

Retail Assessment

of the University of Illinois
at Urbana-Champaign



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UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

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Table of Contents

- I.** Executive Summary
- II.** Assessment of Retail Centers
- III.** Market Analysis
- IV.** Retail Strategy

Executive Summary

Jones Lang LaSalle is pleased to present this assessment of retail in the Champaign-Urbana market and, more particularly, its assessment of existing retail or retail under consideration at five locations on the University of Illinois at Urbana-Champaign campus. The information contained in this study is intended to support the University's refinement of the retail component in its master plan update.

A detailed review has been completed of the demographics and psychographics for the region, the Champaign-Urbana market and the five individual trade areas associated with the study sites. All existing retail in the Champaign-Urbana trade area was examined. An assessment of retail feasibility and potential was developed based on the demographic findings and existing retail offerings in the market.

Champaign-Urbana Retail

Champaign-Urbana's current retail offering may be summarized as follows:

- Market Place Mall presents a strong, traditional national tenant line-up
- It offers the appropriate department stores for the trade area
- There is a healthy assortment of big box retailers in the power centers adjacent to the mall
- Many national chain restaurants are represented in the area around the mall
- Only a limited number of lifestyle merchants has entered the Champaign-Urbana market to date
- There is a surprisingly low level of local and regional retailers in the market
- The current retail selection on and around campus is predominantly food (e.g., submarine sandwiches and ethnic fast food), services (e.g., hair salons and tattoo parlors) and books
- There is an inadequate grocery offering on campus
- One could expect to see more cutting-edge, university-oriented local retail and a greater number of coffee shops near campus

Retail at the University of Illinois at Urbana-Champaign Campus

The demographic/psychographic review and examination of existing retail led to several conclusions regarding the campus' sites.

- It is appropriate to plan retail space at the five study sites
- The team did not determine that there are any other obvious locations for additional retail on or near campus; however, as buildings are developed or redeveloped, there will be opportunities to add retail as is being done in the East Campus Commercial Area and the North Campus Parking Garage

- Retail in the East Campus Commercial Area, the North Campus Parking Garage and Campus Town serve the immediate student, campus employee and local resident audiences
- Retail proposed for the University Research Park and Orchard Downs sites may serve not only the customer in the immediate area but also could draw customers from the entire trade area
- The enhanced fringe arterial system proposed for the two cities would contribute to easy access for the proposed Orchard Downs and University Research Park sites; they are both located north of Windsor and would be easily accessible from the fringe arterial system or via feeder roads, further strengthening these sites' viability as mixed use developments
- The sites may be served by the market's excellent bus system and the proposed guideway transportation system now under consideration; the permanent track is understood to be reassuring for developers, and the opposite would be true as well – developments should help to determine where the track will be laid

Benefits

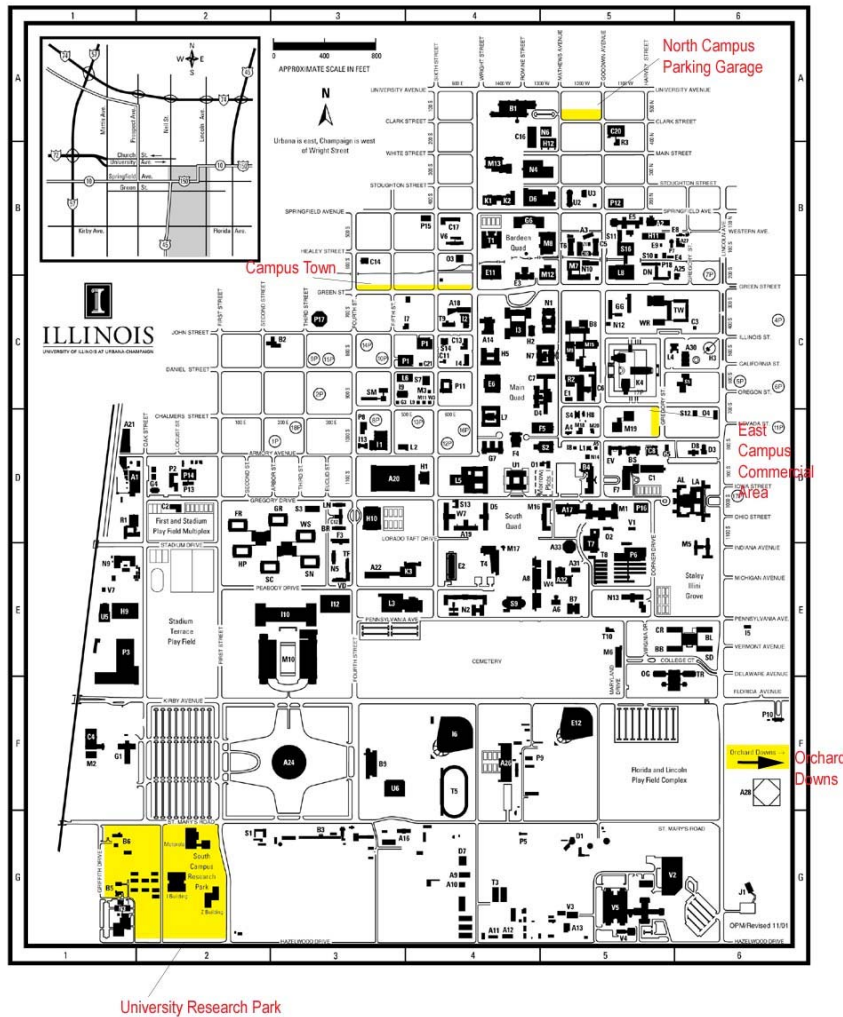
There are many benefits to placing retail at the identified sites or refining what is already there:

- Greater levels of convenience would be achieved for the consumers of the five projects through:
 - A larger grocery selection near campus
 - Restaurants and services distributed throughout the campus area
 - Reduced need to travel to other cities in the region to fulfill shopping needs due to the greater retail offering in the Champaign-Urbana trade area
- Quality of life would be enhanced for the cities' residents from:
 - A broader entertainment offering from new restaurants, coffee shops, clubs
 - An expanded retail selection with the addition of lifestyle tenants
- Support for the University's goals of:
 - Rebalancing the student population to grow the percentage of graduate students within a stable, controlled total by a shift to retail/entertainment/services that target the adult/family population (e.g., lifestyle retailers) rather than the undergraduate (e.g., tattoo parlors)
 - Attracting new businesses and other employers to the market resulting from a more satisfying retail and entertainment selection

It is important to consider the impact of the campus on the Champaign-Urbana trade area and the primary and secondary markets that will benefit by and serve as patrons of the five key areas of development or redevelopment. Each of the study sites may be programmed to attract some combination of student population, campus faculty and other employees, and local residents and workers. Each one may be unique in its approach to retail offerings to meet the needs of people who live, work and play within close proximity to these evolving areas.

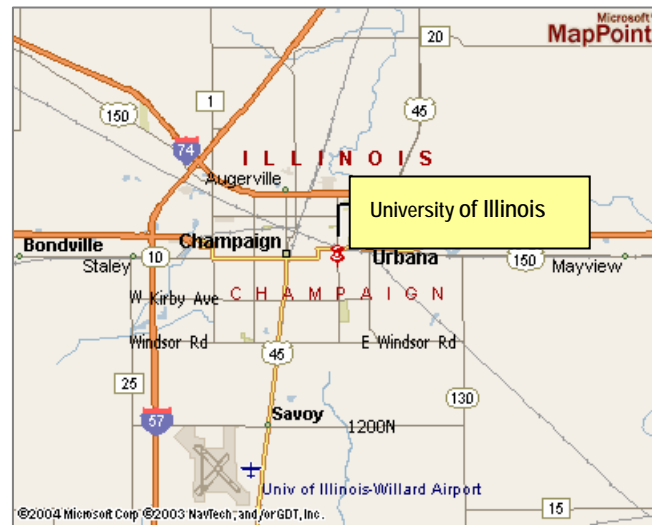
Assessment of Retail Centers

The five retail sites, existing or proposed, that are the subject of this study are: Orchard Downs, University Research Park, the East Campus Commercial Area, Campus Town and the North Campus Parking Garage. These areas are identified on the map presented below.



University of Illinois at Urbana-Champaign Campus Map

It is important to note that none of the sites are located deep into the campus complex but are, instead, located in areas near the outer boundaries of the campus and are accessible to non-university consumers.



Champaign-Urbana Map

Orchard Downs

Orchard Downs is bounded by Florida Avenue to the north, Race Street to the east, Windsor Road to the south and the Arboretum/Orchard Street to the west. The 160-acre parcel located in Urbana and owned by the University is presently occupied by roughly 1,500 graduate students and their families in 780 dated, one- and two-bedroom housing units.

The University of Illinois has commissioned a study to identify strategies for revitalizing the residential apartments, including the addition of modern amenities such as air conditioning and carpeting, and for developing the 30% of the parcel that is green space. The undeveloped land is the southernmost 30% of the parcel and is situated in the northwest corner of the Windsor Road/Race Street intersection.

