

TECHNICAL ASSISTANCE PANEL
AUGUST 2 AND 3, 2005



CAMPAIGN
FOR SENSIBLE
GROWTH



RETAINING AND ATTRACTING
BUSINESSES AND JOBS

PETERSON-PULASKI INDUSTRIAL CORRIDOR
CHICAGO

Table of Contents

Executive Summary	-1
The Backdrop	-1
The Panel’s Charge	-2
Summary of Major Recommendations	-3
Problem Statement	-4
Corridor Presentations	-5
Bus Tour	-5
Stakeholder Comments	-6
Final Presentation	-7
Understanding the Market	-7
Meeting the Market’s Needs	-10
Using Financial Tools	-11
Upgrading Technology and Infrastructure	-12
Promoting Amenities	-12
Conclusion and Questions	-12

ULI Chicago

ULI Chicago, a District Council of the Urban Land Institute, has more than 1,200 members in the Chicagoland area who come together to find solutions and build consensus around land-use and development challenges. The Urban Land Institute’s mission is to provide responsible leadership in the use of land in order to enhance the total environment.

ULI Chicago gratefully acknowledges the support and ongoing assistance of our Sustainers:

A. Epstein & Sons International, Inc.
Chicago Title Insurance Company
Crown Community Development
General Growth Properties, Inc.
Henry Crown and Company
Material Service Foundation
OWP/P
The Shaw Company

Campaign for Sensible Growth

The Campaign for Sensible Growth is a coalition of government, civic and business organizations promoting strategies to enhance the economic vitality of the greater Chicago region while preserving open space, minimizing the need for costly new infrastructure and improving the livability of communities. More than 200 organizations and 1,000 individuals are members of the Campaign, including the Metropolitan Planning Council and ULI Chicago.

The Metropolitan Planning Council, a co-chair of the Campaign, thanks the following supporters of its community building work:

Chase
The Allstate Foundation
Woods Fund of Chicago
Washington Mutual
Bank of America
The John D. and Catherine T. MacArthur Foundation
McCormick Tribune Foundation

Executive Summary

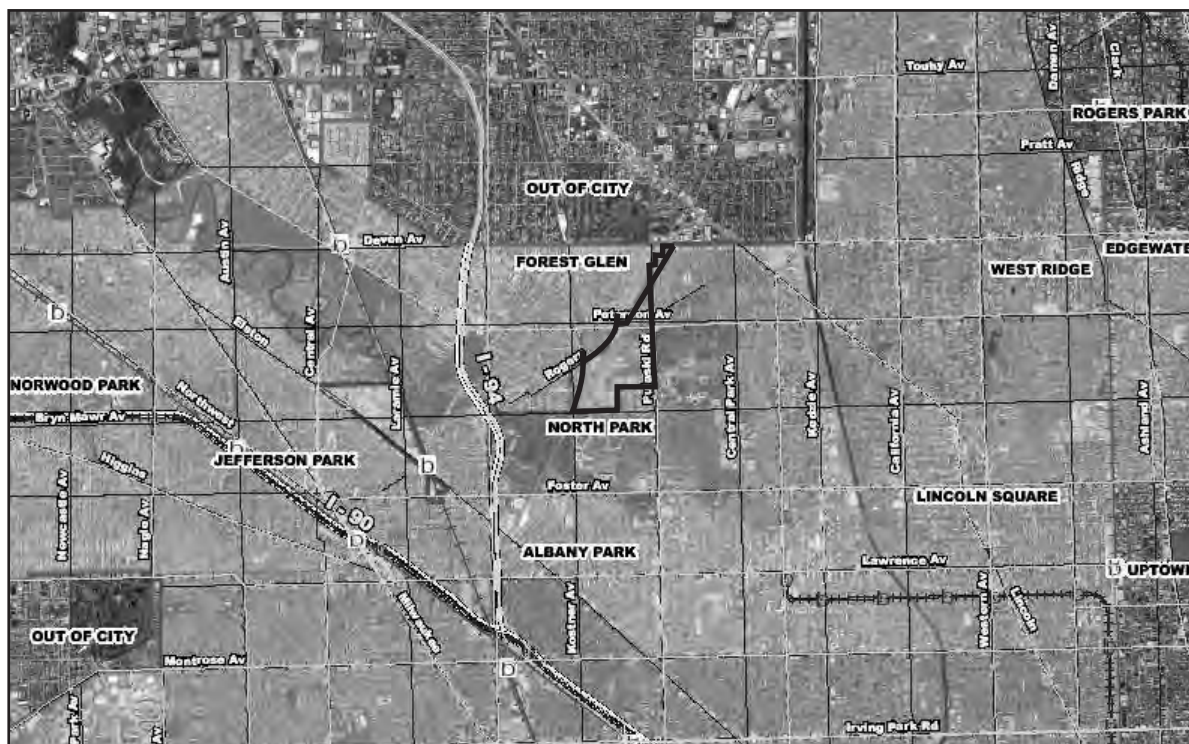
The Backdrop

The Peterson-Pulaski Industrial Corridor, a 47-year-old business and employment zone on the northwest side of Chicago, is home to 22 small to mid-sized companies that collectively employ approximately 1,900 people. The irregularly shaped parcel runs from Bryn Mawr Avenue on the south to Devon Avenue on the north, and from Kostner Avenue on the west to Pulaski Road on the east, generally paralleling the Union Pacific Railroad right-of-way. Virtually the entire area is currently zoned for manufacturing.

