



**Real Estate Market Analysis & Development Planning Study:  
Downtown Westmont**

**Phase II: Cass Avenue Corridor Study Area**

**Westmont, Illinois**

**PREPARED FOR:  
Village of Westmont**

**JANUARY 15, 2016**

## Introduction

In October of 2015, Residential Planning Partners was retained by the Village of Westmont to investigate market potentials for residential and commercial real estate in its Downtown District. The assignment encompassed two phases. Phase I consisted of a **Market Analysis and Development Planning Study** for the subject sites located at 2 W. Burlington Avenue and 1 N. Cass Avenue. The objectives of this study were to provide guidance regarding the best use of the subject sites and product recommendations for the introduction of new, market-supported residential units and commercial space.

Phase II of the assignment encompassed an investigation of further market potentials along the key Cass Avenue corridor from Burlington Avenue north to Norfolk Street (herein designated as the *Cass Avenue Corridor Study Area*). The broad objective of Phase II is to provide guidance on additional supported commercial and residential uses along the corridor both now and in the future.

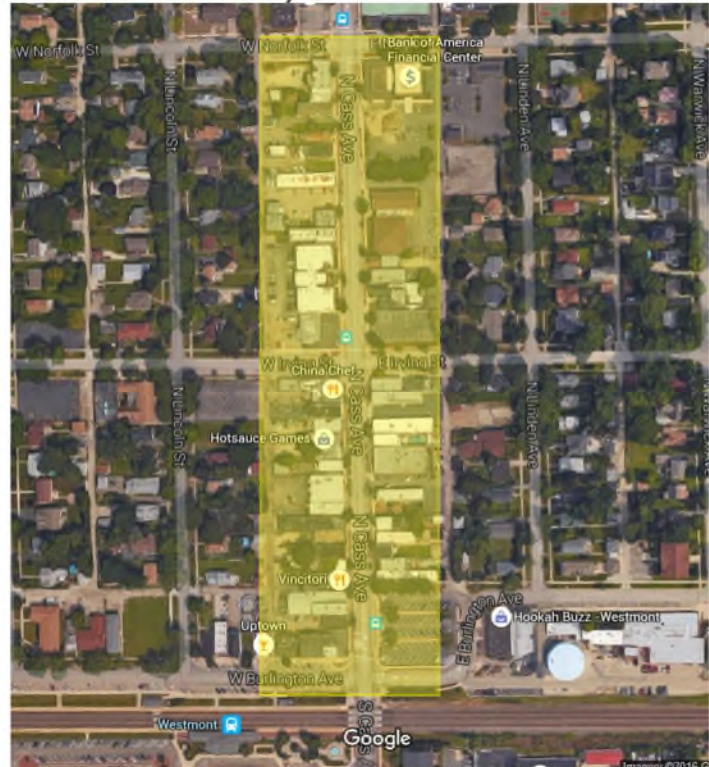
This **Addendum** to our Phase I report provides our Phase II findings and recommendations. It is not, however, meant to serve as a stand-alone report. Rather, the extensive background research and market analyses provided in our Phase I report form the foundation on which the conclusions summarized within this Addendum are based.

### *Key Market Findings – Phase I*

Key market findings provided within our Phase I report, which help set the stage for the broader Phase II investigation, include the following:

- Downtown Westmont benefits from many key assets – including accessibility, character, a walkable TOD environment, and recent investments in infrastructure and aesthetic improvements.
- The Downtown is thus well-positioned for growth.
- The Downtown District also benefits from a significant concentration of restaurants and arts-related destinations, both of which provide potential cues for future growth.

*Cass Avenue Corridor Study Area*



Source: Residential Planning Partners, LLC; map by Google

- Opportunities for growth exist in both the residential and commercial sectors; however, new growth initiatives must be carefully keyed to prevailing market realities.

### **Summary of Phase II Findings**

The Cass Avenue corridor is the “main street” of Downtown Westmont, home to its highest concentration of businesses – and, most notably, its restaurant core. The recommended redevelopment and renovation of the key Cass Avenue/Burlington Avenue intersection (as detailed in our Phase I report) will anchor the Cass Avenue corridor, increase residential density and daytime traffic, and help to foster a more robust and vibrant Downtown. In so doing, it will set the stage for future growth along the corridor.

Currently, however, the corridor contains several properties that are underutilized. Moreover, a number of buildings – particularly in the 100 N. Cass block – face obsolescence. While these conditions are challenging in many respects, they also represent potential opportunities for growth. If appropriately renovated, new businesses can be attracted to the underutilized Downtown properties. Alternatively, the properties could be assembled, the older buildings demolished, and new mixed-use or single-purpose buildings could be developed.