There are three features of the site that drive the retail strategy presented in Section IV. First, Orchard Downs' location and layout represents a logical and geographic gateway on the southeast corner of the campus. The gateway concept provides a sense of place, a boundary line, and a physical beginning and end to the campus.

Second, some of the market's most appealing and affluent single-family homes are located in neighborhoods to the north and east of Orchard Downs.



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Southern Urbana Residential

Finally, Windsor Road will become a major southern east-west thoroughfare with the continued development of University Research Park. The drive-time between Orchard Downs and University Research Park is less than five minutes. The redevelopment of Orchard Downs presents an important potential housing and recreational opportunity for use of this prime University real estate.

University Research Park

As planned, University Research Park at full build-out will occupy 230 acres and will be bounded by St. Mary's Road to the north, the western edge of the new golf course (just west of 4th Street if it were extended south) to the east, Windsor Road to the south and Neil Street to the west. The western property line follows the Illinois Power Utility Yard and St. Mary's Cemetery. Entrances to the park are located at St. Mary's Road and 1st Street (in what is presently its northeast corner) and at Windsor Road and 1st Street (in its current southeast corner).



University Research Park Building Directory

Today, nearly 800 people are employed by the 38 companies housed in the research park's 314,000 square feet of space in five buildings. At full build-out, the park's campus setting is expected to accommodate 3,000 to 5,000 people in more than 1.5 million square feet in approximately 25 to 35 buildings. Amenities such as food service, personal services and possibly other types of retail and/or entertainment will aid in efforts to attract additional businesses to the research park. (The need for a better hotel was addressed as well in conversations with local residents.)

Although the research park's target audience is primarily employees of its businesses, if the right retail and entertainment attractions are offered, other people in the community will use its facilities. The campus' students and employees are within minutes of the park. Champaign's residential population is located to the west and northwest of the research park beyond Neil Street and the railroad tracks. The proposed golf course to be built to the east of the park as well as visitors to the athletic facilities and Assembly Hall present another source of customers. Presently, the land south of University Research Park is undeveloped and supplies no consumers for the park.

East Campus Commercial Area

The East Campus Commercial Area is located on Gregory Street between Oregon and Nevada Streets approximately one block west of Lincoln Avenue. Roughly 20,000 square feet of retail will be topped by three stories of one- and two-bedroom apartments, which are fully pre-leased for a fall 2004 opening. The overall architecture of the building and its storefronts, while utilitarian and sensible, provides the opportunity to draw the walking visitor to this destination.



East Campus Commercial Area

This development is located in an active neighborhood. First, various University of Illinois at Urbana-Champaign buildings on nearby blocks cause this section of campus to be a gateway for students, students' families and other visitors. All of the following are located within a few blocks of the East Campus Commercial building: admissions and records, minority student affairs academic services, a recreation center, a health center, and the faculty and visitor's center.

Second, the neighborhood is filled with high density student housing, including resident halls, off-campus rental housing and numerous fraternities and sororities. Additionally, some of Urbana's more upscale single-family homes are located just east and south of this neighborhood.



Student Housing Near the East Campus Commercial Area



Krannert Center for the Performing Arts

Finally, this area is recognized as the center for arts on campus. It benefits from the traffic associated with the Krannert Center for the Performing Arts, Spurlock Museum and the campus’ music and dance buildings.

The surrounding neighborhood is known to be active with students and faculty during the day and active with an art consumer in the evening. Presently, there is only limited food service, retail and non-university entertainment within close proximity of the development.

Campus Town

Campus Town begins at the intersection of Green and 4th Streets and travels easterly to Wright Street and the Alma Mater sculpture on the southeast corner of Wright and Green. The section of Green from Neil Street to 4th effectively feels like an extension of Campus Town to the west due to the similarity in its composition of tenants.

There are few national tenants in this area except for fast food options. Further, no full-line grocery store is located in Campus Town; Walgreen’s provides a typical and limited grocery selection. While this is not a comprehensive listing, below is a sampling of the restaurants, retailers and services located on Green Street close to the campus:

Retailers/Restaurants	
Burger King	Kinko’s
Chocolate Café	Panera Bread
EB Games	Pizza Hut
Follett	Subway
Gameday	Tanning Salons and Tattoo Parlors
Hometown Pantry	Various Local Retailers and Banks
IHOP	Walgreen’s
Joe’s Brewery	

The intrinsic difficulty with the neighborhood is that it is an amalgamation of various landlords; it is more difficult to control as the financial self-interests of these owners will generally supersede the cultural and commercial interests of the area as a whole.



The Corner of 6th Street and Green Street

Redevelopment opportunities are beginning to occur on Green. The section between 4th and Wright will redevelop most quickly because of its proximity to the campus' epicenter and the real walking trade. Currently, redevelopments are planned for the corners of Green and 5th and 6th, bringing a Potbelly's Sandwich shop with three stories of apartments to one of the intersections. The high number of student housing units will continue to increase over time.

North Campus Parking Garage

The North Campus Parking Garage is located on the south side of University Avenue between Mathews and Goodwin Avenues. University Avenue and Wright Street is the northwestern-most gateway to campus, and Lincoln and University is the northeastern-most gateway to campus. The garage's location is the physical apex of the campus geographical structure.

Several levels of parking deck will top a first story of retail and office space. A 20,000-square-foot government office will front University Avenue and occupy the north portion of the first level, leaving 17,000 to 18,000 square feet faced toward the campus for retail, entertainment and/or services.



North Campus Parking Garage

Located across from or very close to the Beckman Institute are many labs including the Micro & Nanotechnology Lab, the new National Center for Supercomputing Applications (NCSA) facility, and the Engineering College; thus, the site is surrounded by an atypical consumer, worker and lifestyle. This primary target market of researchers and students is active 24 hours per day with work and study, not entertainment.

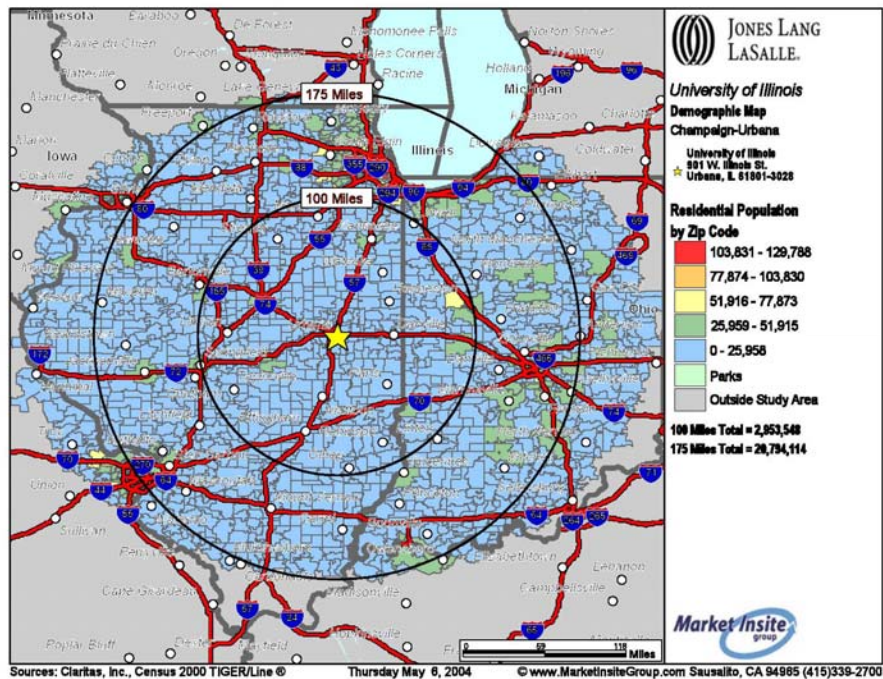
The site's secondary target market is made up of the people who work in and visit the nearby hospitals, medical facilities and the Hampton Inn across University Avenue.

Retail, entertainment and personal services strategies for each of the five campus areas addressed in this study are presented in Section IV.

Market Analysis

Location and Description

The University of Illinois at Urbana-Champaign is conveniently located in the twin cities of Champaign and Urbana in Champaign County and situated about 140 miles south of Chicago, 120 miles west of Indianapolis and 170 miles northeast of St. Louis.