Employers in the corridor generally agree the area is very safe, surrounded by the desirable residential community areas of Forest Glen, Sauganash and North Park. It also sits close to major transportation access via the Edens and Kennedy expressways to the west and CTA Brown Line to the south. The City of Chicago has invested several million dollars in infrastructure improvements during the last decade, upgrading viaducts, streets, street lighting, and traffic control, and adding new median planters and a dedicated bikeway. The residential areas are buffered from the corridor by the North Park Village Nature Center, LaBagh Woods forest preserve, and three cemeteries.

However, the corridor faces challenges: aging industrial buildings, lack of space for business expansion, and parking lots that could not handle the traffic load when businesses in nearby buildings employed more people. Since 1999, the 139-acre site has lost more than 2,000 employees as businesses restructured, relocated or closed in the midst of the recession. While some building vacancies have attracted traditional manufacturers with 50 to 100 employees, other buildings have seen their uses change radically; for example, one plant that employed 800 people is now a 15-employee warehousing and distribution operation.

To address these issues, the City of Chicago created a 169-acre Tax Increment Financing (TIF) District within the corridor in 1999. The Peterson-Pulaski TIF Redevelopment Plan and Project, published in 2000, noted many of the challenges. It stated that 64 percent of buildings were 35 years old or older, 53 percent of buildings or parcels could be considered obsolete, and 82 percent of buildings or site improvements showed depreciation of physical maintenance. The plan expressed the concern that existing tenants may need to relocate and new tenants may turn elsewhere.



The Peterson-Pulaski Industrial Corridor is strategically located, with excellent access to I-94 and I-90 as well as strong nearby residential neighborhoods to provide the workforce.

“For many area properties, building size, building layout, and limited on-site parking are not suited for contemporary commercial tenants,” the plan reads. “The result is that a narrower mix of commercial uses will seek to occupy the existing commercial buildings in the area and thereby limit demand for some properties. Once some buildings are vacated, it may be extremely difficult to attract contemporary tenants that generate economic activity comparable with the commercial uses that were lost.”

This has proven true, with relatively low-employment uses such as warehouse and distribution, vehicle storage, and fleet management among those looking to locate in the corridor. And the perception that the corridor’s properties are outdated and underused adds another problem for the area’s future as a source of jobs: speculative residential developers, believing they see an opportunity, have begun pressing local Ald. Margaret Laurino (39th ward) and other officials to re-zone part or all of the corridor. They think the area – surrounded by quality real estate that is rapidly escalating in value – is ripe for residential development.

Among the recent losses in the corridor have been Reliable Perforating, whose property at 5895 N. Rogers Ave. is not yet on the market; the ongoing departure of Beltone Electronics, 4201 W. Victoria St., which employed 900 people two years ago, is in the process of moving to Glenview, Ill., and has had its property on the market for a year; and the pending loss of most of Cozzini Group, 4300 W. Bryn Mawr Ave., a 100-year-old company that has 200 jobs but is moving two-thirds of its operation to the O’Hare-area suburbs of Elk Grove Village, Ill. and Des Plaines, Ill.

In implementing the TIF plan, Laurino and others would like to preserve existing jobs, attract new companies, improve the corridor’s image, and create a “corridor of choice.” To achieve these goals, they would like to address such problems as:

- The functionality of buildings. Most have large spaces but low ceiling heights, and lack connection to modern communication technologies, which has prompted some companies to leave for the suburbs

where they find more modern, sometimes built-to-suit facilities.

- Increasingly long vacancies. Properties once sold via word-of-mouth without being formally listed, but they now sit on the market for months, and seem to lack an ability to attract manufacturers or distributors.
- The loss of high-employee companies. Those relocating to the corridor have been firms that provide less economic benefit, resulting in the loss of more than 2,000 jobs in the aggregate.
- The interest of residential developers. Developers are proposing big-box retail, particularly in sites along the main arteries of Pulaski and Peterson that could interfere with industrial sites.

The Panel’s Charge

Ald. Laurino, the Peterson-Pulaski Industrial Council, and the City of Chicago Department of Planning and Development (DPD) asked the Urban Land Institute (ULI) Chicago and Campaign for Sensible Growth to organize a



The neighborhoods surrounding the corridor provide a wealth of amenities, including high-end residential development, open space, fine architecture and streetscaping, and transit access.

panel of experts to make recommendations on how to address these problems and achieve their goals.

A two-day Technical Assistance Panel (TAP) convened on Aug. 2 and 3, 2005, brought together developers, financiers, architects, lawyers, planners, and consultants to consider the area's dilemmas and potential. The TAP members reviewed detailed briefing books, interviewed area officials and business owners, toured the corridor by bus, and debated the possible approaches before developing a presentation delivered on Aug. 3.

The panel assessed the market for industrial demand in the corridor and specifically which sub-markets appeared to be the strongest – manufacturing, distribution, office, corporate campus, or other. As part of their market analysis, they considered where the competition likely would arise, and how the corridor could work to equal or surpass the incentives offered by suburban business parks. They also brainstormed examples of contemporary commercial tenants and how corridor properties could be renovated or recreated to fit the model for the market demand for modern industrial facilities.

To provide guidance for implementing the recommended market solutions, panelists analyzed the financial tools that could be used to retain and attract businesses to the corridor, including TIF financing, Cook County 6, TIF Works and optimization studies. They drew upon business owners' input in considering where infrastructure improvements, such as roads, landscaping, and, in particular, technology, might be needed. Lastly, they discussed how the corridor could capitalize on the attractive residential neighborhoods, bike trails, North Park Village Nature Center, and other surrounding amenities.

