RETAIL MARKET STUDY & STORE STRATEGY ANALYSIS VERNON HILLS, ILLINOIS

PREPARED FOR:

VILLAGE OF VERNON HILLS
VERNON HILLS, ILLINOIS
APRIL 2009

MELANIPHY & ASSOCIATES, INC.

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SECTION I

ASSIGNMENT

Our assignment has been for Melaniphy & Associates, Inc. to undertake a *Retail Market Study and Store Strategy Analysis* for the Village of Vernon Hills. The objective is to strengthen and expand the Village's retail base by determining the market and type of additional retail facilities in the Village. This is particularly critical considering the current economic climate and the decline in retail sales both locally and nationally. According to ICSC, over 8,000 stores closed across the country in 2008 and more store closings are expected.

The *Retail Market Study and Strategy Analysis* study focused upon specific big box stores, junior anchors, restaurants, and other possible retail uses that meet Vernon Hills' market characteristics. The *Retail Market Study* provides the Village with a **market-driven retail strategy** and identifies development and redevelopment opportunities in the Village. ***Figure 1.A*** presents the Area Map.

OBJECTIVES

The specific Objectives of the *Retail Market Study* were as follows:

A. A review of previous studies completed for the Village and the results that occurred.

B. An assessment of the Village's retail inventory by retail category to determine the need for additional retail development, along with the identification of retailer's best suited to meet market demand.

C. An analysis of present and future national and local trends affecting retail development in the Village and the likelihood of attracting new retail businesses to Vernon Hills. These trends include demographic, employment, income levels, consumer orientation, and retail sales.

D. A re-examination of the existing retail base in the Village, existing performance levels, and retailers that are actively seeking locations in Chicago's northern suburban market.

E. An update of our inventory of the existing and proposed competitive retail concentrations that influence the Village of Vernon Hills. Specifically, we focused upon big box locations, types, sizes, performance levels, and any major store closings or relocations. We also identified any proposed competitive developments, along with their probable tenants and likely timing of projects.

F. We examined and evaluated Chicagoland's newest major Lifestyle Center, the Arboretum of South Barrington, located at Illinois 59 and Higgins Road in South Barrington. The 600,000 square foot complex opened in September 2008. The lifestyle center features the first of L.L.

AREA MAP

FIGURE 1.A

Bean's new stores in the Chicago Area. A second L.L. Bean store opened at Old Orchard Shopping Center in Skokie in November 2008.

G. A detailed driving time analysis was conducted for 20 minutes in all directions from the intersection of Illinois Route 21 and Illinois Route 60. The driving time was recorded by five minute intervals. The detailed driving time analysis simulates the distances that consumers can drive during given time allocations. The detailed driving time analysis assisted us in the delineation of the Trade Area.

H. We evaluated the impact of the high cost of gasoline in early 2008, rising food prices, and housing problems were having upon retail sales in Vernon Hills. It is apparent that consumers were being squeezed by higher costs, and thus, are cutting spending and shopping trips. We analyzed these trends and determined their impact. We have also considered what the community can do to improve local retailing and spending in contrast to residents driving to places like Deer Park Town Center and others.

I. We delineated the Vernon Hills Trade Area considering the existing and planned retail competition, Hawthorn Center's attraction, driving time analysis, road patterns, traffic flow, physical and psychological barriers, household income, and existing shopping habits and patterns.

J. Demographics of the Trade Area were prepared and analyzed. Population and household forecasts were prepared for 2008 and 2013. We evaluated household income, household structure, spending patterns, household size, age structure, employment, commuting patterns, and other factors. Household income was forecast to 2008 and 2013. We also prepared psychographics for the Trade Area since many retailers now rely on this methodology in their site selection decision making process.

K. Personal Consumption Expenditures were determined and forecast to 2008 and 2013. Personal Consumption Expenditures include food, drugs, general merchandise, apparel, shoes, hardware, electronics, furniture, appliances, eating and drinking places, and a plethora of other types of retail stores. This data assisted in determining which big box stores and other retail uses are supportable and best suited to meet market demand in the Village.

L. We determined the Total Retail Market Potential in the Village of Vernon Hills. Furthermore, we examined Village retail sales trends since our 2003 study by individual retail category. This assisted in determining the market potential and actual retail sales captured in the community.

The primary objectives of the *Store Strategy Analysis* portion of the study were follows:

We utilized a two-fold approach. First, we needed to identify the vacant big box stores and junior anchor stores that require new tenants. Our staff prepared a specific strategy to recycle this vacant space to productive use. Second, we assessed the top seven vacant land parcels referred to as "greenfield sites" which can be developed to enhance the sales tax base in the Village. The seven greenfield sites are listed as follows:

1. The northwest corner of Milwaukee Avenue and Greggs Road containing 32.92 vacant acres zoned B-1.
2. The southwest corner of Milwaukee Avenue and Greggs Road containing approximately 14 vacant acres zoned B-1. The balance of the site was developed with Lowe's and Staples.
3. The northeast corner of Milwaukee Avenue and Town Line Road containing 44.55 vacant acres zoned B-1 part of which is in a floodplain. There are approximately 35 buildable acres.
4. Hawthorn Center Mall at the northwest corner of Milwaukee Avenue and Town Line Road. The property is listed as a greenfield site due to the peripheral land and redevelopment potential.
5. The vacant parcels in front of the American Hotel Registry property containing approximately 5 to 6 acres. A new signalized intersection is being installed in front of the property.
6. The 12 improved residential and vacant parcels located on the east side of Milwaukee Avenue just north of Woodbine Circle. Portions of the sites are in a floodplain. They total approximately 25 acres.
7. The former Kelly Daycamp parcel located on Route 45 at Sanctuary Court north of Woodland Parkway. This parcel combined with the former Leikum Tap contains approximately 32 acres.

Our staff prepared a strategy to develop the seven greenfield sites as well as prepared a redevelopment strategy for the vacant big box stores and junior anchors.

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 a major depression or a deepening of the recent economic recession that would negatively impact consumer spending objectives or attitude.

3. The United States will not expand the current war in Iraq and escalate military operations overseas, nor will the United States experience any major catastrophe or terrorist act 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 Vernon Hills. 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 greenfield sites.

6. We certify that we have no present or prospective interest in the properties in Vernon Hills 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

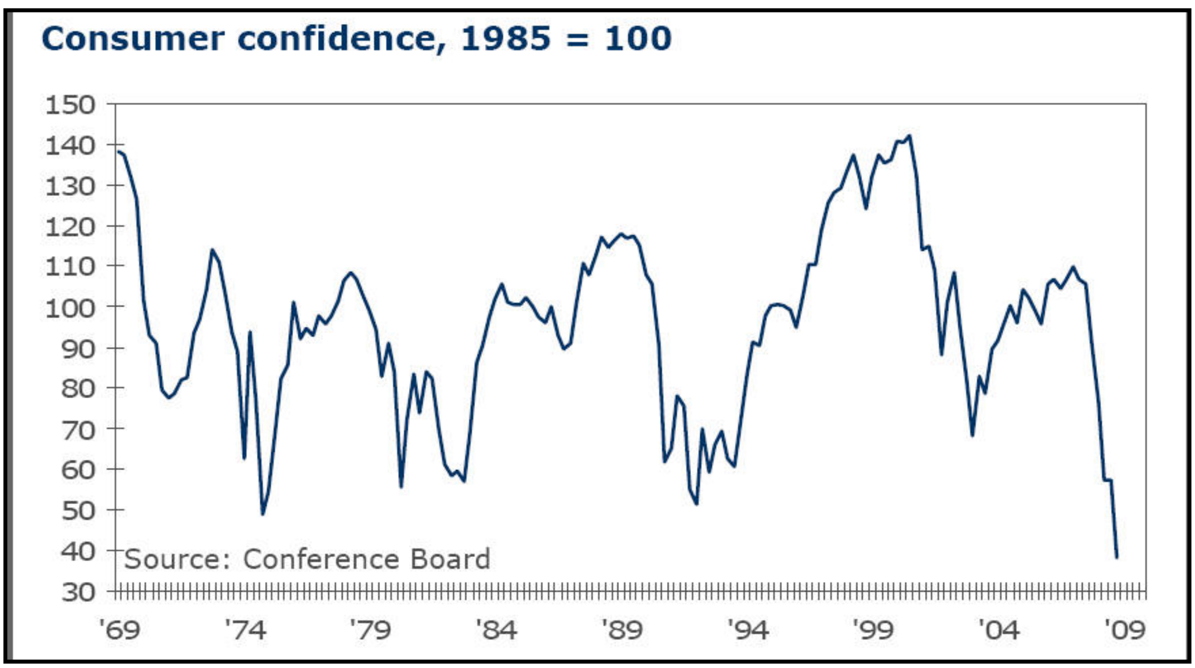
EXECUTIVE SUMMARY

The conclusions and recommendations developed during the course of this analysis are presented throughout the report. For your convenience, we have provided this Executive Summary discussing our findings, conclusions, and recommendations.

THE RECESSION OF 2008-2009

The current recession differs from other recessions in both depth and severity. Usually, recession results in job losses, especially at the lower end of the income spectrum. However, the 2007 and 2008, "Wall Street Meltdown" devastated both wealthy and middle income America. Thus, consumers at all levels curtailed retail spending, resulting in significant declines in 4th quarter 2008 retail sales. This has continued through the 1st quarter of 2009. ***Figure 2.A*** prepared by Conference Board depicts the depth of previous recessions and their recovery time.

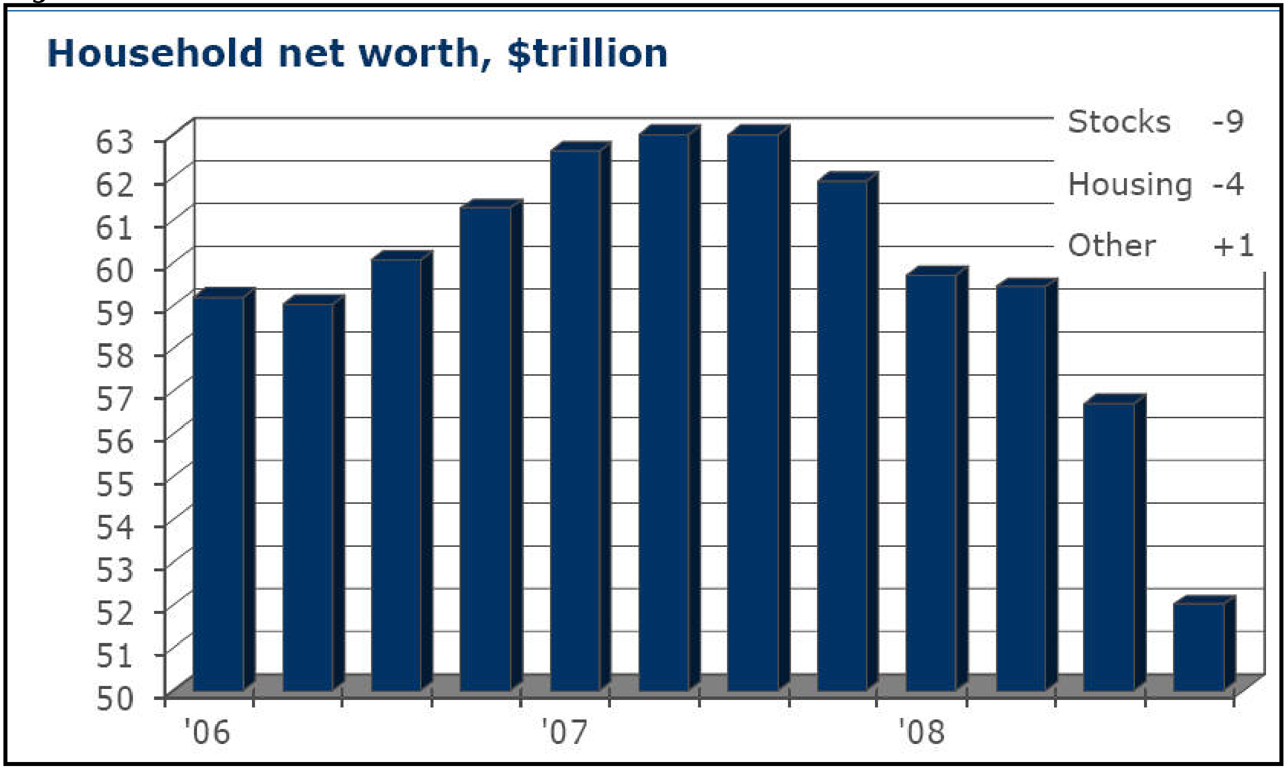
Figure 2.A



The above graph shows that even before we have reached the bottom of the current recession, the level of consumer confidence is below all of the previous recessions since 1974, which was a very severe recession. ***Figure 2.B*** presents household net worth and the decline experienced in 2008 and 2009.

Currently credit availability has declined and lending requirements have been tightened, further pressuring the economy. The election of a new U.S. President brought hope that aggressive measures would be undertaken to protect the markets and stimulate economic activity. As we near the end of the 1st quarter of 2009, we are beginning to see some small improvement in financial markets, housing absorption, and consumer spending. Nonetheless, major retailers have cut back on new store plans, focusing rather on cutting costs and improving margins. Therefore, it will take longer to fill the Vernon Hills vacant space.

Figure 2.B



Vernon Hills is not alone in the economic impact. Three major suburban community leaders in retail sales are Schaumburg with Woodfield Mall, Aurora/Naperville with Fox Valley Mall, Orland Park with Orland Square, Joliet with Louis Joliet Mall, and Gurnee with Gurnee Mills. Each has seen the sales of its mall decline, along with the sales of nearby big boxes.

SOCIOECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

The socioeconomic and demographic characteristics of the Village of Vernon Hills were thoroughly evaluated based upon the 2000 Census and other socioeconomic indicators. The Village of Vernon Hills has witnessed strong growth in population and housing. Some of the demographic trends in Vernon Hills are as follows:

- The 2000 population in Vernon Hills amounted to 20,120 persons.
- The Census Bureau's July 1, 2007 population estimate amounted to 24,124 persons.
- By 2010, the population in Vernon Hills is forecast to reach 24,342 persons .
- By 2020, the population in the Village is forecast to reach 26,044 persons

- The number of households increased rather dramatically rising from 3,752 households in 1970 to 7,568 households in 2000. There are 8,989 households according the Census Bureau's 2007 official estimate.
- The average household size in Vernon Hills in 2000 amounted to 2.66 persons per household and in 2007 is estimated at 2.84 persons per household.
- The median age in Vernon Hills was 34.3 years in 2000.and estimated at 35.7 years in 2007.
- The median household income in Vernon Hills amounted to $71,297 in 2000.
- The median household income is estimated at $83,358 in 2007 according to Census Bureau's official estimates and the mean household income is estimated at $107,244.

VERNON HILLS RETAIL SALES EXPERIENCE

Figure 2.C shows Vernon Hills retail sales from 2000 through 2008. Note the roller-coaster pattern which rose from 2005 to 2007 and then showed a decline in 2008, along with the rest of the metropolitan area.

Figure 2.C

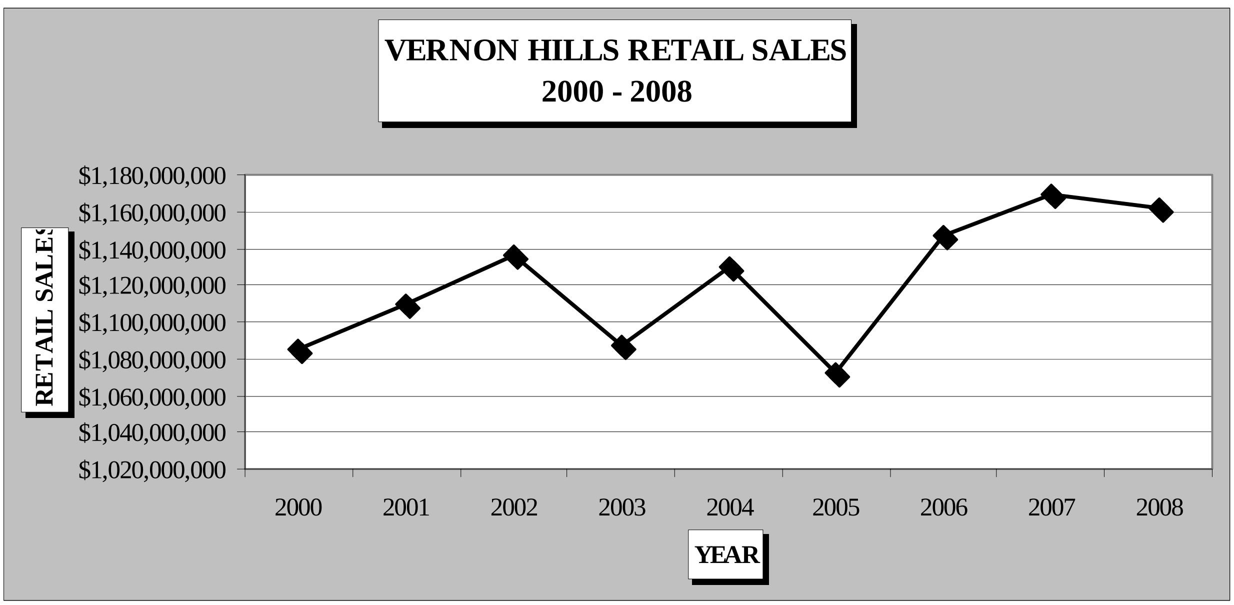


Table 2.1 depicts Vernon Hills retail sales based upon Illinois Sales Tax Receipts by major retail category for 2000 through 2008, along with the annual changes by major retail category. The table shows the changing nature of retailing, especially when examining the changes by retail category. The battle between department stores and big box general merchandise retailers has been fierce. Overall, in Vernon Hills, 2000 retail sales amounted to $1.085 billion, which by 2002 had risen to $1.136 billion. Sales in 2003 declined to $1.088 billion, then rose in 2004 to $1.130 billion, only to decline again in 2005 to $1.073 billion. Between 2005 and 2007, Vernon Hills' total retail sales increased to $1.170 billion. Retail sales declined in 2008 to approximately $1.162 billion.

TABLE 2.1

VERNON HILLS ANNUAL RETAIL SALES & SALES CHANGES MAJOR RETAIL CATEGORIES 2000 - 2008									
Retail Categories	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
General Merchandise	$289,211,600	$300,023,700	$293,469,300	$297,077,590	$293,776,027	$261,049,097	$316,043,032	$295,547,089	$289,181,644
Food	$38,580,300	$38,086,800	$36,125,700	$33,439,893	$34,323,340	$34,009,333	$36,026,164	$38,962,375	$37,283,590
Drinking and Eating Places	$76,094,200	$64,441,100	$60,981,300	$64,877,662	$69,019,221	$72,697,683	$80,476,116	$77,584,875	$78,802,188
Apparel	$77,337,200	$73,397,100	$79,571,100	$69,007,191	$77,733,540	$85,175,517	$86,359,230	$86,398,027	$79,713,293
Furniture, Appliances, & Electronics	$111,467,200	$116,899,800	$122,877,400	$250,313,363	$359,099,495	$342,957,269	$348,097,935	$385,703,151	$395,207,266
Home Improvement	$19,943,800	$32,521,800	$54,184,000	$51,458,624	$52,301,824	$53,082,085	$50,920,560	$48,079,101	$47,801,858
Automotive & Filling Stations	$12,367,300	$10,362,700	$12,657,500	$12,211,910	$11,958,254	$12,604,465	$15,978,984	$24,552,498	$25,051,975
Drugs & Misc. Retail	$109,948,200	$110,660,000	$117,941,000	$126,952,542	$125,876,341	$127,362,298	$129,988,075	$125,807,239	$116,255,273
Agriculture & All Others	$331,797,800	$350,223,100	$349,577,300	$174,011,451	$90,592,366	$65,046,927	$63,326,236	$68,103,041	$70,799,811
Manufacturers	$18,853,800	$12,790,500	$9,008,200	$8,378,892	$15,525,490	$18,646,718	$19,807,405	$19,021,447	$22,290,617
Total	**$1,085,491,300**	**$1,109,406,700**	**$1,136,392,612**	**$1,087,729,118**	**$1,130,205,898**	**$1,072,631,392**	**$1,147,023,737**	**$1,169,758,843**	**$1,162,387,515**
Annual Changes by Category	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
General Merchandise		$10,812,100	$6,554,400	$3,608,290	$3,301,563	$32,726,930	$54,993,935	$20,495,943	$6,365,445
Food		$493,500	$1,961,100	$2,685,807	$883,447	$314,007	$2,016,831	$2,936,211	$1,678,785
Drinking and Eating Places		$11,653,100	$3,459,800	$3,896,362	$4,141,559	$3,678,462	$7,778,433	$2,891,241	$1,217,313
Apparel		$3,940,100	$6,174,000	$10,563,909	$8,726,349	$7,441,977	$1,183,713	$38,797	$6,684,734
Furniture, Appliances, & Electronics		$5,432,600	$5,977,600	$127,435,963	$108,786,132	$16,142,226	$5,140,666	$37,605,216	$9,504,115
Home Improvement		$12,578,000	$21,662,200	$2,725,376	$843,200	$780,261	$2,161,525	$2,841,459	$277,243
Automotive & Filling Stations		$2,004,600	$2,294,800	$445,590	$253,656	$646,211	$3,374,519	$8,573,514	$499,477
Drugs & Misc. Retail		$711,800	$7,281,000	$9,011,542	$1,076,201	$1,485,957	$2,625,777	$4,180,836	$9,551,966
Agriculture & All Others		$18,425,300	$645,800	$175,565,849	$83,419,085	$25,545,439	$1,720,691	$4,776,805	$2,696,770
Manufacturers		$6,063,300	$3,782,300	$629,308	$7,146,598	$3,121,228	$1,160,687	$785,958	$3,269,170
Total		**$23,915,400**	**$26,985,912**	**$48,663,494**	**$42,476,780**	**$57,574,506**	**$74,392,345**	**$22,735,106**	**$7,371,328**

Source: Illinois Department of Revenue, 2000 - 2008 and Melaniphy & Associates, Inc., 2009

The two largest retail categories in Vernon Hills are *Furniture, Appliances & Electronics* and *General Merchandise*. Both have been volatile. *Furniture, Appliances & Electronics* reached its highest sales in 2008 when sales amounted to $395.2 million. The largest retail sales part of this category is in Appliances which at the time included both Best Buy and Circuit City. Circuit City has since been closed. In *General Merchandise*, the best year was 2006 when sales reached $316 million and then declined in 2007 to $295.6 million. Sales in 2008 amounted to an estimated $289.1 million.

In contrast, Gurnee recorded total sales of $1,172,530,518 in 2008. *General Merchandise* sales amounted to over $231.5 million in Gurnee in 2008 while Food sales amounted to over $71 million. *Eating and Drinking Places* recorded sales of over $97 million in 2002 and over $117 million in 2008. *Apparel* sales amounted to over $110 million but were down from their high of $123 million in 2006. The *Furniture, Household & Radio* category accounted for over $83 million in sales in Gurnee in 2008 but declined from over $100 million in 2005. The *Lumber and Hardware* category recorded sales of over $86 million in 2002 but have declined to $76 million in 2008. The *Automotive and Filling Stations* category recorded sales of over $182 million in 2008 up from $140 million in 2003. Finally, the *Drugs and Miscellaneous Retail stores* category reached sales of over $169 million in 2002 and have increased to over $196 million in 2007. Sales declined in 2008 to $186 million. Simon Property Group purchased Gurnee Mills Mall from the Mills Corp and has improved the tenant mix in the mall.

Our firm evaluates Chicagoland Suburban "Core Markets" for all major suburban major retail concentrations including those suburbs which principally support a major regional mall. Vernon Hills' Core Market includes Vernon Hills, Libertyville, and Mundelein. The combined retail sales in 2002 of Vernon Hills, Libertyville, and Mundelein (the Core Market) amounted to $2,286,745,100 or a decline of approximately $4 million since 2001. Nonetheless, the Vernon Hills Core Market ranks Number three in Suburban Chicagoland.

MAJOR MALL, STORES, BIG BOXES, AND OTHER SALES TAX GENERATORS

Hawthorn Center is the largest single major retail generator in the Village. With nearly 1,400,000 square feet and four department stores, the Mall is the reason for the nearby concentration of both convenience and shoppers goods which add an additional 1,800,000 square feet. Vernon Hills stands at number 13 in retail sales concentration in the Chicagoland area. In 2008, total retail sales in Vernon Hills amounted to $1,162,387,515 or a slight decrease from 2007 of -$7,371,328.

Vernon Hills currently has department stores operated by Macy's, Carson Pirie Scott, Sears, and JC Penney. It also has a number of big box retailers such as Wal-Mart, Sam's Club, Super Target, Kohl's, Best Buy, Toys R Us, Lowe's, Home Depot, Barnes and Noble, Bed Bath & Beyond, La-Z-Boy Furniture, Ashley Furniture, Plunkett Furniture, DSW, Jo Ann Fabrics, T J Maxx, Office Depot, Office Max, Staples, Sports Authority, and others. Major stores not in Vernon Hills include: Nordstrom, Nordstrom's Rack, Von Maur, Costco, Dick's Sporting Goods, Meijer, Pottery Barn, Restoration Hardware, Williams-Sonoma, Cost Plus World Market, Hobby Lobby, Gander Mountain, Trader Joe's, CVS Pharmacy, Woodman's and other retailers.

Vernon Hills also has fewer restaurants than other suburbs with major malls and big box retail concentrations. The reason there are fewer restaurants in Vernon Hills is the Village's proximity to Wheeling's "restaurant row" and the concentration of upscale restaurants in Lincolnshire. Also, some of the other major major mall communities have a greater concentration of Class A office buildings which boost the overall daytime working population. For example, Schaumburg contains over 12.0 million square feet of Class A office space while Oak Brook contains over 9.0 million square feet. In contrast, Vernon Hills contains approximately 2.0 million square feet of Class A office space. Most new lifestyle centers are anchored by restaurants, movie theaters, and specialty retailers. A redevelopment and expansion of Hawthorn Center would assist in attracting new restaurant venues.

Consideration should be given to adding additional restaurant concepts focused on casual dining as outlots to big box store development. This might include J Alexander's, Maggiano's, Nick & Tony's, PF Chang's, Outback Steakhouse, McCormick & Schmick's, and others. A complete list of possible retailers is provided in Section V – Retail Market Analysis.

TRADE AREA DELINEATION

The Trade Area of the seven Subject Sites has been delineated based upon information gathered during our previous studies for the Village, the current study, and our experience in evaluating commercial complexes and big box retailers throughout the country. The owners of Hawthorn Center, Westfield Corporation, provided their customer distribution by zip code based upon customer intercept surveys conducted in the Mall. Thus, we reviewed Hawthorn Center's Trade Area data in delineating the Trade Area for the seven delineated sites. While the Mall attracts customers from a wide area, big box retailers tend to think in terms of the business within five to seven miles and place stores in the marketplace accordingly.

The Trade Area of the seven properties under consideration is influenced by the existing 3,300,000 square feet of retail space in Vernon Hills and the existence of major competitors which proscribe the trading area. Major complexes include Gurnee Mills, Northbrook Court, Woodfield Mall, and Deer Park Town Center. Also, there are numerous concentrations of big box retailers beyond five miles which affect Vernon Hills' retail attraction.

The **Primary Trade Area** has been delineated to include the geographic area within a five-mile radius of the intersection of Milwaukee Avenue (IL Route 21) and Town Line Road (IL Route 60). The Primary Trade Area represents the geographic area from which the most frequent visitors will originate. Approximately 60 to 70 percent of the consumers generated to Vernon Hills are generated from the Primary Trade Area. Supermarkets tend to delineate trade areas of three miles, while big box retailers consider five-mile radii. The big box objective is to maximize market penetration within the five-mile radius. ***Figure 2.D*** presents the Trade Area Map.

The **Secondary Trade** Area has been delineated to include the geographic area beyond five-miles and extending out to a seven-mile radius. The Secondary Trade Area represents the geographic areas from which consumers will originate on a less frequent basis. Approximately 10 to 20 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 such as Wal-Mart, Target, Costco, Best Buy, Circuit City, and Meijer.

The **Total Trade Area** represents the geographic area within a seven-mile radius of Milwaukee Avenue and Town Line Road. Approximately 85 percent of the consumers generated to the Subject Sites will originate from within the delineated Trade Area. Another 10 to 15 percent will be generated from outside the delineated Trade Area. Again, this includes visitors and other consumers who shop the area on an infrequent basis.

VERNON HILLS MARKET PENETRATION

Vernon Hills market penetration by retail category indicates how well retail stores are doing in competing with other retail stores or retail concentrations. Market penetration represents the market share that Vernon Hills' retailers are capturing of the potential Trade Area Expenditures in each retail category. **Table 2.2** below presents the 2008 market penetrations by major retail category for Vernon Hills.

Table 2.2

Category	2008 Market Penetration Percent
General Merchandise	56.2%
Food Stores	3..6%
Eating & Drinking Places	17.3%
Apparel and Accessories	45.6%
Furniture & Household Furnishings	57.3%
Appliances & Electronics	75.6%
Home Improvement	15.7%
Drugs Stores	8.9%
Miscellaneous Retail Stores	15.9%
Sporting Goods	16.8%
Book Stores	20.7%
Jewelry Stores	31.6%
Office Supply Stores	78.0%
Other Miscellaneous Stores	8.2%
Automobile Dealerships	2.6%
Total Vernon Hills Retailing	**31.6%**

Source: Melaniphy & Associates, Inc. 2009

Table 2.2 indicates that overall, Vernon Hills has a market penetration within its trade area of 31.2 percent. Furthermore, the *General Merchandise* category shows a high market penetration of 56.7 percent. The *Office Supply Stores* have an even higher market penetration at 78.0 percent. *Apparel Stores* recorded a market penetration rate of 45.6 percent. The lowest market penetration was in the *Automobile Dealers* category which recorded a penetration level of only 2.6 percent. The *Food* category also reflects a very low penetration of 3.6 percent and *Drug Stores* at 8.9 percent, however both of these categories are “Convenience Goods Stores” and serve smaller trade areas. Within the Primary Trade Area (five miles), *Food* captured 7.9 percent and *Drug Stores* captured 15.0 percent.

Categories recording market penetration between 20 and 30 percent include: *General Merchandise, Furniture & Household Furnishings, Radio, TV, Computer, & Music Stores, , Book Stores, and Jewelry stores.* Retail categories generating market penetration between 15 and 17 percent included *Eating & Drinking, Lumber, Building Materials & Hardware Sporting Goods and Miscellaneous Retail Stores.* The data indicate that there are several opportunities for additional retailers in Vernon Hills.

VERNON HILLS RETAIL SALES FORECAST

Table 2.3 presents Vernon Hills' retail sales comparison and forecasts.

Table 2.3

VERNON HILLS RETAIL SALES COMPARISON AND FORECASTS
2000, 2005, 2008, 2013, AND 2018

Retail Categories	2000	2005	2008	2013	2018
General Merchandise	$289,211,600	$261,049,097	$289,181,644	$345,718,357	$405,729,228
Food	$38,580,300	$34,009,333	$37,283,590	$102,953,386	$121,485,484
Drinking and Eating Places	$76,094,200	$72,697,683	$78,802,188	$97,429,512	$118,392,837
Apparel	$77,337,200	$85,175,517	$79,713,293	$95,128,803	$112,034,562
Furniture, Appliances, & Electronics	$111,467,200	$342,957,269	$395,207,266	$425,467,566	$511,229,536
Home Improvement	$19,943,800	$53,082,085	$47,801,858	$53,430,837	$63,244,129
Automotive & Filling Stations	$12,367,300	$12,604,465	$25,051,975	$28,499,822	$33,716,529
Drugs & Misc. Retail	$109,948,200	$127,362,298	$116,255,273	$161,334,267	$192,436,684
Agriculture & All Others	$331,797,800	$65,046,927	$70,799,811		
Manufacturers	$18,853,800	$18,646,718	$22,290,617		
Total	**$1,085,491,300**	**$1,072,631,392**	**$1,162,387,515**	**$1,309,962,550**	**$1,558,268,988**

Source: Melaniphy & Associates, Inc.2009

RETAIL MARKET STRATEGY

We have prepared a retail market strategy for each of the delineated Subject Sites. The retail market strategy for each of the Subject Sites is briefly discussed in the following paragraphs.

- **Hawthorn Center Mall – NWC of Milwaukee Avenue and Town-Line Road**

  Hawthorn Center Mall is located at the northwest corner of Milwaukee Avenue and Town-Line Road. The property is listed as a greenfield site due to the peripheral land and redevelopment potential. We recommend a major lifestyle center addition comprised of a Nordstrom, multi-screen cinema complex, and several restaurants. The primary obstacle to the redevelopment is the relocation of major underground utilities in front of the mall. In order to "jumpstart" the redevelopment process, the Village of Vernon Hills must establish a public-private partnership with Westfield and make a significant financial commitment to the project. This can be accomplished by establishing an SSA to fund the utility relocation.

- **NWC Corner of Milwaukee Avenue and Greggs Parkway**

The NWC corner contains 32.92 vacant acres zoned B-1. The adjacent land uses include a mix of shopping centers, automobile dealerships, restaurants, office buildings, and other commercial uses. The Gregg's Landing housing development is located west of the Subject Sites. The site is located at a fully signalized intersection and enjoys good visibility and access from Milwaukee Avenue. Vernon Hills has considerable retail sales leakage in automobile expenditures with sales of $24.5 million. The concentration of automobile dealerships in Libertyville makes this site an ideal location for major automobile dealerships. Some of the automobile dealerships located along Milwaukee Avenue in Libertyville include Acura, Buick, Cadillac, Chevrolet, Chrysler, Ford, GMC Trucks, Honda, Hummer, Hyundai, Infiniti, Isuzu, Lincoln, Mazda, Mercury, Mitsubishi, Pontiac, Saturn, Subaru, Suzuki, Toyota, Volkswagen, and Volvo, among others. Many of the higher end automobile nameplates are not located in Libertyville including Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes-Benz, Porsche, and Saab. The site is also very acceptable for big box retail development. This might include a mix of stores such as Costco, Roundy's, Dominick's, Woodman's, or others. Land cost will probably be a factor for automobile dealers. However, prudent retail development of outlots for restaurants, banks, small retailers, and others will help reduce land and development costs for big box users.

- **SWC Corner of Milwaukee Avenue and Greggs Parkway**

The site is located on the south side of Greggs Road at Milwaukee Avenue and contains approximately 14.0 acres. A Lowe's store and Staples were developed on the balance of the site since our previous market study. The site is zoned B-1, and has a traffic signal. This site also enjoys good access and visibility from Milwaukee Avenue. This is an ideal location for a grocery store, junior anchors, and convenience retail facilities. This might include Dominick's or Roundy's, CVS, and others.

- **NEC Corner of Milwaukee Avenue and Town-Line Road**

This site contains 44.55 vacant acres zoned B-1. There are only 35 buildable acres due to part of the site being in a floodplain. This is an excellent retail location directly across the street from Hawthorn Center, Rivertree Court, and Hawthorn Hills Fashion Center. The high land cost has been a major barrier to retail development. A higher density mixed-use development will be required to absorb the high land cost.

We recommend a mixed-use development featuring high-density office, hotel, restaurant, residential and some retail space. The anticipated land cost of $25 per square foot precludes virtually all big box retailers from economically developing the site.

- **Parcel in front of American Hotel Register**

The vacant property in front of American Hotel Register contains approximately 5 to 6 unimproved acres. A new traffic signal was recently completed in front of the site. We recommend a CVS Pharmacy, strip center, restaurants, and a bank. There is also a market for a freestanding furniture retailer.

- **East side of Milwaukee Avenue just north of Woodbine Circle**

  This site is located on the east side of Milwaukee Avenue across from the American Hotel Register parcel. The site encompasses approximately 25 acres some of which is located in a floodplain. The site represents a future retail development opportunity. However, the cost of assemblage, site clearance, engineering and demolition will raise the cost of the land and hamper most retail developments. The Village should only begin the process to assemble and clear the sites to make way for a power center in the future if the major big boxes cannot be accommodated on the two northern sites. This site can accommodate at least 100,000 square foot or more of big box stores depending upon mitigation which will be required to increase the amount of buildable acreage. The lower land cost and the new traffic signal are positive factors. However, this site was one of the least desirable of the sites evaluated.

- **Former Kelly Daycamp at Route 45 and Sanctuary Court**

  The former Kelly Daycamp parcel located on Route 45 at Sanctuary Court north of Woodland Parkway combined with the former Leikum Tap property contains approximately 32 acres. Hamilton Partners is proposing a mixed-use development featuring office/warehouse along with some service commercial. We recommend a mixed-use development featuring office/warehouse facilities along with some service commercial.