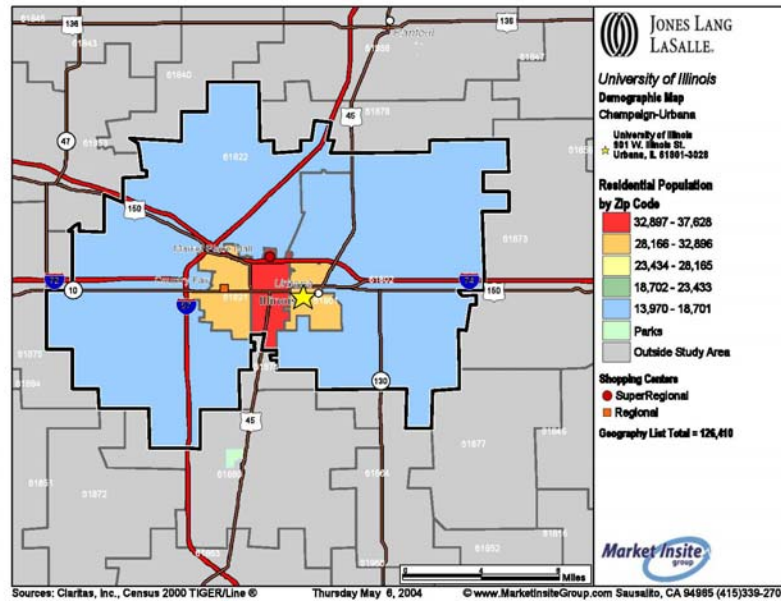


Champaign-Urbana Residential Population within a 175 mile radius

The UIUC main campus is bounded to the north by University Avenue, to the east by Lincoln Avenue and Race Street, to the south by Windsor Road and to the west by Neil Street and the Illinois Central Gulf R.R. The portions of the campus that have been built out are located on approximately 1,800 acres featuring 252 major buildings with a student enrollment of nearly 40,000 supporting a faculty and staff of nearly 10,000. Ninety percent (90%) of the student enrollment comes from within the state of Illinois.

Trade Area Demographics and Psychographics

For purposes of this study, the selected trade area for retail developments has been identified as Champaign-Urbana with a population of 130,800.



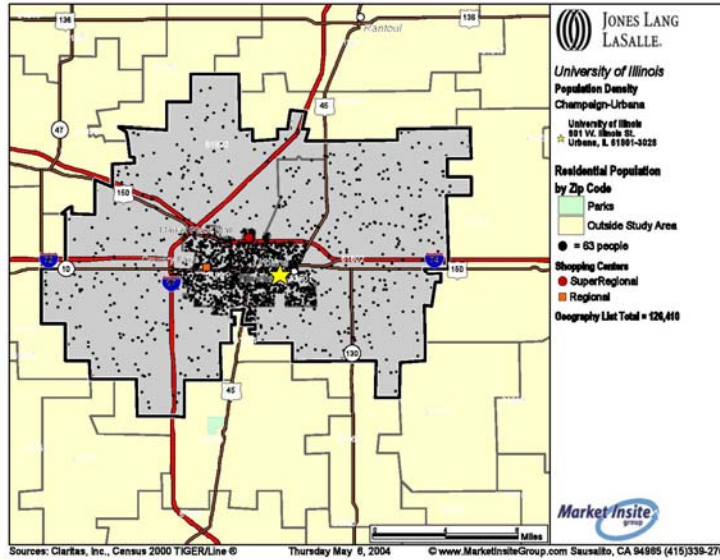
Champaign-Urbana Residential Population by Zip Code

Champaign-Urbana's population base is informed and educated. With the University of Illinois at Urbana-Champaign nestled between the two cities, the student enrollment of nearly 40,000 helps to perpetuate the area's youth and notion of life-long learning. The average resident can be characterized as a White, 30 year old, white-collar, college-educated consumer with a median household income level of \$39,400.

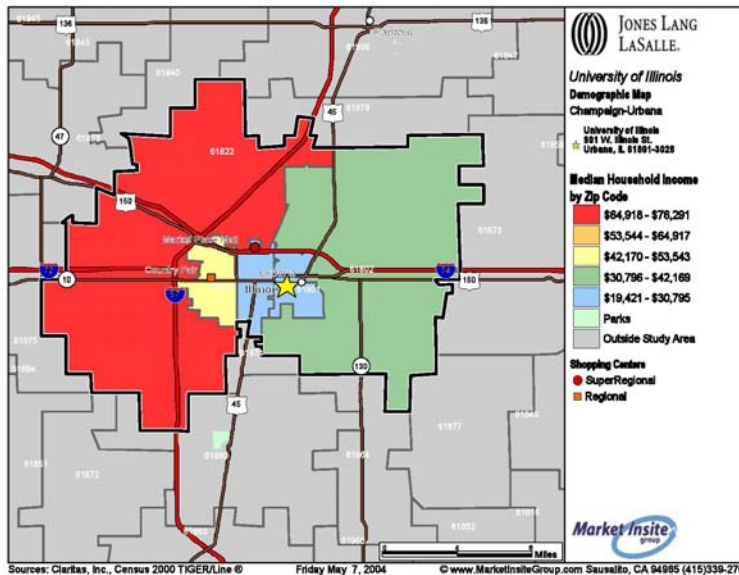
The following analysis is used to evaluate merchandising and leasing strategies. Data is gathered from primary sources such as Market Insite and secondary sources such as the Chamber of Commerce, the Champaign County Economic Development Corporation, the University of Illinois and other organizations. Please refer to the exhibits at the end of this section for detail on the trade area's demographics and psychographics.

- **The population base of the cities of Champaign and Urbana has increased steadily, but not significantly,** over the past 14 years. From 1990 to 2000, Champaign-Urbana experienced a combined growth of 5.4% against the state's 8.6% increase. By 2005, the cities of Champaign and Urbana are expected to increase their combined population by another 3.2%.

- Beyond the campus' perimeter, **Champaign, to the west, is the more vibrant of the two cities in terms of population growth and density as well as income levels.** Champaign, with nearly double the population of Urbana, has five year market growth of 4.2% against Urbana's 1.4% to the east. Similarly, Champaign's median household income level of \$43,000 is more than 30% higher than Urbana's \$33,000. **Urbana's demographics are more strongly influenced by the campus.**

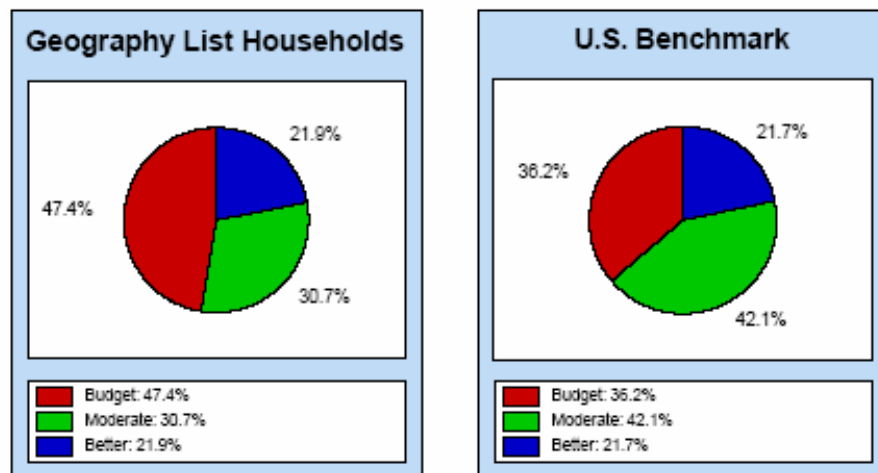


Champaign-Urbana Population Density



Champaign-Urbana Median Household Income by Zip Code

- While the combined population growth is relatively slight, the make-up of the population base remains fairly consistent due to the influence of the campus. **Eighteen to 24 year olds represent 26.7% of the market** (nearly 17% higher than the U.S. benchmark of 9.8%), and those in the 25-to-34-year-old category represent 15.9% of the population. **Baby Boomers also make up a significant portion of the market at 27%.**
- **Residents of Champaign-Urbana are relatively young due to the influence of the UIUC campus.** The median age is 30.6 years. As expected in a university-anchored town, **45% percent of the population is under 24 years of age** compared to a U.S. benchmark of 35%, and the largest age sector is the 18-to-24-year-old segment.
- **Nearly half of the adult population, 43%, is married,** and single adult males and females represent about 20% of the population, respectively.
- **The trade area can be divided into two primary lifestyle groups:**
 - **College students representing 22.6% of the population** defined as lower-middle income “penniless” consumers with a taste for prestige products
 - **Middle to upper-class, white collar, dual income, frequent flying professionals with children representing 21.3%**
- **While the lifestyle groups appear to be at different stages of life and affluence, their hobbies and interests are more closely aligned than might be expected** and include health, higher learning and the outdoors, as evidenced by their choice of reading—*Shape, Self, Runner’s World, GQ, Personal Computing, Forbes, Outdoor Life, USA Today* and *Fortune*. The younger set is more fashion and trend focused adding *Elle* and *Rolling Stone* to their selected reading choices.
- Just as the market is divided into two primary lifestyle groups, **there are also fairly equally distributed pockets of moderate wealth, 52.6%, and budget conscious households, 47.4%.**



Price Point Comparison of the Champaign-Urbana Market Versus the National Benchmark

