast have a slightly denser character, with single-family and some two-unit buildings on smaller lots served by alleys—common in many inner-ring suburbs. North of Oakton Street, the residential areas

have a more typical suburban development pattern, with larger lots and front-facing parking in garages and driveways.

The station area has a substantial amount of commercial land use, with large shopping centers flanked by expansive surface parking lots representing the largest proportion of commercial land area. Smaller one- to two-story commercial uses predominate along the primary corridors of Oakton Street and Mannheim Road, with the western segment of Oakton Street and northern segment of Mannheim Road featuring a more suburban commercial character with free-standing, auto-oriented uses surrounded by parking. East of the NCS tracks, however, a more traditional mixed-use commercial character exists along Oakton Street with a finer-grain development character consisting of one- to two-story buildings that have little to no setback from the right of way.

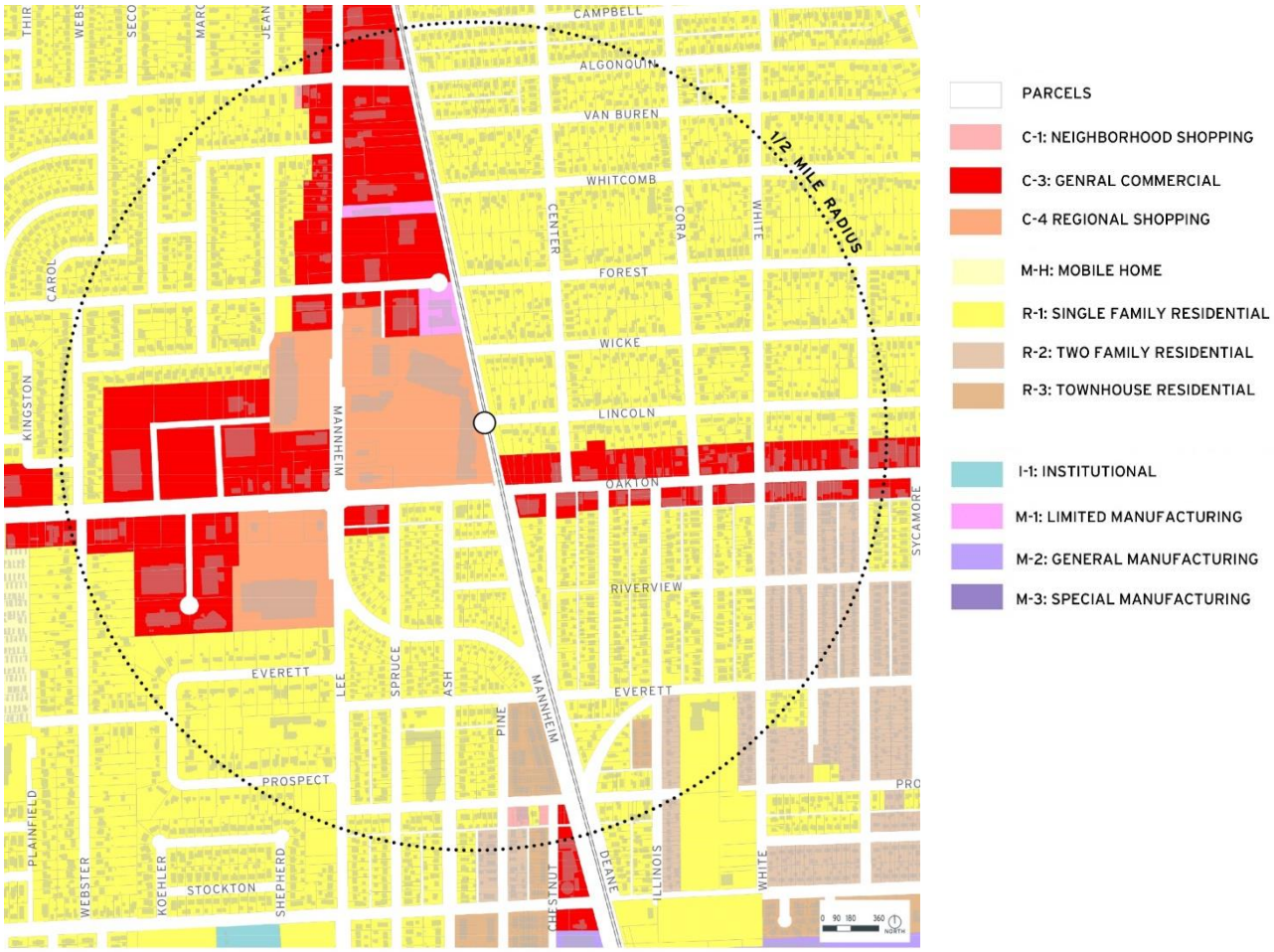
Figure 3-2: Station Area Context



Zoning within the proposed station area is generally split between R-1 Single-Family Residential districts and a combination of C-3 and C-4 commercial zoning districts. Two-Family Residential zoning (R-2) and Townhouse Residential (R-3) are also present in the south portion of the station area, as well as a very limited amount of Neighborhood Shopping (C-1) and low-intensity Limited Manufacturing (M-1) zoning.

As indicated in Figure 3-3, the C-4 Regional Shopping district occupies a considerable amount of land at roughly 38 acres but is comprised of only 10 properties in total. These properties are clustered around the Oakton and Mannheim/Lee intersection and include The Oaks Shopping Center located to the immediate west of the proposed station. The larger proportional size of these properties is consistent with the intent and related development standards of the C-4 zoning district, which is expressly intended to "accommodate shopping centers" and related outlot development (*City of Des Plaines Zoning Ordinance*, last updated January 7, 2019). While a broad range of commercial uses are permitted in C-4 districts, notably, residential development in any form is not.

Figure 3-3: Station Area Zoning Map



The other commercial district zoning with a large presence in the station area is C-3 General Commercial, which is intended to support a very wide range of commercial uses and development types. Though C-3 districts do not generally permit residential use, a specific allowance is made for upper-story residential use along Oakton Street (one unit per property) to the east of the NCS tracks. In addition, the C-3 standards allow for Mixed-Use Planned Developments as a conditional use, which is intended to encourage significant increases in residential density if basic commercial use thresholds are met.

Both R-1 and R-2 zoning districts, which make up a considerable portion of the station area, are intended to maintain low-density residential neighborhoods and do not permit any development types beyond detached single- or two-family dwellings. While much of the residentially zoned land within the station area is already built out as mature neighborhoods, any future efforts to increase density in the area—for example through infill development or redevelopment—will be further limited

by the R-1/R-2 zoning standards. As a result, future efforts to promote transit-oriented development within the station area will likely occur as mixed-use planned developments on commercially zoned land.

Within the station area, the primary points of interest consist of a number of retail anchors and dining establishments (Figure 3-4). These are well-known destinations for convenience shopping and provide a local employment base. Being located roughly one mile south of Downtown Des Plaines, the businesses located along Oakton Street were also noted by City Staff and other community stakeholders as playing an important supporting role as the City's "Main Street off of Main Street."

South Elementary School is the only local public educational institution located within the station area, but there are several schools and religious institutions nearby noted by area residents and stakeholders as being important neighborhood hubs and foot traffic generators. Several important recreation destinations also exist within a mile or less of the proposed station, including Lake Opeka to the south and Cook County Forest Preserve and the Des Plaines River Trail to the east. The station area also includes a fire station and a post office.

Figure 3-4: Local Points of Interest Map

The station area is also relatively close in proximity to O'Hare Airport to the south, and the entertainment uses, transportation network, and sizeable employment base of Rosemont and the surrounding O'Hare Office Submarket. These factors will be important considerations when evaluating potential demand for future development within the station area, especially multi-family residential.

3.2 Existing Planning Studies

The Existing Conditions Technical Memorandum surveyed and summarized recent planning work relevant to the potential station site. Findings relevant to this Market Assessment are summarized below.

Oakton Street/Elmhurst Road Corridor Study, 2009 | This Plan included four separate districts along Oakton Street and Elmhurst Road, two of which are relevant to the potential NCS station site:

the Oakton Retail District to the west of the CN tracks, and the Oakton Mixed-use District to the east.

The Retail District redevelopment plan includes features such as a more pedestrian-oriented environment (e.g., reduced setbacks for commercial properties along Oakton Street and Mannheim/Lee Street) and higher-density residential along Executive Way, while still retaining large-footprint commercial like the Oaks Shopping Center.

The Mixed-use District redevelopment plan includes two targeted mixed-use redevelopment areas, one along Oakton between White and Orchard Streets, and another immediately to the east of the potential NCS station site. The Mixed-use District plan emphasizes parking infill, access and management to ensure that customers of corridor businesses—as well as residents along the corridor—are able to reach their destinations. It also includes streetscaping, landscaping, and gateway improvements to aid in attracting customers and new businesses.

Cumberland Station Area TOD Plan, 2010 | Intended to guide and spur transit-oriented development (TOD) near the UP-NW Cumberland Station, this Plan focused on revitalizing the commercial area near the station, particularly within a quarter mile. The study found a need for significant improvements in vehicular and pedestrian circulation for safety and improved flow, as well as a need to ensure that future developments are less auto-oriented in nature. Analysis identified the potential to support additional restaurants, specialty retail, and professional dry-cleaning. Design guidelines included features like improved pedestrian facilities, façade and streetscaping/landscaping improvements, parking reconfiguration, a new stationhouse, and targeted private sector redevelopment, among others. The Cumberland Station TOD Plan is representative of the City's commitment to aligning land use policies to better support transit as an attractive and convenient travel mode.

City of Des Plaines Economic Development Initiative, 2014 | This study examined five geographic priority areas across Des Plaines (one of which was the Oakton Street Corridor) to find and evaluate opportunities for economic development.

A citywide market overview determined that the Des Plaines area has strong demographic support, despite the lower median income than other nearby Chicagoland suburbs. The housing market is relatively affordable and thus attractive to first-time home buyers, and there is a scarcity of inventory, yet limited appetite for new single-family development. The study does, however, see opportunity for multi-family development, assuming it is of sufficiently large size to be profitable (e.g., 150 to 200 units). Des Plaines is experiencing growing diversity in its population, which could predict economic growth as opportunities arise to satisfy diverse needs.

The retail portrait was less strong. There were no significant concentrations of national retailers and little cohesion to the retail space, which makes it difficult to compete with a number of nearby retail destinations for market share. A number of near-term opportunity outlet types are identified, such as specialty food, limited service restaurants, pub/tavern, cosmetics/beauty, among others.

The office market is similarly challenged, and recommendations focus on filling vacancies downtown rather than building new. Redevelopment of the O'Hare Lakes Office Plaza (south of Touhy, west of I-294) as mixed-use is also recommended.

In terms of strategy, citywide recommendations are to focus on addressing issues with roads and riverine flooding, to the greatest extent possible, and improving the ease of doing business. Specific implementation steps for the Oakton Street Corridor are to improve curb appeal and focus on retail

gaps in the area of eating and drinking establishments. Funding could be pursued via a mechanism such as a TIF or SSA district in the Oakton Street Corridor. A study of the eligibility of implementing a TIF district in the Oakton Street Corridor is underway at the time this report was written.

Comprehensive Plan for Des Plaines, adopted early 2019 | This plan espouses a number of principles that support a potential infill NCS station in Des Plaines. For example, it is typically recommended that the creation of a major transportation amenity such as a transit station be accompanied by a supporting mix of land uses to ensure that it is well-used; this mix of high-density residential and commercial land uses is often referred to as TOD. The Comprehensive Plan's principle for expanding mixed-use development targets downtown, the area near the existing Cumberland Metra Station, and the Oakton Street corridor (i.e., the potential site identified in this memorandum) are recommended. The plan highlights the need to provide a range of housing options such as townhomes and other higher-density multi-family residential properties (which are considered transit-supportive), and recommends updating zoning along the Oakton Street corridor to permit townhomes, rowhouses, and mixed-use development. Another plan recommendation is to incorporate inclusive growth principles by prioritizing investments in economically disconnected areas (EDAs); CMAP identifies the area to the southwest of the intersection of Lee Street and Mannheim Road as an EDA, a portion of which is within the half-mile station area of the potential Oakton Station. Placing a train station within the EDA can open up economic opportunities to area residents, businesses, and visitors.