Table 2.4

TARGET TENANTS
VILLAGE OF VERNON HILLS

Apparel & Accessories
Anthropologie
Bailey, Banks & Biddle
Bebe
Benetton
Brooks Brothers
Coach
Cole Haan
Coldwater Creek
Famous Footwear
J Crew
Johnston & Murphy
L.L. Bean
Lucky Brand Jeans
Lucy
Nike
Plato’s Closet
Ralph Lauren

Table 2.4

TARGET TENANTS
VILLAGE OF VERNON HILLS

Sephora
Skechers
Tiffany & Co.
Tommy Bahama's
Urban Outfitters
Vera Bradley
XX1 Forever
Zara
Zumiez

General Merchandise
Bloomingdale's
Costco
JC Penney – Freestanding
Lord & Taylor
Meijer
Nordstrom
Nordstrom Rack
Sak's Fifth Avenue
Stein Mart
Von Maur
Wal-Mart Supercenter

Supermarkets and Specialty Grocery
Aldi
Assi Grocery
Caputo's Grocery
Dominick's
Food for Less (Kroger)
Roundy's
Sunset Foods
Super H Mart
Trader Joe's
Tesco
Whole Foods
Woodman's

Restaurants
Amazing Jake's Food & Fun
Bennihana
Biaggi's Italiano Ristorante

Table 2.4 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

Bonefish Grill
Bravo! Cucina Italiano
Brio Tuscan Grill
Bruegger's Bagels
Cricket
Cuppy's Coffee
Damon's Grill
Dave & Busters
Dunn Bros. Coffee
Fatburger
Flat Top Grille
Freshii Salad Shops
Gameworks
Golden Corral
Granite City Food & Brewery
J Alexander's
Jameson's Char House
Joe's Crab Shack
Johnny Rockets
Landry's Seafood
Longhorn Steakhouse
Maggiano's Little Italy
McCormick & Schmick's

Restaurants
Morton's The Steakhouse
Mitchell's Fish Market
Morton's The Steakhouse
Nick & Tony's
Noodles & Co.
Outback Steakhouse
Panchero's Mexican Grill
Pappadeaux Seafood Kitchen
PF Chang's
Qdoba
Ram Restaurant & Brewery
Red Robin
Rock Bottom Brewery
Roti Mediterranean Grill
Ruth's Chris

Table 2.4 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

Sonic Drive-In
Spicey Pickle
Stoney River Steakhouse
Ted's Montana Grill
Texas Roadhouse
Yogen Fruz

Furniture, Home Furnishings, Electronics and Appliances
Apple
Arhaus Furniture
Bloomingdale's Furniture
Bose
Macy's Furniture
Crate & Barrel
Cost Plus World Market
Ethan Allen Furniture
Fry Electronics
Guitar Center
Micro Center
PM Furniture Gallery
Pottery Barn
Pottery Barn Kids
Restoration Hardware
Smith & Hawkin
Sur La Table
The Container Store
Tiger Direct
West Elm
Williams-Sonoma
Z Gallerie

Building Materials and Hardware

Ace Hardware
Menards

Drug Stores

CVS Pharmacy

Table 2.3 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

Miscellaneous

Children of America
Crème de la Crème
Go Play
LA Fitness
Lego Store
Lucky Strike
Movie Theaters
Pinstripes

Sporting Goods

PGA Super Store
Dick's Sporting Goods
Gander Mountain
REI
Sportsman's Warehouse

Source: Melaniphy & Associates, Inc.

VACANT STORE STRATEGY

We have inventoried the vacant or soon to be vacant stores in Vernon Hills and identified possible replacement tenants. We have witnessed an unprecedented number of store closings as a result of the national economic recession. The stores that closed in Vernon Hills were closed as a result of national retail bankruptcies and not necessarily due to poor sales productivity in Vernon Hills. **Table 2.5** presents the vacant or soon to be vacant stores and the possible replacement tenants for the space.

Table 2.5

Vacant Vernon Hills Stores and Possible Replacements

Vacant Stores	**Replacement**
Circuit City	Caputo's Grocery Home Goods REI Gander Mountain Micro Center PM Furniture Gallery LA Fitness Golfsmith
Wickes Furniture	Nordstrom Rack Loehmann's Stein Mart
Linens 'N Things	Dick's Sporting Goods Roundy's
Karnes Music	Guitar Center
Tweeter	L.L. Bean
Expo Design Center	Costco Super H Mart Woodman's
Office Depot (Speculation) Office Max (Speculation) Pier 1 Imports (Speculation)	Big Lots REI Trader Joe's Advance Auto Parts

The Circuit City space should be marketed to Home Goods, REI, Gander Mountain, Micro Center, or PM Furniture Gallery.

Hawthorn Hills Fashion Center should attempt to re-merchandise the center with off-price retailers grouped together like Nordstrom Rack, Loehmann's, Home Goods, and Stein Mart. The alternative is to anchor the center with Roundy's and Dick's Sporting Goods. The Karnes Music space should be marketed to Guitar Center.

The Expo Design Center space should be marketed to Costco, Super H Mart, or Woodman's.

FINANCIAL ASSISTANCE

The *Retail Market Study and Store Strategy* recommends the Village establish a Financial Incentives Policy. The types of incentives and level of developer assistance should be determined now during the economic downturn. Thus, when the market improves the Village will be prepared to implement the incentive tools to jumpstart the development process. The Financial Incentives Policy determines in advance the types of incentives including Special Service Area (SSA), Business Improvement District (BID), Tax Increment Financing (TIF), and Sales Tax Abatement programs. Several communities have established Special Service Areas (SSA), Tax Increment Financing (TIF), sales tax rebates, sales tax abatement, and other tax sharing agreements to entice retailers into their communities.

The structure of the agreement should be dependent upon the sales and property tax generation potential of the end user/users. A TIF Consultant should be engaged to assist the Village in formulating the Financial Incentives Policy. Obviously, the greater the property tax and sales tax revenue potential of the end user/users the greater propensity for the Village to provide financial incentives. Several communities have utilized incentive tools to secure big box retailers and other commercial development. Some examples are provided in the following paragraphs.

In **Hoffman Estates**, Village officials agreed to provide approximately $18 million in public funds to attract Cabela's Inc. to build its first Illinois store alongside the Northwest Tollway on the village's far west side. The $18 million deal adds up to roughly half of the $40 million in sales taxes that the popular hunting, fishing and camping retailer is expected to generate here during the next 20 years.

In **New Lenox,** Illinois the Village Board hired Kane, McKenna and Associates to determine if the 175-acre site at the southwest corner of U.S. 6 and Cedar Road is eligible to be a business development district. The developer, The Zaremba Group, wants to build a 1 million-square-foot retail center along the Interstate 355 extension. The developer indicates the project won't happen without financial assistance to pay for an estimated $30 million in road improvements. The creation of a business district would allow the Village to issue bonds to increase sales tax or levy a hotel tax in this specific district or establish other financial plans to cover infrastructure costs. Kane McKenna and Associates conducted a feasibility study and advised the village of its financial options which was paid by the developer. The village conducted a special census to determine if the population had reached 25,000 people. At this threshold the Village would get would get home rule authority and not need the business district to levy additional taxes or develop other financing plans. The district would then be dissolved.

In **Mundelein, Illinois** the Super Target store at Illinois Routes 60/83 and IL Route 176 received a development incentive agreement including a sales tax sharing agreement. There are both private and public incentives including public improvements to reduce the development cost. Mundelein also provided incentives when the Cub Foods store was redeveloped at Illinois Route 60 and U.S. Route 45. Mundelein created a Business Improvement District (BID) to redevelop the shopping center. A 50/50 sales taxes incentive agreement was made which amounted to approximately $1.8 million over 10 years. Mundelein identified extraordinary costs of the improvements to redevelop the existing shopping center. In another project, Mundelein provided development incentives to develop a Dominick's, small shop space, and three outlots on a 22-acre site. Major traffic signal improvements were made with Mundelein contributing to the cost along with the state and county.

In **Lockport, Illinois** TCB Development is developing Lockport Square a center anchored by Super Target and Home Depot. The city will participate as a partner in the $95 million shopping center development. That partnership would include reimbursement of $10.5 million in sales-tax revenue, but also would allow the city to keep more than $1 million in sales taxes yearly and would give the city a say in what types of restaurants are included in the development. The developers will be reimbursed with interest, for all the infrastructure improvements including the widening of 159th Street, traffic signals, wetland mitigation, and other infrastructure costs. The city would receive an estimated $2.3 million in sales taxes a year after the developer is reimbursed. Thus, the city would rebate 50 percent of sales tax revenues to the developers, for up to $10.5 million. The agreement has a cap of a 20-year payback.

In **Gurnee, Illinois** the Mills Corp is undertook a $10 million renovation of Gurnee Mills Mall. The Village of Gurnee pledged $27 million a year over seven years in tax rebates to strengthen Gurnee Mills Mall.

In **Arlington Heights, Illinois** the Village has agreed to provide direct sales tax rebates to a planned Rohrman auto dealership located at Dundee Road and Route 53.

In **Plainfield, Illinois** a retail center planned on U.S. 30 near Interstate 55 called the Boulevard is expected to receive an incentive package. As part of the project, developer 55/30 Acquisition LLC agreed to improve U.S. 30 and access to Renwick Road, as well as build a bridge through the site connecting the two roads. Village board members indicated they would support an incentive agreement giving the developer some help with the roadwork, about $19.5 million in sales tax revenue for 20 years. According to the proposed agreement, the developer would not receive the incentive until the roadwork is done, 230,000 square feet of retail is open and part of the site is sold to a major national retailer. During the incentive period, the village would receive $1.4 million a year in tax revenue. The village also would enact a 0.25 percent business district tax, applicable only to The Boulevard, which would be used to repay the economic incentive. Adding the tax would make the shopping centers' sales tax rate 7.75 percent, equal to the city of Joliet's sales tax rate.

Also in **Plainfield, Illinois** the Village board members also approved a $16.5 million incentive agreement. The Shops at the Polo Club is a 610,000-square-foot lifestyle center to be anchored by a Von Maur department store if it proceeds as planned. Poag & McEwen Lifestyle Centers has outlined plans for the lifestyle center on 53 acres on the northeast corner of Illinois 59 and 119th Street. Plans envision Von Maur, theaters, a gourmet grocery store, bookstore, sporting goods store, restaurants, specialty fashion retailers and a hotel. The economic incentive agreement indicates the village would issue a revenue bond that would be repaid by the village's share of sales tax revenue generated at the shopping center. The incentive agreement is designed to pay for infrastructure on the site. The bond would not be issued until after the center's grand opening.

In **Oswego, Illinois** the Village Board approved an incentive agreement with Jewel-Osco food store planned at Orchard Road and Route 34. The agreement is for public improvements amounting to $850,000. Oswego will reimburse Jewel-Osco from sales tax generated by the store.

IMPEMENTATION PLAN

The Village of Vernon Hills should target the aforementioned retailers, restaurants, and automobile dealerships for the seven Subject Sites in the Village. The current economy has put many retailers and restaurants in a holding pattern. Their respective expansion plans have been curtailed until sales rebound. In our opinion, the sagging economy has limited the amount of retailers that are actively pursuing new locations. Many are simply trying to survive the downturn. We expect the economy will rebound in the next 12 to 24 months.

The Village should formulate the Financial Incentives Policy now and begin to implement an SSA for Hawthorn Mall to jumpstart the redevelopment process. The next step would be to procure public/private partnerships with developers and retailers to share in both the costs and revenues generated from additional retail development. By establishing the SSA and other incentive tools now, developers will be able to act quickly once the economy improves.

Our discussions with Westfield Corporation provided insight into their short and long range plans for Hawthorn Center. Our objective was to investigate a strategy to “jumpstart” the redevelopment process. In the short term, Westfield is simply weathering the economic recession and is adding tenants when available to reduce vacancy. Westfield has no immediate plans to expand the mall. However, given an improvement in the economy, Westfield would reexamine a redevelopment and expansion plan for the mall. They would require a public/private partnership with the Village of Vernon Hills. There are approximately $16.0 million in costs to relocate major utilities in front of the mall to facilitate an expansion. In 2004, Westfield had considered a major lifestyle addition to the mall fronting Town-Line Road. The cost of the utility relocation was a major obstacle to the redevelopment.

In our opinion, the mall is the Village’s “crown jewel” and the major anchor of this retail concentration. The improvement of the mall will strengthen the overall generative attraction of Vernon Hills and retail facilities surrounding the mall. The addition of a Nordstrom department store should be a major objective and the centerpiece of an expanded mix of lifestyle-type retailers, restaurants, cinema complex, and entertainment venues. A redevelopment and expansion of the mall may also prevent competing projects to the north from ever being implemented including the Village Green in Lindenhurst and the project in Grayslake. The Village of Vernon Hills and Westfield should establish an SSA to fund the redevelopment of the mall and insure the long term viability of the Village’s retail base.

SECTION III

METHODOLOGY

Our basic approach has been to identify the forces of supply and demand which either directly or indirectly affect retail market potential over the projection period. The market forces include population, population change, households, age structure, family size, household income, employment, shopping habits and patterns, existing and proposed competitive facilities, directional growth patterns, accessibility within the market area and the Subject Sites, consumer expenditure dynamics, and finally, the share of the market that Vernon Hills' retail sites might expect to capture by various types of retail categories in contrast to competitive shopping centers.

The seven retail properties, which are the subject of this study, are referred to herein as the "Subject Sites."

In order to arrive at a determination of the retail market potential, we have carried out a number of research steps. They are summarized below:

1. A search was conducted of published and unpublished data regarding population, population projections, income, housing, employment, expenditures, retail sales, traffic counts, competition, shopping habits and patterns, consumer preferences, and other data pertinent to this analysis. Sources included:

   - United States Department of Commerce; Bureau of the Census, 1990 and 2000; Census of Population and Housing;
   - United States Department of Commerce; Bureau of the Census, American FactFinder Survey population projections, 2007;
   - United States Department of Commerce, Bureau of the Census, Building Permit Statistics; 2000 to 2007;
   - Economic Census of Retail Trade and Foodservice, 1997 and 2002 (latest Census data available);
   - Illinois Department of Revenue, Sales Tax Receipts for Lake County and Vernon Hills, along with numerous Lake County communities for 2000 through 2008;
   - Lake County Convention & Visitors Bureau;
   - Northeastern Illinois Regional Planning Commission, (NIPC) forecasts to 2030;
   - Illinois Department of Transportation (IDOT);

- Lake County Department of Transportation;
- Illinois Department of Employment Security (IDES);
- Illinois Department of Commerce and Community Affairs (DECCA);
- American Automobile Association;
- Claritas, Inc. – Demographic projections;
- Tactician, Inc. – Demographic projections;
- Metro Chicago Retail Guide, 2008;
- Village of Vernon Hills – Village Manager;
- Village of Vernon Hills - Department of Community Development;
- Village of Vernon Hills – Department of Finance;
- International Council of Shopping Centers (ICSC);
- Mid America Real Estate – Annual Shopping Center Development;
- CB Richard Ellis – Real Estate Reports;
- Grubb & Ellis Real Estate Reports;
- Forrester Research – Consumer Patterns;
- Shopping Centers Today;
- Shopping Center Business;
- Crain's Chicago Business;
- Chicago Tribune; and
- www.Globest.com.

2. Members of our staff visited the Subject Sites and toured the Village of Vernon Hills and surrounding communities. We drove all of the major and minor traffic arteries in and around the Village and the specific sites under study. Notes were taken regarding housing development, housing characteristics, types and locations of commercial facilities, and their economic levels. Next, accessibility was analyzed in terms of ingress and egress to the Area and the Subject Sites along with an analysis of traffic flow and driving time. In addition a

reconnaissance of the surrounding subdivisions provided information regarding population density, housing value, the general socioeconomic structure, and shopping habits and patterns. Finally, we identified planned and proposed projects, prospective tenants, and timing

3. The socioeconomic characteristics of the Village of Vernon Hills were evaluated and the changes which have taken place, determined. The 2000 Census of Population was thoroughly evaluated along with population forecasts prepared by American FactFinder (U.S. Census Bureau), Claritas, and Tactician. The socioeconomic characteristics include: population, population growth, age structure, household characteristics, income dynamics, ethnic mix, employment, employment change, housing values, retail expenditure potential, and retail sales trends. Population and housing forecasts were prepared for 2013 and 2018.

4. We have delineated the Trade Area for the Subject Sites on the basis of demographics, the competitive attraction of existing and proposed retail facilities, the road network, physical and psychological barriers, a detailed driving time analysis, consumer orientation, and our over 40 years of experience in evaluating projects throughout the world.

5. Demographics were forecast for the Trade Area for 2008, 2013, and 2018. Demographics include population, age structure, population growth, households, household size, household income, and other pertinent elements.

6. We evaluated current estimated household income, along with the changes which have taken place since the 2000 Census. Moreover, we forecast household income for the projection years.

7. Retail sales data was obtained and studied. The data include the Economic Census of Retail Trade and Foodservice for Vernon Hills for 1997 and 2002 (latest data available). We have also analyzed the Illinois Department of Revenue, Sales Tax Receipt data for Vernon Hills and others nearby communities by major retail category from 2000 to 2008.

9. Members of our staff inventoried the existing and proposed competitive retail facilities in and around Vernon Hills and other surrounding communities within the Trade Area of the Subject Sites. The evaluation determined the characteristics of shopping centers within the Trade Area including their location, size, tenant mix, degree of success, and general impact of competitive facilities. We also identified proposed retail facilities within the Trade Area of the Subject Sites. This includes proposed shopping centers and freestanding retailers including their location, size, timing, major anchors, and anchor sizes.

10. We calculated the Trade Area resident's Personal Consumption Expenditures by retail store category. These data were forecast for the projection years. Personal Consumption Expenditures were analyzed by retail category (i.e., food stores, department stores, women's apparel, men's apparel, furniture, electronics, etc.) and represent the dollars spent by Trade Area residents in retail facilities in and around the Vernon Hills area.

11. Based upon the potential expenditures for the projection years, we have allocated the market shares for the various retail categories within the Trade Area segments we expect the Subject Sites to capture in contrast to competitive shopping complexes. The market shares or capture rates provide the sales projections by retail category for the Subject Sites.

12. Once the expenditure potential and market penetration by individual retail categories were computed, our staff identified the retail categories which represent an opportunity within the Trade Area. The objective was to identify market opportunities in individual retail categories and then consider specific retailers that "could fill the void". This included an evaluation of the current placement of major retailers in the Trade Area and their respective locations in relation to the Subject Sites.

13. Next, we determined the total retail market potential in the Village of Vernon Hills. This process permitted us to identify retail categories which represent a future development opportunity on the Subject Sites. From this analysis, we identified possible retailers and made recommendations regarding filling current vacancies and adding new retailers.

14. Finally, we estimated the impact on retail sales that our recommendations will likely have on the Village over the projection years.

RETAIL MARKET STRATEGY

A. Our staff prepared a Retail Market Strategy for the Subject Sites designed to identify additional retail development opportunities and enhance and improve the Village's tax base. We prepared a Retail Market Strategy which identifies market driven opportunities and defines the obstacles, if any, to additional retail development on the five delineated sites in the Village.

B. The assignment required that we define Vernon Hills' existing retail mix and identify retail categories for which there is a market.

C. Our team identified specific retailers in each retail category that represent an opportunity and those that are overbuilt. Next, our staff contacted the identified retailers to determine the likelihood of their attraction to Vernon Hills.

D. Based upon our discussions with retailers and developers, we prepared a five-year Retail Market Strategy designed to identify the actions and incentives required as a catalyst to initiate retail development and expand the existing retail base. This includes tax increment financing, sales tax rebate programs, revenue sharing agreements, and special assessment districts, among others. Simply stated, this defines what it will take to attract new retailers to the Village.

E. Finally, we utilized our over 40 years experience in evaluating commercial projects of all sizes throughout the world.

SECTION IV

GENERAL MARKET CONDITIONS

OVERVIEW

The recent economic recession in the US is threatening sales tax revenues in municipalities throughout the United States. Sales tax revenues are one of the primary revenue sources for most municipal budgets. In 2008, there were 19 retailer bankruptcies which accounted for approximately 8,000 chain store closings. Some of the major bankruptcies included Circuit City, Linens 'N Things, Tweeter, Mervyn's, Boscov's, Good Guys, Bombay Co., KDA, Comp USA, Charming Shoppes, Fortunoff, Lillian Vernon, KB Toys, Steve & Barry's, Whitehall Jewelers, Value City, Bennigan's, and Baker's Square. Mark Shale filed for bankruptcy in March 2009.

Some of the retailer store closings included Circuit City (722 stores), Starbucks Coffee (600 stores), KB Toys (460 stores), Movie Gallery (400 stores), Linens 'N Things (371 stores), Ritz Camera (300 stores), Goody's (287 stores), Steve & Barry's (276), Wilson's Leather (160 stores), Pacific Sunwear (160 stores), Charming Shoppes (150 Stores), Footlocker (140 stores), Dell (140 stores), Spring (125 stores), Friedman Jewelers (120 stores), Ann Taylor (117 stores), Gap (115 stores), Office Depot (112 stores), Zales Jewelers (105 stores), Comp USA 103 stores, Disney Stores (93 stores), Tweeter (93 stores), Sharper Image (93 stores) and many others. Apparel stores represented approximately 34 percent of the closings followed by Home Entertainment.

Some retail experts are forecasting over 14,000 chain store closings in 2009. However this figure only includes national and regional chain stores. Michael Niemira, Chief Economist for the International Council of Shopping Centers, predicts, using U.S. Bureau of Labor Statistics data, that 148,000 stores shut down in 2008. That would be the largest number since 151,000 closings in 2001, during the last recession. The United States had 1.11 million retail locations in 2002.

Automobile dealerships have also been negatively impacted by the economic recession. Some forecasts are indicating that over 1,000 automobile dealership will close in the next year and 3,000 over the next three years. Despite the federal assistance being provided to the major auto companies many domestic and foreign automobile dealerships are expected to close with more consolidation in the industry. Generally, these auto dealerships are one of the highest sales tax generators in a municipality. Many auto dealerships have already closed with the faltering economy but many more are being forced by Detroit to close.

The economic turmoil has reduced consumer confidence to all time low and will result in additional retail bankruptcies. The recent holiday shopping season was one of the worst in over 20 years. Holiday retail sales were down by approximately 2.2 percent. The reduced consumer spending has triggered additional store closings and resulted in a dramatic increase in retail vacancy rates. Retail sales in Vernon Hills have amounted to over $1.0 billion in recent years. The decline in consumer confidence and reduced consumer spending will result in significantly lower sales tax revenues in the Village. Some of the store closings in Vernon Hills in included Wickes Furniture, Circuit City, Linens 'N Things, Tweeter, Expo Design Center and Sharper Image, among others.

POPULATION

The six-county Chicago Metropolitan Area contains approximately 8.0 million people. Included are Cook, DuPage, Kane, Lake, McHenry, and Will counties. The 1980, 1990, and 2000 population statistics for the six counties are presented in **Table 4.1**. The 2007 population estimate is also provided.

Table 4.1

Population Statistics
Chicago Metropolitan Area
1980, 1990, 2000, and 2007 Estimate

County	1980	1990	2000	2007 Estimate	1990 - 2000 Change	
					Number	Percent
Cook County	5,253,190	5,105,067	5,376,741	5,285,107	271,674	5.3%
DuPage County	658,177	781,666	904,161	929,192	122,495	15.7%
Kane County	278,405	317,471	404,119	501,021	86,648	27.3%
Lake County	440,372	516,418	644,356	710,241	127,938	24.8%
McHenry County	147,724	183,241	260,077	315,943	76,836	41.9%
Will County	324,460	357,313	502,266	673,586	144,953	40.6%
Total	7,102,328	7,261,176	8,091,720	8,415,090	830,544	11.4%

Source: United States Department of Commerce; Bureau of the Census, 1980, 1990, and 2000 Census, Official 2007 Population Estimates from Bureau of the Census July 1, 2007.

According to the Census Bureau, Lake County's population as of July 1, 2007 was estimated at 710,241 persons. Population growth between 1990 and 2000 in Lake County amounted to 24.8 percent with an absolute increase of 127,938 persons. Population growth is expected to moderate given the decline in residential construction. DuPage County's population growth amounted to 15.7 percent between 1990 and 2000. The largest percentage increase in population since 1990 occurred in McHenry County. The largest numeric increase in population between 1990 and 2000 occurred in Cook County with the addition of 271,674 persons.

Vernon Hills' population amounted to 15,319 persons in 1990. The 2000 Census indicated Vernon Hills' population increased by 31.3 percent to 20,120 persons. The 2007 population estimate for Vernon Hills is estimated at 24,124 persons. Vernon Hills' population is forecast to reach 26,044 persons by 2020. In contrast, Gurnee's population increased by 110 percent from 13,701 persons in 1990 to 28,834 persons in 2000. Between 1990 and 2000, Gurnee experienced an absolute population increase of 15,133 persons. The 2007 population estimate for Gurnee is estimated at 30,586 persons. Gurnee's population is forecast to reach 36,824 persons by 2020. **Table 4.2** on the following page presents the population statistics for each municipality in Lake County in 1990 and 2000 and the percent change.

RETAIL SALES

The Chicago Metropolitan Area recorded total retail sales of over $106 billion in 2007 up from $105.7 billion in 2006, representing an increase of 1.05 percent. However, in 2008 sales declined to $101.7 billion a decrease of nearly 4.0 percent. Retail sales in the metropolitan area in 1998 stood at over $78.2 billion. **Table 4.3** presents the retail sales figures for the Chicago Metropolitan Area from 1998 to 2008.

Will County recorded a 5.20 percent increase in retail sales between 2006 and 2007. McHenry County recorded a 3.73 percent increase in retail sales between 2006 and 2007. In contrast, DuPage County experienced a -0.52 percent decline in retail sales while Lake County recorded a slight increase of 1.02 percent. In 2008, all counties declined in sales.

Vernon Hills' retail sales amounted $1,162,387,515 in 2008 down from the 2007 sales of $1,169,758,843. General Merchandise sales in Vernon Hills in 2008 amounted to over $289 million down from over $316 million in 2006. However, the General Merchandise category had sales of over $295 million in 2007. The strong economy in 2006 was favorable to malls and mall department stores. Food accounted for over $37 million in sales in 2008. The Food category decreased by over $1.0 million since 2007 but had seen steady increases from sales over $33.0 million in 2003. The Eating and Drinking category recorded sales of over $78.8 million in 2008 up from $64 million in 2003. Apparel sales amounted to over $86.3 million in 2007 up from $69 million in 2003. Again, the strong economy had been favorable to malls and apparel stores in the mall.

In 2008, Apparel sales decreased to $79.7 million. The Furniture, Household and Radio category had sales of over $395.2 million up from $348 million in 2006. This category is the largest sales tax generator for the Village exceeding General Merchandise sales. The economic recession will slow this category with store closings executed by Wickes Furniture, Circuit City, Linen 'N Things, and Tweeter.

The Lumber and Hardware category recorded sales of over $47 million in 2008 down from $50.9 million in 2006 and $53.0 million in 2005. The Automobile and Filling Stations category recorded sales of over $25.0 million up form $15.9 million in 2006. The high gasoline prices played a significant role in the sales increase. Drugs and Other Miscellaneous Retail Stores had sales in 2007 of $125.8 million. Sales in this category declined to $116.2 million in 2008 The Agricultural and All Others category recorded 2008 sales of over $70 million. The Manufacturers category generated sales of over $22 million in 2008.

In contrast, Gurnee recorded total sales of $1,172,530,518 in 2008. General Merchandise sales amounted to over $231.5 million in Gurnee in 2008 while Food sales amounted to

Table 4.2

Population Statistics
Lake County Municipalities
1990 and 2000 Census

Municipality	Population 1990	Population 2000	Percent Change 1990-2000
Antioch	6,105	8,788	43.9%
Bannockburn	1,388	1,429	3.0%
Barrington	9,504	10,168	7.0%
Barrington Hills	4,202	3,915	-6.8%
Beach Park	9,513	10,072	5.9%
Channel Lake	1,660	1,785	7.5%
Deer Park	2,887	3,102	7.4%
Deerfield	17,327	18,420	6.3%
Forest Lake	1,371	1,530	11.6%
Fox Lake	7,478	9,178	22.7%
Fox Lake Hills	2,681	2,561	-4.5%
Gages Lake	8,349	10,415	24.7%
Grandwood Park	2,470	4,521	83.0%
Grayslake	7,388	18,506	150.5%
Green Oaks	2,101	3,572	70.0%
Gurnee	13,701	28,834	110.5%
Hainesville	134	2,129	1488.8%
Hawthorn Woods	4,423	6,002	35.7%
Highland Park	30,575	31,365	2.6%
Highwood	5,331	4,143	-22.3%
Indian Creek	247	194	-21.5%
Island Lake	4,449	8,153	83.3%
Kildeer	2,257	3,460	53.3%
Lake Barrington	3,855	4,757	23.4%
Lake Bluff	5,513	6,056	9.8%
Lake Catherine	1,515	1,490	-1.7%
Lake Forest	17,836	20,059	12.5%
Lake Villa	2,857	5,864	105.3%
Lake Zurich	14,947	18,104	21.1%
Libertyville	19,174	20,742	8.2%
Lincolnshire	4,931	6,108	23.9%
Lindenhurst	8,038	12,539	56.0%
Long Grove	4,740	6,735	42.1%
Long Lake	2,888	3,356	16.2%
Mettawa	348	367	5.5%
Mundelein	21,215	30,935	45.8%
North Barrington	1,787	2,918	63.3%
North Chicago	34,978	35,918	2.7%
Old Mill Creek	73	251	243.8%
Park City	4,677	6,637	41.9%
Riverwoods	2,868	3,843	34.0%
Round Lake	3,550	5,842	64.6%
Round Lake Beach	16,434	25,859	57.4%
Round Lake Heights	1,251	1,347	7.7%
Round Lake Park	4,045	6,038	49.3%
Third Lake	1,248	1,355	8.6%
Tower Lakes	1,333	1,310	-1.7%
Venetian Village	3,133	3,082	-1.6%
Vernon Hills	15,319	20,120	31.3%
Volo	0	180	0.0%
Wadsworth	1,826	3,083	68.8%
Wauconda	6,294	9,448	50.1%
Waukegan	69,392	87,901	26.7%
Winthrop Harbor	6,240	6,670	6.9%
Zion	19,775	22,866	15.6%
Lake County Total	516,418	644,356	24.8%

Source: United States Department of Commerce; Bureau of the Census; 1990 and 2000

TABLE 4.3

CHICAGO METROPOLITAN AREA
RETAIL SALES BY COUNTY
1998-2008

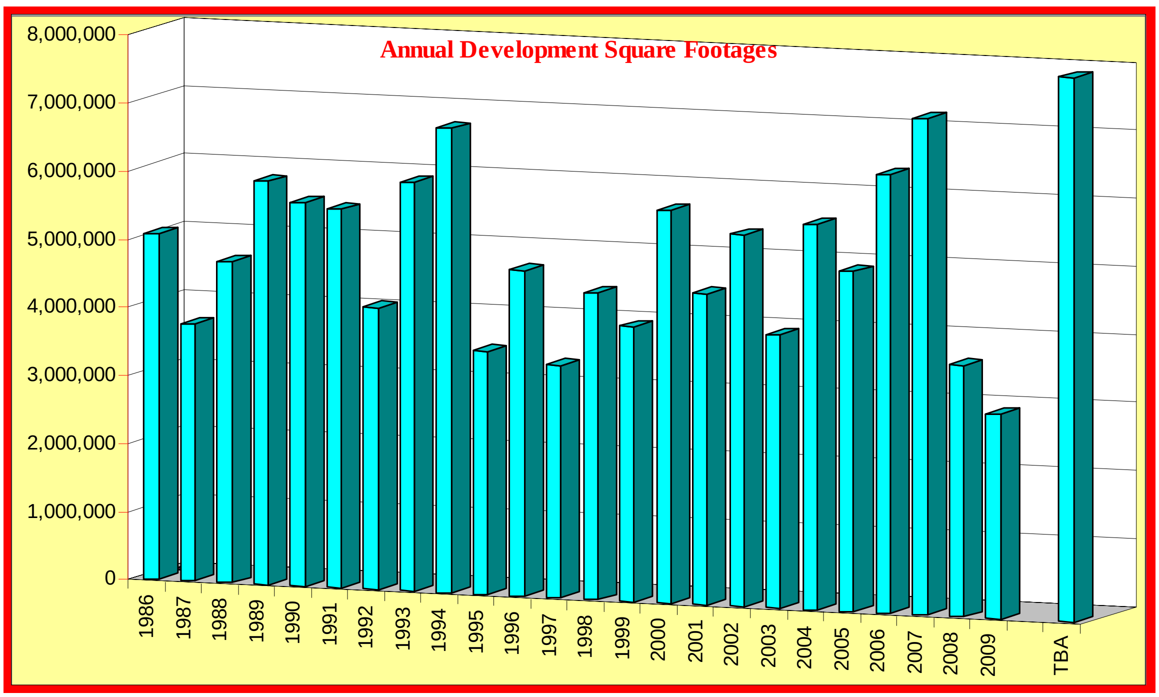
County	2008 Retail Sales	2007 Retail Sales	2006 Retail Sales	2005 Retail Sales	2004 Retail Sales	2003 Retail Sales	2002 Retail Sales	2001 Retail Sales	2000 Retail Sales	1999 Retail Sales	1998 Retail Sales
Cook	$58,462,755,557	$60,798,117,181	$60,274,576,087	$56,457,827,160	$54,655,002,043	$53,309,522,099	$53,012,908,314	$53,294,886,428	$52,979,824,700	$50,487,626,325	$47,274,757,000
DuPage	$16,847,585,918	$17,622,667,513	$17,715,346,611	$16,831,408,341	$16,173,798,573	$15,521,817,312	$15,547,422,564	$16,067,910,902	$16,051,663,100	$15,711,890,257	$14,708,117,000
Kane	$5,700,933,750	$5,983,161,786	$5,957,268,488	$5,715,391,955	$5,216,606,718	$4,808,082,627	$4,578,117,330	$4,386,436,797	$4,263,388,600	$3,953,189,705	$3,650,660,000
Lake	$10,355,381,486	$10,855,849,976	$10,745,746,269	$10,207,660,160	$9,756,172,831	$9,317,142,770	$9,277,626,095	$9,296,803,548	$8,851,650,501	$8,225,295,493	$7,468,724,000
McHenry	$3,365,857,737	$3,467,252,766	$3,342,685,425	$3,134,220,776	$2,962,540,516	$2,770,993,703	$2,647,325,939	$2,500,801,480	$2,393,706,200	$2,235,128,040	$1,929,356,000
Will	$7,053,235,747	$7,108,958,603	$6,757,878,251	$6,056,017,417	$5,450,037,458	$4,957,311,521	$4,533,328,704	$4,280,554,970	$3,979,943,400	$3,661,788,757	$3,222,146,000
Total	$101,785,750,195	$105,836,007,825	$104,793,501,131	$98,402,525,809	$94,214,158,139	$90,684,870,032	$89,596,728,946	$89,827,394,125	$88,520,176,501	$84,274,918,577	$78,253,760,000

Source: Illlinois Department of Revenue - Report of Sales Tax Receipts by Standard Industrial Classification 1998-2008 and Melaniphy & Associates, Inc.

over $71 million. Eating and Drinking Places recorded sales of over $97 million in 2002 and over $117 million in 2008. Apparel sales amounted to over $110 million but where down from their high of $123 million in 2006. The Furniture, Household & Radio category accounted for over $97 million in sales in Gurnee in 2007 but declined from over $97 million in 2007 and over $100 million in 2005. The Lumber and Hardware category recorded sales of over $86 million in 2002 but have declined to $74 million in 2007. Sales increased to $76 million in 2008. The Automotive and Filling Stations category recorded sales of over $182 million in 2008 up from 140 million in 2003. Finally, the Drugs and Miscellaneous Retail stores category reached sales of over $169 million in 2002 and had increased to over $196 million in 2007. Sales in this category declined to $186 million in 2008. Simon Property Group purchased Gurnee Mills Mall from the Mills Corp and has improved the tenant mix in the mall.

Figure 4A depicts the annual new retail square feet added to the market from 1983 to 2001. In 2000, slightly more than 4,000,000 square feet of new retail space was added to the Chicago Metropolitan Area market.

Figure 4A



Source: Mid-America Real Estate Corporation – December 2008

In 2007, just over 7.3 million square feet of retail development was completed although approximately 8,000,000 square feet was planned. In 2008, the market retrenched and numerous shopping centers were either postponed for a year or cancelled. The lack of financing and the pullback of retailer expansion plans have stifled new development projects. At the height of the market in 2006 and 2007 nearly 12.0 million square feet was proposed but was never built. The growth in the Chicago Retail Market had been driven by supercenters, discounters, home improvement retailers, wholesales clubs, supermarkets, and drug stores. There were several lifestyle centers planned but only one, the Arboretum of South Barrington, was actually completed in 2008. Chicago Metropolitan Area had been resilient in its ability to recycle vacant big box space. Some new retailers entering the market secured second-generation retail space. The economic recession and numerous store closings will test the resiliency of the market for second-generation space vacated by Wickes Furniture, Movie Gallery, Circuit City, Linens 'N Things, Tweeter, Office Depot, Sears Great Indoors, and Starbucks Coffee, among many others.

EMPLOYMENT

The data from the Illinois Department of Employment Security was published in March 2008 and depicts the employment by industry for March 2007. The U.S. economy is currently in a deep recession with massive layoffs throughout most major industries with the March 2009 unemployment rate at 8.5 percent. The Illinois unemployment rate in February 2009 amounted to 8.6 percent up from 7.9 percent in January. The Chicago-Naperville-Joliet MSA had a seasonally adjusted unemployment rate of 7.8 percent in January 2009. The rate rose to 8.6 percent in February 2009.

The Illinois Department of Employment Security tracks unemployment insurance (UI) covered employment in the State of Illinois. The figures do not include jobs that are not covered by unemployment insurance. As of March 2007, the Chicago Metropolitan Area had unemployment insurance (UI)-covered (private sector) employment of 3,434,030. This was comprised of 2,194,338 jobs in Cook County; 538,626 in DuPage County; 283,271 in Lake County; 177,607 in Kane County; 154,665 in Will County; and 85,523 in McHenry County. **Table 4.4** presents the UI-covered (private sector) employment in the Chicago Metropolitan Area.

Table 4.4

Unemployment Insurance (UI) Covered Private Sector Employment
Chicago Metropolitan Area by County
1997-2000

	UI-Covered (Private Sector) Employment				
County	2007	2000	1999	1998	1997
Cook	2,194,338	2,340,639	2,319,383	2,322,716	2,278,885
DuPage	538,626	524,025	515,275	497,458	478,327
Lake	283,271	264,402	254,685	242,811	232,277
Kane	177,607	165,760	159,796	142,488	139,452
Will	154,665	118,186	110,566	103,723	98,698
McHenry	85,523	74,530	72,219	67,123	66,353
Total MSA	3,434,030	3,487,542	3,431,924	3,376,319	3,293,992

Source: Illinois Department of Employment Security - March 2007

UI-covered employment of in Lake County amounted to 283,271 jobs in March 2007. This was comprised of 56,744 UI-covered manufacturing jobs. Of this total, there were 26,691 durable goods manufacturing jobs, 7,030 Instruments & Related PDTS jobs, and 6,147 industrial machinery & equipment jobs. Another 4,273 jobs were concentrated in fabricated metals and another 3,457 jobs in electronic machinery. Non-durable goods employment in Lake County amounted to 30,053 jobs as of March 2000. Chemical and Allied PDTS UI-Covered employment in Lake County amounted to 16,092 jobs. Rubber and Plastics recorded UI-Covered employment of 6,117 jobs in Lake County. Printing and publishing accounted for 3,538 jobs. **Table 4.5** on the following page presents the UI-Covered Employment in Lake County in March 2007.

