

**RETAIL MARKET STRATEGY STUDY
KEY RETAIL AREAS
VILLAGE OF CAROL STREAM**

Prepared For:

**VILLAGE OF CAROL STREAM
DEPARTMENT OF COMMUNITY DEVELOPMENT
CAROL STREAM, ILLINOIS
APRIL 2023**





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April 10, 2023

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Village of Carol Stream
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**In re: Retail Market Strategy Study
Carol Stream, Illinois**

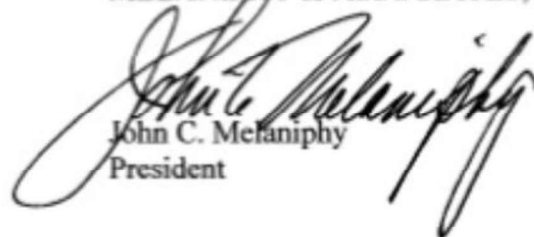
Dear Mr. Bastian:

We have completed the *Retail Market Strategy Study* and determined the market feasibility for new retail development in Carol Stream in the Key Retail Areas of the Village. We believe the market statistics provided in this report will assist the Village with their retail development attraction initiatives. We have determined the overall market potential and the types of retailers best suited to meet market demand. The objective is to strengthen and expand the Village's retail base by determining the market for additional retail facilities in Carol Stream. The Retail Market and Implementation Strategy Study will provide the Village with a **market-driven retail strategy** for the Key Retail Areas of the community.

We sincerely appreciate the opportunity to assist the Village of Carol Stream in the orderly development of the Key Retail Areas in the Village.

Respectfully submitted,

MELANIPHY & ASSOCIATES, INC



John C. Melaniphy
President

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SECTION I
ASSIGNMENT

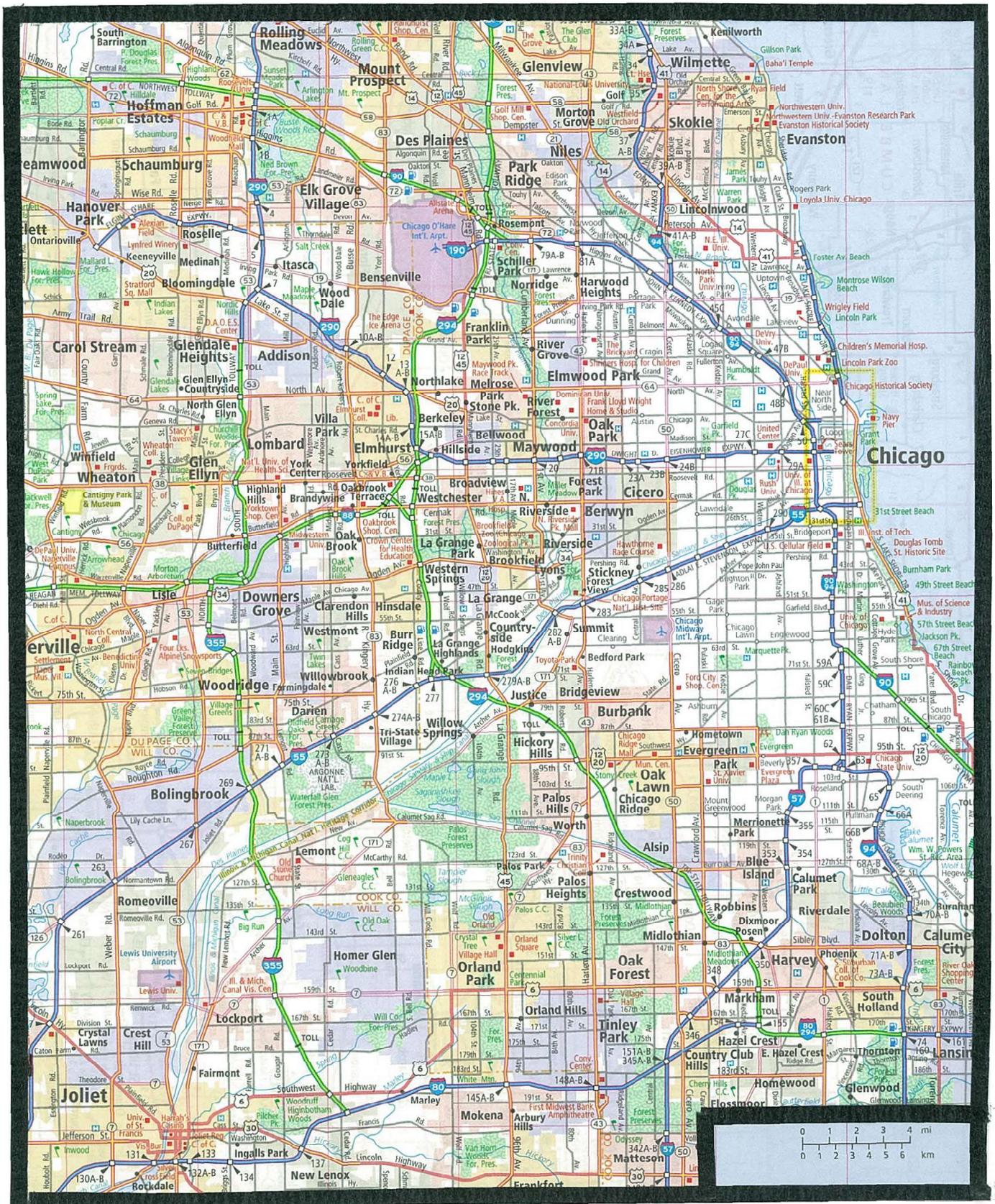
Our assignment has been to undertake a *Retail Market Strategy Study* of the Key Retail Areas in the Village of Carol Stream. The primary objective was to evaluate the retail market and determine a plan to strengthen and expand the Village's retail base while at the same time improving the Village's sales tax revenues. *Figure 1.A* presents the Chicago Metropolitan Area Map which depicts the location of Carol Stream.