The future land use map in the Comprehensive Plan indicates that the portion of the station area to the east of the CN tracks is intended for lower-density urban mix with residential, and the Oakton Street corridor to the west is commercial, with single-family residential to the south and west of the intersection with Lee Street. These future land use designations are compatible with the transit-oriented development that may be expected to occur in tandem with the construction of a Metra station near the intersection of Oakton and the CN railroad tracks.

Other recommendations specific to the Oakton site include a recommendation to re-evaluate the above-mentioned Oakton Street Corridor study in light of the final recommendations from this station feasibility study, complete a traffic and/or parking study for Oakton Street (as local businesses report experiencing parking and congestion issues), and evaluate the implementation of a tax increment financing (TIF) or special service agreement (SSA) district to fund projects along the Oakton Corridor such as streetscaping, façade improvements, parcel assembly for larger developments, public parking, etc.

The Existing Conditions Issues and Opportunities chapter in the Comprehensive Plan reports the results of a retail gap analysis that incorporates a 10-minute drive from the intersection of Oakton Street and Mannheim Road. This analysis found that the opportunities are mostly auto-oriented retail outlets, which are less relevant as a component of TOD due to their typically lower densities and challenging environment for pedestrians. The understanding is that there is a great deal of competing retail nearby and that it will be difficult for new retail establishments to compete, particularly without supporting demographic growth to increase demand.

The Existing Conditions chapter reports that perceptions of vacancy along the East Oakton Street Corridor are high, and that the small size of parcels and shallow depth limit large-scale redevelopment, making parcel assembly by public agencies potentially impactful in supporting revitalization of the corridor. At the intersection of Oakton and Mannheim/Lee, dubbed in the plan Central Oakton, it is recommended that the focus remain in filling existing vacant retail, repositioning

aging retail properties, and—in the longer term—filling in underutilized parking lots or vacant sites. The plan identifies few opportunities for expansion in the West Oakton Industrial Corridor.

In the residential market, the analysis of existing conditions found that the Des Plaines housing market is performing comparable to or slightly better than benchmarks, and that there is an opportunity to diversify the housing stock to include more multi-family residential.

3.3 Socioeconomic Growth

CMAP data on the population, households, and employment per local allocation zone were gathered for the market shed, as developed in the Existing Conditions Technical Memorandum. For a visualization of the demographic growth in the area (along with the geographic boundaries for origin market sheds), see Figure 3-5.

CMAP data indicates that the Oakton Street Station market shed population is expected to grow, adding 0.8% households annually 2015 through 2050, which translates to 2,390 new households, or a total of 9,817 households by 2050 (Table 3-1). This is faster than the annual growth rates of nearby NCS and UP-NW origin market sheds, which are expected to have 0.5% to 0.7% more households each year.

Table 3-1: Origin Station Market Shed CMAP Household History and Forecast

Line	Station Market Shed	Households		Household Change (2015-2050)	
		2015	2050	Absolute	Annual
NCS	O'Hare Transfer	3,284	3,870	586	0.5%
NCS	Oakton	7,427	9,817	2,390	0.8%
NCS	Prospect Heights	13,524	16,671	3,146	0.6%
UP-NW	Dee Road	12,172	15,074	2,901	0.6%
UP-NW	Des Plaines	13,673	16,433	2,759	0.5%
UP-NW	Cumberland	8,866	11,437	2,571	0.7%

SOURCE: CMAP

Similar to adjacent NCS stations O'Hare Transfer and Prospect Heights, the potential Des Plaines Oakton Street station market shed is expected to grow jobs more slowly that it grows resident population, approximately 0.4% annually (Table 3-2). However, this is slightly faster job growth than is expected in the destination market shed of UP-NW Dee Road and Des Plaines stations. The Des Plaines Oakton station market shed is expected to have 1,313 more workers by 2050, growing from about 8,337 to 9,651 workers.

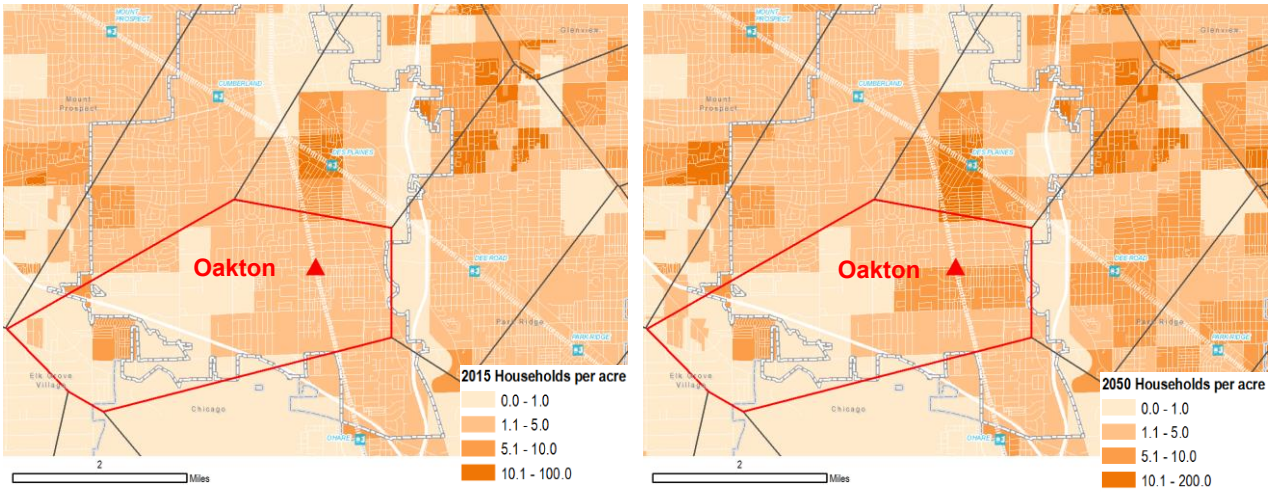
Table 3-2: Destination Station Market Shed CMAP Employment History and Forecast

Line	Station	Employment		Employment Change (2015-2050)	
		2015	2050	Absolute	Annual
NCS	O'Hare Transfer	16,498	18,811	2,313	0.4%
NCS	Oakton	8,337	9,651	1,313	0.4%
NCS	Prospect Heights	3,738	4,495	756	0.5%
UP-NW	Dee Road	7,639	8,365	726	0.3%
UP-NW	Des Plaines	7,472	8,163	691	0.3%
UP-NW	Cumberland	4,645	5,405	760	0.4%

SOURCE: CMAP

To summarize, the CMAP forecasts show growth from existing conditions for both the potential origin and destination Metra ridership markets for the Oakton Street station, though the area's growth rate is not projected to be exceptional in comparison with sheds of neighboring stations. It is important to note, however, that CMAP forecasts are completed at a metro level, and thus a more detailed analysis is often worthwhile in the case of smaller study areas, such as the station market sheds analyzed here. And perhaps most importantly for this analysis, CMAP forecasts do not factor in the increase in value that the area would gain if a Metra station were to be built at the Oakton site. This value—resulting from lower transportation costs and increased accessibility for area residents and workers—can reasonably be expected to make the site more attractive and thus increase its share of regional socioeconomic growth from what is shown in the CMAP forecasts, though it is difficult to discern exactly how much. For this reason, the CMAP forecasts can be considered conservative estimates of demographic growth near the potential Oakton Street Station.

Figure 3-5: 2015 and 2050 Household Density by Station Market Shed



Data source: CMAP

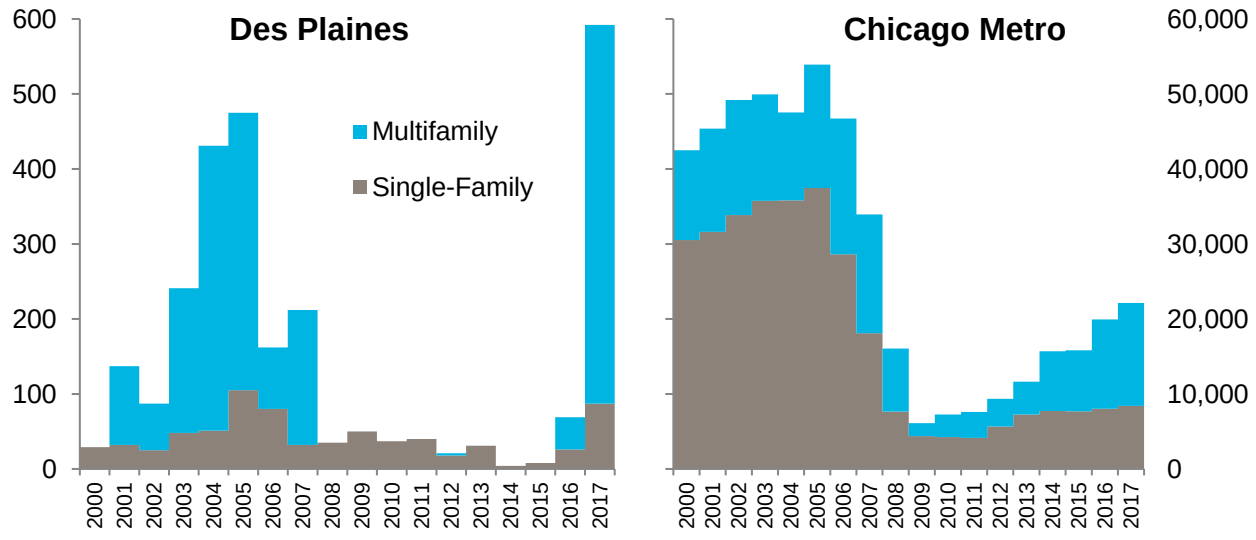
4. Market Assessment

In addition to the existing conditions analysis outlined above, it is important to consider several other topics in order to better understand and assess the potential Des Plaines NCS station market, including real estate market trends and potential absorption capacity.

4.1 Residential Market Trends

A number of data sources were analyzed to gain a better understanding of real estate market activity near the potential Des Plaines NCS station. Beginning with the building permit data reported in the State of Cities Data System (U.S. Housing and Urban Development), we can trace the amount of new residential construction of various types. As shown in Figure 4-1, there was a dramatic drop in residential construction in Des Plaines in 2008, with multi-family ceasing almost entirely between 2008 and 2015, and single-family construction (both attached and detached) well below the highs seen in 2005-2006. The historical trends for the Chicago metro area are provided in the adjacent chart to illustrate that the Des Plaines' dropoff was part of the nationwide housing crisis and economic recession, though Des Plaines has been somewhat slower to pick up. However, there was a notable increase in 2017, with nearly 600 new housing units permitted, indicating renewed growth in the area. January through September 2018 figures show continued growth, with over 200 new permitted units. Generally, the data show strong and growing demand for multi-family development, with more multi-family unit permits issued than single-family across the metro area, and 40% multi-family permits in the suburbs (i.e., excluding the City of Chicago permits from metro totals).

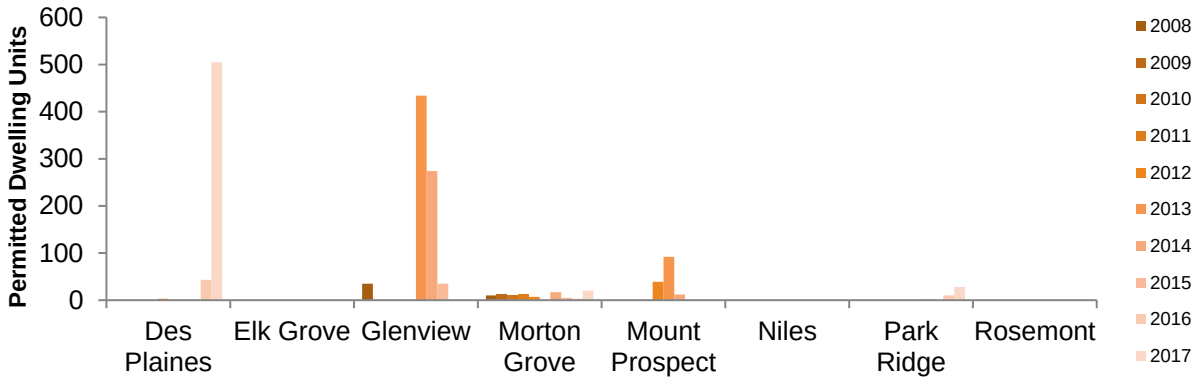
Figure 4-1: Building Permits (2000-2017)



Source: U.S. Census SOCDS.