Table 4.5

UI-Covered (Private Sector) Employment
Lake County, Illinois
March 2008

Industy NAICS	Lake County Mar-07
TOTAL	283,271
AGRICULTURE, FORESTRY, FISHING, & HUNTING	455
MINING, QUARRYING, & OIL AND GAS EXTRACTION	200
UTILITIES	479
CONSTRUCTION	16,312
MANUFACTURING	51,426
FOOD	1,235
BEVERAGE & TOBACCO	23
TEXTILE MILLS	90
TEXTILE PRODUCT MILLS	221
APPAREL	7
LEATHER & ALLIED PRODUCTS	90
WOOD PRODUCTS	224
PAPER	1,437
PRINTING & RELATED SUPPORT	1,693
PETROLEUM & COAL PRODUCTS	74
CHEMICAL	16,212
PLASTICS & RUBBER PRODUCTS	5,704
NONMETALLIC MINERAL PRODUCTS	1,001
PRIMARY METAL PRODUCTS	453
FABRICATED METAL PRODUCTS	6,761
MACHINERY	2,555
COMPUTER & ELECTRONIC PDTS.	5,947
ELECTRICAL EQUIP., APPLIANCES, & COMP.	1,243
TRANSPORTATION EQUIPMENT	536
FURNITURE & RELATED PRODUCTS	733
MISCELLANEOUS MANUFACTURING	5,637
WHOLESALE TRADE	22,928
RETAIL TRADE	43,024
TRANSPORTATION & WAREHOUSING	4,419
INFORMATION	4,034
FINANCE & INSURANCE	17,156
REAL ESTATE & RENTAL & LEASING	3,736
PROFESSIONAL, SCIENTIFIC & TECH. SVCS.	20,221
MNGMT. OF COMPANIES & ENTERPRISES	8,186
ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS.	21,321
EDUCATIONAL SERVICES	5,569
HEALTH CARE & SOCIAL ASSISTANCE	27,772
ARTS, ENTERTAINMENT & RECREATION	5,243
ACCOMMODATIONS & FOOD SERVICES	21,748
OTHER SERVICES (except PUBLIC ADMIN.)	8,727
UNCLASSIFIED	315

Source: State of Illinois Department of Employment Security – March 2008

The figures indicate that the non-manufacturing sector accounts for the over 231,847 jobs while the manufacturing sector accounts for over 51,426 jobs. **Table 4.6** presents the UI-Covered Employment for Vernon Hills in March 2007 (the latest data available on major cities in Lake County).

Table 4.6

UI-Covered (Private Sector) Employment
Vernon Hills, Illinois
March 2008

Industy NAICS	Vernon Hills Mar-07
TOTAL	18,047
AGRICULTURE, FORESTRY, FISHING, & HUNTING	A/
MINING, QUARRYING, & OIL AND GAS EXTRACTION	0
UTILITIES	0
CONSTRUCTION	221
MANUFACTURING	2,424
FOOD	89
BEVERAGE & TOBACCO	0
TEXTILE MILLS	0
TEXTILE PRODUCT MILLS	A/
APPAREL	A/
LEATHER & ALLIED PRODUCTS	0
WOOD PRODUCTS	0
PAPER	0
PRINTING & RELATED SUPPORT	20
PETROLEUM & COAL PRODUCTS	0
CHEMICAL	A/
PLASTICS & RUBBER PRODUCTS	A/
NONMETALLIC MINERAL PRODUCTS	0
PRIMARY METAL PRODUCTS	0
FABRICATED METAL PRODUCTS	199
MACHINERY	266
COMPUTER & ELECTRONIC PDTS.	1,083
ELECTRICAL EQUIP., APPLIANCES, & COMP.	A/
TRANSPORTATION EQUIPMENT	A/
FURNITURE & RELATED PRODUCTS	0
MISCELLANEOUS MANUFACTURING	342
WHOLESALE TRADE	2,560
RETAIL TRADE	6,213
TRANSPORTATION & WAREHOUSING	46
INFORMATION	123
FINANCE & INSURANCE	1,625
REAL ESTATE & RENTAL & LEASING	222
PROFESSIONAL, SCIENTIFIC & TECH. SVCS.	926
MNGMT. OF COMPANIES & ENTERPRISES	261
ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS.	708
EDUCATIONAL SERVICES	16
HEALTH CARE & SOCIAL ASSISTANCE	745
ARTS, ENTERTAINMENT & RECREATION	186
ACCOMMODATIONS & FOOD SERVICES	1,312
OTHER SERVICES (except PUBLIC ADMIN.)	415
UNCLASSIFIED	A/

A/- Figures omitted to avoid disclosure of Individual firm data.
Source: Illinois Department of Employment Security, March 2008

The figures indicate Vernon Hills has UI-Covered (Private Sector) Employment of over 18,000 workers. The Retail Trade sector accounts for over 6,200 workers in Vernon Hills. The Wholesale Trade sector accounts for over 2,500 workers. In contrast, the manufacturing sector accounts for over 2,400 jobs in Vernon Hills. Some of the other communities in Lake County and their UI-Covered (Private Sector) Employment are presented in **Table 4.7**

Table 4.7

UI-Covered (Private Sector) Employment
Selected Lake County Municipalities
March 2008

Municipality	UI-Covered Employment 2007
Lake County Total	283,271
Antioch	5,096
Barrington	5,614
Buffalo Grove	14,206
Deerfield	18,506
Fox Lake	3,694
Grayslake	6,259
Gurnee	21,141
Highland Park	11,649
Lake Forest	12,812
Lake Bluff	5,271
Lake Forest	16,533
Lake Villa	2,927
Lake Zurich	10,630
Libertyville	18,478
Lincolnshire	16,054
Long Grove	3,179
Mundelein	13,153
North Chicago	18,223
Vernon Hills	18,047
Wauconda	6,636
Waukegan	24,906
Zion	5,115
Lake County - Unclassified	30,489

Source: Illinois Department of Employment Security – Mach 2008

The employment statistics indicate that Waukegan enjoys the most significant UI-Covered Employment in Lake County with over 24,906 jobs. Gurnee followed with 21,141 jobs. Gurnee's UI-Covered employment has increased significantly in recent years. Deerfield accounted for 18,506 jobs while Libertyville represented 18,478 jobs. North Chicago was next with 18,223 jobs. UI-Covered employment in Vernon Hills amounted to 18,047 jobs. Retail Trade in Gurnee account for over 5,254 jobs second only to Vernon Hills which had the highest number of retail trade jobs in Lake County with 6,213 jobs. Thus, Retail Trade represents over 33 percent of the UI-Covered employment in Vernon Hills.

The major employers in Lake County are depicted in **Table 4.8**. The table identified the name of the company, their location, number of employees and the type of business.

Table 4.8

Major Employers
Lake County

Company/Organization	Location	Employees
Department of the Navy	Great Lakes	25,000
Abbott Laboratories	Abbott Park	15,700
Hewitt Associates LLC	Lincolnshire	6,000
Baxter International	Deerfield	4,600
Motorola	Libertyville	4,000
Discover Financial Services	Riverwoods	3,500
Six Flags Great America	Gurnee	3,190
HSBC Inc.	Mettawa	3,100
Lake County Government	Waukegan	2,800
CDW	Vernon Hills	2,500
Condell Health Network	Libertyville	2,500
Walgreen Company	Deerfield	2,500
Medline Industries	Mundelein	2,000
College of Lake County	Grayslake	2,000
Takeda Pharmaceuticals of North America	Deerfield	1,900
International Profit Associates	Buffalo Grove	1,800
WW Grainger	Lake Forest	1,700
Lake Forest Hospital	Lake Forest	1,600
Cardinal Health	Waukegan	1,500
Veterans Health Administration	North Chicago	1,500
Hospira Inc.	Lake Forest	1,400
Vista Health	Waukegan	1,350
Quill Corp.	Lincolnshire	1,200
Trustmark Insurance Co.	Lake Forest	1,200
Uline Inc.	Waukegan	1,200
Siemens Building Technologies	Buffalo Grove	1,200
Evanston Northwestern/Highland Park	Highland Park	1,000
Astellas Pharma Inc.	Deerfield	1,000
Coleman Cable Inc.	Waukegan	1,000
CCH Inc. a Wolters Kluwer Business	Riverwoods	950
Capital Building Service Group	Buffalo Grove	900
LaCosta Facility Support Services	Wauconda	900
Zebra Technologies	Vernon Hills	900
LTD Commodities	Bannockburn	800
Pactiv Corp.	Lake Forest	800
United Stationers Inc.	Deerfield	800
Rosalind Franklin University of Medicine	North Chicago	775
Illinois Department of Human Services	Waukegan	725
Bel-Rae Inc.	Wauconda	700
Cancer Treatment Center of America at Midwestern Regional Medical Center	Zion	700

Note: The current economic recession may have caused the number of employees to change.
Source: Lake County Partners

SECTION V

RETAIL MARKET ANALYSIS

The Chicago Retail Market has undergone many dramatic changes in the past year. Chicago Area retail sales fell approximately -2.7 percent for the year, and -4.0 percent for the final quarter of 2008. Total retail sales for 2008 amounted to $101,785,750,195, down from $105,836,000,000 in 2007.

The metropolitan area contains over 200 million square feet of retail space. In 2008, approximately 3.7 million square feet of retail space was added, following the addition of 8.7 million square feet in 2007. This was the lowest since 1997. Another, 3.0 million square feet are to be opened in 2009 which was committed in 2007 and 2008. The current retail vacancy rate is estimated at 10.2 percent and rising. By the end of 2009, the vacancy rate should be approximately 12 percent. The weakness in the economy is the result of the crash of the housing markets, the meltdown of Wall Street, rising unemployment, the lack of liquidity in the market, a frightened consumer, and the concern over job security. Nonetheless, Chicago has faired better than many of the major metropolitan areas in the United States.

Area malls have not escaped the rise in vacancy. Sadly, the department stores are not generating the customer activity normally expected. Thus, mall specialty stores are being adversely affected by the lower customer counts. Hawthorn Center is not an exception; it has seen flat to declining customer counts and declining sales. Macy's, Sears, and Penney's have seen declining sales nationally, while Carson's basically has held its own. Nonetheless, 2009 is expected to be a continuingly troublesome year for Hawthorn Center department stores.

Lifestyle centers, currently in vogue, are typically open-air complexes with adequate parking and easy access to the specialty stores. Most have numerous restaurants and quick service food units. Many have two story facades to simulate the Main Street of the past. Deer Park Towne Center, located at U.S. Highway 12 just south of Long Grove Road, is the closest lifestyle center to Vernon Hills consumers. The center has over 500,000 square feet. Power centers are typically occupied by big box stores including supercenters, discounters, home improvement retailers, and many others. Power towns are a mix of the lifestyle tenants, power center tenants, and regional mall type tenants. Some of the active big box retailers scouting for sites and building new stores in the Chicago Metropolitan Area market include the following:

Barnes & Noble
Best Buy
Burlington Coat Factory
Costco
CVS Pharmacy
Dick's Sporting Goods
Gander Mountain
Home Depot
Jewel Supermarkets
JC Penney
Koh's
Lowe's
Meijer
Menards
Nordstrom
Nordstrom Rack
Sam's Club
Shoe Carnival
Super Target
Super H Mart
Walgreens
Wal-Mart Supercenter
Woodman's

Primary growth in the retail facilities has been generated by big box retailers. Department stores have not participated with new stores because of declining sales and profits. Only a few major non-big box shopping centers have been built. The largest of the lifestyle centers was recently opened in South Barrington, known as the Arboretum of South Barrington with the areas first L L. Bean store. This 600,000+ square foot lifestyle center continues to have a high level of vacancy. Additionally in the southern suburbs, The Promenade opened in Bolingbrook with over 500,000 square feet. This shopping center is what is known as a "Hybrid Lifestyle Center" and the first freestanding Macy's Department Store in the Chicago area. Thus, it is a combination of lifestyle stores, convention department store, and big box retailers.

SHOPPING CENTER CONSTRUCTION

There are approximately 3.0 million square feet of new retail development planned in the metropolitan area in 2009. Only 3.7 million square feet was developed in 2008 down from 8.7 million square feet in 2007. Some of the planned retail space will not be constructed because of economic conditions. The Fourth Quarter 2008 vacancy rate of over 10 percent is expected to rise to 12 percent by 2010. The Far North Suburbs vacancy rate is lower amounting to 9.1 percent. There has been a decline in retail sales in the metro area which is having an impact on retailer expansion strategies.

Most new retail development have been big box power centers, freestanding retailers, superstores, home improvement retailers, supermarkets, and freestanding drug stores. Traditional department store development is virtually non-existent. Macy's was the only new store which opened in The Promenade in Bolingbrook. Nordstrom opened its last store in the Chicago Area in 2003 in the North Bridge development on Michigan Avenue. Penney's has been planning to relocate a number of their stores out of malls to free-standing locations. They are moving very slowly. They opened one new store in Matteson, a southern suburb.

Some of the retailers that remain undertaking dampened expansion strategies in the Chicago Area include Lowe's Home Improvement, Super Target, CVS Pharmacy, Walgreens, Menards, Home Depot, Wal-Mart Supercenters, and Costco, among others.

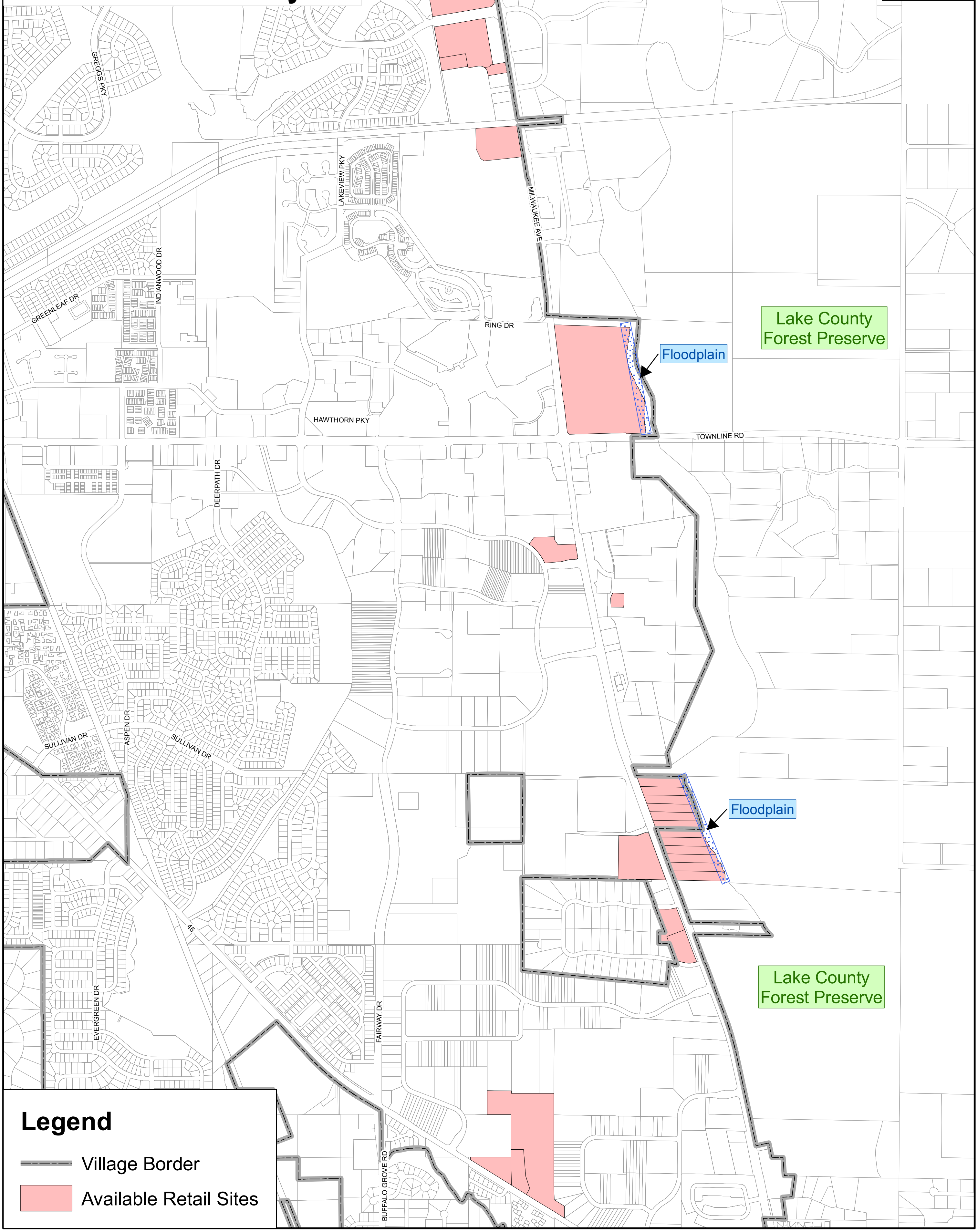
SUBJECT SITES/LOCATION

The *Retail Site Analysis* included seven specific locations in the Village of Vernon Hills. The Subject Sites are listed from North to South. ***Figure 5.A*** on the following page presents a map of depicting the Subject Sites. The Subject Sites encompass a combined total of approximately 155. A large portion of some of the acreage is located in the floodplain.

ACCESSIBILITY

The Vernon Hills retail concentration is located around the intersection of Milwaukee Avenue (Illinois Highway 21) and Town-Line Road (Illinois Highway 60). Specific vacant sites under study enjoy access from either Milwaukee Avenue (IL Route 21) or Town-Line Road (IL Route 60). Interstate 94, the Tri-State Tollway, interchanges with Town-Line Road two miles east of Hawthorn Center. Interstate 94, known as the Eden's Expressway in much of the northern

Figure 5.A
Retail Site Analysis



portions of the Chicago area, extends from the John F. Kennedy Expressway (Interstate 90) on the northside of the city. The Kennedy Expressway junctions with most area expressways (Dan Ryan Expressway Interstate 94 and 90, Eisenhower Expressway Interstate 88, and the Stephenson Expressway (Interstate 55) in Downtown Chicago. Beyond Town-Line Road, Interstate 94 extends northward to Milwaukee and Madison, Wisconsin and on to Minneapolis, Minnesota.

Milwaukee Avenue (Illinois Highway 21) is a major northwest-southeast traffic artery commencing near Downtown Chicago and extending throughout the Chicago Metropolitan Area. This four-lane artery with turning lanes provides excellent access throughout Vernon Hills. Town-Line Road (Illinois Highway 60) is a four-lane traffic artery with turning lanes at key locations.

Driving Time Analysis

Our normal procedure is to conduct a detailed Driving Time Analysis from the Subject Site in all directions for 20 minutes at 5-minute intervals during normal shopping times. The Driving Time Analysis assists in the delineation of the Trade Area by simulating the distances a consumer can travel during given time allocations. Due to the multiple sites our staff originated the Driving Time Analysis from Town Line Road (IL Route 60 and Milwaukee Avenue (IL Route 21). The street name, direction of travel, and driving time by five-minute interval is presented in **Table 5.1** on the following page.

In order to asses driving times, our staff conducted driving times as indicated. We also simulated driving times using several computer programs. Following a review of all of the results, we defined logical driving times in normal shopping traffic from Vernon Hills. ***Figure 5.B*** depicts 5, 10, 15 and 20 minute driving times, is presented on Page 35, along with significant major retail complexes.

Table 5.1

Driving Time Analysis
5, 10, 15, & 20 Minutes
Milwaukee Avenue and Town-Line Road
Village of Vernon Hills, Illinois
January 2009

Milwaukee Avenue (Illinois Route 21) - Traveling North

5 minute interval	-	Rockland Road (IL Route 176)
10 minute interval	-	Buckley Road (IL Route 137)
15 minute interval	-	Interstate 94
20 minute interval	-	U.S. Highway 41

Milwaukee Avenue (IL Route 21) - Traveling South

5 minute interval	-	U.S. Route 45
10 minute interval	-	Busch Parkway
15 minute Interval	-	Lake-Cook Road
20 minute Interval	-	Jeffery Avenue

Town-Line Road (IL Route 60) - Traveling East

5 minute interval	-	Saunders Road
10 minute interval	-	(via Deerpath Road) Golf Lane
15 minute interval	-	Western Avenue
20 minute interval	-	Lake Michigan (18 minutes)

Town-Line Road (IL Route 60) - Traveling West

5 minute interval	-	Butterfield Road
10 minute interval	-	Taylor Road
15 minute interval	-	IL Route 176
20 minute interval	-	Fairfield Road

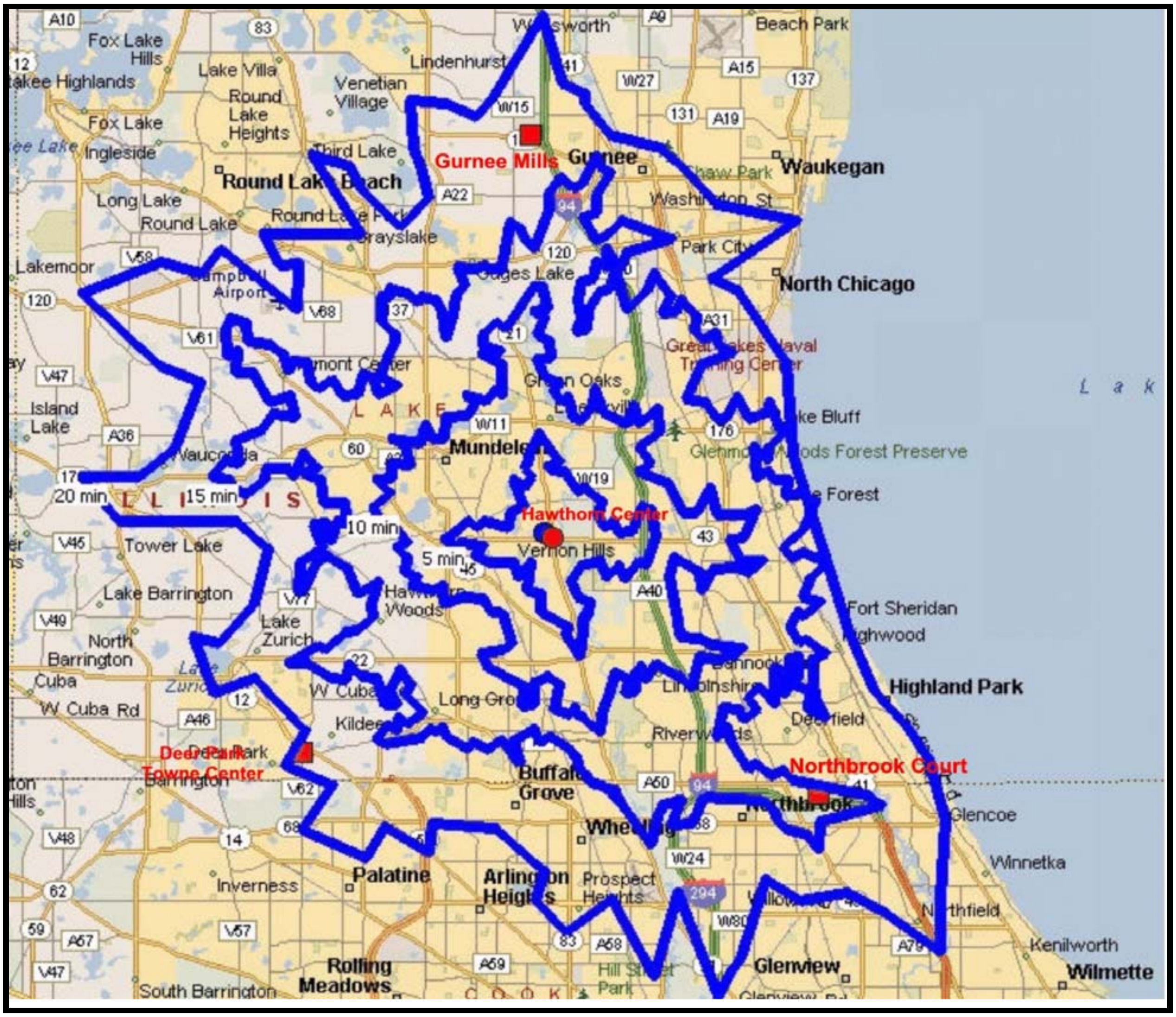
Source: Melaniphy & Associates, Inc. – January 2009

The driving times are undertaken to determine the distances that consumers can drive during normal shopping hours in relation to the Vernon Hills retail market and other major significant retail concentrations. For example, our driving times studies indicates that it takes more than 20 minutes to get to the Deer Park Town Center, a known lifestyle center with over 600,000 square feet. Gurnee Mills Mall was located about 17 minutes driving north from Vernon Hills and Northbrook Court was reached in approximately 15 minutes.

Naturally, there will be variations in driving times because of traffic, traffic signals, truck traffic, accidents, barriers, and other traffic impediments. We have averaged the driving trips to arrive at our listed driving times and distances.

Figure 5.B

DRIVING TIME ANALYSIS
5, 10, 15 & 20 MINUTES
MILWAUKEE AVENUE & TOWN-LINE ROAD
VERNON HILLS, ILLINOIS



The above map also shows major retail concentrations including Vernon Hills Hawthorn Center, Gurnee Mills Mall, Northbrook Court and Deer Park Town Center. Old Orchard Center is beyond the 20 minute driving time.

Traffic Volumes

Annual average daily traffic volume data was obtained from the Illinois Department of Transportation for selected arterials in proximity to the Subject Sites. **Table 5.2** presents the 2007 average annual daily traffic volumes (the latest published data available) for the selected arterials in proximity to the Subject Sites.

Traffic has increased on both Milwaukee Avenue (Illinois 21) and Town Line Road (Illinois Highway 60) in Vernon Hills.

Table 5.2

Annual Average Daily Automobile Traffic Volumes
Selected Arterials
2007

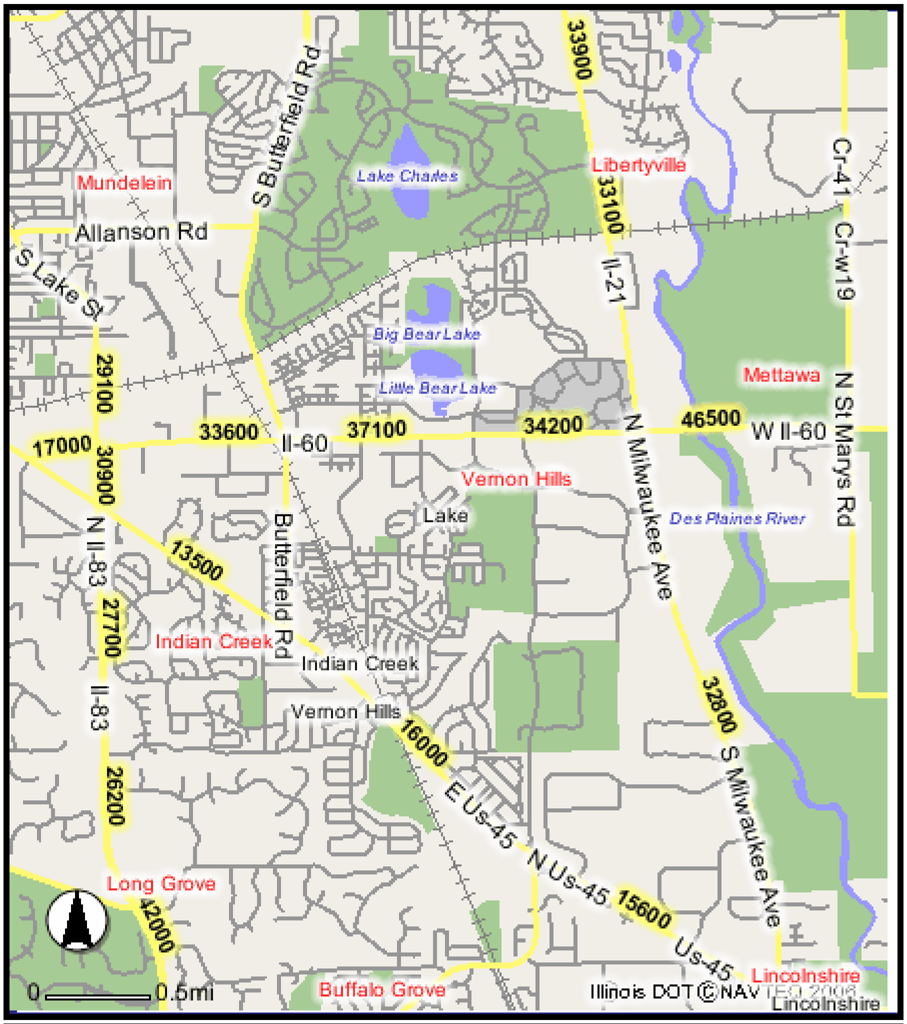
Selected Arterials	Traffic Count
Town Line Road (IL Route 60)	
East of Milwaukee Avenue (IL Route 21)	46,500 vehicles
West of Milwaukee Avenue (IL Route 21)	34,200 vehicles
Milwaukee Avenue (IL Route 21)	
North of Town-Line Road (IL Route 60)	32,500 vehicles
South of Town-Line Road (IL Route 60)	38,000 vehicles
North of Half Day Road (IL Route 22)	38,800 vehicles
South of Half Day Road (IL Route 22)	40,600 vehicles
U.S. Route 45	
East of IL Route 83	15,000 vehicles
West of Milwaukee Avenue (IL Route 21)	20,100 vehicles
Half Day Road (IL Route 22)	
East of Milwaukee Avenue (IL Route 21)	30,700 vehicles
West of Milwaukee Avenue (IL Route 21)	21,100 vehicles
Interstate 94	
North of Town-Line Road (IL Route 60)	128,200 vehicles
South of Town-Line Road (IL Route 60)	133,200 vehicles
North of Rockland Road (IL Route 176)	118,800 vehicles
South of Half Day Road (IL Route 22)	135,200 vehicles

Source: Illinois Department of Transportation, 2007

Figure 5.C depicts traffic counts for major roads conducted by the Illinois Department of Transportation (IDOT) in 2007. These counts include only automobiles, not trucks.

Figure 5.C

Automobile Traffic Counts
Vernon Hills Area
2007



Source: Illinois Department of Transportation, Traffic Counts, 2007

Truck traffic counts indicate that Milwaukee Avenue south of Town-Line Road amounted to over 2,000 trucks over a 24-hour period. North of Town-Line Road amounted to 2,225 trucks. East of Milwaukee Avenue on Town-Line Road, truck traffic amounted to 3,450 during an average 24-hour period, while truck traffic west of Milwaukee Avenue on Town-Line Road amounted to 3,550 trucks.

TRADE AREA DELINEATION

The Trade Area has been delineated on the basis of distance, driving times, accessibility, the road network, Hawthorn Center's customer attraction and trade area, 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 for the Subject Sites is depicted in ***Figure 5.D***. The base map depicts Average Household Income. The darker the color, the higher the income. Conversely, the lower the average household income, the lighter the color.

The defined Trade Area is heavily influenced by Hawthorn Center and big box retailers. By definition, Trade Areas account for approximately 80 to 85 percent of the anticipated customers to the Vernon Hills retail concentration. Because of visitors, businesspersons, people passing through the area, and others it is difficult and costly to identify the last 15 to 20 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 vast majority of sales will be derived.

In determining the Vernon Hills Trade Area, we have examined distances, driving times, and retailer concentration attraction. The distances selected were a 5-Mile and 7-Mile radius. The driving times selected were 20 minutes at 5-mile intervals. ***Figure 5.E*** shows both the 5-mile and seven-mile radii, along with driving times to 20 minutes by 5-minute intervals. The map indicates that to the east and west the mile radii adequately reflect the mile trade area drawn. To the north and south one can exceed the seven-mile radius. However, when the major retail concentrations are considered, one finds that the driving distances are greater, but other major retail concentrations are closer. Thus, we concluded that the mile radii more adequately reflected the Total Trade Area.

The **Primary Trade Area** has been delineated to include the geographic area within a five-mile radius of the Milwaukee Avenue (IL Route 21) and Town-Line Road (IL Route 60). This is the distance most often defined by major big box retailers. The Primary Trade Area represents the geographic area from which the most frequent visitors will originate. Approximately 60 to 70 percent of the consumers generated to Vernon Hills are generated from the Primary Trade Area.

The **Secondary Trade** Area has been delineated to include the geographic area beyond five-miles and extending out to a seven-mile radius. The Secondary Trade Area represents the geographic areas from which consumers will originate on a less frequent basis. Approximately 10 to 20 percent of the consumers will be generated from the Secondary Trade Area.

The **Total Trade Area** represents the geographic area within a seven-mile radius of Milwaukee Avenue and Town-Line Road. Approximately 85 percent of the consumers generated to the Subject Sites will originate from within the delineated Trade Area. Another 10 to 15 percent will be generated from outside the delineated Trade Area. Again, this includes visitors and other consumers who shop the area on an infrequent basis.

The major competitive retail concentrations which directly and indirectly affect the geographic size of the Trade Area include Gurnee Mills Mall, Northbrook Court, and Deer Park Town Center. In addition, there numerous big box concentrations which proscribe the Trade Area. Some retailers and shopping centers may occasionally attract customers beyond the seven-mile Trade Area; however they will represent less than 15 percent of the Vernon Hills sales. Finally, numerous big box stores were proposed in the Trade Area, especially to the north and northwest, however, current economic conditions have either delayed or eliminated their development. They are discussed later in this section.

The Total Trade Area is roughly bounded by Belvidere Road (IL Route 120) on the north, Dundee Road (IL Route 68) on the south, Lake Michigan on the east, and Quentin Road on the west.

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 5.3** entitled ***Trade Area Market Support Data*** for 2008. This section focuses on the level of market support available within the delineated Trade Area. A discussion of the demographics of the Trade Area is presented below.

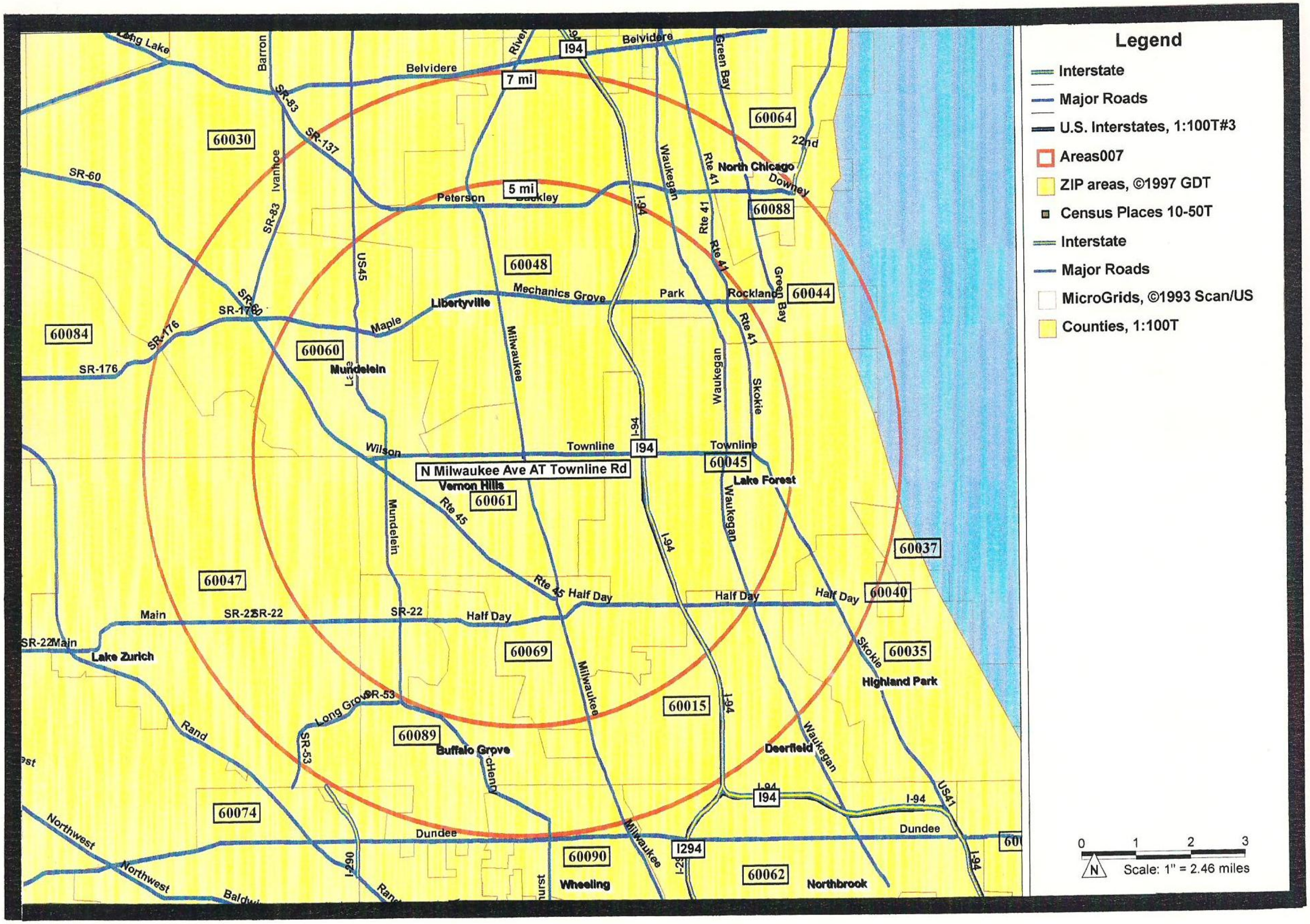
The **Primary Trade Area** currently contains a population of 133,806 persons in 43,904 households. By 2013, the population is forecast to reach 143,128 persons in 45,956 households. The average household income is estimated at $142,315 within the Primary Trade Area. The 2008 median age is 37.9 years. Owner occupied housing unit's amount to approximately 79 percent of Vernon Hills housing. Renters account for approximately 13.8 percent and the balance, 7.0 percent, were vacant. The Daytime Working population is estimated at 117,232 persons.