Building off its numerous assets – and bolstered by development and new life at the Cass/Burlington intersection – Westmont will be positioned to make significant strides towards achieving the goals of increasing Downtown residential density and creating more commercial opportunities as set forth in the Village’s 2013 Comprehensive Plan.

### **Commercial Market Conclusions**

The two block stretch of Cass Avenue from Burlington Avenue to Norfolk Street contains 46 commercial spaces in total, with current businesses distributed among six different categories. These 46 spaces represent one-third of the 135 space inventory in the whole of Downtown Westmont, as detailed in our Phase I report. On a percentage basis, the distribution of Cass Avenue corridor businesses by category is roughly similar to that for the Downtown District as a whole.

As shown in the following table, the retail stores, food services and drinking places, and personal and household services categories each represent nearly 20 percent of corridor occupancies. Professional services and office uses occupy another 15.6 percent of the spaces, while government/institutional and auto-related businesses each have small representations. Moreover, nine spaces are currently vacant, amounting to nearly 20 percent of the total. The nine corridor vacancies represent 45 percent of the total vacancies within the Downtown District.

## Commercial Spaces by Use/Occupancy

Cass Avenue Corridor Study Area

Category	Cass Ave. Corridor		Downtown District	
	Spaces	Percent of Total	Spaces	Percent of Total
Retail Stores	9	19.6	26	19.3
Food Services and Drinking Places	9	19.6	21	15.6
Personal & Household Services	9	19.6	31	23.0
Professional Services / Office	7	15.2	23	17.0
Government / Institutional	2	4.3	10	7.4
Auto-Related Businesses	1	2.2	3	2.2
Manufacturing	0	0.0	1	0.7
Vacant	9	19.6	20	14.8
<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>

Source: Westmont Chamber of Commerce & Tourism Bureau, Nov. 2015

### Commercial Space Demand Potentials

As explained in our Phase I report, we see potential near-term demand for approximately ten new stores offering 20,000 to 25,000 square feet of retail space in the whole of Downtown Westmont. This conclusion is based on our analysis of current retail leakage, estimates of appropriate capture rates for the various merchandise categories, and typical sales per square foot calculations for the types of retailers who locate in suburban downtowns.

In addition to retailers, more service businesses would be welcome tenants in Downtown Westmont, particularly if they meet the needs of local residents and serve to attract people into the Downtown. Including these service businesses, near-term commercial demand in Downtown Westmont could total 30,000 square feet. A new mixed-use development at 1 N. Cass could capture up to half of this amount.

From a longer term perspective, demand for Downtown commercial space would likely not exceed 50,000 square feet. This conclusion is based in part on the physical limitations of Downtown area – specifically, the notion that the Downtown District is unlikely to expand its footprint significantly. Moreover, large size retail stores and shopping centers would choose to locate along Ogden Avenue or 63<sup>rd</sup> Street where larger auto-oriented sites are available.

### Cass Corridor Commercial Opportunities

Focusing new commercial development within the two blocks of Cass Avenue from Burlington Avenue to Norfolk Street is considered desirable from a planning perspective, given the goals of keeping the downtown walkable and building off existing key assets, such as the Metra station and restaurant core.

In addition, however, the commercial sites lining the railway – both along Burlington Avenue between Lincoln Street and Linden Avenue as well as along Quincy Street south of the tracks – are part of the core of Downtown Westmont and should be thought of as such.

The Village should encourage commercial development on these core blocks of Cass, Burlington, and Quincy, which will capture the bulk of future demand. In doing so, three key points should be noted:

- Filling vacant storefronts would provide local entrepreneurs and business owners (considered the primary target market for Downtown commercial space) with the most affordable space alternative. Currently, more than 17,000 square feet are available among the nine vacant spaces located along the two blocks of the Cass Avenue Corridor Study Area, along with more than 6,500 square feet within the four vacancies located along W. Quincy Street.
- The strongest opportunities to draw new retailers and service businesses to the corridor study area will likely lie within the target business categories detailed in our Phase I report (pages 46-47).
- Some of the land occupied by obsolete buildings may prove more suitable for new infill development, with ground floor commercial space and either offices or residential above. (It should be noted that while new space may be attractive to certain tenants, rents for such space would likely need to be higher than those for Downtown's existing spaces in order to justify the cost of new construction.)

While the amount of commercial square footage is not expected to increase greatly, new stores would serve to strengthen the core of Downtown Westmont and help to foster the conditions required for future growth.

