

MEMORANDUM



VILLAGE OF DEERFIELD

TO: Plan Commission

FROM: Jeff Ryckaert, Principal Planner and Dan Nakahara, Planner

DATE: April 14, 2023

RE: Request for Amendments to the Deerfield Comprehensive Plan and Text Amendments to the Zoning Ordinance to Create a New Entertainment and Retail Zoning District South of Lake Cook Road.

At the March 9 prefilng conference, the Plan Commission had a great discussion regarding the uses in the new C-4 Entertainment and Limited Retail Business District. Staff has updated the list of C-4 uses (see attached C-4 district) based on the comments at the prefilng conference as well as some other edits and additions. The changes to the C-4 Entertainment and Limited Retail Business District are shown in red in the attached draft C-4 zoning district regulations.

At the April 20th public hearing, staff will go over the new C-4 zoning district including the changes to the C-4 district since the prefilng conference, as well as the proposed changes to the Comprehensive Plan.

Background:

The Village is in the process of creating a Tax Increment Financing District for 44.5 acres of property located on the south side of Lake Cook Road (see attached map of Lake Cook Road TIF). The properties in the TIF include the former Walgreens properties on the south side of Lake Cook Road which include six office buildings at 1411, 1415, 1417, 1419, 1425, and 1435 Lake Cook Road, and the Embassy Suites Hotel at 1445 Lake Cook Road. The six Walgreens office buildings have been mostly vacated. Walgreens leases the property from the property owner (Orion) and Walgreen's leases expires in August of 2023.

Tax Increment Financing (TIF) is an economic development tool to revitalize areas that lack growth and investment. A TIF can help to expand the tax base, grow equalized assessed valuation (EAV), encourage private and public investment including new businesses. TIFs help with extraordinary costs that would otherwise be cost prohibitive for public or private investment, and revenue for

infrastructure improvements can come from growth in the property tax revenue (this is the increment) rather than having to raise property taxes on residents.

Here is simplification of how a TIF works: The Village establishes a redevelopment area and that area is to be studied for qualifying TIF factors requirements. If the redevelopment area meets the TIF factors, a redevelopment plan is created and that plan is considered and adopted by the Village Board. The adoption of the TIF Plan sets a specific time in which the tax base is frozen at that times most recent EAV. Increases to the EAV over the next 23 years (maximum time for a TIF redevelopment area), is the tax increment which is collected and used to further the improvements in the redevelopment area. After the 23 year TIF period all taxing bodies receive tax on the full value of improved properties. Note: A TIF period can end before the maximum 23 year period.

The creation of a TIF district (which is in the purview of the Board of Trustees) is rather involved and a lengthy process and requires some assistance from economic development experts, and the Village has retained consultant Ryan (formerly Kane, McKenna and Associates) to assist the Village with the creation of the new Lake Cook Road TIF District. A Preliminary TIF Eligibility Report for the Lake Cook Road TIF was prepared by the consultant and Village staff. This report was in front of the Village Board on March 6, 2023 and the report was approved by the Board. Click [here](#) if you wish to view this report.

Recently Approved Downtown TIF

The Village recently approved a Tax Increment Finance District for a portion of the Village Center that was lacking investment, looking tired, and not consistent with the rest of the Village Center. Click [here](#) for the recently approved downtown TIF plan.

When the Village Board approved the downtown TIF plan a couple of months ago, the Village's Comprehensive Plan was consistent with the new downtown TIF plan, and there was no need to amend the Comprehensive Plan. In this case, the proposed Lake Cook Road TIF is not consistent with the Village's existing Comprehensive Plan, and an amendment is needed to the Comprehensive Plan.

Proposed Comprehensive Plan Amendments

Village staff, in consultation with Mayor Shapiro, has expressed a strong desire to see the former Walgreens campus south of Lake Cook Road redeveloped as a mixed-use development containing exciting entertainment uses, restaurants, and retail as the main/lead uses on the property, with residential (apartments) and medical office uses as a secondary/limited uses on the property.

If the Village desires to see the six office buildings on former Walgreen's property on the south side of Lake Cook Road redeveloped as mixed-use with entertainment uses (e.g., Golf Social, Top Golf, or Pin Stripes), retail (including a grocery store), and full service restaurants (e.g., microbrewery) as the primary/lead uses and residential, and medical office as the secondary uses, then the existing Deerfield Comprehensive Plan will need to be amended as the proposed Lake Cook TIF plan needs to be in compliance with the Comprehensive Plan.

Below are some thoughts regarding possible changes to the Comprehensive Plan for the Lake Cook Road TIF District in order to accomplish the uses indicated in the above paragraphs:

For the amendments to the Village's Comprehensive Plan, staff sees adding the following uses: retail, restaurants, and entertainment. Subarea 4.8 South of Lake Cook Road in the Comprehensive Plan (attached) does not allow for retail and commercial uses on the south side of Lake Cook Road for the area between the regional storm water retention basin west to the Tollway. Specifically, # 2 in Subarea 4.8 in the Comprehensive Plan reads:

2. Undesirable Uses. The Village strongly desires to contain and strengthen the existing business districts and to prevent strip commercial development from occurring along Lake Cook Road. To protect the residential uses to the north, commercial or retail uses are not recommended.

This language could be changed to strike out #2 (above) in its entirety and the following uses can be added to # 1 in Subarea 4.8:

- Retail
- Restaurants
- Entertainment

These possible changes to the Comprehensive Plan have been made in red, see attached Subarea 4.8 of the Comprehensive Plan. Changing the language requires an amendment to the Comprehensive Plan.

Additionally, in order to make the proposed Lake Cook Road TIF Plan consistent with the Village's Comprehensive Plan, the future land use map in the Comprehensive Plan will need to be changed from the existing office use (gray) to retail (red) as the preferred land use.

Zoning Ordinance Text Amendments for New Commercial Zoning District

Staff believes it makes sense to create a new zoning district (C-4 district) at the same time the Village is amending the Comprehensive Plan to accommodate the new uses envisioned for this area as it makes sense to have the uses the Village is envisioning to be allowed by the Zoning Ordinance. This new zoning district would have a limited geographic area. Note that the Village has a C-3 Limited Commercial District in the downtown that has a very limited geographic area. Creating this new C-4 commercial zoning district should serve the purpose we are after. The C-3 Limited Commercial District in Deerfield is a somewhat brief zoning district, and the regulations in this specialized, limited use C-3 Limited Commercial District have worked well over the years.

The name for the new zoning district is: **C-4 Entertainment and Limited Retail Business District**

Below are some thoughts for USES in the new C-4 zoning district:

Allow various retail uses (see attached draft C-4 district) as *Permitted Uses* in the new C-4 District:

Since the pre-filing conference, Mayor Shapiro and staff have expressed a concern that the proposed Permitted Uses in the new C-4 zoning district could take up a lot of space on the property and block what is envisioned in the new entertainment district. The entire subject area is only 44.5 acres when including the Embassy Suites Hotel. Staff has discussed this matter and believes the best approach to avoid the property being taken up by small sites is to:

1. Change the Permitted Uses (that are being considered by the Plan Commission) to Special Uses and require that these Special Uses be allowed only when developed as part of a Commercial Planned Unit Development (PUD). The PUD provides the Village an opportunity to review the development and to accept or reject it. NOTE: No changes have been made yet to the attached C-4 District other than the changes suggested at the March 9, 2023 pre-filing conference.
2. Require a minimum lot size of five acres. With a five acre minimum lot size, it would be unlikely to get a stand-alone store developed on a five acre lot due to the expense.

The two requirements above should give the give the Village sufficient oversight and control of how the property is developed.

Allow the following uses listed below as Special Uses in the new C-4 District:

Sports Themed Entertainment Establishments, including, but not limited to, Golf Driving Ranges with Entertainment (this includes Golf Social and Top Golf type establishments), Miniature Golf, Skating Rinks, Bowling Alleys, and similar establishments.

Restaurants which can include live entertainment or dancing, when conducted as part of the restaurant operations and secondary to the principal use, but not including drive-thru restaurants.

Microbrewery, brewpub, distillery, and winery with on-site consumption of beverages and full-meal food service.

Multi-Family Residential Development as part of a mixed-use development (current I-1 zoning allows for multi-family on the AMLI property only - as the Text Amendment for an apartment development was specific to the AMLI property only).

Specialty Food Store, Grocery store, and Supermarket over 3,000 square feet.

Motion Picture Theaters, except drive-ins, and Drama Theatre.

Comedy Club.

Conference Center Facility, not to exceed 10,000 square feet, and may not include lodging.

Health Clubs, Racket Clubs, and other Athletic Clubs.

Virtual Reality Establishment, Interactive Video Game Lounge, and Video Arcade Establishment, but not including any video gaming that is prohibited by Section 15-19.1 of the Village Municipal Code.

Note: An example of a virtual reality type use can be similar to a MassVR (<https://massvrbn.com/>) establishment in Bloomington, IL, and or a RedlineVR (<http://www.redlinevr.com/>) establishment in Chicago. An example of a gaming lounge is Ignite Gaming Lounge (<http://www.ignitegaming.com/>) in Skokie.

A Commercial Planned Unit Development (note: the redevelopment of the former Walgreens property on the south side of Lake Cook Road will need to be approved as a PUD as more than 1 building on a lot requires a PUD by Article 2.00-E, and multiple uses on a lot are required to be developed as a PUD by Article 2.00-G).

Any Special Use in the I-1 Office, Research, and Restricted Industrial District. (note: All of the existing I-1 uses are included in the new C-4 District in case the entertainment and retail concept does not come to fruition on the subject properties).

Staff did not envision the following uses in the new C-4 zoning district: Auditoriums, concert halls, stadiums, clubs and lodges, banquet halls and other special event center type facilities. These uses demand a large parking supply and are used mostly for large events on the weekends and then these facilities sit dormant much of the rest of the week.

The standard for text amendments is that the amendments are in the public interest and not solely for the interest of the applicant.

Bulk Regulations for the New C-4 District

For the bulk regulations in the new C-4 District, staff has used the more generous setbacks and other bulk regulations that are in the current I-1 District. Recall that all the properties from the regional storm water detention facility east to the Tri-State Tollway are zoned I-1 and Text Amendments were needed to the I-1 district for the various uses including: assisted living, independent living, private high school, private elementary school, a place of worship, apartments, and supportive living facility. These uses have been approved to go into this corridor over the years, but the bulk regulations of the I-1 district have remained the same as the properties in this corridor were approved and developed.

Expansion of the Appearance Review Commission (ARC) to the new C-4 Zoning District

If this is an area that will be commercial in nature, the Village will probably want to expand the jurisdiction of the Appearance Review Commission to the new C-4 district. This matter of the expanding the jurisdiction of the ARC to the proposed C-4 District is in the purview of the Board of Trustees, but the Plan Commission can offer input on the matter.

District Standards

District standards for the new C-4 Zoning District are also included in the packet and are mirrored after the current I-1 Zoning District standards.

Prefiling Conference Minutes

Attached are the draft prefiling conference minutes from March 9.

DRAFT

C-4 Entertainment and Limited Retail Business District

Description of the District

The C-4 District is a specialized district established to permit, encourage, and carefully regulate entertainment, a limited variety of commercial and residential uses, while also providing for possible development of office buildings, research facilities, training centers, and restricted industrial parks in suitable areas appropriately located along a primary arterial street and across from a residential district. This District recognizes that significant traffic congestion exists along adjoining arterial traffic routes, and that without careful planning and design, such traffic problems may be acutely intensified. The uses in this District will be carefully regulated to control their impact upon public facilities and other uses. This district is characterized by development on relatively large lots with landscaped setbacks, high performance standards and bulk regulations that will protect the environmental quality of this predominantly residential community. Expansion of the C-4 District will be carefully considered to determine if the area is suitable for this type of development.