The **Secondary Trade Area** currently contains a population of 126,913 persons in 40,672 households. By 2013, the population is forecast to reach 130,263 persons in 41,303 households. The median age is slightly younger than the Primary Trade Area amounting to 36.8 years. The ethnic characteristics are as follows: 79.6 percent White, 6.2 percent Black, 8.25 percent Asian Pacific Islander, 0.07 percent American Indian, Eskimo and Aleut, and 3.7 percent Other. The Secondary Trade Area is slightly more ethnically diverse than the Primary Trade Area.

The 2008 average household income within this Trade Area segment has been estimated at $140,574 and is forecast to rise to $158,702 in 2013. Median household income is estimated at $102,798.

FIGURE 5.D

TRADE AREA MAP



MELANIPHY & ASSOCIATES , INC.

Figure 5.E

Trade Area Map and Driving Time Analysis

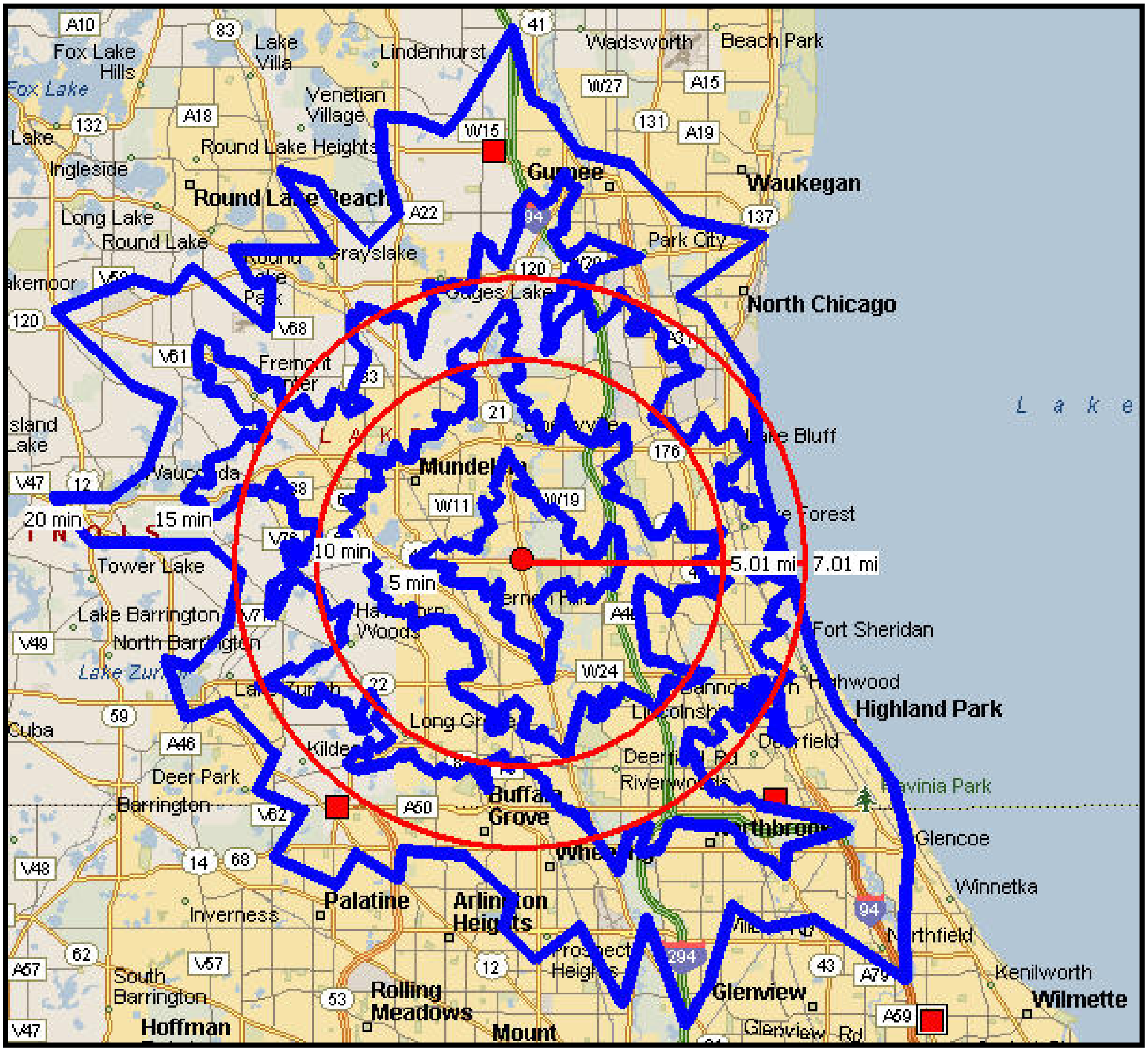


Table 5.3

TRADE AREA MARKET SUPPORT DATA - 2008
VERNON HILLS, ILLINOIS

Population Changes						
	Primary Trade Area		**Secondary Trade Area**		**Total Trade Area**	
	Number	**Percent Change**	**Number**	**Percent Change**	**Number**	**Percent Change**
1980 Census	71,265		88,894		160,159	
1990 Census	97,145	36.30%	103,605	16.55%	200,750	25.30%
2000 Census	119,270	22.80%	121,307	17.09%	240,577	19.80%
2008 Projection	133,806	12.20%	126,913	4.62%	260,719	8.40%
2013 Projection	143,128	7.00%	130,263	2.64%	273,391	4.90%
Household Change						
1980 Census	23,056		24,629		47,685	
1990 Census	33,351	44.70%	33,357	35.44%	66,708	39.90%
2000 Census	40,834	22.40%	39,619	18.77%	80,453	20.60%
2008 Projection	43,904	7.50%	40,672	2.66%	84,576	5.10%
2013 Projection	45,956	4.70%	41,303	1.55%	87,259	3.20%
Population by Race - 2008						
White	111,239	83.10%	101,008	79.59%	212,247	81.40%
Black	2,286	1.70%	7,848	6.18%	10,134	3.90%
Asian	14,075	10.50%	10,470	8.25%	24,545	9.40%
Native American	56	0.00%	89	0.07%	145	0.10%
Hawaiian / Pacific Islander	101	0.10%	146	0.12%	247	0.10%
Two or More	1,777	1.30%	2,679	2.11%	4,456	1.70%
Other Race	4,271	3.20%	4,673	3.68%	8,944	3.40%
Total	**133,805**	**100.00%**	**126,913**	**100.00%**	**260,718**	**100.00%**
Hispanic Population - 2008						
Hispanic	19,481	14.60%	16,155	12.73%	35,636	13.70%
Not Hispanic	114,325	85.40%	110,758	87.27%	225,083	86.30%
Total	**133,806**	**100.00%**	**126,913**	**100.00%**	**260,719**	**100.00%**
Households by Tenure (2008)						
Owner Occupied	37,390	79.20%	34,069	77.22%	71,459	78.20%
Renter Occupied	6,514	13.80%	6,603	14.97%	13,117	14.40%
Vacant	3,303	7.00%	3,449	7.82%	6,752	7.40%
Total	**47,207**	**100.00%**	**44,121**	**100.00%**	**91,328**	**100.00%**
Income (2008)						
Median Household Income		$107,588		$102,798		$104,294
Average Household Income		$142,315		$140,574		$141,997
Average Family Income		$161,010		$158,702		$159,259

Table 5.3 (Continued)

MARKET SUPPORT DATA – 2008
VERNON HILLS, ILLINOIS

	Primary Trade Area		Secondary Trade Area		Total Trade Area	
	Number	Percent Change	Number	Percent Change	Number	Percent Change
Total Population - 2008						
Age 0-4	8,306	6.20%	7,978	6.29%	16,284	6.20%
Age 5-9	9,914	7.40%	8,564	6.75%	18,478	7.10%
Age 10-14	11,143	8.30%	9,452	7.45%	20,595	7.90%
Age 15-19	10,157	7.60%	11,499	9.06%	21,656	8.30%
Age 20-24	7,579	5.70%	9,758	7.69%	17,337	6.60%
Age 25-29	7,252	5.40%	6,701	5.28%	13,953	5.40%
Age 30-34	7,426	5.60%	7,162	5.64%	14,588	5.60%
Age 35-39	8,831	6.60%	8,063	6.35%	16,894	6.50%
Age 40-44	11,395	8.50%	9,734	7.67%	21,129	8.10%
Age 45-49	12,695	9.50%	10,637	8.38%	23,332	8.90%
Age 50-54	11,210	8.40%	9,684	7.63%	20,894	8.00%
Age 55-59	8,714	6.50%	8,078	6.37%	16,792	6.40%
Age 60-64	6,133	4.60%	6,009	4.73%	12,142	4.70%
Age 65-69	4,163	3.10%	4,352	3.43%	8,515	3.30%
Age 70-74	3,003	2.20%	3,247	2.56%	6,250	2.40%
Age 75-79	2,355	1.80%	2,569	2.02%	4,924	1.90%
Age 80-84	1,801	1.30%	1,802	1.42%	3,603	1.40%
Age 85+	1,730	1.30%	1,623	1.28%	3,353	1.30%
Total	**133,807**	**100.00%**	**126,912**	**100.00%**	**260,719**	**100.00%**
Median Age	**37.9**		36.8		**37.2**	

Source: Tactician and Melaniphy & Associates, Inc. 2009

The Total Trade Area currently contains an estimated population of 260,719 persons in 84,576 households. By 2013, the population within the Total Trade Area is forecast to reach 273,391 persons in 87,259 households. The median age is younger at 37.2 years. The ethnic characteristics are as follows: 81.4 percent White, 3.9 percent Black, 9.4 percent Asian Pacific Islander, 0.1 percent American Indian, Eskimo, and Aleut, and 3.8 percent Other.

The 2008 average household income is estimated at $141,997 while the median household income amounts to an estimated $104,294.

In addition to the Trade Area resident population resources, Vernon Hills contains approximately 1.7 million square feet of office space contributing to the daytime working population. There are also several hotels in Vernon Hills including the Hotel Indigo, Extended Stay America, Holiday Inn Express, Homestead Studio Suites, and the Hilton Garden Inn in Mettawa. These hotels generate visitors to the area. UI-Covered (Private Sector) Employment in Vernon Hills amounted to 18,047 jobs in March 2007. The daytime working population provides additional retail expenditure potential within the Trade Area of Vernon Hills.

COMPETITIVE ENVIRONMENT

The competitive retail concentrations located both in and outside of the delineated Trade Area are discussed in the following paragraphs. Many of these facilities provide some level of direct and indirect competition to the Subject Sites. The Primary shopping orientation is toward Hawthorn Center and surrounding shopping centers and freestanding retailers. Most of the power shopping centers have been developed along both Town-line Road and Milwaukee Avenue to take advantage of Hawthorn Center's drawing power.

Figure 5.F presents the Competitive Retail Inventory Map depicting the location of these facilities in relation to the Subject Sites in the Village of Vernon Hills. **Table 5.4** presents the Competitive Retail Inventory. The table highlights the name of the shopping center, location, size, approximate occupancy rate, major anchors, and anchor sizes, where available. Although many of the centers identified in the inventory are not directly competitive, they are provided to facilitate a comprehensive evaluation of the retail market in and around Vernon Hills.

The major regional malls, shopping centers, and freestanding retailers directly influencing the Subject Sites are briefly discussed in the following paragraphs.

1. **Hawthorn Center – Vernon Hills**

   Westfield's Hawthorn Center is a 1.4 million square foot regional mall located in the northwest quadrant of Town-Line Road (IL Route 60) and Milwaukee Avenue (IL Route 21) in Vernon Hills. The two-level, enclosed mall is situated on approximately 113 acres and is anchored by Carson Pirie Scott, JC Penney, Macy's, and Sears. Barnes & Noble offers a two-level store located in the mall with an exterior entrance and exit.

   Some of the big box stores located in Vernon Hills include Super Target, Wal-Mart, Sam's Club, Kohl's, Home Depot, Lowe's, Best Buy, TJ Maxx, Michael's, Toys "R" Us, Kids "R" Us, Office Max, Office Depot, Staples, Sports Authority, Petsmart, Petco, Dominick's, DSW Shoes, Bed Bath & Beyond, La-Z-Boy, Ashley Furniture, Plunkett Furniture, Jo-Ann Fabrics, and Gap Old Navy, among others. There are over 3.3 million square feet of retail space in Vernon Hills.

   Sales of Hawthorn Center are estimated at over $330 per square foot. Hawthorn Center's total retail sales excluding department stores are estimated at over $260 million.

2. **Gurnee Mills Mall**

   Gurnee Mills Mall is an approximate 1.7 million square foot regional outlet mall located in the northwest quadrant of Interstate 94 and Grand Avenue (IL Route 132) in Gurnee, Illinois. This single-level, enclosed mall is situated on approximately 233 acres and provides about 200 stores and 11,000 parking spaces. The mall attracts over 24 million visitors annually, second only to Woodfield Mall.

FIGURE 5.F

COMPETITIVE RETAIL INVENTORY MAP

MELANIPHY & ASSOCIATES . INC.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
1	Hawthorn Center	1973	1,368,000	Carson Pirie Scott	103,219
	Town Line Road and Milwaukee Avenue			Macy's	222,790
	Illinois Routes 60 and 21			Sears	231,110
	Vernon Hills			JC Penney	168,000
				Barnes & Noble	30,000
2	Hawthorn Hills Fashion Center	1986	240,000	Wickes Furniture (Vacant)	70,000
	Town Line Road and Milwaukee Avenue			Linens 'N Things (Vacant)	36,875
	Illinois Routes 60 and 21				
	Vernon Hills				
3	Hawthorn Village Commons	1974	98,686	Dominick's	46,984
	Town Line Road and Milwaukee Avenue			Dollar Tree	12,000
	Illinois Routes 60 and 21				
	Vernon Hills				
4	Marketplace of Vernon Hills	1995	600,000	Circuit City (Vacant)	33,153
	Town Line Road and Milwaukee Avenue			Home Depot	114,000
	Illinois Routes 60 and 21			Expo Design Center (Closing)	106,000
	Vernon Hills			Sam's Club	128,000
				Kohl's	87,000
				La-Z-Boy Furniture	19,000
				Jo-Ann Fabrics	40,024
				DSW	30,000
				Bed Bath & Beyond	40,422
				Ashley Furniture	68,000
				Old Navy	20,000
5	Rivertree Court	1988	297,912	TJ Maxx	24,768
	Milwaukee Avenue and Town Line Road			Michael's	20,957
	Illinois Routes 21 and 60			Harlem Furniture	23,431
	Vernon Hills			Best Buy	44,384
				Office Depot	26,555
6	Town Line Commons	1991	284,000	Wal-Mart	110,580
	Milwaukee Avenue and Town Line Road			Toys "R" Us	40,000
	Illinois Routes 21 and 60			Plunkett Furniture	28,355
	Vernon Hills			Golf Galaxy	16,200
				Office Max	24,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
7	Super Target Town Line Road and Lakeview Parkway Vernon Hills	1993	175,000	Super Target	175,000
8	Sportmart Town Line Road and Lakeview Parkway Vernon Hills	1991	45,000	Sports Authority Wolf Camera	45,000 6,000
9	Lowe's Milwaukee Avenue and Gregg's Parkway Vernon Hills	2008	250,000	Lowe's Staples	170,000 20,000
10	Sunset Foods IL Route 137 and Butterfield Libertyville	N/A	52,000	Sunset Foods	52,000
11	Cambridge Plaza Milwaukee Avenue Libertyville	1979	48,288	Edwardo's Pizza	4,656
12	Liberty Mill Plaza Milwaukee Avenue and Valley Park Drive Libertyville	1974	103,000	Burlington Coat Factory Pet Supplies Plus	50,000 15,000
13	Red Top Plaza Milwaukee Avenue and Red Top Drive Libertyville	1981	138,000	Jewel/Osco	53,763
14	Gurnee Mills Mall Grand Avenue and Interstate 94 Gurnee	1991	1,700,000	Bed Bath & Beyond Marshalls Sears Grand Sports Authority Kohl's Value City (Vacant) Burlington Coat Factory JC Penney Outlet Bass Pro Shop Circuit City (Vacant) Toys"R"" Us (on the pad of the mall)	60,560 73,940 200,000 59,964 86,000 70,230 79,830 85,682 125,000 42,000 N/A

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4 COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
15	North Ridge Plaza Grand Avenue and Interstate 94 Gurnee	1992	215,000	Menards Petsmart Blockbuster Video	135,000 25,000 6,000
16	Wal-Mart /Sam's Club Grand Avenue and Hunt Club Road Gurnee	1991	250,000	Wal-Mart (Expanding to Supercenter) Sam's Club	125,000 125,000
17	The Home Depot Grand Avenue and Hunt Club Road Gurnee	1996	120,000	The Home Depot	120,000
18	Target Grand Avenue and Hunt Club Road Gurnee	1994	100,000	Target	100,000 32,000
19	Grand Hunt Center Grand Avenue and Hunt Club Road Gurnee	1994	N/A	Jewel/Osco Best Buy Office Max	65,000 50,000 25,000
20	Gurnee Town Center Grand Avenue and Hunt Club Road Gurnee	1994	180,000	Gap Old Navy Borders Books & Music Linens 'N Things (Vacant) Cost Plus World Market	20,000 25,000 30,000 20,000
21	Stonebrook Commons Grand Avenue and Hunt Club Road Gurnee	1997	152,000	Dominick's Factory Card Outlet Michael's	70,000 N/A 25,000
22	Lowe's Grand Avenue and Rollins Road Gurnee	2008	160,000	Lowe's	160,000
23	Grandview Court Grand Avenue and Green Bay Road (IL Route 132 and IL Route 131) Waukegan	1989	130,895	Jewel/Osco Jo Ann Fabrics	63,873 10,336

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4 COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
24	Belvidere Mall Belvidere Road (IL Route 120) and Lewis St. Waukegan	1965	300,000	The Home Depot	125,000
25	Kmart Belvidere Road (IL Route 120) and Staben Rd. Waukegan	N/A	120,000	Kmart	86,000
26	Aldi Belvidere Road (IL Route 120) and Knight St. Waukegan	N/A	25,000	Aldi	25,000
27	Lake Plaza Belvidere Road (IL Route 120) and Willow St. Waukegan	1986	215,568	Pick 'N Save Megamart	N/A
28	Wal-Mart Supercenter Waukegan Road and Belvidere Road IL Route 43 and IL Route 120 Waukegan	2006	203,000	Wal-Mart Supercenter	203,000
29	York House Commons Lewis Avenue and Yorkhouse Road Waukegan	1997	185,632	Target Jewel/Osco	121,000 65,000
30	Carriage Way Shopping Center IL Route 176 and IL Route 43 Lake Bluff	1990	64,571	Dominick's	65,000
31	Market Square Western Avenue Lake Forest	1916	75,000	Talbots William Sonoma	4,000 4,000
32	Sunset Corners Shopping Center Waukegan Road and Gloucester Crossing Lake Forest	1990	72,000	Sunset Foods Lake Forest Hardware	32,000 N/A

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
33	Bannockburn Green		170,478	Dominick's	49,537
	Waukegan Road & IL Route 22	1984		Erehwon Mountain Outfitters	7,984
	Bannockburn			Walgreens	12,896
34	Crossroads Shopping Center	N/A	195,000	Steve & Barry's (Vacant)	45,000
	Skokie Boulevard and Lake-Cook Road			Golfsmith	13,025
	Highland Park			Party City	11,685
				Plass Appliances	5,100
				Guitar Center	15,123
35	Target	1995	100,000	Target	100,000
	U.S. Hwy. 41 and Half Day Road				
	Highland Park				
36	Dominick's	N/A	70,000	Dominick's	70,000
	U.S. Hwy. 41 and Half Day Road				
	Highland Park				
37	Renaissance Place	2000	N/A	Sak's Fifth Avenue	50,000
	Downtown Highland Park				
	Highland Park				
38	Sunset Foods	N/A	40,000	Sunset Foods	40,000
	Green Bay Road and Central				
	Deerfield				
39	The Home Depot	N/A	125,000	The Home Depot	125,000
	Lake Cook Road Metra Station				
	Deerfield				
40	Deerbrook Mall	1969	570,000	Best Buy	50,000
	Waukegan and Lake-Cook Roads			Bed Bath & Beyond	45,441
	Deerfield			Office Max	39,297
				The Great Indoors (Vacant)	150,000
				Jewel/Osco	30,912
				Sports Authority	41,370
				TJ Maxx	25,000
				Famous Footwear	20,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
41	Downtown Deerfield Waukegan & Deerfield Roads Deerfield	2000	100,000	Whole Foods Barnes & Noble Ann Taylor Loft	30,000 25,000 N/A
42	Unnamed Center Waukegan and Lake-Cook Roads Deerfield	1990	N/A	Border's Books & Music Office Depot	32,000 20,000
43	Lake-Cook Plaza Lake-Cook Road west of Waukegan Road Deerfield	1970	195,116	Multiplex Health Club & Spa Calico Corners Fabrics	94,979
44	Brookside Plaza Waukegan Road and I-94 extension Northbrook	1989	95,008	Hobbytown USA Max & Benny's Restaurant	10,000 N/A
45	Northbrook Court Lake-Cook Road west of Skokie Boulevard Northbrook	1976	1,036,700	Lord & Taylor Macy's Neiman Marcus	123,651 281,612 127,747
46	Village Square of Northbrook Skokie Boulevard and Lake-Cook Road Northbrook	1995	335,000	Marshalls Old Navy Cost Plus World Market Nordstrom Rack	33,000 16,000 20,000 42,000
47	Northbrook Shopping Plaza Shermer Road and Church Street Northbrook	2002	80,000	Sunset Foods	40,000
48	Sanders Court Dundee and Sanders Road Northbrook	1972	136,211	Dominick's Osco Drug	49,577 15,968
49	Edens Plaza Skokie Boulevard and Lake Street Wilmette	1956	292,833	Carson Pirie Scott Bed Bath & Beyond Borders Book & Music	198,150 40,000 30,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4 COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
50	Willow Creek Shopping Center	1997	310,217	Target Greatland	145,000
	Willow Road and Patriot Drive			Kohl's	86,000
	Glenview			Michael's	25,000
				Office Max	25,000
				Famous Footwear	20,000
51	Costco	2003	115,000	Costco	115,000
	Willow Road and Patriot Drive			La Z Boy	25,000
	Glenview				
52	The Shops at the Glen	2002	150,000	Dominick's	70,000
	Lake Street and Shermer Road				
	Glenview				
53	The Shops of Heatherfield	2000	150,000	Jewel-Osco	65,000
	Waukegan Road south of Willow Road				
	Glenview				
54	Glen Town Center	2005		Von Maur	120,000
	Willow Road & Patriot Drive			Dick's Sporting Goods	80,000
	Glenview				
55	Willow Festival Shopping Center	2008	350,000	Lowe's	160,000
	Willow Road & Waukegan Road			Best Buy	50,000
	Glenview			Whole Foods	40,000
				REI	30,000
56	Wal-Mart/Sam's Club	1989	200,000	Wal-Mart	100,000
	Lake-Cook Road and Weiland Road			Sam's Club	100,000
	Wheeling				
57	Lynn Plaza	1973	95,000	Jimenez Foods	37,249
	Dundee and Old McHenry Roads				
	Wheeling				
58	Target	2005	125,000	Target	125,000
	Lake-Cook Road and Weiland			Staples	20,000
	Wheeling				

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
59	Garden Fresh Market Hintz Road and Old Buffalo Grove Road Wheeling	1993	70,000	Garden Fresh Market	70,000
60	Shops at Orchard Place Golf Road and Skokie Boulevard Skokie	2005	200,000	Best Buy DSW Jared Jewelers Walter E. Smithe	50,000 20,000 15,000 20,000
61	Unnamed Center Golf Road and Skokie Boulevard Skokie	1990	80,000	Linens ' N Things (Vacant)	35,000
62	Old Orchard Center Skokie Boulevard and Old Orchard Road Skokie	1956		Lord & Taylor Macy's Bloomingdale's Nordstrom L.L. Bean Barnes & Noble Crate & Barrel	115,459 445,965 N/A 225,000 40,000 55,000 40,000
63	Prospect Crossing Rand and Old Willow Roads Prospect Heights	1990	180,000	Dominick's (Vacant)	70,000
64	Golf Mill Milwaukee Avenue and Golf Road Niles	1960	1,176,304	JC Penney Kohl's Sears Target Value City Furniture	181,766 74,499 222,726 125,000 60,000
65	Best Buy - Freestanding Golf Road and Greenwood Niles	1995	50,000	Best Buy	50,000
66	Golf Milwaukee Plaza Golf Road and Milwaukee Avenue Niles	1982	250,000	Wal-Mart Farmer's Best Market	99,075 25,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
67	Four Flaggs Shopping Center	1975	345,000	Jewel/Osco	43,433
	Golf Road and Milwaukee Avenue			Petsmart	25,000
	Niles			Ashley Furniture	40,000
				Jo-Ann Fabrics	25,000
				Office Depot	24,768
68	Golf Glen Mart	1975	232,730	Value City Department Store (Vacant)	102,530
	Golf Road west of Greenwood				
	Niles				
69	Golf Plaza	1965	161,478	Dominick's	59,777
	Golf Road and IL Route 83				
	Mount Prospect				
70	Mount Prospect Plaza	1959	300,000	Garden Fresh Market	37,249
	Rand and Central Roads			Marshalls	35,201
	Mount Prospect			Michael's	17,604
				T.J. Maxx	26,848
				Staples	15,000
				Famous Footwear	24,000
				Sears Rental & Repairs	25,000
71	Wal-Mart	1988	108,000	Wal-Mart Closed	108,000
	Rand Road west of Central			(Expanding to Supercenter)	
	Mount Prospect				
72	Menards	2000	160,000	Menards	160,000
	Rand Road west of Central				
	Mount Prospect				
73	Randhurst Center	1962	1,264,000	Carson Pirie Scott	
	Rand Road and IL Route 83			Costco (On the Pad)	120,000
	Mount Prospect			The Home Depot (On the Pad)	120,000
				Border's (On the Pad)	25,000
				Steve & Barry's (Vacant)	40,000
				Jewel-Osco (On the Pad)	65,000
				Redevelopment Underway	

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
74	Unnamed Center	1980	120,000	Sports Authority	45,000
	Rand Road north of Central			Office Maxx	25,000
	Arlington Heights			Bally Health Club	55,000
75	Annex of Arlington	1986	154,425	Sports Authority	42,845
	Rand and Arlington Heights Roads			Petsmart	27,052
	Arlington Heights			U.S. Marine	11,253
				Jo-Ann Fabrics (Vacant)	18,971
				Trader Joe's	10,000
				Barnes & Noble	25,000
76	Arlington Plaza	1987	296,415	Burlington Coat Factory	70,483
	Rand and Arlington Heights Roads			Toys "R" Us	43,393
	Arlington Heights			Harlem Furniture	29,888
77	Arlington Market (Residential Redevelopment)	1957	159,257	Residential Redevelopment	
	Dryden Place and Kensington Avenue			Roundy's Planned on Northwest Highway	68,000
	Arlington Heights				
78	Arlington Square	1978	142,128	Jewel-Osco	65,000
	Golf and Arlington Heights Road				
	Arlington Heights				
79	Arlington Towne Square	1987	90,800	Murray's Auto Parts	15,000
	Golf and Arlington Heights Road				
	Arlington Heights				
80	Downtown Arlington Heights	2000	N/A	Ann Taylor Loft	N/A
	Arlington Heights Road north of Sigwalt Street			Bath & Body Works	N/A
	Arlington Heights			Panera Bread	N/A
				California Pizza Kitchen	N/A
				Noodles & Co.	N/A
				Yankee Candle	N/A

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4 COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
81	Northpoint Shopping Center	1968	287,000	Jewel/Osco	70,531
	Rand and Arlington Heights Road			Shoe Carnival	29,904
	Arlington Heights			Office Depot	24,800
				Men's Wearhouse	6,000
				Circuit City (Vacant)	35,000
82	Rand and Dryden Plaza	1994	47,788	Sears Hardware (Vacant)	21,045
	Rand Road and Dryden Place			Oak Design	20,076
	Arlington Heights			Laz-E-Boy	N/A
83	Ridge Plaza	1985	236,394	Kohl's	86,000
	Dundee and Arlington Heights Roads			Bang & Olufsen (Vacant)	N/A
	Arlington Heights			Harbor Freight Tools	N/A
84	Southpoint Shopping Center	1989	270,000	Garden Fresh Market	70,483
	Rand and Arlington Heights Roads				
	Arlington Heights				
85	Surrey Ridge	1977	170,000	Lowe's	160,000
	Golf and Algonquin Roads				
	Arlington Heights				
86	Target	1996	125,000	Target	125,000
	Rand Road and Thomas Street				
	Arlington Heights				
87	Town & Country Mall	1981	323,539	Dominick's	47,471
	Palatine and Rand Roads			Walgreens	13,440
	Arlington Heights			Best Buy	35,000
				Ashley Furniture	40,000
				Jo-Ann Fabrics	25,000
				Dick's Sporting Goods	40,000
				Marshalls	37,897
				Gap	16,000
88	Mitsuwa Marketplace	1991	60,000	Mitsuwa Marketplace	60,000
	Algonquin and Arlington Heights Roads				
	Arlington Heights				

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
89	Woodland Commons Illinois Route 22 and Buffalo Grove Road Buffalo Grove	1991	170,000	Dominick's Ace Hardware	70,403 18,624
90	Buffalo Grove Towne Center Lake Cook Road and IL Route 83 Buffalo Grove	1988	131,196	Binny's Beverage Depot	N/A
91	Chase Plaza Lake Cook and Arlington Heights Roads Buffalo Grove	1988	86,170	Dominick's	59,809
92	The Grove Shopping Center IL Route 83 and Lake-Cook Road Buffalo Grove	1982	118,000	Jewel/Osco	61,899
93	Plaza Verde Arlington Heights and Dundee Roads Buffalo Grove	1975	170,000	Famous Footwear	28,864
94	Strathmore Square Arlington Heights and Dundee Roads Buffalo Grove	1970	95,000	Osco Drug Pet Supplies Plus Aldi	12,000 10,336 15,000
95	Menards Lake-Cook Road & Route 53 Long Grove	2008	160,000	Menards	160,000
96	The Courtyard of Lake Zurich Rand and Cuba Roads Lake Zurich	1989	32,649	Walgreens	13,000
97	Deerpath Court Rand and Deerpath Roads Lake Zurich	1990	300,000	Wal-Mart Sears Hardware Jo-Ann Fabrics Golf Mart	110,580 21,000 12,325 15,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
98	Lake Zurich Shopping Center Ela Road between Rand Road and IL Route 22 Lake Zurich	N/A	120,000	Jewel-Osco	65,000
99	Northlake Commons U.S. Route 12 and IL Route 22 Lake Zurich	1989	195,700	Dominick's	20,000
100	Village Square U.S. Routes 12 and IL Route 22 Lake Zurich	1979	218,746	TJ Maxx Trader Joe's Famous Footwear Office Max MC Sports	25,000 10,000 25,000 25,000 20,000
101	Kohl's (Freestanding) U.S. Route 12 and Miller Road Lake Zurich	2000	86,000	Kohl's	86,000
102	Target U.S. Route 12 southeast of IL Route 22 Lake Zurich	1999	125,000	Target American Mattress	105,000 10,000
103	The Home Depot U.S. Route 12 and June Terrace Lake Zurich	1999	250,000	The Home Depot Costco	125,000 100,000
104	Deer Park Town Center U.S. Route 12 and Quentin Road Deer Park	1999	500,000	Barnes & Noble Pottery Barn Williams-Sonoma Restoration Hardware J Crew Banana Republic Talbot's Gap, Gap Kids, Baby Gap, Gap Body	
105	The Shops of Kildeer U.S. Route 12 and Quentin Road Kildeer	2002	120,000	Circuit City (Vacant) Bed Bath & Beyond Old Navy Erehwon Outfitters	42,000 35,000 16,000 6,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4 COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
106	Best Buy Plaza	2006	180,000	Best Buy	50,000
	US Route 12 and Quentin Road			Market Fresh	20,000
	Kildeer			Stein Mart	25,000
				Petsmart	27,000
				DSW	20,000
				Cost Plus World Market	20,000
107	The Great Escape	2006	25,000	The Great Escape	25,000
	Route 60 and Butterfield Road				
	Mundelein				
					N/A
108	Oak Creek Plaza	1988	280,000	Menards	65,000
	U.S. Route 45 and IL Route 60			Hobby Lobby	
	Mundelein				
					N/A
109	Town Line Square	1987	230,712	Burlington Coat Factory	
	IL Route 60 and U.S. Route 45			Jewel Osco	N/A
	Mundelein				N/A
					N/A
110	Mundelein Square	N/A	N/A	Garden Fresh Market	N/A
	IL Route 60 and U.S. Route 45				N/A
	Mundelein				N/A
					N/A
111	City Place of Lincolnshire	N/A	N/A	Big Bowl Asian Café	40,000
	Milwaukee Avenue & Knightsbridge			Wild Fire	40,000
	Lincolnshire			Champps Restaurant	40,000
				Red Robin	
112	Toms-Price Home Furnishings	2000	N/A	Toms-Price Home Furnishings	
	Milwaukee Avenue & Knightsbridge			Thomasville	
	Lincolnshire			Walter E. Smithe	
113	Ice House Mall	1976	60,000	Chesie's Restaurant	N/A
	Applebee and Garfield Street				
	Barrington				
114	The Foundary of Barrington	1989	80,000	Barrington Saddlery	N/A
	Northwest Highway and Hart Road			Barrington Country Bistro	N/A
	Barrington				

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4 COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
115	Liberty Square Liberty and Brown Streets Wauconda	1988	110,000	Jewel/Osco	65,000
116	Dominick's IL Route 176 and U.S 12 Wauconda	1997	83,000	Dominick's	70,000
117	Mallard Crossings Rollins Road west of IL Route 83 Round Lake Beach	1988	225,081	Wal-Mart Dominick's	100,000 74,500
118	Round Lake Commons Rollins Road and IL Route 83 Round Lake Beach	1972	165,000	Garden Fresh Market Jo-Ann Fabrics Ace Hardware	70,000 N/A N/A
119	Rollings Plaza Rollins Road and IL Route 83 Round Lake Beach	1970	150,000	Jewel/Osco Hobby Lobby Pep Boys	65,000 40,000 N/A
120	Rollins Crossings Rollins Road and IL Route 83 Round Lake Beach	1993	400,000	Super K (Open) Sears Hardware MC Sports	190,000 23,000 N/A
121	Round Lake Court Rollins Road west of IL Route 83 Round Lake Beach	1998	140,000	Kohl's Office Max	80,000 25,000
122	Mapleview Center IL Route 120 west of IL Route 83 Grayslake	N/A	144,423	Jewel-Osco Blockbuster Video	65,000 6,000
123	Volo Commons U.S. Route 12 and IL Route 134 Volo	2001	130,000	The Home Depot Aldi	130,000 N/A
124	Menards U.S. Route 12 and IL Route 134 Fox Lake	2001	135,000	Menards	135,000

SOURCE: Melaniphy & Associates, Inc.

TABLE 5.4

COMPETITIVE RETAIL INVENTORY

Map Key	Name / Location	Year Opened	Size (Sq. Ft.)	Major Anchors	Anchor Sizes
125	Jewel-Osco U.S. Route 12 and IL Route 134 Fox Lake	2002	65,000	Jewel-Osco Jewel Express Gas Station (On Pad)	65,000
126	Fox Lake Crossing U.S. Route 12 and IL Route 134 Fox Lake	2002	70,000	Dominick's Dominick's Fuel Center (on Pad)	 70,000

SOURCE: Melaniphy & Associates, Inc.

The primary anchor tenants include the Bass Pro Shop Outdoor World, Kohl's, Bed Bath & Beyond, Sears Grand, Sak's Off 5th, Marshalls Home Goods, Burlington Coat Factory, Sports Authority, TJ Maxx, and a 10-screen Gurnee Marcus Theater. A Neiman Marcus' Last Call Outlet Store is planned for Gurnee Mills. There is also a Macy's department store proposed. Reportedly, Gurnee Mills' sales are over $330 per square foot excluding department stores. The total mall sales are estimated at approximately $300 million annually.

There are numerous big box power centers located in proximity to Gurnee Malls Mall, such as Target, Wal-Mart, Sam's Club, Menards, The Home Depot, Lowe's, Best Buy, Office Max, Petsmart, Borders, Old Navy, Toys "R" Us, Jewel-Osco, and Dominick's, among others.

4. **Northbrook Court**

Northbrook Court, located on Lake-Cook Road west of Skokie Boulevard in Northbrook, is an approximate 1.0 million square foot regional mall anchored by Macy's, Neiman Marcus, and Lord & Taylor. A free-standing Crate & Barrel is located in front of the Mall. The upscale tenant mix includes Burberry, Tommy Bahama, Land of Nod, White House/Black Market, Oilily, Betsey Johnson, Brooks Brothers, The Coach Store, J Crew, Johnston & Murphy, Cole Haan, Mark Shale, Louis Vuitton, Baily Banks & Biddle, Sephora, Williams-Sonoma, Brookstone, Sharper Image, and many others. The Crate & Barrel store is located on the pad of Northbrook Court. Northbrook Court's sales are approximately $500 per square foot excluding department stores. The mall's total sales are approximately $340 million.