As conditions improve and traffic rises due to an increase in Downtown residents as well as outside consumers drawn to the new commercial offerings, rents will likely increase, and higher-value tenants will move in. This could result in fewer salons and other personal and household services and more boutiques, specialty food stores, restaurants, and other businesses that generate higher per-square-foot sales. The Village has an interest in encouraging more restaurants and retail uses in order to generate sales tax revenue.

## **Residential Market Conclusions**

In addition to the ten rental apartments occupying the upper floor of the 2 W. Burlington property (detailed in our Phase I report), the two block study area contains only one other residential property of significant scale – a multifamily rental building located at 110 N. Cass Avenue. Built in 1970, the building consists of 23 apartments encompassing one, two, and three bedroom units. The building was fully occupied at the time of survey. Notably, according to Downers Grove Township Assessor records, the property sold in June of 2011 for \$1,775,000.

A variety of additional housing types exist within the wider Downtown area, including single family detached homes aligning Lincoln Street and Linden Avenue to the east and west of Cass Avenue. Recent development includes multifamily rental and ownership units in mixed-use buildings at Richmond Station (36 S. Cass Avenue) and Parkwood Club Condominiums (210 N. Cass Avenue). In addition, 22 new townhomes are planned for the Cass Avenue corridor north of downtown at Westmont Garden

Townhomes (408-414 N. Cass Avenue). Thus, the Downtown area contributes significantly to the overall Westmont housing market and demonstrates considerable potential for future growth.

### *New Home Demand Potentials*

As detailed within our Phase I report, new housing demand throughout the Downtown Westmont Primary Market Area (inclusive of the communities of Westmont, Clarendon Hills, Darien, Downers Grove, and Willowbrook) for the 2016-2020 period is forecast at approximately 1,400 units, of which roughly 1,000 will be ownership units and 400 will be rental units. While numerous factors affecting longer term housing demand make forecasting beyond a five-year time horizon difficult, we estimate, given anticipated rates of regional economic and job growth and trends in residential development at the regional and market area levels, that demand will rise by 20 to 25 percent for the 2020-2025 period when compared to the 2016-2020 period. Thus, our estimate of new home demand potentials for the 2020-2025 period ranges from approximately 1,650 to 1,750 units.

Over the long term (i.e., ten year) timeframe, it is thus estimated that the market area will experience a total demand for 3,050 to 3,150 new homes – with this demand driven largely by household growth and replacement need. Utilizing anticipated tenure rates, roughly 29 percent of demand will accrue to the rental sector, with the remaining 71 percent accruing to the for sale sector.

Downtown Westmont, with its key assets, has the potential to capture a significant share of rental demand over the next ten years. Given a revitalized and expanded downtown environment with enhanced commercial amenities that not only serve daily needs but also provide a diverse array of unique shopping, dining, and entertainment options, it is not unreasonable to expect that Downtown Westmont could absorb 250 to 300 new rental units during the ten year period – provided that desirable housing product is made available at reasonable rental rates. (Note that this number *includes* the 75 units recommended for the redevelopment of the 1 N. Cass Avenue site.)

### *Cass Corridor Residential Opportunities*

Given persistent weakness in the condominium market at both the regional and local levels (as discussed in our Phase I report), near to mid-term residential market opportunities within Downtown Westmont will be limited to rental apartments. Opportunities for the introduction of new units along the corridor study area will be further limited by land availability. Therefore, the primary opportunity for residential growth along the corridor will lie with the redevelopment of obsolete and/or underutilized buildings – together, where possible, with land currently used for surface parking – particularly along the 100 N. Cass block. Any such development should include ground floor commercial space to help activate the street wall and, potentially, serve as an amenity to building residents.

In the near to mid-term, residential growth will thus require the assemblage of enough land to build at a scale large enough scale to achieve financial viability for rental units. However, as rents push higher, mortgage lending standards ease, and homeowners rebuild lost equity, the regional condominium market is expected to recover. (Though meaningful recovery should not be expected until the 2018-2020 timeframe at the earliest.) Strengthening condominium market potentials, when they occur

within the Downtown Westmont PMA, may usher in a new opportunity for smaller scale buildings consisting of condominium units over commercial space. Such buildings – at a scale of 12 to 15 units – could be introduced along the Cass Avenue Corridor study area on parcels that are too small for the larger scale generally required for rental apartment development.

Finally, looking beyond a ten year time horizon, as opportunities for development in other desirable areas of largely built-out DuPage County dwindle, the pace of redevelopment in Westmont could increase. Downtown Westmont, like other TOD areas along Metra’s BNSF line, will become increasingly sought-after, pushing residential market potentials higher.