Permitted Uses

The following uses are permitted in the C-4 Entertainment and Limited Retail Business District:

1. Retail Business Uses
 - a. Antique Shops.
 - b. Apparel and Accessories Stores.
 - c. Art Galleries.
 - d. Beauty Products, Cosmetics, Perfumes and Soaps Stores.
 - e. Bakeries.
 - f. Book Stores.
 - g. Candy and Confectionery Stores.
 - h. Delicatessens.
 - i. Department Stores.
 - j. Drug Stores and Pharmacies.
 - k. Florist Shops, retail sales only.
 - l. Frozen Dessert Stores.
 - m. Jewelry Stores.
 - n. Coffee shops, tea shops and similar operations of 3,000 square feet or less.
 - o. Specialty Food Retail Stores of 3,000 square feet in area or less.
 - p. Sporting Goods and Sportswear Stores.

2. Service Uses
 - a. Artists' Studios.
 - b. Massage.
 - c. Beauty Salon.
 - d. Nail Salon.

DRAFT

3. Any Permitted Use in the I-1 Office Research Restricted Industrial District

Special Uses

The following special uses are permitted in the C-4 Entertainment and Limited Retail Business District:

1. Sports Themed Entertainment Establishments, including but not limited to, Golf Driving Ranges with Entertainment, Miniature Golf, Skating Rinks, Bowling Alleys, Trampoline Parks and Indoor Children's Playgrounds and similar establishments.
2. Restaurants which can include live entertainment or dancing, when conducted as part of the restaurant operations and secondary to the principal use, but not including drive-thru restaurants.
3. Microbrewery, brewpub, distillery, and winery with on-site consumption of beverages and full-meal food service.
4. Multi-Family Residential Development as part of a mixed-use development.
5. Specialty food retail store, grocery store, and supermarket over 3,000 square feet.
6. Motion Picture Theaters, except drive-ins, and Drama Theatre.
7. Comedy Club.
8. Conference Center Facility, not to exceed 10,000 square feet, and may not include lodging.
9. Health Clubs, Racket Clubs and other Athletic Clubs.
10. Virtual Reality Establishment, Interactive Video Games Lounge, and Video Arcade Establishment, but not including any video gaming that is prohibited by Section 15-19.1 of the Village Municipal Code.
11. A Commercial Planned Unit Development.
12. Any Special Use in the I-1 Office Research Restricted Industrial District.

Temporary Uses

Temporary Uses and structures may be allowed subject to the issuance of temporary use permits in accordance with the provisions of Article 11, Temporary Uses and Structures.

DRAFT

These uses and structures may include the following as well as uses and structures similar to the following:

1. Carnival.
2. Christmas Tree Sales.
3. Contractors' Office and Equipment Sheds.
4. Home and Garage Sales.
5. Real Estate Sales Office and Model Units.
6. Block Parties and Street Dances.
7. Temporary Outdoor Sales.

Accessory Uses

In the C-4 District, accessory uses, buildings and structures as regulated by Article 2 may include the following, as well as uses and structure similar to the following:

1. Fences, as regulated by Article 2, General Provisions.
2. Signs, as regulated by Article 9, Signs.
3. Tool Sheds and Similar Storage Structures.

Bulk Regulations

In the C-4 District, uses and structures shall conform to the following bulk regulations:

1. Minimum Lot Area

The minimum lot area shall be five acres.

2. Minimum Lot Width

- a. For each permitted use, there shall be provided a minimum lot width of 200 feet.
- b. For Special Uses, minimum lot widths greater than 200 feet may be required as a condition for authorization.

3. Minimum Yards

The following minimum yards shall be provided and maintained:

- a. Front Yard
A front yard of not less than 100 feet.

DRAFT

- b. Interior Side Yard
A side yard on each side of the principal building of not less than 50 feet.
- c. Corner Side Yard
A side yard along the side street of not less than 100 feet.
- d. Rear Yard
A rear yard of not less than 50 feet.
- e. Exceptions

For Special Uses, minimum yards of greater depth may be required as a condition for authorization.

- 4. Maximum Lot Coverage
The total ground area occupied by any principal building, together with all accessory buildings shall not exceed 35 percent of the total area of the lot.
- 5. Maximum Building Height
 - a. No building or structure shall be erected or structurally altered to exceed 45 feet in height.

District Standards

All of the property located in the C-4 District is subject to the general standards and regulations of the [Zoning Ordinance](#). Property located in this district is also subject to the following:

Retail or Service [Businesses](#)

All [retail and service](#) business establishments shall be retail or service establishments dealing with consumers. Goods produced on the premises shall be [offered for sale](#) on the premises where produced.

1. Limit on Warehousing

Warehousing and storage as an accessory use shall not exceed 50 percent of the floor area of any building. For the purpose of this provision, basement floor areas shall be included in the computation of the floor area of the building.

2. Operation within Enclosed Structures

All business, service, storage and display of goods shall be conducted within completely enclosed structures, except:

- a. Off-street parking and off-street loading;
- b. Temporary Open Sales or Sidewalk Sales, when authorized pursuant to Article 11, Temporary Uses and Structures.
- c. Entertainment [and athletic](#) Special Uses that may have outdoor activities when approved as part of the Special Use.

3. Restriction on Sales and Services Involving Motor Vehicles

DRAFT

No business establishments, shall offer goods or services directly to customers using a drive-thru.

4. Landscaping

- a. All yards and open space between and about buildings, structures, off-street parking and loading areas and areas along exterior and interior streets within the C-4 District shall be landscaped. All landscaping shall be properly and continually maintained by the owner and/or tenant of the premises.
- b. Undeveloped areas shall be continually mowed and kept free of debris until developed.

5. Screening

Screening shall be provided as set forth in Article 2, General Provisions.

6. Underground Utility Systems, Transformers and Metering Equipment

All on-site utility lines including power and telephone lines but excluding high tension lines shall be located underground. All transformer and terminal equipment and equipment for metering the usage of water, natural gas, electricity, etc. shall be located underground or within buildings or shall be effectively screened from view from streets and adjacent properties as required in Article 2, General Provisions.

7. Lighting

All exterior lighting, parking lot lights, exterior building lights and landscape lighting shall be directed away from adjoining highways, streets and properties.

8. Performance Standards

It is the intent of these regulations to limit the use of land and buildings in the C-4 Entertainment and Limited Retail Business District to those uses which will not create any dangerous, injurious, noxious or otherwise objectionable conditions. Neither will they create any fire, explosive, radioactive or other kind of hazardous conditions, nor will they produce noise, vibrations, smoke, dust, odor or other forms of air pollution. Electrical disturbances, glare, heat or any other conditions, substances or elements that are in a manner or amount so as to adversely affect the community will not be permitted. Specifically, all uses shall operate in conformance with the Village Municipal Code and shall be limited by the following:

a. Glare or Heat

No glare or heat shall be detectable at the limits of the tract on which the use is located.

b. Vibrations

No vibrations shall be detectable at the limits of the tract on which the use is located.

c. Toxic Matter, Odors, Particulate Matter

No toxic matter, noxious matter, smoke or gas and no odorous or particulate matter shall be detectable at the limits of the tract on which the use is located.

d. Fire and Explosive Hazards

DRAFT

Materials that present potential fire and explosive hazards shall be stored and used only in conformance with all applicable Village ordinances.

e. Radiation Hazards

Materials that present potential radiation hazards shall be stored and used only in conformance with the most restrictive of the applicable municipal, state and federal regulations.

f. Electromagnetic Interference

Electromagnetic interference shall not adversely affect the operation of any equipment other than that belonging to the creator of such interference and must conform to the regulations of the Federal Communications Commission.

9. Parking and Loading Requirements

Off-street parking and loading spaces shall be provided in accordance with Article 8, Off-Street Parking and Loading.

10. Signs

Signs shall conform to the applicable regulations as set forth in Article 9, Signs.

Standards for Zoning Map Amendment
Area of Proposed C-4 Zoning District

13.10-D Findings

Where the purpose and effect of the proposed amendment is to change the zoning classification of particular property, the Plan Commission shall make findings based upon the evidence presented to it in each specific case with respect to the following matters:

1. Existing Uses

Existing uses of property within the general area of the property in question.

The proposal is to rezone properties which are presently zoned I-1 Office, Research, and Restricted Industrial District (which uses include offices, apartments, independent and assisting living) to the new C-4 Entertainment and Limited Retail District. The proposed rezoning to the C-4 zoning district is appropriate given the existing uses in the general area of the property. The proposed C-4 zoning district will allow for a future, well-planned development. The residential uses to the north are separated from the subject property by a four -lane arterial roadway (Lake Cook Road).

2. Current Zoning in Area

The Zoning classification of property within the general area of the property in question.

The current zoning in the general area consist of I-1 Office, Research, and Restricted Industrial District. The property which is the subject of the rezoning to C-4 will further support and enhance the uses already existing in the surrounding area. The Planned Unit Development and Special Use process is a way to ensure that future redevelopment projects and uses meets the required standards during the approval process.

3. Suitability of Present Zoning

The suitability of the property in question for the uses permitted under the existing zoning classification and the proposed classification.

The property in question is currently zoned I-1 Office, Research, and Restricted Industrial District and is mostly vacant. Remote work has greatly lessened the demand for office space. The property is suitable for the new C-4 zoning district as this district has the potential to create a much needed entertainment component for the Village, and maximizes the redevelopment potential for the property.

4. Trend of Development

The trend of development, if any, in the general area of the property in question, including changes, if any, which may have taken place since the day the property in question was placed in its present zoning classification.

The area is in the process of transition from office to other uses. Office demand is stagnating as businesses have moved to the hybrid work model and companies continue to reduce their foot prints as remote work reshapes thier space needs. The redevelopment of this property will increase property values and enhance the appearance of the property.

**PLAN COMMISSION
VILLAGE OF DEERFIELD
Minutes**

The Plan Commission of the Village of Deerfield called to order a Workshop Meeting at 7:30 P.M. on March 9, 2023 at Deerfield Village Hall.

Present were: Al Bromberg, Chairman
Jennifer Goldstone
Lisa Crist
Sara Lubezny
Kenneth Stolman

Absent: Blake Schulman
Bill Keefe

Also present: Jeff Ryckaert, Principal Planner
Daniel Nakahara, Planner
Ben Schuster, Associate Village Attorney
Andrew Lichterman, Assistant Village Manager

Chairman Bromberg swore in all who plan to testify before the Commission.

Public Comment on a Non-Agenda Item

There were no comments from the public on a non-agenda item.

WORKSHOP MEETING

1) Prefiling Conference on the Request for Amendments to the Deerfield Comprehensive Plan and Text Amendments to the Zoning Ordinance to Create a New Entertainment and Retail Zoning District South of Lake Cook Road.

Assistant Village Manager and Director of Community Development Andrew Lichterman addressed the Commission. He shared background on why this request is before the Plan Commission. He stated that Village staff, in consultation with the Mayor, have been pursuing various initiatives to be proactive and ahead of the trends affecting the office market, particularly those adversely impacting Class B office space, including the buildings formerly occupied by Walgreens on the south side of Lake Cook Road. The Village also recently became aware of the consolidation at the Wilmot Walgreens campus, the relocation of CF Industries, and the relocation of the Baxter campus. These are examples that the Village needs to remain nimble, proactive and adaptive to the changing trends to keep commercial and industrial districts vibrant and relevant.