5. **Deer Park Town Center**

Deer Park Town Center is a 600,000 square foot Lifestyle Center located on Rand Road (U.S. Route 12) and Long Grove Road in Deer Park. Numerous upscale specialty stores, restaurants, and services anchor this lifestyle center. Some of the tenants include Abercrombie & Fitch, April Cornell, Banana Republic, Barnes & Noble, Chico's, Coldwater Creek, Eddie Bauer, Gap, J Crew, Pottery Barn, Pottery Barn Kids, Restoration Hardware, Talbot's, Williams-Sonoma, and Yankee Candle, among many others. Some of the restaurants include California Pizza Kitchen, Go Roma, Stoney River Steakhouse, Biaggi's Italiano Ristorante, Max & Erma's, Caribou Coffee, Noodles & Co., and Panera Bread. Reportedly, the center is averaging sales of approximately $260 per square foot. Lifestyle Centers have made serious inroads with mall-based tenants by lowering occupancy costs, especially in common area maintenance charges.

6. **The Glen in Glenview**

The Glen in Glenview is a 400,000 square foot lifestyle center located on the former Glenview Naval Air Station on Patriot Boulevard south of Willow Road in Glenview. The major anchors include **Von Maur, Dick's Sporting Goods, and Kerasotes Theaters**. Because of its proximity to Old Orchard Center, this complex was unable to attract the normal complement of specialty retailers, and therefore has not been fully developed. The restaurants include Mitchell's Fish Market, Bravo Cucina Italiana, Ted's Montana Grill, Yard House, El Jardin, Red Star Tavern, and others. Many of the restaurants are meeting expected sales. Unfortunately, the retail portion of the development has not met sales expectations.

Chicago area lifestyle centers have not been as successful as lifestyle centers in other cities. Moreover, they have not been as architecturally impressive and layout out as the more successful projects.

In **Mundelein**, Mundelein Crossing power center, located at Illinois Route 60/83 and Illinois Route 176, is anchored by Super Target, Home Depot, Best Buy, Staples, and TJ Maxx Home Center. There is an additional 300-acre site across the street where additional major big boxes were proposed. Again, current economic conditions have curtailed the development.

RETAIL VACANCY

There are a total of approximately 3.3 million square feet of retail space in the Vernon Hills retail concentration. Approximately 404,580 square feet are currently vacant resulting in a vacancy rate of 15 percent. The largest vacancies have been caused by the closing of Home Expo Design and Circuit City which on a combined basis occupied approximately 139,263 square feet. Hawthorn Center has a current vacancy of approximately 130,000 square feet, or 10 percent. The closing of stores in Hawthorn Hills Fashion Square increased vacancy by another 112,875 square feet. The Wickes Furniture space was once occupied by Kohl's before they relocated next to Sam's Club. **Table 5.5** depicts Vernon Hills retail occupancy and vacancy as of March 6th.

Table 5.5

Vernon Hills Retail Occupancy and Vacancy
Existing Retail Complexes
March 2009

PROPERTY	GLA	6/19/2008 SQ FT VACANT	% VACANT	1/14/2009 SQ FT VACANT	% VACANT
Westfield Hawthorn Mall	1,300,000	130,000	10%	130,000	10%
Townline Commons	320,000	6,368	2%	2,250	1%
Hawthorn Village Commons	98,806	3,012	3%	1,403	1%
Rivertree Court	298,862	7,589	3%	11,177	4%
The Marketplace (former Super K)	197,806	0	0%	0	54%
Marketplace Lots (9 & 10)	20,000	0	0%	0	0%
Hawthorn Hills Fashion Square	203,000	80,500	40%	112,875	56%
Aspen Pointe	26,593	NA	NA	7,612	29%
Sub Total	**2,465,067**	**227,469**	9%	**265,317**	**11%**
Major Big Boxes					
Lowe's	170,000		0%		0%
Expo Design Center (Closing)	106,263		0%	106,263	100%
Home Depot	111,400		0%		0%
Circuit City (Closed)	33,000		0%	33,000	100%
Max & Irma's	7,200		0%		0%
La Z Boy	19,000		0%		0%
Sam's Club	128,000		0%		0%
Kohl's	87,000		0%		0%
Target	170,000		0%		0%
Sports Authority	45,000		0%		0%
Babies R US	37,000		0%		0%
Sub Total	**913,863**	**0**	**0%**	**139,263**	**15%**
Total	**3,378,930**	**227,469**	**7%**	**404,580**	**12%**

Source: Vernon Hills Government, 2009

Vernon Hills' vacancy experience is similar to that which has occurred in both in and around most major shopping malls throughout the Chicago Metropolitan Area. Our review of Woodfield Mall in Schaumburg, Fox Valley in Aurora, Oak Brook Center in Oak Brook, Orland Square in Orland Park and others indicates similar experiences resulting from both over development, retailer bankruptcies, retailer troubles, and the current economic decline.

PLANNED AND PROPOSED SHOPPING CENTERS

Our staff investigated planned and proposed shopping centers and freestanding retailers that may influence the Subject Properties. There are some small shopping centers and freestanding retailers proposed or planned within the delineated Trade Area. They are discussed in the following paragraphs.

- In Vernon Hills, the **Taxman Corporation** is undertaking the Vernon Hills Town Center a 30-acre mixed-use development featuring residential, 58,915 square feet of retail, and other uses. A hotel was a proposed use. Starbucks, Roti Mediterranean Grill, and Sam's Martirano Salon and Day Spa are planned in the initial phase.

- In Mettawa, **Costco** has a contract to purchase village-owned land at Illinois Route 60 and Interstate 94 (Tri-State Tollway). The Village Board is divided on support for the project and some would like to rescind the agreement with Costco.

- In Mundelein, Rubloff is planning a 500,000 square foot shopping center anchored by a 176,000 square foot **Wal-Mart Supercenter**. Some of the other tenants may include **Menards, Kohl's**, and **Dick's Sporting Goods**.

- In Gurnee, at Gurnee Mills Mall, a **Macy's** Department store has been proposed at the north end of the shopping center. No timetable has been announced.

- In Round Lake, Supervalu is planning a 65,000 square foot **Jewel-Osco** store in the northeast quadrant of Illinois Route 120 and Fairchild.

- In Lakemoor, Tucker Development is developing a 176,000 **Wal-Mart Supercenter** at U.S. 12 and Illinois Route 120 as part of a 300,000 square foot power center. Additional retail development had been planned on adjacent properties; however the current recession has delayed plans.

- In Volo, Archon and Mid-America Asset Management is developing a **Target** anchored shopping center with over 400,000 square feet in the southeast quadrant of U.S. 12 and Illinois Route 120.

- In Round Lake Beach, a 176,000 square foot **Wal-Mart Supercenter** is being developed at Route 83 and Monaville to replace the conventional Wal-Mart store.

- Developers Diversified Development had proposed a major retail development on the former **Lake County Fairgrounds** on U.S. 45 between Center Street and Illinois Route 120 in Grayslake. This project has been cancelled.

- The planned 461,000 square foot **Village Green** lifestyle center in Lindenhurst conceived by Oliver McMillan has been delayed due to the current decline in retailer demand for new stores. Apparently, the developer has delayed plans indefinitely.

- The Alter Group has a "Main Street" type shopping center planned at the southwest quadrant of Peterson Road and Illinois Route 83 to be annexed by **Grayslake**. The project known as **The Cornerstone** is a 650-acre master planned mixed-use development featuring commercial, industrial, and residential uses that will be developed in phases over the next 12 years. The project envisions over 800 residential units.

- In Long Grove, developer Mid-America Development Partners is developing a 100,000 shopping center located at Route 83 and Aptakisic Road anchored by **Sunset Foods** and a CVS Pharmacy.

- In Arlington Heights, **Roundy's** is planning a 68,000 square foot grocery store at Northwest Highway and Kensington on the former Lattof Chevrolet Dealership.

- In Northbrook, on the **former Culligan site** at Interstate 294 and Willow Road, there are plans for a mixed-use development featuring a number of uses which may include retail, restaurant, office, and possibly a hotel. However, no definitive plans have been announced.

RETAIL EXPENDITURE PATTERNS

The analysis thus far has brought into focus the factors which directly and indirectly affect the retail market potential and the attraction of consumer dollars to the Subject property as opposed to competitive complexes. The Trade Area has been delineated and the demographics characteristics of the Trade Area have been analyzed. Next, per capita expenditures by retail category have been calculated utilizing several sources including the Economic Census of Retail of Retail Trade 2002, and annual Sales Tax Receipt data by kind of business for incorporated communities compiled by the State of Illinois Department of Revenue. Finally, all of the factors which have an impact on the market potential of the Subject Sites have been analyzed including competition, proposed facilities, accessibility, traffic counts, road patterns, retail sales trends, spending patterns, and local development activity.

The **Economic Census of Retail Trade**, assembled by the United States Department of Commerce; Bureau of the Census, is the principal source of retail sales data. The Economic Census of Retail Trade is compiled and published every five years; the most recent publication being 2002. The 2007 Economic Census of Retail Trade is currently being finished and should be available in August 2009. The **Illinois Department of Revenue Sales Tax Receipt** data is the most current retail sales data. Both of the sources were utilized to determine spending patterns the retail market potential of the subject site.

In 2002, the **Economic Census of Retail Trade**, including the **Economic Census of Accommodations and Foodservice** indicated that Lake County's 2002 total retail sales amounted to over $13.962 billion. *General Merchandise* sales in Lake County amounted to $920,000,000 in 2002, while *Home Improvement* recorded sales of $720,000,000. *Furniture and Home Furnishings* stores in Lake County generated sales of $249,000,000 in 2002. *Appliance & Electronics* stores recorded sales of $263,000,000. *Food* and *Eating & Drinking* both recorded sales of $1.3 billion and $864.4 million, respectively. *Apparel & Accessory* stores recorded sales of approximately $497.2 million, while the Shoe Store category accounted for $65.6 million. **Table 5.6** presents the **Economic Census of Retail Trade and Foodservice**, which identifies the retail sales by retail category in Lake County in 2002, along with per capita sales and forecasts for 2008.

These computations were contrasted with the more recent Illinois Department of Revenue Sales Tax Receipt data by retail category. From these calculations, the per capita expenditures for individual retail categories were determined. **Table 5.7** presents total retail sales for the Chicago Metropolitan Area for 2007 and 2008, and the changes that occurred by major retail category. Total retail sales in the Chicago Metropolitan Area amounted to over $101 billion in 2008 according to the Illinois Department of Revenue. We also evaluated retail sales by retail category in several selected municipalities from 2003 through 2008. **Table 5.8** presents retail sales by retail category in the selected municipalities between 2003 and 2008.

Table 5.9 presents Vernon Hills sales by year and by major retail category from 2000 through 2008, along with the changes that occurred by category by year. Note that Vernon Hills' sales have risen from $1.085 billion in 2000 to $1.162 billion in 2008. However, over the nine year period, retail sales reached it highest level in 2007 with sales of $1.170 billion. Total sales decreases occurred in 2003, 2005 and 2008. Most retail categories declined in 2008 in contrast to 2007.

Table 5.6

2002 Chicago Metropolitan Area Retail and Restaurant Sales Lake County Retail and Restaurant Sales, and 2008 Forecasted Per Capita Sales Chicago Metropolitan Area, and Lake County, Illinois					
Retail Categories	**2002 Chicago Metro Retail Sales $0**	**2002 Per Capita Sales**	**2002 Lake County Sales (000) (000)**	**2002 Per Capita Lake County Sales**	**2008 Estimated Per Capita Sales**
Food Services & Drinking Places	$11,389,035	$1,236.90	$864,369	$1,295.35	$1,451.00
Retail trade and food service	**$111,695,375**	**$12,130.65**	**$13,962,509**	**$20,924.29**	**$23,435.00**
Retail trade	$100,306,340	$10,893.75	$13,098,140	$19,628.95	$21,984.00
Motor vehicle and parts dealers	$23,233,084	$2,523.22	$2,805,621	$4,204.52	$2,826.01
Automobile dealers	$22,039,101	$2,393.55	D		$2,752.58
New car dealers	$20,726,964	$2,251.05	D		$2,588.70
Used car dealers	$1,312,137	$142.50	D		$165.31
Other motor vehicle dealers	$807,187	$87.66	D		$98.18
Recreational vehicle dealers	$162,740	$17.67	D		$19.80
Motorcycle, boat, and other motor vehicle dealers	$644,447	$69.99	D		$78.39
Automotive parts, accessories, and tire stores	$1,386,796	$150.61	D		$168.69
Automotive parts and accessories stores	$935,274	$101.58	D		$113.76
Tire dealers	$451,522	$49.04	D		$54.92
Furniture and home furnishings stores	$3,186,960	$346.12	$249,263	$373.55	$418.00
Furniture stores	$1,498,942	$162.79	$91,887	$137.70	$182.33
Home furnishings stores	$1,688,018	$183.33	$157,376	$235.84	$264.00
Floor covering stores	$728,967	$79.17	$52,259	$78.32	$88.67
Other home furnishings stores	$959,051	$104.16	$105,117	$157.53	$176.00
Window treatment stores	$49,508	$5.38	D		$6.02
All other home furnishings stores	$909,543	$98.78	D		$110.63
Electronics and appliance stores	$3,205,149	$348.09	$263,000	$394.13	$451.00
Appliance, television, and other electronic stores	$2,658,756	$288.75	D		$332.07
Household appliance stores	$594,141	$64.53	D		$74.21
Radio, television, and other electronics stores	$2,064,615	$224.23	D		$257.86
Computer and software stores	$440,059	$47.79	D		$154.00
Camera and photographic supplies stores	$106,334	$11.55	D		$13.28
Building material and garden equipment and supply stores	$7,459,597	$810.15	$720,405	$1,079.60	$1,209.00
Building material and supply dealers	$6,944,272	$754.18	$658,175	$986.34	$1,105.00
Home centers	D	D	D		D
Paint and wallpaper stores	D	D	D		D
Hardware stores	$641,870	$69.71	D		$78.08
Other building material dealers	$2,884,596	$313.28	D		$350.87
Lawn and garden equipment and supply stores	$515,325	$55.97	$62,230	$93.26	$104.00
Nursery, garden center, and farm supply stores					
Food and beverage stores	$14,965,098	$1,625.28	$1,300,303	$1,948.64	$2,182.00
Grocery stores	$13,335,128	$1,448.26	$1,187,142	$1,779.06	$1,993.00
Supermarkets and other grocery stores	$12,716,831	$1,381.11	$1,161,467	$1,740.58	$1,949.00
Convenience stores	$618,297	$67.15	$25,675	$38.48	$72.52
Specialty food stores	$589,388	$64.01	$30,181	$45.23	$73.61
Beer, wine, and liquor stores	$1,040,582	$113.01	$82,980	$124.35	$139.00
Health and personal care stores	$5,422,973	$588.96	$361,002	$541.00	$677.30
Pharmacies and drug stores	$4,573,219	$496.67	D		$571.17
Cosmetics, beauty supplies, and perfume stores	$315,453	$34.26	D		$39.40
Optical goods stores	$244,236	$26.53	D		$30.50
Other health and personal care stores	$290,065	$31.50	D		$36.23
Gasoline Stations	$6,154,227	$668.38	$551,772	$826.89	$926.00
Gasoline stations with convenience stores	$4,743,633	$515.18	$495,261	$742.20	$931.00
Other gasoline stations	$1,410,594	$153.20	$56,511	$84.69	$199.16
Clothing and clothing accessories stores	$6,281,151	$682.16	$497,211	$745.12	$835.00
Clothing stores	$4,529,482	$491.92	$376,265	$563.87	$632.00
Men's clothing stores	$318,494	$34.59	D		$37.70
Women's clothing	$1,205,896	$130.97	$128,491	$192.56	$216.00
Children's and infant's clothing	$309,911	$33.66	D		$36.69
Family clothing stores	$2,304,221	$250.25	$158,572	$237.64	$272.77
Clothing accessories stores	$99,660	$10.82	D		$11.80
Other clothing stores	$291,300	$31.64	$24,323	$36.45	$41.00

Table 5.6

2002 Chicago Metropolitan Area Retail and Restaurant Sales					
Lake County Retail and Restaurant Sales, and 2008 Forecasted Per Capita Sales					
Chicago Metropolitan Area, and Lake County, Illinois					
Retail Categories	**2002 Chicago Metro Retail Sales (000)**	**2002 Per Capita Sales**	**2002 Lake County Sales (000) (000)**	**2002 Per Capita Lake County Sales**	**2008 Per Capita Sales**
Shoe stores	$882,362	$95.83	$65,593	$98.30	$110.00
Men's shoe stores	$37,503	$4.07	D		$4.44
Women's shoe stores	$70,980	$7.71	D		$8.40
Children's and juveniles shoe stores	$30,162	$3.28	D		$3.57
Family shoe stores	$466,601	$50.68	D		$55.24
Athletic footwear stores	$277,116	$30.10	D		$32.80
Jewelry stores	$827,133	$89.83	$55,353	$82.95	$103.31
Luggage stores	$42,174	$4.58	D		$5.27
Sporting goods, hobby, book, and music stores	$2,568,867	$278.99	$286,081	$428.72	$480.00
Sporting goods stores	$792,902	$86.11	$223,126	$334.38	$375.00
General-line sporting goods stores	$425,419	$46.20	D		$51.75
Specialty-line sporting goods stores	$367,483	$39.91	D		$44.70
Hobby, toy, and game stores	$658,866	$71.56	D		$80.14
Sewing, needlework, and piece goods stores	$115,457	$12.54	D		$14.04
Musical instrument and supplies stores	$194,445	$21.12	D		$23.65
Book, periodical, and music stores	$807,187	$87.66	$62,955	$94.34	$122.00
Book stores and news dealers	$598,849	$65.04	D		$72.84
Book stores general	$392,904	$42.67	D		$47.79
Specialty book stores	$50,400	$5.47	D		$6.13
College book stores	$111,845	$12.15	D		$13.60
Prerecorded tape, compact disc. and record stores	$208,338	$22.63	D		$25.34
General merchandise stores	$12,474,837	$1,354.83	$920,001	$1,378.72	$1,616.00
Department stores	$8,746,464	$949.91	D		$1,063.90
Department stores (except Discount Department Stores	$3,081,187	$334.63	D		$374.79
Discount department stores	$5,665,277	$615.28	D		$710.00
Other general merchandise stores	$3,728,373	$404.92	D		$453.51
Warehouse clubs and supercenters	$3,080,430	$334.55	$229,282	$343.60	$385.00
All other general merchandise stores	$647,943	$70.37	D		$78.81
Variety stores	$277,818	$30.17	D		$33.79
Miscellaneous general merchndise stores	$370,125	$40.20	D		$45.02
Miscellaneous retail stores	$2,693,015	$292.47	D		$327.57
Florists	$235,184	$25.54	D		$28.61
Office supplies, stationery, and gift shops	$1,097,690	$119.21	D		$133.52
Gift, novelty, and souvenir stores	$534,620	$58.06	D		$65.03
Used merchandise stores	$233,987	$25.41	D		$28.46
Pet and pet supply stores	$297,923	$32.36	$25,545	$38.28	$43.00
Art dealers	$134,102	$14.56	$5,094	$7.63	$16.31
All other miscellaneous stores	$677,574	$73.59	D		$82.42
Nonstore retailers	$11,661,382	1,266	D		$1,456.45
Electronic shopping and mail-order houses	$9,693,366	1,053	$4,841,407	$7,255.36	$1,210.66
Vending machine operators	$296,145	32	D		$36.99
Direct selling establishments	$1,671,871	182	D		$208.81
Full-service restaurants	$4,777,555	$518.87	$864,369	$1,295.35	$1,451.00
Limited-service eating places	$4,552,165	$494.39	$356,495	$534.25	$612.00
Limited service restaurants	$3,819,402	$414.81	D		$493.62
Cafeterias, buffets, and grill buffets	$94,947	$10.31	D		$12.27
Snack and nonalcoholic beverage bars	$637,816	$69.27	$53,528	$80.22	$90.00
Special food services	$1,426,541	$154.93	D		$184.37
Drinking places	$632,774	$68.72	D		$81.78

Table 5.7

COMPARISON OF RETAIL AND RESTAURANT SALES BY QUARTE
CHICAGO METROPOLITAN AREA
2007 AND 2008

Retail Category	2007 1st Quarter	2007 2nd Quarter	2007 3rd Quarter	2007 4th Quarter	2007 Sales Total
General Merchandise	$2,657,130,765	$2,784,054,617	$2,722,205,653	$3,567,258,903	$11,730,649,938
Food	$2,948,193,846	$3,179,415,391	$3,178,650,277	$3,657,762,111	$12,964,021,625
Drinking and Eating Places	$2,834,343,208	$3,256,352,309	$3,327,381,534	$3,150,648,931	$12,568,725,982
Apparel	$1,049,059,880	$1,208,607,216	$1,212,271,618	$1,467,022,082	$4,936,960,796
Furniture, Appliances & Electronics	$1,581,194,417	$1,539,772,202	$1,588,811,546	$1,873,000,721	$6,582,778,886
Lumber, Bldg, Hardware	$1,180,408,339	$1,760,341,520	$1,545,680,225	$1,375,638,604	$5,862,068,688
Automotive & Filling Stations	$5,052,728,151	$5,932,752,389	$5,762,480,547	$5,087,672,420	$21,835,633,507
Drugs & Misc. Retail	$3,470,727,770	$3,751,836,219	$3,796,779,901	$4,264,750,444	$15,284,094,334
Agriculture & All Others	$2,599,217,734	$2,874,119,210	$2,949,432,473	$2,986,854,870	$11,409,624,287
Manufacturers	$592,317,177	$687,323,417	$678,427,664	$703,381,524	$2,661,449,782
Totals	**$23,965,321,287**	**$26,974,574,490**	**$26,762,121,438**	**$28,133,990,610**	**$105,836,007,825**

Retail Category	2008 1st Quarter	2008 2nd Quarter	2008 3rd Quarter	2008 4th Quarter	2008 Sales Total
General Merchandise	$2,523,910,393	$2,858,617,213	$2,731,711,014	$3,405,954,492	$11,520,193,112
Food	$3,172,284,870	$3,277,969,752	$3,336,007,449	$3,442,376,406	$13,228,638,477
Drinking and Eating Places	$2,942,293,164	$3,388,118,069	$3,301,183,518	$3,074,868,392	$12,706,463,143
Apparel	$990,472,270	$1,240,067,085	$1,163,538,785	$1,326,476,456	$4,720,554,596
Furniture, Appliances & Electronics	$1,505,857,035	$1,493,076,072	$1,426,910,617	$1,524,824,187	$5,950,667,911
Lumber, Bldg, Hardware	$1,035,549,585	$1,548,835,781	$1,349,759,050	$1,197,302,343	$5,131,446,759
Automotive & Filling Stations	$4,940,148,692	$5,563,254,060	$4,886,988,192	$4,089,255,188	$19,479,646,132
Drugs & Misc. Retail	$3,537,395,834	$3,787,247,609	$4,102,964,174	$3,937,738,127	$15,365,345,744
Agriculture & All Others	$2,579,084,383	$2,989,481,207	$2,976,839,335	$2,617,154,113	$11,162,559,038
Manufacturers	$557,263,218	$689,405,036	$658,903,105	$614,663,924	$2,520,235,283
Totals	**$23,784,259,444**	**$26,836,071,884**	**$25,934,805,239**	**$25,230,613,628**	**$101,785,750,195**

Retail Category	Differences	Differences	Differences	Differences	Differences
General Merchandise	($133,220,372)	$74,562,596	$9,505,361	($161,304,411)	($210,456,826)
Food	$224,091,024	$98,554,361	$157,357,172	($215,385,705)	$264,616,852
Drinking and Eating Places	$107,949,956	$131,765,760	($26,198,016)	($75,780,539)	$137,737,161
Apparel	($58,587,610)	$31,459,869	($48,732,833)	($140,545,626)	($216,406,200)
Furniture, Appliances & Electronics	($75,337,382)	($46,696,130)	($161,900,929)	($348,176,534)	($632,110,975)
Lumber, Bldg, Hardware	($144,858,754)	($211,505,739)	($195,921,175)	($178,336,261)	($730,621,929)
Automotive & Filling Stations	($112,579,459)	($369,498,329)	($875,492,355)	($998,417,232)	($2,355,987,375)
Drugs & Misc. Retail	$66,668,064	$35,411,390	$306,184,273	($327,012,317)	$81,251,410
Agriculture & All Others	($20,133,351)	$115,361,997	$27,406,862	($369,700,757)	($247,065,249)
Manufacturers	($35,053,959)	$2,081,619	($19,524,559)	($88,717,600)	($141,214,499)
Totals	**($181,061,843)**	**($138,502,606)**	**($827,316,199)**	**($2,903,376,982)**	**($4,050,257,630)**
Percentage Difference - 2007-2008	**-0.76%**	**-0.51%**	**-3.09%**	**-10.32%**	**-3.83%**

Source: Illinois Department of Revenue, Sales Tax Receipts, 2007 and 2008 and Melaniphy & Associates, Inc. 2009

Table 5.8

RETAIL SALES OF SURROUNDING VILLAGES
RETAIL CATEGORIES
2008-2003

Buffalo Grove	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$391,515	$193,840	$67,729	$83,661	$263,284	$0
Food	$110,778,391	$106,336,565	$103,806,151	$106,745,863	$104,168,010	$106,652,490
Drinking and Eating Places	$45,606,044	$43,994,323	$46,489,110	$47,235,254	$48,211,044	$42,310,277
Apparel	$5,221,473	$5,520,524	$5,899,027	$4,998,106	$4,623,017	$3,169,055
Furniture & H.H. & Radio	$26,066,557	$21,117,006	$26,546,060	$26,727,545	$26,301,631	$30,349,025
Lumber, Bldg, Hardware	$69,015,301	$109,102,357	$166,316,137	$183,375,868	$184,636,367	$159,252,792
Automotive & Filling Stations	$91,353,370	$137,054,928	$128,005,354	$123,782,345	$113,697,233	$109,227,057
Drugs & Misc. Retail	$86,213,500	$83,944,308	$80,824,569	$72,473,787	$67,607,299	$66,329,893
Agriculture & All Others	$107,476,959	$90,609,475	$88,940,066	$88,386,626	$73,031,927	$75,521,991
Manufacturers	$20,621,257	$17,908,899	$22,824,629	$26,128,285	$29,390,949	$12,807,536
Total	**$562,744,367**	**$615,782,225**	**$674,105,158**	**$683,947,052**	**$651,930,761**	**$608,168,437**

Gurnee	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$231,552,831	$252,776,785	$253,321,478	$264,119,311	$281,989,942	$245,879,007
Food	$71,817,762	$71,949,572	$69,365,332	$72,317,061	$74,764,406	$76,976,904
Drinking and Eating Places	$117,928,482	$114,252,189	$112,071,260	$109,516,583	$107,994,050	$102,062,473
Apparel	$110,222,056	$116,626,340	$123,021,990	$118,980,440	$112,708,744	$104,056,704
Furniture & H.H. & Radio	$83,310,438	$97,166,493	$97,836,516	$100,231,897	$96,214,578	$81,567,817
Lumber, Bldg, Hardware	$76,241,989	$74,294,915	$82,341,091	$87,284,718	$88,990,936	$85,596,351
Automotive & Filling Stations	$182,224,827	$188,858,382	$183,166,084	$172,637,268	$146,145,288	$140,562,253
Drugs & Misc. Retail	$186,049,844	$196,584,141	$195,937,957	$186,024,464	$172,682,348	$172,286,243
Agriculture & All Others	$101,538,638	$114,003,770	$100,829,220	$106,061,850	$98,160,598	$92,587,648
Manufacturers	$11,643,651	$11,087,599	$9,208,305	$8,544,527	$9,454,312	$9,082,276
Total	**$1,172,530,518**	**$1,237,600,186**	**$1,227,099,233**	**$1,225,718,119**	**$1,189,105,202**	**$1,110,657,676**

Hawthorn Woods	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	0	$0	$0	$0	$0	$0
Food	$38,156	$0	$0	-$837	$8,580	$0
Drinking and Eating Places	$2,477,886	$2,413,480	$1,618,145	$0	$0	$0
Apparel	$0	$15,493	$19,801	$24,314	$112,544	$34,448
Furniture & H.H. & Radio	$91,625	$72,656	$51,085	$82,711	$19,356	$13,293
Lumber, Bldg, Hardware	$0	$2,802,214	$3,015,386	$2,880,662	$1,906,584	$420,296
Automotive & Filling Stations	$0	$4,606,984	$4,338,375	$3,853,230	$4,329,863	$0
Drugs & Misc. Retail	$978,178	$1,102,431	$800,797	$1,149,184	$857,332	$917,521
Agriculture & All Others	$2,405,598	$2,135,683	$2,382,627	$2,627,189	$3,097,412	$3,203,156
Manufacturers	$230,964	$263,851	$263,129	$242,551	$226,614	$215,531
Total	**$13,082,990**	**$13,426,317**	**$12,493,793**	**$12,075,827**	**$11,783,357**	**$9,656,519**

Lake Zurich	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$157,533,676	$160,982,903	$147,535,448	$145,100,196	$137,946,494	$113,753,898
Food	$80,404,064	$74,663,498	$69,033,438	$76,438,106	$77,479,344	$71,228,307
Drinking and Eating Places	$32,771,117	$35,440,479	$35,161,032	$34,862,027	$36,626,266	$33,028,964
Apparel	$3,152,345	$3,754,711	$4,228,962	$4,249,750	$4,226,207	$3,824,213
Furniture & H.H. & Radio	$16,159,239	$22,026,575	$14,523,951	$11,916,802	$12,749,736	$14,012,726
Lumber, Bldg, Hardware	$34,749,413	$37,511,580	$36,836,562	$39,287,325	$41,942,952	$34,345,401
Automotive & Filling Stations	$116,890,366	$109,703,832	$107,352,219	$100,108,460	$96,373,078	$84,866,624
Drugs & Misc. Retail	$62,682,022	$59,964,921	$57,805,576	$55,244,261	$53,700,040	$52,467,933
Agriculture & All Others	$32,549,804	$34,922,417	$31,838,948	$28,633,998	$22,567,624	$38,829,229
Manufacturers	$15,928,107	$11,675,074	$9,455,510	$9,052,042	$8,557,553	$4,719,576
Total	**$552,820,153**	**$550,645,990**	**$513,771,646**	**$504,892,967**	**$492,169,294**	**$451,076,871**

Libertyville	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$427,603	$424,229	$2,147,777	$1,627,609	$514,933	$21,691
Food	$65,571,609	$62,601,701	$59,783,114	$61,468,204	$58,928,264	$58,088,211
Drinking and Eating Places	$50,327,643	$49,858,663	$44,125,163	$41,554,864	$41,585,701	$38,248,375
Apparel	$5,645,474	$5,845,317	$5,625,280	$4,274,109	$4,303,995	$3,261,376
Furniture & H.H. & Radio	$14,417,294	$21,995,543	$22,100,002	$29,185,606	$24,526,635	$23,495,581
Lumber, Bldg, Hardware	$12,379,345	$12,679,601	$15,425,387	$15,206,298	$13,449,835	$12,676,398
Automotive & Filling Stations	$366,312,758	$427,309,528	$484,145,073	$464,036,389	$463,439,400	$516,573,959
Drugs & Misc. Retail	$61,521,685	$63,730,183	$55,889,058	$54,428,973	$49,492,035	$48,362,190
Agriculture & All Others	$30,106,371	$33,387,306	$45,600,407	$43,695,363	$43,933,875	$40,226,284
Manufacturers	$19,133,134	$27,899,144	$12,221,974	$19,111,358	$16,393,946	$17,540,578
Total	**$625,842,916**	**$705,731,215**	**$747,063,235**	**$734,588,773**	**$716,568,619**	**$758,494,643**

Table 5.8

RETAIL SALES OF SURROUNDING VILLAGES
RETAIL CATEGORIES
2008-2003

Lincolnshire	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$0	$0	$0	$0	$0	$0
Food	$0	$0	$0	$1,768,262	$1,717,336	$0
Drinking and Eating Places	$65,701,640	$66,559,719	$65,212,061	$50,751,423	$48,357,086	$47,496,203
Apparel	$12,637,782	$11,044,810	$6,418,494	$6,821,470	$6,421,713	$5,368,832
Furniture & H.H. & Radio	$43,942,919	$53,934,419	$50,183,439	$53,010,010	$49,783,653	$51,079,942
Lumber, Bldg, Hardware	$13,468,388	$49,160,584	$54,522,963	$47,507,859	$0	$29,517,112
Automotive & Filling Stations	$5,951,610	$5,335,164	$29,437,488	$5,826,915	$5,570,614	$5,060,927
Drugs & Misc. Retail	$88,849,820	$94,013,462	$90,729,024	$97,658,301	$78,765,754	$88,736,048
Agriculture & All Others	$73,547,841	$64,716,723	$57,003,959	$45,402,701	$63,583,816	$58,300,784
Manufacturers	$4,436,830	$3,603,733	$2,372,678	$0	$2,633,947	$2,094,332
Total	**$311,783,406**	**$351,507,394**	**$358,011,160**	**$310,612,912**	**$299,625,447**	**$289,237,595**

Long Grove	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$200,792	$0	$119,623	$0	$0	$0
Food	$2,306,766	$2,818,254	$2,725,540	$2,381,012	$2,745,106	$3,387,515
Drinking and Eating Places	$6,279,514	$5,890,712	$6,104,934	$6,042,602	$6,359,338	$3,604,700
Apparel	$1,163,153	$1,328,737	$1,311,902	$605,673	$746,794	$755,130
Furniture & H.H. & Radio	$3,287,950	$3,720,729	$3,491,218	$2,994,643	$3,306,458	$2,802,874
Lumber, Bldg, Hardware	$1,694,580	$717,753	$1,354,269	$3,859,614	$3,319,714	$3,341,185
Automotive & Filling Stations	$6,105,475	$6,890,113	$8,444,251	$6,986,605	$5,122,113	$6,730,002
Drugs & Misc. Retail	$4,287,311	$5,655,064	$5,716,316	$5,492,387	$7,235,392	$7,120,776
Agriculture & All Others	$6,114,304	$5,599,587	$4,524,530	$5,837,603	$5,130,005	$5,985,230
Manufacturers	$888,248	$0	$215,441	$0	$0	$0
Total	**$32,328,093**	**$33,024,438**	**$34,008,024**	**$34,476,969**	**$34,255,789**	**$34,010,687**

Mettawa	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$0	$0	$0	$0	$0	$0
Food	$0	$0	$0	$0	$0	$0
Drinking and Eating Places	$6,454,539	$7,533,209	$7,824,980	$2,719,515	$0	$0
Apparel	$0	$0	$0	$0	$0	$0
Furniture & H.H. & Radio	$77,266,428	$92,388,005	$91,184,838	$0	$0	$0
Lumber, Bldg, Hardware	$0	$0	$0	$0	$0	$0
Automotive & Filling Stations	$0	$0	$0	$0	$0	$0
Drugs & Misc. Retail	$2,310,652	$1,610,637	$1,555,349	$1,215,450	$87,653	$100,674
Agriculture & All Others	$3,065,462	$715,919	$563,426	$2,089,192	$5,464,034	$51,326,267
Manufacturers	$0	$0	$0	$0	$0	$0
Total	**$96,441,337**	**$114,701,540**	**$113,858,731**	**$104,341,294**	**$60,976,705**	**$55,191,884**

Mount Prospect	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$109,995,677	$120,723,833	$119,181,414	$116,339,189	$118,141,121	$131,031,714
Food	$106,908,723	$104,291,950	$88,328,494	$90,159,735	$84,992,948	$91,877,337
Drinking and Eating Places	$56,457,201	$58,379,864	$56,662,669	$54,768,085	$49,878,852	$48,676,647
Apparel	$6,877,388	$14,985,715	$15,718,430	$12,428,460	$15,690,044	$16,961,253
Furniture & H.H. & Radio	$24,333,893	$27,480,890	$28,008,823	$23,037,831	$28,372,879	$28,666,593
Lumber, Bldg, Hardware	$70,497,176	$80,131,505	$86,994,381	$90,795,376	$91,638,832	$86,933,597
Automotive & Filling Stations	$127,771,341	$133,363,749	$126,763,624	$118,556,286	$75,626,065	$70,960,241
Drugs & Misc. Retail	$360,885,456	$245,460,037	$268,273,060	$221,059,790	$256,579,266	$231,530,794
Agriculture & All Others	$124,559,402	$85,303,615	$81,909,003	$71,453,382	$65,392,423	$63,768,102
Manufacturers	$18,405,675	$11,018,881	$10,570,381	$11,503,570	$10,104,445	$12,721,341
Total	**$1,006,691,932**	**$881,140,039**	**$882,410,279**	**$810,101,704**	**$796,416,875**	**$783,127,619**

Mundelein	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
General Merchandise	$71,613,064	$54,343,321	$54,343,321	$54,343,321	$15,186,468	$1,705,960
Food	$92,192,751	$91,727,576	$91,727,576	$91,727,576	$94,236,457	$90,567,198
Drinking and Eating Places	$46,680,091	$41,662,937	$41,662,937	$41,662,937	$38,748,062	$36,205,681
Apparel	$7,324,952	$8,109,482	$8,109,482	$8,109,482	$8,081,972	$5,751,901
Furniture & H.H. & Radio	$28,148,175	$15,541,355	$15,541,355	$15,541,355	$12,681,312	$12,907,340
Lumber, Bldg, Hardware	$38,267,226	$35,612,185	$35,612,185	$35,612,185	$32,808,306	$32,778,828
Automotive & Filling Stations	$69,009,832	$42,001,731	$42,001,731	$42,001,731	$35,839,066	$37,014,135
Drugs & Misc. Retail	$65,027,953	$59,703,941	$59,703,941	$59,703,941	$61,909,568	$62,087,884
Agriculture & All Others	$77,103,594	$96,573,134	$96,573,134	$96,573,134	$80,675,293	$82,882,830
Manufacturers	$16,265,767	$26,810,628	$26,810,628	$26,810,628	$27,858,833	$25,800,467
Total	**$511,633,405**	**$472,086,290**	**$472,086,290**	**$472,086,290**	**$408,025,337**	**$387,702,224**