The panel was asked to consider a range of options for city planners. At one end, they could convert the corridor to a more restrictive Planned Manufacturing District that would send a stronger signal about the intention to keep the area industrial. On the other end of the spectrum, planners could convert at least a portion of the area to retail, residential, or mixed-use development, while keeping the status quo elsewhere. Nora Curry, of DPD, said she believed competing uses and speculation had “destabilized” industrial land, and DPD Commissioner Denise Casalino added: “The jobs in the city are very important.”

Summary of Major Recommendations

Local officials see the Peterson-Pulaski Industrial Corridor as struggling due to jobs losses and longer building vacancies than in the past. But the panel, which included a number of industrial real estate brokers, began its presentation at the end of the two days by being much more optimistic about the economic viability of the industrial corridor.

The Peterson-Pulaski Industrial Corridor “is one of the most, if not the most desirable” parcels in the city, said Vern Schultz of Colliers, Bennett & Kahnweiler, who pointed to the vacancy rate of five percent for six straight quarters as evidence. “You have location, location, location,” he said, referring to nearby transportation options, access to workers, and desirable neighboring residential areas.

The panel saw the loss of industrial jobs as an international issue beyond the capacity of any industrial corridor to solve on its own, and did not recommend making a strong effort to attract heavy manufacturing companies with hundreds of workers. Based on that analysis, the panel recommended nurturing the corridor and building on its strengths, rather than undertaking a radical new direction.

The panel's market analysis rested on the fact that the corridor provides excellent access to the workforce, customers and suppliers, as well as City of Chicago contacts, boasting a functional, in-city product that still enjoys a strong range of uses. The likely competition comes from nearby suburbs, with lower taxes and available land that better fit preconceived notions of office parks.

Area leaders should be flexible, the panel said, focusing on light manufacturing, distribution, flex-space, and service industries. The area south of Peterson Avenue should remain industrial and does not need a Planned Manufacturing District designation to remain a viable industrial corridor, while the area north of Peterson is

A listing of the panel's major recommendations can be found at the end of the full report.

composed of obsolete, odd-shaped sites that leaders could consider opening up for retail development.

To keep the corridor vibrant, leaders will need to make sure industrial owners and tenants see a ready supply of space, loading and docking in the larger sites, and insulation from residential properties. Among prospective tenants that would find the building heights and other features attractive would include commercial printers, light assembly, packaging companies, and overnight shippers.

The panel recommended marketing incentives, particularly workforce training, to existing employers; and using financial tools, such as the TIF district and Cook County Class 6b, as well as market incentives, such as Industrial Revenue Bonds, Enterprise Zone tax credits, and a streamlined bureaucracy.

Area leaders should respond to the most common complaints of business owners, which focus heavily on utility-related issues. High-speed Internet, available throughout the vast majority of the North Side and suburbs, is a “must have” for businesses, while power outages are too common. Leaders should encourage companies to upgrade their infrastructure.

Finally, marketing is essential to attracting new businesses, and could include wayfinding signage so prospective owners and tenants know the corridor exists, and spruced up landscaping to make them feel at home. Area officials also need to promote the corridor’s amenities, such as transportation and freight access, nearby residential property at virtually any price point, and public safety and overall quality of life.

Problem Statement

Technical assistance panels (TAPs) are two-day sessions jointly sponsored by ULI Chicago and the Campaign for Sensible Growth. ULI members – who bring varied expertise in such fields as real estate development, urban planning, law, engineering, and environmental advocacy – come together to provide recommendations on a set of questions related to land use and development.

The selected community creates a problem statement that lays out the key questions. Panelists familiarize them-

selves with the community prior to the meeting, brushing up on background information with a briefing binder including a history of the community, current issues, demographic and economic statistics, maps, and any prior or ongoing analysis. During the two-day panel, panelists hear from key officials, business owners, and residents; examine and discuss the issues as a group, formulating their thoughts; and make recommendations at a public meeting that concludes the two days.

The TAPs benefit both the Campaign’s sensible growth goals and ULI Chicago members’ desires to give back to local communities by sharing their planning and development expertise. On average, the Campaign and ULI Chicago do three TAPs each year, and the Peterson-Pulaski panel was the 13th undertaken since 2001.

“Everyone’s surprised we’re still making stuff in the city.”

– Nora Curry, DPD

The panel that met in the Peterson-Pulaski Industrial Corridor on Aug. 2 and 3, 2005, addressed the following questions:

- (1) What is the market for industrial demand for the corridor? What sub-markets are strongest to promote – manufacturing, distribution, office, corporate campus, or other?
- (2) Where and who is our competition? If it is the suburbs, what incentives do suburban business parks offer that we might match or surpass?
- (3) What is an example of a contemporary commercial tenant identified by market demand? What is the ideal or model for a modern industrial facility? How can the corridor properties be renovated or recreated to fit that model? What is more attractive: vacant lots, or spec buildings?
- (4) How do we utilize our financial tools to retain and attract businesses?
- (5) Where within the corridor are infrastructure improvements, such as roads, landscaping, or technology, necessary?
- (6) How do we capitalize on the amenities surrounding the corridor, such as North Park Village Nature Center, the bike trail, and attractive residential neighborhoods?

Corridor Presentations

The panel began its two days at nearby North Park University by hearing presentations from several city and community officials. “I consider the work you’re doing to be crucial to the future of the neighborhood,” Ald. Margaret Laurino said at the outset, adding that she wanted to know, “What is the state of manufacturing? Are jobs likely to come back? Do we focus too much on the past?”