- **The ethnic cross section is predominantly White (72.7%),** which is true of most areas focused on higher education, and **African American (14.2%), representing the second largest segment of the population.**
- On campus, **22 undergraduate residence halls** accommodate 8,540 students; five **privately owned certified residence halls** and 12 **certified houses** accommodate 2,500 undergraduate students. Further, a number of students live at the 53 **fraternities** and 32 **sororities** associated with the campus. **Graduate student housing** includes two residence halls for 750 students and two University-owned apartment complexes for 975 students with families or single graduate students. **These residents represent the primary target market or secondary target market for each of the five areas of retail development.**
- **Non-students and local residents are drawn to the campus’s plethora of cultural and sporting events held in various venues located primarily on the east and mid-south sides of the campus.** Krannert Center for the Performing Arts offers four theaters, seats about 4,000 and annually hosts 350 student and professional performances as well as commencements, lectures, and other events, many of them free. Foellinger Auditorium seats 1,750 for concerts, speakers and special events. Assembly Hall, a multipurpose arena that seats up to 16,500, hosts 80-90 concerts, Broadway productions and campus events and an average of 32 men's and women's basketball games each year. Memorial Stadium seats more than 69,000 and hosts 7-8 Illinois football games each year and numerous other high school football games and special events.
- **These non-student residents make up the primary or secondary target markets for the areas of retail focus.** However, lack of parking and issues with ingress and egress on campus create natural barriers for those who would be more apt to look at the campus retail, dining and entertainment alternatives should these factors be improved.
- **The high tech and research components of the University on the north and south ends of campus draw a third customer type that can be described as “techies”.** Access to a 24/7 environment is what drives them. The ability to have their needs met any time day or night is critical for this driven crowd that coexists with the typical students on the northern end of the campus. **University Research Park, at the south end, houses 35 companies with 776 employees and fosters a similar mentality.**

Employers and Economic Development

- **The top forms of business in the area are: higher education, medical and a combination of manufacturers, processors and distributors.** Higher education and medical payroll combined contribute more than \$1.0 billion to the local economy. In addition to a high quality of life and exceptional cultural opportunities, Champaign-Urbana provides a positive business environment for high technology companies, agricultural and medical research, light industry and distribution facilities, and retail developments.

- **Much of the area’s business growth is attributable to the University.** Several high-tech firms are spin-offs of University research efforts. Currently the Enterprise Works program has 23 companies with 120-plus employees crafting technology transfer strategies. Even the area’s agriculture potential substantially benefits from the school’s ongoing crop experimentation.
- **The Champaign County Economic Development Corporation continues to aggressively market to manufacturers, production and distribution businesses to build in the area.** The cities host a comfortable mix of technology and tradition. Some of the world’s richest farmland, one of the world’s top universities, the National Center for Supercomputing Applications, recognition as one of the nation’s hot new tech areas or “silicone prairie”, and accessibility by air, rail and interstate highway make Champaign County an attractive and affordable place to live and work. The influx of new business, primarily small high tech firms, can be attributed to the desire for simpler lifestyles as metropolitan families continue to move into less expensive and less congested areas.
- In Champaign-Urbana, **over 80% of the working age population is employed in managerial, professional, technical or administrative support**, thus exemplifying the two cities’ diverse and educated workforce.

Competition

Any retail that may be developed for campus sites is faced with competition from five distinct retail districts existing today: the Neil Street corridor strip development, Downtown Urbana, Downtown Champaign, Prospect Avenue including Market Place Mall and surrounding power/strip centers, and the University Avenue corridor strip development.

Neil Street Corridor Strip Development

The Wal-mart center and the Shoppes of Knollwood are the two largest strip developments within a reasonable bus ride or short drive to the campus. While Wal-mart represents a significant regional draw, most of the other merchants and restaurants in this area are dining and shopping destinations only for customers within a fairly short driving distance.

Below is a representative sampling of businesses in the area.

Retailers/Restaurants	
Arby’s	Osco Drug
Blockbuster	Quizno’s/Dairy Queen
Biaggi’s	Ribeye
El Toro	Steak ‘n Shake
Hardee’s	TGI Friday’s
Hooters	Trout 45
Jillian’s	Verizon
McDonald’s	Wendy’s

Downtown Urbana

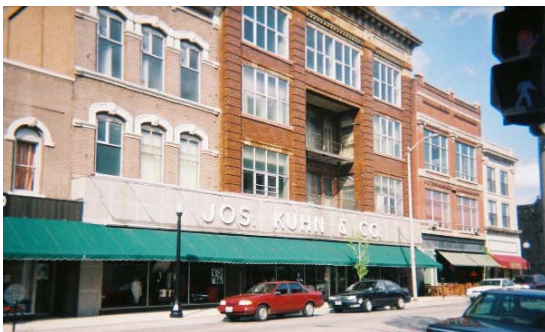


Downtown Urbana

Urbana’s quaint downtown is characterized by law firms, office development, non-descript store fronts and a few blocks of concentrated retail. The area’s retailers do business during the day, and its restaurants are active in the evening. The nearby Lincoln Square Mall with numerous vacancies is home to one of the market’s most interesting local merchants, art mart. Schnucks and Country Market supermarkets in Urbana are the closest grocery stores to campus on the east side. Listed below are several of the retailers and restaurants located in Downtown Urbana.

Retailers/Restaurants	
Birkenstock	The Office – Irish Pub
Brash Flower Shop	Piccadilly Liquors
Corson’s	Priceless Books
Heel-to-Toe	Strawberry Fields Natural Foods Market
Mirabelle Pastries	

Downtown Champaign



Downtown Champaign

Except for the Amtrak station and Market Street, the balance of the retail is spotty and specialized with a few clusters of interesting local tenants. In the evening, Downtown Champaign has been revitalized with its active restaurant and bar assortment. The downtown’s retail and entertainment selection will be broadened with the opening of the One Main Street Development at a key downtown intersection.

Home to Volition, Inc.’s new corporate offices, the building will also house 200,000 square feet of predominantly local restaurants and retailers. One Main Street’s developer has marketed its space primarily to local entrepreneurs, and expects to draw 1,500 people per day to the building’s first floor retail and entertainment offerings.

Listed below are several of the retailers and restaurants located in Downtown Champaign.

Retailers/Restaurants	
Aroma	Lix
Café Kopi	Lox, Stock & Bagels
Carrie's Clothing	Pro-Sound Music Store
Circles	Radio Maria
CV Lloyd Music Store	Rebecca's
Dandelion	Skins & Tins Drum Shop
Florists (2)	Verdant News
GR Grubb Art Store	Walnut St. Tea Co.
Jos. Kuhn Men's Store	10,000 Villages

Prospect Avenue – North Champaign Malls

It is evident in driving this corridor that the mall and the power centers are acting as a retail and trade vortex for the region and are effectively devouring all traditional spending dollars in the trade area. The critical mass of retailers is impressive with the mall's excellent representation of stores and the Prospect Avenue big box line-up.

Market Place Mall



Market Place Mall

- Single-level, traditional, enclosed regional mall
- Anchors: Bergner's, Famous-Barr, JCPenney, Sears
- 1.1 million square feet of predominantly national retailers
- The only concentration of national tenants in the market
- Tenants who are located in the mall and take non-traditional retail locations are not in any street retail locations in the market. These tenants include:

Retailers	
Bath & Body Works	GAP
Eddie Bauer	Hot Topic
The Finish Line	Wilson's, The Leather Expert

The many power and strip centers that have been developed around the mall offer a significant selection of big box tenants, restaurants and small shop retailers. Further, the Meijer's grocery store is presently the best option for college students. Its sales reportedly drop by 40% when the students leave town.



Market Place Plaza

Listed below are many of the retailers and restaurants located near the mall.

Big Box Retailers	
Barnes & Noble	Linen 'N Things
Bed, Bath & Beyond	Lowe's
Best Buy	MC Sports
Borders	Menard's
Circuit City	Michael's
Cost Plus World Market	Office Depot
David's Bridal	Old Navy
Dick's Sporting Goods	PETsMART
Gordman's	Staples
Hancock Fabric	Target
Kohl's	TJMaxx
Lazy Boy	Toys 'R Us
Small Shop Retailers/Services	
Audibel Hearing	Golf Discount
The Avenue	Good Feet
Berean Bookstore	Hallmark
Blockbuster	Mosser's Shoes
Catherine's	Party Universe
Cingular	Payless ShoeSource
Cost Cutters	Pier 1 Imports

Small Shop Retailers/Services (continued)	
Dollar Tree	Radio Shack
Dots	Red Wing Shoe Store
Dress Barn	Sally Beauty
Factory Card Outlet	Shoe Carnival
Famous Footwear	S & K Famous Brands
Fashion Bug	
Restaurants	
Buffalo Wild Wings	O'Charley's
Burger King	Olive Garden Restaurant
Chili's	Outback
Fazolli's	Red Lobster
Hometown Buffet	Steak 'N Shake
Lone Star Steakhouse	Subway
McDonald's	Taco Bell

University Avenue Corridor Strip Development







Development and competition in this corridor is spotty and characterized by smaller strip centers of 50,000 square feet or less with a number of free-standing stores and two-to-three-store strips. Several of the retailers in this area are listed below:

Retailers/Restaurants	
Dairy Queen	Perkins
Durst Cycle	Subway
Hot Wok	Taco Bell

The strategies detailed in Section IV have been developed to address the needs of the trade area and each of the target markets for the five study locations. Additionally, existing retail in the Champaign-Urbana region has been taken into consideration in developing the strategies.