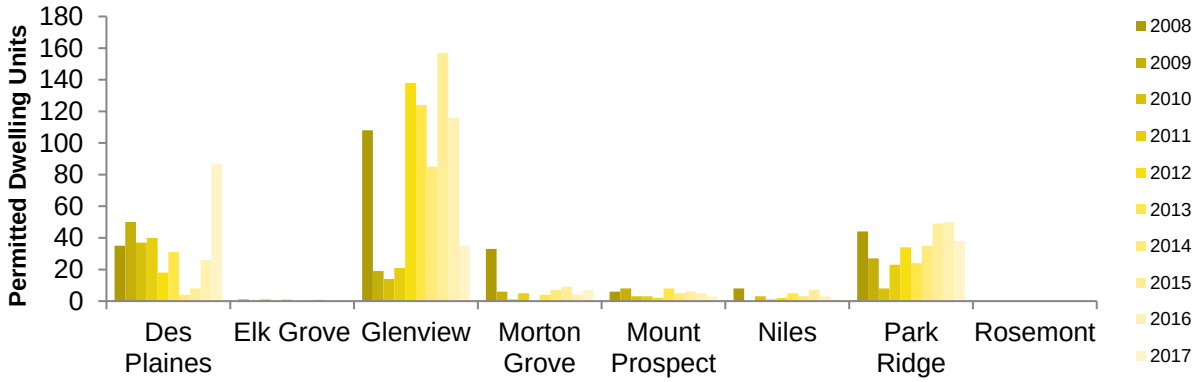
To compare performance in Des Plaines with neighboring municipalities, Housing and Urban Development (HUD) permit data were gathered for the recession and recovery period and presented by residential sector in Figure 4-2 and Figure 4-3. These figures indicate that Des Plaines has grown its residential stock faster than or at a similar rate with peers, with the exception of the Village of Glenview, which has seen greater expansion in both multi-family and single-family development.

Figure 4-2: Multi-family Building Permits (2008-2017)



Source: U.S. Census SOCDS.

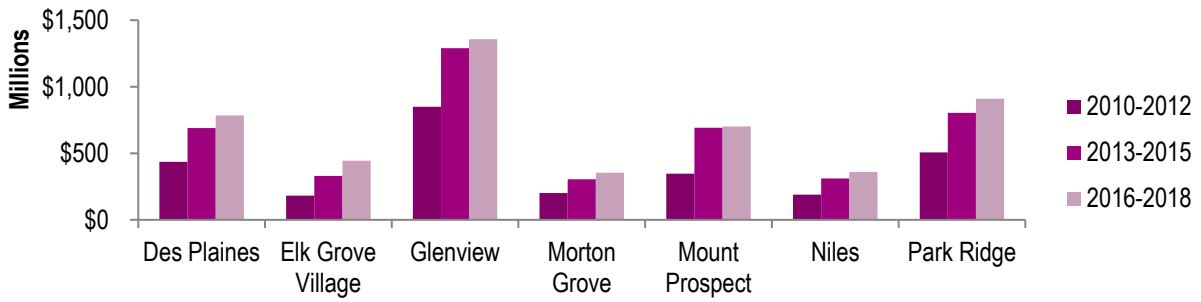
Figure 4-3: Single-family Building Permits (2008-2017)



Source: U.S. Census SOCDS.

Aside from new construction, it is also worthwhile to evaluate records of real estate sales transactions to better understand the value and desirability of residential properties in the Des Plaines area, as a measure of the health of the local market. Beginning with Des Plaines in comparison with nearby municipalities, Figure 4-4 shows rising sales volumes per three-year increments since 2010. Placing these total sales volumes in context with the Census-reported housing unit counts at the time shows an increase of 81% over this period for Des Plaines, which is roughly the center of the pack in terms of growth.

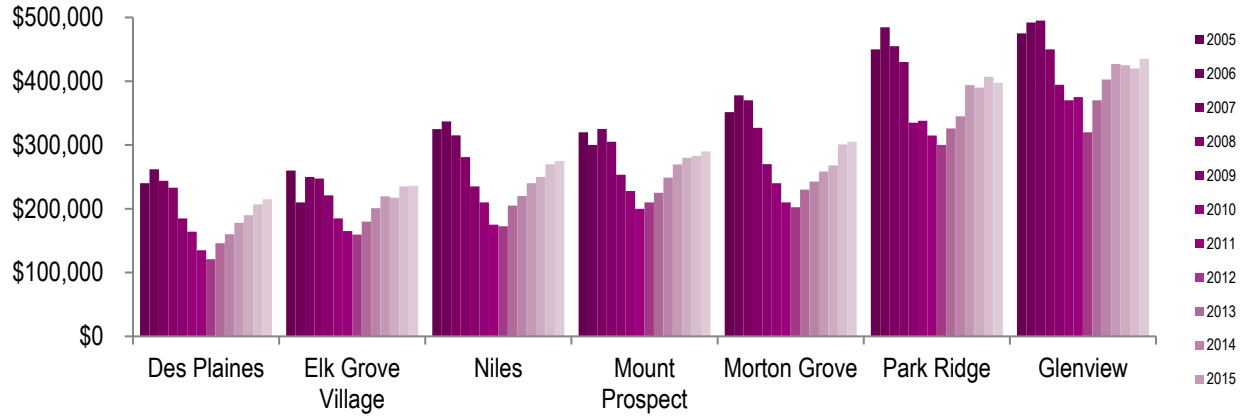
Figure 4-4: Residential Sales Transaction Volumes (2010-2018)



Source: Cook County sales transactions, published by Record Information Services at public-record.com

While Des Plaines is at the low end of the spectrum in terms of home values, the median housing price has risen steadily since the trough in 2012, with less plateauing than that seen in many other nearby municipalities (Figure 4-5).

Figure 4-5: Residential Median Sales Price (2005-2017)



SOURCE: Cook County sales transactions, published by Record Information Services at public-record.com
Note that sales transactions that did not report sales price are excluded. Residential sales include condominium and townhome units.

Returning to the theme of home affordability, Des Plaines and neighboring communities have seen the ratio of home value to household income fall during the recession and recovery periods (see Figure 4-6). Whereas homes once tended to cost about three times the nearby average household income, that ratio dropped to about half in 2012, and has risen to about 2.6 today (note that the reference income level is that reported in 2017, so these figures underestimate the earlier affordability ratios). Median home prices have been on the rise in recent years and ACS data from the U.S. Census Bureau indicates that the citywide median household income has generally remained stagnant at around $65,000 since 2012.

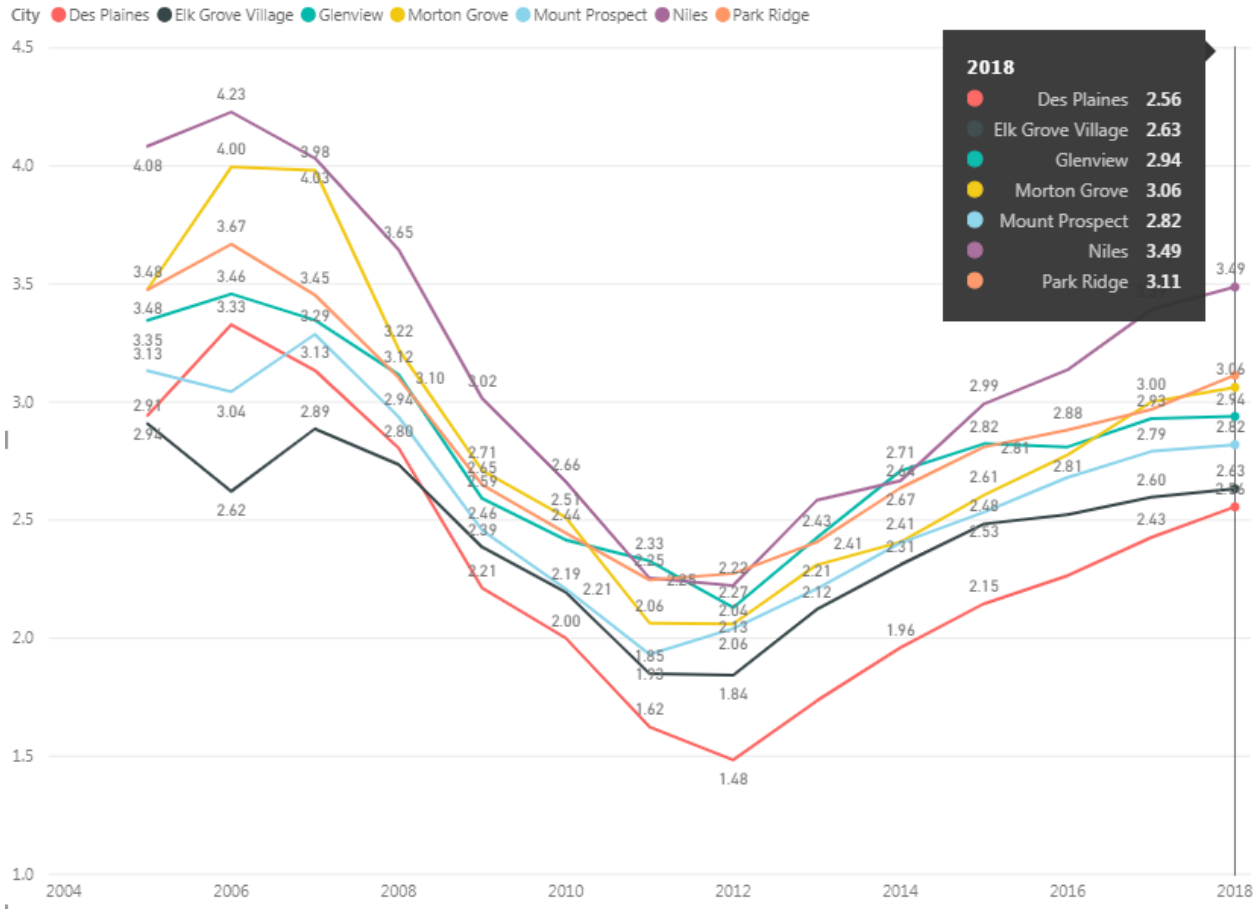
Analysis of the nearby income levels where these residential sales transactions take place suggests that over time home sales are occurring more often in higher-income areas of Des Plaines, as summarized in Table 4-1. Before the recession, 28% of residential transactions took place in locations with an average household income of less than $65,000, but between 2014 and late 2018, that figure had fallen to 20%. The mid-income tiers experienced a slight growth in the share of transactions, while the upper income areas (i.e., those with over $100,000 average household income) grew from 16% to 20%. Trends in the shares of total sales volume were similar.

Table 4-1: Share of Des Plaines Residential Market Activity by Nearby Average Income Levels

	Share of Transactions			Share of Volume		
Average HH Income	2005-2008	2009-2013	2014-2018	2005-2008	2009-2013	2014-2018
<$65K	28%	24%	20%	21%	15%	15%
$65K - $80K	23%	23%	24%	21%	22%	21%
$80K - $100K	34%	34%	35%	39%	39%	39%
> $100K	16%	19%	20%	19%	24%	25%

SOURCE: Cook County sales transactions, published by Record Information Services at public-record.com. Note that sales transactions that did not report sales price are excluded. Residential sales here and below include condominium and townhome units.

Figure 4-6: Median Ratio of Home Sales Price to Average Household Income



SOURCE: Cook County sales transactions, published by Record Information Services at public-record.com. ACS Average Household Income by Block Group (2017). Note that sales transactions that reported sales prices below $10,000 are excluded. Sales denoted as apartment buildings are also excluded, but condominium and townhomes are included.

