



Neighborhood Impact Assessment

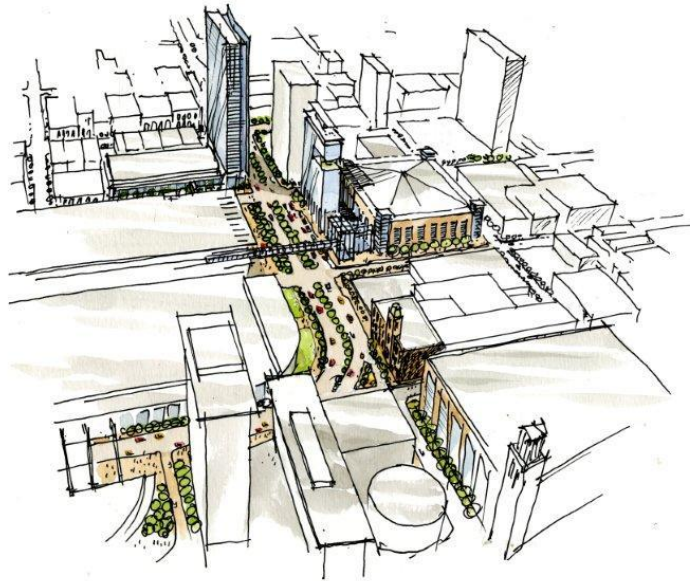
***Hotel, arena and entertainment district
development adjacent to McCormick Place***

May 13, 2013

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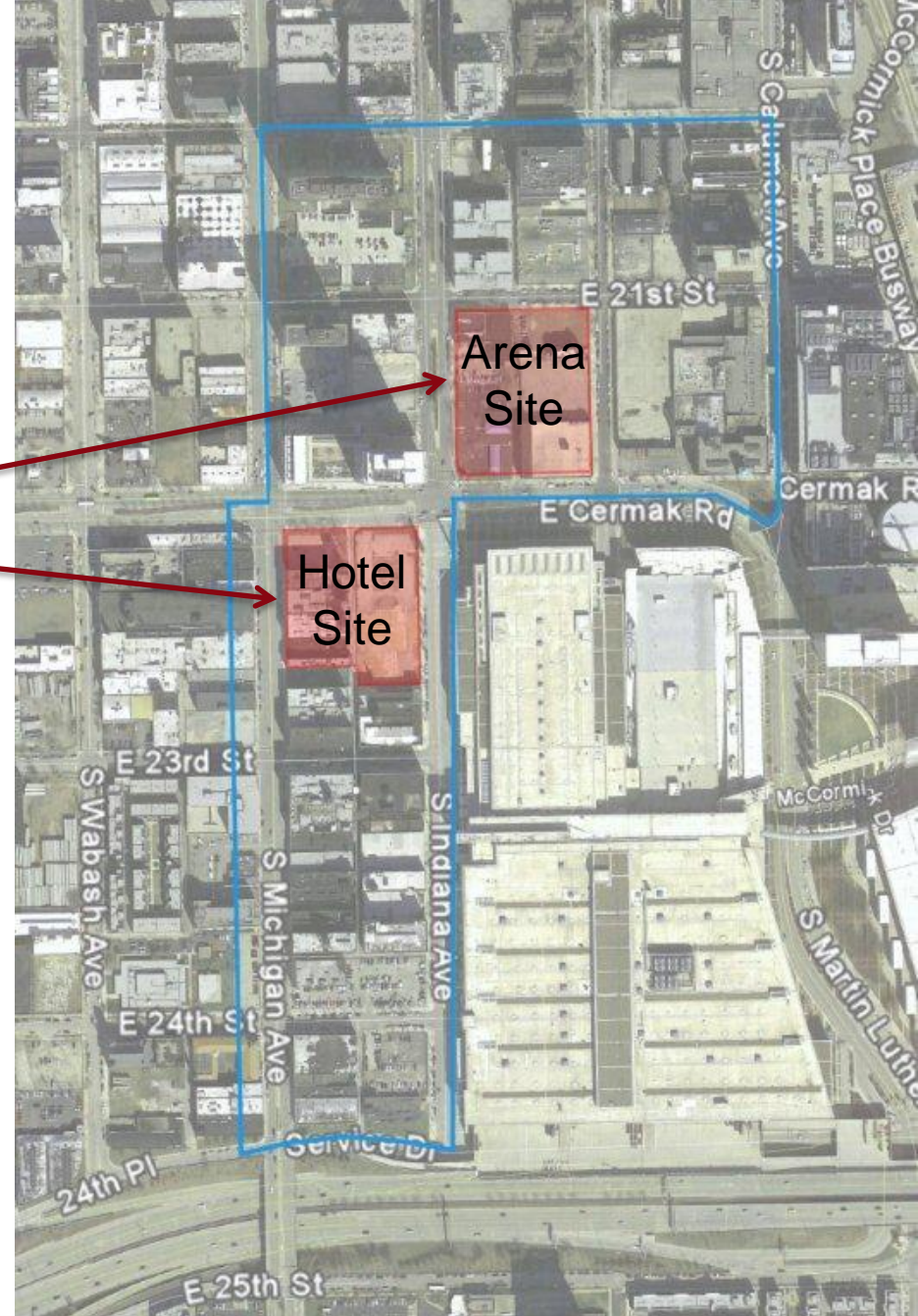
Description of the McCormick Place Entertainment District



McCormick Place Entertainment District

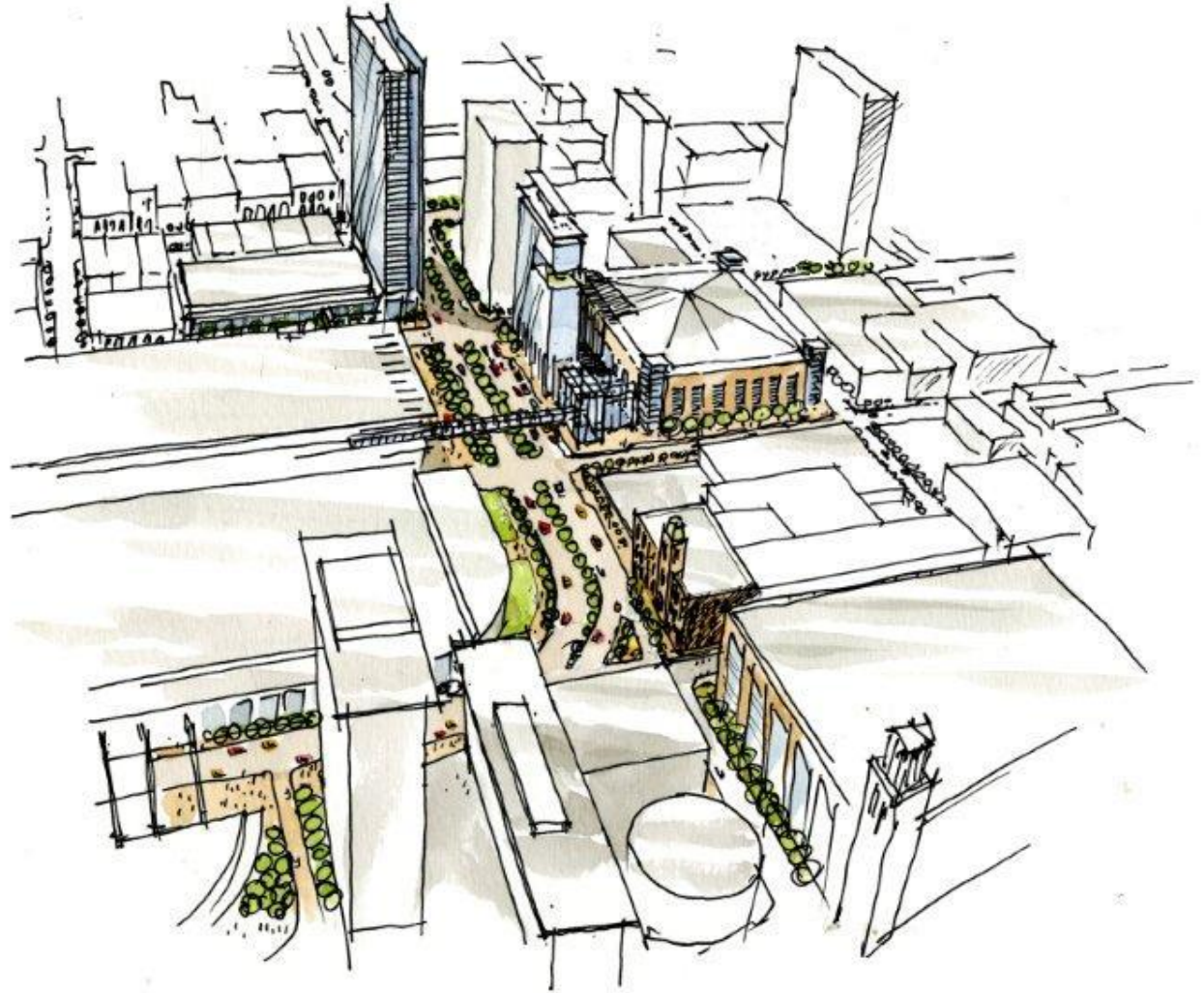
- Includes neighborhoods immediately affected by the proposed developments

- portions of historic Motor Row along South Michigan and Indiana Avenues
- residential blocks north of East Cermak Road



Aerial view of district (east to west)

- No displacement of existing residential uses
- Maintains existing street grid
- Arena adjacent to McCormick Place West Building
- Connected by skybridges
- Existing McCormick Place parking would serve arena