Market Specific Criteria	Champaign - Urbana	U.S. Benchmark
Predominant Consumer Lifestyles	22.6% Town & Gowns	1.2% Town & Gowns
	12.0% Middleburg Managers	1.8% Middleburg Managers
	10.9% Smalltown Downtown	1.6% Smalltown Downtown
	9.3% Upward Bound	1.9% Upward Bound
	8.9% Second City Elite	1.9% Second City Elite
	6.5% Boomtown Singles	0.9% Boomtown Singles
2003 Population	130,767	290,638,960
2003 Households	53,132	109,440,103
5 Year Market Growth	3.2%	5.3%
Business Population	106,880	149,051,406
Average HH Size	2.5	2.7
Median Age	30.1 years	36.8 years
Population Age Under 5	5.6%	6.8%
Population Age 5 - 14	9.9%	14.1%
Population Age 15 - 17	2.9%	4.3%
Population Age 18 - 24	26.7%	9.8%
Population Age 25 - 34	15.9%	13.3%
Population Age 35 - 44	11.4%	15.3%
Population Age 45 - 54	11.3%	14.1%
Population Age 55 - 64	6.9%	9.6%
Population Age 65+	9.4%	12.8%
White/ Blue Collar Ratio	72.8% / 27.2%	61.9% / 38.1%
Education Level	46.2% 4+ yrs college	24.5% 4+ yrs college
	25.9% <4 yrs college	27.4% <4 yrs college
Average HH Income	\$53,658	\$63,207
Median HH Income	\$39,444	\$50,054
Per Capita Income	\$21,802	\$23,801
Income \$35,000-\$49,999	14.8%	16.0%
HH Income \$50,000+	38.2%	46.7%
HH Income \$75,000+	21.2%	27.4%
HH Income 100,000+	12.3%	16.1%
Homeowners %	49.0%	66.5%
Ethnicity	72.7% White	74.5% White
	14.2% Black	12.4% Black
	8.9% Asian Pac. Isl.	4.0% Asian Pac. Isl.
Hispanic Ancestry	3.7% Hispanic	13.2% Hispanic

Consumer Lifestyle Profile
(Champaign - Urbana)
901 W. Illinois St., Urbana, IL 61801-3028

Cluster Name Socio-Economic Rank % of Total Households	 Town & Gowns Lower Middle 22.6%	 Middleburg Managers Middle 12.0%	 Smalltown Downtown Lower Middle 10.9%	 Upward Bound Upper Middle 9.3%	 Second City Elite Affluent 8.9%	 Boomtown Singles Middle 6.5%
Predominant Characteristics	College town singles	Mid-level white-collar couples	Older renters and young families	Young upscale white-collar families	Upscale executive families	Middle income young singles
	Neighborhoods are mixed with half locals and half students	Above average incomes	Students and others looking for fresh starts	College educated, computer literate	Movers & Shakers	Young professionals and techies
	Thousands of penniless 18-24 year olds and professionals	Half post-child, half pre-child	Neighborhoods found mostly west of the Mississippi	Dual-income, frequent flying executives and professionals	Married with teenagers	Live in fast growing smaller cities
	A taste for prestige products that are beyond their means	Executives, bankers, doctors, lawyers	Young and single, they often live near city colleges	Married with pre-school and school-aged children	Attention to family and home	Live in multi-unit rentals
Ethnic Diversity Family Type Key Housing Type Predominant Ages Education Employment Median Income Publications	<i>Dominant White, High Asian</i> Singles Renters Multi-Unit 2-9 and 10+ 18 to 34 College Graduates White-Collar / Service Lower Middle / \$18,600 Shape, Self, Rolling Stone, Ski, Elle, Runner's World, Fortune, GQ	<i>Dominant White</i> Married Couples Owners Single Unit 35 to 44, 65+ College Graduates, Some College Professional / White-Collar Middle / \$37,800 Southern Living, Bassmaster, Discover, USA Weekend, Sporting News, Consumer's Digest, Modern Maturity, People Magazine	<i>Predominantly White, Some Hispanic</i> Single Parents, Singles Renters Multi-Unit 2-9 and 10+ 18 to 44 High School, Some College Service / Blue-Collar / White-Collar Lower Middle / \$22,800 Hunting, Spin, Muscle & Fitness, Byte, US, Bicycling, Runner's World, National Geographic Travel	<i>Dominant White, High Asian</i> Married Couples, Some Children Owners Single Unit Under 18, 35 to 54 College Graduates Professional / White-Collar Affluent / \$54,500 Golf Digest, Ski, GQ, Personal Computing, Forbes, Working Mother, Car & Driver, Baby Talk	<i>Dominant White</i> Married Couples, Some Children Owners Single Unit 45 to 65+ College Graduates Professional / White-Collar Affluent / \$58,800 Metropolitan Home, Fortune, Smithsonian, Shape, Popular Photo, Working Woman, Inc.	<i>Predominantly White</i> Singles Renters Multi-Unit 2-9 and 10+ 18 to 44 College Graduate, Some College Professional / White-Collar Middle / \$36,600 Ski, Byte, Scientific American, Rolling Stone, Shape, Boating, Traditional Home, Kiplinger's Personal Finance



University of Illinois Demographic Map Champaign-Urbana

University of Illinois
901 W. Illinois St.
★ Urbana, IL 61801-3028

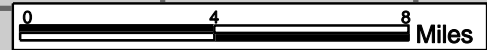
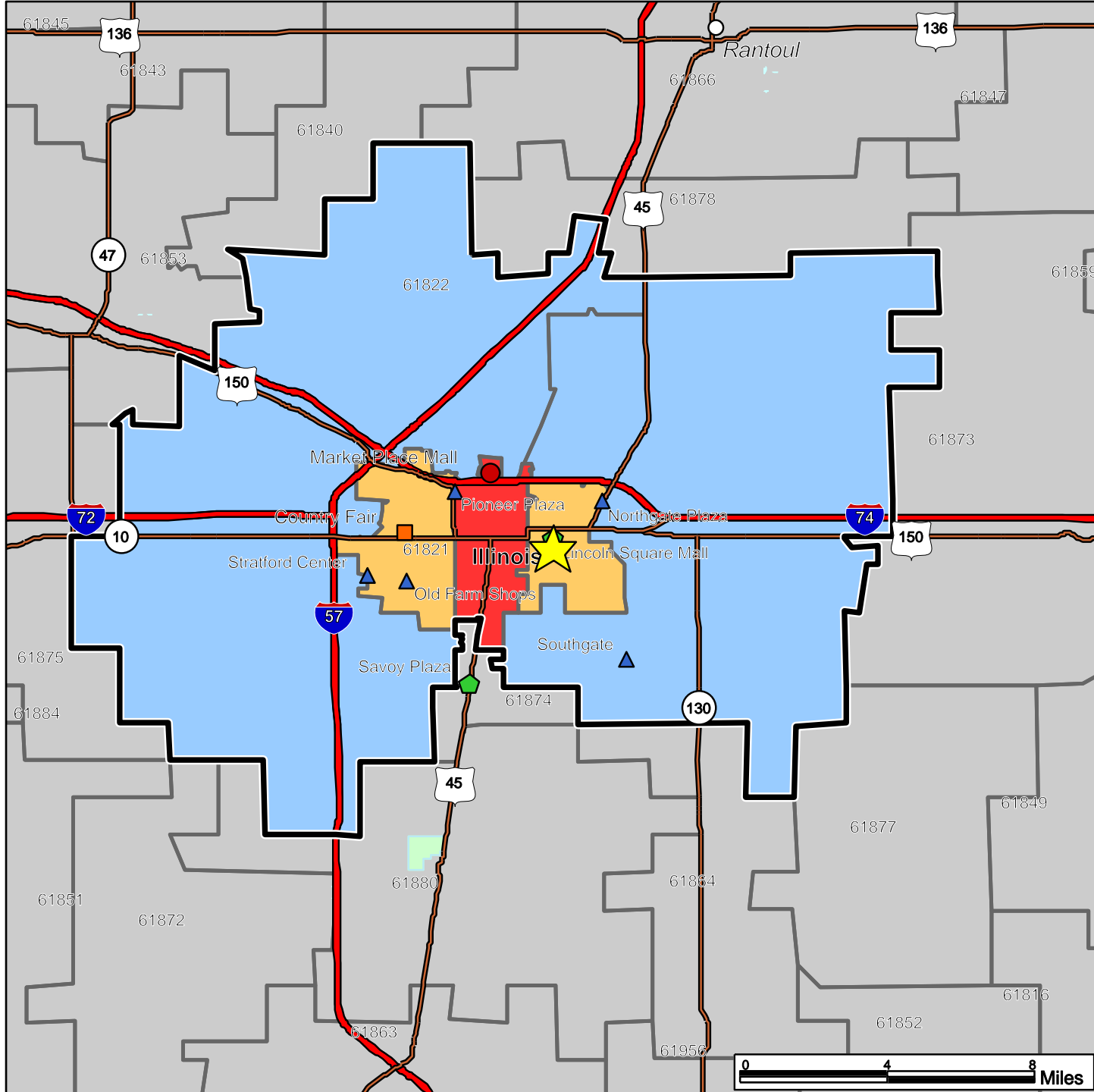
Residential Population by Zip Code