The six Walgreens buildings on Lake Cook Road have been vacated. Village staff has also had in depth conversations with the Embassy Suites Hotel management and ownership. They have shared that the hotel has underperformed for the last 10 years and have been struggling compared to other hotels in the region. Village staff and the mayor have been working with a Tax Increment Financing (TIF) consultant to create a redevelopment plan for the 44 acre area that is comprised of the six vacated Walgreens buildings and the Embassy Suites Hotel.

Mr. Lichterman explained that TIF is an economic development tool that has been used by the Village sparingly, and in the past, it has been used to great success. It can help grow the tax base through private investment that otherwise would not occur. At the last Village Board meeting, the TIF consultant and staff presented an eligibility study for this area to determine if it would meet the minimum qualifications that are outlined in the TIF Act. The study found that it can be defined as a conservation area and that it did meet the minimum standards that are outlined in the TIF Act. It met four qualifying factors which include: stagnant or declining EAV; deterioration; excessive vacancies; and inadequate utilities. The Village Board concurred with the findings in the eligibility study and directed staff to continue to proceed with the formation of the TIF District. The next step is to formulate the specifics of a TIF Redevelopment Plan. Notably, the TIF District Redevelopment Plan must also be consistent with the Village's Comprehensive Plan. The TIF District would allow for greater opportunities and investment and redevelopment in this area which, in all likelihood, will not remain Class B office space. To respond to market trends and help attract long-term investment, the Mayor and Village staff would like to amend the Comprehensive Plan prior to the adoption of the TIF District. The vision is to continue to allow the office and related I-1 uses in the district and to also allow for entertainment and retail uses. The six office buildings formerly occupied by Walgreens are currently under contract with a prospective purchaser. Mr. Lichterman reported that staff has been working closely with the purchasers to guide them towards the uses that would be consistent with the TIF Redevelopment Plan and the amendments that are proposed here tonight.

Chair Bromberg clarified that the Plan Commission is not providing input on whether or not to do a TIF District, but only providing input on the proposed changes to the Zoning Ordinances and the Comprehensive Plan for that specific parcel of land. Mr. Lichterman stated that staff is proposing a new C-4 District with listed permitted and special uses. The hope is that if these changes are recommended by the Plan Commission, then this vision will be consistent with the TIF Redevelopment Plan that they are working on concurrently. These zoning and comprehensive plan amendments would then go to the Village Board for consideration along with the final adoption of the TIF District so that these guiding documents are consistent. Village Attorney Ben Schuster stated that these zoning and Comprehensive Plan changes are independent to whether or not the TIF is formed. So if the zoning is changed and the Comprehensive Plan is changed to include the new uses, that would be in place whether or not a TIF is actually formed. For example, if restaurant or retail uses are allowed, a TIF district might fail and they would still be allowing retail and restaurant uses to go into this area without the benefit of the TIF. He added that these amendments should be made aside from the TIF district based on what this Commission would like to see in this particular area. Chair Bromberg added that the idea is for the Plan Commission to make this determination so that this is all done by the time the Village Board decides on the TIF district.

Commissioner Crist asked what is the disposition of the Embassy Suites Hotel and if they are already planning to vacate. Mr. Lichterman replied that the Village has been talking to the hotel ownership for years about possible redevelopment and reuses. Right now they are in a holding pattern and they are going to wait to see if a TIF District gets formed. Ownership has indicated to the Village that they have been underperforming for ten years. He added that there are no specific plans for this hotel. Including the hotel in the TIF district allows for the greatest flexibility and is consistent with the TIF qualifying factors. The property could remain a hotel and complement future uses around it. Commissioner Crist confirmed that the Embassy Suites would be cooperative and glad to be part of the TIF. Mr. Lichterman shared that they initially

studied a larger area on Lake Cook Road for the TIF and narrowed it down to these parcels because these were the most warranted and the parcels that met the qualifying factors. He stated that it was a very thoughtful process and they wanted to include the most appropriate properties and not ask for more than what is justified.

Commissioner Goldstone asked if there are multiple owners in this possible TIF District. Mr. Lichterman replied that a Real Estate Investment Trust (REIT) owns the Walgreens buildings and Walgreens leased the properties back from the REIT. The properties were then purchased by Orion in the last two years. Commissioner Lubezny asked if Orion wants to hold on to the properties and lease to new tenants, or if they plan on selling the properties. Mr. Lichterman replied that the perspective contract purchaser is now seeking to buy the properties from Orion and redevelop. If the Village adopts the proposed C-4 District with these uses, the Village will encourage potential developers to bring retail and entertainment type uses in this area. He added that the I-1 Zoning District uses will still be allowed and permitted in the proposed C-4 Zoning District. This would allow for greater flexibility of the current uses.

Commissioner Goldstone commented on the process for the special uses for the new zoning district and confirmed that each business would have to appear before the Plan Commission for special use approval. Chair Bromberg stated that as today in other districts, permitted uses may go in and special uses come to the Commission, and any other uses are not permitted.

Commissioner Stolman commented that the materials referenced that the TIF can take a long time to be established and asked for staff to explain why. Mr. Lichterman replied that the eligibility study on its own takes a long time complete. And that after this, most of the process is dictated by the statutes in the TIF Act. This dictates specific meetings and public hearings and an entire process. The TIF impacts other taxing districts, so they are stakeholders and they have a role in the process, as well. Mr. Schuster added that the Cook County tax assessments have also slowed down the process of this TIF creation. Lake County assessments came out much sooner than Cook and they needed this information to qualify as a TIF District as they have to show a declining EAV in a 5 year period. The statute rules require that the Village Board review preliminary plans, final plans, hold public hearings, and create a joint review board which is a public body put together of representatives from all different tax districts affected including the school district, fire protection district, and so on. He added that this process all takes time with notification of hearings and waiting periods. It is a slow process and meant to be deliberate. Mr. Schuster stated that the process is done this way because a TIF District lasts for up to 23 years, and can have significant impacts.

Commissioner Goldstone asked about the Cook County tax assessments. Mr. Lichterman replied that they just received them in January, and they needed this information to show that they have had declining or stagnant EAV for three of the last five years, and with the 2021 numbers they do show that. Commissioner Goldstone asked if they are not concerned about a change from 2021 to 2022. Mr. Lichterman replied that even if it increased, it doesn't change the findings of the report and the Village is comfortable with the data as a qualifying factor.

Commissioner Stolman asked if the Plan Commission votes to approve this zoning change if that affects the outcome or anything related to the TIF. Mr. Lichterman replied that it is helpful for the TIF District, but it is regardless of the TIF. If the new zoning district is in place, it will be consistent with the TIF redevelopment plan. And if the new zoning district is not put in place, then the TIF redevelopment plan will look different or the Village may choose not to pursue a TIF District.

Village Planner Jeff Ryckaert thanked Mr. Lichterman for the comments about the subject properties and the proposed TIF district. Mr. Ryckaert stated that he would review the proposed amendments to the Comprehensive Plan and the Zoning Ordinance. He explained there are some changes needed to the Comprehensive Plan because the Lake Cook TIF redevelopment plan does not conform to the Village's Comprehensive Plan and therefore amendments are needed to the Village's Comprehensive Plan. The amendments are to add retail, restaurants and entertainment because Subarea Section 4.8 in the Comprehensive Plan does not allow for retail and commercial uses on the south side of Lake Cook Road for the area between the regional retention facility west to the tollway. The other change to the Comprehensive Plan is to remove #2 in Subarea 4.8 that indicates commercial and retail uses are not desired. Mr. Ryckaert explained that the preferred use on the future land use map in the Comprehensive Plan would also have to be changed from the existing office use (pink on the future land use map) to retail (red). Chair Bromberg agreed that these changes are not controversial and they are simply adding retail, restaurants and entertainment uses in this area and removing a statement that they do not want these uses, as well as updating the Future Land Use map to reflect this change.

Mr. Ryckaert explained that text amendments to zoning ordinance are needed for the new C-4 zoning district which is more involved than the Comprehensive Plan amendments just discussed. He commented that as long as the Village is creating the TIF district and amendments to the Comprehensive Plan, it makes sense to create a new zoning district that allows the uses the Village wants to be established in this area. Mr. Ryckaert reviewed the special uses. He explained that special uses are uses that are generally appropriate for the zoning district, but may not always be appropriate or compatible with the surrounding area and uses. So when a special use proposal comes before the Plan Commission for review, the special use criteria are used to evaluate and determine whether the proposed special use is appropriate at a particular location.

Mr. Ryckaert stated there are 11 proposed special uses for the new C-4 district. The first special use is indoor and outdoor sports-themed entertainment establishments including golf driving ranges with entertainment such as Top Golf; miniature golf; public skating rinks that could be used for lessons as well as adult and youth hockey clubs and leagues. Also bowling alleys such as Pinstripes or Brunswick; and other similar sports-themed establishments. Chair Bromberg commented that he has done axe throwing and this is gaining popularity, and asked if that could be a similar establishment. Mr. Schuster replied that the way it is worded, if it is sports themed, then it would be allowed, and that some examples can be listed but not necessarily all possibilities. Mr. Schuster suggested stating "including by not limited to" when listing examples and the Village Planner would also make a determination if that business is interpreted to be a sports themed entertainment establishment. This determination would be done if there was a use in question that came forward. If someone disagreed with a determination they could appeal it to the Zoning Board of Appeals or a petitioner can ask for a text amendment to add a use. Chair Bromberg stated that he would like to change the wording as suggested.

Commissioner Stolman commented on how the Village of Wheeling has transformed and is now a destination because of the things they have added in the downtown area. They have state of the art ballfields, a waterpark and more. Commissioner Stolman asked if ball parks are recreational or could be considered outdoor sports themed entertainment. Mr. Ryckaert stated that the only recreational use listed are health clubs and tennis clubs as a special use. Commissioner Goldstone suggested adding pickleball as well. Commissioner Goldstone

commented that the Wheeling complex is Park District fields and businesses were built around them separately. Mr. Schuster suggested wording it as health clubs and racket sports clubs instead of tennis clubs, and other athletic facilities. Commissioners Goldstone and Stolman agreed with this suggestion. Mr. Lichterman stated that staff would consult about a request like axe throwing as well as other possibilities. Mr. Nakahara stated that the subject area is approximately 44 acres including the Embassy Suites Hotel and for some of these uses parking requirements are a big consideration.

Mr. Ryckaert stated that the next special use is restaurants that include live entertainment and dancing secondary to their principal use, but not including drive-thru restaurants. Mr. Ryckaert explained that they are seeking full service restaurants that offer things like karaoke, comedy, live music and other events to bring people in, but not fast food establishments. An example could be a microbrewery that offers live entertainment. Quick service food establishments could bring a lot of in and out traffic volume to the area, negatively impacting residents that are envisioned to be part of any mixed-use project. For this reason, staff is focusing on full service sit down restaurants with these entertainment uses, rather than fast food restaurants.

Commissioner Goldstone asked if they need to add anything about outdoor seating for restaurants as is listed for sports themed businesses. Mr. Schuster recommended changing indoor and outdoor sports themed and to listing this use as sports themed entertainment establishments. He added that the zoning code does not distinguish between indoor and outdoor uses for restaurants. For example, if a restaurant wanted outdoor space for its property, the Village does not prohibit this under zoning code. Stating restaurants would cover indoor and outdoor seating. Commissioner Goldstone agreed with this suggested change.