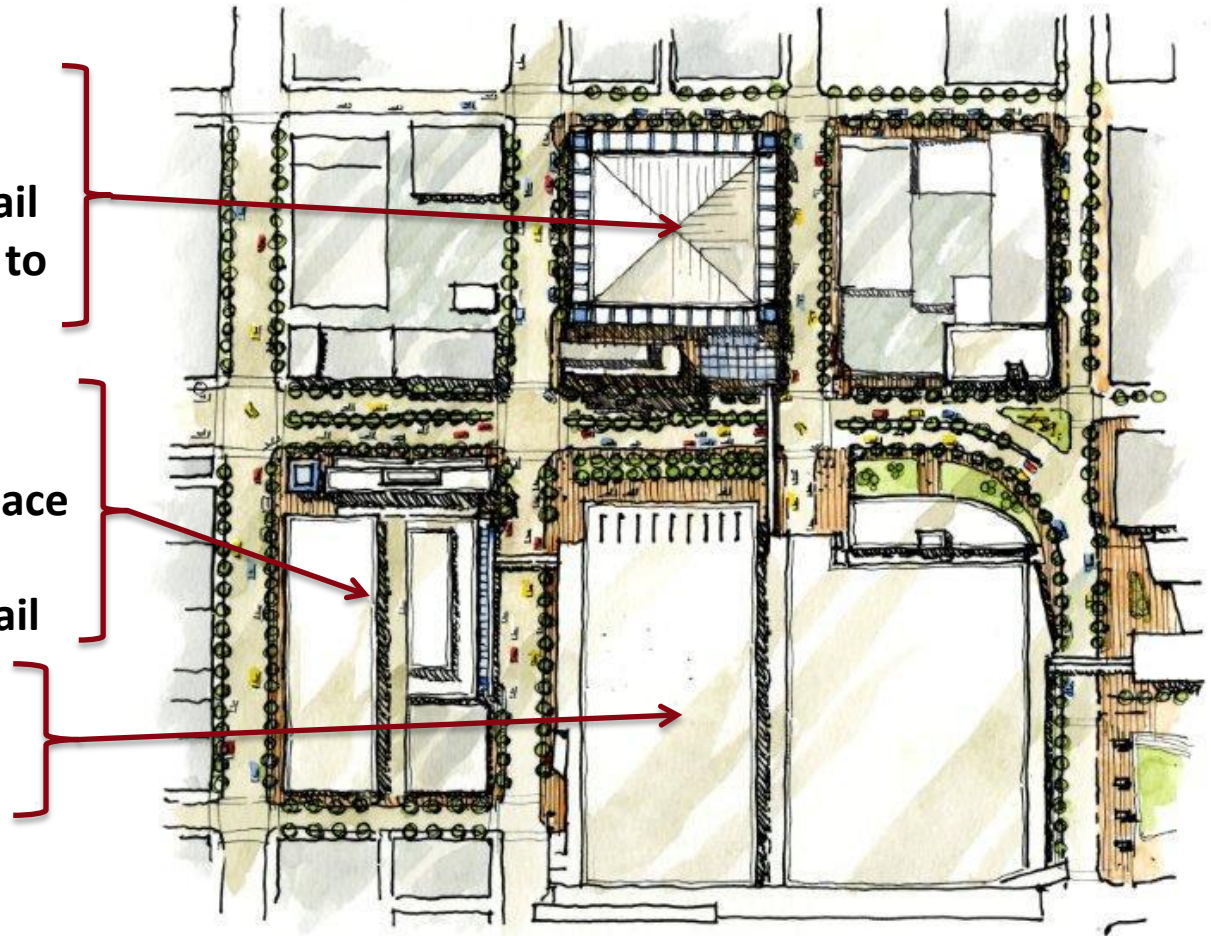


Arena and hotel site plan

10,000 seat arena
12,000 sf restaurant, retail
Select service hotels (up to
500 rooms)

1,200-room hotel
Banquet and meeting space
Façade restoration
12,000 sf restaurant, retail

McCormick Place West
Building



Rendering courtesy of TVS Architects

View of hotel from west to east at the corner of Michigan and Cermak



- 1,000 to 1,200 rooms
- 80 to 90 thousand square feet of meeting and banquet space
- Connected to McCormick Place West Building via pedestrian skybridge
- Restaurant and retail on street level

Rendering courtesy of TVS Architects

The proposed hotel would activate the street

- Hotel drop off
- Corner bar on currently vacant lot
- Retail and entertainment opportunities on Michigan Avenue
- Restoration of four historic Motor Row buildings facades



Proposed façade restorations, from left to right: Bird-Sykes Company Buildings 1 and 2, Triangle Motor Showroom Building, and the Cole Motor Co.

Proposed arena, hotel and restaurant space adjacent to McCormick Place West Building



- Arena
 - 10,000 permanent seats
 - Multi-purpose event facility
- 500-room select service hotel
- 20,000 sf of restaurant and entertainment space
- Skybridge connection to McCormick Place

Overview of Real Estate in District



Residential, commercial and industrial buildings in district

20 residential developments

- 4 residential rental buildings
- 5 mid-rise condominium
- 36 town houses
- 3 row houses
- 2 single family houses
- 1 mixed use apartment

13 industrial buildings (including one parking garage)

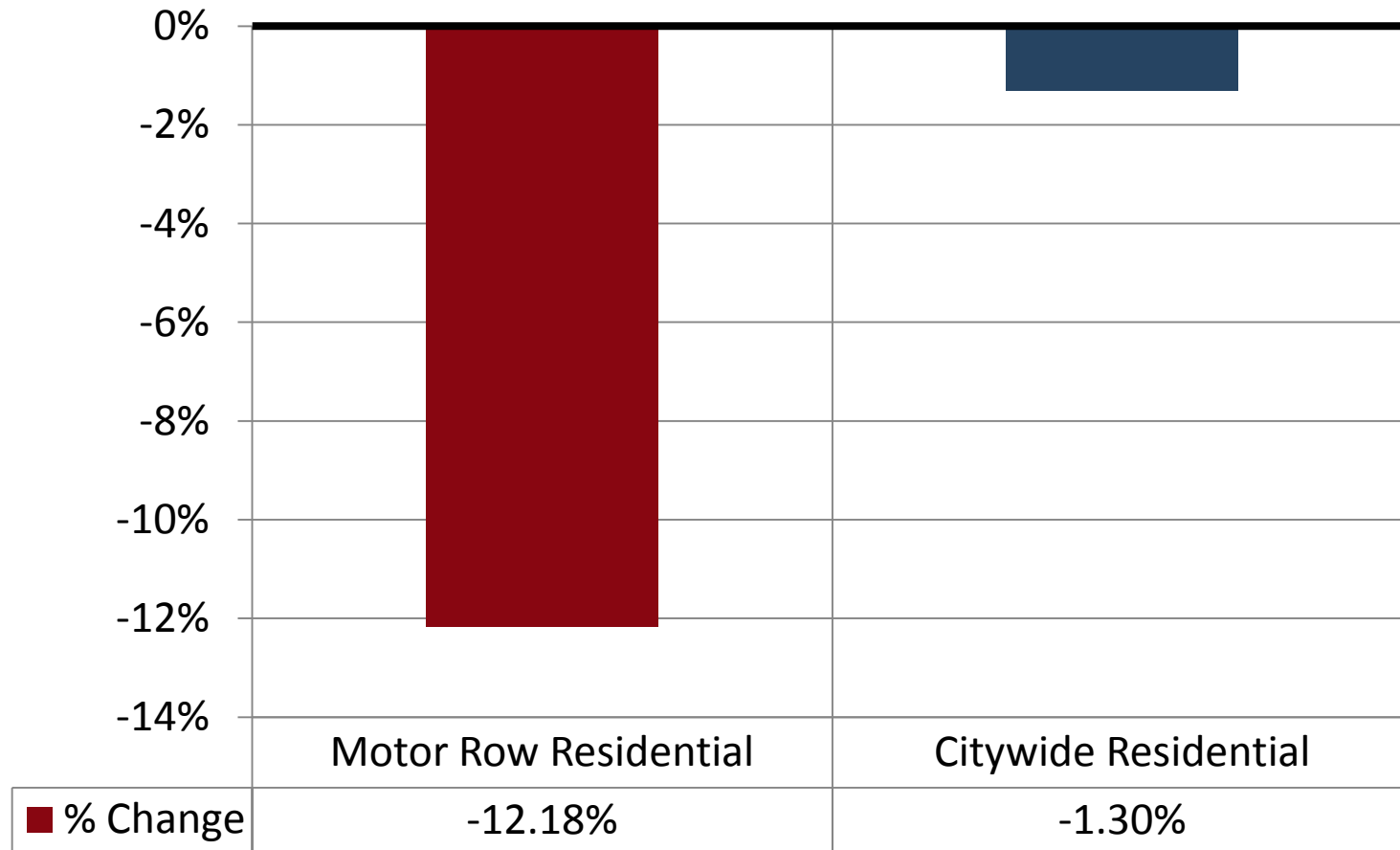
36 commercial buildings

- 50 retail store fronts
 - 27 occupied
 - 23 vacant
- 12 single story commercial buildings
- 23 mixed use buildings

1 hotel



From 2009 to 2012, residential assessments declined more than in the City as a whole



The foreclosure crisis has not missed the McCormick Place Entertainment District

- Notices of foreclosure (Lis Pendens) have been filed on over 20% of the commercial properties over the last five years
- Residential development includes 15 parcels with 1,584 residential units of which 1,125 are rental units and 427 are owner occupied.
- As sales lagged during the recession, 2 condominium developments with a total of 423 units were converted to rental.
- Over the last 12 months there have been 68 residential condominiums placed on the market.
 - 21 units were removed unsold
 - 34 units are actively being marketed
 - 14 units have sold in the last 12 months ranging in price from \$130,000-\$383,000
 - 10 of the sold units were distress

Bird-Sykes Co. Building #2 -- currently vacant and proposed for façade restoration



Triangle Motor Showroom proposed façade restoration



The Bird-Sykes Co. Building #1 vacant and a partial board up



- Located directly across Michigan Ave. from proposed hotel
- Store fronts could be attractive for new tenants

Cadillac Motor Car Co. Showroom (No.1) – vacant, partial board, portions of façade missing



F.I.A.T Automobile Co. Showroom -- current home of RIFF Music Lounge and Pressure Point Recording Studios



Vacant lots and commercial buildings adjacent to struggling residential developments

- Commercial / Industrial / Retail
 - 7 existing retail businesses
 - 3 vacant retail store fronts
 - 2 vacant commercial buildings
 - 1 mixed-use property under redevelopment
 - 3 occupied commercial properties
 - 1 parking garage
 - 6 vacant lots
- Residential
 - 13 parcels
 - 1,425 residential units
 - 1,031 rental
 - 394 ownership