Laurino said she faces the twin pressures of residential developers “at my door on a regular basis” and properties that sit vacant and then lease to employers with relatively few jobs. She hears complaints from area businesses who say high-speed Internet access is either “non-existent or costly.” Finally, she praised Ill. Rep. John D’Amico (D – Chicago) for his work in bringing state resources to the area. D’Amico said he wanted to help with “whatever incentives the state can provide.”

Department of Planning and Development (DPD) Commissioner Denise Casalino (who has since resigned) said the department sees Planned Manufacturing District (PMD) zoning as a crucial step toward protecting heavy manufacturing jobs in the city. Her deputy, Nora Curry, presented support for the PMD designation, noting that each industrial job averages \$44,000 in annual salary and creates 3.72 other jobs. The city has 3,000 companies and 100,000 manufacturing jobs, she said. “Everyone’s surprised we’re still making stuff in the city,” Curry said.

But industrial land is frequently “destabilized” in the marketplace due to speculation and competing uses, such as residential development, according to Curry, and “that’s where the PMDs have been very helpful.” Ten percent of the city’s land is set aside for its 24 industrial corridors, which house 2,500 companies and 140,000 jobs, she said. These corridors include 13 PMDs, eight of which have been designated in the last 18 months.

PMDs allow only industrial development, cannot be rezoned, and reflect their “area character,” making them stable parcels for investment, Curry explained. “We can, to some degree, pick and choose the uses,” Curry said, adding that a waste management firm would be inappropriate for Peterson-Pulaski because it’s too close to residences.

Denise Roman, assistant commissioner of DPD, who oversees the Peterson-Pulaski Industrial Corridor, gave a brief history and current assessment of the site. She said it was established in 1958, contains many older and obsolete buildings, and continues to house 22 companies employing about 1,900 people. The businesses are a mix of heavy and light manufacturing along with other uses, and they enjoy a strong workforce, access to transportation, open space, and attractive nearby residential areas, she said. DPD would like to encourage existing businesses to continue to expand, profile the corridor as a model facility, provide digital infrastructure to businesses, and bring back jobs, Roman said.

“I consider the work you’re doing to be crucial to the future of the neighborhood. What is the state of manufacturing? Are jobs likely to come back? Do we focus too much on the past?”

– Ald. Margaret Laurino
(39th Ward)

Janita Tucker, executive director of the Peterson-Pulaski Industrial Council, gave some details on existing businesses. “Our council wants to make this corridor a model industrial area,” she said. “We’re not sure what that model is.” Tucker pointed out that nearby properties are 75 percent single-family homes, mostly owned by blue-collar workers, with quickly rising values.

“Our council wants to make this corridor a model industrial area. We’re not sure what that model is.”

– Janita Tucker
Peterson-Pulaski Industrial Council

Bus Tour

The panel members took a brief bus tour of the Peterson-Pulaski Industrial Corridor to ensure they had a lay of the land before formulating their recommendations. Both during her presentation at North Park and on the bus, Tucker discussed (and pointed out) numerous businesses and sites, including:

- * **K & J International** (5860 N. Pulaski Rd.), a wholesale trading company that takes up 84,000 square feet and employs fewer than 20 people. “That is one of the prime examples of underutilized space,” Tucker said.
- * **CCH** (4025 W. Peterson Ave.), a publishing company that has been there since 1954 and had a “state of the art building at the time.” The com-

pany wants to relocate its suburban headquarters to Chicago.

- * **Royal Industries** (4100 W. Victoria St.), which makes restaurant equipment and supplies, moved in two years ago, and employs 55 and counting.
- * **Midco International** (4140 W. Victoria St.), which employs 74 people who make gas burners for industrial uses. The firm needs less inventory space and wants to lease some of it or move to a smaller site.
- * **LabelMaster** (5724 N. Pulaski Rd.), there since 1982, which makes hazardous material compliance resources and expanded 10 years ago.
- * **Tyler Lane Construction** (4200 W. Victoria St.), a contractor specializing in masonry, which completely renovated its property as a showpiece, with such features as heated sidewalks.
- * **Sauganash Office Center** (4055 W. Peterson Ave.), a building remodeled for office space that was kept one-third industrial, which Tucker noted provides a possible model for combined uses in the corridor.
- * **P.S. Greetings** (5730 N. Tripp Ave.), a 75-employee greeting card and stationery manufacturer that added a second story for office space.

Tucker noted three sites as particular challenges:

- * **Prima Inc.** (6001 N. Keystone Ave.), an importer-exporter of socks, sunglasses and belts that she said represents another example of underused space.
- * **National Plumbing & Heating Supply** (5740 N. Tripp Ave.), which employed 170 people at one time, but now employs 20 and is trying to lease some space.
- * **Chicago Food Corp.** (5800 N. Pulaski Rd.), an Asian food distributor that would like to build a grocery store on its “large, unattractive” site, but has been hindered due to a huge fire that destroyed its warehouse. DPD’s Roman said the company would like to build a strip center, but is locked into a Planned Development. She added: “That won’t happen” due to the very specific requirements under that designation.

Several sites could present opportunities:

- * **Bell Fuel** (4116-22 W. Peterson Ave.), which contains office space and warehouse buildings, and has been purchased by a new owner interested in truck storage and a car wash.

