

REAL ESTATE MARKET



HOUSING AND RESIDENTIAL ASSESSMENT

The Village of Niles offers many assets that make it a desirable place to live. Among them are direct access to regional transportation and thoroughfares, proximity to parks and forest preserves, increasing culturally diverse retailers, and affordable housing options. Despite limitations in the nature of the housing stock and projected declines of households, there are opportunities for residential growth in Niles in the future.

Housing Profile

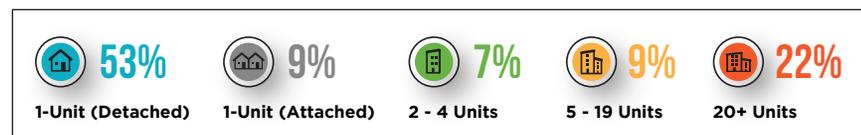
According to the most recent estimates from Esri Business Analyst, there are roughly 12,500 housing units in the Village of Niles. Of these, 11,677 (93 percent) are occupied. Among occupied units, 73 percent are owner-occupied, though renter occupancy has increased since 2010. The estimated number of vacant units is relatively low at 7 percent, but it has increased by 157 units since 2010.

TABLE 3.1: NILES HOUSING AND TENURE (2010 - 2020)

Housing Unit Designation	2010 Count	2010 %	2020 Count	2020 %
Total Housing Units	12,572	100%	12,500	100%
Occupied Housing Units	11,906	94.7%	11,677	93.4%
Owner-Occupied	8,836	74.2%	8,569	73.4%
Renter-Occupied	3,070	25.7%	3,108	26.6%
Vacant Housing Units	666	5.3%	823	6.6%

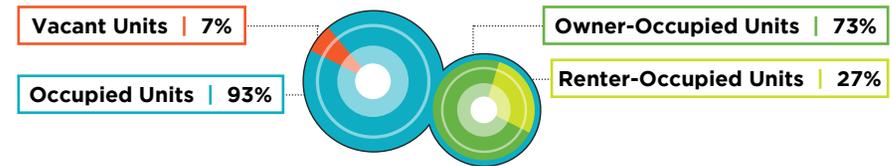
Source: Esri Business Analyst, 2020 Estimates

EXHIBIT 3.1: NILES HOUSING STOCK BY UNITS IN STRUCTURE



Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

EXHIBIT 3.2: NILES HOUSING AND TENURE CHARTS (2020)



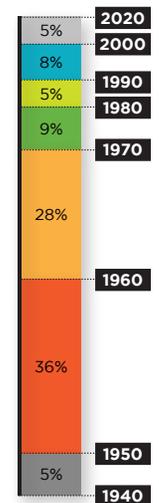
Source: Esri Business Analyst, 2020 Estimates

Housing Stock Characteristics

Commensurate with the migration to inner ring suburbs that occurred during the post war years, nearly two-thirds of Niles' homes were constructed between 1950 and 1969. During this time period, home builders added 7,500 plus homes to the Village's housing stock. Another 13 percent of homes were constructed during the 1980s and 1990s, a peak time for residential development as the Baby Boomer generation moved into home buying years. Residential development slowed throughout the early part of the 21st Century, accounting for less than five percent of homes between 2000 and 2020. The trend has continued, with less than 70 homes added to the Village stock since the Great Recession. The last multifamily building permits issued for new units were in 2003.

Niles' housing stock is primarily single family, detached units, which make up 53 percent of homes in the Village. Single family attached units, such as duplexes and townhomes, make up another 9 percent of the Village's housing stock. Smaller multifamily buildings, those with less than 19 units, make up 16 percent of the housing units, while larger multifamily buildings with 20 or more units account for 22 percent of the total units. Mobile homes and non-traditional forms of housing have a negligible presence in the Village, and therefore are not included in the chart to the left.

EXHIBIT 3.3: HOUSING UNITS BY YEAR BUILT



Home Renovations

As described earlier, there has been little new residential construction over the last twenty years. The age of the housing stock was consistently raised by stakeholders as an important issue that needed to be addressed in the plan. Raised ranches and one-story homes are common throughout the Village but lack the space and amenities desirable to many active buyers. Anecdotes indicated the older housing stock presents challenges in acquiring financing for renovations/additions.

The Village launched its Grow Your Home Improvement Program in 2020 in response to concerns that its aging housing stock may not provide the size and modern amenities young families are seeking. Qualifying property owners can receive a permit fee waiver or relief of up to \$5,000 for significant improvements, such as additions and new floors. The program encourages current homeowners to improve their properties and for young families to stay in or locate to Niles.

The program is currently capped at twenty applicants each year. Twelve residents have participated since it began, six received permit fee waivers and six are still in the permitting process. To date, no projects have been completed. Interest in expanding the program to include developers was noted during stakeholder interviews, which could potentially help to boost the program and encourage further residential construction in the Village.



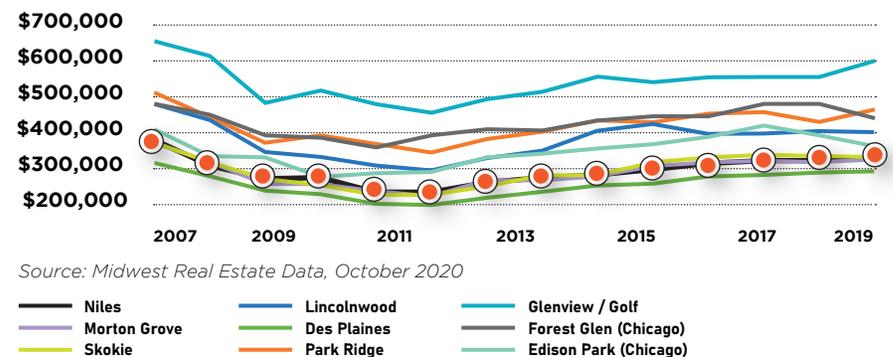
"Grow Your Home" Home Improvement Program, Source: Village of Niles, Illinois

Home Sale Market Trends

Detached Home Sale Trends

Detached single family homes in Niles are an affordable alternative to neighboring communities. While not yet back to pre-Recession values, median sales prices have been steadily increasing since bottoming out in 2012 at \$220,000. The median sale price for 2020 year-to-date is \$327,500. Sale activity has been picking up speed over the last few years. The total number of sales for 2020 year-to-date is on pace with 2019, which saw the most sales prior to 2007. The affordability of single-family homes makes the Village an attractive place to live, highlighted by the shortening time on market, averaging 89 days.

EXHIBIT 3.4: DETACHED HOUSING MEDIAN SALE PRICE TRENDS, SURROUNDING COMMUNITIES



Source: Midwest Real Estate Data, October 2020

EXHIBIT 3.5: DETACHED UNITS SOLD AND MEDIAN SALE PRICE IN NILES (2007 - 2020)

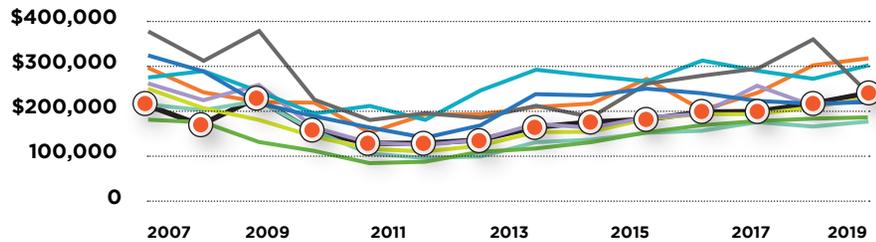


Source: Midwest Real Estate Data, October 2020

Attached Home Sale Trends

The market for attached housing in the Village has rebounded since the Great Recession. The median sale price for 2020 year-to-date is \$234,000, which exceeds peaks values in 2007 and 2009. Similarly, to detached housing, attached housing in Niles is affordable when compared to neighboring communities. Sale activity has slowed in the last five years as evidenced by the fewer number of sales in 2020 year-to-date. The lack of available inventory has not deterred interested buyers though as sales continue to move quickly, averaging just 68 days in 2020 year-to-date.