OBJECTIVES

- A. Preparation of a community-wide Retail Market Strategy Study focused upon shopping patterns, the realities of retail demand, commercial opportunities, location specific recommendations, types of target retailers, identification of responsibilities, required actions, implementation strategy, and a timeline for reaching the recommended goals.
- B. Formulate a Retail Market Strategy which provides a mission/vision for retail economic development efforts in Carol Stream. Establish a business attraction program and a specific direction to focus retail economic development in proximity to the Town Center and the other Key Retail Areas. The specific direction will be based upon our analysis as well as input from various local organizations, economic development agencies, city officials, business leaders, and citizens.
- C. Identification of present and future trends affecting retail development in the Village and the likelihood of attracting new retail businesses to the key retail areas in Carol Stream. These trends include demographic, employment, occupational, technological, educational, workforce skills, income levels, and retail sales. Examination and comparison of local and regional trends in order to identify local and regional retail growth sectors.
- D. Determine the Personal Consumption Expenditures within Carol Stream and compute the retail sales leakage out of Carol Stream to surrounding communities. Retail sales leakage is defined as retail sales dollars spent by Village residents in neighboring communities outside of Carol Stream. This includes Personal Consumption Expenditures in various retail categories including automobile dealerships, general merchandise, apparel, furniture and electronics, and home improvement, among others. We will compute the total retail market potential within Carol Stream and contrast that with the retail sales currently being captured in each retail category in Carol Stream. The difference represents the retail sales leakage out of the Village.
- E. Provide recommendations regarding the various retail categories which are currently underserved in the community and those which are overbuilt. This

FIGURE 1.A

CHICAGO METROPOLITAN AREA MAP



provides the quantitative conclusions. Next, we evaluated the qualitative market which ignores the current retail supply and focuses upon what the market will support and what the Village leadership wants in the community. Bringing both of these together provides a clear indication of what can be done and where. The market may support higher quality level retail stores not in the market. The Retail Market Study examined the demographic and socioeconomic characteristics of Carol Stream, the existing and proposed competitive retail concentrations, and the Trade Area which Carol Stream's retail facilities currently serve.

- F. Preparation of a Retail Market Strategy which identifies the best course of action to strengthen and expand retail development at the Town Center and Key Retail Areas in the Village and enhance the sales tax base.

ASSUMPTIONS

The project was carried out under the following assumptions:

1. No major or convenience shopping centers other than those identified in this report will be constructed within the market area. Any such development would require a reassessment of the conclusions and recommendations contained herein.
2. The economy of the United States will not experience another major recession or any significant adjustment in consumer spending objectives or attitude.
3. The United States will not expand the current war on terrorism and escalate military operations overseas, nor will the United States experience any major catastrophe, terrorist act, or pandemic that would interrupt shopping, driving, mail delivery, or spending patterns.
4. A considerable amount of data has been gathered, sorted, and analyzed. Much of the data has come from agencies of federal, state, county, and Village of Carol Stream. Additionally, secondary sources have been utilized, where pertinent. Where possible, our staff has examined the information for its validity and authenticity. Since we have no way of controlling the development of these data sources, we take no responsibility for any inaccuracy. We have instituted standard statistical techniques involving both subjective and objective judgments in order to substantiate the validity of as much of the data as possible.
5. We assume that the properties are buildable and there are no environmental or subsurface conditions that would prohibit development of the Subject Sites.
6. We certify that we have no present or prospective interest in the properties in Carol Stream that are the subject of this report and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon any action or event resulting from this analysis, opinions, or conclusions, in or use of this report.

SECTION II

EXECUTIVE SUMMARY

Our assignment has been to undertake a *Retail Market Strategy Study* for the Village of Carol Stream, Illinois. This included a determination of the market feasibility for retail, restaurants, and other commercial uses. We have determined the types of uses the market will successfully support, the types of retailers, and restaurants best suited for the Key Retail Areas, the types of stores that can be supported; and specific retailers for which there is a market.

CONCLUSIONS

1. The Key Retail Areas will support approximately 180,000 square feet of retail, restaurant, commercial, auto dealerships, fuel center/convenience stores, and service uses. Our study indicates that there is market demand for additional retail, restaurant, commercial, auto dealerships, fuel center/convenience stores, and service facilities in Carol Stream. There is retail sales leakage out of the community to surrounding communities.
2. The majority of retail users will be convenience retail, grocery, food service, commercial uses, and service facilities. The retail market has been impacted by e-commerce and many retailers have curtailed their expansion plans and closed underperforming stores. However, grocery stores and quick service restaurants have continued to add units.

Key Retail Area - Opportunity Area #1: Town Center Node

Figure 2.A presents Opportunity Area #1. There are two vacant sites located on the east side of Gary Avenue north and south of Lies Road. The parcel on the north side of Lies is 4.14 acres, and the parcel on the south is 5.27 acres. Directly to the east of both sites are high-quality industrial buildings. A smaller parcel of 0.8 acres is a currently vacant former fast-food restaurant at Gary Avenue and Stark Drive.

The sites on the west side of Gary Avenue at Stark Drive would be most appropriate for retail or service use along the Gary Avenue frontage. The rear parcels should be developed as either commercial or multi-family residential. The market for upscale apartments and senior housing has been robust throughout the Chicago Metropolitan Area. We have not conducted a residential market study, but there appears to be demand for luxury apartments and senior housing catering to independent, younger seniors that do not wish to maintain a home. The addition of multi-family residential housing would create additional retail demand from these residents. It also creates pedestrian activity and may enhance the vitality of some of the existing retail space. A mid-rise luxury apartment development with approximately 300 units or more would enhance the Town Center's population resources and retail expenditure potential.

We recommend e-commerce-resistant retail uses around the intersection of Gary Avenue and Lies Road. This may include a gas station/convenience store, quick-service restaurants, cannabis dispensary, electric car charging station, or other sales-tax-producing uses. We do not envision any type of grocery store, drug store, or large-scale retailer on these sites at this time given the

Figure 2.A

Aerial View of Gary Avenue and Lies Road



- A. Southwest Corner of Gary Avenue and Stark Drive - 3.01 acres
- B. Northeast Corner of Gary Avenue and Lies Road - 4.14 acres
- C. Southeast Corner of Gary Avenue and Lies Road - 5.27 acres
- D. Southwest Corner of Gary Avenue and Lies Road - The Town Center

shallow lot depth of the parcels. The retail strip centers in and around the Town Center have been challenged to attract national chain retailers and restaurant uses. These types of uses have gravitated toward Army Trail Road, Schmale Road, and North Avenue in some of the large-format shopping centers.