Table 5.8

RETAIL SALES OF SURROUNDING VILLAGES
RETAIL CATEGORIES
2008-2003

Northbrook	2008	2007	2006	2005	2004	2003
General Merchandise	$145,003,254	$159,375,780	$166,665,536	$135,835,445	$155,279,320	$141,939,036
Food	$121,225,683	$92,819,585	$69,519,773	$67,876,801	$66,058,355	$64,284,809
Drinking and Eating Places	$76,877,585	$75,480,760	$70,218,330	$62,596,623	$61,205,894	$53,376,924
Apparel	$102,199,133	$101,450,581	$91,695,333	$83,968,085	$79,840,234	$74,109,725
Furniture & H.H. & Radio	$96,946,913	$99,058,522	$81,352,599	$72,732,825	$69,263,453	$76,195,893
Lumber, Bldg, Hardware	$36,637,811	$26,805,281	$14,196,128	$15,014,372	$13,952,331	$13,224,989
Automotive & Filling Stations	$115,816,360	$126,351,322	$127,110,516	$127,787,822	$110,626,272	$106,652,814
Drugs & Misc. Retail	$104,417,356	$95,285,790	$84,706,819	$78,353,136	$82,748,022	$78,523,970
Agriculture & All Others	$100,518,729	$107,580,032	$103,076,566	$106,749,444	$96,673,819	$101,725,360
Manufacturers	$11,207,334	$15,380,956	$13,234,712	$14,834,796	$13,550,982	$14,356,212
Total	**$912,476,873**	**$899,588,609**	**$821,776,312**	**$765,749,349**	**$749,198,682**	**$724,389,732**

Riverwoods	2008	2007	2006	2005	2004	2003
General Merchandise	$0	$0	$0	$0	$0	$0
Food	$243,603	$227,157	$194,234	$160,070	$153,216	$153,739
Drinking and Eating Places	$9,613,666	$9,063,346	$9,753,047	$9,094,483	$8,742,088	$6,261,866
Apparel	$0	$0	$0	$0	$0	$24,285
Furniture & H.H. & Radio	$386,672	$529,776	$546,447	$740,473	$499,917	$227,797
Lumber, Bldg, Hardware	$298,365	$175,413	$54,129	$41,523	$0	$158,145
Automotive & Filling Stations	$2,523,002	$7,677,178	$5,582,471	$5,268,594	$5,040,061	$4,234,046
Drugs & Misc. Retail	$5,870,843	$798,875	$656,854	$570,098	$339,461	$331,225
Agriculture & All Others	$2,768,850	$2,996,234	$3,419,595	$2,492,527	$1,003,693	
Manufacturers	$351,947	$599,514	$247,974	$331,631	$112,591	$142,771
Total	**$22,063,664**	**$22,069,323**	**$20,458,896**	**$18,699,692**	**$15,938,579**	**$8,125,637**

Vernon Hills	2008	2007	2006	2005	2004	2003
General Merchandise	$289,181,644	$295,547,089	$316,043,032	$261,049,097	$293,776,027	$297,077,590
Food	$37,283,590	$38,962,375	$36,026,164	$34,009,333	$34,323,340	$33,439,893
Drinking and Eating Places	$78,802,188	$77,584,875	$80,476,116	$72,697,683	$69,019,221	$64,877,662
Apparel	$79,713,293	$86,398,027	$86,359,230	$85,175,517	$77,733,540	$69,007,191
Furniture & H.H. & Radio	$395,207,266	$385,703,151	$348,097,935	$342,957,269	$359,099,495	$250,313,363
Lumber, Bldg, Hardware	$47,801,858	$48,079,101	$50,920,560	$53,082,085	$52,301,824	$51,458,624
Automotive & Filling Stations	$25,051,975	$24,552,498	$15,978,984	$12,604,465	$11,958,254	$12,211,910
Drugs & Misc. Retail	$116,255,273	$125,807,239	$129,988,075	$127,362,298	$125,876,341	$126,952,542
Agriculture & All Others	$70,799,811	$68,103,041	$63,326,236	$65,046,927	$90,592,366	$174,011,451
Manufacturers	$22,290,617	$19,021,447	$19,807,405	$18,646,718	$15,525,490	$8,378,892
Total	**$1,162,387,515**	**$1,169,758,843**	**$1,147,023,737**	**$1,072,631,392**	**$1,130,205,898**	**$1,087,729,118**

TABLE 5.9

VERNON HILLS ANNUAL RETAIL SALES & SALES CHANGES MAJOR RETAIL CATEGORIES 2000 - 2008									
Retail Categories	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
General Merchandise	$289,211,600	$300,023,700	$293,469,300	$297,077,590	$293,776,027	$261,049,097	$316,043,032	$295,547,089	$289,181,644
Food	$38,580,300	$38,086,800	$36,125,700	$33,439,893	$34,323,340	$34,009,333	$36,026,164	$38,962,375	$37,283,590
Drinking and Eating Places	$76,094,200	$64,441,100	$60,981,300	$64,877,662	$69,019,221	$72,697,683	$80,476,116	$77,584,875	$78,802,188
Apparel	$77,337,200	$73,397,100	$79,571,100	$69,007,191	$77,733,540	$85,175,517	$86,359,230	$86,398,027	$79,713,293
Furniture, Appliances, & Electronics	$111,467,200	$116,899,800	$122,877,400	$250,313,363	$359,099,495	$342,957,269	$348,097,935	$385,703,151	$395,207,266
Home Improvement	$19,943,800	$32,521,800	$54,184,000	$51,458,624	$52,301,824	$53,082,085	$50,920,560	$48,079,101	$47,801,858
Automotive & Filling Stations	$12,367,300	$10,362,700	$12,657,500	$12,211,910	$11,958,254	$12,604,465	$15,978,984	$24,552,498	$25,051,975
Drugs & Misc. Retail	$109,948,200	$110,660,000	$117,941,000	$126,952,542	$125,876,341	$127,362,298	$129,988,075	$125,807,239	$116,255,273
Agriculture & All Others	$331,797,800	$350,223,100	$349,577,300	$174,011,451	$90,592,366	$65,046,927	$63,326,236	$68,103,041	$70,799,811
Manufacturers	$18,853,800	$12,790,500	$9,008,200	$8,378,892	$15,525,490	$18,646,718	$19,807,405	$19,021,447	$22,290,617
Total	**$1,085,491,300**	**$1,109,406,700**	**$1,136,392,612**	**$1,087,729,118**	**$1,130,205,898**	**$1,072,631,392**	**$1,147,023,737**	**$1,169,758,843**	**$1,162,387,515**
Annual Changes by Category	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
General Merchandise		$10,812,100	$6,554,400	$3,608,290	$3,301,563	$32,726,930	$54,993,935	$20,495,943	$6,365,445
Food		$493,500	$1,961,100	$2,685,807	$883,447	$314,007	$2,016,831	$2,936,211	$1,678,785
Drinking and Eating Places		$11,653,100	$3,459,800	$3,896,362	$4,141,559	$3,678,462	$7,778,433	$2,891,241	$1,217,313
Apparel		$3,940,100	$6,174,000	$10,563,909	$8,726,349	$7,441,977	$1,183,713	$38,797	$6,684,734
Furniture, Appliances, & Electronics		$5,432,600	$5,977,600	$127,435,963	$108,786,132	$16,142,226	$5,140,666	$37,605,216	$9,504,115
Home Improvement		$12,578,000	$21,662,200	$2,725,376	$843,200	$780,261	$2,161,525	$2,841,459	$277,243
Automotive & Filling Stations		$2,004,600	$2,294,800	$445,590	$253,656	$646,211	$3,374,519	$8,573,514	$499,477
Drugs & Misc. Retail		$711,800	$7,281,000	$9,011,542	$1,076,201	$1,485,957	$2,625,777	$4,180,836	$9,551,966
Agriculture & All Others		$18,425,300	$645,800	$175,565,849	$83,419,085	$25,545,439	$1,720,691	$4,776,805	$2,696,770
Manufacturers		$6,063,300	$3,782,300	$629,308	$7,146,598	$3,121,228	$1,160,687	$785,958	$3,269,170
Total		**$23,915,400**	**$26,985,912**	**$48,663,494**	**$42,476,780**	**$57,574,506**	**$74,392,345**	**$22,735,106**	**$7,371,328**

Source: Illinois Department of Revenue, 2000 - 2008 and Melaniphy & Associates, Inc., 2009

We have analyzed the changes in retail sales by year and retail category. We then converted the data to per capita expenditures by each retail category. Next, we forecast these expenditures for the projections years of 2013 and 2018.

These forecasts were accomplished several ways. First, household income data were evaluated. Since consumers tend to spend fairly consistent percentages of their household income for specific types of goods and services, income dynamics were analyzed. The income composition also provided insight into the expenditures within individual retail categories. We also included the current recession, consumer spending sentiment, and likely retail sales changes in the projection years.

Table 5.10 presents the per capita expenditures by retail category for each segment of the Trade Area for 2008, 2013, and 2018, respectively. The per capita expenditures were then applied to the population within the respective portions of the Trade Area to compute the total retail expenditure potential within each segment of the Trade Area and retail category.

VERNON HILLS' 2008 MARKET PENETRATION

Market penetration for a shopping center, retailer, or restaurant is the level of market share that the facility is capturing or expected to capture of Personal Consumption Expenditures within a defined Trade Area. The market penetration of Vernon Hills was computed in order to calculate the likely sales volumes that various restaurants or retailers might expect to capture on the Subject Sites. The market penetration and sales volume computations are also based upon a definitive analysis of the competitive retail concentrations within the Trade Area. **Table 5.11** presents the market penetration and sales volumes of Vernon Hills by retail category and Trade Area segment for the projection years. The table indicates the market potential for additional retail, restaurants, and automobile dealerships in Vernon Hills. A discussion is as follows:

- **The data indicate that 2008 retail sales generated in Vernon Hills Trade Area amounted to approximately $4.850 billion, representing a market penetration of 31.6 percent of Trade Area Personal Consumption Expenditures.**

- In the ***General Merchandise*** category, according to Sale Tax Receipt data for 2008, Vernon Hills captured sales of approximately $289.1 million in contrast to total General Merchandise expenditures of $515.5 million. This represents a market penetration level of 56.2 percent.

- In the ***Food*** Category (food consumed at home), total *Food* Expenditures are estimated at $1.053 billion. Vernon Hills' food stores captured an estimated $37 million in 2008, resulting in a market penetration of 3.6 percent. Conventional Food stores typically serve a trade area of only two to three miles.

- In the ***Eating & Drinking*** category (food and beverages consumed away from home), Trade Area residents in 2008 spent an estimated $521.2 million in restaurants, quick service food units, and bars. Vernon Hills' restaurant facilities captured sales of $78 million for a market penetration of 18.7 percent in 2008.

TABLE 5.10

Estimated Per Capita Expenditues by Retail Category
2008, 2013, 2018

	Primary Trade Area			Secondary Trade Area			Total Trade Area		
Retail Category	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**
General Merchandise	$1,944	$2,138	$2,394	$2,013	$2,214	$2,479	$1,978	$2,176	$2,437
Grocery Stores	$3,512	$3,863	$4,327	$3,491	$3,841	$4,301	$3,502	$3,852	$4,314
Eating & Drinking Places	$1,760	$1,935	$2,168	$1,704	$1,875	$2,100	$1,732	$1,905	$2,134
Apparel	$621	$683	$765	$725	$797	$893	$673	$740	$829
Furniture & Household Furnishings	$1,214	$1,335	$1,496	$869	$956	$1,071	$1,042	$1,146	$1,283
Appliances & Electronics	$1,345	$1,480	$1,657	$821	$903	$1,012	$1,083	$1,191	$1,334
Lumber, Building Materials	$1,271	$1,398	$1,566	$1,035	$1,139	$1,275	$1,153	$1,268	$1,420
Drug Stores	$773	$850	$952	$731	$805	$901	$752	$827	$927
Miscellaneous Retail Stores	$1,684	$1,852	$2,074	$1,642	$1,806	$2,023	$1,663	$1,829	$2,049
Sporting Goods	$228	$250	$281	$207	$228	$255	$217	$239	$268
Book Stores	$173	$190	$213	$159	$175	$196	$166	$182	$204
Jewelry Stores	$145	$159	$179	$124	$137	$153	$135	$148	$166
Office Supply Stores	$76	$83	$94	$81	$89	$99	$78	$86	$96
Liquor stores	$76	$83	$94	$69	$76	$85	$72	$80	$89
Automobile Dealerships	$3,855	$4,240	$4,749	$3,685	$4,053	$4,539	$3,770	$4,147	$4,644

Source: Melaniphy & Associates, Inc.

TABLE 5.11

Estimated Retail Expenditure Potential by Retail Category
2008, 2013, 2018

	Primary Trade Area			Secondary Trade Area			Total Trade Area		
Retail Category	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**
General Merchandise	$260,051,961	$305,986,195	$364,979,567	$255,412,413	$288,369,716	$324,987,355	$515,464,374	$594,355,911	$689,966,922
Grocery Stores	$469,940,053	$552,947,834	$659,554,791	$443,104,048	$500,280,262	$563,806,634	$913,044,101	$1,053,228,096	$1,223,361,426
Eating & Drinking Places	$235,431,657	$277,017,088	$330,425,288	$216,297,826	$244,207,954	$275,217,863	$451,729,483	$521,225,042	$605,643,151
Apparel	$83,093,526	$97,770,737	$116,620,690	$91,948,469	$103,813,098	$116,995,448	$175,041,995	$201,583,835	$233,616,138
Furniture & Household Furnishings	$162,440,484	$191,133,131	$227,983,120	$110,338,162	$124,575,717	$140,394,537	$272,778,646	$315,708,849	$368,377,658
Appliances & Electronics	$179,969,070	$211,757,876	$252,584,264	$104,208,264	$117,654,844	$132,594,841	$284,177,334	$329,412,720	$385,179,105
Lumber, Building Materials	$170,033,975	$200,067,897	$238,640,486	$131,354,955	$148,304,426	$167,136,354	$301,388,930	$348,372,322	$405,776,840
Drug Stores	$103,405,277	$121,670,250	$145,127,970	$92,824,168	$104,801,794	$118,109,690	$196,229,445	$226,472,044	$263,237,660
Miscellaneous Retail Stores	$225,275,782	$265,067,331	$316,171,649	$208,416,529	$235,309,688	$265,189,682	$433,692,310	$500,377,019	$581,361,330
Sporting Goods	$30,467,626	$35,849,270	$42,760,920	$26,270,991	$29,660,885	$33,427,271	$56,738,617	$65,510,155	$76,188,190
Book Stores	$23,081,535	$27,158,538	$32,394,636	$20,141,093	$22,740,012	$25,627,574	$43,222,628	$49,898,550	$58,022,210
Jewelry Stores	$19,388,489	$22,813,172	$27,211,494	$15,762,595	$17,796,531	$20,056,362	$35,151,084	$40,609,703	$47,267,857
Office Supply Stores	$10,155,875	$11,949,757	$14,253,640	$10,216,497	$11,534,789	$12,999,494	$20,372,372	$23,484,545	$27,253,134
Liquor stores	$10,155,875	$11,949,757	$14,253,640	$8,756,997	$9,886,962	$11,142,424	$18,912,872	$21,836,718	$25,396,063
Automobile Dealerships	$515,795,369	$606,902,796	$723,912,135	$446,201,375	$527,963,755	$595,005,420	$961,996,744	$1,134,866,551	$1,318,917,555

Source: Melaniphy & Associates, Inc.

TABLE 5.12

Estimated Retail Expenditure Potential, Market Penetration and Sales Volume by Retail Category
2008, 2013, 2018

	Total Retail Potential			Market Penetration			Sales Volume		
Retail Category	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**
General Merchandise									
Primary	$260,051,961	$305,986,195	$364,979,567	80.0%	80.0%	80.0%	$208,041,569	$244,788,956	$291,983,654
Secondary	$255,412,413	$288,369,716	$324,987,355	32.0%	35.0%	35.0%	$81,731,972	$100,929,401	$113,745,574
Total	$515,464,374	$594,355,911	$689,966,922	56.2%	58.2%	58.8%	$289,773,541	$345,718,357	$405,729,228
Food Stores									
Primary	$469,940,053	$552,947,834	$659,554,791	7.9%	15.0%	15.0%	$37,125,264	$82,942,175	$98,933,219
Secondary	$443,104,048	$500,280,262	$563,806,634	0.1%	4.0%	4.0%	$443,104	$20,011,210	$22,552,265
Total	$1,053,228,096	$1,053,228,096	$1,223,361,426	3.6%	9.8%	9.9%	$37,568,368	$102,953,386	$121,485,484
Eating & Drinking Places									
Primary	$235,431,657	$277,017,088	$330,425,288	26.7%	29.0%	30.0%	$62,860,252	$80,334,955	$99,127,587
Secondary	$216,297,826	$244,207,954	$275,217,863	7.0%	7.0%	7.0%	$15,140,848	$17,094,557	$19,265,250
Total	$451,729,483	$521,225,042	$605,643,151	17.3%	18.7%	19.5%	$78,001,100	$97,429,512	$118,392,837
Apparel									
Primary	$83,093,526	$97,770,737	$116,620,690	74.0%	75.0%	75.0%	$61,489,209	$73,328,053	$87,465,518
Secondary	$91,948,469	$103,813,098	$116,995,448	20.0%	21.0%	21.0%	$18,389,694	$21,800,751	$24,569,044
Total	$175,041,995	$201,583,835	$233,616,138	45.6%	47.2%	48.0%	$79,878,903	$95,128,803	$112,034,562
Furniture & Household Furnishings									
Primary	$162,440,484	$191,133,131	$227,983,120	76.0%	73.0%	73.0%	$123,454,768	$139,527,186	$166,427,678
Secondary	$110,338,162	$124,575,717	$140,394,537	52.0%	45.0%	45.0%	$57,375,844	$56,059,073	$63,177,542
Total	$315,708,849	$315,708,849	$368,377,658	57.3%	62.0%	62.3%	$180,830,612	$195,586,259	$229,605,220
Appliances & Electronics									
Primary	$179,969,070	$211,757,876	$252,584,264	84.0%	78.0%	80.0%	$151,174,019	$165,171,143	$202,067,411
Secondary	$104,208,264	$117,654,844	$132,594,841	61.0%	55.0%	60.0%	$63,567,041	$64,710,164	$79,556,905
Total	$284,177,334	$329,412,720	$385,179,105	75.6%	69.8%	73.1%	$214,741,060	$229,881,308	$281,624,316
Home Improvement									
Primary	$170,033,975	$200,067,897	$238,640,486	24.0%	23.0%	23.0%	$40,808,154	$46,015,616	$54,887,312
Secondary	$131,354,955	$148,304,426	$167,136,354	5.0%	5.0%	5.0%	$6,567,748	$7,415,221	$8,356,818
Total	$301,388,930	$348,372,322	$405,776,840	15.7%	15.3%	15.6%	$47,375,902	$53,430,837	$63,244,129
Drugs Stores									
Primary	$103,405,277	$121,670,250	$145,127,970	15.0%	20.0%	20.0%	$15,510,792	$24,334,050	$29,025,594
Secondary	$92,824,168	$104,801,794	$118,109,690	2.00%	2.00%	2.00%	$1,856,483	$2,096,036	$2,362,194
Total	$196,229,445	$226,472,044	$263,237,660	8.9%	11.7%	11.9%	$17,367,275	$26,430,086	$31,387,788
Miscellaneous Retail Stores									
Primary	$225,275,782	$265,067,331	$316,171,649	26.0%	25.0%	25.0%	$58,571,703	$66,266,833	$79,042,912
Secondary	$208,416,529	$235,309,688	$265,189,682	5.0%	5.0%	5.0%	$10,420,826	$11,765,484	$13,259,484
Total	$433,692,310	$500,377,019	$581,361,330	15.9%	15.6%	15.9%	$68,992,530	$78,032,317	$92,302,396
Sporting Goods									
Primary	$30,467,626	$35,849,270	$42,760,920	27.0%	35.0%	35.0%	$8,226,259	$12,547,245	$14,966,322
Secondary	$26,270,991	$29,660,885	$33,427,271	5.0%	10.0%	10.0%	$1,313,550	$2,966,089	$3,342,727
Total	$56,738,617	$65,510,155	$76,188,190	16.8%	23.7%	24.0%	$9,539,809	$15,513,333	$18,309,049
Book Stores									
Primary	$23,081,535	$27,158,538	$32,394,636	30.0%	30.0%	30.0%	$6,924,461	$8,147,561	$9,718,391
Secondary	$20,141,093	$22,740,012	$25,627,574	10.0%	10.0%	10.0%	$2,014,109	$2,274,001	$2,562,757
Total	$43,222,628	$49,898,550	$58,022,210	20.7%	20.9%	21.2%	$8,938,570	$10,421,563	$12,281,148

Source: Melaniphy & Associates, Inc.

TABLE 5.12

Estimated Retail Expenditure Potential, Market Penetration and Sales Volume by Retail Category
2008, 2013, 2018

	Total Retail Potential			Market Penetration			Sales Volume		
Retail Category	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**	**2008**	**2013**	**2018**
Jewelry Stores									
Primary	$19,388,489	$22,813,172	$27,211,494	41.0%	40.0%	40.0%	$7,949,281	$9,125,269	$10,884,598
Secondary	$15,762,595	$17,796,531	$20,056,362	20.0%	20.0%	20.0%	$3,152,519	$3,559,306	$4,011,272
Total	$35,151,084	$40,609,703	$47,267,857	31.6%	31.2%	31.5%	$11,101,800	$12,684,575	$14,895,870
Office Supply Stores									
Primary	$10,155,875	$11,949,757	$14,253,640	91.0%	90.0%	90.0%	$9,241,847	$10,754,781	$12,828,276
Secondary	$10,216,497	$11,534,789	$12,999,494	65.0%	65.0%	65.0%	$6,640,723	$7,497,613	$8,449,671
Total	$20,372,372	$23,484,545	$27,253,134	78.0%	77.7%	78.1%	$15,882,569	$18,252,394	$21,277,947
Other Miscellaneous Stores									
Primary	$10,155,875	$11,949,757	$14,253,640	11.0%	10.0%	10.0%	$1,117,146	$1,194,976	$1,425,364
Secondary	$8,756,997	$9,886,962	$11,142,424	5.0%	5.0%	5.0%	$437,850	$494,348	$557,121
Total	$18,912,872	$21,836,718	$25,396,063	8.2%	7.7%	7.8%	$1,554,996	$1,689,324	$1,982,485
Automobile Dealerships									
Primary	$515,795,369	$606,902,796	$723,912,135	4.2%	4.0%	4.0%	$21,663,405	$24,276,112	$28,956,485
Secondary	$446,201,375	$527,963,755	$595,005,420	0.8%	0.8%	0.8%	$3,569,611	$4,223,710	$4,760,043
Total	$961,996,744	$1,134,866,551	$1,318,917,555	2.6%	2.5%	2.6%	$25,233,016	$28,499,822	$33,716,529
Total	**$4,781,491,964**	**$5,333,931,460**	**$6,203,242,538**	**31.6%**	**32.9%**	**33.5%**	**$1,086,780,051**	**$1,311,651,874**	**$1,558,268,988**

Source: Melaniphy & Associates, Inc., 2009

Source: Melaniphy & Associates, Inc.

- Vernon Hills Trade Area residents in 2008 spent an estimated $175 million on ***Apparel & Accessories*** including shoes. However, Vernon Hills imports apparel sales dollars from the surrounding communities. Thus, Vernon Hills generated over $79 million in sales in this category, resulting in a market penetration of 45.6 percent.

- In the ***Furniture & Home Furnishings*** category in 2008, Trade Area residents spent an estimated $315.7 million. Vernon Hills' retail stores in this category captured 2008 retail sales an estimated $180 million, resulting in a market penetration of 57.3 percent.

- In the ***Appliances & Electronics*** category in 2008, Trade Area residents spent an estimated $284.2 million both in and out of the Trade Area. Vernon Hills' store captured an estimated $214.7 million for a market penetration of 75.6 percent.

- In the ***Home Improvement*** category, which includes Lumber, Building, and Hardware, in 2008 Trade Area residents spent an estimated $301.4 million. Vernon Hills' stores including Home Depot, Home Depot Expo, Lowe's, and others captured retail sales amounting to an estimated $47.0 million for a market penetration of 15.7 percent. Lowe's was not open for a full year, so its overall impact is not reflected.

- ***Drug Store*** expenditures by Trade Area residents in 2008 amounted to an estimated $196.2 million. Vernon Hills' drug stores captured total sales in 2008 of $17.3 million, resulting in a market penetration of 8.9 percent.

- ***Miscellaneous Retail Stores*** expenditures in 2008 amounted to an estimated $433.7 million. This includes numerous specialty stores normally found in malls. Vernon Hills' retailers captured retail sales in 2008 amounting to $68 million. Thus, the Vernon Hills' market penetration in this category amounted to 15.9percent.

- Trade Area residents spent an estimated $56.7 million on ***Sporting Goods.*** Vernon Hill's stores captured 2008 retail sales in this category amounting to $9.5 million, resulting in a market penetration of 16.8 percent.

- In the ***Book Store*** category, we estimate that Trade Area residents spent an estimated $43.2 million in 2008. Vernon Hills' stores captured 2008 sales amounting to $8.9 million for a 2008 market penetration of 20.7 percent.

- In the ***Jewelry Stores*** category, Trade Area residents spent in 2008 an estimated $35.2 million. Vernon Hills' jewelry stores captured $11.1 million for a market penetration of 31.6 percent.

- Trade Area residents in 2008 spent an estimated $20.4 million in ***Office Supply Stores.*** Vernon Hills' stores captured an estimated $15.8 million for a market penetration of 78.0 percent.

- ***Other Miscellaneous Stores*** category is somewhat of a catch-all category. Trade Area residents spent an estimated $18.9 million in 2008. Vernon Hills' retailers captured an estimated $1.5 million in this category mainly in the Mall. The market penetration amounts to an estimated 8.2 percent.

- The ***Automotive and Gasoline Filling Stations*** category had both positive and negative impacts in 2008. Automobile sales fell while gasoline prices rose considerably in the first half of the year and then fell considerably in the second half. Trade Area residents in 2008 spent an estimated $962 million in this category. Vernon Hills's retailers captured only $25.0 million in this category for a market penetration of 2.6 percent.

VERNON HILLS MARKET POTENTIAL 2013 AND 2018

The Market Penetration analysis indicates that there are numerous opportunities for retailer additions and replacements. The mix of new obtained retailers will greatly affect the level of retail sales that might be achieved. The initial primary focus should be on Vernon Hills' largest retail complex – Hawthorn Center. It needs to be updated, expanded with hopefully a Nordstrom, theaters, and the addition of numerous restaurants. A discussion of each retail category is presented below.

♦ ***General Merchandise***

The *General Merchandise* category in Vernon Hills includes the department stores in Hawthorn Center (Macy's, Carson's, Penney's, and Sears), along with big boxes Wal-Mart, Super Target, and Kohl's. Dollar stores and some other general merchandise stores are also included. Department store candidates include Nordstrom, Lord & Taylor, Von Maur, and Saks Fifth Avenue. In the Food/Supercenter/Warehouse group, Costco, Meijer, a Wal-Mart Supercenter, Super H Mart and Woodman's represent possible candidates. Vernon **Hills' retailers currently have a 56.2 percent market penetration in this category**. **The *Food* category's penetration is only 3.6 percent. Thus, there is a market for both a department store and another major food/warehouse type store**, preferably Costco because of their wide acceptance and quality products that translates into very high sales. The proposed Costco in Mettawa may generate sales of over $131 million and adversely impact Vernon Hills' market penetration in this category. If they are not available, a Wal-Mart expansion or relocation as a Supercenter will fill a market void. Meijer's is also an acceptable store. In the *General Merchandise* category in 2013, the market potential is estimated at over $594 million, rising to $690 million in 2018. Thus, there is ample market potential to implement an expansion strategy featuring both a new Food/Supercenter/Warehouse concept and the addition of a Nordstrom department store to Hawthorn Center. In the department store group, we recommend that Nordstrom be pursued for inclusion in Hawthorn Center. Penney's has indicated a desire to relocate as a free-standing big box. They can be accommodated in The Marketplace or on the vacant property at Milwaukee Avenue and Greggs Parkway.

We recommend that one of these stores be added to Vernon Hills between 2011 and 2012. Sales are estimated to range between $70 and $120 million annually depending upon the food/warehouse occupant. A Nordstrom store in Hawthorn Center has the potential to capture sales in 2013 amounting to between $60 to 70 million, rising to $90 million by 2018. A Stein

Mart could be placed in the Hawthorn Hill Fashion Square. Sales might range between $9 and $12 million.

- ***The Food Category***

  The *Food* Category in Vernon Hills has a very low level of market penetration at 3.6 percent. We recommend, first that a Food/Supercenter/Warehouse store be attracted to the community. Adding a Costco store would accomplish this. Also helping Wal-Mart to expand its store to a Supercenter would be desirable. Wal-Mart might have to relocate to accomplish this objective. The largest vacant store is the former Home Depot Expo unit in The Marketplace on Milwaukee Avenue. The store has approximately 106,300 square feet and would need to be enlarged to accommodate a store of between 170,000 to 190,000 square feet.

  This is costly land and some form of incentive or subsidy would be required. The recommendation in the *General Merchandise* category above is part of the category.

  Food category sales would rise to between $100 to $120 million if a Costco is added. Should Wal-Mart build a Supercenter, an additional $45 million would be captured in the *Food* category. A Roundy's grocery store or Dominick's should be pursued to enhance market penetration in this category.

- ***The Eating & Drinking Category***

  Vernon Hills restaurants and quick service food facilities are currently capturing sales of approximately $78 million, with a market penetration estimated at 15 percent. When compared to foodservice concentration near major malls, the sales are low. In 2013, we estimate that the market potential in this category will rise to $97 million and to $118.4 million in 2018. Thus, there is a market for additional foodservice facilities, which are discussed in Section VI – Retail Market Strategy. There is a variety of possible restaurant and quick service facilities.

- ***Apparel & Accessory Store Category***

  Vernon Hills' sales in this category currently amount to $79.7 million, resulting in a market penetration of 45.6 percent. Without any major changes in stores other than solving the current vacancy problems, we estimate that in 2013, following the recession, sales in this category in Vernon Hills should rise to $95.1 million and in 2018 to sales of $112 million. However, if Nordstrom is added to Hawthorn Center, sales in this category are forecast to rise to over $100 million in 2013 and to over $120 million in 2018. This assumes a mall expansion along with a Nordstrom.

- ***Furniture & Household Furnishings***

  Vernon Hills is known as a major furniture concentration. The loss of Wickes and other furniture stores has somewhat diminished this position. In 2008, sales in this category stood at approximately $180 million. However, the recession has reduced retail sales in this category. Following the recession, we estimate that 2013 retail sales can rise to an estimated $196 million and to $230 million in 2018.

- ***Appliances & Electronics***

The 2008-2009 recession has been hard on this category. Circuit City closed, sales at Best Buy declined, and Sears sales in this retail category declined. In 2008, Vernon Hills' sales in this category were $214 million with a market penetration of 75.6 percent. We estimate that when the recession is over, sales in this category will rise to an estimated $230 million in 2013 and to $282 million in 2018.

- ***Home Improvement***

This category includes Lumber, Building Materials, Hardware, and Garden Supplies. Vernon Hills in 2008 had sales in this category of $47 million with a market penetration of 15.7 percent. However, Lowe's has only been open for a short time. We estimate that in 2013, Vernon Hills retailers in this category can expect to capture sales of an estimated $70 million and $83 million in 2018. No additional stores are needed in this category.

- ***Drug Stores***

The *Drug Store* category had 2008 sales of approximately $17.4 million and a market penetration of 8.9 percent. There is a market for another major drug store in Vernon Hills. In 2013, we estimate that sales in this category should reach $26.4 million and in 2018, sales are forecast to $31.4 million. The market penetration is forecast to rise to 11.9 percent. CVS Pharmacy should be added at Gregg's Parkway.

- ***Miscellaneous Retail Stores***

In 2008, retail sales in this category amounted to $68 million with a market penetration of 15.9 percent. Most of the specialty stores in this category are included in Hawthorn Center. The current overall market potential in this category is estimated at $433.7 million. By 2013, we estimate that sales in this category will rise to an estimated $78 million and to $92.3 million in 2018.

- ***Sporting Goods***

Sales in this category in 2008 amounted to an estimated $9.5 million with a market penetration of 16.8 percent of the market potential of $56.7 million. We estimate that sales in this category in 2013 should reach $15.5 million and in 2018, sales are estimated at $18.3 million. Dick's Sporting Goods or others should be pursued.

- ***Book Stores***

Vernon Hills' sales in this category were estimated at $8.9 million in 2008 with a market penetration of 20.7 percent. We estimate that sales can reach $10.4 million in 2013 and $12.3 million in 2018. An additional major book store is not needed.

- ***Jewelry Stores***

Vernon Hills' sales in 2008 in this category amounted to $11.1 million with a market penetration of 31.6 percent of the 2008 market potential of $35.2 million. In 2013, we estimate the sales in this category should rise to an estimated $12.7 million and in 2018, sales are forecast to increase to $14.9 million.

- ***Office Supply Stores***

Stores in this category in Vernon Hills had 2008 estimated sales of $15.8 million with a market penetration of 78.0 percent. The three major office supply stores – Office Max, Office Depot, and Staples are all represented in Vernon Hills. We forecast that sales are likely to rise to $18.3 million in 2013 and $21.3 million in 2018. No additional stores are needed in this category. This category is being adversely affected by corporate downsizing. There may be additional store closings in this category with Office Depot being most vulnerable.

- ***Other Miscellaneous Retail Stores***

Vernon Hills' sales in this category in 2008 amounted to an estimated $1.5 million with a market penetration of 8.2 percent. We estimate that sales in this category will rise to $1.7 million in 2013 and to $2.0 in 2018.

- ***Automobile Dealerships and Gasoline Filling Stations***

Vernon Hills has been limited in this category. Moreover, the current recession has been very hard on Automobile Dealers. Many have seen their sales decrease anywhere from 30 percent to 50 percent and as many as 1,000 domestic auto dealers nationwide have simply gone out of business. Gasoline Stations are also included in this category. In 2008, based upon Illinois Department of Revenue Sales Tax Receipts, Vernon Hills' sales in this category amounted to $25.0 million with a market penetration of 2.6 percent. Adjacent Libertyville has a major concentration of Automobile Dealerships who siphon off sales from Vernon Hills residents. Vernon Hills needs more Automobile Dealers because of the large sales tax receipts from the sales of new cars. The addition of an import Automobile Dealership would reduce retail sales leakage out of Vernon Hills.

We estimate that sales in this category can rise to $28.5 million in 2013 if no new automobile dealers are added. These sales are expected to rise to $33.7 million in 2018. Advance Auto Parts is also actively seeking sites and should be added in Vernon Hills.

♦ ***Total Vernon Hills' Retail Sales***

Vernon Hills' 2008 retail sales stood at $1.156 billion with a market penetration of 31.6 percent. We forecast that sales in 2013 will rise to an estimated $1.327 billion if our recommendations are implemented. Moreover, by 2018, we forecast sales to rise to an estimated $1.578 billion.