Harriett Rees House

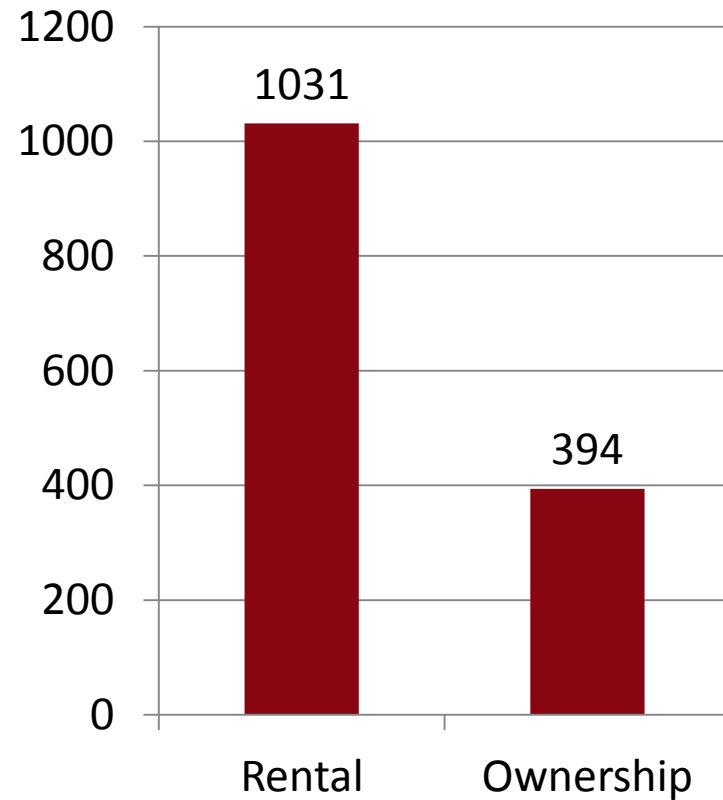


Condo developments have converted to apartments as sales lagged

Chess Lofts

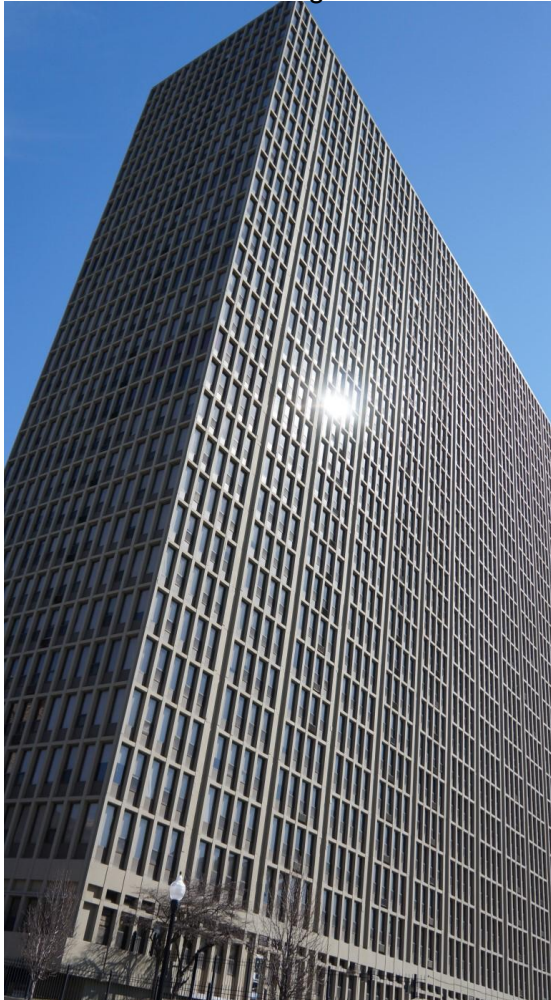


Number of Residential Units



3 High-rise residential towers with combined total of 1,031 units on western boundary

Long Grove House
2005 S. Michigan Ave.



2105 S. Michigan Ave.



The Lex Chicago.



The Prairie Ave. Lofts (Cullerton St. & Prairie Ave.) on the Northern boundary of the District -- seven stories, 138 units



The Lakeside Lofts (2025-2035 South Indiana) 25 story buildings with 96 units



The Chess Lofts (E.21st St. and S. Calumet) adjacent to the new development site. 119 condo units on 8 floors.



2 townhome developments with a total of 36 homes (E. Cullerton and S. Calumet)



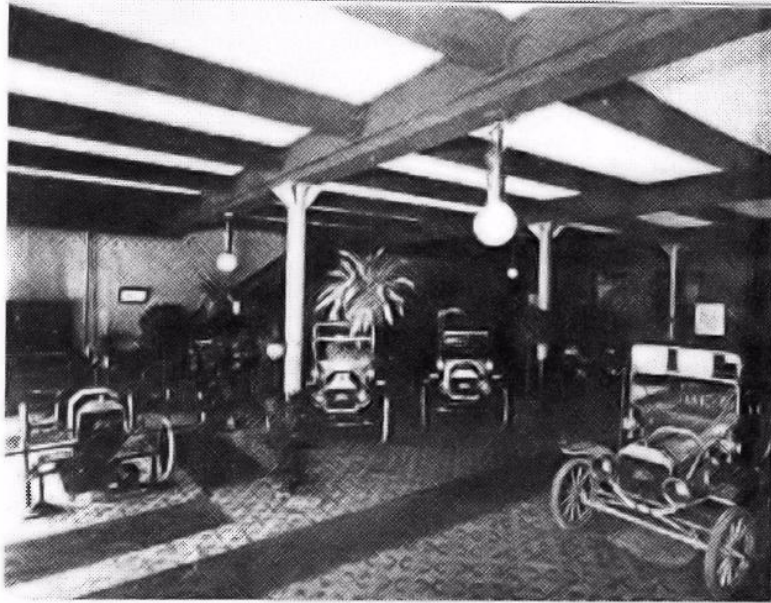
Neighborhood Impacts of the McCormick Place Entertainment District

56 buildings in Motor Row designated as historic landmarks

- Motor Row = Michigan Avenue Primarily between Cermak Road and Stevenson Expressway
- Largest and most well preserved “motor colony” in the U.S
- Center of the auto trade, at the beginning of the 20th century
- Included 116 of the earliest auto show rooms, auto part retail and distribution centers, and auto service centers



Advantages of façade preservation



- Better serves hotel development
 - Restaurant and retail development on first level
 - Function space on upper levels

- Redevelopment options constrained by:
 - Narrow floor plates and store fronts
 - Timber frame and concrete construction does not provide clear spans
 - Environmental hazards



Interior spaces on Motor Row have lost historically relevant interior details



Hyatt Calgary – an example of successful façade preservation in a hotel development



Proposed hotel could provide stimulus to new development in Motor Row

- Existing building stock is unsuitable for many potential businesses
- Retrofitting may not be possible and is costly
- Possible environmental abatement issues add costs
- Buildings may remain vacant resulting in continued blight to the neighborhood and further deterioration of buildings
- Façade preservation preserves the valuable historic character and feel of Motor Row
- A more vibrant area will encourage further redevelopment resulting in a greater number of historic buildings revived

Washington DC – headquarters hotel under construction with façade preservation



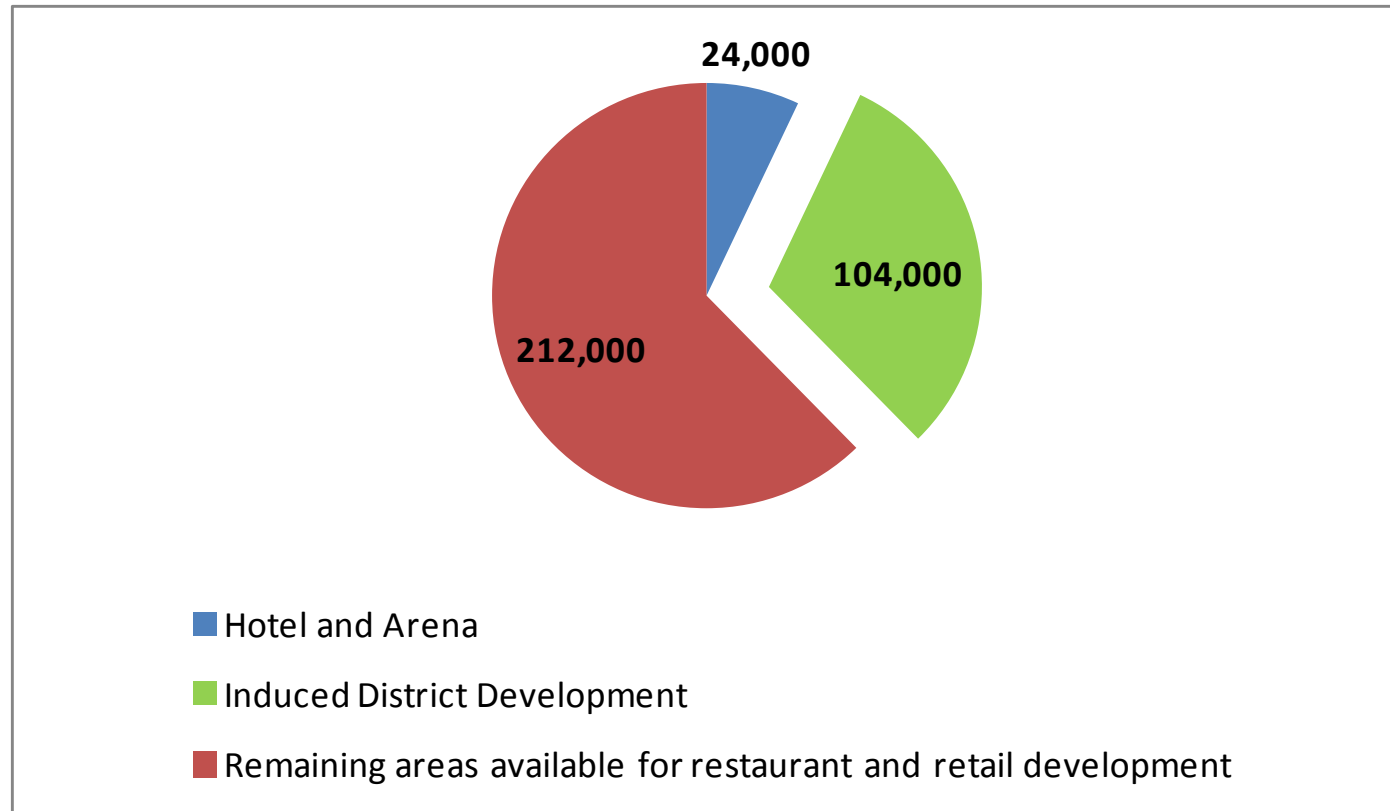
April 13, 2013

Hotel and arena would stimulate development that supports residential land uses

- Currently the district lacks retail or restaurant facilities
- A convenient place for visitors and convention attendees to spend their money in the area
- Visitor spending will spur retail and restaurant development in the A&E and Motor Row districts
- Residents will benefit from:
 - Access to dining and retail options
 - New retail and support services will create a greater demand for residential living and increase values
 - The greater the residential base the more retail and services will be drawn to the area to compete for the additional business

Development of 1/3rd of vacant buildings and land for restaurant and retail would meet projected demand

Estimated Square Feet of District Development



Gateway District in Cleveland Ohio – an example of urban redevelopment

- Sports facility development in 1994
 - Progressive field (formerly Jacobs Field)
 - Quicken Loans Arena (formerly Gund Arena)
- Generated \$250 million in private investment*
- Redevelopment of historic buildings



Quicken Loans Arena opened in 1994 and is home of the Cleveland Cavaliers

*Source: Timothy S. Chapin, Journal of the American Planning Association, Spring 2004

Sports facility development in Cleveland has stimulated reuse of historical buildings and street level restaurant and retail development