On the east side of Gary Avenue, we recommend the frontage parcels be developed with e-commerce resistant uses and services. These uses might include convenience-oriented retail, gas station/convenience stores, professional services, cellular phone store, bike store, quick-service restaurants, day-care facility, pet services, or other businesses serving residents' daily needs.

We recommend internet-resistant uses including fast casual restaurants, quick-service restaurants, fuel center/convenience store, cannabis dispensary, drug store, bike shop, cellular phone store, or hotel.

Key Retail Area – Opportunity Area #2

Figure 2.B is an aerial photograph depicting Opportunity Area #2. Opportunity Area #2 includes the area on all four quadrants of the North Avenue and County Farm Road intersection.

In the **northeast quadrant** of the intersection of North Avenue and County Farm Road there is a mix of uses including a pet boarding facility, pet cemetery, animal hospital, used auto sales, motel, and other low-intensity obsolete buildings. There is the Landscape Depot landscaping supply store, a Chicago Motor Cars auto dealership, Giller Animal Hospital, and a hotel. The Village should encourage assemblage of these smaller sites into larger parcels. However, we acknowledge the Paw Print boarding, kennel, pet cemetery, and pet crematory would be a difficult use to relocate and redevelop.

In the **northwest quadrant** of the intersection there is a strip center anchored by the Corned Beef Factory, Dunkin Donuts, and a Smoke Vape Shop. There is another strip center to the north anchored by the Red Roaster Pantry, Papa Saverio's Pizzeria, and Gametime Pub, among others. There is a vacant DuPage Auto Bath facility located immediately west of the Dunkin Donuts. Finally, there is the DuPage Water Conditioning building to the west of the DuPage Auto Bath property. The vacant DuPage Auto Wash car wash and DuPage Water Conditioning properties could be assembled to accommodate a grocery store, auto dealership, or fast casual restaurants. The Village may consider a sales tax incentive agreement to assist with the extraordinary infrastructure costs to redevelop the DuPage Auto Wash car wash and the DuPage Water Conditioning property. These properties would have to be acquired by a private developer for redevelopment.

The **southeast quadrant** of the intersection is occupied by an older Citgo gas station. There is also a Cubesmart self-storage facility. The Village should market the Citgo gas station to another fuel center and convenience store operator to redevelop the site with a new prototype. A newer prototype facility with a new convenience store could generate stronger sales productivity.

In the **southwest quadrant** of the intersection there is DuPage Honda-Yamaha motorcycle dealership and an Affinity Motor Sales used car dealership. The DuPage Honda-Yamaha dealership is located in an unincorporated area. The Village already encouraged DuPage Honda-Yamaha to enhance the aesthetics of the property. The dealership was asked to annex into Carol Stream and use sales tax rebates to consider expansion but they declined.

FIGURE 2.B

Aerial View of North Avenue (IL Route 64) and County Farm Road



- A. Northeast Corner of North Avenue and County Farm Road**
- B. Northwest Corner of North Avenue and County Farm Road**
- C. Southeast Corner of North Avenue and County Farm Road**
- D. Southwest Corner of North Avenue and County Farm Road**

The Winfield Park District operates a large park on the south side of St. Charles Road west of County Farm Road. Bark Park and Red Hawk Park are located to the east of the sites on County Farm Road on both the north and south sides of North Avenue. Wheaton Bible Church is west of the northwest quadrant of North Avenue and County Farm Road. The church, which is connected to Village utilities, occupies an extremely large parcel. These facilities generate residents and visitors alike to the intersection of North Avenue and County Farm Road.

We recommend internet-resistant retail uses including an automobile dealership, fuel center/convenience store, quick service restaurant(s), family restaurant, cannabis dispensary, or a major grocery store. The Village should encourage assemblage of these smaller sites into larger parcels. The 1950's era development character has become tired, and sites should be assembled to accommodate larger scale development. The northeast corner of North Avenue and County Farm could be developed as an automobile dealership or grocery operation. We do acknowledge there is potential difficulty in relocating or redeveloping the existing pet cemetery. The southeast corner should accommodate a new prototype fuel center/convenience store and a quick-service restaurant. Some fuel centers offer a fast-food restaurant. An automobile dealership or a grocery store could anchor the northwest quadrant behind the two strip centers. A developer could purchase the vacant car wash and the DuPage Water Conditioning property to accommodate a grocery store or automobile dealership. A sales tax incentive agreement will likely be required due to the extraordinary infrastructure costs.

Key Retail Area Opportunity Area #3

Key Retail Area Opportunity Area #3 includes the intersection of North Avenue and Schmale Road. *Figure 2.C* presents an aerial photograph of the intersection and the sites under consideration.

The **southwest corner of the intersection** of North Avenue and Schmale Road is anchored by Angelo Caputo's Fresh Market. A developer has proposed an outlot development anchored by Chipotle and Buffalo Wild Wings Go. This is a highly productive use of the property which will generate strong sales per square foot.

In the **northwest quadrant of the intersection**, the former McDade store, located on the third parcel west of Schmale Road, represents an opportunity to be repurposed for retail use.

Additional discussion of the market opportunity is presented later in this section of the report.

GENERAL FINDINGS

The State of Illinois

Illinois has one of the most diverse economies in the nation including advanced manufacturing, agribusiness, food processing, energy, life sciences and biotech, business and professional services. Illinois offers a central location with three international airports and home to 37 Fortune 500 companies and more than 5,600 foreign-owned company locations. The state of Illinois has the 5th highest GDP in the nation. All 7 Class I freight railroads are located in

FIGURE 2.C

Aerial Photograph of North Avenue and Schmale Road



- A. Northwest Corner of North Avenue and Schmale Road—Former McDade Store
- B. Southwest Corner of North Avenue and Schmale Road—Chipotle and Buffalo Wild Wings Go proposed.

Illinois along with more than a dozen ports and waterways. Illinois also has the third largest interstate highway system in the nation.