Chair Bromberg asked if restaurants would include breweries. Mr. Ryckaert replied that they may need a text amendment to define what a brewery is. Chair Bromberg suggested adding brewery, winery, and distillery to not exclude these. Mr. Lichterman reported that Village liquor licenses are incidental to meal service, so a brewery would have to have meal service per the Village liquor code. A brewery serving food would be a restaurant as the primary use. However, some breweries do not have kitchens and food service, and this would affect liquor licensing. Mr. Schuster suggested that if the Village wanted a brewery, to consider a brewery with drink service because someone could open up just a factory making beer without a restaurant or bar. When a business is a restaurant use, food service is the primary use. If a brewery has beer sales as their primary use, then they would not qualify as a restaurant. He also advised that using the term microbrewery could mean a small scale factory that just bottles beer without food or drink service. Commissioner Goldstone commented that breweries and microbreweries are a trend and she would like Deerfield to be a part of that and would like to see them included somehow. She added that she likes the idea of a restaurant that also brews and serves their own beer. Staff asked the Commission to consider how important it is to have meal service or if they want to allow just alcohol service. Mr. Lichterman shared that Deerfield's approach to liquor licensing has always been to require meal service with alcohol sales. Commissioner Goldstone suggested adding brewery as a secondary use to restaurants just like live entertainment and dancing. Mr. Schuster suggested stating microbrewery to spell it out because then there is more leeway without worrying about the primary and secondary use. Chair Bromberg agreed with this suggestion and is in favor of attracting these types of businesses.

Commissioners Goldstone, Lubezny and Chair Bromberg agreed that they are in favor of listing microbrewery, distillery and winery as special uses. Commissioner Crist commented that these uses could create concern from neighbors, but the Plan Commission would review any possible

petition. Commissioner Crist stated that in the Comprehensive Plan we keep residential to the north and multiuse south of Lake Cook and this changes the character of that Lake Cook Road corridor. Chair Bromberg commented that even if microbreweries, distilleries and wineries are not included, sports themed entertainment businesses also change the character. Mr. Nakahara added that staff is considering having the Appearance Review Commission (ARC) review all exterior modifications and signage for this new zoning district. This would keep things in line with what Deerfield seeks for appearance and aesthetics. Commissioner Stolman asked about sports book betting or other gambling establishments. Mr. Lichterman confirmed that the Village Board has an ordinance in place that prohibits gaming and he does not see the Village Board lifting this prohibition. Mr. Schuster suggested that the Commission consider whether they want to require food service with microbreweries, distilleries, and wineries if these are listed as special uses. Chair Bromberg commented that he is in favor of less limitations, Commissioner Goldstone agreed. Mr. Ryckaert asked if the Commission agrees to not allow drive-thrus for this district. Chair Bromberg agreed. Commissioner Goldstone commented that this can be changed for a specific request if desired. Mr. Schuster stated that this is a very small zoning district and they are determining what types of businesses they would generally be fine with in this area. The Commission could add certain conditions for traffic, noise, lighting, screening, etc. for any specific special use petition. But if a petition comes forward with one of these uses, generally it may be hard to say no because it is listed as a special use.

Mr. Ryckaert reviewed the next special use which is multifamily development. The thought here is that the Village wants this property to have a significant population to help with the businesses in the area and also with businesses in the rest of the Village. So this use would add a residential component here along with the entertainment and retail uses. Chair Bromberg commented that if a multifamily development is added here, there may be more school-aged children in this area, which feeds into Northbrook schools. He commented that this might not make sense and asked if they can change school district boundaries to have these children in Deerfield schools. Mr. Lichterman shared that the AMLI development was required to be a rental community and not condominiums, to keep it as apartments because of concern about families being disconnected to Deerfield. Today the trend is still apartments, not condos. The Plan Commission can consider adding a stipulation that a multifamily development here must remain rentals if desired, which has been done in the past. Mr. Nakahara stated that the Comprehensive Plan does not recommend traditional residential development south of Lake Cook Road, which generates school-aged children. Similar to the residential developments built south of Lake Cook Road, this can be done by the unit mix. For example, AMLI has mostly studios and one bedrooms (generating less school age children), and fewer two and three bedrooms units. The current residential development south of Lake Cook Road is consistent with the Comprehensive Plan. He added that they are hearing from residential multifamily developers that high end studios and one bedrooms with lots of amenities is the trend in the market. Mr. Ryckaert asked if the Village can restrict multiple family use to rental units only through a text amendment. Mr. Schuster replied that he does not recommend that approach, but can work with staff to address this concern.

Mr. Ryckaert explained the next special use which is a food store, grocery store or supermarket over 3,000 square feet. The thought here is that this type of use would be a real draw for the area and convenient for residents that live in the area. Mr. Ryckaert explained that in the C-1 and C-2 Districts, if these types of food stores are under 3,000 square feet, they have little impact and are a permitted use, and if over 3,000 square feet they have to meet Special Use criteria. The definition is a food store which includes fruit and vegetable markets, health food stores, grocery stores and supermarkets. Under 3,000 square feet is a permitted use and can

go in as retail. Mr. Lichterman added that most grocery stores would be a special use and are over 3,000. The commissioners were in favor of this use.

The next special use is motion picture theaters, except drive-ins. Mr. Ryckaert explained that drive-ins will take up a lot of parking and are not a good fit here. He added that drama theaters for plays and movie theaters would be a special use.

Comedy clubs are also a proposed special use for this new district. Mr. Ryckaert also shared that banquet hall was removed from the special use list. Staff looked into this use, but determined that this type of uses had a large parking demand and would mostly be used on weekends only and sit empty too often.

The next Special Use is a conference center that could hold corporate networking events and meetings, charity fundraisers, small trade shows and expos, seminars, and other smaller events. Chair Bromberg asked if it would include hotel rooms for overnight stays. Mr. Ryckaert replied that this is not how this use was envisioned. Lodging is already allowed in the I-1, but it would not be allowed as part of a conference center facility. Commissioner Goldstone asked if they can define conference center facility by square footage to fit with the size they are seeking. Mr. Ryckaert replied that they could put a maximum size on it if desired, such as under 10,000 square feet. Chair Bromberg asked if there is a demand for places like this. Mr. Ryckaert commented there are not any current conference centers in the Village. There was Venue One located in the former Berto Center which hosted charity events, weddings, etc. but it did not last long.

The next special use would be health clubs and tennis clubs. This would be convenient for the local residents and could bring people into the area. Chair Bromberg suggested changing tennis club to racket sports clubs. The rest of the Commission agreed.

The next special use is virtual reality and gaming facilities. Mr. Ryckaert explained virtual reality is a realistic simulation for a user in a computer generated gaming environment. Commissioner Goldstone commented that the one in Skokie is very popular and gaining traction. Commissioner Goldstone added that Ignite in Skokie have headset virtual gaming and computer station pods, and seemed to be busy with young people. They also have a large event space that holds birthday parties, bar and bat mitzvahs and corporate events. She commented that it has a social environment with drinks and food. Mr. Lichterman agreed that these businesses are gaining traction. Commissioner Goldstone added that there were a lot of people in their 20s there, not just teenagers and younger kids. Mr. Ryckaert explained that this use category does not include video arcade games like a Dave & Busters or Nickel City. Commissioner Stolman commented that a new trend is high end, nostalgic places with all old arcade games for adults with a full restaurant and bar that host events and birthday parties. They are intended to be a throw back to childhood for adults and are popular in cities right now. Mr. Schuster suggested wording this use as virtual reality gaming and video arcades to include these. The Commission agreed.

Mr. Ryckaert continued and shared that a commercial planned unit development (PUD) would also be a special use. He explained the redevelopment of the former Walgreens campus would have to be developed as a PUD because of all the multiple uses on the property.

Mr. Ryckaert explained that any special use in the existing I-1 District would also be included in the new C-4 District. They are not taking away any of the I-1 uses, just adding uses in the new C-4 District.

Commissioner Goldstone asked if there is anything the Village needs to discuss with the Police Department as the security is different with these uses versus office uses. As this type of development is more visible and close to the spur, drawing attention to residential neighborhoods right off of 294. She asked if the Police Department had any input on these uses in this location. Mr. Ryckaert replied that the Police can provide input on safety and security on proposed special uses as they have done in the past. Mr. Lichterman added that the Police Department leadership is aware of these discussions.

Mr. Ryckaert shared that staff did not envision uses in the new C-4 zoning district that would generate large crowds such as concert halls, auditoriums, stadiums, clubs and lodges, banquet halls, and other special event type of facilities as these facilities would demand a large parking supply for large events and are used mostly for large events on the weekends and then would sit empty much of the rest of the week. This concluded the review of proposed special uses for the new C-4 Entertainment and Limited Retail District.

Commissioner Lubezny asked if places like Kids Empire or a trampoline park or other kid based facilities like this could also be a special use. The other commissioners agreed. Mr. Lichterman commented that a trampoline park could be considered a sports themed use. Mr. Ryckaert replied that Kids Empire was a text amendment in the C-2 district worded as a children's indoor playground, and this could be added. Commissioner Goldstone suggested including trampoline parks and children's indoor playgrounds as examples of sports themed establishments.

Mr. Nakahara reviewed the proposed permitted uses for the new zoning district. The permitted uses in the C-1, C-2 and C-3 districts were reviewed to determine a list of permitted use in this proposed district. Mr. Nakahara explained that they tried to find uses that align with entertainment uses, could survive in a limited retail environment and would be of convenience to residents in a new multifamily development. Examples of these retail uses include: Bath & Body Works, a bookstore, food retail stores of 3,000 square feet or less such as an Amazon Go type of store, and sportswear stores like Athleta or Lululemon. Chair Bromberg commented that the list and proposals look good and he has no issues with them. Mr. Nakahara stated that there is not a lot of space in the subject area so the idea was to limit the permitted used to retailers that would be aligned with proposed special uses and vision of the district. Commissioner Goldstone suggested they add massage and hair and nail salons under services. All other commissioners agreed. Commissioner Goldstone also asked about coffee shops and banks which are not included. Mr. Lichterman commented that most banks would want a drive-thru and this is not allowed here. The Commission agreed to add coffee shops.

Mr. Ryckaert reported that the bulk regulations for the new C-4 District were mirrored after the I-1 District standards. Chair Bromberg commented that the minimum lot area seems large. Mr. Nakahara replied that this allows for generous setbacks from the road, and they are simply carrying through existing standards to the new district. Mr. Ryckaert added that they will expand the jurisdiction of the ARC to the new C-4 District, as they have in all other commercial districts. Chair Bromberg agreed that ARC involvement is valuable.

Chair Bromberg confirmed that the traffic infrastructure of the area would be addressed when there are plans to review. Mr. Lichterman replied that they would like to see a PUD with mixed

use developments here. And if they have a TIF District there is some public utility enhancements that they would like to do which can be enabled and reimbursed. In a commercial PUD they would want to see the traffic plan, flow and access relative to what will go in there. Mr. Lichterman added that there are no sidewalks on the south side of Lake Cook Road and if residential were added they would want sidewalks there. He stated that there could be a lot of infrastructure updates to consider to support a new development.

Commissioner Stolman asked if the concept of the TIF is to create a more attractive taxing area for businesses. And if so, does that mean the burden is then shared by the residents of Deerfield. Mr. Schuster replied that the tax burden is completely unaffected and taxes will not change, rather it is where the taxes go that is affected. So if a TIF is created, the equalized assessed value from an accounting standpoint is frozen. So with any increases in EAV, those taxes will then be put into the TIF fund. So instead of it being evenly divided out the way it is now to the various taxing bodies, it would instead be used from the TIF fund for certain eligible expenses during the life of the TIF. These include utility improvements and other things listed in the statute. It can also be used to reimburse and provide funding to the developers for certain eligible expenses, like land preparation, utility improvements and roadways. Mr. Lichterman added that it will not raise any resident taxes, it is a different allocation of the taxes. And that allocation goes back into that pot to help develop the area.