EXHIBIT 3.6: ATTACHED HOUSING MEDIAN SALE PRICE TRENDS, SURROUNDING COMMUNITIES



Source: Midwest Real Estate Data, October 2020

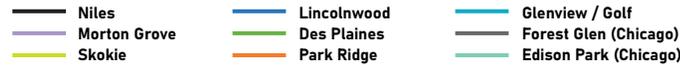
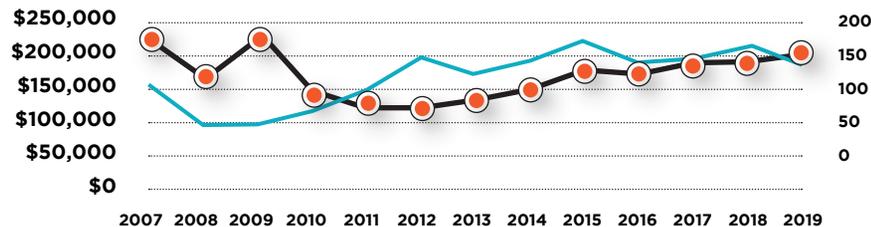


EXHIBIT 3.7: ATTACHED UNITS SOLD AND MEDIAN SALE PRICE IN NILES (2007 - 2020)



Source: Midwest Real Estate Data, October 2020

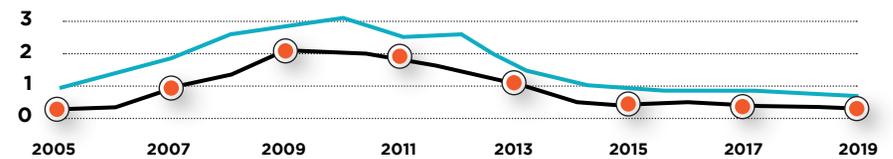


Foreclosure Trends

Foreclosure rates are an important indicator of a housing market's level of distress. The rate of foreclosures in Niles has dropped precipitously since the Great Recession. According to data from Institute for Housing Studies, foreclosure activity peaked in 2010, when 222 homes foreclosed, or 2.1 foreclosures per 100 residential properties.

Since then, foreclosures have dropped considerably. In 2019, the latest year for which data is available, only 33 homes were foreclosed, or 0.3 foreclosures per 100 residential properties. This rate remains lower than Cook County as a whole, which experienced 0.7 foreclosures per 100 residential properties in the same year.

EXHIBIT 3.8: FORECLOSURES PER 100 RESIDENTIAL PROPERTIES



Source: Institute for Housing Studies at DePaul University



Attached Units in the Village of Niles, Illinois

Housing Affordability

Government measures typically use 30 percent of annual income as a threshold for housing affordability. In other words, a home is considered affordable if its associated annual housing costs do not exceed 30 percent of the resident's annual household income. As shown in the following table, data from the U.S. Census suggest that 44 percent of Niles' renter-occupied homes are affordable to those who rent them, while 59 percent of owner-occupied homes are affordable for their owners. Roughly 49 percent of renter and owner households have a relatively low housing cost burden equating to 20 percent or less of annual income. However, nearly 49 percent of renter and 32 percent of owner households have a high-cost burden equating to 35 percent or more of annual income.

TABLE 3.2: ANNUAL HOUSEHOLD COST PERCENTAGE OF HOUSEHOLD INCOME

Total %	# (Cash Rent Households)	% (Cash Rent Households)	# (Mortgage Households)	% (Mortgage Households)
Less than 20%	438	16.6%	1,434	32.5%
20 to 24.9%	314	11.9%	626	14.2%
25 to 29.9%	413	15.7%	530	12.0%
30 to 34.9%	189	7.2%	417	9.5%
35% or more	1,280	48.6%	1,399	31.8%
Total	2,634	100%	4,406	100%
At Affordable Level*	1,165	44.2%	2,590	58.8%

Source: U.S. Census ACS 2014-2018 *Annual housing cost not exceeding 30 percent of annual

Planned Residential Developments

Several residential developments were proposed in the last five years. In 2020, Inter Continental Real Estate Development Corporation proposed to redevelop the former South School property at 6935 West Touhy Avenue including 48 apartment units, as well as the construction of a four-story building to its south with a total of 33 units. Preliminary plans showed a mix of studio, one- and two-bedroom units with 135 parking spaces. Initial discussions took place between the developer and the Village and School District, but the project is not moving forward.

Rental Market Conditions

Niles' rental market consists of dozens of smaller multifamily developments. The majority of apartments units are located in two and three-story Mid-Century style buildings situated mostly in neighborhoods off Dempster Street and Golf Road and a few buildings are scattered along Milwaukee Avenue and Oakton Avenue.

CoStar reports 1,021 total rental units spread across 40 buildings in the Village, which account for just 15 percent of total units in the Near North Suburban Cook County Submarket. CoStar includes Niles and neighboring Skokie, Lincolnwood, Park Ridge, Morton Grove and Golf in the Near North Suburban Cook County Submarket. Occupancy rates in the Village have improved in post-recession years and stand at 87 percent but remain below Near North Suburban Cook County Submarket and Cook County as a whole at 91 percent and 92 percent respectively.

TABLE 3.3: RENTAL MARKET COMPARISON

Attribute	Niles	Adjacent Suburbs	Cook County
Total Housing Units	1,021	6,615	450,087
Occupancy (%)	87.1	91.3	91.9
Average Monthly Rent (per unit)	\$1,859	\$1,467	\$1,435
Average Rent (per square foot)	\$2.64	\$1.69	\$1.85
Five Year Rent Growth (annualized %)	3.6	1.8	2.0

Source: CoStar, October 2020

The majority of units are one bedrooms, averaging 620 square feet in size, and another 25 percent are two bedrooms, averaging 922 square feet. Large units, which would be suitable for families, are less common with only 30 three-bedroom units in the inventory. Please refer to the graphic on the following page.

EXHIBIT 3.9: NILES RENTAL INVENTORY



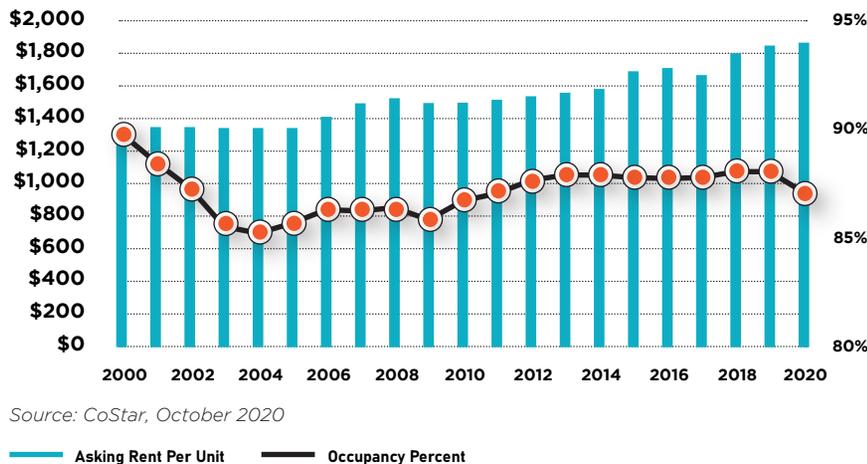
Inventory Type	Total Units	Average Square Feet	Average Market Rent/Unit
Studio	160	420	\$2,017
1 Bedroom	579	620	\$1,837
2 Bedrooms	252	922	\$1,876
3 Bedrooms	30	1,500	\$1,414

Source: CoStar, October 2020

Niles Rent and Occupancy Trends

Average asking market rents per unit have steadily risen over the years, currently averaging \$1,859 or \$2.64 per square foot as reported by CoStar in October of 2020. The five-year annualized rent growth stands at 3.6 percent, which is twice as fast as the Near North Suburban Cook County Submarket.

EXHIBIT 3.10: RENT AND OCCUPANCY TRENDS (2000 - 2020)



Source: CoStar, October 2020

Large Scale Apartment Developments

Nordica apartments is a garden style development with 112 units spread across seven two-story buildings. The unit mix includes one, two and three bedrooms and features laundry facilities and storage units. Market rate rents average from \$968 for 840 square foot one bedrooms, \$1,205 for 1,119 square foot two bedrooms, and \$1,434 for 1,500 square foot three bedrooms. As of mid-October 2020, the development is fully occupied, per CoStar.



Nordica Apartments, 7740 North Nordica Avenue

This complex located at 7900-7920 North Caldwell Avenue is a 60-unit two-story apartment complex with a mix of studios, one and two bedrooms. Market rate rents average \$795 for 450 square foot studios, \$950 for 650 square foot one bedrooms, and \$1,195 for 800 square foot two bedrooms. As of mid-October 2020, the development was 92 percent occupied, per CoStar.



7900 - 7920 North Caldwell Avenue

Senior Housing

There are several housing options for seniors looking to stay in Niles, most of which focus on rehabilitation and skilled nursing. However, only three facilities offer independent living options, one of which is exclusively independent. Information on these facilities is included below.



Embark at Niles by Eclipse Senior Living
8975 West Golf Road

Embark is the only development dedicated to independent senior living. Built in 1987, the 10-story building features 288 studio, one bedroom, and two-bedroom units at market rates. Residents are a mix of long time Village residents, former residents

that moved back, and from outside the area but chose Embark because of proximity to family. Anecdotes from staff indicated the pandemic has impaired occupancy, pushing the vacancy up to 25 percent.