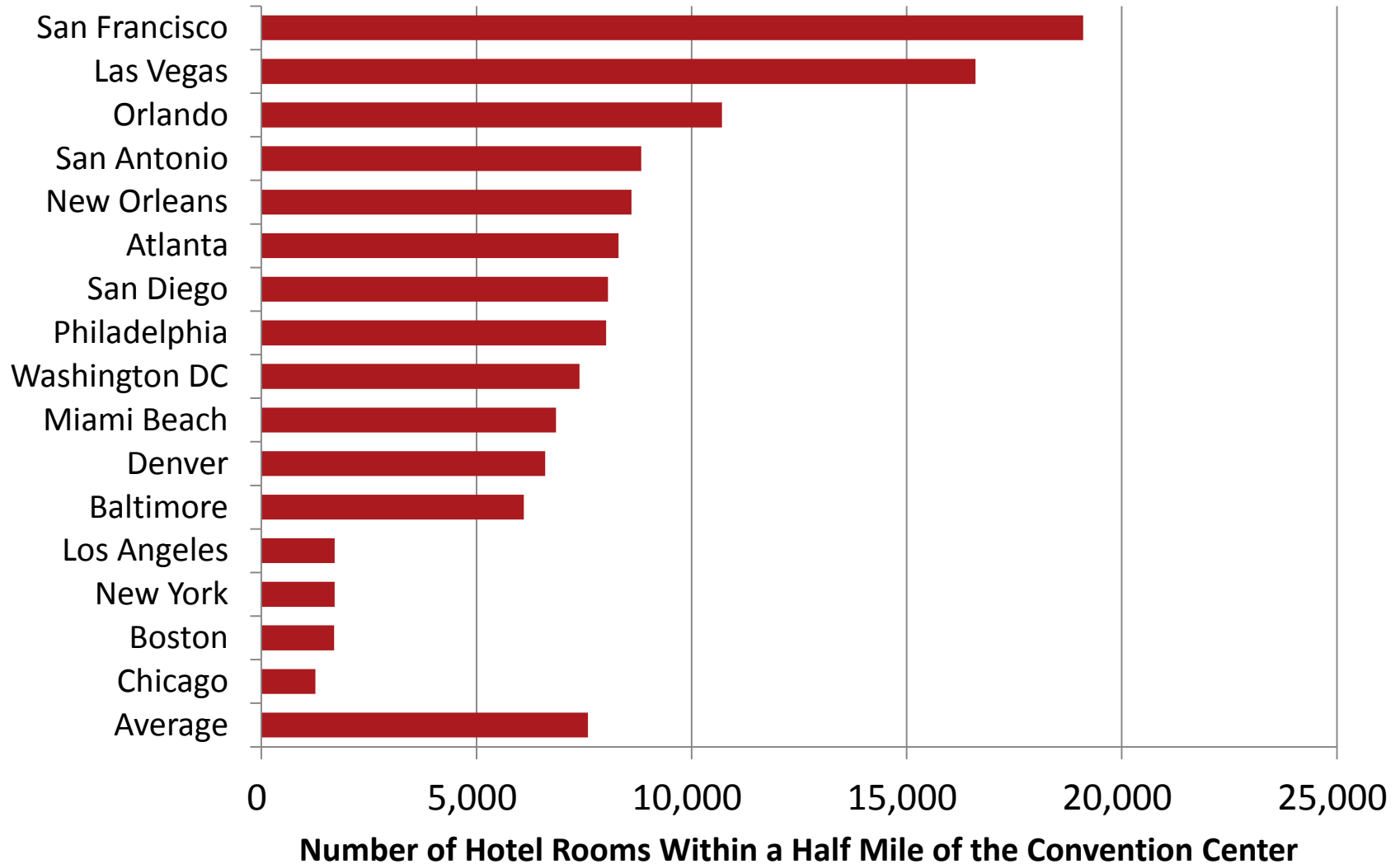


Analysis of Comparable Convention Center Districts

City	New/Expanded Hotel	New/Expanded Facility	Neighborhood Development
Anaheim	●	●	●
Baltimore	●	●	
Boston	●	●	●
Chicago	●		
Columbus	●		
Dallas	●	●	
Detroit		●	●
Indianapolis	●	●	
Kansas City	●		
Miami Beach	●	●	●
Nashville	●	●	●
New York (Javits Center)		●	
New York (New Venue)	●	●	
New Orleans	●	●	●
Orlando	●		
Philadelphia		●	●
San Antonio		●	●
San Diego	●	●	●
San Francisco			●
Washington DC	●	●	●

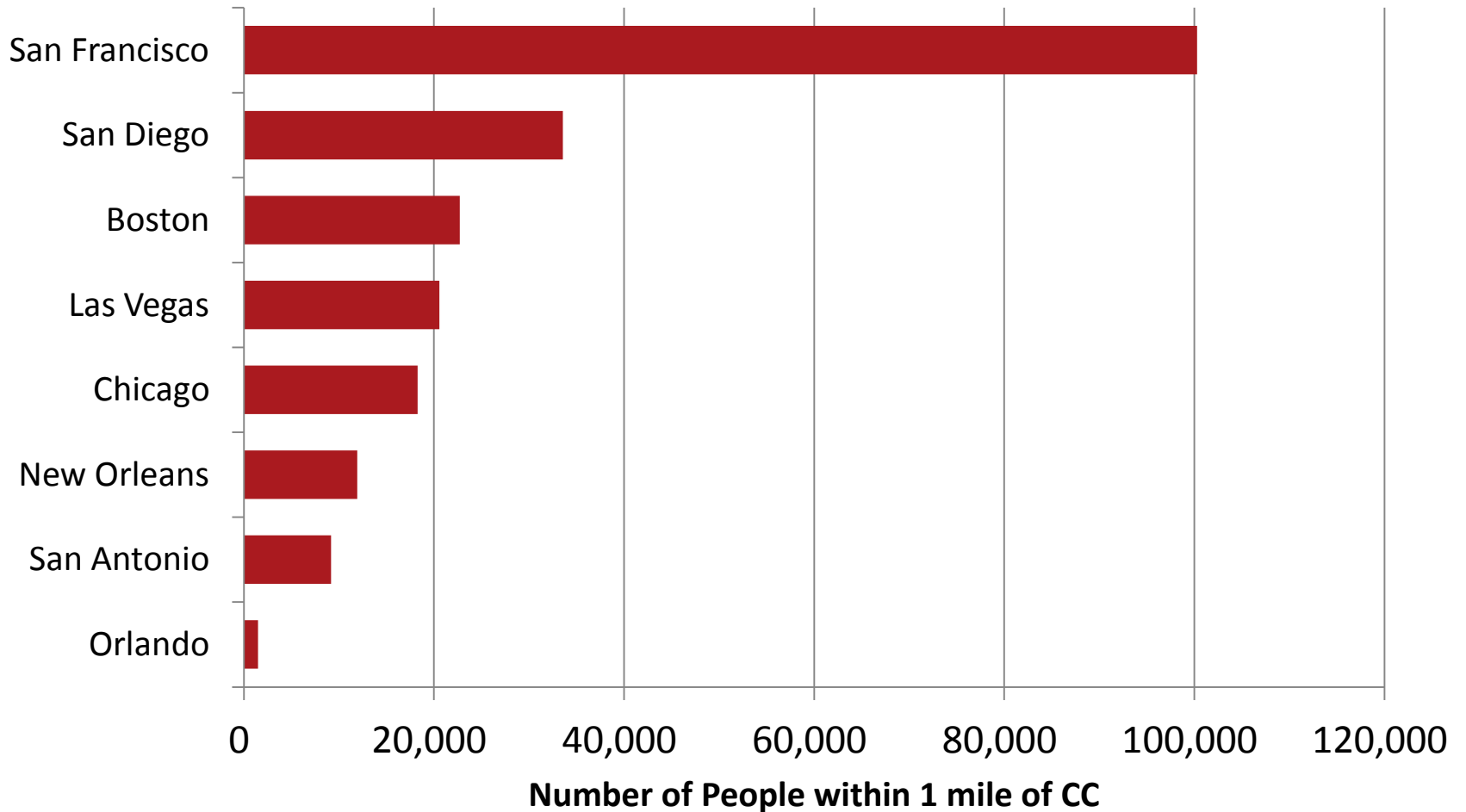
Complete or Under Construction ●
 Planned ●
 Stalled ●

Chicago has fewer nearby hotel rooms



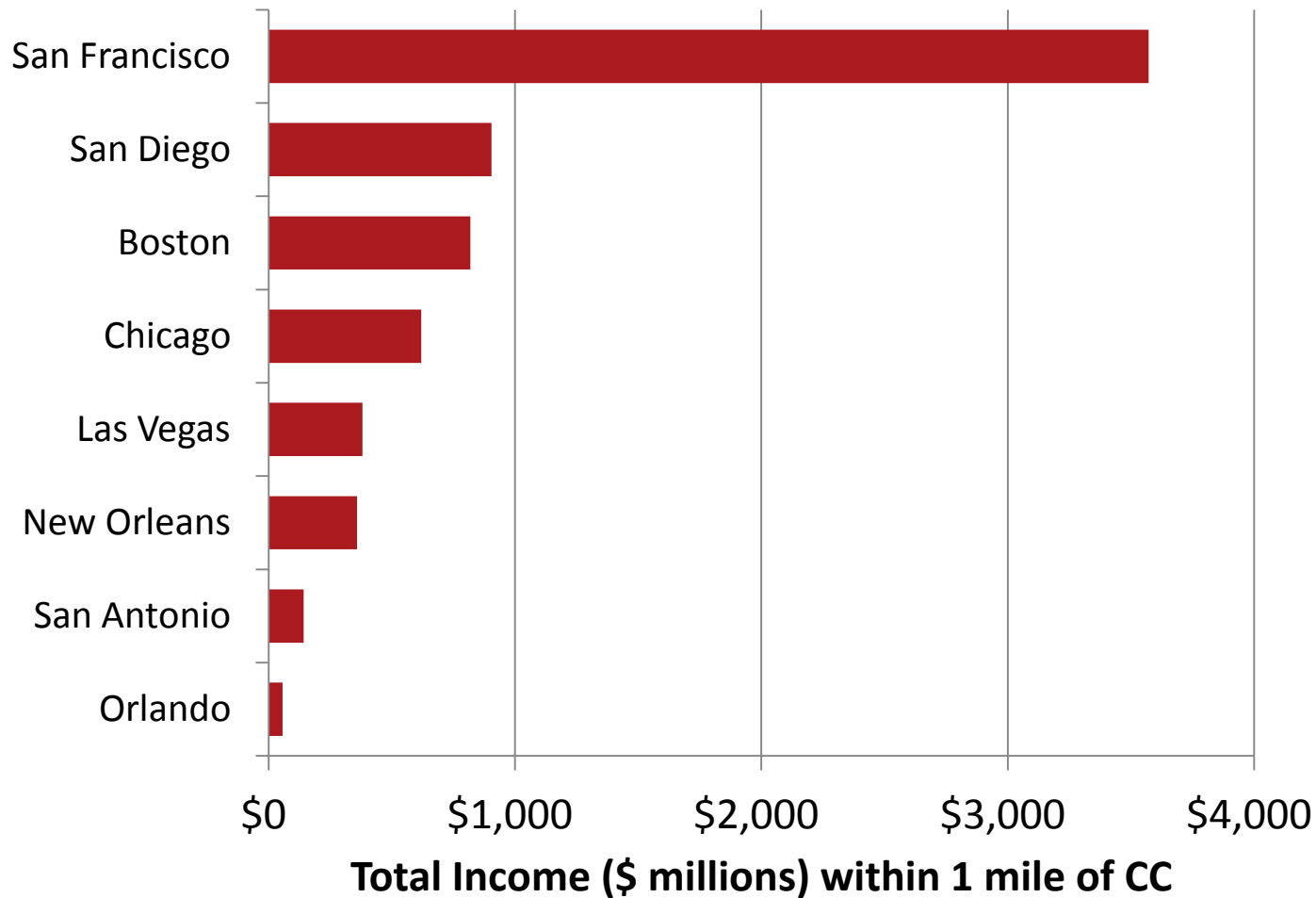
*After planned expansions in supply

Chicago has a relatively low population within 1 mile of its convention center



Source: Esri

Chicago ranks in the middle in total income within 1 mile of the Convention Center