Chair Bromberg asked if there have been any discussions with AMLI or other neighbors. Mr. Lichterman replied that there have not been, but all neighbors will be notified before a Public Hearing. Mr. Schuster stated that notice will be sent to them for the map amendment and there will be an opportunity for anyone who has an objection to raise it. And when the Village receives zoning applications for these sites for a specific use, then there will likely be another opportunity. Mr. Lichterman stated that approval of the TIF and management of the TIF will fall under the Village Finance Department. Commissioner Crist asked what happens if parties are not in agreement of how the money gets spent on a specific development. Mr. Lichterman replied that there will be a development agreement approved by the Village Board that will be in place. Any eligible expenses will be in the development agreement that will be negotiated by the Village and the developers. Commissioner Crist asked if the contract purchaser they are talking to has the same vision as the Village. Mr. Lichterman replied that he is not sure yet as there is no specific proposal, but they have been in communication on this vision and they have been receptive and understand. He added that the contract purchaser is aware that the Village is studying the area for a TIF district. Mr. Lichterman noted that the Village originally looked at a larger area for the TIF, but it has been reduced to the Walgreens office buildings and Embassy Suites hotel. He added that the vision is not specific for the contract purchasers, but due to a concern with the office trend and that the hotel was struggling, in addition to the need for infrastructure improvements to support future development there. Mr. Schuster added that the most obvious use of TIF funds would be utility improvements, water main and sanitary sewer lines. For a large new development a big challenge for making it economically viable is the amount spent on utility improvements.

Mr. Lichterman reviewed the proposed TIF area and why it was this specific area and not a larger area. He explained this TIF would be the fourth in the Village's history. The others include two in the downtown, and the Lake Cook Road commercial area and the office corridor on Lake Cook Road. For the Lake Cook Road office corridor, the TIF district ended one year early and increased EAV 1,000 percent. The downtown TIF included Coromandel, Deerfield Square, Deerfield Village Center, and Village Hall and the Library. This one also ended one year early in 22 years and saw a 600 percent increase in EAV. The past TIF districts have been success

stories and have allowed the amenities and built the community Deerfield has today. The use of TIF in Deerfield has been successful and used rarely.

Mr. Ryckaert concluded that the next step is to update the C-4 district with the discussion from this meeting and come back for a Public Hearing on April 13, 2023.

Items from the Staff

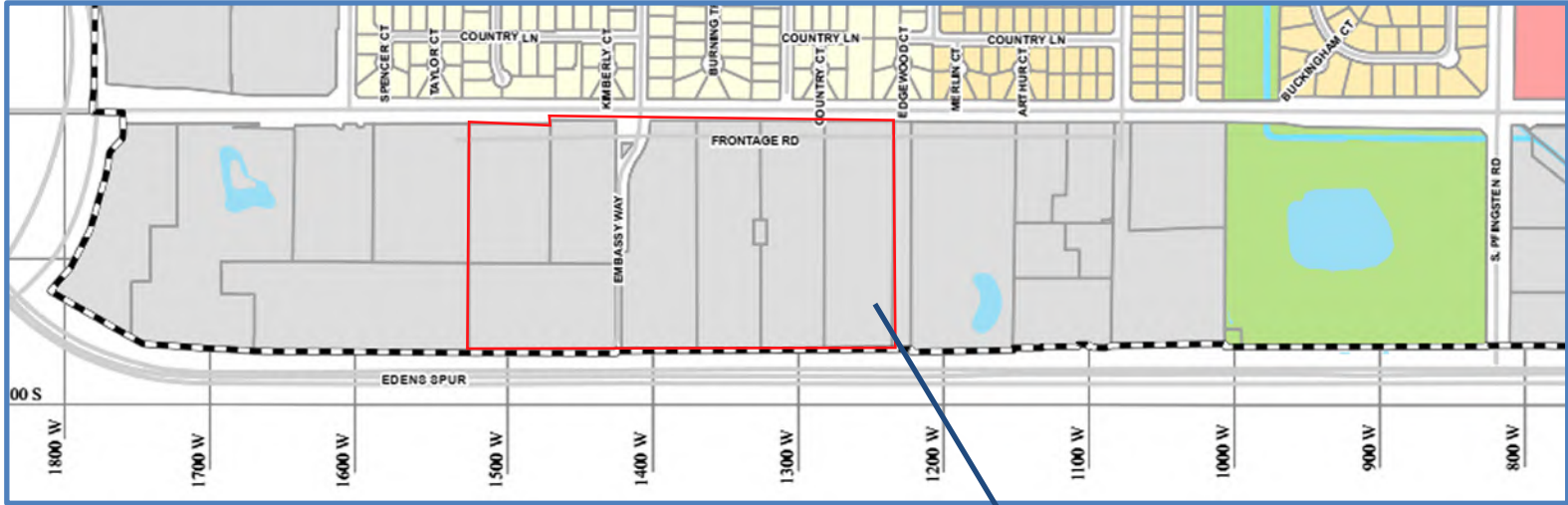
Mr. Ryckaert reported that the next meeting will be on April 13, 2023.

Adjournment












There being no further discussion, Commissioner Goldstone moved, seconded by Commissioner Stolman to adjourn the meeting at 9:16 P.M. The motion passed with a unanimous voice vote.

Respectfully Submitted,
Laura Boll

Village of Deerfield 2023 Zoning Ordinance Map

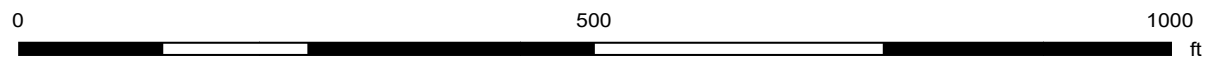
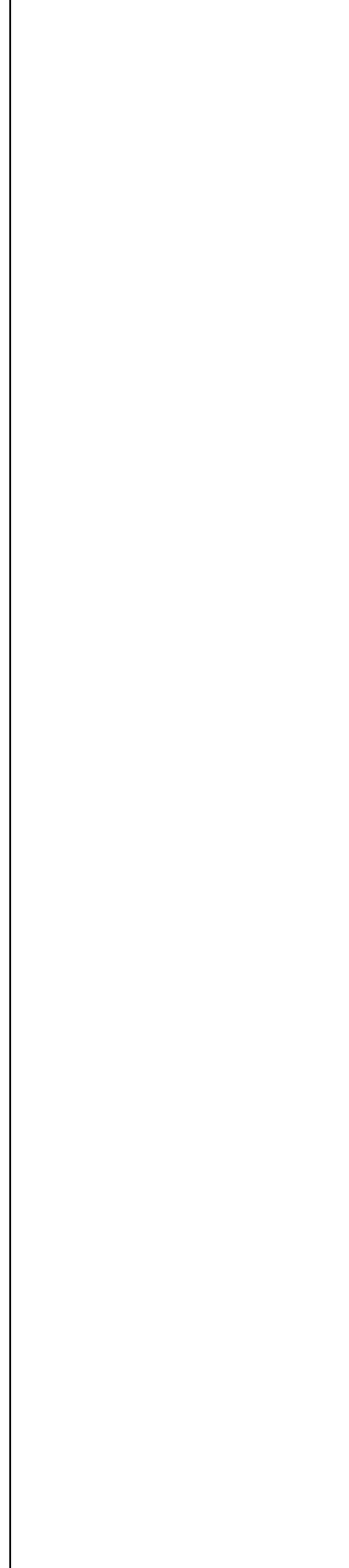


Subject Property

	R-1	SINGLE FAMILY DISTRICT ONE FAMILY DWELLINGS AND ACCESSORY USES
	R-2	SINGLE FAMILY DISTRICT SAME AS R1
	R-3	SINGLE FAMILY DISTRICT SAME AS R1
	R-4	SINGLE & TWO FAMILY ONE FAMILY & TWO FAMILY DWELLINGS & ACCESSORY USES
	R-5	GENERAL RESIDENCE ONE FAMILY & TWO FAMILY DWELLINGS & ACCESSORY USES
	C-1	VILLAGE CENTER
	C-2	OUTLYING COMMERCIAL
	C-3	LIMITED COMMERCIAL OFFICE
	I-1	OFFICE, RESEARCH, RESTRICTED INDUSTRY
	I-2	LIMITED INDUSTRIAL
	P-1	PUBLIC LANDS SCHOOLS, PARKS, PUBLIC BUILDINGS & CEMETERIES



Legend



Print Date: 3/2/2023

Notes

Disclaimer: The GIS Consortium and MGP Inc. are not liable for any use, misuse, modification or disclosure of any map provided under applicable law. This map is for general information purposes only. Although the information is believed to be generally accurate, errors may exist and the user should independently confirm for accuracy. The map does not constitute a regulatory determination and is not a base for engineering design. A Registered Land Surveyor should be consulted to determine precise location boundaries on the ground.

**COMPREHENSIVE
PLAN**

SECTION 4.8

South of Lake Cook Road

&

Future Land Use Map

4.8 SOUTH OF LAKE COOK ROAD

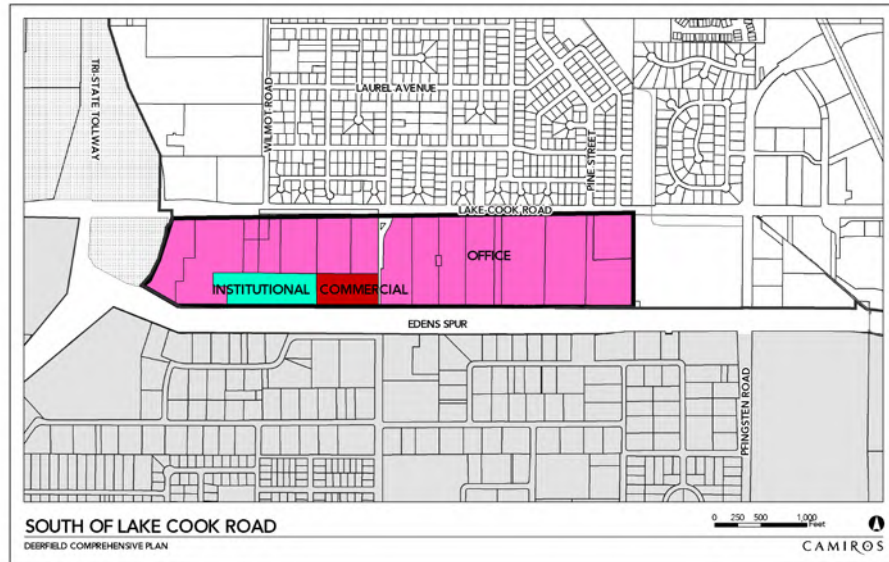


Figure 4.8: South of Lake Cook Road

The Village has two major concerns regarding the land south of Lake Cook Road. First is the strong desire to control the plan for access to the properties and the volume and time of day that traffic is generated on Lake Cook Road. Second, and equally important, is the desire to have well-landscaped, low-impact development in this area, in order to buffer and protect the residential areas to the north and for its aesthetic value to the entire community.

Specifically, the following objectives have been established for this area to supplement other applicable recommendations included in the Comprehensive Plan.

1. *Limited Uses*. The location of this property between a regional arterial and an expressway, bounded by a stormwater management facility and the Tollway, limits its development potential to those uses compatible with such physical barriers. These would include the following:

- Corporate offices
- Institutional uses
- Professional offices
- Light industrial uses

Add:

- Retail
- Restaurants
- Entertainment

- Institutional and non-traditional residential uses that are not expected to generate a significant number of school children and which are otherwise found to be compatible with surrounding uses as indicated in Section 4.3 above of this Comprehensive Plan.