TABLE 3.4: EMBARK VACANCY RATES

Inventory Type	Total Units	Average Square Feet	Average Market Rent/Unit	Vacancy
Studio	95	416	\$2,146	25.3%
1 Bedroom	143	651	\$2,653	24.5%
2 Bedrooms	50	814	\$3,350	24.0%
Total	288	627	\$2,507	24.7%

Source: CoStar as of October 2020



Elevate Saint Andrew Senior Living
7000 North Newark Avenue

Elevate is a full-service senior living facility. The five-story facility has 200 beds and offers a variety of housing options from independent and assisted living to rehabilitation and skilled nursing services.



Presence St Benedict Nursing and Rehabilitation
6930 West Touhy

Presence is one of the smaller senior living facilities in Niles. The two-story facility was constructed in 1957 and has 129 units for independent living, rehabilitation and long-term care.

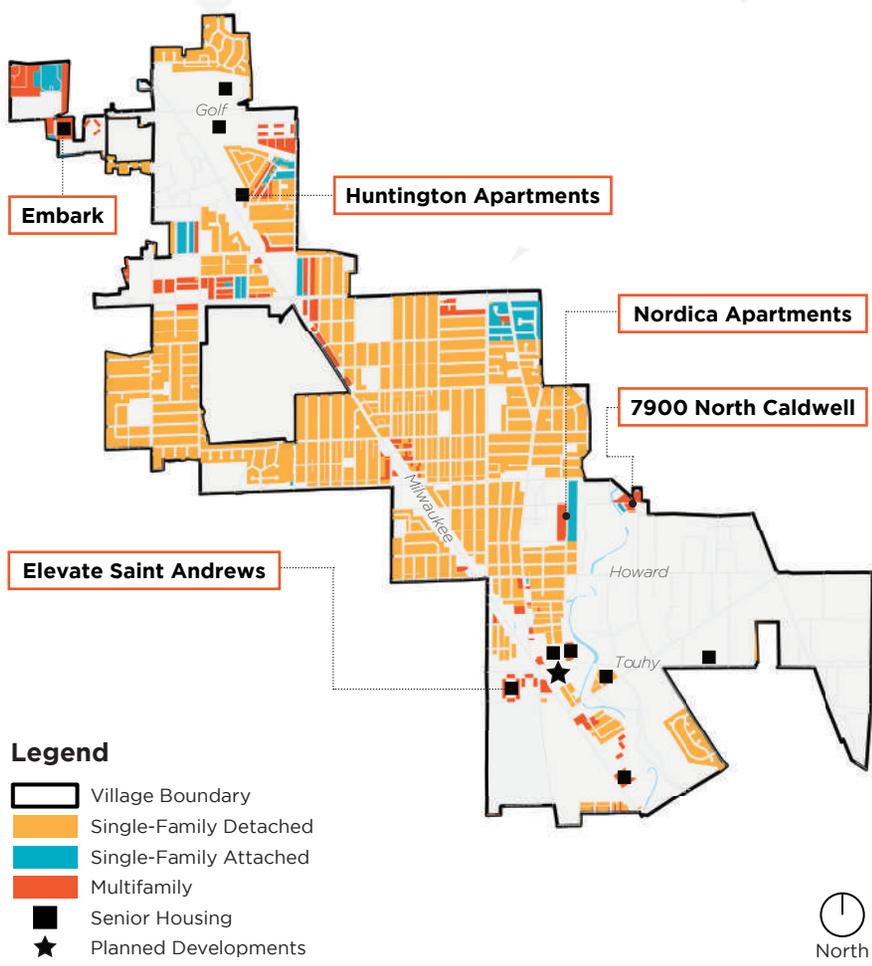
Noteworthy is **Niles Nursing & Rehabilitation** situated on the Village's northern boundary with Glenview. The 303 bed facility is not only the largest senior living provider in the Village, but it is marketed to the Korean community and offers the Midwest's largest program targeted programs and services. This is an attractive amenity that could capture demand from the growing Asian population in the Village.

Affordable Senior Housing

Huntington Apartments, 9201 N Maryland Ave, is an income-restricted apartment development for residents 62 years and older. The 10-story high rise building features 226 one-bedroom units. The Housing Authority of Cook County operates the building and highlights its social services and organized community activities as key amenities. Rents are based on the resident's income. As of October 2020, the building is fully leased and the waiting list has closed.

Although not a senior housing development, the Leaning Tower YMCA Housing Complex, located at 6300 West Touhy Avenue, provides 140 residential apartments for rent. The YMCA of Metro Chicago announced closure of the Leaning Tower YMCA and two other locations in summer 2020. As of October 2020, the Housing Complex will remain operational. Its long-term prospects are unknown as the Touhy Triangle Master Plan envisions the site with new showing, entertainment, and residential uses.

EXHIBIT 3.11: NILES RESIDENTIAL MAP



Housing Demands and Opportunities

Market demand for new homes is a function of many factors, largely household growth. Demand for new residential development in the Village is likely to remain low as the number of households is expected to decline by 2025 according to Esri. However, low vacancy rates, increasing median sale prices, and shortening sale times are encouraging indicators for future residential opportunities.

Demand Segments

While difficult to quantify, there are several demand segments that present near to mid-term opportunities for bolstering the Village's residential market as well as changing the population decline. Focus should be geared towards recent graduates and young professionals looking to move back to Niles, young families wanting more space in a strong school district, and empty nesters and seniors wanting to downsize while remaining in the Village.

Youth Professionals and Families

By 2025, 10 percent of Niles residents are expected to be in the 25 to 34 age bracket and another 12 percent will be 35 to 44 years of age. Anecdotes from local real estate professionals highlight the desirability of Niles by these age segments but cite the aging housing stock and high costs of renovation and potential low return on investment as challenges. In spite of these concerns, detached single family homes remain affordable and are selling quickly, highlighting the Village's desirability for potential first time home buyers and new families.

Attached housing types, such as townhomes and duplexes, could potentially be attractive to this segment too. This housing type could provide an entry point into the Village for those looking for an alternative starter home. New multifamily types, including condominiums and apartments, would appeal young professional looking to move back to Niles but who are not yet ready for home ownership.

Senior and Active Adult Housing Needs

Shifting demographics within the Village – most specifically the aging population – will play a role in determining housing needs over the near and mid-term. Opportunities are expected to strengthen over the next five years in the following areas:

- **Senior Housing:** by 2025, more than 40 percent of Niles residents are expected to be age 55 and older. This includes over 5,100 residents age 75 or older. Yet the total current supply of service-oriented housing geared for seniors is just over 1,500 assisted living units and skilled nursing units – only 288 of which are market rate.
- **Active Adult Housing:** Similarly, age-restricted active adult housing geared toward those 55 and older is lacking within the Village. There is just one active community – Embark Senior Living – and it is targeted to residents 62 and older. Additional active adult homes in small-scale, maintenance-free communities could help fill this gap.



Rental Property in the Village

COMMERCIAL AND RETAIL ASSESSMENT

The following section provides an analysis of the commercial retail conditions in the Village of Niles, identifying trends within both Niles and the larger competitive market area. Data was collected through multiple methods and sources to complete this initial analysis, and will be used to inform recommendations to enhance the competitive position of Niles to make it a more active retail destination for residents and visitors.

Metropolitan Chicago and North Suburbs Retail Trends

CBRE, a prominent national brokerage firm, includes Niles and neighboring communities in its North Suburbs Submarket. Within the market, CBRE tracks performance metrics for 59 prominent retail properties encompassing 9.78 million square feet of space. As of third quarter of 2020, vacancy rates within the submarket stood at ten percent – which is a 1 percent increase from the second quarter of 2020, and comparable to the City of Chicago at 10 percent.

Market conditions within the North Suburbs Submarket, as well as within the Chicago region as a whole, continue to fluctuate in response to the ongoing global COVID-19 pandemic, which hit in March 2020. The forced closures accelerated bankruptcies of JCPenney, and increased closures of large and small retailers alike. Retailers providing essential goods and services have weathered better in the current conditions, in particular grocery stores, home improvement stores, and sporting goods.

Restaurants and other small businesses were hit particularly hard as public health guidelines restricted occupancy levels. Many businesses adapted and implemented innovative solutions to bolster business, such as take-home meals and expanded outdoor dining. The total effect of the pandemic on performance metrics remains unclear.