Source: Esri

(calculated by multiplying average household income by households)

McCormick Place is comparatively distant from the major tourism attraction of the city

City	Convention Center	Tourist Attraction	Distance to Main Tourist Attraction (miles)
San Antonio	Henry B. Gonzalez Convention Center	The Alamo	0.3
San Diego	San Diego Convention Center	Gaslamp District	0.4
Boston	Boston Convention & Exhibition Center	Faneuil Hall	1.3
New Orleans	Ernest N. Morial Convention Center	Burboun St	1.5
San Francisco	Moscone Center	Fisherman's Wharf	1.8
Las Vegas	Las Vegas Convention Center	The Strip	2
Chicago	McCormick Place	Millenium Park	2.8
Orlando	Orange County Convention Center	Disney World	6

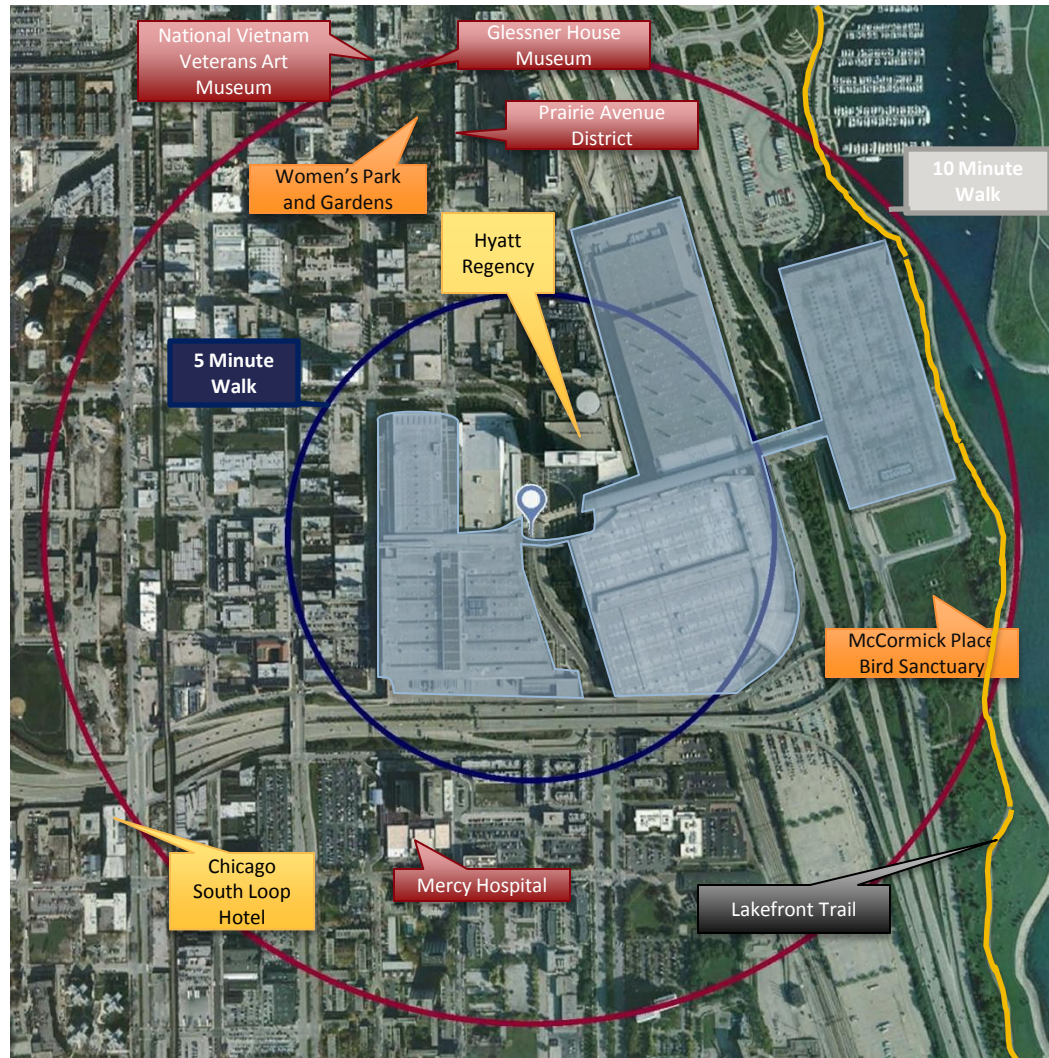
Source: Google Maps

*After planned expansions in supply

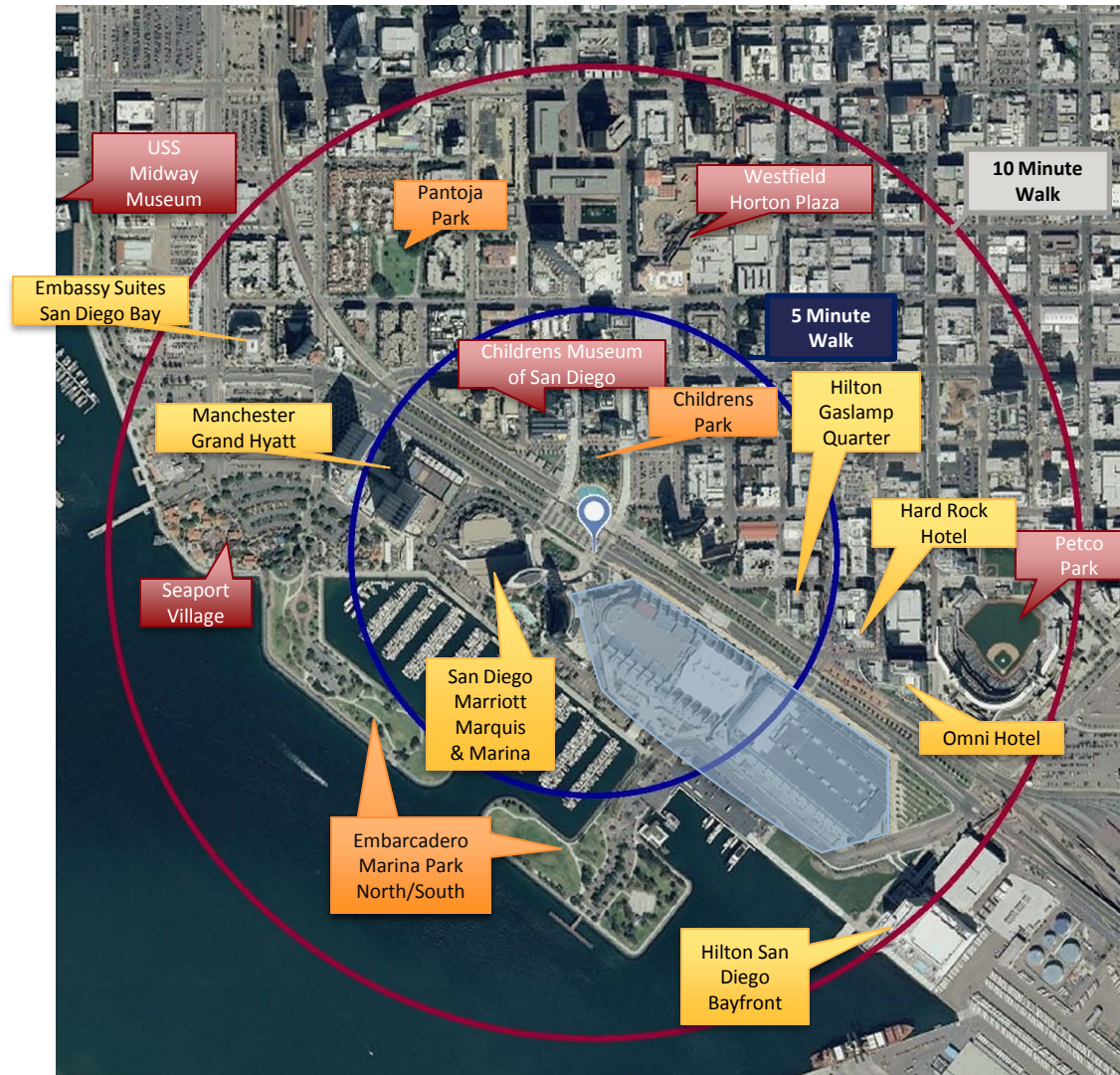
Chicago has comparable transit access which will improve with the addition of the Cermak Station

City	Public Transit System(s)
Boston	Massachusetts Bay Transit Authority (Trains, Buses)
Chicago	Metra Train, CTA Elevated Train, CTA Bus
Las Vegas	Las Vegas Monorail, RTC Transit
New Orleans	New Orleans Streetcar Network
Orlando	LYNX Bus System
San Antonio	VIA Bus System
San Diego	Metropolitan Transit System Buses, San Diego Trolley
San Francisco	Bay Area Rapid Transit, SF Municipal Railway, Bus Systems