2. Undesirable Uses. ~~The Village strongly desires to contain and strengthen the existing business districts and to prevent strip commercial development from occurring along Lake Cook Road. To protect the residential uses to the north, commercial or retail uses are not recommended.~~

Traditional residential uses are not recommended because of the location of this area between two very heavily traveled routes. In addition, the residents of this area would be effectively isolated from the rest of the Village by Lake Cook Road and by the fact that they would be served by Northbrook schools, the Northbrook fire protection districts, and various Cook County agencies. However, institutional and non-traditional residential uses that are not expected to generate a significant number of school children, and which are otherwise found to be compatible with surrounding uses as indicated in Section 4.3 above, may be considered in this location as means to revitalize and strengthen the Lake Cook Corridor.

3. Low Traffic Impact. Traffic projections for Lake Cook Road indicate that it will become one of the most heavily traveled routes in the northern suburbs. By limiting the total number of vehicles going to and from the area and also by regulating the time of day such traffic occurs, the Village will strive to improve conditions within the Village boundaries and beyond.
4. Sufficient Parking. Because there are no adjacent areas suitable for absorbing overflow parking, each development proposal will be carefully considered to ensure that sufficient parking is provided.
5. High Quality Development. Existing development in the Village's outlying non-residential areas is characterized by the moderate scale of the buildings, the high quality of the design and the materials used, the large amount of open space, and the generous and

attractive landscaping. Maintenance and continuation of this type of development is strongly desired.

4.3 LAKE COOK ROAD CORRIDOR

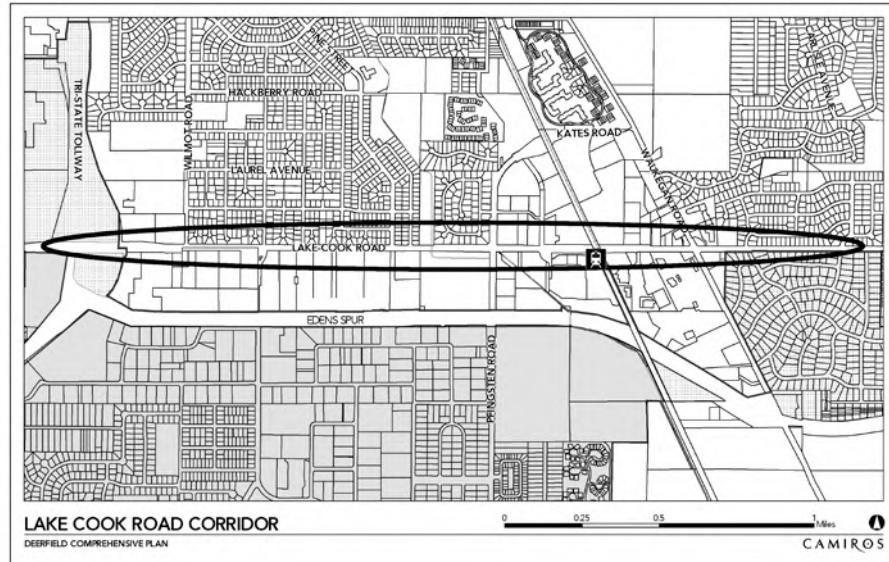


Figure 4.4: Lake Cook Road Corridor

Lake Cook Road is a designated Strategic Regional Arterial that links the Edens Expressway (I-94) and I-290 (Route 53). It carries at least two lanes of traffic in each direction through Deerfield and has the highest traffic volumes of any arterial in the Village. Traffic congestion has been identified as one of the major problems along the corridor, and one that has worsened over the past decade.

Because of the number of motorists who travel the Lake Cook Road corridor each day, this corridor establishes Deerfield's identity for many. The Lake Cook/Waukegan intersection, the viaduct under the Metra tracks and office development south of Lake Cook Road and at the Lake Cook/Wilmot Road intersection establish the corridor as a major commercial center, but one with limited direct access to Lake Cook Road. The residential neighborhoods along the corridor are oriented away from Lake Cook Road. The fences that screen these areas form blank walls that say little about Deerfield's image as a community.

The land uses along the Lake Cook Road corridor are primarily office and commercial in nature. Most of the parcels along the south side of the corridor are large-scale retail or office developments that serve the region as major employment centers. These developments are set back from Lake Cook Road, allowing substantial landscaping along the Lake Cook Road frontage.

The Village's development policy is to reserve land south of Lake Cook Road for non-residential uses. The primary rationale for this policy is to promote a sense of community among residents through the sharing of common school districts. However, certain institutional and non-traditional residential uses that are not expected to generate a significant number of school children may be compatible with non-residential uses in the area. Examples of such uses include hotels, extended stay lodging facilities, residential assisted living facilities for the elderly, continuing care retirement communities, and luxury multi-family rental apartment communities. Such uses may be considered on a case by case basis as Special Uses in a Planned Unit Development where the compatibility of such uses with surrounding uses can be evaluated under Planned Unit Development approval criteria.

Recommendations for the Lake Cook Road corridor are primarily directed toward improving the visual image of the corridor as viewed from the automobile. Specific improvement objectives include the following:

1. Sidewalks. Work with Cook County and private property owners to ensure that sidewalks are provided along the entire length of Lake Cook Road. A priority area is the north side of Lake Cook Road from Waukegan Road to Carlisle Avenue, where they are lacking.
2. Fences. Encourage property owners to maintain fences along Lake Cook Road.
3. Utilities. Encourage the undergrounding of utilities along Lake Cook Road.
4. Gateways and Streetscape Enhancements. The Village will work with Cook County and private property owners to ensure that the appearance of the Lake Cook Road corridor continues to improve through the construction of gateway features and streetscape enhancements in strategic locations. Priority locations include:
 - Landscaped Village gateway at the northeast corner of Lake Cook and Saunders Road, to be developed following annexation to the Village.

- Raised planters on the mountable Lake Cook Road medians over the Tollway.
- Aesthetic improvements and/or landscape enhancement of the length of Lake Cook Road including the underpass at the Metra tracks.

5. *Traffic Management.* Work with surrounding communities, Lake and Cook Counties, the Lake Cook Traffic Management Association (TMA) and regional and state agencies to help control development along Lake Cook Road and prevent undue congestion or excessive traffic generation affecting Deerfield. Encourage private efforts to reduce traffic congestion through the use of staggered work hours and other techniques.



Deerfield Comprehensive Plan

FUTURE LAND USE CATEGORIES

(MAP INDICATES UPDATES THROUGH JANUARY 20, 2021)

-  Single-Family Residential - Areas that contain or are appropriate for single-family residential development.
-  Two-Family Residential - Areas intended to accommodate a mix of single-family and two-family development.
-  Multi-Family Residential - Areas that contain townhouse developments, condominiums or other large multi-family buildings.
-  Retail Services - Areas intended to accommodate consumer-oriented retail services and commercial uses. Within the Village Center this land use category may include mixed-use developments with residential above the ground floor. Within the C-2 Outlying Commercial District, for a commercial planned unit development over 40 acres in size, this land use category may include multiple-family rental apartments and townhomes.
-  Hotel - An establishment that provides lodging and services for travelers and other paying guests.
-  Office/Research - Areas intended to accommodate various types of office uses.
-  Light Industrial - A wide variety of employment-oriented land uses are included under this land use category such as: light manufacturing uses, warehousing, distribution, data processing/telecommunications and related office uses.
-  Public - This category identifies the major public uses including schools, Village facilities, library, and post office.
-  Institutional - Identifies quasi-public facilities in the Village, including private schools and places of worship.
-  Transportation/Parking/Utilities - This land use category includes commuter rail facilities, commuter parking and utilities.
-  Open Space - Both public and private open space is included in this land use category. Major land owners include the Village, the Deerfield Park District and Briarwood Country Club.

VILLAGE CENTER

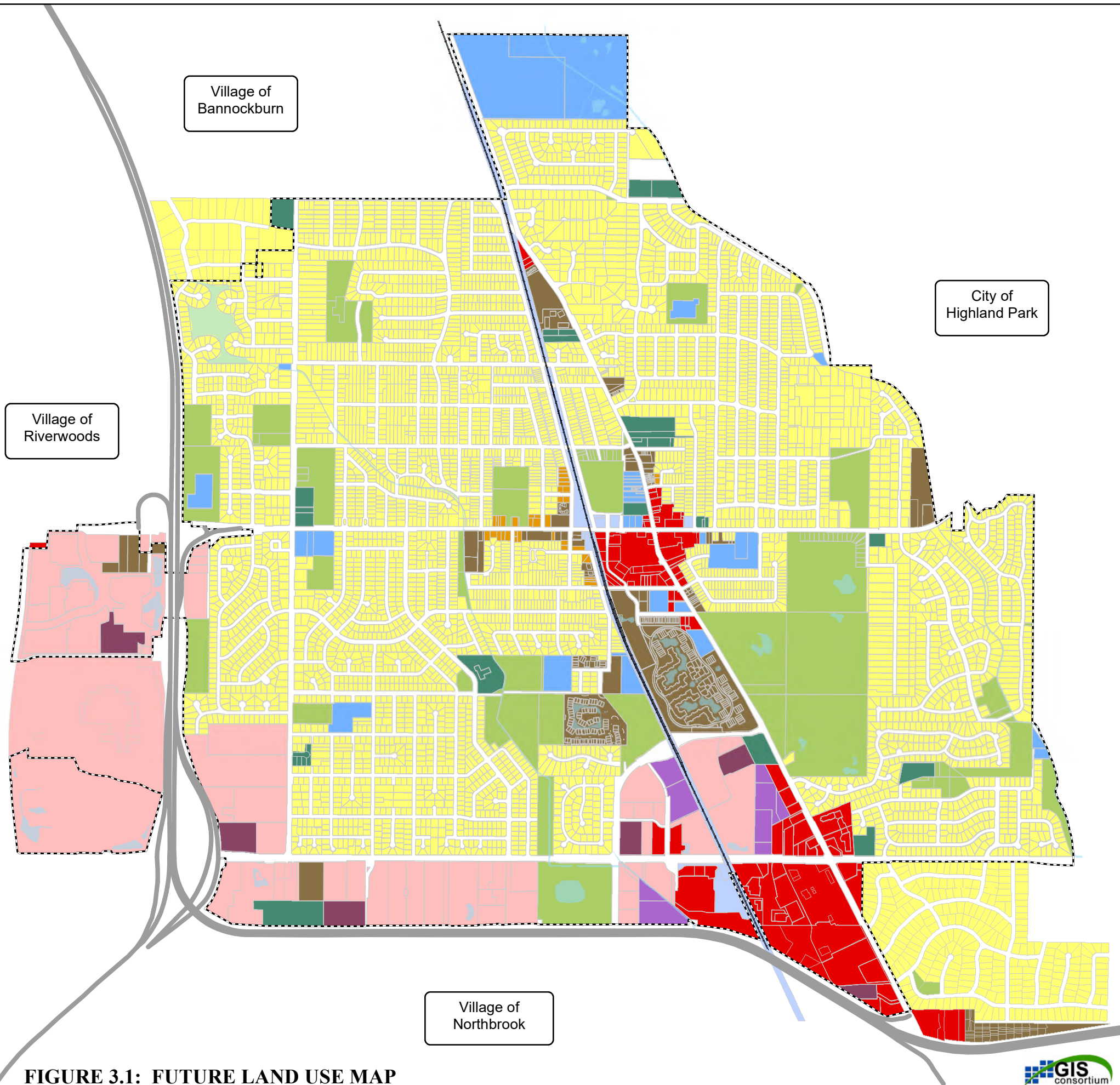
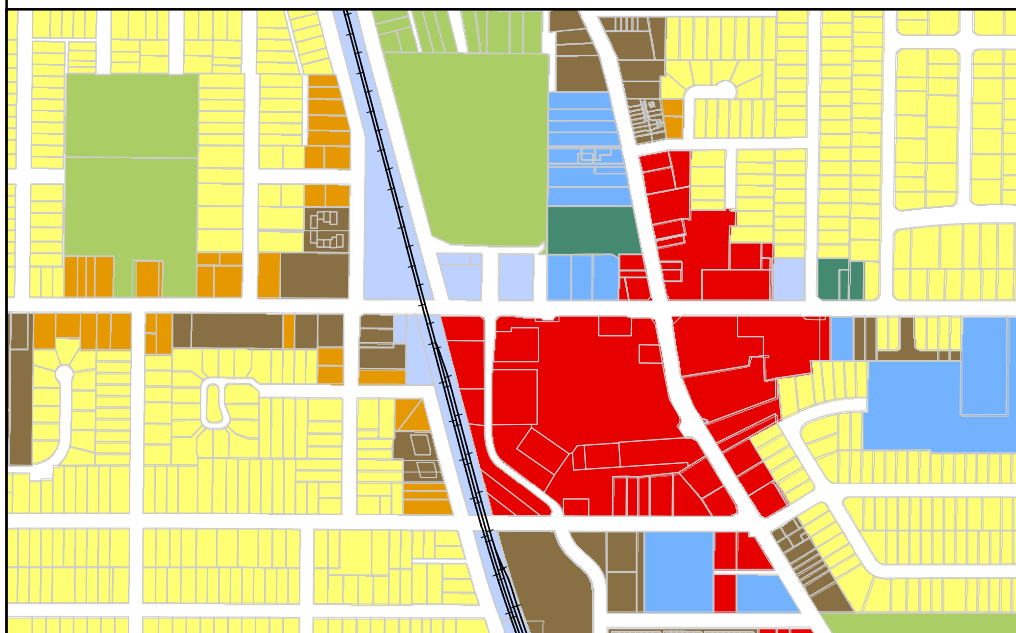