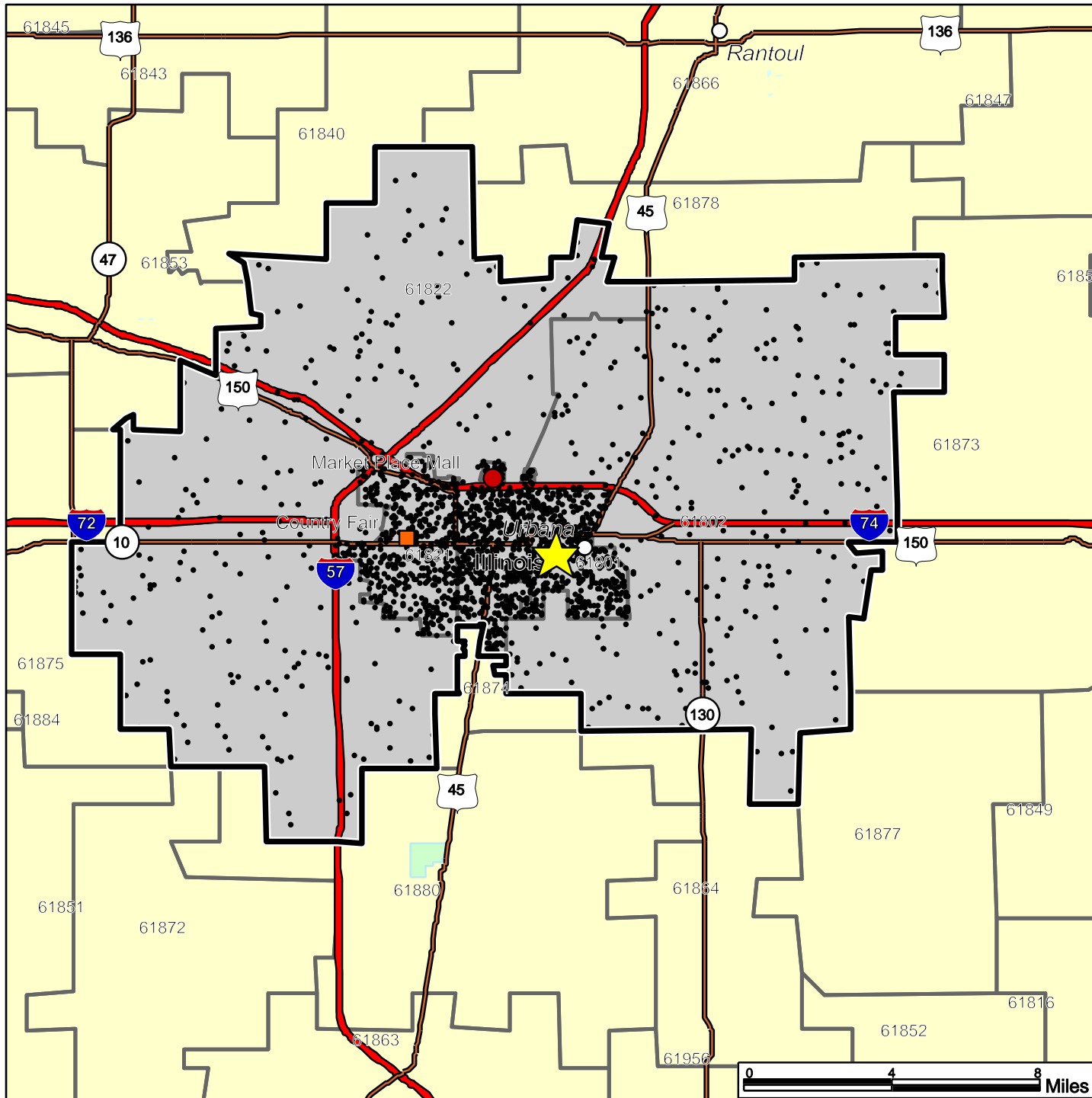
- 32,897 - 37,628
- 28,166 - 32,896
- 23,434 - 28,165
- 18,702 - 23,433
- 13,970 - 18,701
- Parks
- Outside Study Area

Shopping Centers

- Community
- SuperRegional
- Regional
- Neighborhood

Geography List Total = 126,410





**University of Illinois
Population Density
Champaign-Urbana**

University of Illinois
901 W. Illinois St.
★ Urbana, IL 61801-3028

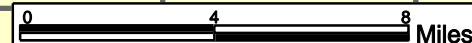
**Residential Population
by Zip Code**

- Parks
- Outside Study Area

● = 63 people

- Shopping Centers**
- SuperRegional
 - Regional

Geography List Total = 126,410

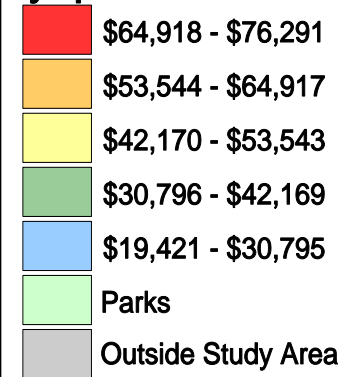




University of Illinois Demographic Map Champaign-Urbana

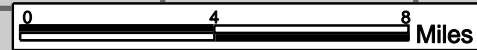
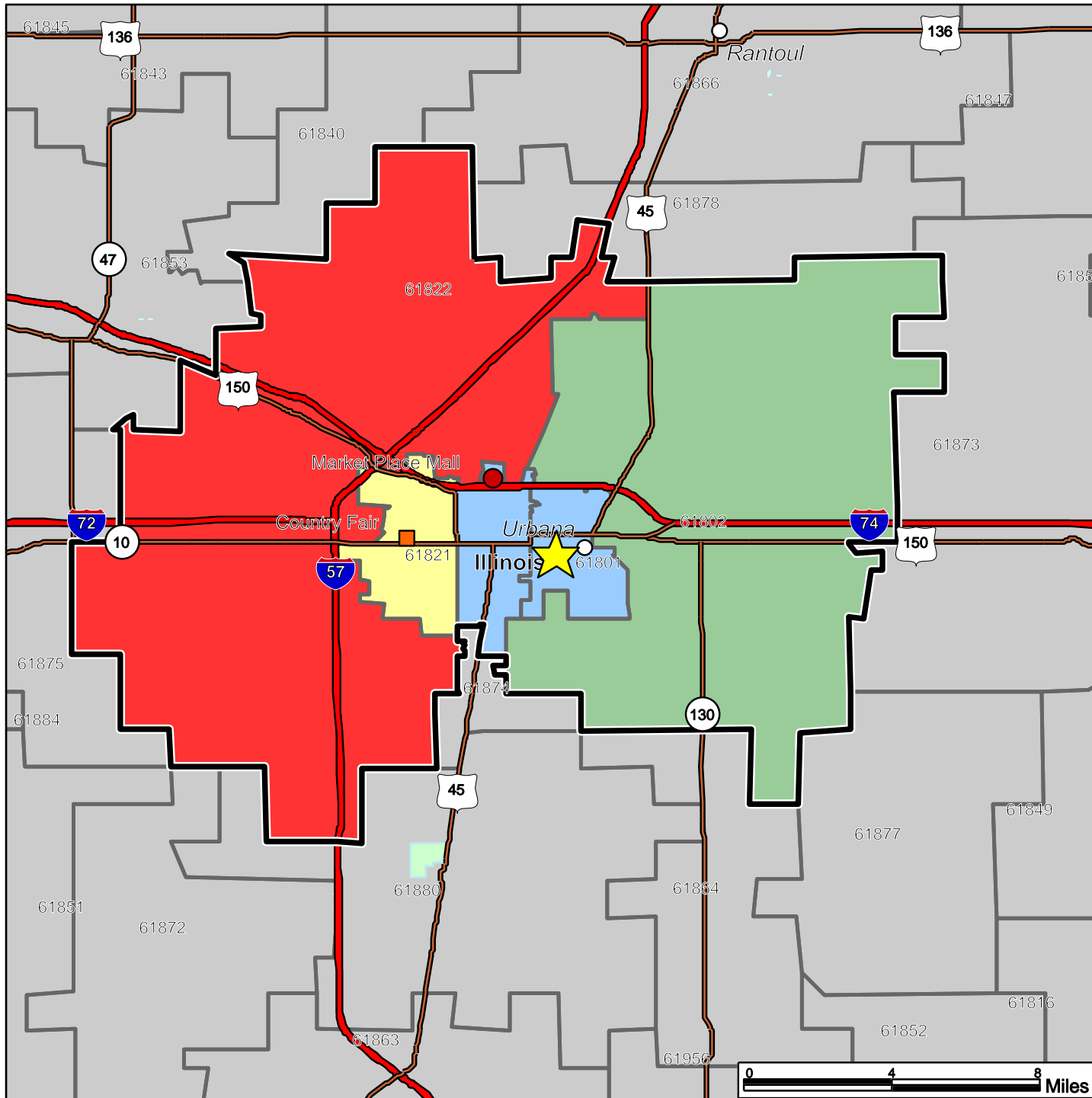
University of Illinois
901 W. Illinois St.
★ Urbana, IL 61801-3028