- * **Reliable Perforating** (5895 N. Rogers Ave.), which recently left and has not put its property on the market.
- * **Vacant Property** (6024 – 6034 N. Keystone Ave.), a stretch of plots that has been vacant for 10 to 20 years and is a “mess,” according to Tucker.
- * **Beltone Electronics** (4200 W. Victoria St.), a hearing aid manufacturer with 127,000 square feet of low-ceilinged, “large but quite obsolete” space that moved 230 of its 280 employees to Glenview in August 2005. The firm had 900 employees on the site two years ago, and the property has been on the market for a year.
- * **Cook Financial** (4242 W. Bryn Mawr Ave.), is located in a 43,000-square-foot building for sale or lease that once housed a manufacturer and has been re-sold a few times, is now leasing space to taxicabs and distribution centers with few employees.
- * **Cozzini Group** (4300 W. Bryn Mawr Ave.), a food processing equipment, technology and services firm with more than 100 years of history that is relocating employees to both Elk Grove Village and Des Plaines, but might keep a small number at the site. “It looks like a thriving business,” Tucker said. “In September, that all changes. They feel the space won’t accommodate them. That’s one reason why we’re doing this [panel] today.”

Stakeholder Comments

Panel members met with several groups of business owners and other key stakeholders to hear their perspectives on the issues the Peterson-Pulaski Industrial Corridor faces and its best options for moving forward.

The first group included two business owners in the corridor and a local realtor. The business owners focused their initial comments on infrastructure problems. One of them said he has installed an electrical generator because his business loses power two or three times a year and “my biggest concern is being down for a day.” The other business owner experienced an outage a month earlier on a weekend and “had to re-boot everything.”

“My biggest concern is being down [without access to the Internet] for a day.”

– Corridor business owner

One suggested the corridor could use another access point for trucks, and the Chicago Transit Authority (CTA) should be encouraged to run more bus lines late at night when some of his employees are just getting off their shifts. “This is how they get to work,” he said. “What are these people supposed to do?” The realtor said more street beautification would be needed to attract office and medical tenants.

Another group included a business owner, a planning consultant, and a representative of SBC. The business owner said he planned to relocate to the suburbs because his space was too “chopped up,” and he needed a better work flow. “We love where we’re located,” he said. “We would like to stay in the city, we really would.” He added that having a Chicago address can be helpful in conducting business internationally.

The planning consultant said the issues facing Peterson-Pulaski seemed similar to those in other industrial corridors, but political leadership varied. “Should corridors be treated individually?” she asked. “How do we build in flexibility?” The SBC representative responded to the high-speed Internet concerns by stating, “I have not had any issues,” but later added, “There might be gaps. I’m not going to say it’s 100 percent.”

A third group included three business owners and the local police district commander. One business owner said her company bought the lot behind its building to have enough parking and renovated its offices, “and we’re out of space. We’re on top of each other.” She said she wished the area had more retail and restaurant amenities, but that her company would never leave the city because 90 percent of its employees live in Chicago and some rely on mass transit.

A second business owner complained about a recent power outage and intermittent noise from traffic, but said city incentives have kept him local. “If you’re going to keep manufacturing, the infrastructure is the key,” he said, adding, “I’m always getting calls from developers.” The third business owner cited problems with trucks parked on the streets and dated infrastructure, while the police commander confirmed the area seemed quiet and crime-free.

Final Presentation

The final presentation was made at North Park University, to the alderman, city officials, and many local business leaders.

“If it works, don’t fix it,” summed up panel chair Michael M. Mullen, CEO of CenterPoint Properties Trust. “Let’s just make it better.” He said the industrial council, planning department and alderman’s office should work together to encourage the core industrial uses in the bulk of the park, south of Peterson Avenue; improve infrastructure, landscaping and technology in that area; and consider a mixed-use development north of Peterson.

“This is without a doubt, as a broker who covers the entire Chicago market, one of the most, if not the most desirable [communities]. You have location, location, location.”

– Panel member Vern Schultz

Understanding the Market

Vern Schultz, executive vice president of Colliers Bennett & Kahnweiler, gave the panel’s take on the market, which he described as a strategic location with excellent transportation, access to workforce, customers and suppliers, and quality, safe surrounding neighborhoods. “This is, without a doubt – as a broker who covers the entire Chicago market – one of the most, if not the most, desirable [communities],” Schultz said. “You have location, location, location.” He cited the nearby access to the Edens Expressway and CTA train and bus lines. Schultz noted that employers interviewed cited the area’s excellent work force, with the full range of skills “available to you fairly easily, from key execs down to the shipping dock



This land on Keystone Avenue is the only vacant property in the corridor, which limits build-to-suit opportunities.



Michael Damore, A. Epstein & Sons International, Inc.

Renaissance Place in Highland Park, Ill. is a good example of a mixed-use project that could be a model for the area North of Peterson.

[workers].” The variety of housing and desirable amenities help attract all types of workers, he said.

The current market in Peterson-Pulaski provides “without a doubt, the most functional in-city product,” Schultz said, especially “if you compare this to other markets where trucks have to back in off busy streets.” The corridor enjoys a “phenomenally low” five-percent average vacancy rate – half the city’s average, 10 percent – essentially amounting to one building vacant for the last six quarters. Strong current owners, such as CCH, Label Master, P.S. Greetings, Tyler Lane, and Precision Plating show a range of possible uses, Schultz said.

Competitive markets include other nearby areas in the city, as well as nearby-suburbs. “When I have a prospect who’s looking here, typically he would also want to look at Skokie, Niles, Lincolnwood and Morton Grove,” Schultz said. “South of here the product is much less functional and much less desirable.” Land costs are comparable between Peterson-Pulaski and inner suburbs, although the city taxes have become somewhat higher in recent years.