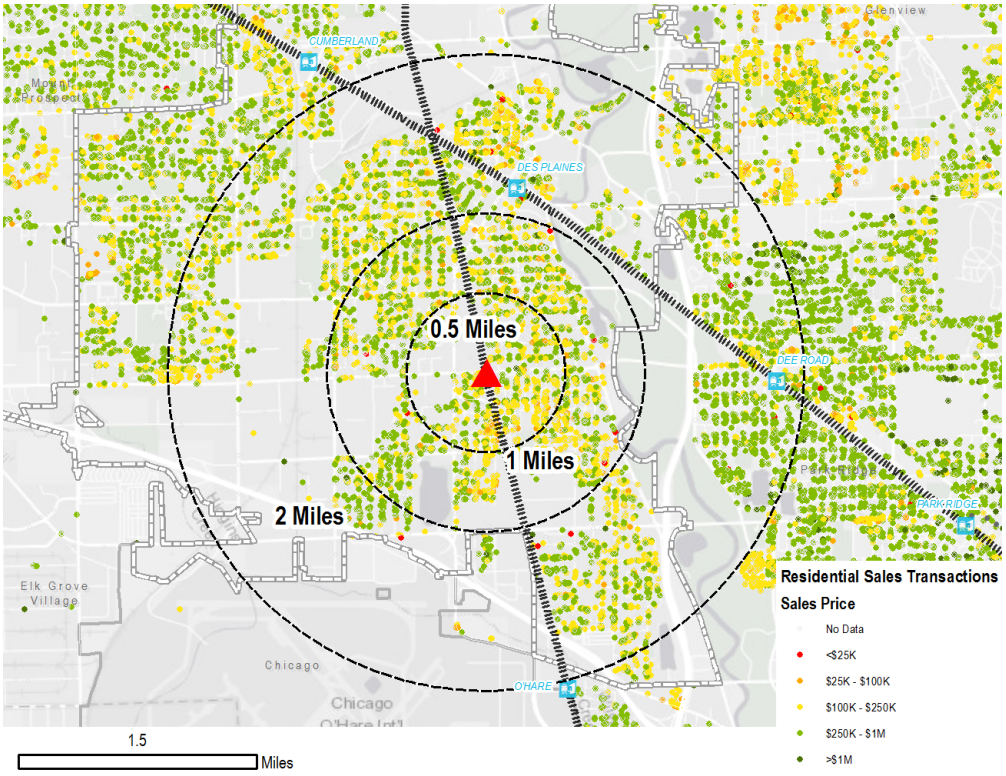
Looking closer at real estate activity near the potential Oakton station, average residential sales prices within certain radii of the site are provided in Table 4-2, with the city-wide average also shown as a point of comparison (the red bars show the difference between prices in the half-mile radius and citywide). Near the station, values have tended to be similar to those up to two miles away, though the area was more strongly affected by the downturn in 2008, after which the average sales price dropped precipitously. Since 2016, average sales prices have nearly caught up to the prices seen citywide or within 2 miles, which includes portions of Park Ridge (see Figure 4-7).

Table 4-2: Average Residential Sales Price (by distance from Oakton site)

	Half-mile	One-mile	Two-mile	Des Plaines	Half-mile vs. City
2005	$ 277,000	$ 275,000	$ 328,000	$ 315,000	$ (38,000)
2006	$ 312,000	$ 287,000	$ 315,000	$ 350,000	$ (38,000)
2007	$ 317,000	$ 290,000	$ 321,000	$ 331,000	$ (14,000)
2008	$ 270,000	$ 268,000	$ 285,000	$ 327,000	$ (57,000)
2009	$ 188,000	$ 198,000	$ 245,000	$ 230,000	$ (42,000)
2010	$ 189,000	$ 179,000	$ 227,000	$ 219,000	$ (30,000)
2011	$ 183,000	$ 184,000	$ 209,000	$ 204,000	$ (21,000)
2012	$ 170,000	$ 154,000	$ 192,000	$ 185,000	$ (15,000)
2013	$ 172,000	$ 161,000	$ 199,000	$ 211,000	$ (39,000)
2014	$ 187,000	$ 177,000	$ 242,000	$ 245,000	$ (58,000)
2015	$ 206,000	$ 203,000	$ 241,000	$ 238,000	$ (32,000)
2016	$ 240,000	$ 212,000	$ 254,000	$ 256,000	$ (16,000)
2017	$ 245,000	$ 219,000	$ 264,000	$ 264,000	$ (19,000)
2018	$ 243,000	$ 239,000	$ 271,000	$ 247,000	$ (4,000)

SOURCE: Cook County Sales Transactions, published by Record Information Services at public-record.com

Figure 4-7: Residential Sales Price (2005-2018)



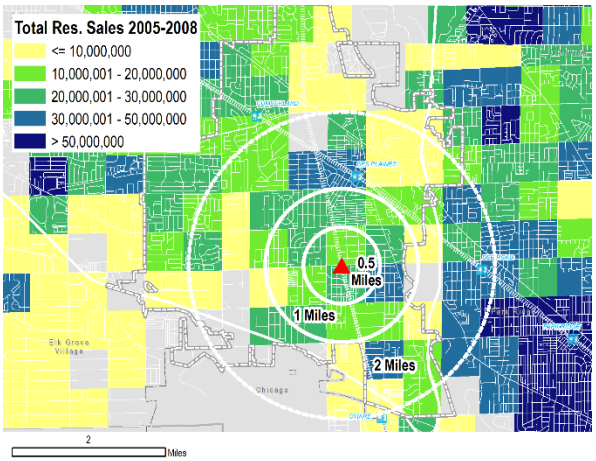
SOURCE: Cook County Sales Transactions, published by Record Information Services at public-record.com

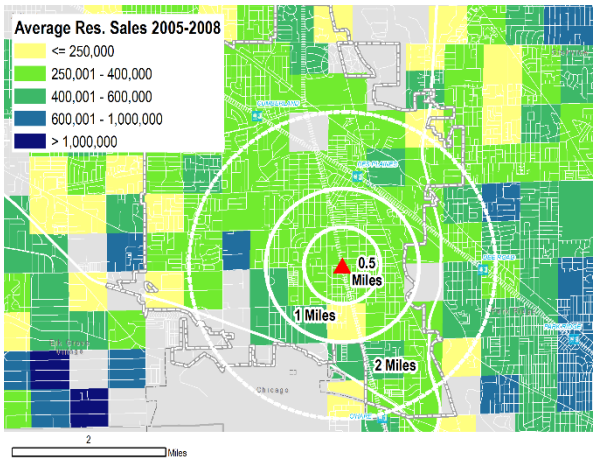
Figure 4-8 shows the distribution of total sales volume and average sales price across the area over the period 2005 through 2018. The change in average sales prices between the 2005-2008 cohort and 2009-2013 cohort illustrate how the recession hit the whole city relatively equally. In 2014-2018, we see average prices creeping back to their pre-recession levels, but also note that there are pockets of high-value transactions, indicating the growing influence of high-value multi-family real estate transactions.

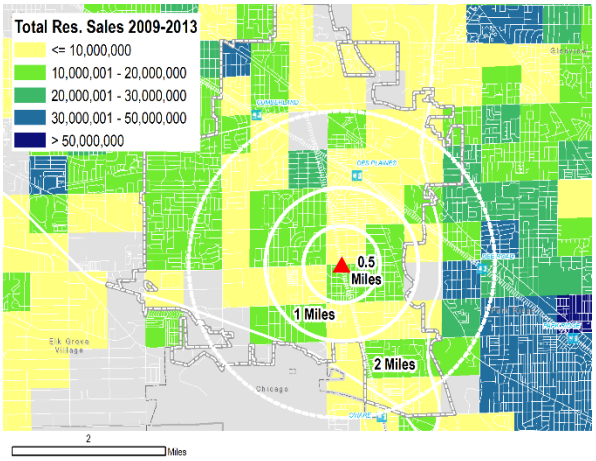
Figure 4-8: Residential Sales Volume and Average Sales Price (2005-2018)

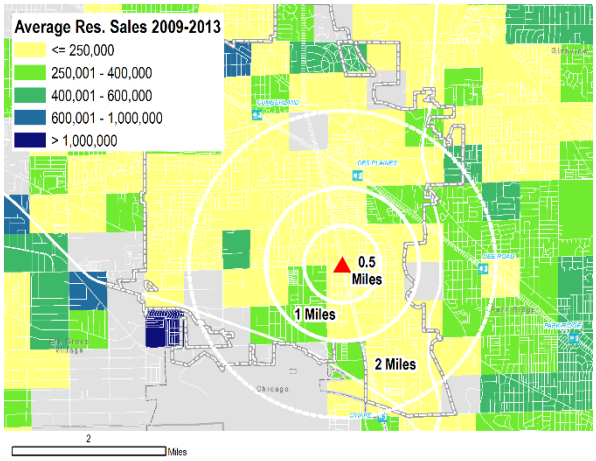
Sales Volume

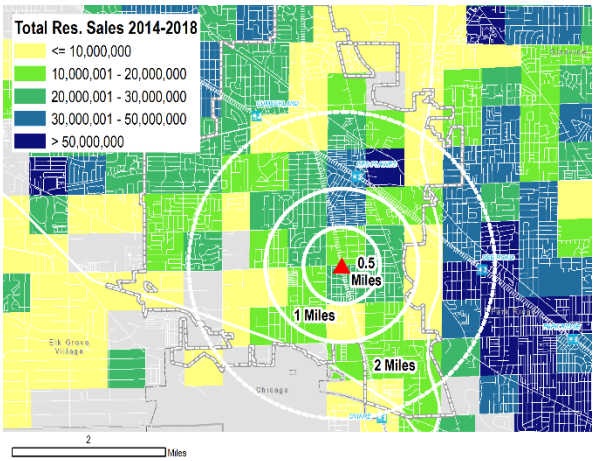
Average Sales Price

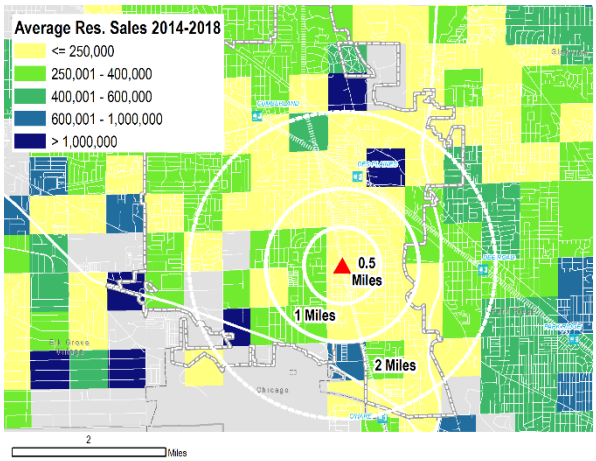








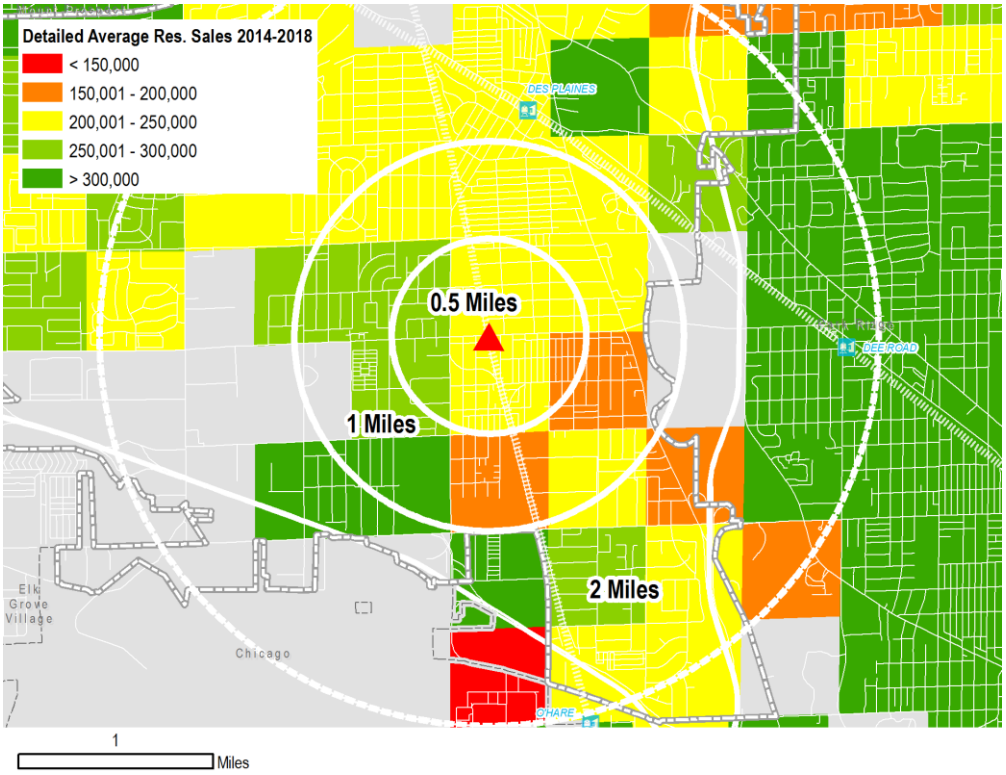




SOURCE: Cook County sales transactions, published by Record Information Services at public-record.com
Note that sales transactions that reported sales prices below $10,000 are excluded.