Median Household Income by Zip Code

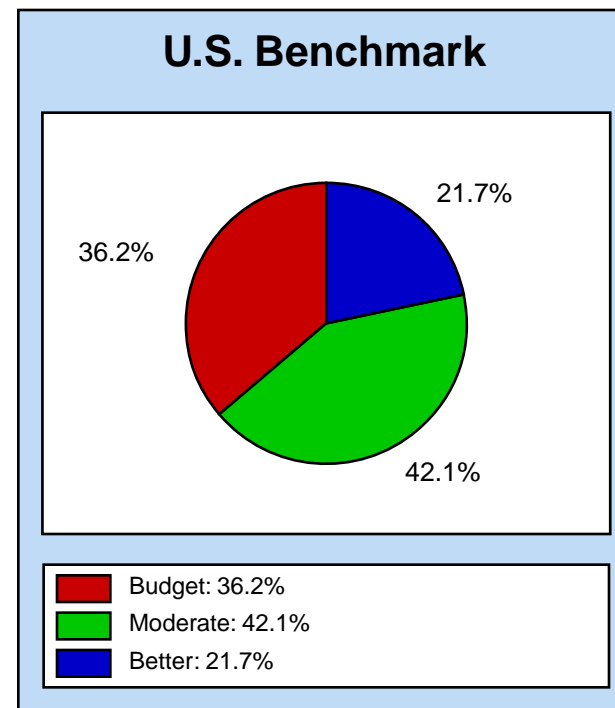
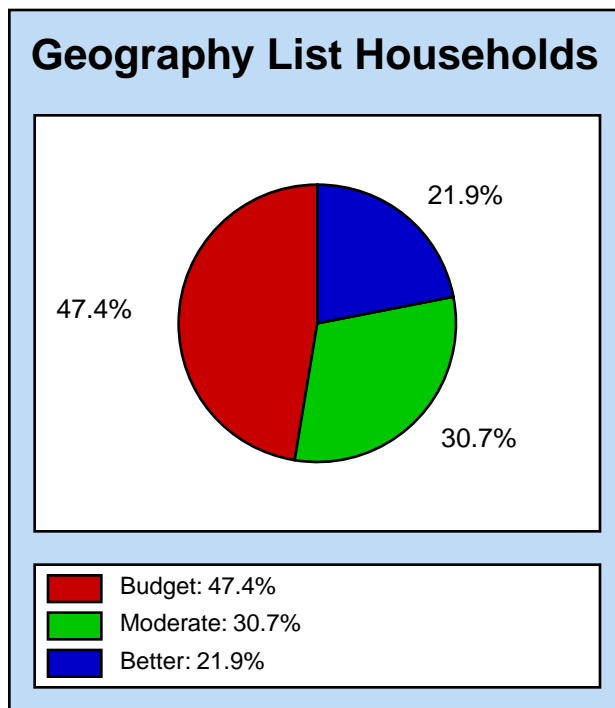


Shopping Centers

- SuperRegional
- Regional



Price Point Classification
University of Illinois
901 W. Illinois St., Urbana, IL 61801-3028



Retail Strategy

Each of the five study sites targets a different trade area and presents a unique set of opportunities for retail, entertainment, dining and service solutions. Accordingly, tailored strategies have been developed for each. Generally, while Campus Town, the East Campus Commercial Area and the North Campus Parking Garage are well-positioned to address the needs of customers within close proximity to those locations, University Research Park and Orchard Downs present logical locations for developments that would draw consumers from much greater distances.

University Research Park

The primary objectives of any retail development at the research park are to provide an amenity for the park's occupants, to achieve the owners' financial objectives and, potentially, to provide a destination for consumers outside the research park. The various options considered were:

- Enclosed super-regional or regional mall
- Open-air power center
- Open-air outlet mall
- Open-air lifestyle center
- Neighborhood or community strip center
- Specialty center in combination with the distribution of retail, dining options and services among several buildings

The enclosed mall, power center, outlet mall and lifestyle center options were immediately eliminated due to the restraints on retail space allocation associated with the site. Additionally, none of these options is consistent with the nature and flavor of a research park.

A neighborhood or community strip center may meet the financial objective but would not satisfy the goal of achieving an amenity for the park. By definition, it would be built as a single development in a fixed location and, therefore, could not meet the dining, service and retail needs of a site spread out over 230 acres containing 25 to 35 buildings.

The option that is most feasible involves the distribution of the 5%-of-space allocation among the many buildings of the park coupled with a significant destination for dining. This strategy may be implemented on a phased basis as the eventual 1.5 million square feet of the project's buildings are developed. If the park were broken into five or six geographical zones, each zone, depending on the density of employees in the location, could accommodate 1,000 to 3,000 square feet of casual dining/convenience/retail space.

As the research park's master plan is refined, certain first-level space in selected buildings accessible to neighboring buildings in close proximity may be allocated for food service, personal services and convenience items.

Examples include:

Retailers/Food Service/Services	
Deli	Sundry retail
Cafeteria	Dry cleaning drop-off
Coffee	Child care
Newsstand	Shoe repair
Books	

The second part of this strategy involves the creation of a dining destination for the research park by allocating 10 to 15 acres for the creation of a six-unit food cluster including free-standing fast food, fast casual or better dining establishments. The project would include a total of 40,000 square feet of restaurant space plus pads, parking, roads and landscaping.

Its optimal site would be a function of the anticipated development and phasing of buildings in the research park and on surrounding parcels, but it may be located centrally such that it would be accessed from a mid-point on 1st Street between St. Mary's Road and Windsor Road.

Potential tenants include:

Restaurants	
Cheeseburger in Paradise	Olive Garden
Don Pablo's	Raising Canes
Fox & Hound Pub	Wolfgang Puck Express
Moe's Southwest Grill	

Anticipated sales volume for six units would initially be \$10 million. Assuming a per-person expenditure of \$12 to \$15, the annual number of visitors would need to be roughly 825,000 to support the restaurants.

The development could be built in one of three ways:

- Build all units immediately as a possible loss leader understanding that the developer may incur significant capital investment to attract the restaurants now
- Build the development in phases starting with two units now and adding the balance as the research park is developed
- Build all the units as a complete project when there are sufficient customers to support six units

Not only does the food cluster concept satisfy the needs of the park's employees, it would also attract the UIUC campus' students and employees as well as the broader community, including nearby residential customers and visitors to the facilities on the south end of campus. Other positive attributes for this type of food clustering are:

- A large offering and wide variety for all palates and wallets for the park's employees
- Critical mass of food/entertainment for the broader market audience
- Higher performance potential per acre than traditional retail in terms of both sales and income generation
- The ability to provide a prepared pad and parking, which is very attractive to this type of food tenant
- A site with easy ingress and egress
- Likely tenants for this concept pay higher rents, advertise more, implement better build-outs and are more credit-worthy than other food and retail tenants

Orchard Downs

Today, Orchard Downs is graduate student housing occupied by adults and families. This is likely to remain true when the apartments are redeveloped and when the vacant portion of the parcel is put to use. New development under consideration includes upscale and varied housing, a senior residential community and/or an alumni village. Non-housing development should include a retail/entertainment/dining/service component. The east side of the Champaign-Urbana market is presently underserved; all of the market's significant retail is located in the northwest corner of the trade area.