Chicago Metropolitan Area

Chicago Metropolitan Area is truly a global marketplace. If the Chicago region were a country, it would be the 20th largest economy in the world with a gross regional product of over \$500 billion. Chicago ranks third of all U.S. metropolitan areas. The Chicago Metropolitan Area has some of the greatest transportation infrastructure in the nation with O'Hare International Airport a major transportation hub, Midway Airport, and Chicago Gary Airport. Rail infrastructure is also a major factor in the Chicago region where 25 percent of all domestic rail freight originates, terminates or passes through Chicago. The Metropolitan Area offers 28 regional malls and 47 sub-regional retail markets. Prior to the Covid-19 pandemic, tourism in the Chicago Metropolitan Area represented over 55.7 million visitors and over \$15 billion in sales. The metro area generated retail sales of over \$163 billion in 2022 up from \$152 billion in 2021. Sales are up from only \$118 billion in 2020 during the pandemic.

Chicago Metropolitan Area Population

The six-county Chicago Metropolitan Area contains approximately 8.4 million people. Included are Cook, DuPage, Kane, Lake, McHenry, and Will counties. The 1980, 1990, 2000, 2010, and 2020 population statistics for the six counties are presented in **Table 2.1** in the Appendix of the report.

Cook County experienced the largest numeric increase in population between 1990 and 2000 with the addition of 271,674 persons and a high population base. However, between 2000 and 2010 the population in Cook County declined by 182,066 persons or by 3.5 percent. Between 2010 and 2020, the population in Cook County increased by 80,566 persons or an increase of 1.6 percent. The population growth in DuPage County amounted to 15.7 percent between 1990 and 2000. Between 2000 and 2010 DuPage County's population growth slowed to only 1.4 percent. However, between 2010 and 2020, DuPage County's population increased by 1.7 percent.

Chicago MSA Retail Sales

According to the Illinois Department of Revenue sales tax receipt data, the **Chicago MSA** recorded 2021 retail sales of over \$152 billion. **In 2021**, in individual retail categories, *General Merchandise* increased by over \$1.0 billion, representing an increase of 10.8 percent. The changes recorded in the other retail categories are as follows: *Food Stores (-\$72 million)*, *Eating & Drinking (\$4.2 billion)*, *Apparel & Accessories (\$2.3 billion)*, *Furniture & Electronics (\$1.2 billion)*, *Home Improvement (\$568 million)*, *Automobile & Filling Stations (\$5.8 billion)*, and *Drugs & Miscellaneous Retail Stores (\$14.2 billion)*. *Miscellaneous Retail Store* sales experienced increasing sales as a result of the consumers returning to miscellaneous retail stores located in malls. **Table 2.2** shows the data in the Appendix of the report.

Carol Stream Population

The Carol Stream population amounted to 31,716 persons in 1990 and increased to 40,438 in 2000. By 2010, the population decreased to 39,711 representing a decrease of 1.8 percent. The 2020 Census indicates Carol Stream's population increased to 39,854 persons representing an increase of 0.4 percent.

Carol Stream Retail Sales

Carol Stream generated approximately \$822 million in retail sales in 2021 up from \$647 million in 2020 an increase of over \$174 million or 21.2 percent. The *General Merchandise* category in Carol Stream generated sales of \$861,267 some of which is a result of sales via e-commerce. Both Target and Walmart are located just outside of Carol Stream which impact this category. The Wayfair vs. South Dakota case resulted in companies mandated to collect sales taxes from e-commerce. The State of Illinois began to remit these taxes to communities in the State of Illinois. *Food stores* generated over \$82.7 million in 2021 and *Drinking and Eating Places* generated sales of \$57.3 million, *Apparel* sales of only \$1.7 million. *Furniture and Electronic store* sales of \$143.5 million, *Home Improvement* sales of \$75.3 million, *Auto Dealers & Filling Stations* sales of \$147.2 million and *Drugs and Miscellaneous Store* sales of \$160.8 million. The Melaniphy & Associates, Inc. 2021 Retail Sales Report provides a summary of the total retail sales in the Chicago Metropolitan Area, the City of Chicago, the Top 20 Suburbs and the Core Mall Markets. **Table 2.3** provided in the Appendix to the report presents the retail sales in Carol Stream and surrounding communities from 2012 to 2021.

Bloomington generated total retail sales of nearly \$894 million in 2021 up from \$769 million in 2012. *General Merchandise* sales amounted to over \$171 million in 2021. *Food sales* amounted to over \$98 million, up from only \$30 million in 2012. Bloomington added a new Woodman's store in August 2021. *Drinking and Eating Places* recorded sales of \$101 million in 2021 up from \$81 million in 2012. The *Furniture and Electronic store* category captured sales of over \$54 million in 2021 down from \$68 million in 2012. The *Home Improvement* category generated sales of \$14 million in 2021. *Automotive and Filling stations* in Bloomington generated sales of over \$217 million while the *Drugs & Miscellaneous* category generated sales of over \$156 million.

Glendale Heights generated total retail sales of over \$928 million in 2021 up from \$509 million in 2012. *General Merchandise* sales amounted to over \$52 million in 2021. *Food sales* amounted to over \$70 million, down from \$76 million in 2012. *Drinking and Eating Places* recorded sales of \$55 million in 2021 up from \$37 million in 2012. The *Furniture & Household Furnishings* category generated sales of only \$13 million. The *Home Improvement* category generated sales of \$124 million in 2021. *Automotive and Filling stations* in Glendale Heights generated sales of over \$239 million while the *Drugs & Miscellaneous* category generated sales of over \$106 million in 2021.

We have evaluated retail sales for all the surrounding communities since they influence retail sales productivity in Carol Stream. For example, Schaumburg imports sales from a wide trade

area. Schaumburg captures the largest share of *General Merchandise, Food, Apparel, Drinking & Eating Places*, and *Automobile & Filling Stations* sales in the region. Bloomingdale and Glendale Heights also influence Carol Stream's ability to capture General Merchandise sales. Walmart, Kohl's, Target and others stores are located just outside of Carol Stream. *Food* sales have been consistent in Carol Stream over the years and represent an opportunity. *Drinking and Eating Places* sales are one of the areas of consistent growth for the Village as more meals are eaten away from home. It is evident from the data that Schaumburg and Bloomingdale import sales in this category. The *Furniture & Electronics* category is very cyclical with changes in the economy. This category has exhibited strong swings in sales throughout most of the communities, due the economy. Carol Stream has enjoyed strong and consistent sales growth in the *Home Improvement* category with Home Depot and Lowe's, among others. This category offers stability to the Village's sales tax revenue stream. The *Automotive & Filling Stations* category is the second strongest category in Carol Stream. The evaluation of retail sales in this category in the surrounding communities quickly shows which communities that offer concentrations of automobile dealerships and more specifically in Schaumburg. In our opinion there is an opportunity to expand Carol Stream's sales in this category. The *Drugs & Miscellaneous* category is the most significant category in terms of sales productivity in Carol Stream. Sales increased by more than 100 percent in this category in Carol Stream in 2021.