Finally, Figure 4-9 shows that the potential station area includes areas with above and below median sales values, but no locations that have homes that have dangerously low values and likely to face insurmountable challenges to revitalization.

Figure 4-9: Average Residential Sales Price (2014-2018)



SOURCE: Cook County sales transactions, published by Record Information Services at public-record.com
Note that sales transactions that reported sales prices below $10,000 are excluded.

Final takeaways:

- Across the Chicago metro, multi-family has outpaced single-family unit construction since 2014, and the margin is growing. Excluding the City of Chicago to focus on the suburbs, multi-family permits have reached 40% of total permitted units, up from 12% in 2009. This suggests strong sustained demand for higher-density residential even in Chicagoland suburbs.
- After a long drought of multi-family development post-recession, Des Plaines construction finally picked up in 2017 and 2018, responding to pent-up demand. Single-family construction also spiked up to almost 100 units in 2017, the highest by far since the recession and greater than any neighboring municipalities
- Des Plaines is more affordable than neighboring municipalities. This has not hampered sales volumes, which have grown at a steady pace comparable to nearby municipalities, as have median home sale prices. Within the city itself, residential sales are increasingly robust in higher-income areas.
- Though residential home values near the potential station were hit harder by the recession, the nearby area has nearly caught up to the city-wide average. Based on sales transactions, there is no reason to believe that the area will face insurmountable challenges in revitalizing the local market. It may be seen by some residents or businesses as an affordable place to invest in comparison with more expensive areas nearby.

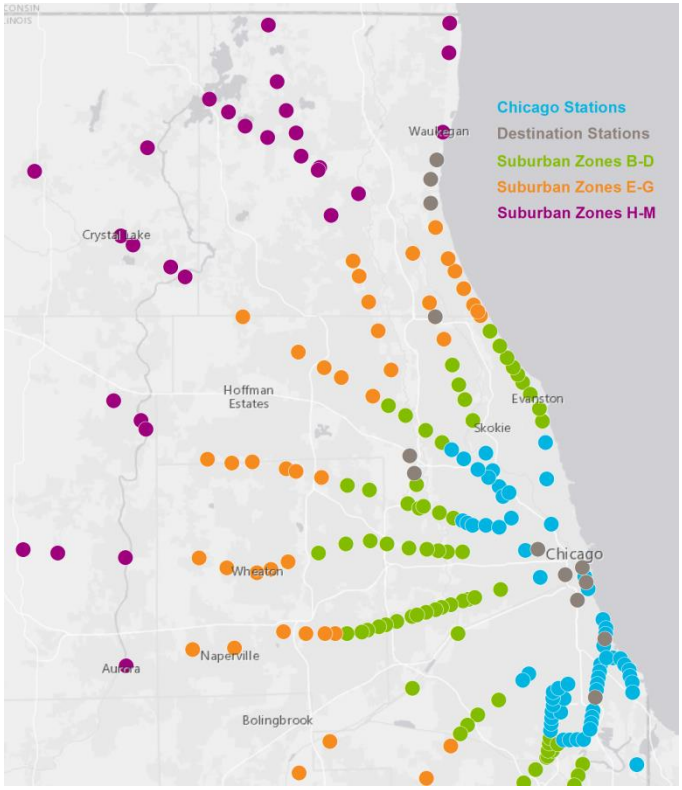
4.2 Transit-Oriented Development Trends

A fundamental consideration of the potential market for a new station in Des Plaines is the ability to attract, absorb, and support new development in the station's market area. To gain better insight into this key question, the development trends in the Chicago area were analyzed from several different perspectives. First, the development history within the half-mile area of Metra stations systemwide was analyzed as a whole and by station category. The intent of this analysis is to better understand the scale of commuter-rail adjacent developer interest that the potential Des Plaines NCS station is likely to draw from. Then, the market trends in the geographic submarket (i.e., the CoStar-defined O'Hare submarket) and peer communities and stations were considered to gauge nearby trajectory and potential competition.

4.2.1 Metra Station Area Development Trends

Historical Metra station area (half-mile) data on commercial market inventory, occupancy, and rent trends were gathered from the CoStar real estate database for the first half of 2018 and back to 2006. This analysis focused on the office, retail, and multi-family markets in particular, and divided the analysis into short-term (2012-2018) and long-term (2006-2018) trends. The short-term focus was intended to identify the presence (or absence) of a shift toward urbanization, downtown concentration, and mixed-use developments. The long-term lens was intended to capture both the boom and bust development cycle to avoid overly optimistic projections based on the healthy development climate of recent years. Finally, the stations were divided into subgroups based on categories defined by Metra to analyze comparative station performance: Chicago (residential & non-residential stations), Suburban Fare Zone B-D (residential & non-residential stations), Suburban Fare Zone E-G (residential & non-residential stations), Suburban Fare Zone H-M (residential & non-residential stations), and Destination stations[1] (i.e., more AM peak alightings than boardings). See Figure 4-10 for the distribution of these stations across the Chicago metro area. The potential Des Plaines NCS station is most likely to be categorized as a Suburban Fare Zone B-D residential station.

Figure 4-10: Metra Stations by Category



4.2.1.1 Multi-family

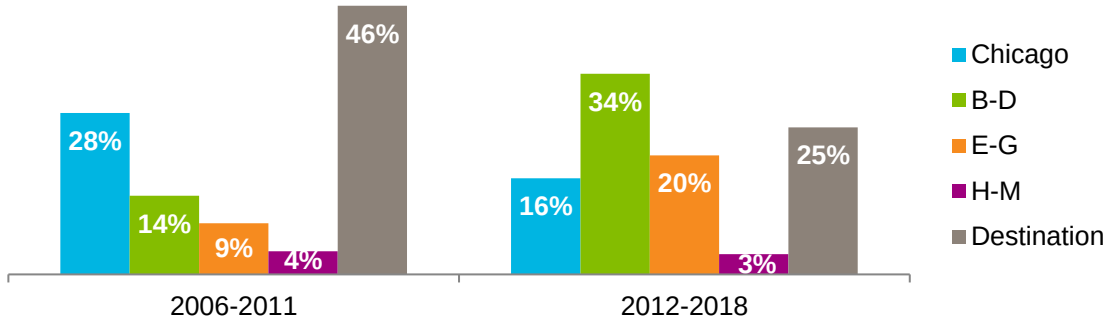
The multi-family market has seen nearly 18,000 housing units delivered within a half mile of a Metra station since 2006. The largest share (37%) was delivered near Destination stations, followed by

[1] Destination Stations based on 2016 boardings include: Museum Campus, McCormick Place, 59th St. (Univ. of Chicago), 95th St. (Chicago State Univ.), Lovana S. Jones / Bronzeville, Halsted Street, Western Avenue (MD/NCS), Lake Cook Road, Rosemont, O'Hare Transfer, Lake Bluff, Great Lakes, and North Chicago.

equal levels near Chicago or near suburbs (Fare Zones B-D) (23% each). A combined 18% were delivered in more distant suburban station areas. In absolute terms, 3,900 units were delivered near Suburban Fare Zone B-D residential stations, or an annualized 320 units.

When we divide this 12-year history into older and more recent deliveries, we find a shift in favor of the near suburbs (shown in green and orange in Figure 4-11). Since 2012, the shares of development that have occurred in Suburban Fare Zone B-D and E-G have more than doubled, with B-D now leading with 34%. Interestingly, Chicago's share is down, as is the Destination stations' share. This suggests growing support recently for suburban TOD with a higher-density residential component—a typology likely to benefit strongly from a Metra station with good non-motorized accessibility, as well as have a positive impact on Metra ridership as correlated with the typical CBD commuting pattern.

Figure 4-11: Share of Total Multi-family Deliveries in Half-mile Metra Station Areas



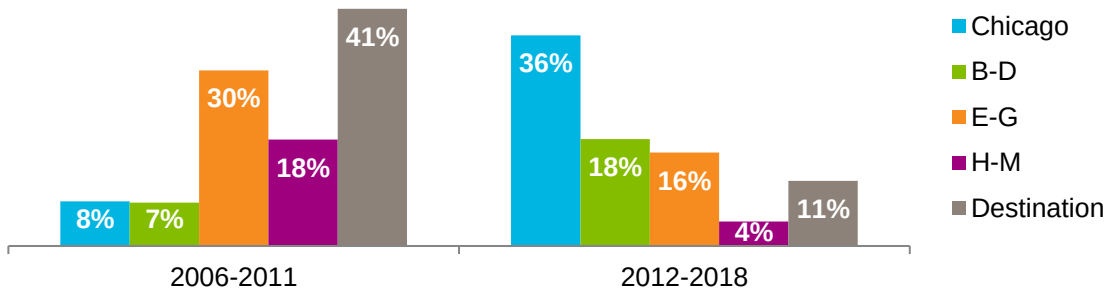
Data source: CoStar (2018)

4.2.1.2 Office

In the office market, 2.5 million square feet of space has been delivered within a half mile of a Metra station since 2006. The largest proportion (over a quarter) has been located near Destination stations. Nearly half of the deliveries have been fairly evenly distributed across non-residential stations of varying geographies (15% in Chicago, and about 10% in each of the Suburban subgroups). The remaining 25% of office deliveries have been in residential station areas, with the vast majority in Suburban Fare Zone E-G. Specific to markets comparable to potential Des Plaines NCS station, 110,000 square feet have been delivered near residential Suburban Fare Zone B-D stations.

However, once we divide this 12-year history into older and more recent deliveries (Figure 4-12), we find that there has been a great deal of central area concentration since 2012, with the highest proportion of office deliveries now occurring in Chicago Metra stations (36%) rather than the widely distributed Destination Stations (41% in 2006-2011). The near-in suburbs have also grown to capture 18% of station area deliveries, up from 7%. This stands in contrast to the shrinking market share of outer suburbs and exurbs, leading one to conclude that developer and market interest in destination-oriented TOD is on the rise in Chicago and the near-in suburbs, outside of the established reverse commute or otherwise destination-oriented stations (e.g., Lake Cook Road, McCormick Place, University of Chicago, Rosemont, Western Avenue, etc.).