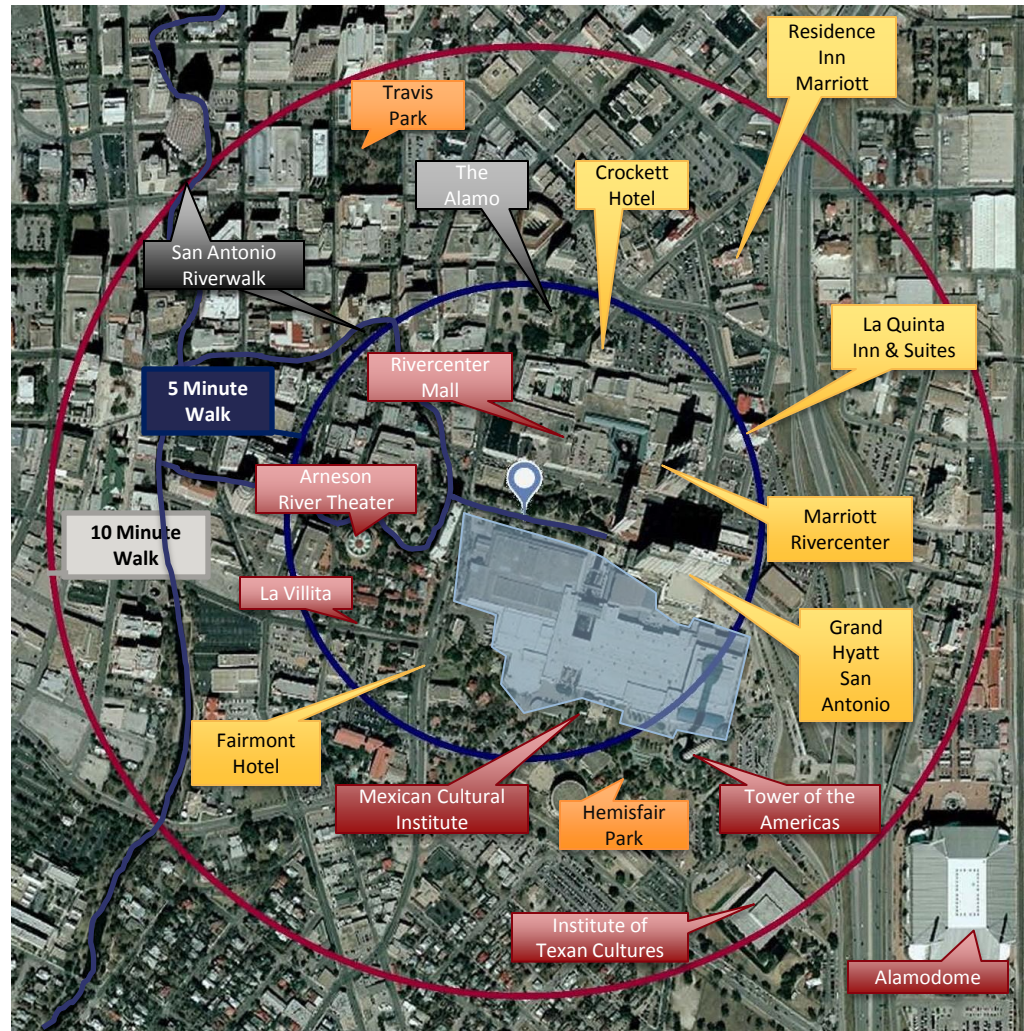
Chicago - McCormick Place



San Diego Convention Center



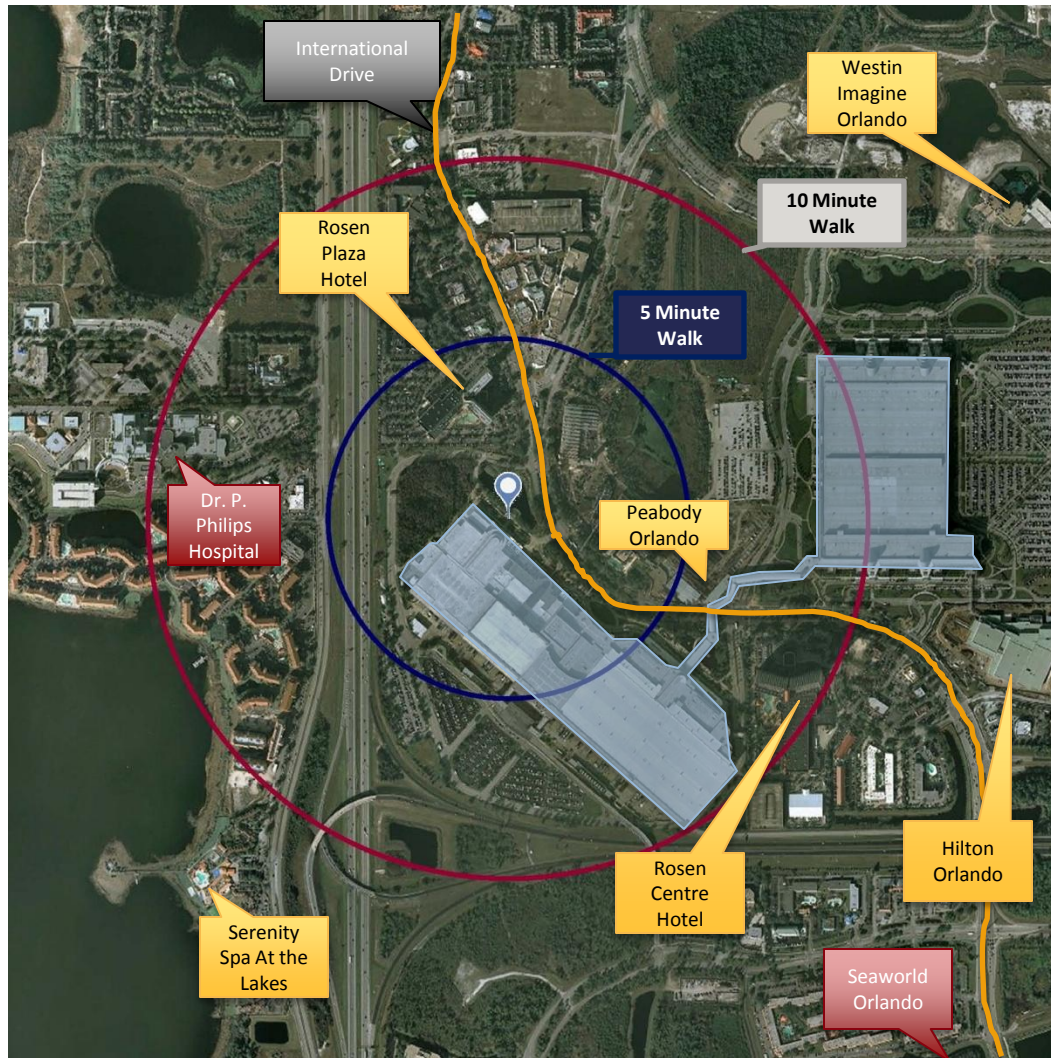
Henry B. Gonzalez Convention Center



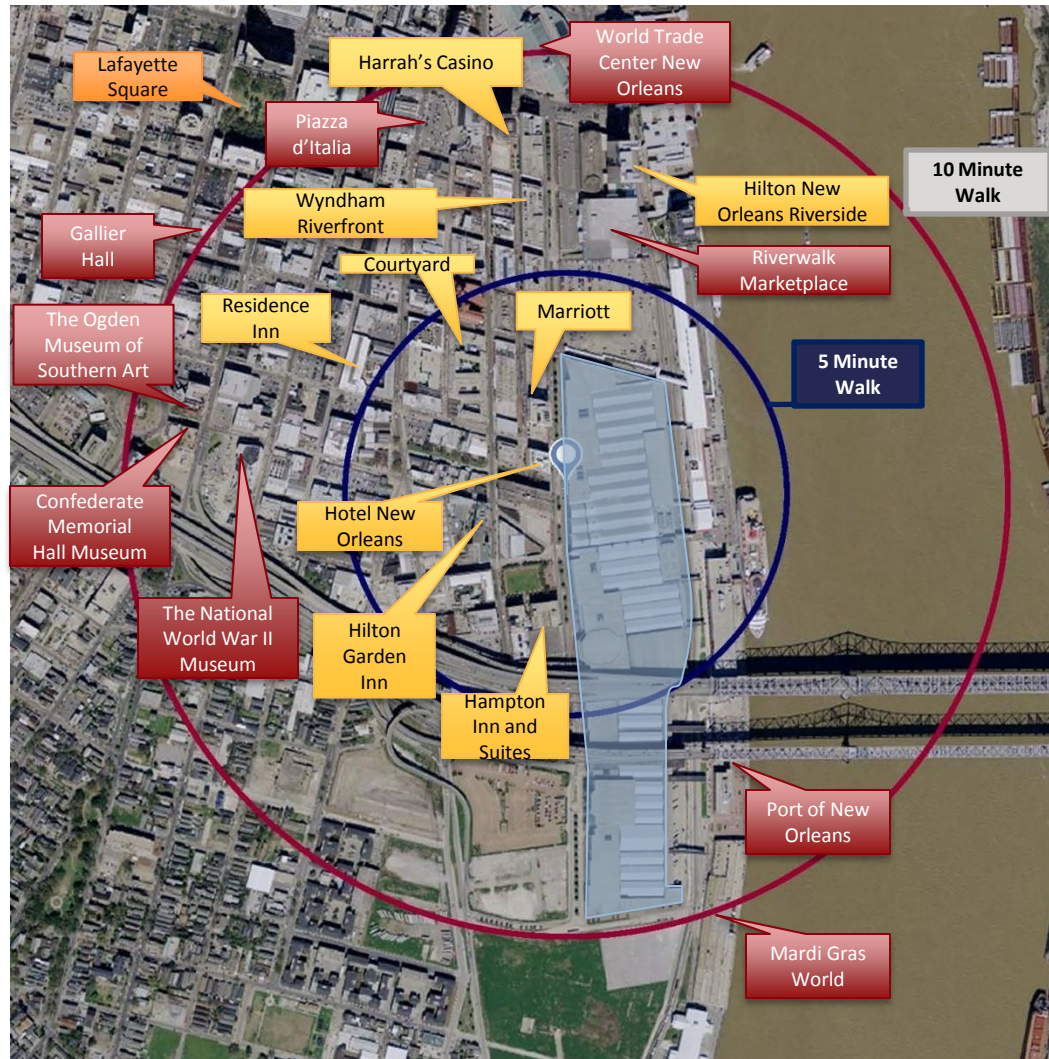