EXHIBIT 3.12: METROPOLITAN CHICAGO SUBAREA MAP



Source: CBRE, Market Report Q3 2020

TABLE 3.5: KEY MARKET INDICATORS, RETAIL

Submarket	# Properties	Gross Building Square Footage	Vacancy Rates	Average Asking Lease Range (\$/SF/Year)
North Suburbs	59	9,781,946	9.7%	\$16.64 - \$22.42
City of Chicago	111	16,317,687	9.5%	\$18.45 - \$24.00

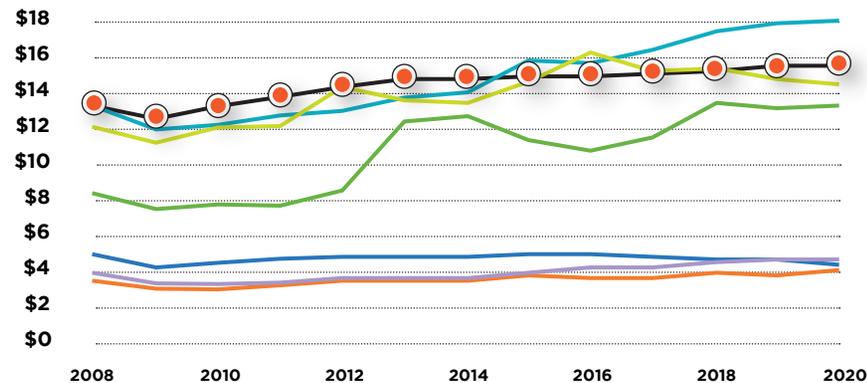
Source: CBRE, Market Report Q3 2020

Retail Market Conditions and Trends

Municipal sales tax revenues provide a proxy measure of overall retail activity and market growth. An examination of sales tax revenue for Niles and neighboring communities show that the Village is second only to Glenview, highlighting its position as a major retail destination. Post-recession years saw a rebound in retail sales tax collection as the economy improved and consumer confidence grew.

In fiscal year 2020, which ended in June, the Village collected nearly \$15.7 million in sales tax. Despite a strong year, the Village's retail sales tax collections have remained relatively unchanged over the last five years. Closures of once prominent retailers, such as Sears, have likely contributed to the stagnation.

EXHIBIT 3.13: COMPARATIVE RETAIL SALES TAX CHART, SURROUNDING COMMUNITIES



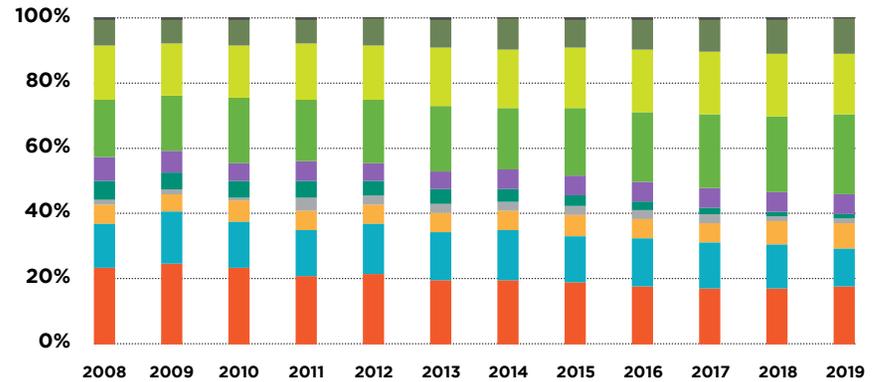
Source: Illinois Department of Revenue, Fiscal Year July to June

— Niles — Skokie — Des Plaines — Glenview / Golf
 — Morton Grove — Lincolnwood — Park Ridge

The drivers of the Village's retail sales taxes have shifted over the years. Once the leading generator of sales tax in Niles, the General Merchandise category, which includes stores like Target and Walmart, has seen sales steadily diminish over the last decade. Despite this, General Merchandise accounts for a significant portion of the Village's sales taxes, amounting to 17 percent of all sales in 2019. Automotive and Filling Stations and Drugs and Miscellaneous

Retail have contributed to the increased sales over the decade, accounting for 24 percent and 19 percent of all sales in 2019. These trends are shown in graphics below.

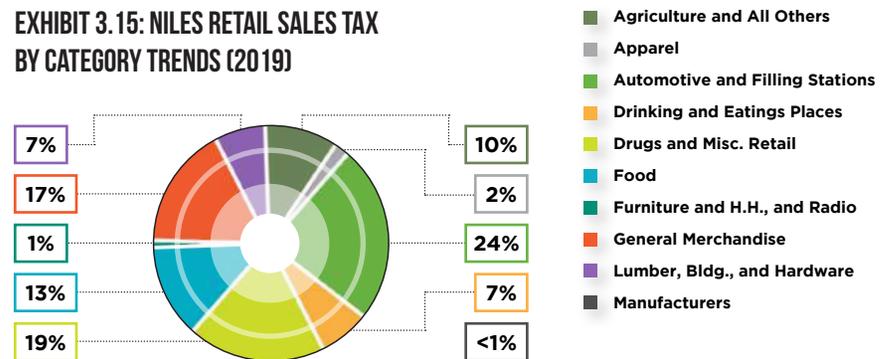
EXHIBIT 3.14: NILES RETAIL SALES TAX BY CATEGORY TRENDS (2008 - 2019)



Source: Illinois Department of Revenue, Goodman Williams Group

Notably, the shift towards e-commerce has impacted retailers with a traditional brick and mortar presence, such as Apparel and Furniture, Household, and Radio establishments. Both have experienced steady decline in sales since the Great Recession, with drops of 10 percent and 12 percent respectively from 2018 to 2019.

EXHIBIT 3.15: NILES RETAIL SALES TAX BY CATEGORY TRENDS (2019)



Source: Illinois Department of Revenue, Goodman Williams Group

Retail Inventory

The Village has a substantial retail inventory of more 5.2 million square feet. Most of the retail inventory is concentrated along Milwaukee Avenue, with nodes at Oakton Street, Dempster Street, and Golf Road. Average daily traffic counts ranging from 23,000 to 35,000 along Milwaukee Avenue make it a desirable corridor for many national and regional retailers.

The Village is home to fourteen shopping centers with more than 100,000 square feet and numerous freestanding big box retailers and grocers. Unlike many of its neighbors, Niles has two distinct market areas, largely defined by the clustering of these shopping centers and freestanding big boxes at Golf Road on the north and Touhy Ave on the south. Several big box retailers, including Target, Walmart, and Home Depot, have multiple locations in Niles, reinforcing the Village's attractiveness as a retail destination.

The retail market in Niles strengthened since the Great Recession, but has slowed in the last five years. Vacancy rates, as reported by CoStar, a leading provider of real estate metrics, recovered in the post-recession years, dropping to as low as 4.1 percent in 2014. However, the closure of numerous stores, including national retailers Sears and Meijer, pushed the vacancy levels up in the last five years, reaching 9.1 percent in 2019. At this time, high vacancy rates plague several of the shopping centers, most notably Golf Mill Shopping Center and Golf Glen Mart.

EXHIBIT 3.16: NILES RETAIL INVENTORY AND VACANCY (2006 - 2020)