Figure 4-12: Share of Total Office Deliveries in Half-mile Metra Station Areas



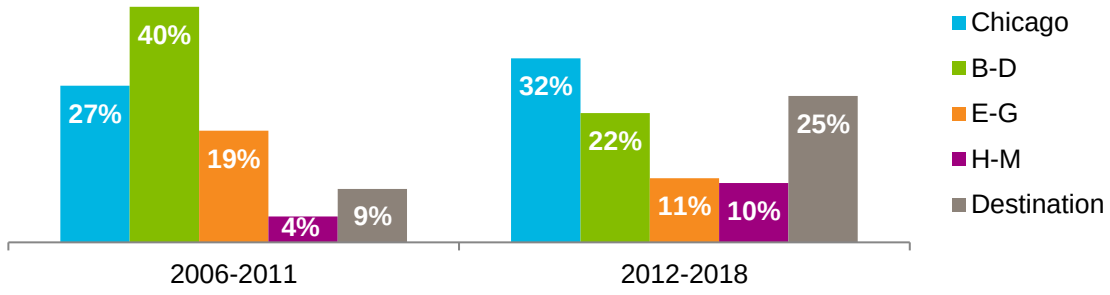
Data source: CoStar (2018)

4.2.1.3 Retail

Approximately 5.6 million square feet of retail space has been delivered near Metra stations since 2006. About a third of that development occurred near Suburb Zone B-D stations and slightly less (29%) near Chicago stations. Sixteen percent occurred near Destination stations and the same proportion near Suburb Zone E-G stations; the remaining 7% was near outlying stations. In absolute terms, Suburb Zone B-D stations received 1.9 million square feet of retail space since 2006, or 155,000 annually on average—and perhaps interestingly, 70% of this development occurred near stations classified as residential.

Comparing more recent trends with longer term, more retail space was delivered pre-2012 than post-2012 in absolute terms. This is true for the system totals and for all subgroups except the outlying suburbs (zones H-M) and Destination stations. This slowdown in retail development is common across most U.S. markets. In proportional terms, we can see that Chicago and Destination stations are now capturing larger shares of what retail development is occurring in recent years (Figure 4-13).

Figure 4-13: Share of Total Retail Deliveries in Half-mile Metra Station Areas



Data source: CoStar (2018)

In conclusion, we see a positive shift for the inner suburbs in terms of office and multi-family market share over the past five years, and development in the potential Des Plaines NCS station area would be consistent with this trend. The decrease in retail deliveries is part of the nationwide slowdown in large retail centers, as major bricks-and-mortar retailers face bankruptcy and anchor tenant spaces become vacant and must be absorbed or converted to other land uses. Typically, the stronger retail segments are entertainment/ lifestyle-oriented, or discount retailers, which may be why we are seeing growth in deliveries in Chicago and destination stations (entertainment/lifestyle retail) and exurban (discount retail) locations.

4.2.2 Peer Development Trends

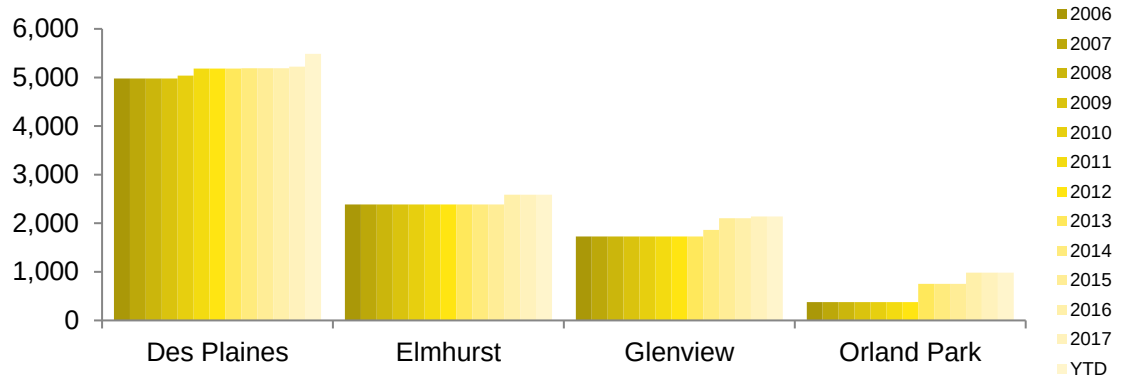
A number of peer municipalities and station areas were selected in order to help benchmark Des Plaines' potential future development. Elmhurst, Glenview, and Orland Park are comparable peers based on the number of housing permits reported to the HUD database, as well as the presence of a Metra station within their boundaries and comparable proximity to downtown Chicago. The group of Metra station areas studied includes: Des Plaines (UP-NW), Cumberland, Elmhurst, Glen of North Glenview, Glenview, Lombard, Orland Park 143rd, and Wheeling.

4.2.2.1 Multi-family

As of late 2018, the Des Plaines multi-family market inventory currently stood at about 5,000 units, with over 500 new units built between 2006 and September 2018. This 0.9% annualized growth is above the O'Hare submarket growth rate, but comparable to or below peer municipalities examined, which ranged from 0.7% to 8.7%. Much of Des Plaines growth has been in the last few years.

Among peer municipalities (Figure 4-14), the most robust growth has been in Orland Park, adding 600 units to its inventory since 2012, and Glenview, which added 400 units. Elmhurst has added 200 units. Similar to Des Plaines, all of this growth has occurred in recent years and suggests participation in a growing trend toward multi-family development. The developments appear to be fully absorbed and all municipalities show strong occupancy rates around 95%. The recent and upcoming deliveries in Des Plaines (Buckingham Place, Covington Lexington Woods, 1555 Ellinwood) should continue to be monitored for successful absorption.

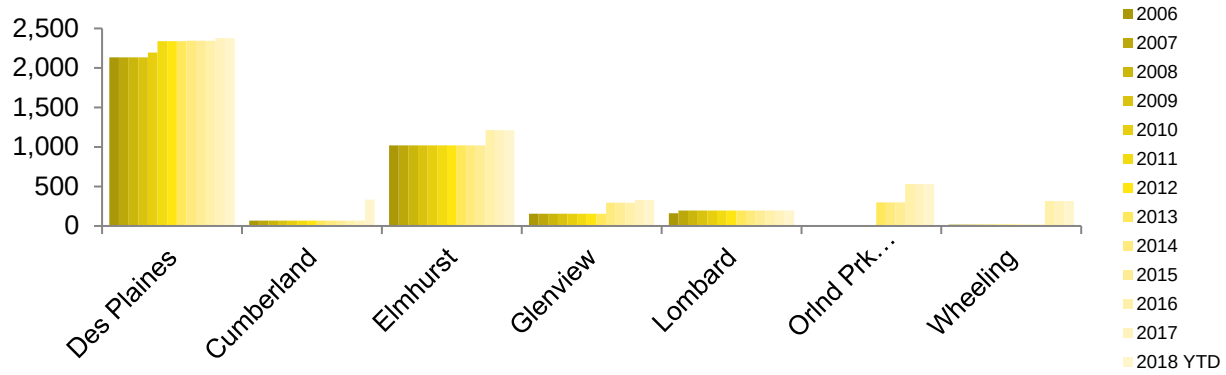
Figure 4-14: Multi-family Inventory by Municipality



Data source: CoStar (2018)

Turning now to station areas (i.e., ½-mile) (Figure 4-15), the major growth has been observed in Orland Park 143rd St. (adding 530 units since 2012), Wheeling (adding 300 units), and Cumberland (adding 270 units). At the next tier are the Elmhurst and Glenview station areas, adding fewer than 200 units. There has been multi-family development near Glen of North Glenview, but it was outside of the half-mile radius and thus is not included here. The downtown Des Plaines Metra station has the largest inventory among all peers, but it has grown relatively slowly in recent years, adding about 40 units since 2012. However, it has the highest occupancy rate, while Cumberland's is low due to the major delivery of about 270 units recently that had not yet been absorbed at the time the data were collected. There is no substantive multi-family market near the Oakton site, though there are a few developments just outside of the half-mile radius. Across all peers, vacancy rates average about five or six percent.

Figure 4-15: Multi-family Inventory by Half-Mile Station Area



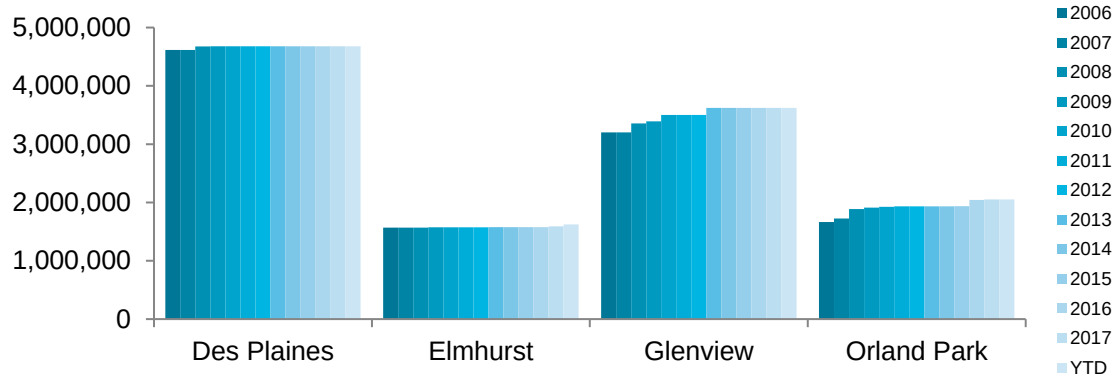
Data source: CoStar (2018)

4.2.2.2 Office

The Des Plaines office market inventory currently stands at 4.7 million square feet, with 64,000 sq. ft. built since 2006, or an annualized growth rate of 0.1% (less than the O'Hare submarket, which grew at 0.3%). There has been no new office construction in Des Plaines in recent years, unlike peers.

Among peer municipalities (Figure 4-16), the most robust growth has been in Orland Park, which grew at an annualized 1.8% by adding 385,000 square feet since 2006, and Glenview, which grew by 1.1%, adding 420,000 square feet. Both of these municipalities grew more pre-2012. A key difference is that Orland Park has grown its occupancy faster than its inventory, while Glenview has experienced softening demand. Des Plaines' office market occupancy has been growing slowly over both the short- and long-term, with stronger growth more recently, but at 83%, it is still below peers, which range from 86% to 95%. Wheeling is not included here due to its lack of historical office development.

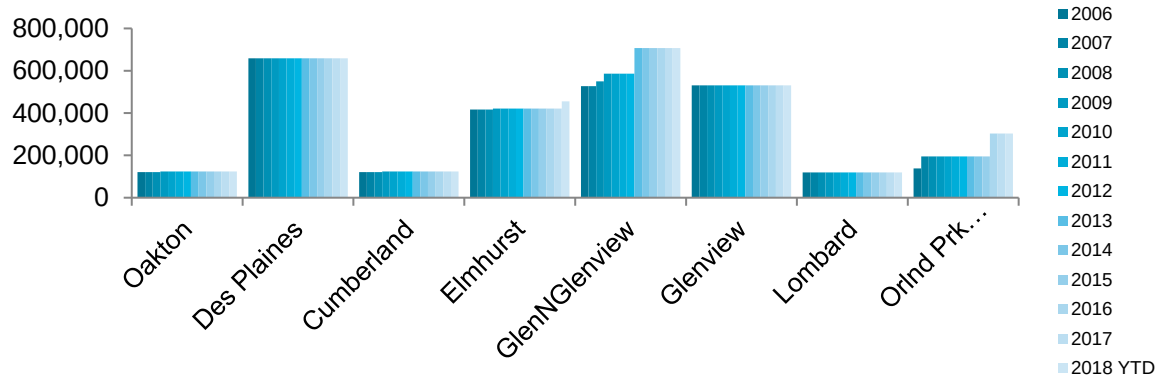
Figure 4-16: Office Inventory by Municipality



Data source: CoStar (2018)

For office development in station areas (Figure 4-17), the major growth has been in Glen of North Glenview (adding 180,000 square feet since 2006, two thirds of that occurring since 2012) and Orland Park 143rd St (adding 165,000 square feet, one third since 2012). All of these station area deliveries were fully absorbed. In Des Plaines, inventory has remained basically steady since 2006, but there has been major growth in occupancy near the Oakton site (at the same time as a jump in reported rents), which has an office inventory of 124,000 square feet—similar to Cumberland but well below the 660,000 square feet near the downtown Des Plaines station.