Las Vegas Convention Center



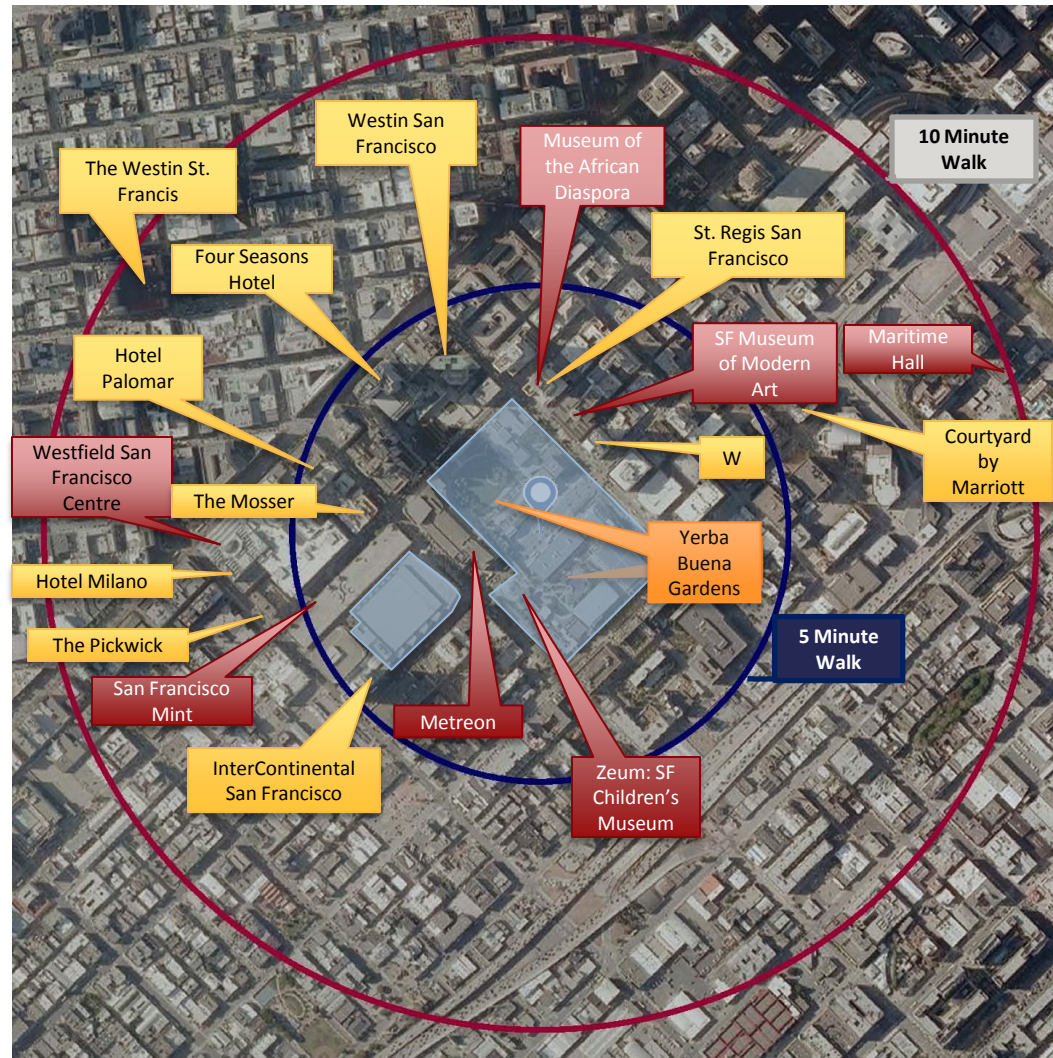
Orlando - Orange County Convention Center



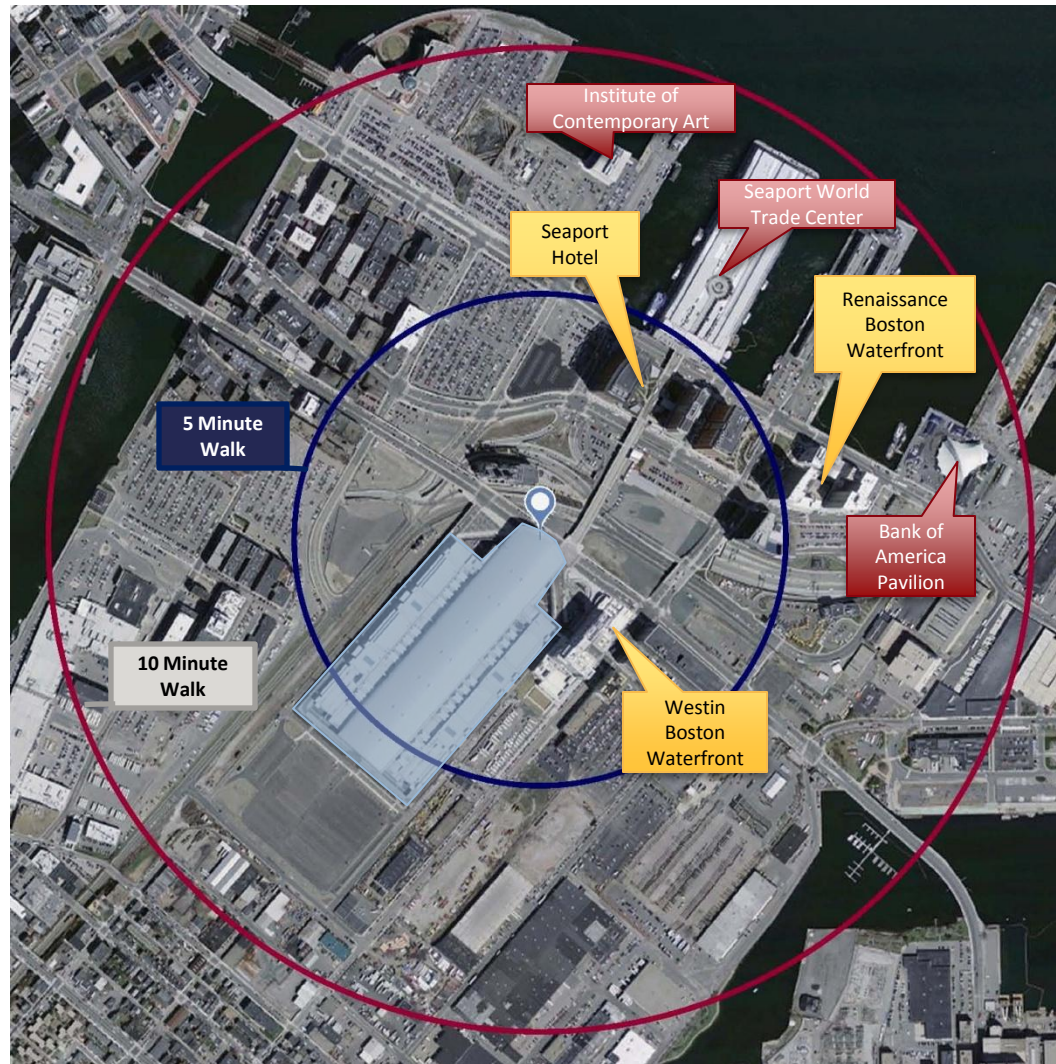
New Orleans - Ernest N. Morial Convention Center