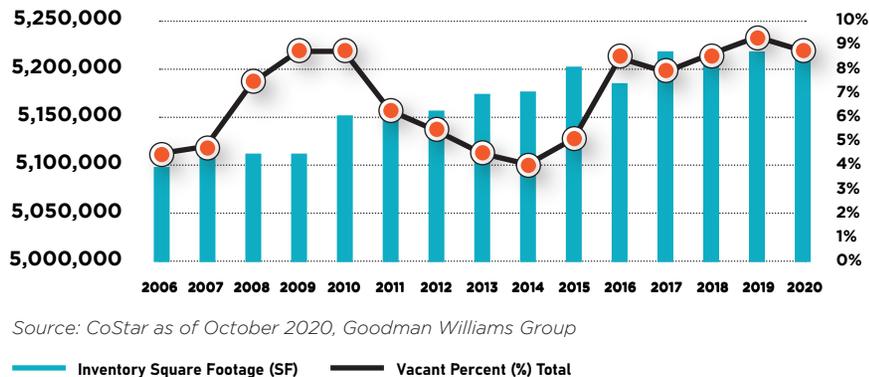


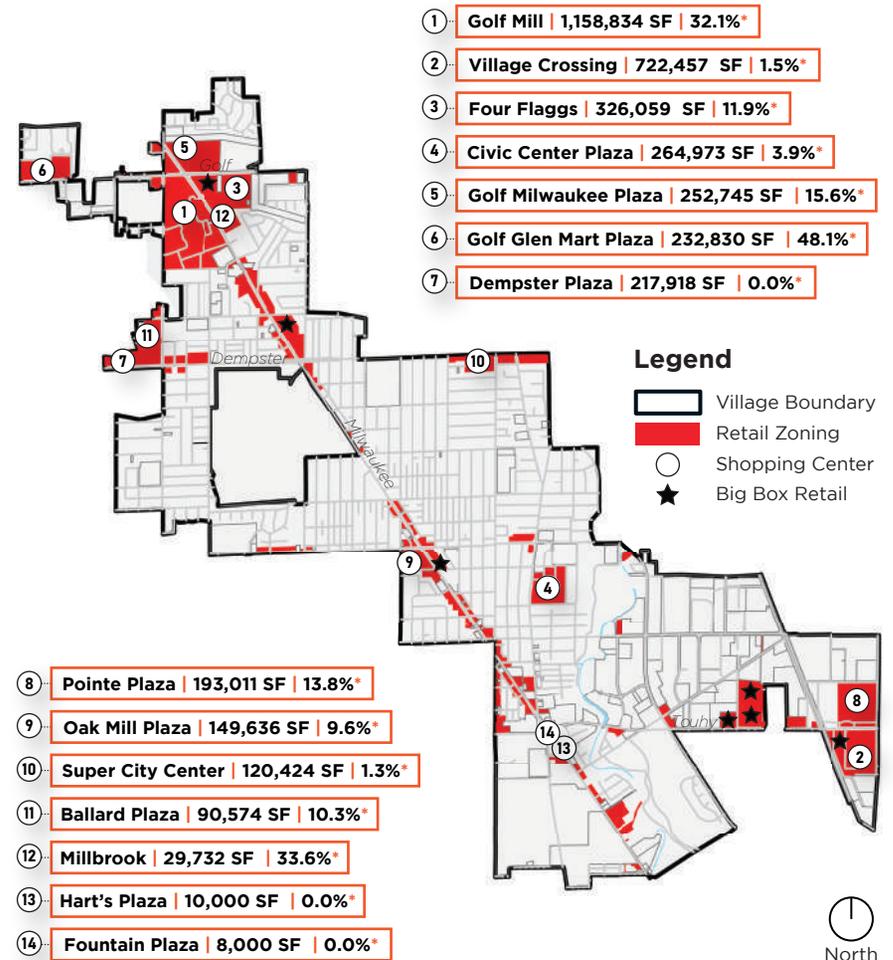
TABLE 3.6: NILES RETAIL MARKET INDICATORS (2020)

Inventory Square Footage	Under Construction	Net Absorption	Vacancy Rate	Market Rate
5,216,013 SF	0 SF	-13,200	8.80%	\$22.32 / SF

Source: CoStar, October 2020

EXHIBIT 3.17: NILES SHOPPING CENTERS AND BIG BOX RETAILERS

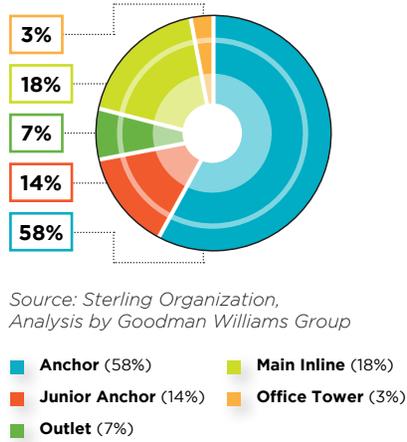
*Vacancy Rates



Golf Mill Shopping Center

The largest shopping destination in Niles is Golf Mill Shopping Center (#1 on the map on the prior page) with more than 1.1 million square feet of space on 66 acres. Easily identified by its mid-rise circular office tower, Golf Mill was once a premier shopping center in the region but has been struggling with increasing vacancies in recent years. The shopping center is anchored by national tenants Target, JCPenney, Value City Furniture and AMC Theatres, and houses dozens of smaller mall, inline, and office tower tenants. As of August 2020, it had an occupancy rate of 68 percent.

EXHIBIT 3.18:
GOLF MILL SHOPPING CENTER TENANCY



Source: Sterling Organization, Analysis by Goodman Williams Group

Anchor tenant space comprises nearly 60 percent of the total square footage but also accounts for over half of the total vacancy. Sears, which previously anchored over 220,000 square feet, closed in 2018 and remains vacant. Kohl's announced plans to close its Golf Mill location at end of October 2020 and relocate to Sawmill Station in Morton Grove. JCPenney filed bankruptcy in May 2020, leaving the future of the Golf Mill location in question. Shop & Save grocery store, a long time outlot anchor, closed in March 2020.

The Sterling Organization purchased the site in 2014 and has been repositioning the center with renovations and the addition of new out lot tenants. Chase Bank recently constructed a branch on a portion of the parking lot along Milwaukee Avenue and Chick-fil-A is proposed for the north exit at Golf Road and Greenwood Avenue. Burlington signed a lease to occupy the vacated Kohl's space, however, its timing has not been announced. The Sterling Organization is in ongoing discussions with the Village about future redevelopment plans, details of which have not been made available.

TABLE 3.7: GOLF MILL VACANCY

Status	Square Footage	Percentage (%)
Occupied	786,894 SF	67.9%
Vacant	371,597 SF	32.1%
<i>Anchor</i>	213,502 SF	57.5%
<i>Jr. Anchor</i>	25,844 SF	7.0%
<i>Outlot</i>	16,305 SF	4.4%
<i>Mail Inline</i>	101,218 SF	27.2%
<i>Office Tower</i>	14,728 SF	4.0%
Total	1,158,491 SF	100.0%

Source: Sterling Organization as of August 2020



Golf Mill Shopping Center

Golf Glen Mart

Golf Glen Mart at 9000 West Golf Road is a 232,830 square foot shopping plaza, nearly half of which is vacant. Current tenants include Moviemax Cinemas, MB Financial, Omega Pancake House Restaurant, a diverse mix of Asian restaurants and stores, and service-oriented tenants. Meijer previously anchored 104,000 square feet but closed its location in 2016. Plans to re-tenant the building are underway.

Other Retail Centers

A variety of commercial uses, eating and drinking establishments and entertainment uses are also located along Milwaukee Avenue and adjacent corridors. These include a variety of fast food, fast casual, and full-service restaurants, including a wide variety of ethnic restaurants, food-serving bars and pubs, recreation uses, the Niles Park District Oasis Waterpark, and Sky-High Sports Niles near the Touhy Triangle.

Asian retailers and businesses are some of Niles' most unique and varied retail assets, attracting shoppers from outside Niles into the Village.



H Mart, 801 Civic Center Drive

Snapshot of Niles Ethnic Retailers

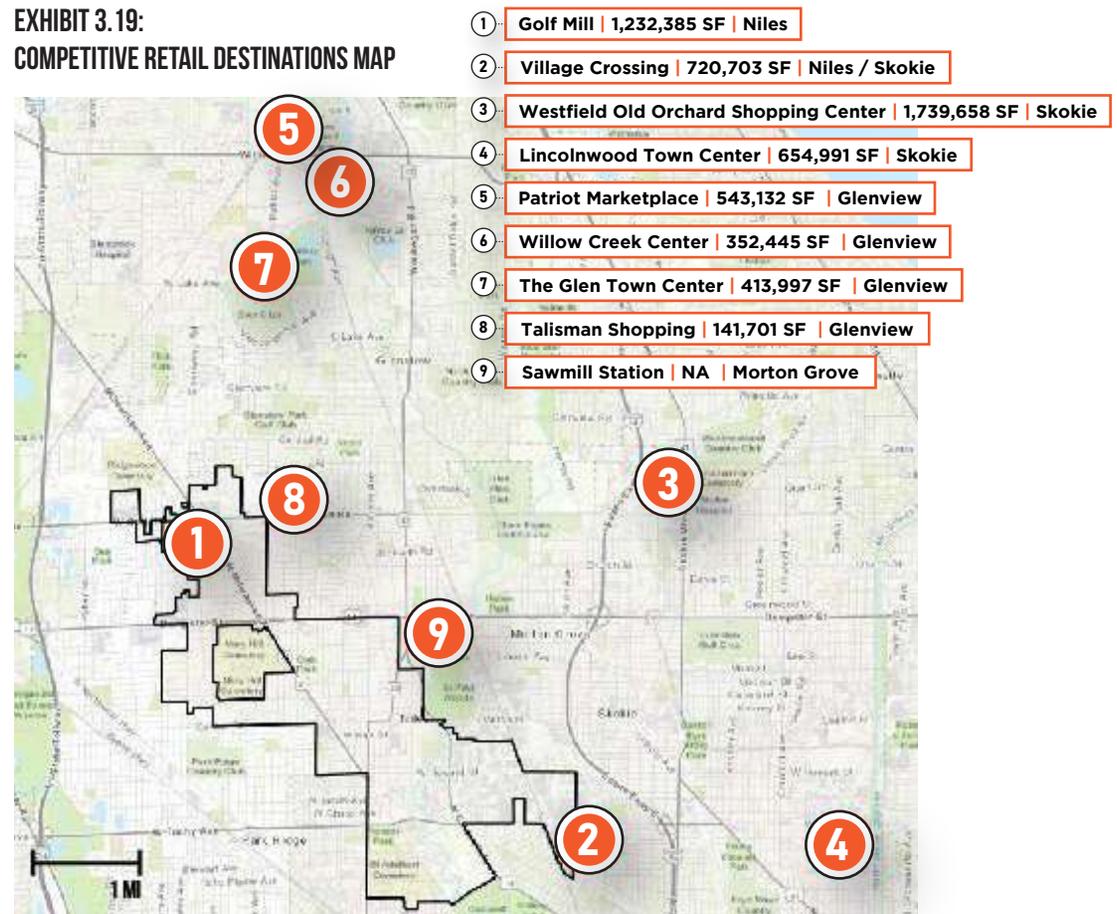
- **H Mart**, an Asian grocery with imported food and ready to serve meals, opened a flagship store in 2006 at Civic Center Plaza at 801 Civic Center Drive. The 250,000 square foot shopping center also features King Spa, a Korean spa and sauna, as well as The Home Depot, and O'Reilly Auto Parts.
- **Patel Brothers**, a national Indian grocery chain, opened a 40,000 square foot store in 2019 on a parcel adjacent to Four Flags Shopping Center, the southeast corner of Golf Rd and Milwaukee Ave. The Niles location is the chain's second largest store out of 56 locations.
- **Assi Plaza International** at 8901 North Milwaukee Avenue is a 6,200 square foot grocery store providing Asian groceries, fresh produce and prepared foods.
- **MovieMax Cinemas** at Golf Glen Mart is a 26,000 SF movie theater dedicated to Indian language movies.