Our evaluation of retail sales in Carol Stream and surrounding communities indicates Carol Stream's retail sales increased by 61 percent between 2012 and 2021. In contrast, Bloomingdale's sales only increased by 16 percent over the same period. The decline in Stratford Square Mall and extensive vacancy reduced sales growth in Bloomingdale. Glendale Heights experienced growth of 82 percent. Schaumburg's sales increased by 25 percent while Streamwood was up by 70 percent. Wheaton's sales increased by 32 percent. Wheaton is importing significant sales in the Food category. The data assists in determining the retail categories that are underserved and the types of stores to recommend in Carol Stream.

E-Commerce Sales

The total 2022 estimate for e-commerce in the United States is estimated at \$1,034.1 billion an estimated increase of 7.7 percent. In 2021 e-commerce sales amounted to \$870.8 billion up from \$781 billion in 2020 and \$601.7 billion in 2019. E-commerce sales were over \$513.6 billion in 2018. E-Commerce sales increased by 32% in 2020 up from 14.9% in 2019 versus growth of 14.2% in 2018. According to the U.S. Department of Commerce, total E-Commerce (internet sales) sales for 2021 were estimated at \$870.8 billion, an increase of 14.2 percent ($\pm 0.9\%$) from 2020. Total retail sales in 2021 increased 17.9 percent ($\pm 0.5\%$) from 2020. E-commerce sales in 2021 accounted for 13.2 percent of total sales. E-commerce sales in 2020 accounted for 13.6 percent of total sales. The share of E-commerce slowed slightly in 2021 as consumers could return to brick-and-mortar stores. E-Commerce sales in the United States of \$1,034.1 billion translate to a per capita expenditure of \$3,056. Thus, Carol Stream's e-commerce sales amounts to approximately \$121 million. The Village's industrial parks could accommodate additional e-commerce vendors that generate sales tax revenue to the Village. These manufacturers are difficult to identify and attract. However, these types of business have been growing with the

“reshoring” of manufacturing back to the United States. Some of the manufacturers include apparel, tools, furniture, and electronics, among others. The Village could attempt to attract manufacturers to the Village’s industrial parks that conduct e-commerce from their industrial facilities. Some of these manufacturers conducting e-commerce that are located in Cook County may consider the lower tax structure in DuPage County.

Trade Area

The Trade Area for the Key Retail Areas in the Village of Carol Stream have been delineated on the basis of accessibility, the road network, the Driving Time Analysis, existing and proposed competition, employment distribution, physical and psychological barriers, shopping habits and patterns, dining-out patterns, as well as our experience in evaluating shopping centers and other commercial developments throughout the world.

The Trade Area Map for the Key Retail Areas of the Village is depicted in *Figure 2.D*. We have delineated the Trade Area on the basis of all of those factors which directly or indirectly affect the geographic drawing power of the Key Retail Areas of the Village. By definition, Trade Areas account for approximately 85 percent of the anticipated business. Because of visitors, businesspersons, people passing through, and others it is difficult to identify the last 15 percent. Distances traveled and visitor infrequency makes it uneconomic to attempt to define the last 15 percent, as well as prepare demographics for it. The Trade Area, as defined, represents the geographic area from which the majority of sales will be derived.

The **Primary Trade Area** has been delineated to include the geographic area within a three-mile radius of the Key Retail Areas in the Village. Approximately 40 to 50 percent of the consumers generated to Carol Stream are generated from the Primary Trade Area. Convenience Goods stores such as supermarkets, drug stores, hardware stores, cleaners, and other highly frequented stores are supported primarily from this geographic area.

The **Secondary Trade Area** has been delineated to include the geographic area beyond three miles and extending out to a five-mile radius. Approximately 30 to 35 percent of the consumers will be generated from the Secondary Trade Area. Stores generating customers beyond the Primary Trade Area, but within the Secondary Trade Area include Shoppers Goods Stores. Shoppers Goods stores include general merchandise, warehouse clubs, superstores, home improvement, furniture and home furnishings, and electronics and appliance, office supply, bookstores, and craft stores, among others.

There are a variety of competitive retail concentrations which directly and indirectly affect the geographic size of the Trade Area for the Key Retail Areas in the Village. Carol Stream is located in the shadow of Stratford Square Mall and all the major shopping centers on Army Trail Road and Gary Avenue. Some of the other regional malls that influence the trade area include Stratford Square Mall, Charlestowne Mall, Woodfield Mall, Yorktown Center, and Oakbrook Center. Some of the major power centers influencing the Trade Area of the Key Retail Areas of the Village include Bloomingdale Court, Bloomingdale Square, the Courtyard at Stratford, Stratford Plaza, High Grove Center West Campus, and High Grove Center East Campus, Costco,