FIGURE 3.1: FUTURE LAND USE MAP

**BACKGROUND
INFORMATION
ONLY**

Articles Regarding Subject Property and
Office Buildings

Suburbs stagnate as occupiers embrace hybrid work

▲ 24.1%
Vacancy Rate

▼ -73,665 SF
SF Net Absorption

▼ 0 SF
SF Construction

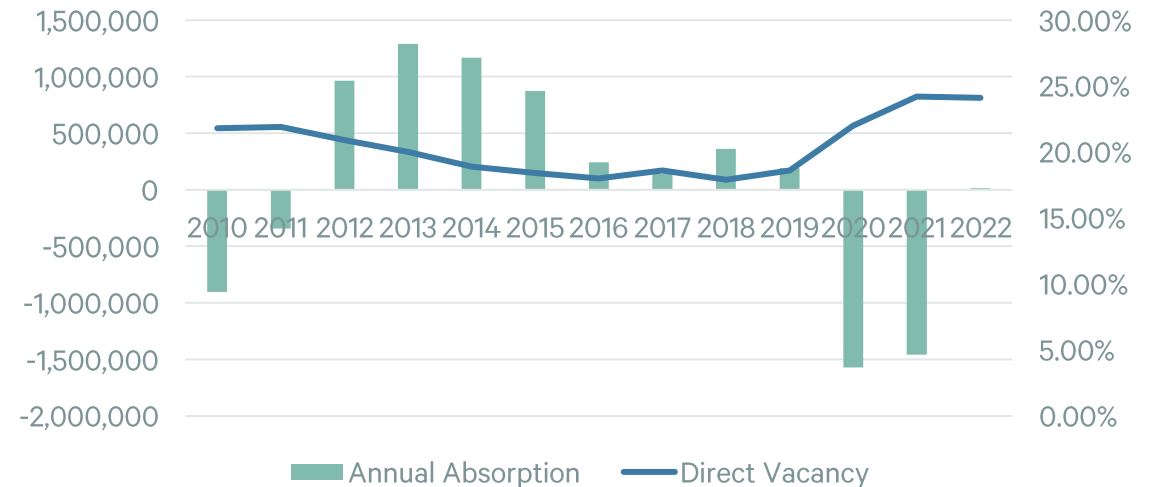
▲ \$24.74
Gross / Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- Q3 2022 saw just over 70,000 SF of net negative absorption this year, the lowest recorded quarter in 2022.
- New leases made up 46% of leasing volume by SF in Q3 2022 compared to 73% in Q2 2022.
- Notable moves this quarter include Department of Homeland Security vacating Oakbrook Terrace and occupying 73,000 SF at 747 E 22nd St in Lombard, Ally Financial relocating from Itasca to 55,000 SF of space at Schaumburg Towers II, Heritage-Crystal Clean moving into 39,534 SF at the Bell Works Campus in Hoffman Estates, Pronto Finance occupying 31,000 SF at Schaumburg Corporate Center II and Akorn Inc. vacating 34,436 SF at 1925 W Field Ct in Lake Forest.
- The sublease market saw an all-time high this quarter, reaching roughly 4.8M SF of total available sublet space. Shedding space to accommodate hybrid work models is continuing to be a favorable option among cost-conscious tenants.

FIGURE 1: YTD 2022 Annual Absorption and Direct Vacancy



Source: CBRE Research, Q3 2022

Current and Future Availabilities

Despite seeing positive absorption in the suburban market last quarter, move-outs and contractions outpaced occupancies in Q3, bringing the absorption to just over negative 70,000 SF. The East-West, North, O'Hare and South Suburban submarkets all experienced negative net absorption this quarter, leaving the Northwest Suburbs the only submarket with a positive figure. The addition of the Bell Works campus in Hoffman Estates and many large occupancies and vacancies including Ally Financial and Heritage-Crystal Clean contributed to the Northwest absorption.

Direct vacancy rates increased slightly in the suburbs by 20 basis points. Class A was the most affected, hitting an all-time high at 25%. The rise of hybrid work has caused tenants to rethink how they utilize office space. A smaller footprint in a higher-class property gives tenants a way to encourage employees back to in-office work. According to CBRE's 2022 Spring Occupier Survey, 73% of companies intend to implement hybrid workplace policies, reducing the need to maintain a large footprint. Class C vacancy rates increased, showing a continued relevance toward a flight-to-quality trend. As the market evolves with build-out costs remaining high, spec suites continue to be a favorable option for tenants.

Asking rates this quarter increased by \$0.25, with Class C buildings showing the most change from Q2. O'Hare recorded the highest asking rates, with Class A continuing to outperform, a full \$9.78 above the next highest submarket.

Sublease Availability

The amount of available sublease space on the market hit an all-time high at 4.8 million SF. Roughly 600,000 SF of space was added to the market this quarter, a 15.2% increase since Q2. Major contributors include Caterpillar listing its Deerfield headquarters, US Cellular putting 119,000 SF on the market near O'Hare and LTD Commodities listing all four of its floors at 200 Tri State International in Lincolnshire.

Most sublease space added this quarter is leased by healthcare companies and concentrated along Route I-88 and I-90 in Schaumburg. Of the 600,000 SF of space listed this quarter, 66% is at Class A buildings.

FIGURE 2: Asking Rates and Historical Direct Vacancy

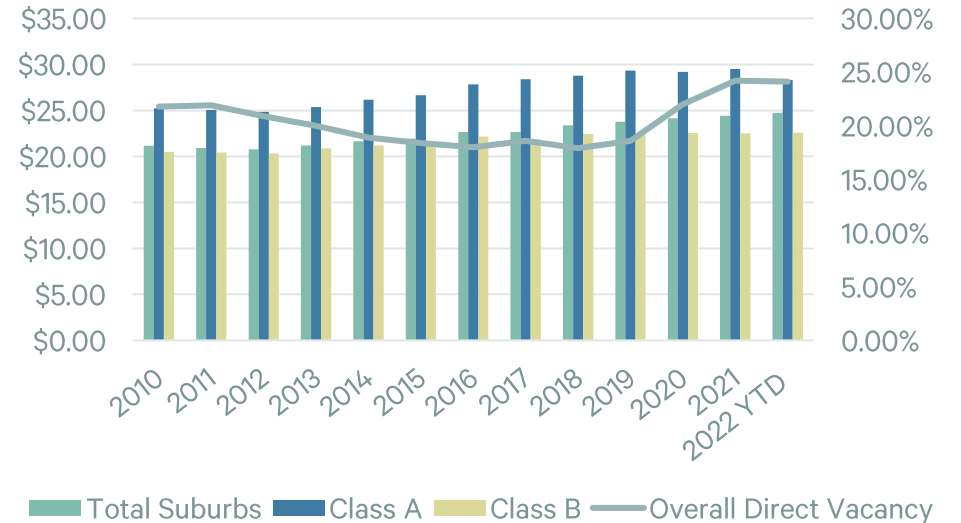


FIGURE 3: Sublease Availability as Percentage of Inventory



Source: CBRE Research, Q3 2022

Tenant Demand

This quarter, leasing volume slowed, falling to 827,387 SF from 1.1 million SF in Q2. New leases (over 10,000 SF) made up just over 46% of deal volume in Q3 compared to 73% in Q2. However, since April of 2020, 29 out of the 35 large tenant relocations (20,000+ SF) either upgraded their space by class or went to a recently renovated property. Of all moves in the last 3 years, 83% of them have been an overall upgrade, showing a continued flight-to-quality trend in the Chicago Suburban market, with high-value properties drawing the most leasing activity.

The East-West Corridor continued to see most of the leasing activity in the suburbs this quarter. Of all deals signed over 10,000 SF, 38% of them were in the East-West, down only 10% from Q2. Despite an overall slowdown in leasing activity, the O'Hare submarket made the largest jump this quarter. Of the 32 deals signed over 10,000 SF, 4 of them were in O'Hare.

Healthcare occupiers have been a primary driver of leasing volume in the suburbs over the last few years. However, business and financial service firms took over the largest share of leasing volume this quarter, accounting for just under 30% of deals signed. Compared to Q2, we have seen a diverse industry base driving leasing activity.

As companies continue to rethink how they use office space in the wake of the pandemic, shorter term leases in furnished spec suites are becoming more popular. With uncertain macroeconomic headwinds and continued supply chain challenges, occupiers are welcoming the flexibility to relocate or adjust their footprints in the near term.

FIGURE 4: Q3 2022 Leasing Activity (10,000+ Sq. Ft.)