Competitive Retail Destinations

Retail centers within Niles compete with those in the surrounding communities of Skokie, Lincolnwood and Glenview for area consumers' shopping business. Over 5.3 million square feet of retail space is spread across thirteen shopping centers in neighboring communities, offering a wide variety of shopping and dining options.

Three of the largest multi-tenant centers are located close to the I-94 corridor in Skokie and Lincolnwood. Glenview is a competitive retail destination with its 2 million square feet of retail space.

EXHIBIT 3.19:
COMPETITIVE RETAIL DESTINATIONS MAP



Source: CoStar, October 2020

Retail Opportunities

One analytic tool used to identify possible retail opportunities within a market area is a calculation of the leakage, or gap, between the expenditure potential of households and estimates of actual sales from area businesses. The retail gap is the difference between the demand from households residing in Niles and the estimate of sales from existing Niles stores.

A negative number (red) suggests that sales (supply) exceed local demand, indicating that stores are attracting shoppers from other communities. A positive number (green) suggests that demand exceeds local supply, indicating that shoppers are traveling outside the Village for these purchases.

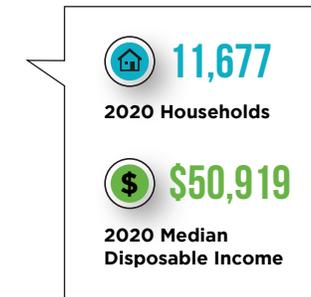
In nearly all categories, as shown in the following table, Niles is attracting shoppers from other communities except for Other

Motor Vehicle Dealers, Lawn and Garden, Direct Selling. The largest contributors to retail sales are General Merchandise stores (\$461.5 million) and Food and Beverage Stores (\$114.4 million).

TABLE 3.8: NILES RETAIL GAP ANALYSIS

Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
Total Retail Trade and Food & Drink	\$428,790,825	\$1,502,711,429	-\$1,073,920,604
Total Retail Trade	\$385,197,350	\$1,387,110,145	-\$1,001,912,795
Total Food & Drink	\$43,593,475	\$115,601,284	-\$72,007,809
Motor Vehicle & Parts Dealers	\$77,284,110	\$127,141,456	-\$49,857,346
<i>Automobile Dealers</i>	\$63,646,708	\$117,750,923	-\$54,104,215
<i>Other Motor Vehicle Dealers</i>	\$6,291,950	\$0	\$6,291,950
<i>Auto Parts, Accessories & Tire Stores</i>	\$7,345,452	\$9,390,533	-\$2,045,081
Furniture & Home Furnishings Stores	\$12,766,507	\$49,459,302	-\$36,692,795
Building Materials & Supply Stores	\$26,528,810	\$76,472,342	-\$49,943,532
<i>Building Material & Supplies Dealers</i>	\$24,006,045	\$75,286,290	-\$51,280,245
<i>Lawn, Garden & Supply Stores</i>	\$2,522,765	\$1,186,052	\$1,336,713
Food & Beverage Stores	\$64,430,301	\$178,875,815	-\$114,445,514
Health & Personal Care Stores	\$26,036,165	\$76,287,015	-\$50,250,850
Gasoline Stations	\$39,060,041	\$54,157,839	-\$15,097,798
Clothing & Clothing Accessories Stores	\$21,777,625	\$79,379,106	-\$57,601,481
Hobby, Book & Music Stores	\$10,323,118	\$48,856,724	-\$38,533,606
General Merchandise Stores	\$67,063,317	\$528,589,451	-\$461,526,134
Miscellaneous Store Retailers	\$13,838,487	\$57,500,014	-\$43,661,527
Electronic Shopping & Mail-Order	\$11,000,909	\$87,772,002	-\$76,771,093
<i>Vending Machine Operators</i>	\$296,850	\$699,997	-\$403,147
<i>Direct Selling Establishments</i>	\$2,168,827	\$288,888	\$1,879,939
Food Services & Drinking Places	\$43,593,475	\$115,601,284	-\$72,007,809

Source: Esri Business Analyst, 2020



ALDI Grocery Market, 6250 West Touhy Avenue

Retail Outlook

Nationwide, the future of retail has been in flux in recent years as retailers respond to the growth of online shopping and Amazon continues its expansion in the retail sector. The global pandemic accelerated retail closures, and the long-term impacts on retail remain to be seen; however, it has highlighted several opportunities the Village can focus on in the near and mid-term.

First, the need for essential retail, like grocery stores and general merchandise, has been reinforced. Specialty grocery stores, such as H-Mart and Patel Brothers, were consistently highlighted by stakeholders as unique assets in the Village. As the Asian population continues to grow and diversify, there is opportunity to foster more businesses catered to this burgeoning segment and market them as cultural destinations to the greater region.

Secondly, as people spend more time at home, they are making improvements to ensure their home fits their growing needs. The Village has an opportunity to encourage residents to shop local and support businesses and entrepreneurs in the Home Improvement and Lawn and Garden retail categories.

The Village is an established retail destination; however, its growth has stagnated as national and regional retailers continue to reexamine business operations and real estate needs. The pandemic has accelerated many store closures. Prolonged vacancies at several shopping centers, like Golf Glen and Golf Mill, will continue to stymie the growth of the Village's retail market. These shopping centers occupy significant acreage on prime corridors, and with uncertainty around retail in the future, the Village should actively work with property owners on long term plans to creatively reactivate underutilized yet valuable real estate.

Lastly, the ongoing pandemic has highlighted the importance of locally owned businesses to communities. Pandemic-driven marketing campaigns have been led by the Village and Niles Chamber of Commerce and Industry to promote supporting locally owned retailers and businesses. Making these coordinated efforts permanent is encouraged as a way to bolster growth of the Village's retail market.



OFFICE ASSESSMENT

This section highlights the office conditions across Niles as well as trends in both the Village and the larger suburban office market. The ongoing pandemic presents challenges for the current office market in both Niles and the larger office submarkets as a whole. The lack of new office developments is due to the Village's proximity to the O'Hare Office Submarket, a preeminent office destination outside the Chicago Central Business District. However, the Village's existing office space has potential to capture demand from several segments in the near and mid-term.

Suburban Office Market Trends

Jones Lang LaSalle (JLL), a leading global brokerage firm, includes Niles and the surrounding communities in its North Cook County Submarket. Within the market, JLL tracks numerous performance metrics for more than 9.69 million square feet of office space. As of third quarter of 2020, vacancy rates for all asset classes within the submarket were 18 percent - the second lowest of all Suburban office submarkets and nearly seven percent lower than the area, at 25 percent. Average asking market rents range from \$32.90 for Class A space to \$24.21 for Class C space.

TABLE 3.9: KEY MARKET INDICATORS IN NORTH COOK COUNTY SUBMARKET, Q3 (2020)

Category	Total Inventory SF	Total Net Absorption SF	YTD Net Absorption SF	YTD Net Absorption %	Direct Vacancy %	Total Vacancy %	Average Asking Rent \$/SF
Total	9,696,721	-13,480	-47,305	-0.5%	16.4%	18.6%	\$28.45
Class A	4,450,017	21,642	20,753	0.5%	16.2%	20.8%	\$32.90
Class B	4,279,726	-19,718	-33,997	-0.8%	14.8%	15.0%	\$25.32
Class C	966,978	-15,404	-34,061	-3.5%	23.9%	24.2%	\$24.21

Source: Jones Lang LaSalle, Office Market Report, Q3 2020

Class A spaces are typically the newest buildings with the highest quality finishes, state of the art systems and high rents. Class B buildings tend to have fair to good finishes and average rents for the area. Class C spaces tend to be older buildings in need of extensive renovation and have the lowest office rental rates.