Figure 4-17: Office Inventory by Station Area



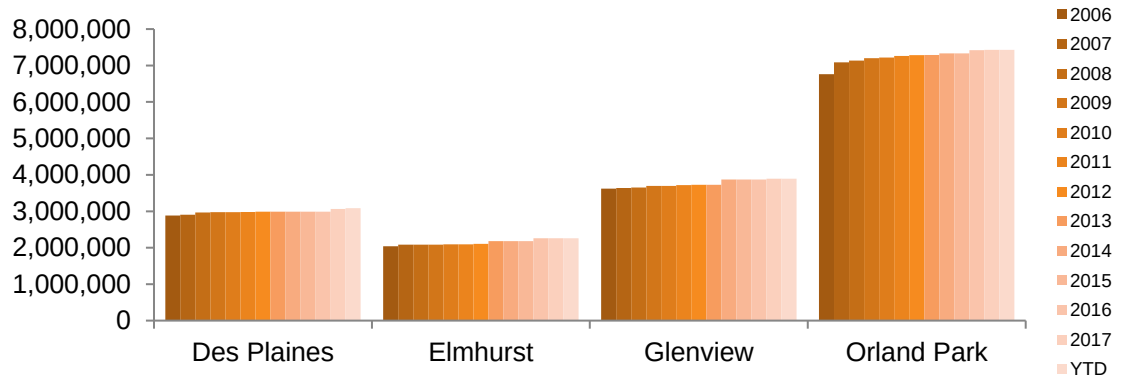
Data source: CoStar (2018)

4.2.2.3 Retail

The Des Plaines retail market inventory currently stands at 3.1 million square feet, with 204,000 square feet of reported deliveries since 2006 (an annualized growth rate of 0.6%). This is slower than the O'Hare submarket, which grew by 0.9% annually, adding about 1.3 million square feet since 2006 (most of that since 2012). Most of the submarket growth has been absorbed, and occupancy rates have risen to the mid-nineties, like Des Plaines.

Among peer municipalities (Figure 4-18), robust growth has occurred in Orland Park, which grew at an annualized 0.8% by adding 666,000 square feet since 2006, though its recent growth has been slower, about 0.4% annually. Glenview and Elmhurst have grown faster since 2012 than before, adding between 200,000 and 300,000 square feet, which translates into annualized growth of 1.3% and 0.8%, respectively. Cumulative net absorption has been positive across all municipalities, and occupancy has held fairly steady around 93% or 94% in recent years.

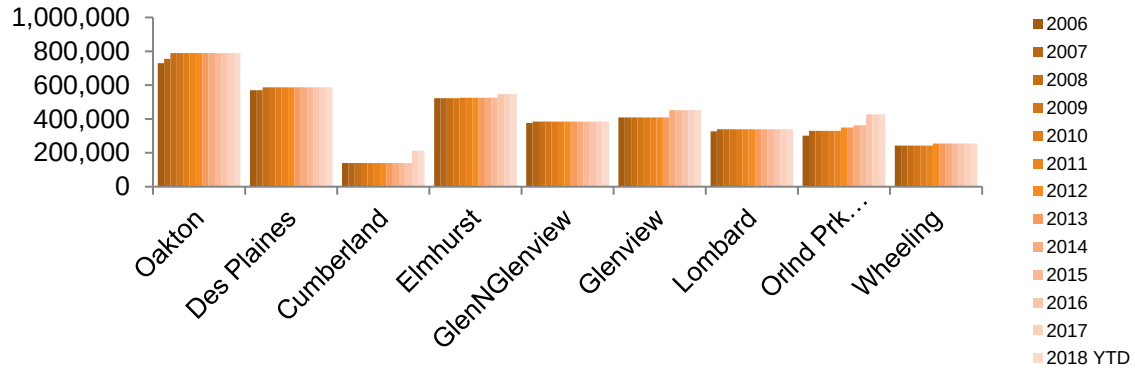
Figure 4-18: Retail Inventory by Municipality



Data source: CoStar (2018)

For station areas (Figure 4-19), the major growth of retail has been at Orland Park 143rd St., adding 126,000 square feet since 2006, over half of that occurring since 2012. In Des Plaines, there has been recent growth (about 73,000 square feet) near the Cumberland station; the only retail inventory growth near the downtown Des Plaines station or the Oakton site took place over 10 years ago. The Oakton site is notable for the amount of retail space it has nearby—much more than existing Metra stations, even in suburban downtown locations. However, the area is known to struggle with vacancy. Modest retail inventory growth has occurred in the Glenview and Elmhurst Station Areas, adding 43,000 and 20,000 square feet, respectively, since 2012. Reported vacancy rates are generally 10% or a little less.

Figure 4-19: Retail Inventory by Station Area



Data source: CoStar (2018)

Historic real estate activity as presented above is used to benchmark the Des Plaines NCS station with existing Metra stations in terms of development performance indicators and thus set reasonable expectations for development.

As an additional piece of context, takeaways from stakeholder interviews held with area developers are summarized below. Further detail may be found in the *Community Outreach Technical Memorandum*.

- Local developers see potential for redevelopment in the area surrounding the potential Oakton station, while property owners have some hesitations due to substantial vacancies in the existing adjacent strip mall. The question of how to manage this site will be important, as there are significant implications in balancing walkability and connectivity with the need for adequate access, parking, and visibility for existing establishments.
- Multi-family development was highlighted as promising in this location. Local developer input suggests primarily one- and two-bedroom units in redevelopment and infill projects, and at a more affordable price point than other recent projects in downtown Des Plaines due to the character of the surrounding area and the need for public investment in streetscaping, walkability, and traffic management. It was affirmed that such investments in the comfort and appearance of the public realm in this segment of the Oakton corridor will be crucial to future TOD activity.

4.2.3 Potential Oakton Station Development

4.2.3.1 Long-Term Potential Growth

The Metra system station area inventory and occupancy growth rates described above were analyzed over the short- and long-term to gauge potential levels of development at a station level over a 30-year horizon. Note that the results here are not intended as market projections or development forecasts; actual future development will depend on the decisions made locally in terms of public investment and support, zoning changes, incentives offered, along with a host of other factors. These results are intended solely as a guideline as the City and local stakeholders discuss development scenarios and plans for the potential station area.

The long-term occupancy trends in commuter rail-adjacent multi-family development were analyzed among Metra Suburban Fare Zone B-D residential stations, of which there are a total of 46. The long-term annualized growth rates were then applied to current occupied inventory to extrapolate to 2050. The current inventory was subtracted from the projected inventory (assuming a robust 95% occupancy) to determine the estimated deliveries within this market through 2050. For the purpose of this analysis, it is assumed that the proposed Oakton Station could feasibly capture 5% to 10% of the market deliveries among the 46 stations in its subgroup, based on the value boost the parcels receive thanks to new infrastructure and attendant amenities, as well as the presence of (re)developable land in the station area. It is noted that many suburban municipalities also have plans to encourage TOD in their respective station areas, which will make it a more competitive environment for the Oakton station. As such, it will be critical to have supportive policies and infrastructure for development in place to attract suitable projects, should that be the goal.

Given these assumptions, the estimated multi-family deliveries in the Oakton Station Area over the long-term (i.e., through 2050) are 600 to 1,200 multi-family units, before adjusting based on the market assessment findings above. These estimates are based on long-term trends, inclusive of the full real estate cycle, and they therefore may not fully capture the growing trend in multi-family dwelling of recent years, which is difficult to parse from the general recovery after the housing crisis of 2008. For this reason, we consider these multi-family dwelling unit estimates conservative, and adjusting the estimates upwards to incorporate market trends[2] would be a reasonable exercise of professional judgement (though not necessary during this feasibility study phase of station planning).

As discussed in the *Travel Demand Technical Memorandum*, the STOPS ridership model relies on CMAP demographic forecasts to gauge future travel demand at transit stations. The addition of a Metra station at Oakton Street can be expected to significantly alter the development of the station area and attendant demographic forecasts. We provide details about the current CMAP 2050 forecasts (which does not assume a commuter rail station at this location) for additional context. The CMAP forecasts used in the ridership modeling are at the subzone (or quarter-section) level; there are 4 subzones per Transportation Analysis Zone (or TAZ), which is the input to the ridership model (Tables 4-3). These subzones and TAZ are depicted in Figure 4-20, and are labeled with the CMAP growth in households in Figure 4-21.

[2] As discussed in prior sections of this technical memorandum, the inner suburbs more than doubled the number of delivered units in 2012-2018 compared to 2006-2012. As there are no indications that this shift in favor of suburban multi-family residential as an attractive housing choice for many population groups that are unable or unwilling to enter homeownership, we do not expect a reversal of this trend.

Tables 4-3: Demographic Forecasts by Subzone in the Oakton Station Area

CMAP Population Forecast			
Subzone	2015	2050	Growth
1995	1,326	1,650	324
1996	1,068	1,367	299
1999	1,134	1,404	270
2017	1,748	2,161	413
2018	2,098	2,382	284
2021	1,988	2,308	320
Total Population Growth			**1,910**

CMAP Household Forecast			
Subzone	2015	2050	Growth
1995	487	677	190
1996	380	522	142
1999	435	584	149
2017	657	898	241
2018	659	820	161
2021	724	896	172
Total Household Growth			**1,055**

Source: CMAP

Figure 4-20: Household Count by Subzone (2015)