San Francisco - Moscone Center



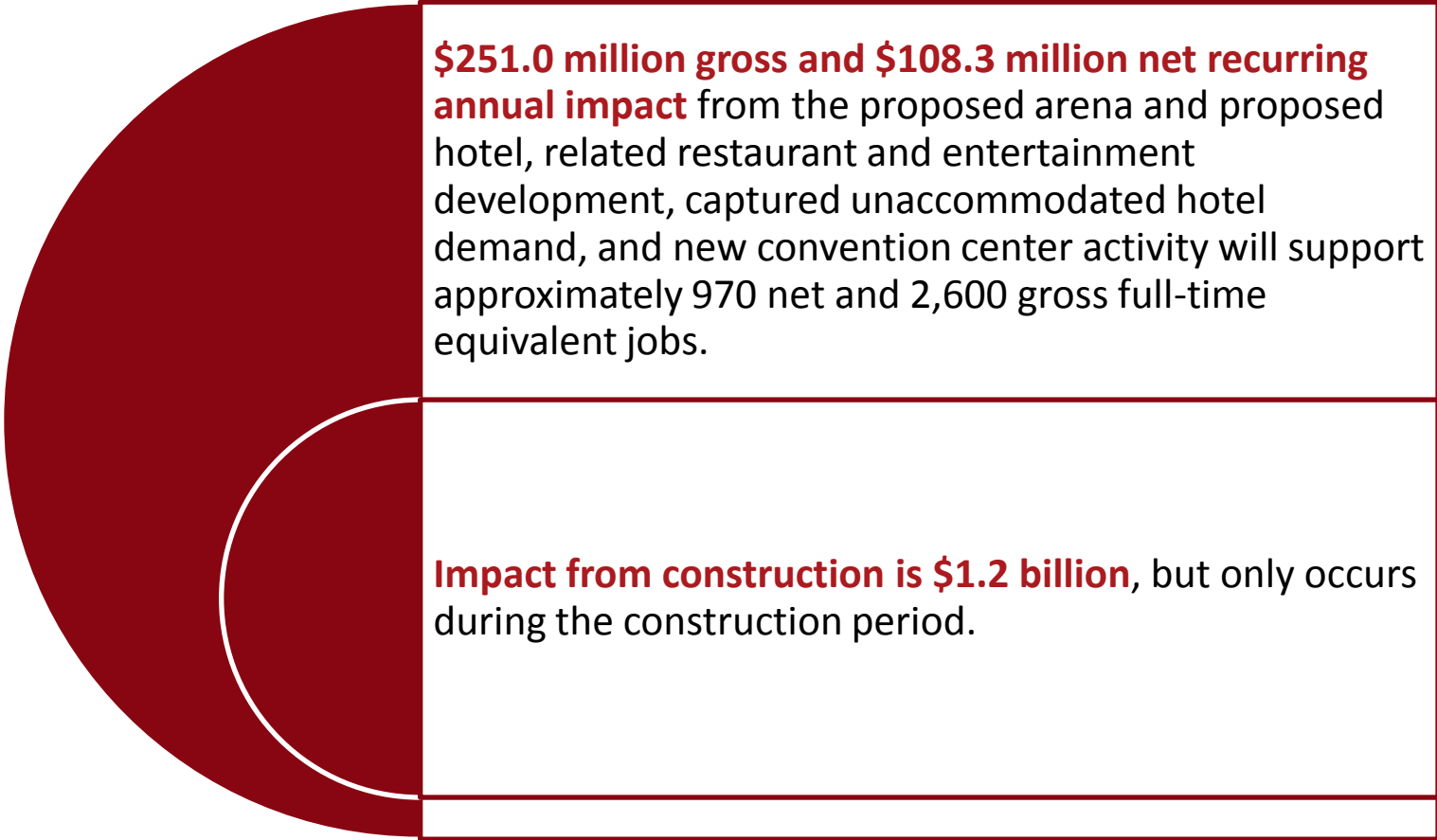
Boston Convention & Exhibition Center



Economic Impact Analysis



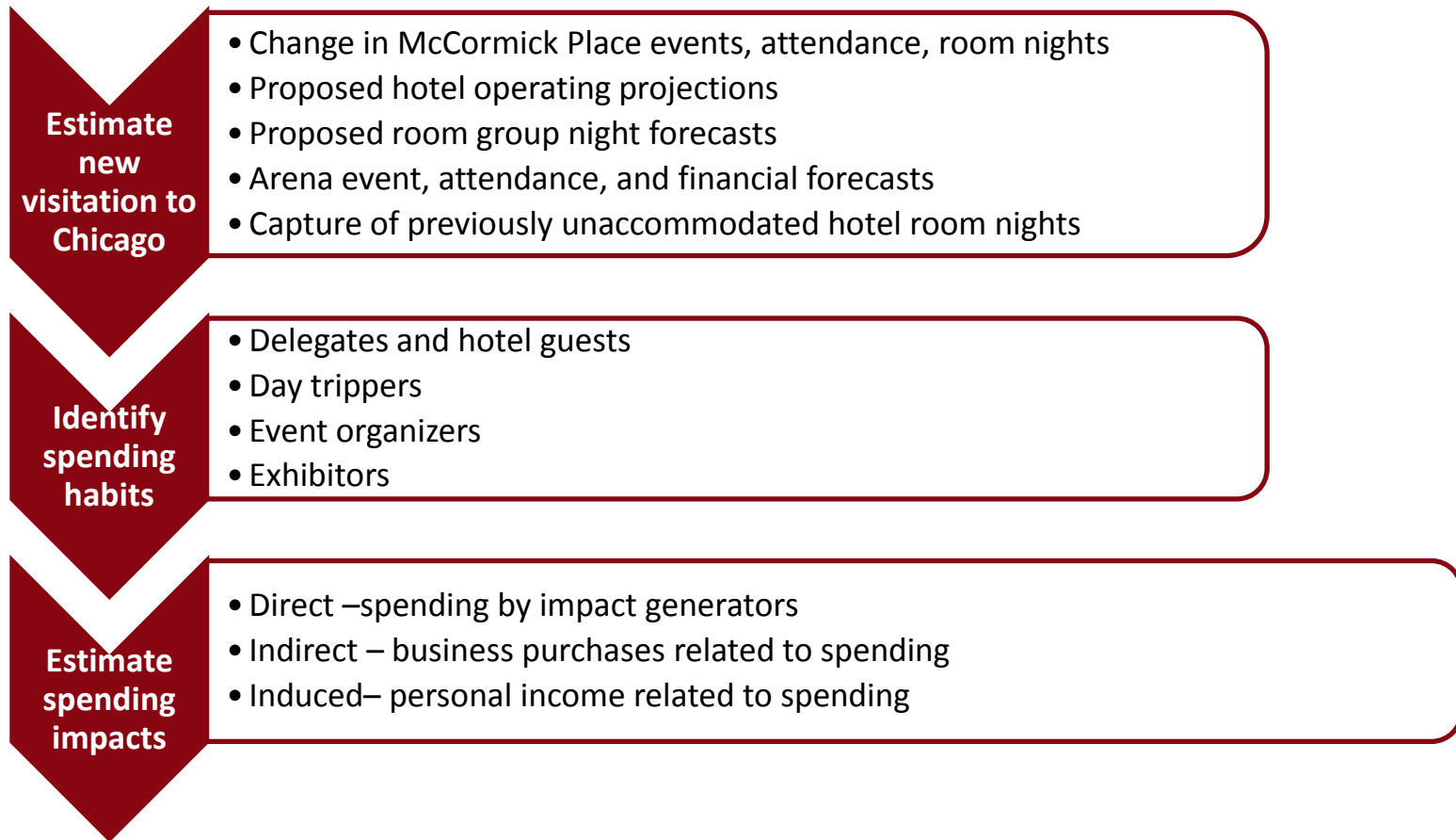
Summary: construction and operational economic impacts are substantial



\$251.0 million gross and \$108.3 million net recurring annual impact from the proposed arena and proposed hotel, related restaurant and entertainment development, captured unaccommodated hotel demand, and new convention center activity will support approximately 970 net and 2,600 gross full-time equivalent jobs.

Impact from construction is \$1.2 billion, but only occurs during the construction period.

HVS method calculates gross and net economic impact to the City of Chicago



Chicago would import spending from attendees, event organizers, and exhibitors

Overnight attendees

- Import spending on lodging, restaurant, retail, transportation, and entertainment.

Daytrip Attendees

- Include convention center visitors and arena and entertainment district patrons.

Event Organizers

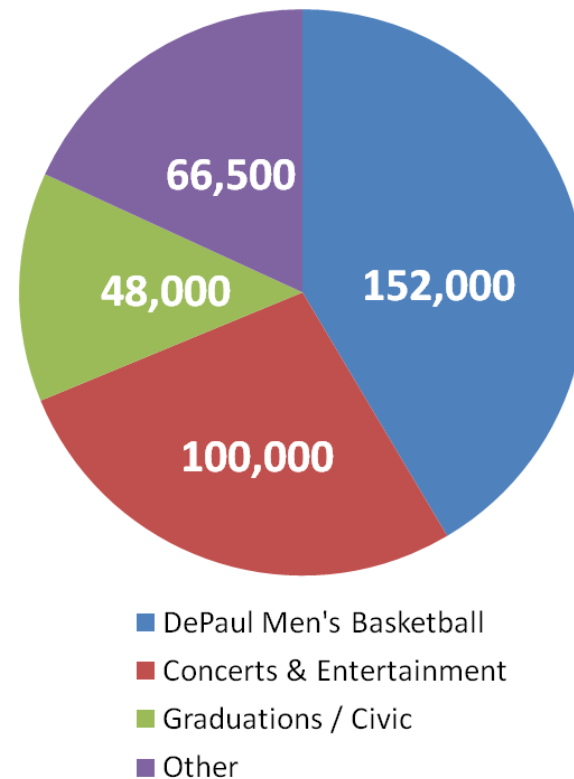
- Spend on lodging, food and beverage, facility rental and services, transportation, and other items.

Exhibitors

- Spend on lodging, food and beverage, transportation, booth set up, equipment rental, and services.

The proposed arena could draw approximately 370,000 attendees and generate 13,800 room nights per year

- Arena impact generators include:
 - Overnight guests from out of state
 - Non-Chicago metro area residents making day-trips to attending DePaul Basketball games and other events



Non-basketball events would generate the majority of arena visitation

Arena Event Demand for a 10,000 Seat Venue*

	Events	Average Attendance	Total Attendance
Events			
DePaul Men's Basketball	16	9,500	152,000
High School Basketball Tournament	3	7,500	22,500
Full-House Concerts	4	11,000	44,000
Half-House Concerts	4	6,000	24,000
Theater Concerts	2	4,000	8,000
Rodeos / Bullriding	2	4,000	8,000
Religious / Conventions	4	5,000	20,000
Graduations / Civic	6	8,000	48,000
Boxing/MMA/Women's Basketball	2	4,000	8,000
Motorsports	1	5,000	5,000
Family Shows	8	3,000	24,000
Banquets / Meetings / Parties	6	500	3,000
Total	58		370,000

Source: SMG

*Concert capacity would be approximately 12,000 seats

The proposed 1,200-room hotel would induce new “in-house groups” and generate 18,000 new room nights per year

- In a stabilized year the proposed hotel could achieve:
 - 64% occupancy
 - \$237 average daily rate
- National marketing efforts would bring new groups to Chicago that would use only the hotel function space
- The new hotel would cooperate with the existing Hyatt to jointly host large group events
- Room night demand absorbed from the competitive set was not included in the impact analysis because it does not represent new demand

The table below summarizes annual visitor and room night estimates*

Source	Room Nights	Day Trips	Attendance
New McCormick Place Events	61,000	205,000 (1)	290,000
Arena	14,000	355,000 (2)	367,000 (3)
New Hotel Group Demand	18,000	0	18,000
Unaccommodated Hotel Demand	70,000	0	70,000

(1) 79,000 from outside Chicago

(2) 176,000 from outside Chicago

(3) 190,000 from outside Chicago

*Estimates are for a stabilized year of demand.

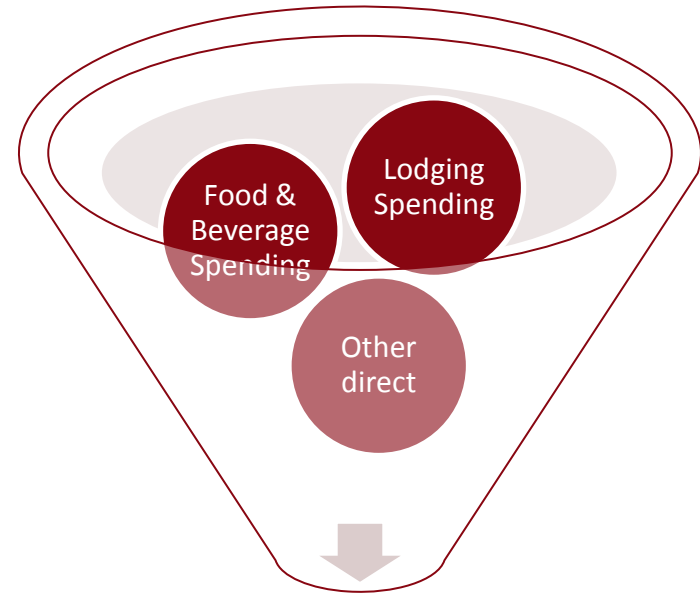
HVS used reliable sources to estimate visitor spending parameters

- Destination Market Association International convention center spending survey of delegates, exhibitors, and event organizers:
 - Restaurant
 - Catering
 - Recreation
 - Entertainment
 - Transportation
 - Facility services
- Hotel spending based on historical data on group average daily room rates in comparable hotels
- Corporate Travel Index:
 - Compares cost of business travel in top 100 markets
- Consumer Price Index use to inflate certain data points to 2012 dollars

Direct visitor spending would increase business spending and personal income in Chicago

Multiplier effect example:

- Visitors buy meals in Chicago restaurants (**direct spending**)
- The restaurants purchase more food and supplies (**indirect spending**)
- Restaurant staff have more income and spend it in Chicago (**induced spending**)



Indirect	Induced	Employment
<ul style="list-style-type: none">• Business spending	<ul style="list-style-type: none">• Personal Income	<ul style="list-style-type: none">• Full-Time Job Equivalents

New visitors would generate over \$250 million in annual gross spending (\$108 million would come from outside Chicago)

ESTIMATED ECONOMIC IMPACT (\$ MILLIONS)*

	Gross	Net
New McCormick Place Events	\$122.9	\$60.6
Arena Events	27.5	13.9
Hotel Induced Demand	26.2	17.4
Restaurant and Retail	74.4	16.4
Total	\$251.0	\$108.3

*For a stabilized year in 2012 dollars.

The proposed project would support approximately 2,588 gross and 971 net full-time equivalent jobs

FULL-TIME EQUIVALENT JOB ESTIMATES

	Gross	Net
New McCormick Place Events	1,046	478
Arena Events	266	128
Hotel Induced Demand	187	125
Restaurant and Retail	1,089	240
Total	2,588	971

The combined construction costs would be approximately \$786 million

- Impacts would occur over a two- to three-year construction period
- Construction costs estimates are based on gross floor building floor areas and would be refined based on further design
- For the purposes of impact estimation project costs include hard and soft construction cost but exclude land

Venue	Approximate Construction Costs (\$ millions)
Arena	\$140 M
New Hotel	\$396 M
Entertainment District	\$250 M
All Spending	\$786 M

Construction occurring in 2016 creates a one-time economic impact of over \$1.2 billion

Source	Construction Spending Impact Thousands of 2012 Dollars
Direct Spending	\$786,000
Indirect Spending	\$191,810
Induced Spending	\$234,733
All Spending	\$1,212,544

This spending impact would temporarily create 7,408 full-time equivalent jobs.

Source	Full-Time Equivalent Jobs
Arena	1,320
New Hotel	3,732
Entertainment	2,356
Total	7,408

Contact Information

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