VERNON HILLS SALES FORECAST – 2013 AND 2018

Table 5.13

VERNON HILLS RETAIL SALES COMPARISON AND FORECASTS
2000, 2005, 2008, 2013, AND 2018

Retail Categories	2000	2005	2008	2013	2018
General Merchandise	$289,211,600	$261,049,097	$289,181,644	$345,718,357	$405,729,228
Food	$38,580,300	$34,009,333	$37,283,590	$102,953,386	$121,485,484
Drinking and Eating Places	$76,094,200	$72,697,683	$78,802,188	$97,429,512	$118,392,837
Apparel	$77,337,200	$85,175,517	$79,713,293	$95,128,803	$112,034,562
Furniture, Appliances, & Electronics	$111,467,200	$342,957,269	$395,207,266	$425,467,566	$511,229,536
Home Improvement	$19,943,800	$53,082,085	$47,801,858	$70,401,679	$83,291,691
Automotive & Filling Stations	$12,367,300	$12,604,465	$25,051,975	$28,499,822	$33,716,529
Drugs & Misc. Retail	$109,948,200	$127,362,298	$116,255,273	$161,334,267	$192,436,684
Agriculture & All Others	$331,797,800	$65,046,927	$70,799,811		
Manufacturers	$18,853,800	$18,646,718	$22,290,617		
Total	**$1,085,491,300**	**$1,072,631,392**	**$1,162,387,515**	**$1,326,933,392**	**$1,578,316,549**

Source: Melaniphy & Associates, Inc.2009

HAWTHORN CENTER
- ■"Jumpstart" the Redevelopment
- ■Public/Private Partnership with the Village
- ■Cost of Utility Relocation Primary Obstacle
- ■Current Financing Environment Difficult
- ■Lifestyle Center Addition Required
- ■Department Store like Nordstrom, Von Maur, or Lord & Taylor
- ■Many tenants went to Lincolnshire for Lifestyle Format

NWC MILWAUKEE-GREGG'S PKWY
- ■Big box retailer, Supermarket, or Auto Dealership
- ■32.92 acres
- ■Land Price – Major Obstacle
- ■Possibly Roundy's, Dominick's, Woodman's, Costco, or Meijer
- ■Wal-Mart Supercenter-Town Line Commons First Choice
- ■Audi, BMW, Lexus, Mercedes-Benz, Jaguar, SAAB, or other imports
- ■Domestic Auto Dealers Contracting – 1,000 Dealerships to Close
- ■Foreign Auto Dealerships also Contracting

SWC MILWAUKEE-GREGG'S PKWY
- ■Supermarket or Junior Anchor
- ■14 acres

■Roundy's, Whole Foods, Dominick's, Aldi, Trader Joe's, Ethan Allen Furniture, REI, Dick's Sporting Goods, Famous Footwear, Advance Auto Parts, and Auto Zone
■Outlots – CVS, Theme Restaurant, and Bank
■Prohibitive Land Cost

NEC OF MILWAUKEE-TOWN LINE

■Master-Planned Mixed-Use Development
■35 Buildable-Acres – Wetlands Limit Buildable Area
■Office, Hotel, Restaurant, Entertainment, and Retail
■Prohibitive Land Price - $1.0 million per acre - $20+ psf
■Residential Moratorium Per IGA with County
■High-Density Development Required
■High-rise buildings

AMERICAN HOTEL REGISTER

■Convenience Retail, Furniture, Restaurant, and Bank
■5 to 6 Acres
■New Traffic Signal Recently Completed
■CVS, Strip Center, Furniture Retailer, Restaurants & Bank

MILWAUKEE & WOODBINE

■East of Milwaukee Across from American Hotel Register
■Public Storage, Big Box Retailer, Furniture store, Restaurants or Convenience
■25 acres
■Site assemblage, site clearance, some floodplain, and engineering are factors
■Destination retailer required.
■Lower Land Cost and Traffic Signal positive factors
■Least desirable of the sites studied

FORMER KELLY CAMP – HWY 45

■Combined with the former Leikum Tap Property
■32 Acres (Combined)
■Master-Planned Mixed-Use Development
■Office, Retail, and Office/Warehouse
■Strip Center, Service Commercial and Bank
■Lower land cost a positive factor

SHORT-TERM STRATEGY

■Hawthorn Center Redevelopment – "Crown Jewel"
■Establish Public/Private Partnerships
■Invest Now or Pay Later – Lakehurst, Randhurst, Charlestowne, Spring Hill, Northridge Mall
■Recycle Vacant Junior Anchor Space
■Shop Vernon Hills Program
■ICSC - Contact Retailers & Brokers (Contact List)
■Determine Financial Incentive Posture
■SSA Tax to Fund Incentives
■Sales Tax Incentive Agreements

LONG-TERM STRATEGY

■Attract Major Anchor - Nordstrom, Von Maur, or Lord & Taylor
■Hawthorn Center Redevelopment Incentives
■Establish Home Rule – Population Threshold 25,000
■Implement Home Rule Sales Tax
■Home Rule Sales Tax - Funding Mechanism
■Redevelopment and Marketing Budget
■Add additional Automobile Dealerships
■Monitor I-94 Interchange & Other Roadway Projects Drive Time Relationship to Helping Other Retail
■Enhance Long-Term Viability of Village's Retail Base

SECTION VI

STORE STRATEGY ANAYLSIS

The primary purpose of this analysis has been to identify specific big box retailers, junior anchors and other possible retail uses that meet the market characteristics and may represent an opportunity in Vernon Hills in terms of new development as well as candidates for vacant second generation retail space. This section of the report provides the Village of Vernon Hills with a market-driven strategy for the development of the five delineated retail sites in the community and recycling of vacant stores in the community.

RETAIL MARKET STRATEGY

We have prepared a retail market strategy for each of the delineated Subject Sites. The retail market strategy for each of the Subject Sites is briefly discussed in the following paragraphs.

- **Hawthorn Center Mall – NWC of Milwaukee Avenue and Town-Line Road**

  Hawthorn Center Mall at the northwest corner of Milwaukee Avenue and Town-Line Road. The property is listed as a greenfield site due to the peripheral land and redevelopment potential. We recommend a major lifestyle center addition comprised of a Nordstrom, multi-screen cinema complex, and several restaurants. The primary obstacle to the redevelopment is the relocation of major underground utilities in front of the mall. In order to "jumpstart" the redevelopment process, the Village of Vernon Hills must establish a public-private partnership with Westfield and make a significant financial commitment to the project. This can be accomplished by establishing an SSA to fund the utility relocation.

- **NWC Corner of Milwaukee Avenue and Greggs Parkway**

  The NWC corner contains 32.92 vacant acres zoned B-1. The adjacent land uses include a mix of shopping centers, automobile dealerships, restaurants, office buildings, and other commercial uses. The Gregg's Landing housing development is located west of the Subject Sites. The site is located at a fully signalized intersection and enjoys good visibility and access from Milwaukee Avenue. Vernon Hills has considerable retail sales leakage in automobile expenditures with sales of $25.0 million. The concentration of automobile dealerships in Libertyville makes this site an ideal location for major automobile dealerships. Some of the automobile dealerships located along Milwaukee Avenue in Libertyville include Acura, Buick, Cadillac, Chevrolet, Chrysler, Ford, GMC Trucks, Honda, Hummer, Hyundai, Infiniti, Isuzu, Lincoln, Mazda, Mercury, Mitsubishi, Pontiac, Saturn, Subaru, Suzuki, Toyota, Volkswagen, and Volvo, among others. Many of the higher end automobile nameplates are not located in Libertyville including Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes-Benz, Porsche, and Saab. The site is also very acceptable for big box retail development. This might include a mix of stores such as Costco, Roundy's, Dominick's, Woodman's, or others. Land cost will probably be a factor for automobile dealers. However, prudent retail development of outlots for restaurants, banks, small retailers, and others will help reduce land and development costs for big box users. The Village may need to consider financial incentives due to the high land costs.

- **SWC Corner of Milwaukee Avenue and Greggs Parkway**

The site is located on the south side of Greggs Road at Milwaukee Avenue and contains approximately 14.0 acres. A Lowe's store and Staples were developed on the balance of the site since our previous market study. The site is zoned B-1, and has a traffic signal. This site also enjoys good access and visibility from Milwaukee Avenue. This is an ideal location for a grocery store, junior anchors, and convenience retail facilities. This might include Dominick's or Roundy's, CVS, and others.

- **NEC Corner of Milwaukee Avenue and Town-Line Road**

This site contains 44.55 vacant acres zoned B-1. There are only 35 buildable acres due to part of the site being in a floodplain. This is an excellent retail location directly across the street from Hawthorn Center, Rivertree Court, and Hawthorn Hills Fashion Center. The high land cost has been a major barrier to retail development. A higher density mixed-use development will be required to absorb the high land cost.

We recommend a mixed-use development featuring high-density office, hotel, restaurant, residential and some retail space. The anticipated land cost of $25 per square foot precludes virtually all big box retailers from economically developing the site. The Village may need to consider financial incentives due to the high land costs.

- **Parcel in front of American Hotel Register**

The vacant property in front of American Hotel Register contains approximately 5 to 6 unimproved acres. A new traffic signal was recently completed in front of the site. We recommend a CVS Pharmacy, strip center, restaurants, and a bank. There is also a market for a freestanding furniture retailer.

- **East side of Milwaukee Avenue just north of Woodbine Circle**

This site is located on the east side of Milwaukee Avenue across from the American Hotel Register parcel. The site encompasses approximately 25 acres some of which is located in a floodplain. The site represents a future retail development opportunity. However, the cost of assemblage, site clearance, engineering and demolition will raise the cost of the land and hamper most retail developments. The Village should only begin the process to assemble and clear the sites to make way for a power center in the future if the major big boxes cannot be accommodated on the two northern sites. This site can accommodate at least 100,000 square foot or more of big box stores depending upon mitigation which will be required to increase the amount of buildable acreage. The lower land cost and the new traffic signal are positive factors. However, this site was one of the least desirable of the sites evaluated due to the site configuration and shallow lot depths.

- **Former Kelly Daycamp at Route 45 and Sanctuary Court**
  The former Kelly Daycamp parcel located on Route 45 at Sanctuary Court north of Woodland Parkway combined with the former Leikum Tap property contains approximately 32 acres. Hamilton Partners is proposing a mixed-use development featuring office/warehouse along with some service commercial. We recommend a mixed-use development featuring office/warehouse facilities along with some service commercial.

  The target tenants for the Subject Sites evaluated in Vernon Hills are presented in Table 6.1.

Table 6.1

TARGET TENANTS
VILLAGE OF VERNON HILLS

Apparel & Accessories

Anthropologie
Bailey, Banks & Biddle
Bebe
Benetton
Brooks Brothers
Coach
Cole Haan
Coldwater Creek
Famous Footwear
J Crew
Johnston & Murphy
L.L. Bean
Lucky Brand Jeans
Lucy
Nike
Plato's Closet
Ralph Lauren
Sephora
Skechers
Tiffany & Co.
Tommy Bahama's
Urban Outfitters
Vera Bradley

Table 6.1 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

XX1 Forever
Zara
Zumiez

General Merchandise

Bloomingdale's
Costco
JC Penney – Freestanding
Lord & Taylor
Meijer
Nordstrom
Nordstrom Rack
Sak's Fifth Avenue
Stein Mart
Von Maur
Wal-Mart Supercenter

Supermarkets and Specialty Grocery

Aldi
Assi Grocery
Caputo's Grocery
Dominick's
Food for Less (Kroger)
Roundy's
Sunset Foods
Super H Mart
Trader Joe's
Tesco
Whole Foods
Woodman's

Restaurants

Amazing Jake's Food & Fun
Bennihana
Biaggi's Italiano Ristorante
Bonefish Grill
Bravo! Cucina Italiano
Brio Tuscan Grill
Bruegger's Bagels

Table 6.1 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

Cricket
Cuppy's Coffee
Damon's Grill
Dave & Busters
Dunn Bros. Coffee
Fatburger
Flat Top Grille
Freshii Salad Shops
Gameworks
Golden Corral
Granite City Food & Brewery
J Alexander's
Jameson's Char House
Joe's Crab Shack
Johnny Rockets
Landry's Seafood
Longhorn Steakhouse
Maggiano's Little Italy
McCormick & Schmick's
Morton's The Steakhouse
Mitchell's Fish Market
Morton's The Steakhouse
Nick & Tony's
Noodles & Co.
Outback Steakhouse
Panchero's Mexican Grill
Pappadeaux Seafood Kitchen
PF Chang's
Qdoba

Restaurants

Ram Restaurant & Brewery
Red Robin
Rock Bottom Brewery
Roti Mediterranean Grill
Ruth's Chris
Sonic Drive-In
Spicey Pickle
Stoney River Steakhouse
Ted's Montana Grill

Table 6.1 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

Texas Roadhouse
Yogen Fruz

Furniture, Home Furnishings, Electronics and Appliances

Apple
Arhaus Furniture
Bloomingdale's Furniture
Bose
Macy's Furniture
Crate & Barrel
Cost Plus World Market
Ethan Allen Furniture
Fry Electronics
Guitar Center
Micro Center
PM Furniture Gallery
Pottery Barn
Pottery Barn Kids
Restoration Hardware
Smith & Hawkin
Sur La Table
The Container Store
Tiger Direct
West Elm
Williams-Sonoma
Z Gallerie

Building Materials and Hardware

Ace Hardware
Menards

Drug Stores

CVS Pharmacy

Table 6.1 (Continued)

TARGET TENANTS
VILLAGE OF VERNON HILLS

Miscellaneous

Children of America
Crème de la Crème
Go Play
LA Fitness
Lego Store
Lucky Strike
Movie Theaters
Pinstripes

Sporting Goods

PGA Super Store
Golfsmith
Dick's Sporting Goods
Gander Mountain
REI
Sportsman's Warehouse

Source: Melaniphy & Associates, Inc.

VACANT STORE STRATEGY

We have inventoried the vacant or soon to be vacant stores in Vernon Hills and identified possible replacement tenants. We have witnessed an unprecedented number of store closings as a result of the national economic recession. The stores that closed in Vernon Hills were closed as a result of national retail bankruptcies and not necessarily due to poor sales productivity in Vernon Hills. **Table 6.2** presents the vacant or soon to be vacant stores and the possible replacement tenants for the space.

Table 6.2

Vacant Vernon Hills Stores and Possible Replacements

Vacant Stores	Replacement
Circuit City	Caputo's Grocery Home Goods REI Gander Mountain Micro Center PM Furniture Gallery LA Fitness Golfsmith
Wickes Furniture	Nordstrom Rack Loehmann's Stein Mart
Linens 'N Things	Dick's Sporting Goods Roundy's
Karnes Music	Guitar Center
Tweeter	L.L. Bean
Expo Design Center	Costco Super H Mart Woodman's
Office Depot (Speculation) Office Max (Speculation) Pier 1 Imports (Speculation)	Big Lots REI Trader Joe's Advance Auto Parts

The Circuit City space should be marketed to Home Goods, REI, Gander Mountain, Micro Center, or PM Furniture Gallery.

Hawthorn Hills Fashion Center should attempt to re-merchandise the center with off-price retailers grouped together like Nordstrom Rack, Loehmann's, Home Goods, and Stein Mart. The alternative is to anchor the center with Roundy's and Dick's Sporting Goods. The Karnes Music space should be marketed to Guitar Center.

The Expo Design Center space should be marketed to Costco, Super H Mart, or Woodman's.

FINANCIAL ASSISTANCE

The *Retail Market Study and Store Strategy* recommends the Village establish a Financial Incentives Policy. The types of incentives and level of developer assistance should be determined now during the economic downturn. Thus, when the market improves the Village will be prepared to implement the incentive tools to jumpstart the development process. The Financial Incentives Policy determines in advance the types of incentives including Special Service Area (SSA), Business Improvement District (BID), Tax Increment Financing (TIF), and Sales Tax Abatement programs. Several communities have established Special Service Areas (SSA), Tax Increment Financing (TIF), sales tax rebates, sales tax abatement, and other tax sharing agreements to entice retailers into their communities.

The structure of the agreement should be dependent upon the sales and property tax generation potential of the end user/users. A TIF Consultant should be engaged to assist the Village in formulating the Financial Incentives Policy. Obviously, the greater the property tax and sales tax revenue potential of the end user/users the greater propensity for the Village to provide financial incentives. Several communities have utilized incentive tools to secure big box retailers and other commercial development. Some examples are provided in the following paragraphs.

In **Hoffman Estates**, Village officials agreed to provide approximately $18 million in public funds to attract Cabela's Inc. to build its first Illinois store alongside the Northwest Tollway on the village's far west side. The $18 million deal adds up to roughly half of the $40 million in sales taxes that the popular hunting, fishing and camping retailer is expected to generate here during the next 20 years.

In **New Lenox,** Illinois the Village Board hired Kane, McKenna and Associates to determine if the 175-acre site at the southwest corner of U.S. 6 and Cedar Road is eligible to be a business development district. The developer, The Zaremba Group, wants to build a 1 million-square-foot retail center along the Interstate 355 extension. The developer indicates the project won't happen without financial assistance to pay for an estimated $30 million in road improvements. The creation of a business district would allow the Village to issue bonds to increase sales tax or levy a hotel tax in this specific district or establish other financial plans to cover infrastructure costs. Kane McKenna and Associates conducted a feasibility study and advised the village of its financial options which was paid by the developer. The village conducted a special census to determine if the population had reached 25,000 people. At this threshold the Village would get would get home rule authority and not need the business district to levy additional taxes or develop other financing plans. The district would then be dissolved.

In **Mundelein, Illinois** the Super Target store at Illinois Routes 60/83 and IL Route 176 received a development incentive agreement including a sales tax sharing agreement. There are both private and public incentives including public improvements to reduce the development cost. Mundelein also provided incentives when the Cub Foods store was redeveloped at Illinois Route 60 and U.S. Route 45. Mundelein created a Business Improvement District (BID) to redevelop the shopping center. A 50/50 sales taxes incentive agreement was made which amounted to approximately $1.8 million over 10 years. Mundelein identified extraordinary costs of the improvements to redevelop the existing shopping center. In another project, Mundelein provided development incentives to develop a Dominick's, small shop space, and three outlots on a 22-acre site. Major traffic signal improvements were made with Mundelein contributing to the cost along with the state and county.

In **Lockport, Illinois** TCB Development is developing Lockport Square a center anchored by Super Target and Home Depot. The city will participate as a partner in the $95 million shopping center development. That partnership would include reimbursement of $10.5 million in sales-tax revenue, but also would allow the city to keep more than $1 million in sales taxes yearly and would give the city a say in what types of restaurants are included in the development. The developers will be reimbursed with interest, for all the infrastructure improvements including the widening of 159th Street, traffic signals, wetland mitigation, and other infrastructure costs. The city would receive an estimated $2.3 million in sales taxes a year after the developer is reimbursed. Thus, the city would rebate 50 percent of sales tax revenues to the developers, for up to $10.5 million. The agreement has a cap of a 20-year payback.

In **Gurnee, Illinois** the Mills Corp is undertook a $10 million renovation of Gurnee Mills Mall. The Village of Gurnee pledged $27 million a year over seven years in tax rebates to strengthen Gurnee Mills Mall.

In **Arlington Heights, Illinois** the Village has agreed to provide direct sales tax rebates to a planned Rohrman auto dealership located at Dundee Road and Route 53.

In **Plainfield, Illinois** a retail center planned on U.S. 30 near Interstate 55 called the Boulevard is expected to receive an incentive package. As part of the project, developer 55/30 Acquisition LLC agreed to improve U.S. 30 and access to Renwick Road, as well as build a bridge through the site connecting the two roads. Village board members indicated they would support an incentive agreement giving the developer some help with the roadwork, about $19.5 million in sales tax revenue for 20 years. According to the proposed agreement, the developer would not receive the incentive until the roadwork is done, 230,000 square feet of retail is open and part of the site is sold to a major national retailer. During the incentive period, the village would receive $1.4 million a year in tax revenue. The village also would enact a 0.25 percent business district tax, applicable only to The Boulevard, which would be used to repay the economic incentive. Adding the tax would make the shopping centers' sales tax rate 7.75 percent, equal to the city of Joliet's sales tax rate.

Also in **Plainfield, Illinois** the Village board members also approved a $16.5 million incentive agreement . The Shops at the Polo Club is a 610,000-square-foot lifestyle center to be anchored by a Von Maur department store if it proceeds as planned. Poag & McEwen Lifestyle Centers has outlined plans for the lifestyle center on 53 acres on the northeast corner of Illinois 59 and 119th Street. Plans envision Von Maur, theaters, a gourmet grocery store, bookstore, sporting goods store, restaurants, specialty fashion retailers and a hotel. The economic incentive agreement indicates the village would issue a revenue bond that would be repaid by the village's share of sales tax revenue generated at the shopping center. The incentive agreement is designed to pay for infrastructure on the site. The bond would not be issued until after the center's grand opening.

In **Oswego, Illinois** the Village Board approved an incentive agreement with Jewel-Osco food store planned at Orchard Road and Route 34. The agreement is for public improvements amounting to $850,000. Oswego will reimburse Jewel-Osco from sales tax generated by the store.

IMPEMENTATION PLAN

The Village of Vernon Hills should target the aforementioned retailers, restaurants, and automobile dealerships for the seven Subject Sites in the Village. The current economy has put many retailers and restaurants in a holding pattern. Their respective expansion plans have been curtailed until sales rebound. In our opinion, the sagging economy has limited the amount of retailers that are actively pursuing new locations. Many are simply trying to survive the downturn. We expect the economy will rebound in the next 12 to 24 months.

The Village should formulate the Financial Incentives Policy now and begin to implement an SSA for Hawthorn Mall to jumpstart the redevelopment process. The next step would be to procure public/private partnerships with developers and retailers to share in both the costs and revenues generated from additional retail development. By establishing the SSA and other incentive tools now, developers will be able to act quickly once the economy improves.

Our discussions with Westfield Corporation provided insight into their short and long range plans for Hawthorn Center. Our objective was to investigate a strategy to “jumpstart” the redevelopment process. In the short term, Westfield is simply weathering the economic recession and is adding tenants when available to reduce vacancy. Westfield has no immediate plans to expand the mall. However, given an improvement in the economy, Westfield would reexamine a redevelopment and expansion plan for the mall. They would require a public/private partnership with the Village of Vernon Hills. There are approximately $16.0 million in costs to relocate major utilities in front of the mall to facilitate an expansion. In 2004, Westfield had considered a major lifestyle addition to the mall fronting Town-Line Road. The cost of the utility relocation was a major obstacle to the redevelopment.

In our opinion, the mall is the Village’s “crown jewel” and the major anchor of this retail concentration. The improvement of the mall will strengthen the overall generative attraction of Vernon Hills and retail facilities surrounding the mall. The addition of a Nordstrom department store should be a major objective and the centerpiece of an expanded mix of lifestyle-type retailers, restaurants, cinema complex, and entertainment venues. A redevelopment and expansion of the mall may also prevent competing projects to the north from ever being implemented including the Village Green in Lindenhurst and the project in Grayslake. The Village of Vernon Hills and Westfield should establish an SSA to fund the redevelopment of the mall and insure the long term viability of the Village's retail base.

The primary activities of the Implementation Plan are as follows:

A. Formulate the Financial Incentives Policy for the Village and determine the criteria. Establish the SSA and other financial incentives now during the downturn in retail development.

B. Schedule meetings with the property owners of the Subject Sites and vacant stores and work together to prepare marketing materials. Identify mutually acceptable economics and financial incentives required to develop or redevelop the properties. A redevelopment agreement with Hawthorn Center is key to the plan.

C. Prepare targeted marketing materials for the Subject Sites and vacant stores with site highlights, aerial photographs, traffic counts, demographics, retail sales data and adjacent retailers. Marketing materials should be uploaded to the Village website. Marketing material costs can be shared with the property owners.

D. Attend the Las Vegas and Chicago ICSC Conventions and market the Subject Sites and vacant stores to the shopping center industry.

E. Utilize the retailer and broker contact list prepared by Melaniphy & Associates, Inc. to send marketing materials for the Subject Sites and vacant stores. Schedule meetings with the recommended retailers, restaurants, and services.

F. The Village should market the Subject Sites in trade journals serving the shopping center industry including Shopping Center Business and Shopping Centers Today.

G. A Shop Vernon Hills Program should educate residents regarding the benefits of shopping locally and the positive impact upon the Village's budget. This can be facilitated through the municipal cable channel, Village website, and newspaper advertising.

The Implementation Plan provides the Village with a methodology to redevelop and expand Hawthorn Center, attract new retail development and recycle the vacant stores. We have provided a market-driven retail strategy to expand the Village's retail base. We have identified the market for additional retail facilities and the types of retailers and restaurants best suited to meet market demand. The short term objective is to prepare now for the rebound in the economy and market the Subject Sites to major retailers. The long term objective is to redevelop Hawthorn Center into a more upscale venue and expand the trade area. This strategy will enhance the Village's sales tax base.

ADDENDA

Westfield Hawthorn Center - All Stores

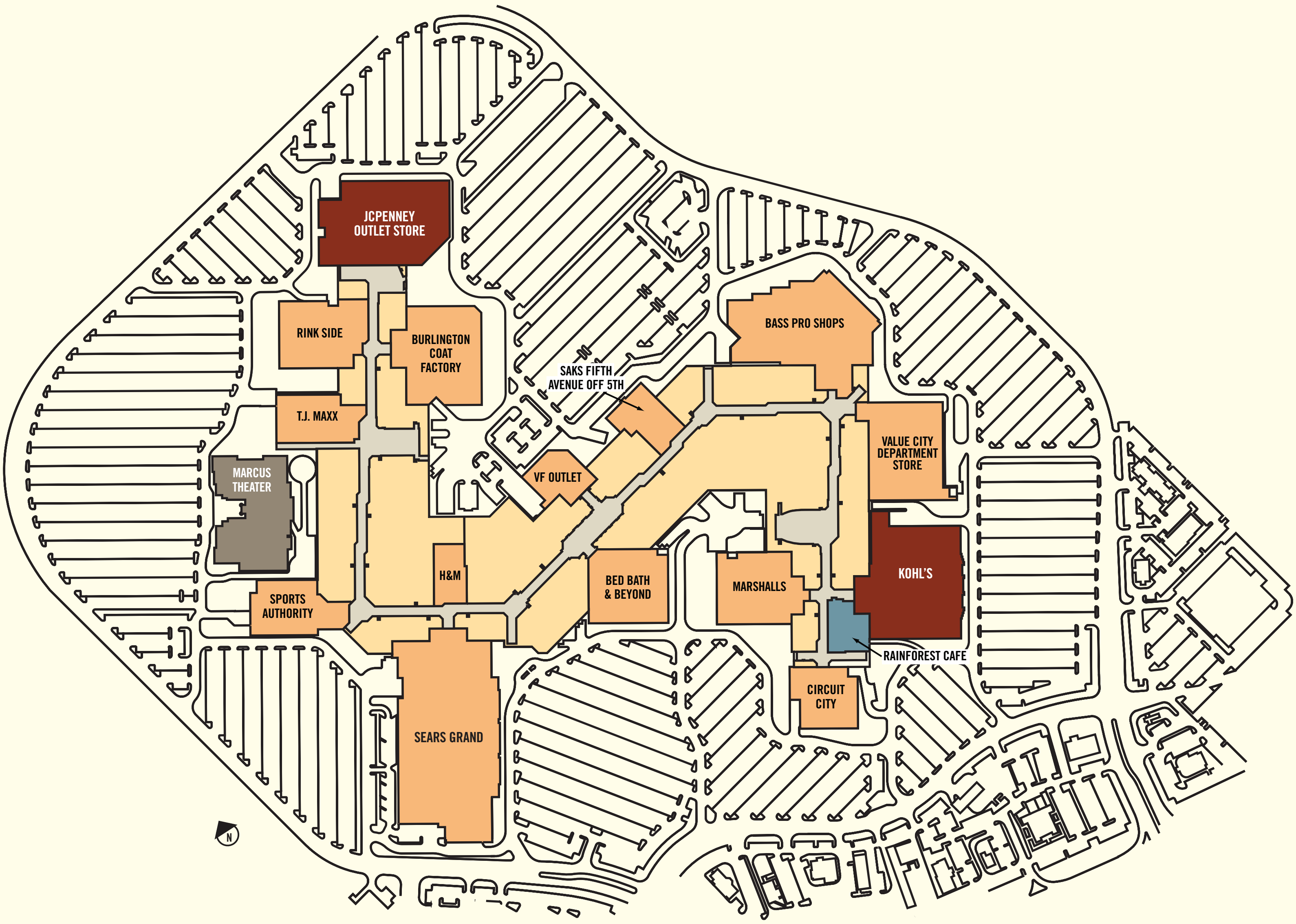
STORE	TELEPHONE
Abercrombie & Fitch	847-367-8116
abercrombie kids	847-816-0557
Aeropostale	847-549-9548
Aldo	847-918-9172
American Eagle Outfitters	847-362-4160
Anna's Hallmark	847-816-9230
Ann Taylor Loft	847-680-4562
AshCroft & Oak Jewelers	847-573-8100
Auntie Anne's Pretzels	847-573-0911
Bachrach	847-918-9088
Banana Republic	847-680-5817
Barnes & Noble	847-247-1157
Barnes & Noble Cafe	847-247-1157
Baskin Robbins	847-362-3137
Bath & Body Works	847-549-1874
Best Buy Mobile	847-573-1020
Body Shop (The)	847-327-9120
Buckle	847-573-1690
Build-A-Bear Workshop	847-680-8806
Cache	847-549-9203
Cajun Cafe	847-362-7656
Candy Corner	847-367-5313
Caribou Coffee	847-680-6795
Car-lene Research	847-816-1237
Carson Pirie Scott	847-816-8010
Carson's Furniture Gallery	847-367-5851
Champs Sports	847-549-7518
Charlotte Russe	847-367-5720
Children's Place (The)	847-680-9450
Christopher & Banks	847-816-0789
Cinnabon	847-247-4417
Claire's Boutique	847-362-6336
Clark Street Sports	
Coach	847-367-5709
C.O. Bigelow	847-816-3740
Dairy Queen/ Orange Julius	847-362-5580
Dakota Watch Company	847-816-9116
Delia*s	847-549-9673
Dippin' Dots	847-367-4946
Disney Store (The)	847-573-8267
Eddie Bauer	847-680-8607
Express For Men And Women	847-362-1445

STORE	TELEPHONE
Fannie May	847-573-0447
Fast-Fix Jewelry & Watch Repair	847-281-9700
Finish Line	847-247-0722
FLASH! Digital Portraits	847-918-7844
Foot Locker	847-362-1195
Fred Astaire Dance Studo	847-549-8726
Frullati Cafe	847-680-7886
GameStop	847-680-4724
Gap / Gap Kids	847-362-6363
G.C. Salon	847-362-6565
GNC Live Well	847-816-6818
Godiva	847-918-0124
Great Steak & Potato	847-247-0933
Gymboree	847-549-0363
Gymboree Play & Music	847-680-5437
Hawthorn Coins & Cards	847-680-1660
Hawthorn Dental Associates	847-367-7222
H&M	847-573-0685
Hollister Co.	847-549-0351
Hot Topic	847-918-1570
Icing by Claire's	847-573-1952
JB Robinson	847-573-0865
JCPenney	847-549-0788
JCPenney Home Store	847-549-0788
JCPenney Optical	847-549-0788
JCPenney Portrait Studio	847-549-0788
JCPenney Styling Salon	847-549-0788
Journeys	847-362-7244
Justice for Girls	847-367-0440
Kaehler Travelworks	847-247-0033
Kay Jewelers	847-247-0574
KidSnips	847-247-1110
Lady Footlocker	847-367-8164
Lee Nails	847-680-8618
Lee Spa Nails	847-573-8729
Lenscrafters	847-816-1188
Lids	847-573-9372
Life Uniform	847-362-6260
Limited (The)	847-367-0424
Macy's	847-918-2700
Macy's Beauty Salon	847-918-2720
Macy's Marketplace	847-918-2700
Macy's Optical	847-918-2601
Management Office	847-362-2600
Mario Tricoci Hair Salon & Day	847-327-9999

STORE	TELEPHONE
Spa	
McCarthy's Irish Pub and Restaurant	847-367-4704
McDonald's	847-362-5200
Melt Gelato & Crepe Cafe'	847-816-7101
Michael Hill Jewelry	847-367-4644
Mimi Maternity At Macy's	847-918-1767
Mobile Solutions	847-362-0416
Motherhood Maternity	847-680-4842
Mrs. Field's Cookies	847-362-2333
MS Baubles	847-918-7990
New York & Company	847-549-0181
Nine West	847-362-9119
Pacific Sunwear	847-367-1250
PageComm Wireless	847-362-8866
Painted Penguin	847-680-0005
Panda Express	847-918-9829
Payless ShoeSource/Payless Kids	847-549-9583
Perfumania	847-816-3539
Premier Salons	847-816-6979
Pretzel Time	815-307-2549
Pumpkin Formal	847-247-0427
Radio Shack	847-362-7240
Rock America	847-362-1889
Rogers & Hollands Jewelers	847-367-1417
Rolland's Jewelers	847-918-7300
Ruby Tuesday	847-816-0227
SARKU Japan	847-362-3889
Sbarro, The Italian Eatery	847-362-0109
Sears	847-918-2220
Sears Automotive Center	847-918-2228
Sears Hearing Center/ Miracle Ear	847-816-8030
Sears Optical Shop	847-918-2252
Sears Photo Studio	847-549-0788
Security	847-362-5520
Select Comfort	847-573-8135
Snickelfritz Toys	847-918-8160
Spencer Gifts	847-549-1343
Sprint	847-573-9355
Sterling Works	847-281-9842
Stitch It (clothing alterations)	847-816-1648
Stride Rite	847-367-0535
Subway	847-247-8911
Sunglass Hut L/L	847-367-6465

STORE	TELEPHONE
Sunglass Hut U/L	847-680-3074
Swarovski	847-680-5150
Taco Bell	847-816-0088
Things Remembered	847-362-9550
Ticket Master @ Carson Pirie Scott	847-816-8010
T-Mobile	847-816-1451
Torrid Plus Size	847-362-0540
U.S. Cellular	847-247-8217
Victoria's Secret	847-816-1152
Visionworks	847-549-0197
Walking Company (The)	847-247-4297
Westfield Concierge	847-362-6220
Wet Seal	847-362-7222
WOW Smiles	847-549-8480
Yankee Candle	847-680-5888
Zales Jewelers	847-362-0420
Z-Fine Jewelry	847-680-8570

Gurnee Mills



KEY
Department Stores
Anchor Stores
Retail
Restaurant
Theater

Gurnee Mills Directory

Accessories

Black Market Minerals

Body Central

Claire's Boutique (Space 611)

Claire's Boutique (Space 853)

Class Act

Disney Store Outlet

Ecko Unlimited

Exact Time NOW OPEN!

Forever 21

FOSSIL

Gap Outlet

Guess Factory Store

Hot Topic

Icing by Claire's

Lids

Native Crafts

NIKE Factory Store

Nine West Outlet

Oakley

PacSun

Payless ShoeSource

rue21 (Space 359)

rue21 (Space 615)

Sears Grand

Sunglass Hut

Sunglass Hut International

Sunglass Icon

T.J. Maxx

Time Factory Watch Outlet

Wilsons Leather Outlet

Windsor

Arts & Crafts

Archiver's - The Photo Memory Store

ExtraordinAir Art Inc

Native Crafts

Cards / Books / Gifts / Stationery

Archiver's - The Photo Memory Store

Borders Outlet

ExtraordinAir Art Inc

Gateway Newstand

Gifts to Cherish

Sears Grand

T.J. Maxx

Things Remembered

Yankee Candle

Young Hui

Children's Fashions

abercrombie Outlet

Bass Pro Shops Outdoor World

Burlington Shoes

Carter's

Disney Store Outlet

Gymboree Outlet

H&M

Just 4 Kidz NOW OPEN!

Kids Foot Locker

Limited Too

Marshalls HomeGoods

Nautica

NIKE Factory Store

Osh Kosh B'Gosh

Sears Grand

T.J. Maxx

The Children's Place Outlet

VF Outlet

Children's Fashions / Modas para Ninos

Gymboree Outlet

Just 4 Kidz NOW OPEN!

Cigars / Tobacco

Aromas Cigars

Dine O Rama Express

Department Stores

Bed Bath & Beyond

Burlington Coat Factory

JCPenney Outlet Store

Kohl's

Marshalls HomeGoods

Neiman Marcus Last Call Store COMING SOON!

Saks Fifth Avenue OFF 5TH

Sears Grand

T.J. Maxx

Entertainment

Bass Pro Shops Outdoor World

ExtraordinAir Art Inc

fye - For Your Entertainment

MC Speedway

Radio Shack

Rink Side Sports

Serpent Safari

Ticketmaster

Ticketmaster - FYE

Entertainment-Theatres

Gurnee Marcus Cinema

Grocery / Deli

Sears Grand

Health and Beauty

Bath & Body Works Outlet

Beauty Express SALE

Color Me Beautiful

E'lan Nails

Fragrance Outlet

Fun Fins NOW OPEN!

GNC

Lee Nails

MasterCuts

Perfumania (Space 469) SALE

Perfumania (Space 673)

Sears Grand

Shapes Brow Bar NOW OPEN!

T Nails

Threading & Henna

Victoria's Secret

Vitamin World

Home Decor
Legends of the Field

Native Crafts

Home Furnishings
Bed Bath & Beyond

Corning Corelle Revere Factory Outlet

Marshalls HomeGoods

Sears Grand

Select Comfort SALE

T.J. Maxx

Young Hui

Jewelry
Black Market Minerals

Exact Time NOW OPEN!

FOSSIL

Harris Jewelry & Electronics

Hot Topic

Jewelry Crown

Kay Jewelers

Movado Company Store

Native Crafts

Piercing Pagoda

Premier-Fine Jewelry Direct

Sears Grand

Silver Wear NOW OPEN!