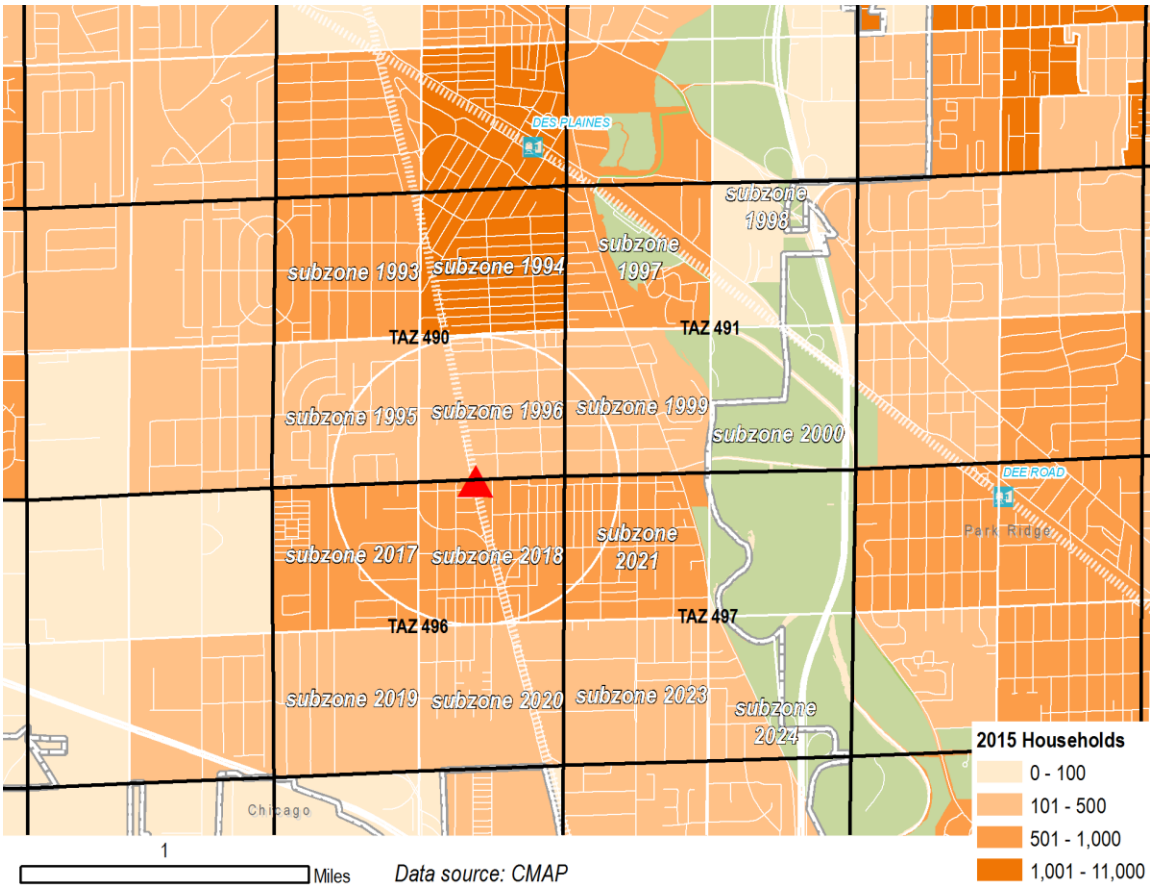
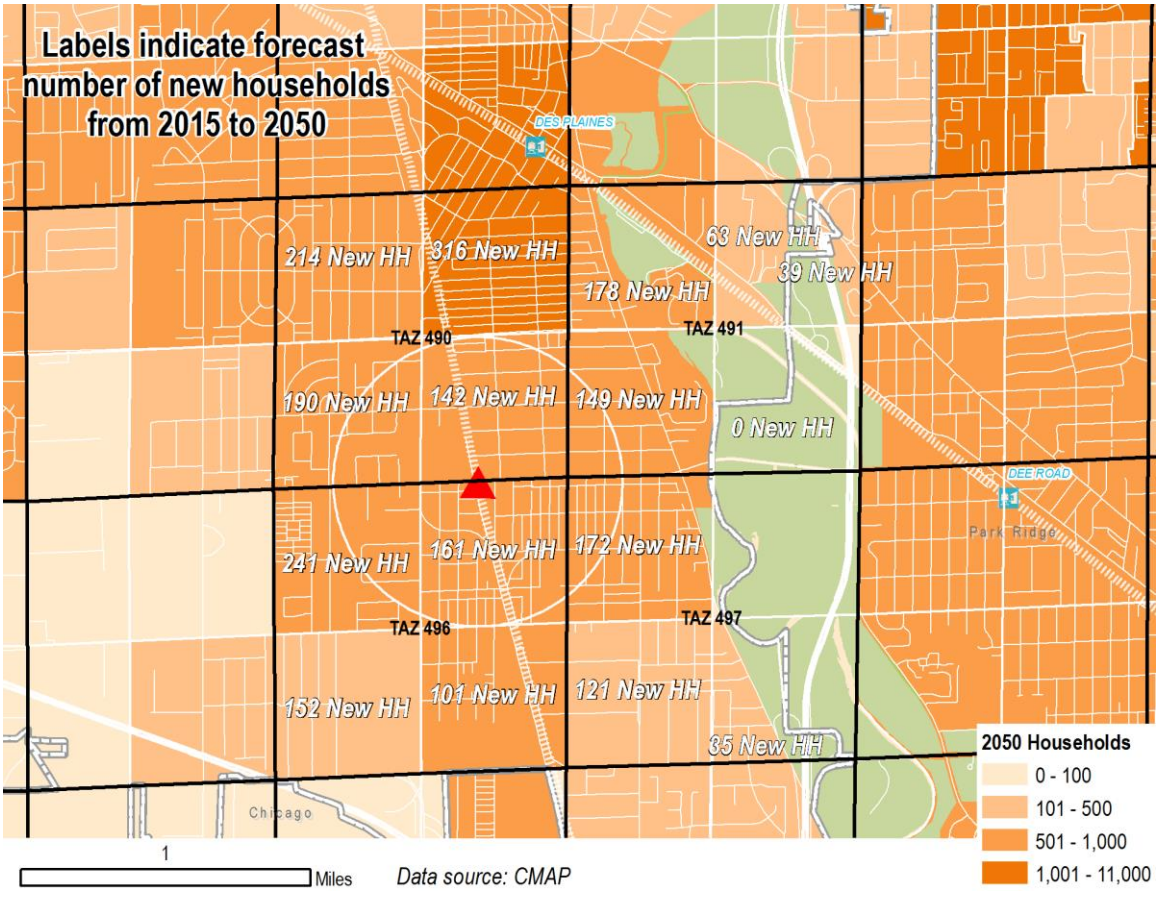


Figure 4-21: Household Count by Subzone (2050), with CMAP 2015-2050 growth labeled

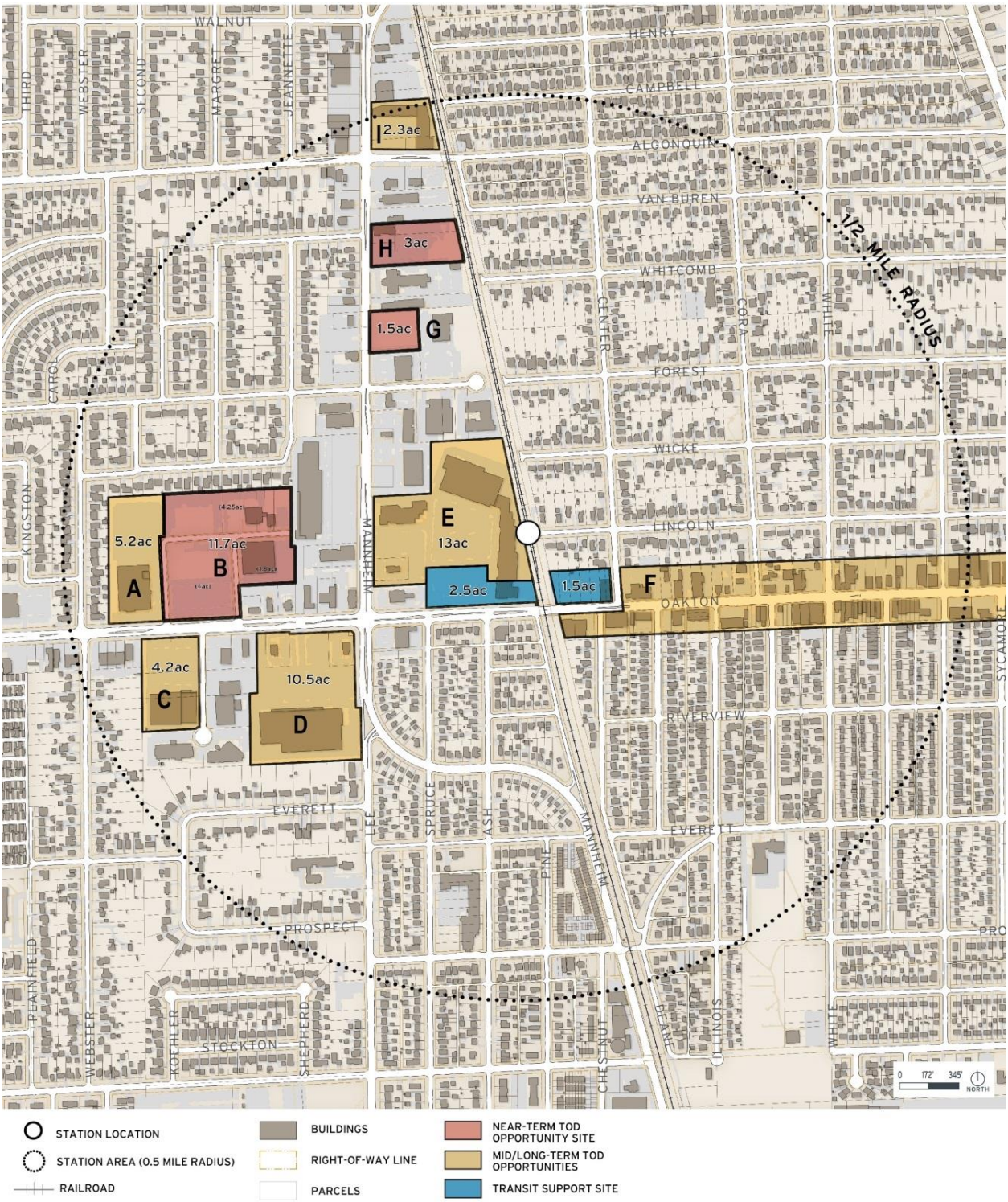


By 2050 CMAP forecasts project 1,055 new households and 1,910 new people living in the subzones that touch the Oakton station area. This is within the range of the long-term TOD guidelines provided above (600-1,200 households), and reflects a substantial amount of organic growth in the area.

4.2.3.2 Site-Specific Development Opportunities and Prototypes

While virtually all parcels within the station area have been previously developed, there is a considerable amount of land in close proximity to the proposed station that have current uses that are vacant or functionally obsolete and could be strong candidates for transit-oriented development in the future. These candidate sites have been identified and categorized based on suitability for redevelopment on the accompanying map (**Error! Reference source not found.**). In total, these sites represent roughly 54 acres of land suited for redevelopment within the long-term, or approximately 10% of the gross half-mile station area.

Figure 4-22: Potential Opportunity Sites for Future Redevelopment



Near-Term Redevelopment Opportunity Sites

In **Error! Reference source not found.**, the sites identified in red represent properties that either have been cleared and are ready for development or have substantial portions of the property that are under-utilized or vacant and could be redeveloped with minimal disruption to existing business operations. Chief among these is the 11.7-acre Site B located along Oakton Street, near the intersection of Executive Way, west of Mannheim/Lee. The City of Des Plaines has been actively involved in marketing this site for mixed-use and multi-family redevelopment and has expressed a

preference for proposals that feature a transit-oriented approach. In total, these properties account for just over 16 acres, as outlined below.

- **Site B** (±11.7 acres) Large high-priority opportunity site with potential for a mix of apartments, townhomes, and mixed-use development.
- **Site G** (±1.5 acres) Small opportunity site with potential for commercial, multi-family residential, or mixed-use development.

  Site H (±3 acres) Moderate site with potential for redevelopment as a multi-family residential or mixed-use development.

Mid- to Long-Term Redevelopment Opportunity Sites

The remaining redevelopment opportunity sites identified within the immediate station area total roughly 40 acres. The majority of this land comprises large parcels located near the primary Oakton-Mannheim intersection with generally under-performing retail uses, including the Oaks Shopping Center located immediately adjacent to the proposed station and the substantial Kmart property to the southwest. Based on the size and location of these properties, it is conceivable that portions of these sites could be infilled with residential development or completely redeveloped as TOD projects over time. Similarly, the U.S. Post Office site at the western edge of the station area could potentially be added to the near-term Executive Way site as a future phase or developed independently, should the USPS decide to vacate.

- **Site A** (±5.2 acres) – Medium/large site with longer-term redevelopment opportunity as a stand-alone project or future phase component of Site B.
- **Site C** (±4.2 acres) – Medium/large site with potential for future redevelopment as multi-family or mixed-use.
- **Site D** (±10.5 acres) – Large, high-priority opportunity site for future mixed-use redevelopment. Site is adjacent to planned Pace Pulse Dempster Line stops on Mannheim/Lee, providing additional strength for transit-supportive use.
- **Site E** (±15.5 acres) – Large, top-priority site for future transit-oriented redevelopment with multi-family residential and mixed-use. Future redevelopment of site would also include station-supportive amenities and uses. Any future changes would need to maintain or enhance existing retail use and ensure on-going commercial viability.
- **Corridor F** (redevelopment sites to be determined) – The *Oakton Street/Elmhurst Road Corridor Study* (Des Plaines, 2009) included ideas for future development in the planning district along Oakton east of the CN tracks (i.e., Oakton Mixed-use District).
- **Site I** (±2.3 acres) – Small, lower-priority site with opportunities for infill or future mixed-use and/or multi-family development.

Incremental Infill

A third source of increased residential density within the study area could come from infill development on smaller residential properties or as mixed-use development opportunities along Oakton to the east (Parcel F). Measurable change within these areas is unlikely in the immediate future given that most of the surrounding residential fabric is mature and currently protected by single-family zoning. However, it is possible that incremental increases in density could occur over time. The most likely source of this change would be properties fronting or in close proximity to Oakton Street.

Development Prototypes

As noted earlier in this report, Des Plaines has had a spike in transit-oriented residential development in recent years. As a result, there are several models for new development that have demonstrated viability within the community. One prominent example is the recent 18-acre Buckingham Place development near the Cumberland Metra Station. This development consists of two components — for-sale townhomes and a multi-family rental development 'wrapped' around a parking structure. The multi-family component consists of 270 units on roughly 4.3 acres, or approximately 60 units per acre (net). The townhome component includes 94 units on 7 acres, equalling a net density of about 13 units per acre. Taken in whole, the project provides a model for flexible, suburban, transit-oriented development with a diversity of unit types at a gross density of about 20 units per acre.

The Buckingham Place development features multi-family apartments and townhomes on 18 acres.

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