Schultz said companies decide to stay in the city rather than move out due to the access to a range of employees, with proximity to housing for executives, young professionals and workers; excellent transportation, including “public transit, which is crucial;” access to City of Chicago contracts, which require a city address; and the importance of a city address to some businesses, particularly those with international customers. “It just provides a higher level of identification,” he said.

But the corridor does face challenges vis-à-vis its competitors, Schultz said. For some companies seeking industrial space, it does not fit their preconceived notions of a suburban-style business park, with “generous setbacks, exterior truck docks, landscaping, and 24-foot, pre-cast buildings,” he said. “As beautiful and attractive as it is, it is not a suburban business park. But relative to other city industrial corridors, this is an oasis.” The corridor also has virtually no available vacant land on which to build from the ground up, while land costs are too high for teardowns to be worthwhile – at least for now, he said. “I don’t know that that isn’t going to change in the next five to seven years,” Schultz said.



Current owners and tenants show a wide range of possible uses to keep the Peterson-Pulaski Industrial Corridor strong: including CCH, LabelMaster, P.S. Greetings, Tyler Lane Construction, and Precision Plating.

To turn these challenges into opportunities, area officials must be flexible and recognize manufacturing is changing, Schultz said, “to try to be able to respond to the potential demands of the in-city market.” Since manufacturers are working to do more with less – 90 percent of city firms employ less than 100 workers – the focus should be on continuing to attract smaller users. “Labor-intensive jobs are going to go where labor is cheaper. It’s a different dynamic,” he said. Companies are always looking for 25,000 to 50,000 square-foot spaces [in the city], “which is why these buildings will always be in demand. That’s the biggest segment of the prospect market I work with,” he said.

Leaders should target such sub-markets as light manufacturing, distribution, flex-space, and service industries such as plumbing, electrical, cable, and express shipping. The corridor is unlikely to see much demand for either speculative office buildings or heavy manufacturing, Schultz said. “It’s just not going to happen here anymore,” he said. “The labor costs drive it out.” Many companies will be looking to relocate from multi-story buildings elsewhere on the Near West and North sides of Chicago, where ceiling heights typically top out at 12 to 14 feet, trucks have to back in off main streets, and little or no parking exists, he said.

Michael Damore, senior executive vice president of A. Epstein & Sons International, presented the panel’s thoughts on whether, based on the market, major changes should be made to the industrial corridor. “We came to the conclusion that we should take a step back, and [deter-

mine] if there were any other land uses that made sense,” he said. “Would there be any opportunities to look at the corridor in a different way? It became clear to us that there was a division on Peterson Avenue.” He showed a land use diagram based on industrial retention to the south of that main arterial street and a mixed-use development to the north.

South of Peterson remains “perfect” for industrial uses, providing a strong, “best-in-city” market, Damore said. “We thought of south of Peterson in a more traditional way,” he said. “The buildings are in pretty good shape.” The panel recommended no major changes, but did see the need for street improvements such as gateways that would bring a stronger sense of place. That section of the corridor should retain its manufacturing zoning, but after consideration, the panel decided that a Planned Manufacturing District designation is unnecessary to protect and retain industrial uses, Damore said. “It’s still solid as it is,” he said.

North of Peterson, however, suffers from antiquated buildings, contains plenty of non-industrial uses already, and is surrounded by residential properties. “There are some possibilities for some adaptive re-uses to the north,” he said. “We thought that an alternative could be proposed. The North of Peterson area is what we focused on” as a mixed residential and retail area. The smaller triangle within the industrial corridor should be redeveloped as neighborhood – not big box – retail, with the sales tax increment invested in the industrial area to the south, Damore said. “Add some amenities, specialty retail that could be

needed,” he said. “There is a model that we think makes some sense here.”

He then showed pictures of the Renaissance Place mixed-use redevelopment in downtown Highland Park. “It mixes a number of uses in a compatible and interesting way,” Damore said. “It’s a very small-scale, very contextually done development. It marries below-grade parking with residential and retail.”

Meeting the Market’s Needs

Rob Hoffman, director of business development for World Business Chicago, delved into further detail about what industrial owners and tenants are likely to be seeking as

they shop for space. He started by echoing Schultz’s assessment and reassuring stakeholders that they’ll find most or all of it at Peterson-Pulaski. “There is a shortage of industrial space on the North Side,” he said. “There has been some question about whether this property is attractive or not. This is very attractive.”

Owners and tenants will want flexibility, which the corridor needs to continue to provide, as well as a ready supply of space, which will depend upon vacancies – but will never need to depend on space being built out. “The space is already there,” Hoffman said. “They are not going to want to wait months or years.” Potential users will want loading and docking capabilities in the larger sites. “They are usually looking for better truck access,” he said.



Michael Damore, A. Epstein & Sons International, Inc.

The panel recommended keeping the area south of Peterson for industrial use – without overlaying a Planned Manufacturing District – while considering a mixed-use redevelopment in the smaller triangle north of Peterson.



The Cook Financial and Beltone buildings were the only ones on the market during the TAP, which has enjoyed a five-percent vacancy rate for six straight quarters.