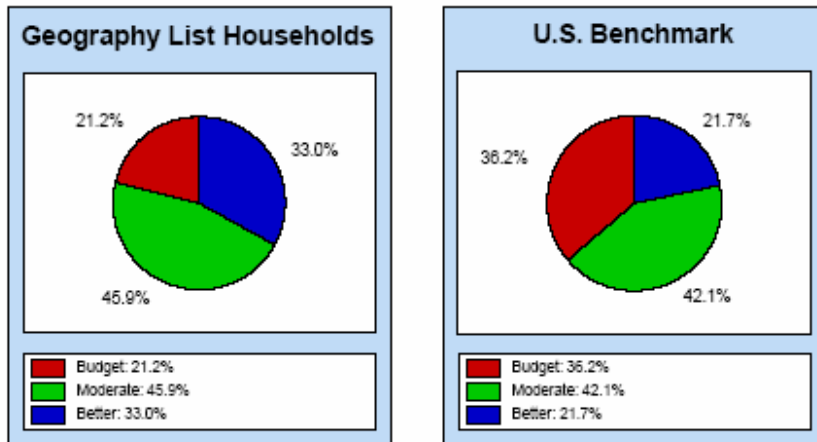
The Orchard Downs site could serve the needs of the UIUC campus' students but, more importantly, should be positioned primarily to address the shopping needs of the affluent consumer that lives in Urbana's nearby, upscale neighborhoods. Further, graduate students and their families would make up the second most important component of the site's target market. An affluent customer and a graduate student's family would co-exist at a properly merchandised center. The upscale shopper may get greater benefit from a better selection of apparel and household goods, while the graduate student family would enjoy the expanded and nearby entertainment selection.

If developed appropriately, the site’s retail would also draw the more affluent Champaign shopper including faculty favoring the State Street residential area.



Upscale Residential Neighborhood in Champaign

There is a need for better retail in the trade area. When the two zip codes making up the campus area are eliminated from an analysis of the market’s demographics, a notable, albeit somewhat small, upscale market segment emerges. The percentage of consumers in the better category rises from 22% to 33%. Similarly, the moderate category grows from 31% to 46% and, as expected, the budget segment of the trade area drops from 47% to 21%.



Price Point Comparison of the Champaign-Urbana Market (Excluding Two Zip Codes) Versus the National Benchmark

Currently, the market lacks most of the better retailers that have become occupants of lifestyle centers in recent years. Lifestyle centers, a new retail format, are growing in popularity nationwide because they provide an open-air setting that takes the form of a streetscape and, unlike a community or strip center, are often inward facing. They typically include gathering places, such as landscaped areas and courtyards, as well as pedestrian walkways, parking and amenities, such as fountains. Often they have a mixed-use component (e.g., office, multi-family space) as part of their composition. For tenants, the physical layout is appealing, and occupancy costs including rent, common area maintenance and real estate taxes are lower than those in enclosed malls.

Most recently, the life-style center has developed to take as much as 20 acres for 200,000 square feet and has been used to recreate town centers and downtowns where new communities have developed or grown.



Rendering of a Lifestyle Center – The Avenue Viera in Viera, FL

Note: The rendering is an example of a lifestyle center, The Avenue Viera in Viera, FL. The photo and site plan are for The Avenue Peachtree City in Atlanta, GA.



Aerial Photo – The Avenue Peachtree City in Atlanta, GA



Site Plan - The Avenue Peachtree City in Atlanta, GA

The retail categories that are most often found in lifestyle centers are apparel, accessories, home furnishings, restaurants, books/cards/gifts and gardening. Other non-retail uses are often present as well, such as personal services (e.g., hair salon, shoe repair) and copying and mailing facilities (Kinko's, UPS, Federal Express).

Today, there are only a dozen of these better tenants in the Champaign-Urbana area. Talbots and Talbots Petites are located in a strip center in southwestern Champaign. Fewer than a dozen of the typical lifestyle merchants are in Market Place Mall. Chico's and Starbucks Coffee are just now entering the market.

Although either site is readily accessible for shoppers, the Orchards Down site is preferable to the University Research Park site for two reasons. First, as noted earlier, the retail size limitation at the research park eliminates the possibility of a lifestyle center. More importantly, a lifestyle center is better matched to the residential environment of Orchards Downs.

Another site that may be an alternative location for a lifestyle-type center is the 160-acre Pell Farm parcel located at the southwest corner of Philo and Windsor Roads.

East Campus Commercial Area

The East Campus Commercial Area is appropriately sized and located to take advantage of its active neighborhood. High traffic levels resulting from nearby campus service facilities, student housing and the UIUC campus' art epicenter suggest that the building would prove to provide a very successful location for the right commercial occupants.



Student Housing Near East Campus Commercial

With its superior location in relation to the Spurlock Museum and the Krannert Center, the retail in this area should be designed to appeal to the local student resident as well as the art visitor. It should reflect its artistic neighbors and have the feel of an exciting streetscape, presenting a broader appeal than just to the student base.

Local and regional retailers and operators should be canvassed for this location. Food is a logical first component for the first-floor space. A local operator, such as Strawberry Fields, would offer: 1) on-premises deli and other fresh, prepared foods, 2) take-away prepared foods and 3) a market or grocery format. A full-service restaurant

with a liquor license could only prosper in this location. Other potential uses include a coffee shop, a dessert shop and art supply, novelty and jewelry stores. Apparel should not be targeted for this building.

Campus Town

Because the University does not own all of the buildings making up Campus Town, it has an inconsistent presentation, both aesthetically and in terms of tenant offering. Generally, its customers – university students, faculty and other employees and to a lesser degree non-university residents and workers – would benefit from a broader dining, shopping and service assortment and an expanded streetscape program.



Campus Town

The University has limited influence in the selection of occupants for many of Campus Town's buildings; however, it should look for any opportunity to work with other landlords to develop a merchandising plan and tenant mix strategy for this commercial area. Ideally, the area's tenant mix would include more national and regional tenants and would present a greater variety of products and services.

With the University's support, it may be possible to resurrect a voluntary merchants' association to advance these objectives. Even in the absence of an association, the University may develop an even more formalized approach to its process for identifying, qualifying and selecting tenants for its buildings.

There are two other strategies to be evaluated for enhancing Campus Town's merchandise mix. Consideration could be given to developing additional programs for offering targeted businesses subsidies to take space. Subsidies can take various forms such as tenant allowances for store build-outs, free rent or tax breaks. One existing opportunity for business owners is the City of Champaign's Redevelopment Incentive Program. Available for qualifying Campus Town locations, these grants are provided for permanent improvements to buildings, primarily for code, structural and mechanical work, and are based on the number of criteria met for historical significance, site improvements, façade improvements and other criteria.

The second strategy is one of incubating retailers. Although retailing is a focus of one of the system's other campuses, the University of Illinois may want to consider implementing a retailing program at its Urbana-Champaign campus. It may be possible to connect the program at the other campus to retail locations in Champaign-Urbana through incentives or course requirements or by providing student entrepreneurs with local opportunities.

The second opportunity for improving the Campus Town experience is to continue the streetscape program that has been implemented and to expand its scope, both geographically and in terms of its features. Occupants and users of Campus Town would likely respond well to a well-articulated identity for the area. The two components of the program involve the common areas and the storefronts. An effective way for creating an identity for the area is to establish criteria for build-out of tenant storefronts and signage.

North Campus Parking Garage

The North Campus Parking Garage is located in the heart of the engineering and computer sciences part of campus. Its retail, situated on the south side of the garage, should reflect and complement its surrounding area by accomplishing a risky calibration of 24/7 service, food and access. Its occupants will be predominantly local, non-apparel tenants.

It should contain a market and deli, the best coffee shop on campus, a UPS store and, possibly, a novelty bookstore on the order of Northern Lights in San Francisco. This retail has to be a happening experience and must, by its nature, satisfy the needs of the student and faculty but must also be sophisticated and acculturated to satisfy the personality and delights of the highly educated and worldly visitor and corporate sponsor who will visit the campus and use this parking facility.





JONES LANG
LASALLE

Higher Education Specialty
Project & Development Services
200 East Randolph Drive Chicago Illinois 60601

November 5, 2004

Mr. Mark T. Inglert, ASLA
Manager of University Planning and Design
University of Illinois - Office for Facilities Planning and Programs
807 Wright Street, Room 340
Champaign, Illinois 61820

RE: University of Illinois Retail Study dated May 1, 2004

Dear Mark:

The purpose of this letter is to clarify our study recommendations relative to the retail anticipated for the University of Illinois at Urbana-Champaign Research Park.

Our recommendation for retail at the park is two-fold. First, we recommend phasing in retail over time throughout the buildings in the planned development as opposed to immediately building the same amount of commercial/retail in one or two locations at the site. Our report mentions a 5%-of-space allocation throughout the 230 acres to disseminate mixed-uses park-wide and reinforce the financial viability of each commercial/retail unit via a build-as-you-grow strategy.

Secondly, we recommend the consideration of a dining destination for the research park. The project could sit on roughly 10 to 15 acres and would be centrally situated in the park. Building this destination in phases again is the prudent path to follow.

As you know, successful research parks have a very long development cycle, somewhere in the neighborhood of 15 to 20 years. I know that the University of Illinois' Research Park is nearly five years old so you are still in the very early stages of development. Based on the track record of university research parks across the country, the prudent path to follow is to phase in the retail with the development over time to ensure the park's long term success.

Mr. Mark T. Ingler, ASLA
November 5, 2004
Page 2

Please let me know if you require any additional information. Thank you again for the opportunity to work with the University of Illinois.

Regards,

A handwritten signature in black ink, appearing to read "MA Cronin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mary Ann Cronin
Senior Vice President
Higher Education Specialty