Across the Suburban office markets, more than 500,000 square feet of additional sublease space became available in the third quarter of 2020. Increased vacancy rates are expected as more sublease space becomes available. JLL expressed continued uncertainty of near-term office demands as the COVID-19 pandemic endures, and companies reassess their real estate strategies.

Niles Office Inventory

Niles has more than 930,000 square feet of office space, spread across 44 buildings as identified by CoStar. The vacancy rate, as reported by CoStar, stands at six percent, nearly three times lower than the North Cook County submarket as a whole. As with many office markets around the country, the Village's office supply was slow to recover from the Great Recession but reached as low as 3.7 percent vacancy in 2017. Asking market rents for all asset

classes average \$24.09 per square foot, which is lower than that of the North Cook County submarket, at \$28.45 per square foot.

The office space is located mostly in the southern portion of the Village. Small clusters are near Oakton Street and Milwaukee Avenue and scattered between Howard Street and Touhy Avenue. A handful of office spaces are north of Dempster Street, including the iconic nine-story office tower at Golf Mill.

Over 72 percent of the office inventory, or 32 buildings, is one and two-story Class C space averaging 22,500 square feet, of which 22 percent is utilized as medical office. Desirability for Class C space in the Village has strengthened over the last few years. Vacancies, which peaked in 2016 at 10.6 percent, dropped to a low rate of 4.5 percent in third quarter of 2020. This stands in stark contrast to Class B buildings, which have risen to 11.8 percent in third quarter of 2020 from 4.3 percent in 2017.



Shure Corporation Building, 5800 West Touhy Avenue

The only Class A office building in Niles is occupied by Shure Corporation at 5800 W Touhy Ave. This 267,000 square foot building was constructed in 2001 and, at seven stories, is one of the more prominent buildings in the Village.

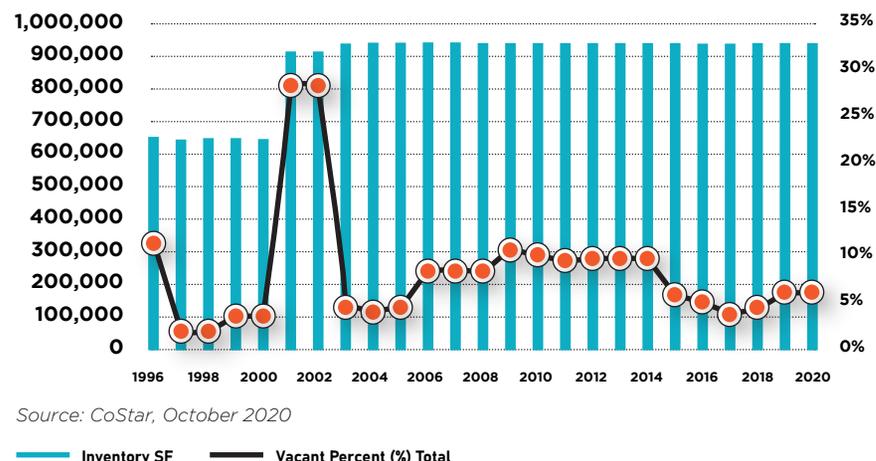
Aside from the Shure Corporation building, there has only been one new office building constructed in nearly twenty years. The Northside Community Bank Building at 8060 West Oakton Street was built in 2003 and is approximately 20,000 square feet in size. Only a handful of office buildings have undergone renovation since 2000. There are currently no office buildings under construction or planned in the Village.

TABLE 3.10: NILES OFFICE INVENTORY

Total Buildings #	Total Inventory SF	Under Construction SF
44	932,350	0
Net Absorption SF	Vacancy Rate %	Average Market Rent \$ / SF
-17,500	6.10%	\$24.09

Source: CoStar, October 2020

EXHIBIT 3.20: NILES OFFICE INVENTORY AND VACANCY (2020)



Source: CoStar, October 2020

Office Opportunities

The long-term impacts of the pandemic on the office market remain to be seen; however, remote working has become normalized as employees were forced to stay home. Uncertainty around timing of a vaccine and economic stability is causing many companies to reassess their longer term office space needs. JLL and other national brokerage firms are tracking potential corporate urban exits and satellite suburban office openings.

Historically, the Village has not been a destination for large office developments but rather smaller office spaces along its arterials. Demand for large corporate office buildings in the Village is unlikely to strengthen in the future; however, the Village has a stable Class B and C office inventory that could capture demand from companies or entrepreneurs seeking affordable low density space. There is also an opportunity to capitalize on remote working and provide co-working spaces for Village residents seeking temporary workspace outside their home.

INDUSTRIAL ASSESSMENT

Major industrial development in northern portions of the Chicago region is dependent on proximity to the interstate highway system. The Village's proximity to the Edens Expressway, I-294 and I-90 bolsters its strong industrial market. Trucks of varying sizes are frequently seen moving in and out of industrial parks near the Touhy Triangle, which has emerged as a strategic logistics location as evidenced by heavy average daily truck volume. Despite strong performance in key real estate metrics, the industrial landscape is aging and limited by lack of space for new development.

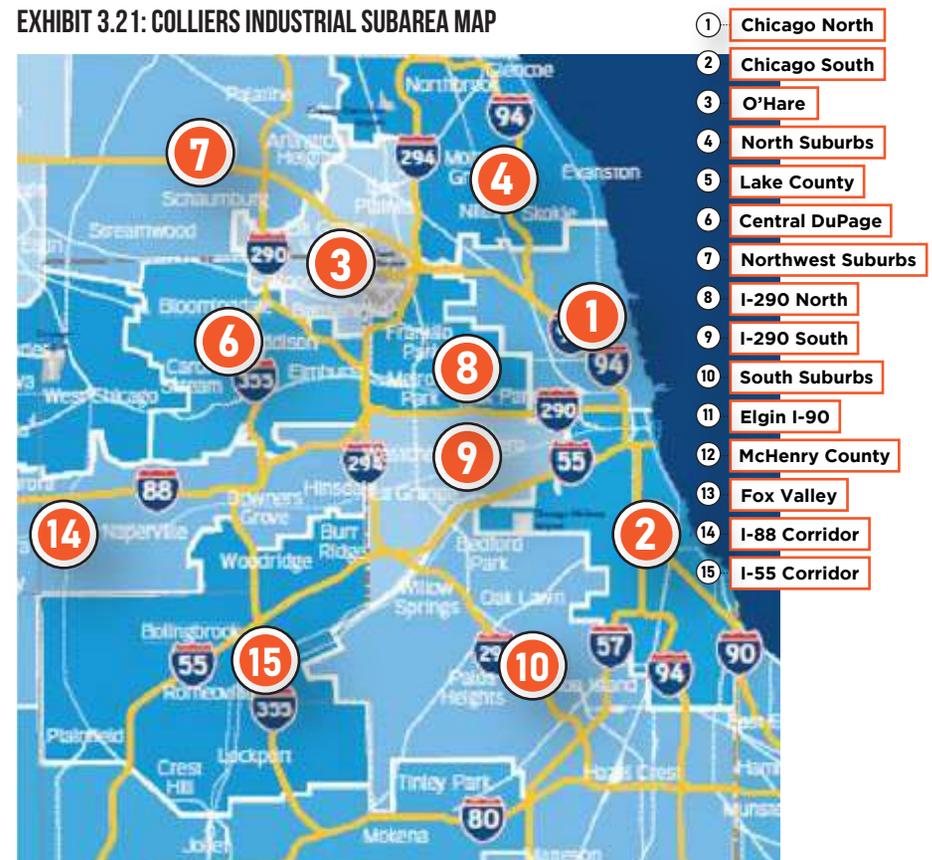
Suburban Industrial Market Trends

Colliers International, a global brokerage firm, tracks the performance metrics of 57.7 million square feet of industrial space in the North Suburbs Industrial Submarket, which includes the Village of Niles and neighboring communities in northern Cook County. The industrial market has not been immune to the ongoing pandemic, rattled by supply chain disruptions as the municipalities shut down; however, it has proven more resilient in the short term than other industries. North Suburbs subarea is shown as number 4 on the map to the right.

Through second quarter of 2020, the North Suburbs Industrial vacancy rate pushed up to 4.3 percent, the highest since first quarter 2019, as new speculative developments came online in Wheeling. This remains lower than that of the Metro Chicago industrial submarket as a whole, which stands at 6.25 percent. Net absorption turned negative in the second quarter as little leasing activity took place and new vacancies came online, totaling negative 169, 436 square feet. No new industrial buildings are under construction or planned in the North Suburbs. Forecasts anticipate increased vacancy rates in the short term as companies reassess business strategies and real estate needs, but foresee demand returning as economic uncertainty subsides.