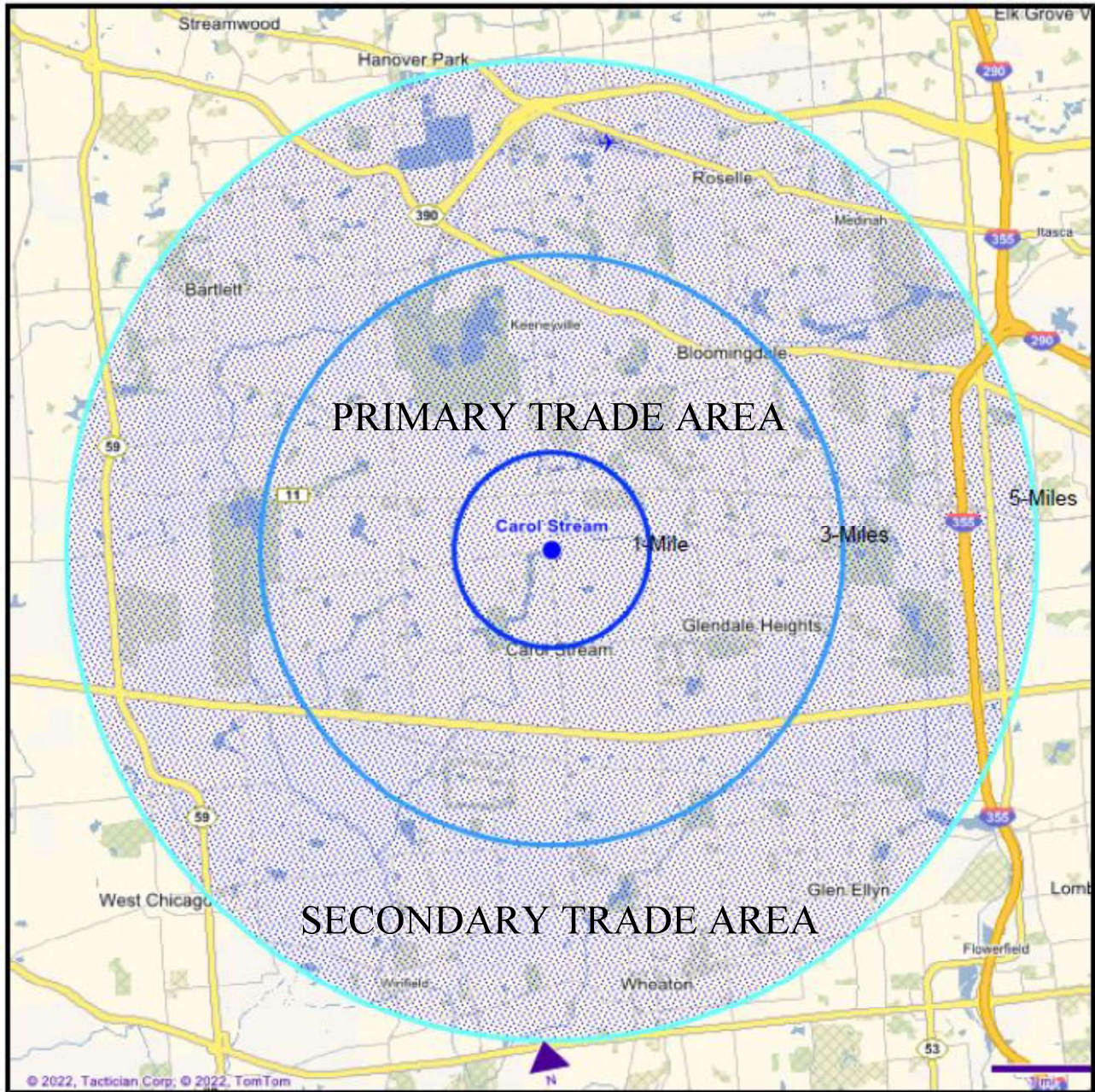
Lowes, Home Depot, and Meijer, among many others. The Carol Stream Trade Area is proscribed by all of the major retailers and shopping centers around Stratford Square Mall. These retail complexes can intercept consumers before they come to the Carol Stream area. Although some of the malls themselves have high vacancy like Charlestowne Mall in St. Charles, there are significant amount of retail complexes surrounding the mall that proscribe the trade area. If there were no shopping facilities in St. Charles these customers would have to shop in Carol Stream, Bloomingdale, or other communities.

The **Total Trade Area** represents the geographic area within a five-mile radius of the Key Retail Areas of the Village. The Total Trade Area is roughly bounded by the Elgin O'Hare Expressway on the north, Roosevelt Road (IL Route 38) on the south, Interstate 355 on the east, and just beyond IL Route 59 on the west. Approximately 85 percent of the customers will be generated from within the delineated Trade Area and another 10 to 15 percent will be generated from outside the Trade Area. Again, this includes visitors and other consumers who shop the area on an infrequent basis.

Figure 2.D presents the Trade Area for the Key Retail Areas in Carol Stream.

Figure 2.D

Trade Area Map
Carol Stream



TRADE AREA MARKET SUPPORT FACTORS

The general demographic characteristics of the Trade Area were thoroughly evaluated. Population, Households, Median Household Income, and Gross Household Income for the Trade Area of the Key Retail Areas are provided in **Table 2.4** in the Appendix of the report entitled Trade Area Market Support Data. A detailed discussion of the demographics of the Trade Area is presented in Section V. The Total Trade Area contains an estimated population of 247,783 persons in 88,594 households. By 2025, the population within the Total Trade Area is forecast to decline to 244,802 persons in 89,974 households. In addition to the Trade Area resident population resources, there are 8,804 business establishments with a daytime working population of 109,020 persons according to Tactician, Inc.

RETAIL MARKET POTENTIAL

Tables 2.5, 2.6, and 2.7 are provided in the Appendix to the report and present the expenditure data for the Trade Area of Carol Stream. **Table 2.5** presents the per capita expenditures for 2020, 2025 and 2030. These data (**Table 2.5**) were then applied to the current and forecasted population, to arrive at estimates of Personal Consumption Expenditures for the Primary and Secondary Trade Area segments in **Table 2.6**. Finally, **Table 2.7** presents the retail expenditures by retail category and market penetration for both the Primary and Secondary Trade Area for 2020, 2025 and 2030.

The market will support approximately 180,000 square feet of new retail space in the Key Retail Areas. **Table 2.8** depicts our recommendations by retail category, general store sizes, and estimated sales.

SALES FORECAST – 2020, 2025 AND 2030

Our analysis of the Key Retail Areas in the Village of Carol Stream indicates the retail and restaurant facilities are forecast to capture sales estimated at \$95 million in 2025 and over \$103 million in 2030. The actual sales will be dependent upon the final tenant mix in any retail project. We have forecast a market penetration rate of 1.4 percent of the trade area potential. Market penetration or market share is a measure of how much a product or service is being used by customers compared to the total estimated market potential for that product or service. Market penetration can also be used to develop a strategy to increase the market share of a particular product or service.

Our conclusions are based upon the following assumptions.