Prospective owners and tenants will want space to accommodate manufacturing, distribution and office functions. “Again, it’s flexible,” Hoffman said. “It’s single-story. It may not have the highest ceilings of the most modern buildings. The majority of tenants are not overly concerned about this.” And they will

want insulation from residential areas, which Peterson-Pulaski certainly has, he said. “You’re not going to have people complaining that they bought a condo near the fish market, and – surprise, surprise – it smells like fish,” Hoffman said.

Examples of prospective tenants, all of which Hoffman said he had worked with in the past six months, could include commercial printers, light assembly, corrugated box manufacturing, packaging, medical equipment, and overnight shippers and consolidators. “We see no reason that [variety of demand] won’t continue,” he said. “This is the transport capital of North America.”

Hoffman commented on several existing properties as those in attendance saw slides of them. South of Peterson, the Siebel property reuse presents a model for a successful, mixed-use office space, he said. “Plans hopefully will progress” at the Chicago Foods site, Hoffman said, while the Beltone and Cook Financial sites adjacent to one another on Bryn Mawr Avenue hopefully will sell before too long. The CCH site could be another opportunity “further down the road,” he said, describing it as “another big-ish parcel that may or may not come on the market.”

North of Peterson, potential opportunities could include the Prima Inc. building and Bell Fuels site that is split in half by the rail tracks, Hoffman said. That could be a disadvantage, but “maybe not for the right user.” Another spot would be the vacant land along Keystone, which “could be developed relatively quickly. The current owner

has plans for two” lots, he said, but hopes to sell the others.

Using Financial Tools

Myron Louik, president of Louik Schneider & Associates, presented the panel’s recommendations on how best to use financial tools to meet market demand, focusing on using both the TIF and Cook County Class 6b. Area leaders should focus on retention of existing businesses, he said, marketing incentives to them – especially for workforce training – about which they are often unaware. “We need to make sure the businesses know what the incentives are, and how to use them,” Louik said. “You’ve got to talk to different people in the company to make sure the message gets through.”

To attract new businesses, leaders need to “market, market, market,” he said. “Part of the marketing is building and keeping an image. If you ask people where this area is, they don’t even know. Make the area more attractive to outsiders, people coming for the first time,” who want an in-city location and “curb appeal” to fit their company’s image. “By that, we’re talking about sprucing up the landscaping [and] adding better signage to get into the idea,” Louik said. “That’s part of the marketing – so people know there are businesses back there.”

The corridor should allow 6b incentives to be used for speculative buildings to attract investment and jobs, he said, adding that companies expect available space and cannot wait two years for approval and build-out. The city, however, lacks such spaces. “We need to find ways those buildings can be competitive,” he said. Market incentives mentioned by business owners included industrial revenue bonds, which “could be very useful in this area if somebody is doing manufacturing,” Louik said, as well as Enterprise Zone tax credits such as job tax credits and sales tax exemptions for building materials, equipment and manufacturing.

Finally, area leaders must work to streamline bureaucracy so the corridor can compete with nearby suburbs on service, with dedicated TIF funds to support marketing and outreach for businesses. “We need to find ways to get things done quicker,” Louik said. “You’re competing with the market across the street that can turn things around in

a blink.” Marketing funds from the TIF could help ensure “people know the area, and where it is.”

Upgrading Technology and Infrastructure

The panel’s thoughts about technology and infrastructure mostly centered around frustrations with utility services expressed by the business owners. “The most common complaints we heard were about telecommunications, and the inability to get high-speed Internet,” Louik said. “All of us were somewhat astounded. ... We were pretty distressed to find not only businesses but residents could not get it. That is an important, competitive thing people need to have.”

“We need to find ways to get things done quicker. You’re competing with the market across the street that can turn things around in a blink.”

– panel member Myron Louik

He noted that high-speed Internet is available throughout the North Side and nearby suburbs, and urged corridor leaders to encourage existing telecommunications and utility providers, including SBC, Comcast and Commonwealth Edison, to upgrade their infrastructure. Louik also suggested

issuing an RFP to bring in competition by a third-party Internet provider.

On another front, Louik suggested that, for the benefit of trucks, the turning radius onto Victoria Street at Pulaski Road be improved. “There’s again something we could do with the TIF [funds],” he said.

Promoting Amenities

While much work remains to be done, Mullen said the Peterson-Pulaski Industrial Corridor remains full of bright promise, boasting a desirable community with a high quality of life and strong sense of security. “One of the things we need to do is accentuate the positive,” he said. “Everybody talked about what a safe area this is.” Nearby housing is affordable to people at all income levels, although it’s becoming less affordable, Mullen said.

Although the CTA could improve transit access for those working night shifts, the site is generally well served, Mullen said. “We have so many clients who wish they could get CTA access to their door,” he said, suggesting

that perhaps businesses should work together to address the late-night problems. Freight access to the area is excellent, Mullen said. “You’ve got the Kennedy. You’ve got the Edens. You’ve got rail nearby. It’s a great location to get goods to and from.”

Mullen further illustrated the area’s amenities by pointing to a few slides showing high-end residential development such as Sauganash Woods, peaceful open spaces like the nature center, classically designed buildings such as the gymnastics facility in North Park Village, and streetscaping like the Mayfair banners hung along Lawrence Avenue. “I was so impressed with these banners,” Mullen said. “Maybe we could take it a step further and run it through the industrial corridor.”

Conclusion and Questions

In conclusion, Mullen urged area leaders to nurture the corridor and build on its strengths while improving infrastructure, technology and landscaping. “We definitely need to work on the infrastructure,” he said. “When the phones are down, you’re out of business.” The corridor should keep core industrial uses south of Peterson, adding the identity signage and tweaking things like the truck turning radius, while considering the mixed-use redevelopment idea for north of Peterson. Mullen referred to the panel’s whimsical “No-Pete,” “So-Pete” concept referring to north of Peterson and south of Peterson. “We were thinking it would be like SoHo in New York, very trendy,” he said.