Colliers highlighted the resiliency of several industrial occupiers throughout the pandemic, notably e-commerce, food and beverage users, packaging companies, and healthcare related users. Amazon confirmed this by signing leases for more than 7.2 million square feet throughout Metro Chicago, expanding its growing last mile distribution network. There are two Amazon distribution centers, one in Skokie and one in Morton Grove.

EXHIBIT 3.21: COLLIERS INDUSTRIAL SUBAREA MAP



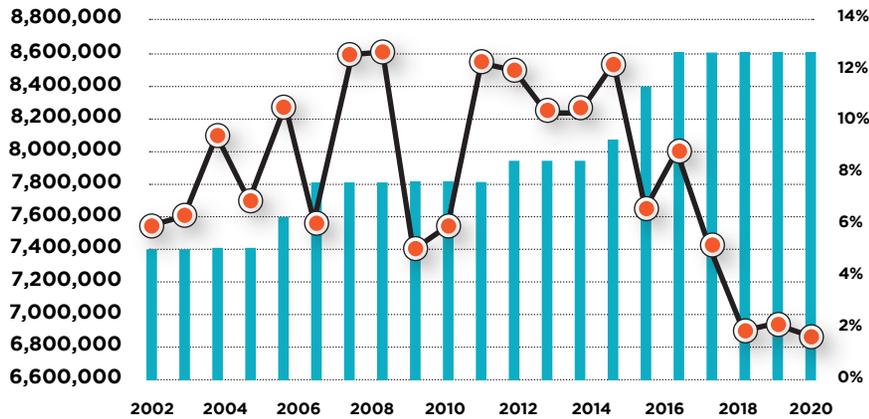
Source: Colliers International, Q2 2020

Industrial Trends

The Village has more than 8.6 million square feet of industrial space. It is concentrated between the North Branch of the Chicago River and Caldwell Ave on the west, the Edens Expressway (I-94) on the east, Howard to the north, and Touhy Ave on the south. Despite the ongoing pandemic and economic uncertainty, the Village's industrial space has remained strong. In third quarter of 2020, it had a remarkably low vacancy rate at 1.7 percent, as reported by CoStar, and the rate has been trending down since peaking in 2007 at 12.7 percent.

The inventory is older, averaging 1970 in age, and is a mix of single story industrial space with flexible space and multiple loading docks. New inventory was added between 2014 and 2016 but has since leveled out. Most renovation occurred in the late 1990s and early 2000s. There are no new industrial projects planned or under construction in the Village. Despite the aging space, the average market rent per square foot stands at \$8.19 and has been trending upwards over the last ten years.

EXHIBIT 3.22: NILES INDUSTRIAL INVENTORY AND VACANCY CHART (2020)



Source: CoStar, October 2020

Inventory SF Vacant Percent (%) Total

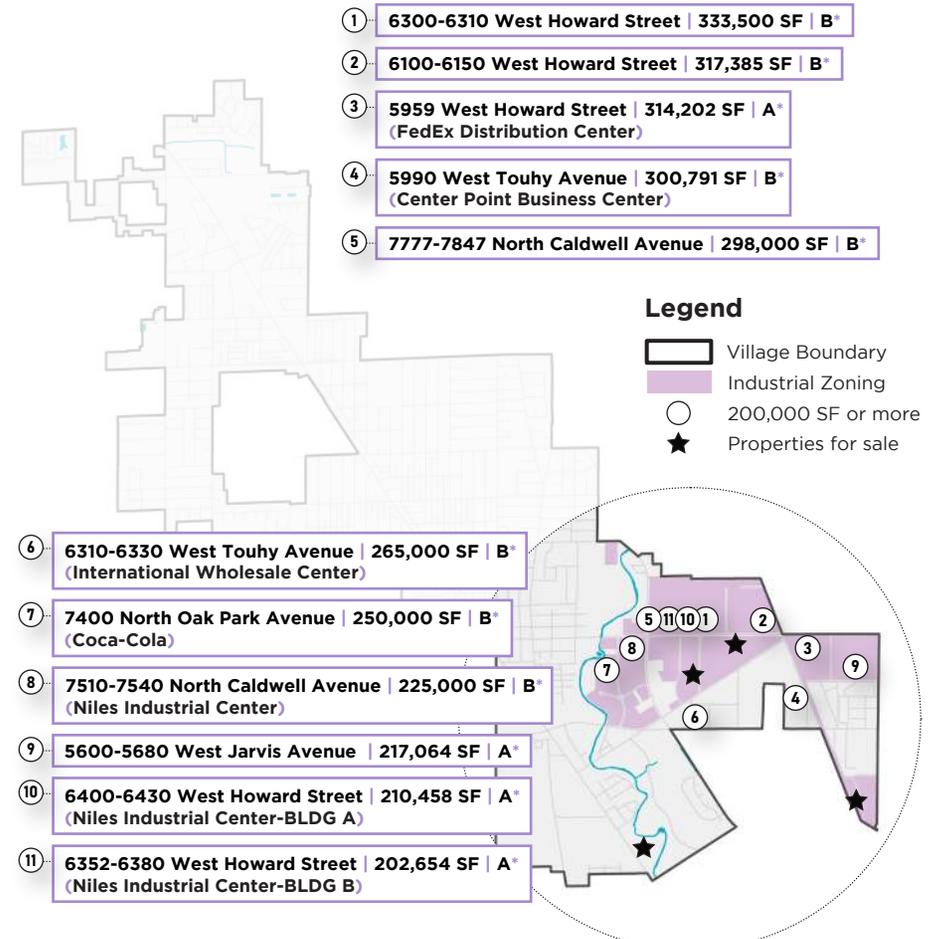
TABLE 3.11: NILES KEY INDUSTRIAL MARKET INDICATORS (2020)

Inventory Square Footage	Under Construction	Net Absorption	Vacancy Rate	Market Rate
8,601,223 SF	0 SF	51,900	1.70%	\$8.19 / SF

Source: CoStar, October 2020

EXHIBIT 3.23: NILES INDUSTRIAL INVENTORY MAP

*Class Designation



Recent Industrial Developments

As noted, there has been little new industrial development in the Village over the last twenty years. The latest developments largely occurred as a result of Grainger's departure from Niles, as described below.

Scannell Properties acquired the former Grainger distribution facility on the southeast corner of Howard Street and Lehigh Avenue, and brought in FedEx Ground as a new tenant in a build-to-suit project. The 34-acre site was redeveloped into a 306,448 square foot automated package and sorting distribution center with 249 exterior trailer stalls and more than 500 employee parking spaces. The project reportedly cost \$30 million. FedEx has a 15-year lease on the property with several renewal options available. The property was sold in 2019 for \$84.26 million, highlighting the value of the property within the larger industrial market.



FedEx Facility, 5959 West Howard Street

Woodward, Inc, an aviation systems and aerospace technology company, expanded their presence in the Village in 2015. Prior to construction, operations were distributed across five separate buildings. The new building at 6300 West Howard Street consolidates operations into a single building. The 334,700 square foot building features approximately 234,000 square feet of production space, in a former Grainger building, and 100,000 square feet of new office space in the front of the building.



Woodward, Inc. Facility, 6300 W Howard Street

Although smaller in scale, it is important to highlight the renovation of existing warehouse spaces into alternative uses. Most recently, Une Annee Brewing, the Village's first microbrewery moved from its Golf Rd location into 6343 West Gross Point Road, a 26,838 square foot warehouse space. In addition to doubling seating space, the renovation expanded their production capacity and added kitchen facilities to allow for food service.



Une Annee Brewing, 6343 West Gross Point Road

Properties on the Market

There are only a few industrial properties currently listed on the market in Niles. As of October 2020, CoStar identifies three active listings around the Touhy Triangle:

- **6143 West Howard Street** is a vacant 34,347 square foot Class C building built in 1962 last renovated in 1980. A sale price was not disclosed.
- **7000 Austin Avenue** is a single story, 50,730 square foot Class B warehouse with front office space. The building was constructed in 1981. Rico Industries, a wholesale gift and novelty product manufacturer and distributor, currently occupies the space. CBRE, the listing brokerage firm, does not disclose a sale price.
- **6633 North Milwaukee Avenue**, is marketed for sale by Colliers International. The 73,000 square foot industrial building was constructed in 1960 and sits on 5.5 acres. Marketing materials highlight the property as prime for redevelopment. HESCO Industries, a janitorial cleaning supply company, owns the property and uses the property for its operations.

Industrial Opportunities

Aging inventory and lack of new industrial land presents challenges for future industrial expansion in the Village. New industrial development is not likely to be a major component of Niles' future as space remains limited and focus remains on transforming the Touhy Triangle into a mixed-use shopping and entertainment destination. Any future industrial development activity will likely occur as modernization of smaller existing space, like Une Annee Brewing, or the large scale redevelopment of several buildings, as done with the FedEx distribution center and Woodward, Inc building.