- **The market will support 180,000 square feet of retail, restaurant, automobile dealerships, and commercial square footage.**
- A grocery-anchored development at North Avenue and County Farm Road could provide a mix of retail, restaurant, commercial, auto dealership, and personal services.
- A new grocery store or general merchandise store should replace the former Jet Foods.

- Full service and quick service restaurants should be considered for all the Key Retail Areas depending upon the site configuration and parking requirements.
- Quick service restaurants represent one of the most active retail categories.
- The retail market will support rents of \$25 to \$30 per square foot. Restaurant rents can be supported at \$30 per square foot with quick service at up to \$40.
- The aforementioned rents are for new construction while rental rates for existing retail space in Carol Stream average approximately \$18.00 per square foot. Retail space at 222-242 W. Army Trail Road in Carol Stream has rental rates of \$28 per square foot.

Table 2.8 presents the approximate square footage allocations for each retail category.

Table 2.8

Square Footage Allocations and Estimated Sales Volumes

Category	Approximate Square Footage	Estimated Sales	Estimated Sales PSF
Department Stores	23,000	\$6,860,426	\$300
Food category (Grocery Stores)	40,000	\$19,706,516	\$500
Eating & Drinking category (Restaurants)	8,500	\$7,837,520	\$460
Apparel & Accessory Store category	0	\$0	
Furniture & Household Accessories category	0	\$0	
Appliance & Electronics category	3,000	\$1,491,579	\$330
Home Improvement category	25,000	\$8,636,213	\$345
Drug Store category	4,000	\$6,959,759	\$1,700
Miscellaneous Retail Stores category	4,000	\$1,649,219	\$400
Sporting Goods category	0	\$0	
Book Stores category	0	\$0	
Pet Stores category	2,000	\$642,096	\$320
Office Supply Store category	0	\$0	
Other Miscellaneous Stores category	0	\$0	
Professional Services	10,500	\$0	
Automobile Dealerships and Filling Stations	60,000	\$39,402,671	\$650
TOTAL	180,000	\$93,185,999	\$518

* Professional Services may range from approximately 1,000 square feet to 8,000 square feet.

Source: Melaniphy & Associates, Inc.

PROSPECTIVE TENANTS AND SQUARE FOOTAGES

Table 2.9 presents our recommendations for the types of prospective tenants by retail category that should be targeted for the Key Retail Areas in Carol Stream.

Table 2.9

Prospective Tenants and Square Footage Allocations

Category	Approximate Square Footage
Automobile Dealerships	
Audi	40,000
Acura	40,000
Buick - GMC	40,000
Kia	40,000
Subaru	40,000
Volkswagen	40,000
Volvo	40,000
Fuel Center-Convenience Store-Charging Stations	
Casey's ***	4,400
Circle K	4,000
Graham Enterprises	4,000
Lindy's	5,000
Speedway - 7-Eleven ***	5,000
Thornton's	4,000
Building Materials and Hardware	
The Tile Shop	20,000
Drugs and Miscellaneous Retail Stores	
Curaleaf Cannabis Dispensary	4,000
Green Randall Cannabis Dispensary	4,000
GTI - Rise Cannabis Dispensary	4,000
Veralife	4,000
Electronics	
AT&T Mobility ***	1,800
Boost Mobile	1,800
Cricket Wireless	1,800
T-Mobile ***	1,800
Verizon Wireless ***	1,800
General Merchandise	
dd's Discounts	25,000
Dollar Tree	12,000
Family Dollar	15,000
Popshelf	25,000

Source: Melaniphy & Associates, Inc. - *** already located in Carol Stream

Table 2.9 (Continued)

Prospective Tenants and Square Footage Allocations

Category	Approximate Square Footage
Grocery Stores	
Deli 4 You Market	16,000
Hmart	20,000
Jimenez	25,000
Joong Boo Market	25,000
Park To Shop	40,000
Pete's Market	40,000
Shop & Save	40,000
Sav-A-Lot	15,000
Wild Fork Foods	5,000
Professional & Personal Services	
Bank	4,000
Cleaners	3,000
Dentist	1,800
Financial Services	1,800
Hair Salon	1,800
Optometrist	1,800
Real Estate Brokerage	4,000
Food Specialties	
A&W Restaurants	
Andy's Frozen Custard	1,800
Crumbl Cookies	1,800
Dunkin Donuts ***	
DQ - Dairy Queen ***	1,800
Freddy's	2,500
Melt 'N Dip	1,800
Tropical Smoothie Café ***	1,800
Health and Fitness	
CorePower Yoga	6,000
Fitness 19	7,000
F45 Fitness	2,200
Orange Theory ***	2,500
Planet Fitness ***	12,000
Snap Fitness	7,000

Source: Melaniphy & Associates, Inc. - *** Already located in Carol Stream

Table 2.9 (Continued)

Prospective Tenants and Square Footage Allocations

Category	Approximate Square Footage
Restaurants	
Buffalo Wild Wings Go Carry Out (Under Review)	1,800
Brunch Café	3,500
Chipotle (Under Review)	1,800
Chicken Salad Chick	4,000
Chuck Lager America's Tavern	8,000
Currito	1,800
Dave's Hot Chicken	2,200
Guman Y Gomez	4,000
Goldfinger Brewing Company	8,000
Naf Naf Grill	1,800
Pizano's Pizza	8,000
Paisan's Pizzeria	8,000
Panda Express	2,200
Poke Bros.	1,800
Popeye's Louisiana Kitchen	3,500
Qdoba	1,800
Salerno's Pizza	6,000
Sketchbrook Brewing Company	4,000
Stan's Donuts	2,000
Sweetgreen	2,800
Topper's Pizza	1,800
Which Wich	1,800
Whiskey Hill Brewing Company	6,400

*Source: Melaniphy & Associates, Inc. – *** Already located in Carol Stream*

RECOMMENDATIONS

The three active pending retail projects represent significant sales tax revenue potential for the Village of Carol Stream.