T.J. Maxx

Time Factory Watch Outlet

Ultra Diamonds and Gold Outlet

Windsor

Zales The Diamond Store Outlet

Luggage
Samsonite Factory Outlet

Sears Grand

T.J. Maxx

Men's & Women's Fashions
Abercrombie & Fitch Outlet

Aeropostale

American Eagle Outfitters

Banana Republic Factory Store

Bass Pro Shops Outdoor World
Belvidere Blues
Body Central
Champs Sports
Dickies Retail Store
Ecko Unlimited
Forever 21
FOSSIL
Gap Outlet
Guess Factory Store
H&M
Hollister Outlet
Hot Topic
Journeys
Levi's/Dockers Outlet by MOST
Marshalls HomeGoods
Native Crafts
Nautica
NIKE Factory Store
Oakley
PacSun
R.C.C. / Boot Corral
rue21 (Space 359)
rue21 (Space 615)
Sears Grand
T.J. Maxx
Tommy Hilfiger Company Store
VF Outlet
Zumiez

Men's Fashions

Abercrombie & Fitch Outlet
Aeropostale
American Eagle Outfitters
Banana Republic Factory Store
Bass Pro Shops Outdoor World
Belvidere Blues
Body Central
Champs Sports
Ecko Unlimited
Forever 21
FOSSIL
Gap Outlet
Guess Factory Store

H&M
Hollister Outlet
Hot Topic
Journeys
Levi's/Dockers Outlet by MOST
Marshalls HomeGoods
Nautica
NIKE Factory Store
Oakley
PacSun
R.C.C. / Boot Corral
rue21 (Space 359)
rue21 (Space 615)
Sears Grand
T.J. Maxx
Tommy Hilfiger Company Store
VF Outlet
Zumiez

Men's Speciality Fashions

Rock America
Total Wedding NOW OPEN!
Wilsons Leather Outlet

Miscellaneous

ExtraordinAir Art Inc
Native Crafts

Music / Electronics / Video

Cellular Connection
fye - For Your Entertainment
Game Stop (Space 343)
Game Stop (Space 819)
Harris Jewelry & Electronics
Micomp Computer
Radio Shack
Sears Grand
Sprint Nextel
T-Mobile
US Cellular/WPI
Vonage

Newsstand

Dine O Rama Express

Gateway Newstand

Optical / Eyewear

AccuVision

Affordable Optical

Oakley

PacSun

Sears Grand

Sunglass Hut

Sunglass Hut International

Sunglass Icon

Vision Works

Photography

Magic Photo/Dream Shots

Sears Grand

Restaurants (order at the counter)

Arby's (Lake County Fare Food Court)

Ashby's (Lake County Fare Food Court)

Auntie Anne's Pretzels (Dine O Rama Food Court)

Auntie Anne's Pretzels (Lake County Fare Food Court)

Cajun & Grill (Dine O Rama Food Court)

Cajun & Grill (Lake County Fare Food Court)

Charley's Steakery (Lake County Fare Food Court)

China Kitchen/Japan Cafe (Lake County Fare Food Court)

Chix 'N Stix (Lake County Fare Food Court)

Cinnamonster

Dippin' Dots

Great Steak & Potato Company (Dine O Rama Food Court)

Little Tokyo (Dine O Rama Food Court)

Manchu Wok (Dine O Rama Food Court)

McDonald's (Dine O Rama Food Court)

McDonald's (Lake County Fare Food Court)

Sbarro (Lake County Fare Food Court)

Starbucks Coffee

Subway (Dine O Rama Food Court)

Subway (Lake County Fare Food Court)

Taco Bell (Dine O Rama Food Court)

Taqueria Dona Ana (Dine O Rama Food Court)

Teriyaki Japan (Dine O Rama Food Court)

Villa Pizza (Dine O Rama Food Court)

Restaurants (order via wait staff)

Rainforest Cafe

Ruby Tuesday

Services

AccuVision

Affordable Optical

Alterations USA

Cancer Resource Center

Cellular Connection

Chase

Color Me Beautiful

Cyber Arena

Dine O Rama Express

E'lan Nails

Exact Time *NOW OPEN!*

ExtraordinAir Art Inc

Gateway Newstand

Lee Nails

Magic Photo/Dream Shots

MasterCuts

Sprint Nextel

Stop 'N Out Shoe Repair & Taylor

T Nails

T-Mobile

Threading & Henna

Ticketmaster - FYE

US Cellular/WPI

Vision Works

Vonage

Services / Servicios

Alterations USA

Shoes

Bakers

Bass Pro Shops Outdoor World

Burlington Shoes

Champs Sports

Charlotte Russe

Ecko Unlimited

Famous Footwear

Finish Line Outlet

Florsheim Shoes

Foot Locker Outlet

Footaction USA

Journeys

Kids Foot Locker

Lady Foot Locker

Marshalls HomeGoods

Naturalizer Shoes

NIKE Factory Store

Nine West Outlet

PacSun

Payless ShoeSource

R.C.C. / Boot Corral

Robert Wayne Footwear

Sears Grand

Shi by Journeys

Shoe Carnival

T.J. Maxx

The Athlete's Foot Outlet

Windsor

Specialty Food

Ashby's (Lake County Fare Food Court)

Auntie Anne's Pretzels (Dine O Rama Food Court)

Auntie Anne's Pretzels (Lake County Fare Food Court)

Cinnamonster

Dippin' Dots

Fuzziwig's Candy Factory

GNC

Great American Cookie Co. (Dine O Rama Food Court)

Great American Cookie Co. (Lake County Fare Food Court)

Jamba Juice

Quencher Smoothies (Dine O Rama Food Court)

Quencher Smoothies (Lake County Fare Food Court)

Rocky Mountain Chocolate Factory

Starbucks Coffee

Tropik Sun Fruit & Nut

Vitamin World

Specialty Shops

Aromas Cigars

Black Market Minerals

Class Act

Dollar World

ExtraordinAir Art Inc

Gateway Newstand

Gifts to Cherish

Group USA The Clothing Company

Hot Topic

L'eggs Hanes Bali Playtex

Legends of the Field

Lids

Magic Photo/Dream Shots

Native Crafts

Oakley

Rock America

Samsonite Factory Outlet

Serpent Safari

Spencer Gifts

Team Choice

Things Remembered

Total Wedding NOW OPEN!

Wilsons Leather Outlet

Xtra Credit Uniforms

Xtreme Hockey & Lacrosse

Yankee Candle

Young Hui

Zumiez

Sporting Goods / Activewear

Bass Pro Shops Outdoor World

Champs Sports

Finish Line Outlet

Foot Locker Outlet

Footaction USA

Journeys

Lady Foot Locker

Legends of the Field

Lids

Marshalls HomeGoods

NIKE Factory Store

Oakley

Sears Grand

T.J. Maxx

Team Choice

The Athlete's Foot Outlet

The Sports Authority

VF Outlet

Xtreme Hockey & Lacrosse

Toys and Games

Disney Store Outlet

K·B Toys

Sears Grand

Variety / Variedad

ExtraordinAir Art Inc

Women's Fashions

Abercrombie & Fitch Outlet

Aeropostale

American Eagle Outfitters

Banana Republic Factory Store

Bass Pro Shops Outdoor World

BCBGMAXAZRIA

Belvidere Blues

Body Central

Champs Sports

Charlotte Russe

Christoper & Banks

DEB Shops/DEB Plus

dressbarn (Space 379)

dressbarn (Space 845)

Ecko Unlimited

Forever 21

FOSSIL

Gap Outlet

Group USA The Clothing Company

Guess Factory Store

H&M

Hollister Outlet

Hot Topic

Lady Foot Locker

Lane Bryant Outlet SALE

Levi's/Dockers Outlet by MOST

LVL X (Level 10)

Marshalls HomeGoods

Nautica

NIKE Factory Store

Oakley

PacSun

R.C.C. / Boot Corral

rue21 (Space 359)

rue21 (Space 615)

Sears Grand

T.J. Maxx

Tommy Hilfiger Company Store

Torrid Plus Sizes

VF Outlet

Victoria's Secret

Windsor

Zumiez

Women's Specialty Fashions

Christoper & Banks

Group USA The Clothing Company

L'eggs Hanes Bali Playtex

Motherhood Maternity

Rock America

Torrid Plus Sizes

Total Wedding NOW OPEN!

Wilsons Leather Outlet

Northbrook Court Store Directory

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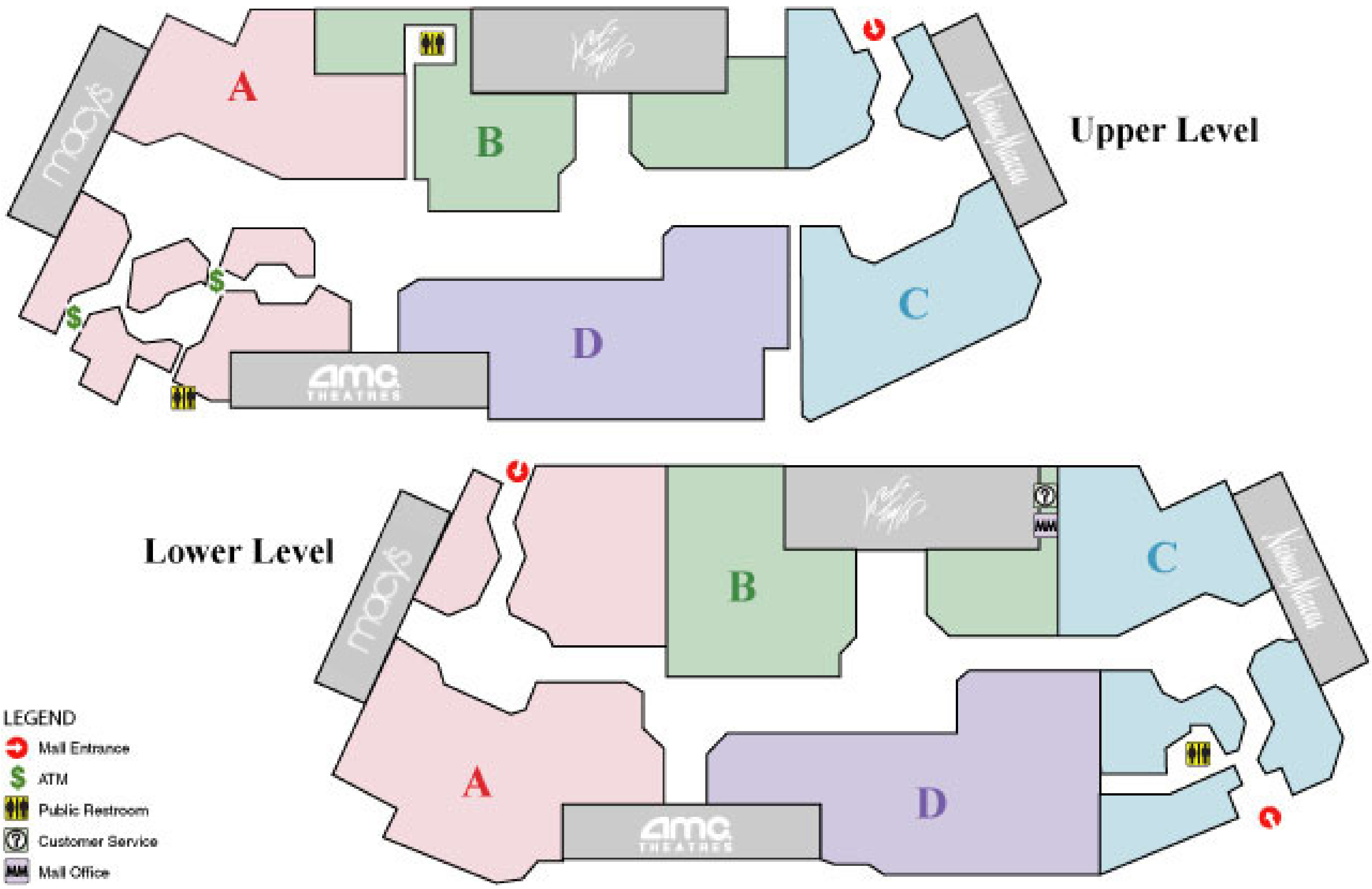


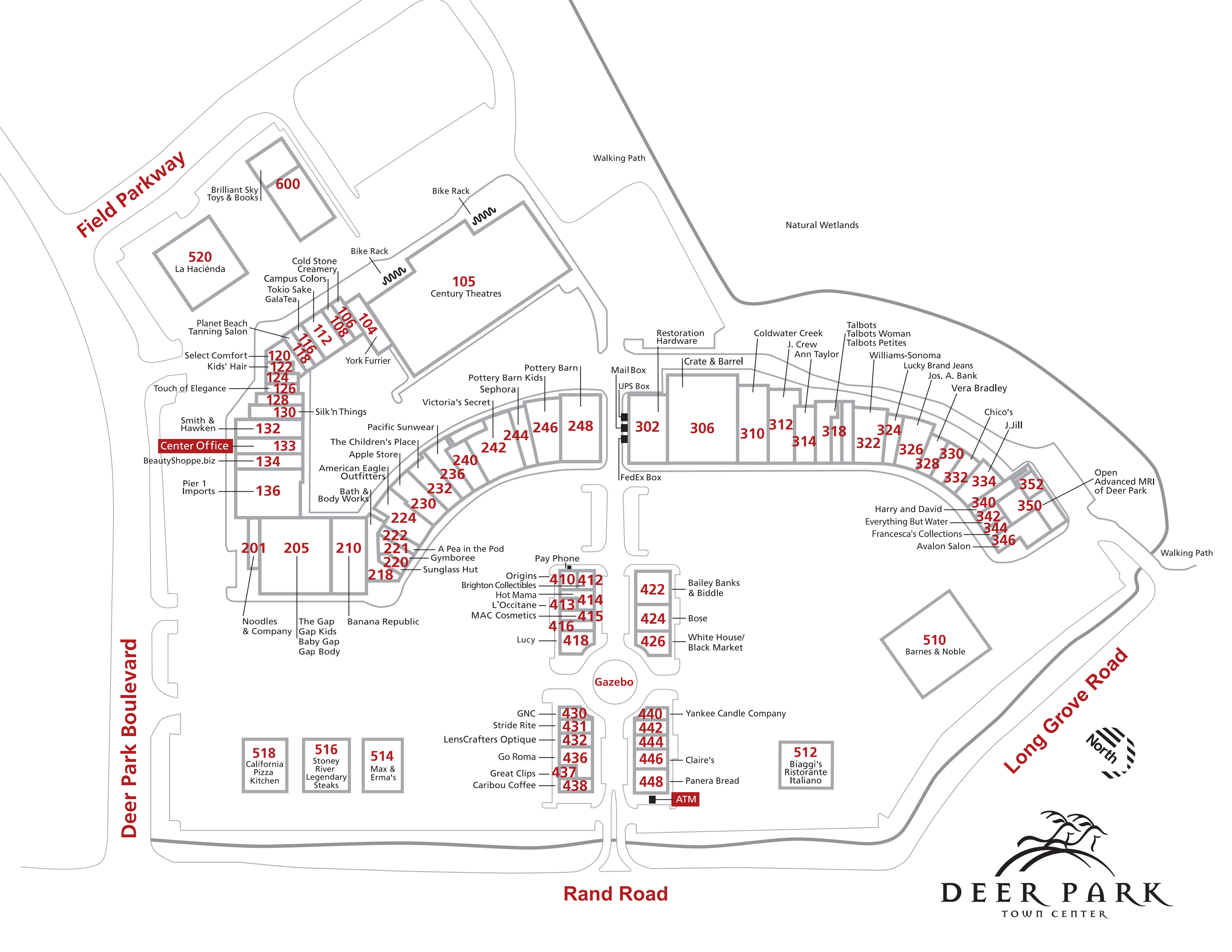
CATEGORY	STORE	ZONE		FLOOR	PHONE
Accessories	Burberry	C		Lower Level	(847) 205-0110
	Claire's	A		Upper Level	(847) 272-5198
	Coach	C		Upper Level	(847) 272-7195
	Cole Haan	D		Lower Level	(847) 753-9030
	Cool Shades	A		Concourse	(847) 205-2564
	CUSP	D		Lower Level	(847) 205-4543
	Emma's	B		Concourse	(847) 562-1549
	Everything But Water	B		Upper Level	(847) 272-7601
	Footloose	B		Upper Level	(847) 291-0010
	Juicy Couture	D		Lower Level	(847) 291-4902
	LaBella	B		Lower Level	
	Louis Vuitton	C		Lower Level	(847) 714-1004
	Lucky Brand Jeans	B		Lower Level	(847) 205-5687
	Lucky Charms	D		Concourse	
	lucy	C		Upper Level	(847) 412-4623
	Metropark	A		Lower Level	(224) 330-2209
	Ralph Lauren	C		Lower Level	(847) 205-9837

	Sole Mio	B		Lower Level	(847) 291-6517
	Soma Intimates	C		Upper Level	(847) 412-0631
	Sterling Works	A		Lower Level	(847) 412-0846
	Sunglass Hut	D		Upper Level	(847) 498-1725
	Tommy Bahama's	B		Upper Level	(847) 656-0860
	Tumi	C		Lower Level	(847) 205-1397
	White House/Black Market	D		Upper Level	(847) 205-1138
Bath & Beauty	Aveda	C		Upper Level	(847) 509-9354
	Burberry	C		Lower Level	(847) 205-0110
	Gap Body	A		Lower Level	(847) 498-1012
	Lush	B		Lower Level	(847) 498-5874
	Proactiv Solution	B		Concourse	(847) 205-0912
	Sassoon	C		Upper Level	(847) 498-4646
	Sephora	A		Lower Level	(847) 714-0505
	Snippets Mini-Cuts	D		Upper Level	(847) 498-4543
	Victoria's Secret Beauty	D		Lower Level	(847) 480-1290
	Victoria's Secret Lingerie	D		Lower Level	(847) 480-0950
Cards & Gifts	Brookstone	A		Lower Level	(847) 272-0951
	Papyrus	D		Lower Level	(847) 412-9075
	Royal Appointments	B		Upper Level	(847) 559-8111
Children's Apparel	abercrombie	B		Upper Level	(847) 480-6126
	Gap Kids/Baby Gap	A		Lower Level	(847) 480-8848
	Gymboree	A		Upper Level	(847) 205-5113
	Hanna Andersson	D		Upper Level	(847) 291-9275
	Janie & Jack	B		Upper Level	(847) 480-5857
	Juicy Couture	D		Lower Level	(847) 291-4902
	Justice	D		Upper Level	(847) 272-8110
	Oilily	B		Upper Level	(847) 562-0401
	True Religion	D		Lower Level	(847) 205-1803
Department Stores	Lord & Taylor	Anchor		1 & 2	(847) 498-2500
	Macy's	Anchor		1 & 2	(847) 509-5252
	Neiman Marcus	Anchor		1 & 2	(847) 564-0300
Housewares & Home	Crate and Barrel	OutParcel		Lower Level	(847) 272-8920
	Land of Nod, The	B		Lower Level	(847) 291-9902
	Lucky Charms	D		Concourse	
	Scandia Down	B		Upper Level	(847) 205-1010
	Sleep Number by Select Comfort	B		Lower Level	(847) 498-9963
Jewelry	C.D. Peacock	B		Lower Level	(847) 564-8030
	Claire's	A		Upper Level	(847) 272-5198
	CUSP	D		Lower Level	(847) 205-4543
	Emma's	B		Concourse	(847) 562-1549
	Lucky Charms	D		Concourse	
	Sterling Works	A		Lower Level	(847) 412-0846
Men's Apparel	Abercrombie & Fitch	D		Upper Level	(847) 562-4032
	Aritzia	C		Lower Level	(847) 205-3672
	Banana Republic	B		Lower Level	(847) 564-3220
	Brooks Brothers	C		Lower Level	(847) 272-3800
	Burberry	C		Lower Level	(847) 205-0110
	Gap	A		Lower Level	(847) 498-0695
	Gap Body	A		Lower Level	(847) 498-1012

	J. Crew	C	Upper Level	(847) 564-2739
	Johnston & Murphy	B	Lower Level	(847) 480-1636
	Lucky Brand Jeans	B	Lower Level	(847) 205-5687
	lululemon athletica	D	Upper Level	(847) 480-1749
	Mark Shale	D	Lower Level	(847) 272-3860
	Metropark	A	Lower Level	(224) 330-2209
	Ralph Lauren	C	Lower Level	(847) 205-9837
	S. Garber Furs of Northbrook	C	Upper Level	(847) 205-7950
	Tommy Bahama's	B	Upper Level	(847) 656-0860
	True Religion	D	Lower Level	(847) 205-1803
Music, Books & Entertainment	AMC Theatres (management office)	Anchor	1 & 2	(847) 562-1620
	AMC Theatres (movie time listings)	Anchor	1 & 2	(847) 562-1522
	Papyrus	D	Lower Level	(847) 412-9075
Restaurants & Eateries	Corner Bakery	D	Lower Level	(847) 753-9665
	Di Pescara	C	Upper Level	(847) 498-4321
	Magic Pan	A	Lower Level	(847) 498-9400
	Marketplace at Macy's	Anchor	3	(847) 509-5622
	P.F. Chang's China Bistro	OutParcel	Lower Level	(847) 509-8844
	Starbucks	A	Lower Level	(847) 564-2368
	Stir Crazy	C	Lower Level	(847) 562-4800
	Subway	A	Upper Level	(847) 562-9810
	Tony & Bruno's	A	Upper Level	(847) 498-4510
	Zen Kitchen	A	Upper Level	(847) 205-1887
	Zodiac Room (Neiman Marcus)	Anchor	Upper Level	(847) 564-0300
Services	Gymboree Play and Music	B	Upper Level	(847) 205-0080
	LensCrafters	A	Lower Level	(847) 564-0020
	Medical Imaging	C	Lower Level	(847) 509-1818
	OASIS	B	Upper Level	(847) 509-9340
	Red Door Spa	A	Upper Level	(847) 272-9300
	Sassoon	C	Upper Level	(847) 498-4646
	Snippets Mini-Cuts	D	Upper Level	(847) 498-4543
	Verizon Wireless	B	Lower Level	(847) 509-8527
Shoes	Aldo	D	Lower Level	(847) 564-5190
	Ann Taylor	D	Lower Level	(847) 498-5390
	BCBGMAXAZRIA	C	Lower Level	(847) 498-4500
	Burberry	C	Lower Level	(847) 205-0110
	Cole Haan	D	Lower Level	(847) 753-9030
	CUSP	D	Lower Level	(847) 205-4543
	Easy Spirit	B	Lower Level	(847) 498-1606
	Geox	D	Upper Level	(847) 205-2570
	Johnston & Murphy	B	Lower Level	(847) 480-1636
	Stride Rite	B	Upper Level	(847) 272-2299
	Stuart Weitzman	C	Upper Level	(847) 205-5222
	The Walking Company	B	Lower Level	(847) 272-9255
	Tommy Bahama's	B	Upper Level	(847) 656-0860
Specialty	Brookstone	A	Lower Level	(847) 272-0951
	Everything But Water	B	Upper Level	(847) 272-7601
	Flash Digital Portraits	B	Upper Level	(847) 291-8370
	Godiva Chocolatier	B	Lower Level	(847) 509-8208
	Green Tea Co.	B	Concourse	(847) 291-4065

	Lucky Charms	D		Concourse	
	lululemon athletica	D		Upper Level	(847) 480-1749
	Monograms Today	A		Lower Level	(847) 559-0033
	Rosetta Stone	D		Concourse	(847) 205-9201
	Royal Appointments	B		Upper Level	(847) 559-8111
	S. Garber Furs of Northbrook	C		Upper Level	(847) 205-7950
	Teavana	C		Lower Level	(847) 272-6315
	Tumi	C		Lower Level	(847) 205-1397
Sports & Fitness	lucy	C		Upper Level	(847) 412-4623
	lululemon athletica	D		Upper Level	(847) 480-1749
	Medical Imaging	C		Lower Level	(847) 509-1818
Technology & Electronics	Apple Store	A		Lower Level	(847) 205-2020
	Brookstone	A		Lower Level	(847) 272-0951
	Verizon Wireless	B		Lower Level	(847) 509-8527
Toys & Hobbies	Claire's	A		Upper Level	(847) 272-5198
	Galt Toys/Galt Baby	A		Upper Level	(847) 498-4660
	Gymboree Play and Music	B		Upper Level	(847) 205-0080
	Kid's Court	B		Upper Level	(847) 205-3333
	Land of Nod, The	B		Lower Level	(847) 291-9902
	LEGO Store	A		Upper Level	(847) 291-9520
Women's Apparel	Abercrombie & Fitch	D		Upper Level	(847) 562-4032
	Ann Taylor	D		Lower Level	(847) 498-5390
	Aritzia	C		Lower Level	(847) 205-3672
	Banana Republic	B		Lower Level	(847) 564-3220
	BCBGMAXAZRIA	C		Lower Level	(847) 498-4500
	bebe	B		Upper Level	(847) 509-8080
	Betsey Johnson	B		Upper Level	(847) 205-9025
	Brooks Brothers	C		Lower Level	(847) 272-3800
	Burberry	C		Lower Level	(847) 205-0110
	Caché	D		Lower Level	(847) 480-9790
	Chico's	D		Upper Level	(847) 272-9881
	Club Monaco	B		Lower Level	(847) 272-0040
	Coldwater Creek	D		Upper Level	(847) 291-2508
	CUSP	D		Lower Level	(847) 205-4543
	Everything But Water	B		Upper Level	(847) 272-7601
	Gap	A		Lower Level	(847) 498-0695
	Gap Body	A		Lower Level	(847) 498-1012
	J. Crew	C		Upper Level	(847) 564-2739
	J. Jill	D		Upper Level	(847) 272-6261
	Juicy Couture	D		Lower Level	(847) 291-4902
	Lucky Brand Jeans	B		Lower Level	(847) 205-5687
	lucy	C		Upper Level	(847) 412-4623
	lululemon athletica	D		Upper Level	(847) 480-1749
	Mark Shale	D		Lower Level	(847) 272-3860
	Max Studio	A		Lower Level	(847) 412-0766
	MaxMara	C		Lower Level	(847) 714-1397
	Metropark	A		Lower Level	(224) 330-2209
	Oilily	B		Upper Level	(847) 562-0401
	Ralph Lauren	C		Lower Level	(847) 205-9837
	S. Garber Furs of Northbrook	C		Upper Level	(847) 205-7950

Soma Intimates	C		Upper Level	(847) 412-0631
Tommy Bahama's	B		Upper Level	(847) 656-0860
True Religion	D		Lower Level	(847) 205-1803
Victoria's Secret Lingerie	D		Lower Level	(847) 480-0950
Wet Seal	A		Upper Level	(847) 205-9008
White House/Black Market	D		Upper Level	(847) 205-1138


Field Parkway
Deer Park Boulevard
Rand Road
Long Grove Road
Walking Path
Natural Wetlands
Bike Rack
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Brilliant Sky Toys & Books
520
La Haciénda
105
Century Theatres
Cold Stone Creamery
Campus Colors
Tokio Sake
GalaTea
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Select Comfort
Kids' Hair
Touch of Elegance
Silk'n Things
Smith & Hawken
Center Office
BeautyShoppe.biz
Pier 1 Imports
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Noodles & Company
The Gap
Gap Kids
Baby Gap
Gap Body
Banana Republic
Pottery Barn
Pottery Barn Kids
Sephora
Victoria's Secret
Pacific Sunwear
The Children's Place
Apple Store
American Eagle Outfitters
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Gymboree
Sunglass Hut
Mail Box
UPS Box
FedEx Box
Restoration Hardware
Crate & Barrel
Coldwater Creek
J. Crew
Ann Taylor
Talbots
Talbots Woman
Talbots Petites
Williams-Sonoma
Lucky Brand Jeans
Jos. A. Bank
Vera Bradley
Chico's
J.Jill
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Open Advanced MRI of Deer Park
Harry and David
Everything But Water
Francesca's Collections
Avalon Salon
Pay Phone
Origins
Brighton Collectibles
Hot Mama
L'Occitane
MAC Cosmetics
Lucy
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Bailey Banks & Biddle
Bose
White House/ Black Market
Gazebo
GNC
Stride Rite
LensCrafters Optique
Go Roma
Great Clips
Caribou Coffee
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446
448
Yankee Candle Company
Claire's
Panera Bread
ATM
518
California Pizza Kitchen
516
Stoney River Legendary Steaks
514
Max & Erma's
512
Biaggi's Ristorante Italiano
510
Barnes & Noble
North
DEER PARK
TOWN CENTER

DEER PARK TOWN CENTER

A Pea In The Pod®
Phone: 847-540-7386 / Location: 222 / View Directory Map

American Eagle Outfitters
View Gift Ideas
Phone: 847-550-9416 / Location: 224 / View Directory Map

Ann Taylor
Phone: 847-550-8709 / Location: 314 / View Directory Map

Apple Store
Phone: 847-847-0400 / Location: 230 / View Directory Map

Avalon Day Spa
Phone: 847-726-8855 / Location: 346 / View Directory Map

Bailey Banks & Biddle
Phone: 847-726-4450 / Location: 422 / View Directory Map

Banana Republic
View Gift Ideas
Phone: 847-726-4303 / Location: 210 / View Directory Map

Barnes & Noble
Phone: 847-438-7444 / Location: 510 / View Directory Map

Barnes & Noble Cafe
Phone: 847-438-7444 / Location: 510 / View Directory Map

Bath & Body Works
View Gift Ideas
Phone: 847-726-7105 / Location: 218 / View Directory Map

BeautyShoppe.biz
Phone: 847-438-4606 / Location: 134 / View Directory Map

Biaggis Ristorante Italiano
View Gift Ideas
Phone: 847-438-1850 / Location: 512 / View Directory Map

Bose
Phone: 847-726-2030 / Location: 424 / View Directory Map

Brilliant Sky Toys and Books
Phone: 847-438-8300 / Location: 600 / View Directory Map

California Pizza Kitchen
Phone: 847-550-0273 / Location: 518 / View Directory Map

Campus Colors

Phone: 847-540-5700 / Location: 108 / View Directory Map

Caribou Coffee
Phone: 847-438-8396 / Location: 438 / View Directory Map

Center Office
Phone: 847-726-7755 / Location: 133 / View Directory Map

Century Theatres
Phone: 847-438-8518 / Location: 105 / View Directory Map

Chico's
Phone: 847-438-2585 / Location: 332 / View Directory Map

The Children's Place
Phone: 847-726-7359 / Location: 232 / View Directory Map

Claire's Boutique
Phone: 847-438-0371 / Location: 446 / View Directory Map

Cold Stone Creamery
Phone: 847-726-2663 / Location: 106 / View Directory Map

Coldwater Creek
View Gift Ideas
Phone: 847-540-9602 / Location: 310 / View Directory Map

Crate & Barrel
Phone: 847-438-0031 / Location: 306 / View Directory Map

Everything But Water
Phone: 847-726-0150 / Location: 342 / View Directory Map

Francesca's Collections
Phone: 847-726-2363 / Location: 344 / View Directory Map

Galatea
Phone: 847-550-7107 / Location: 116 / View Directory Map

Gap
Phone: 847-540-1948 / Location: 205 / View Directory Map

Gap Body
Phone: 847-540-1948 / Location: 205 / View Directory Map

Gap Kids / Baby Gap
Phone: 847-540-1948 / Location: 205 / View Directory Map

GNC Live Well
Phone: 847-550-8678 / Location: 430 / View Directory Map

GO ROMA Italian Kitchen
Phone: 847-550-1600 / Location: 436 / View Directory Map

Great Clips
Phone: 847-540-0731 / Location: 437 / View Directory Map

Gymboree
Phone: 847-438-5564 / Location: 221 / View Directory Map

Harry and David
Phone: 847-550-7119 / Location: 340 / View Directory Map

Hot Mama
Phone: 847-438-8310 / Location: 413 / View Directory Map

J. Crew
Phone: 847-438-2739 / Location: 312 / View Directory Map

J. Jill
Phone: 847-719-2420 / Location: 334 / View Directory Map

Jos. A. Bank Clothiers
Phone: 847-438-2801 / Location: 326 / View Directory Map

Kid's Hair
Phone: 847-550-6955 / Location: 122 / View Directory Map

La Hacienda
Phone: 847-550-9413 / Location: 520 / View Directory Map

LensCrafters Optique
Phone: 847-726-0374 / Location: 432 / View Directory Map

L'Occitane
Phone: 847-540-6830 / Location: 413 / View Directory Map

Lucky Brand Jeans
Phone: 847-550-1647 / Location: 324 / View Directory Map

Lucy
Phone: 847-550-9692 / Location: 418 / View Directory Map

MAC Cosmetics
Phone: 847-719-1812 / Location: 415 / View Directory Map

Max & Erma's
Phone: 847-550-6484 / Location: 514 / View Directory Map

Noodles & Co.
Phone: 847-726-1000 / Location: 201 / View Directory Map

Open Advanced MRI of Deer Park
Phone: 847-550-6740 / Location: 350 / View Directory Map

Origins
Phone: 847-726-0117 / Location: 410 / View Directory Map

Pac Sun
Phone: 847-438-2636 / Location: 236 / View Directory Map

Panera Bread
Phone: 847-540-8425 / Location: 448 / View Directory Map

Pier 1 Imports
Phone: 847-438-6050 / Location: 136 / View Directory Map

Planet Beach
Phone: 847-726-8262 / Location: 118 / View Directory Map

Pottery Barn
Phone: 847-550-6763 / Location: 248 / View Directory Map

Pottery Barn Kids
Phone: 847-438-4433 / Location: 246 / View Directory Map

Restoration Hardware
Phone: 847-540-6397 / Location: 302 / View Directory Map

Select Comfort
Phone: 847-550-0741 / Location: 120 / View Directory Map

Sephora
View Gift Ideas
Phone: 847-438-8885 / Location: 244 / View Directory Map

Silk 'n Things
Phone: 847-550-1118 / Location: 130 / View Directory Map

Smith & Hawken
Phone: 847-438-0919 / Location: 132 / View Directory Map

Stoney River Legendary Steaks
Phone: 847-719-1596 / Location: 516 / View Directory Map

Stride Rite
Phone: 847-438-2888 / Location: 431 / View Directory Map

Sunglass Hut
View Gift Ideas
Phone: 847-438-9411 / Location: 220 / View Directory Map

Talbots
Phone: 847-438-4771 / Location: 318 / View Directory Map

Talbots Petites
Phone: 847-438-4771 / Location: 318 / View Directory Map

Talbots Woman
Phone: 847-438-4771 / Location: 318 / View Directory Map

Tokio Sake
Phone: 847-438-0400 / Location: 112 / View Directory Map

Touch of Elegance
Phone: 847-414-0278 / Location: 126 / View Directory Map

Vera Bradley
Phone: 847-438-8412 / Location: 328 / View Directory Map

Victoria's Secret
View Gift Ideas
Phone: 847-438-8656 / Location: 242 / View Directory Map

White House Black Market
View Gift Ideas
Phone: 847-550-8750 / Location: 426 / View Directory Map

Williams-Sonoma
Phone: 847-550-0803 / Location: 322 / View Directory Map

Yankee Candle
View Gift Ideas
Phone: 847-726-6901 / Location: 440 / View Directory Map

York Furrier
Phone: 847-550-2200 / Location: 104 / View Directory Map

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REPRESENTATIVE LIST OF CLIENTS

MAJOR DEVELOPERS AND OWNERS

U.S.X. Realty Development Corp.
Simon Property Group, Inc.
The Rouse Company
Upland Industries (Union Pacific RR)
Corrigan Properties, Inc.
Merrill Lynch Realty
Homart Development Co. (Sears)
Gerald D. Hines Interests
Forest City Enterprises
Hamilton Partners
Birtcher Realty Advisors
Avatar Properties, Inc.
Westfield Corporation
The Harlan Group
Aetna Investment Group
Red Seal Development
Teachers Insurance and Annuity Assoc.
McCaffery Interests, Ltd.
Trammell Crow Company
Steiner + Associates
Unocal Corporation

CITIES

New York, New York
Brookfield, Wisconsin
Madison, Wisconsin
Milwaukee, Wisconsin
Mequon, Wisconsin
San Antonio, Texas
Charleston, West Virginia
Cleveland, Ohio
Boston, Massachusetts
Denver, Colorado
Lawrence, Kansas
Olathe, Kansas
Manhattan, Kansas
Addison, Illinois
Arlington Heights, Illinois
Barrington, Illinois
Bensenville, Illinois
Chicago, Illinois
Franklin Park, Illinois
Glen Ellyn, Illinois
Glenwood, Illinois
Highland Park, Illinois
Elgin, Illinois
Northbrook, Illinois
Park Ridge, Illinois
St. Charles, Illinois
Virginia Beach, Virginia
Vernon Hills, Illinois

MAJOR RETAILERS

Marshall Field & Company
Saks Fifth Avenue
Sears, Roebuck & Company
J.C. Penney Company
Montgomery Ward & Company
Macy’s
Marshalls
The Jewel Companies
Whole Foods
Studio U
John Wanamaker Company
Dayton Hudson Company
Neiman Marcus

INTERNATIONAL RETAILERS

Escada House of Fashion
El Puerto de Liverpool
Fabricas de Francia
Capitol Supermarkets

FINANCIAL ORGANIZATIONS

Bank America
Crédit Agricole
First National Bank of Chicago
Harris Trust & Savings Bank
Northern Trust & Savings Bank
Illinois National Bank
United Realty Bank
G.E. Capital Corp.
First National Bank of Ottawa, Illinois
Heller Financial
Household Commercial
The RREEF Funds
Huizenga Capital Management

RESTAURANTS/FAST FOOD

Lettuce Entertain You Enterprises
Schwartz Brothers
Levy Enterprises
Restaurant Associates
Arby’s
Sir Walter Raleigh Inns
Shoney’s
Friendly’s
Pepe’s
Bojangles
Pizza Delight

REPRESENTATIVE LIST OF CLIENTS

CITY OF CHICAGO PROJECTS

Neighborhood Needs Analysis-
All of Chicago's Neighborhoods
Analysis of over 25 Business Districts
Industrial Park Development Analysis
Potential for a New Stadium
Mayor's Special Projects
Waste Resource Recovery Analysis
O'Hare International Airport Expansion
Housing Development on Urban
Renewal Properties
Objectives Analysis-Economic
Development Commission
Analysis of Property Disposition-
Chicago Board of Education
Navy Pier-Metropolitan Pier and
Exposition Authority

MANUFACTURERS/PRODUCERS

W.W. Grainger
Atlantic Richfield Company
ITW/Magnaflux
TDW/Hercules Tires
International Multifoods
IBM
Iowa Electric (IE) Industries
William C. Brown Group
Booth Fisheries
Campbell Soup Company
Griffith Laboratories
Mobil Oil
Texaco
Standard Oil
Dresser Industries
Thomas Steel Corporation

INTERNATIONAL INVESTMENT FUNDS

Ivanhoe, Inc. (Steinbergs of Canada)
Coast Investment & Development
Company-Kuwait
Merrill Lynch Capital Markets

HOTELS

Hyatt
Sheridan
Holiday Inn
Marriott
Embassy Suites
Budgetel Inns
Days Inn

RESTAURANTS/FAST FOOD (Continued)

Burger King
Piccadilly Cafeterias
Perk's Coffee
Steak and Stein
Brennan's
Branmor's Grill
Marriott Corporation
Popeye's
Hardee's
Pizza Hut
Wendy's

SPECIAL

Ziebart
National Restaurant Association
International Council of
Shopping Centers
Fitness Management Corp.
Catholic Archdiocese of Chicago
Illinois Masonic Medical Center
Ameritech
Chicago Cubs
U.S. Postal Service
Illinois Law Enforcement Commission
Santa Fe Railroad
United Parcel Service
Chicago Northwestern Railroad
Hammond Railroad Consolidation
Project

STATES

IL Dept. of Transportation
IL Capital Development Board
IL Dept. of Commerce and
Community Affairs
Iowa Dept. of Transportation
IN Dept. of Transporation
MI Dept. of Transportation
WI Dept. of Transportation

WATERFRONT PROJECTS

Navy Pier-Chicago
North Coast Harbor-Cleveland, Ohio
Miami Beach Marina Redevelopment

MELANIPHY & ASSOCIATES, INC.

6333 N. Milwaukee Avenue
Suite 106
Chicago, Illinois 60646-3744
Phone 773-467-1212   Facsimile 773-774-0454

www@melaniphy.com

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