Ald. Laurino extended her “heartfelt thanks” to the panel. “I came to you with the sense that the sky was falling,” she said. “You’ve given me confidence about what a gem we have here in our backyard. There’s always room for improvement. Your suggestions need to be developed.”

Panel Recommendations

Understand the Market

- The Peterson-Pulaski Industrial Corridor provides excellent access to workforce, customers and suppliers, and it's surrounded by quality, secure neighborhoods with plenty of amenities.
- The corridor provides functional in-city product in one of Chicago's most desirable markets and enjoys a strong range of current uses, in spite of the loss of some heavier manufacturing companies.
- Target light manufacturing, distribution, flex-space and service industries relocating from elsewhere in Chicago.
- Peterson-Pulaski faces competitive challenges because it does not fit the preconceived notion of a landscaped suburban office park with generous setbacks, exterior truck docks, and 24-foot-high, pre-cast buildings.
- Area leaders must be flexible, understand that manufacturing is changing (with 90 percent of manufacturers in the city employing less than 100 workers) and continue to attract small users looking for 25,000 to 50,000 square feet.
- South of Peterson Avenue remains ideal for industrial property; a Planned Manufacturing District is not necessary to retain and protect its industrial uses.
- Redevelop the area north of Peterson Avenue where the facilities are more antiquated, include non-industrial uses, and are surrounded by residential property. Attract specialty retail, not big-box stores, and invest the tax increment in the industrial area to the south.

Meet Market Needs

- Owners and tenants seeking industrial space would like a ready supply of space, loading and docking in the larger sites, insulation from residential properties, and flexibility to accommodate manufacturing, distribution and office space.
- Market to prospective tenants such as commercial printers, light assembly firms, corrugated box manufacturers, packaging companies, medical equipment makers, and overnight shippers and consolidators.
- Among the top current opportunities are a flexible re-use of the Siebel building, the vacant or soon-to-be-vacant Cook Financial and Beltone properties on Bryn Mawr Avenue, the Bell Fuels site north of Peterson Avenue straddling the railroad tracks, and the vacant parcel on Keystone Avenue.

Use a Range of Financial Tools

- Focus on retaining existing businesses by marketing incentives to them, particularly those for workforce training, about which they often are unaware.
- The TIF district and Cook County Class 6b should be the main tools used, with 6b incentives for speculative buildings to attract investment and jobs, and so that companies who expect available space do not have to wait two years for approval and build-out.
- Heavy marketing is essential to attracting new business owners, who often do not know where the corridor is or what it has to offer. Marketing should include sprucing up the landscaping and adding new signage.
- Market incentives should include Industrial Revenue Bonds for manufacturers, Enterprise Zone tax credits such as job tax credits and sales tax exemptions, and a streamlined bureaucracy to help compete with nearby suburbs on service, while providing TIF funds for marketing.

Upgrade Technology and Infrastructure

- The most common complaints of business owners revolved around problems with electricity and telecommunications. In particular, high-speed Internet use is a "must have" and is available nearly universally through the North Side of Chicago and nearby suburbs.
- Encourage existing telecommunications and utility providers to upgrade their infrastructure while issuing a request-for-proposals to bring in competition from third party providers.
- The city should improve the turning radius onto Victoria Street at Pulaski Road.

ULI Chicago and Campaign for Sensible Growth Panel Members

Michael M. Mullen

Chief Executive Officer, CenterPoint Properties Trust
Oak Brook, Ill.,

PANEL CHAIR

Michael Damore

Executive Managing Director, President, Architecture and Interior Design, A. Epstein & Sons International, Inc.
Chicago

Rob Hoffman

Director of Business Development, World Business Chicago
Chicago

Brian A. Klinksiek

Associate, Heitman Capital Management LLC
Chicago

Myron Louik

President, Louik Schneider & Associates, Inc.
Chicago

Vern Schultz

Executive Vice President, Colliers Bennett & Kahnweiler
Rosemont, Ill.

Andrew Scott

Partner, DLA Piper Rudnick Gray Cary US LLP
Chicago

Michael Sennar

Senior Vice President, Colliers Bennett & Kahnweiler
Rosemont, Ill.

Sponsor Representatives

Ald. Margaret Laurino

39th Ward, City of Chicago

Denise Roman

Assistant Commissioner, Department of Planning and Development
City of Chicago

Janita Tucker

Director of Economic Development, Peterson-Pulaski Business and Industrial Council
Chicago

ULI and Campaign for Sensible Growth Participants

Scott Goldstein

Chair, ULI Chicago Public Policy Committee

Vice President of Policy & Planning, Metropolitan Planning Council
Chicago

Heather Gleason

Community Building Manager, Metropolitan Planning Council
Chicago

Cindy McSherry

District Council Coordinator, ULI Chicago
Chicago



Campaign for Sensible Growth

25 East Washington St.
Suite 1600
Chicago, IL 60602
Phone: 312.922.5616
Fax: 312.922.5619
www.growingsensibly.org

ULI Chicago

A district council of the Urban Land Institute

Urban Land Institute Chicago

1700 West Irving Park Rd.
Suite 208
Chicago, IL 60613
Phone: 773.549.4972
Fax: 773.472.3076
www.chicago.uli.org