The Casey's combination fuel center and convenience stores proposed on the northeast corner of Gary Avenue and Lies Road can generate \$10 million to \$15 million in overall sales. Most restaurants would be unable to generate sales productivity at these levels. Although these fuel centers and convenience stores do not offer the same "curb appeal" as a new upscale restaurant, fuel centers offer significantly more in sales productivity and sales tax revenue. They can be considered to be a small grocery store with fuel. The profit margins on the food are much higher than typical grocery stores and the cost of gasoline increased significantly following the war in

Ukraine. In contrast, a typical Walgreens or CVS Pharmacy store might capture sales of \$8 to \$10 million, so in many respects, a fuel center with a convenience store will generate higher sales tax revenue.

The **Belle Tire** facility under construction at 490 Main Place (Main Place and Thornhill Drive) is also a strong sales tax producer. The check average for a Belle Tire facility can be upwards of \$800 per customer with each tire upwards of \$200 per tire. Belle Tire facilities can generate sales of \$6 million to \$8 million per unit.

The **Chipotle/Buffalo Wild Wings** proposal at Carol Stream Marketplace at North Avenue and Schmale Road is a perfect use for this shopping center outlot. Chipotle units can generate sales of over \$2.0 million per unit. The new carry out Buffalo Wild Wings concept has yet to record a sales history in the Chicago area but is expected to generate sales of over \$1.0 million per unit.

We recommend the Carol Stream Village Board approve the active pending projects since the sales tax revenue potential far exceeds the sales tax productivity of similar uses. We also recommend the Village Board consider a **cannabis dispensary** since many of these facilities can generate sales of approximately \$2,000-per-square-foot. A cannabis facility may be a politically challenging land use, but the Village is currently exporting cannabis sales out of Carol Stream to neighboring communities. The Village recently adopted a local Municipal Cannabis Retailers' Occupation Tax of 3.0 percent for cannabis dispensary sales. The Village is currently processing a Special Use application for a dispensary on North Avenue. A cannabis dispensary is as legal as a liquor store and should be added in Carol Stream to reduce retail sales leakage in this category. A 4,000-square-foot facility could capture sales of approximately \$8 million.

MARKET OPPORTUNITY

Consumer shopping habits and patterns have changed significantly as a result of the convenience of online shopping. E-Commerce sales have increased from a fraction of overall retail sales to approximately 13.2 percent of sales down from 13.6 percent of sales in 2020. The Covid-19 pandemic accelerated the demand for e-commerce and touchless delivery. There has been a dramatic decline in visits to regional malls as a result of e-commerce since the apparel category is one of the most impacted categories from e-commerce.

Stratford Square Mall and the surrounding power centers casts a larger shadow upon the Village of Carol Stream. Nevertheless, there are some potential opportunities that should be explored to initiate additional development and redevelopment in the Key Retail Areas of the Village. The process will take time and careful planning but over the long term the additional sales tax revenues will provide more financial resources for the Village.

First and foremost, the Key Retail Areas of the Village will require an anchor store, restaurant, or auto dealership to initiate the development process. We have identified several retailers and restaurants that are not currently committed within the Trade Area of Carol Stream. We have also considered land uses that are e-commerce resistant. Consumers still have to eat, go to the dry cleaners, and most still drive, purchase gasoline, and maintain automobiles. The anchor may

include an automobile dealership, grocery store, restaurant, cannabis dispensary, gas station, convenience store, or entertainment venue. The Village will undoubtedly have to provide financial incentives for redevelopment of existing facilities and attract new retailers to the Key Retail Areas. This may include TIF-eligible costs for demolition, environmental remediation, utility relocation, and infrastructure improvements.

The retail development market has changed. Today, the most active categories include internet resistant uses including grocery stores, quick-service restaurants, gas stations, convenience stores, medical retail, donut shops, cookie stores, coffee shops, car washes, video gaming facilities, cannabis dispensaries, electric car charging stations, and auto dealerships. The Village should focus upon these types of uses. There are also “treasure hunt” retailers in the apparel and miscellaneous stores category that often change merchandise like Dollar Tree, Popshelf, Marshalls, Nordstrom Rack, TJ Maxx, and others. Some describe the active categories in retail as the four “F’s” – Food, Fashion, Fun, and Fitness.

We recommend the Village continue to pursue a grocery operation to backfill the 40,000-square-foot former Jet Foods location at County Farm Plaza. We have contacted several broker representatives in an effort to find a strong ethnic grocer to recycle the vacant space. The 40,000-square-foot grocery store will generate sales of approximately \$20 million or \$500 per square foot. Carol Stream’s grocery sales amounted to \$82 million in 2021. There may also be opportunities in the General Merchandise category to add Popshelf, dd’s Discounts, Family Dollar, or Dollar Tree to a vacant store in the Village. Finally, Carol Stream should compete for **Kohl’s** should they decide to close their store at Stratford Square Mall and relocate to a freestanding location.

There are a variety of manufacturers that now sell their finished products directly to the consumer via e-commerce from their manufacturing and warehouse facilities. The Village’s significant industrial inventory of space could assist in driving sales tax revenue generation if more of these types of facilities are targeted by the Village. We acknowledge, these types of facilities are difficult to identify. However, some of the types of manufacturers that should be considered include tools, electronics, apparel, and household appliances, among many others.

The market will support 180,000 square feet of additional retail space in the Key Retail Areas of the Village. Village staff has already aggressively marketed the Key Retail Areas to the retail community in a declining brick and mortar environment. We have prepared an implementation plan to assist Village staff with these efforts. The primary activities of the Implementation Plan are as follows:

- A. Contact the retailers or broker representatives representing the recommended retailers, restaurants, and automobile dealerships.
- B. Attend the Las Vegas and Chicago ICSC Conventions and market the Key Retail Areas for redevelopment to the shopping center industry.

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- C. Schedule meetings with the property owners to identify mutually acceptable economics and financial incentives required to find a replacement tenant for the former Jet Foods.
 - D. Prepare targeted marketing materials for the Key Retail Areas of the Village with site highlights, aerial photographs, traffic counts, demographics, retail sales data and adjacent retailers.
 - E. Marketing materials should be uploaded to the Village website. Information in this report can be incorporated into the marketing materials.
 - F. Target e-commerce resistant uses that can enhance the Village’s sales tax revenue stream.

The Village of Carol Stream has the opportunity to guide retail development to continue to provide a strong environment where their residents can live, shop, dine, enjoy entertainment, and visit great public spaces.