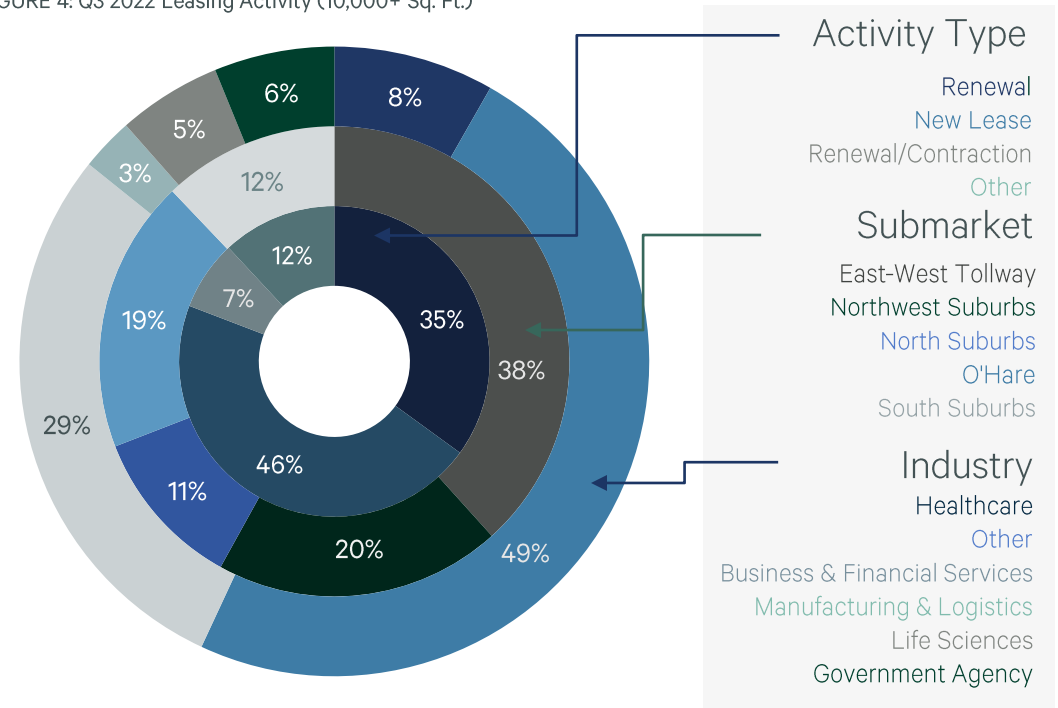


FIGURE 5: Q3 2022 Top Lease Transactions

Tenant	Size (SF)	Transaction Type	Address	Submarket
Bank of America	64,748	Renewal	1600 Golf Rd	Northwest
Pivotal Home Solutions	56,814	New Lease	1415 W Diehl Rd	East-West
Life Fitness	56,769	New Lease	9525 Bryn Mawr Ave	O'Hare
Advocate Health and Hospitals	50,374	Renewal	9831 S Western Ave	South
Deluxe Corporation	46,747	New Lease	5450 N Cumberland Ave	O'Hare

Source: CBRE Research, Q3 2022

Capital Markets

This quarter, the suburban investment climate and broader capital markets remain unpredictable. Office capitalization rates are increasing as the product becomes more difficult to finance in the current interest rate environment. Opportunistic, value-add deals are the hardest to finance as debt fund rates have moved to around 9%. A few office sales have been removed from the market in Q3, causing investment sale activity to slow since last quarter.

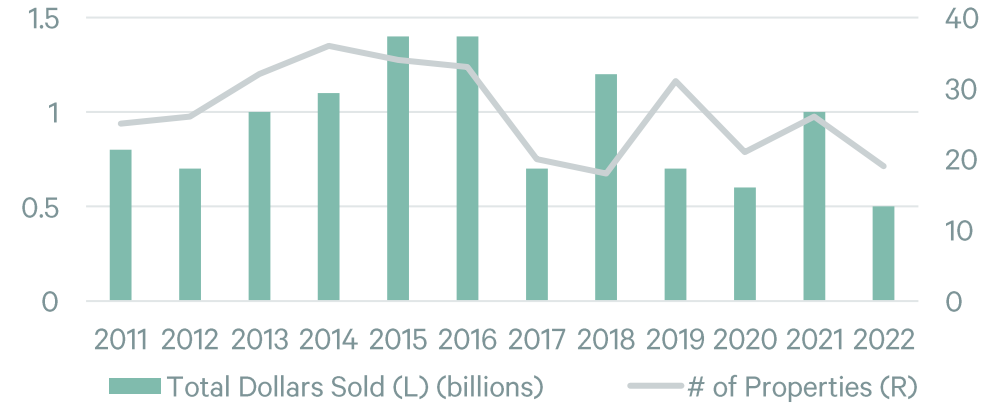
There was limited sales activity in the market this quarter. Bradford Allen Investment Advisors is under contract to pay around \$40M for Pointe O'Hare at 9550 W Higgins Road. This Class A building is currently 67% leased with two vacant contiguous floors totaling 52,000 SF. Core assets in the suburbs are still in demand despite the difficult search for capital partners.

National Economic Outlook

The problems associated with inflation continue to run their course. Although the pace of inflation may have started to plateau, the Federal Reserve's hawkish response has been unequivocal in a way that caught markets by surprise. Aggressive rate hikes and Fed balance sheet reductions have successfully resulted in a strong dollar and higher mortgage rates, and the beginning of a slowdown in the U.S. economy.

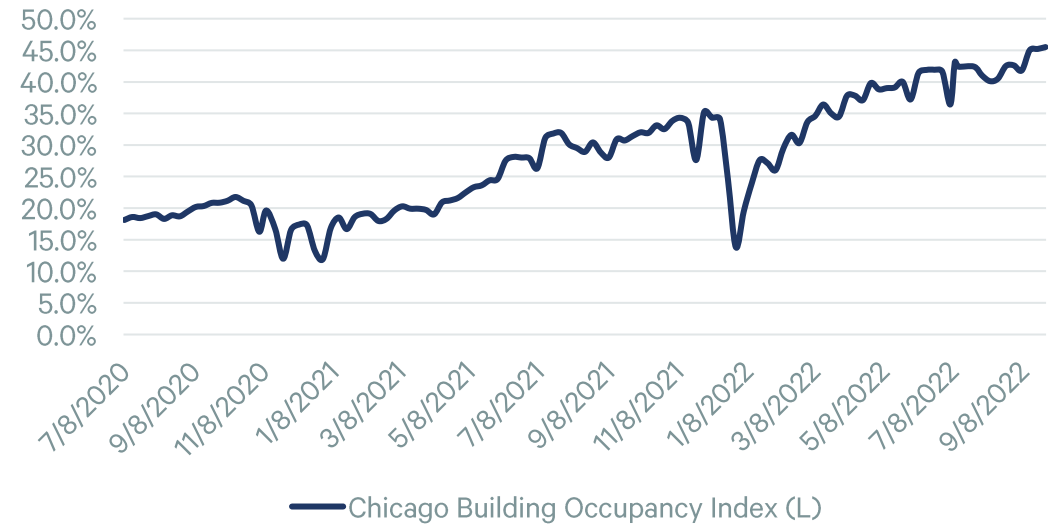
Higher rates are not just impeding household decisions; a higher corporate cost of capital is forcing firms to rethink hiring plans. So far, resilient consumers have driven further economic growth but now the realities of lower savings rates and chronically poor sentiment suggest excess spending is coming to an end. Consequently, we expect the economy to contract early next year, and unemployment to rise. This should push inflation down toward 3% by year-end 2023. It is possible the Fed may be able to reduce inflation and maintain the unemployment rate below 5%, but we should not bank on that. Once inflation is tamed, both capital and real estate markets will become more predictable again.

FIGURE 6: 2022 YTD Suburbs Historical Office Sales Volume (\$10M +)



Source: CBRE Research, Q3 2022

FIGURE 7: Monthly Office Occupancy Levels



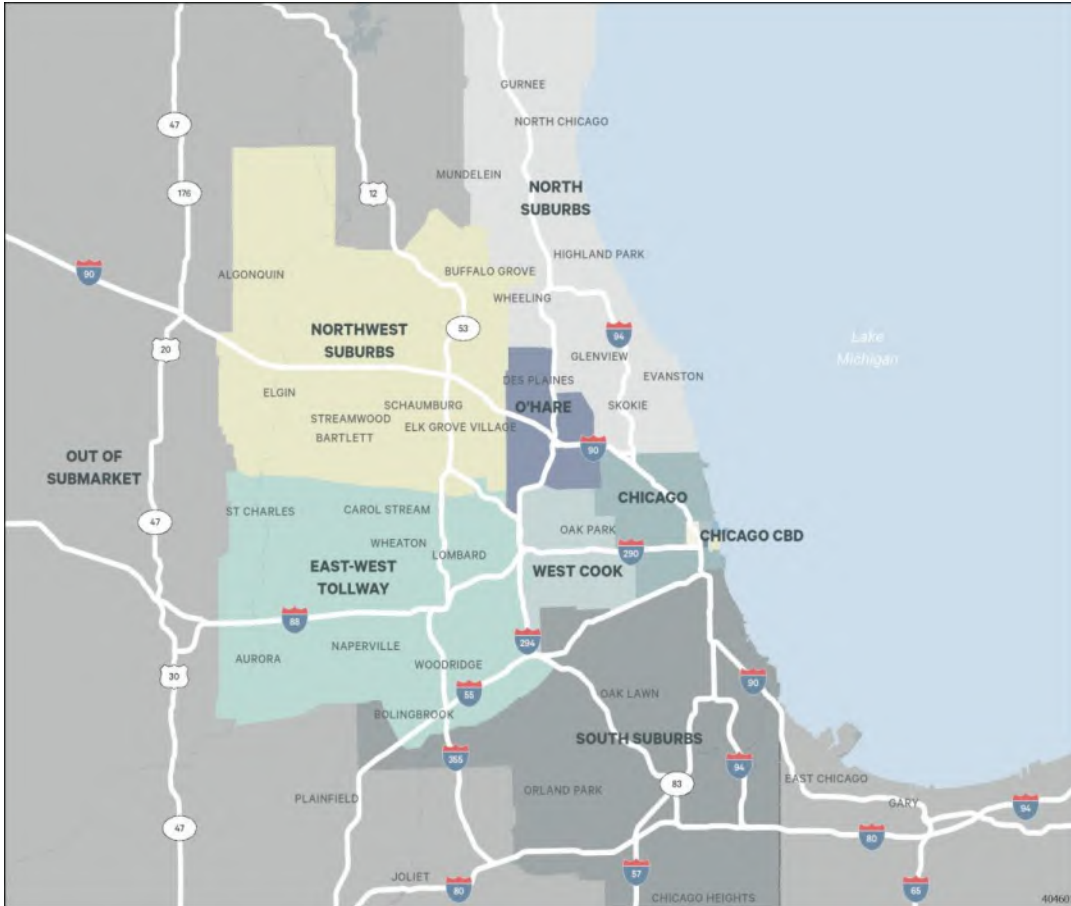
Source: Kastle Systems, "Back to Work Barometer", Q3 2022

Submarket	Count	RBA	Direct Vacant (SF)	Direct Vacancy Rate (%)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Total Vacant (SF)	Total Vacancy Rate (%)*	Q3 2022 Net Absorption (SF)	2022 YTD Net Absorption (SF)	Under Construction (SF)	Gross Asking Rates (\$/SF)
East-West Tollway	452	40,282,223	8,832,495	21.9%	904,741	2.2%	9,737,236	24.2%	(91,339)	5,179	0	\$24.73
Class A	57	13,984,747	3,570,175	25.5%	391,110	2.8%	3,961,285	28.3%	(35,510)	(97,868)	0	\$29.46
Class B	216	18,765,858	3,997,356	21.3%	428,843	2.3%	4,426,199	23.6%	(5,188)	98,827	0	\$22.51
Class C	179	7,531,618	1,264,964	16.8%	84,788	1.1%	1,349,752	17.9%	(50,641)	4,220	0	\$17.39
North Suburban	273	23,213,589	5,801,808	25.0%	361,589	1.6%	6,163,397	26.6%	(20,544)	(257,812)	0	\$25.50
Class A	54	9,774,721	2,429,181	24.9%	112,241	1.1%	2,541,422	26.0%	(70,511)	(272,196)	0	\$28.45
Class B	123	9,168,710	2,588,938	28.2%	240,785	2.6%	2,829,723	30.9%	(31,644)	(79,475)	0	\$24.30
Class C	96	4,270,158	783,689	18.4%	8,563	0.2%	792,252	18.6%	81,611	93,859	0	\$19.49
Northwest Suburbs	221	27,388,564	7,908,351	28.9%	313,628	1.1%	8,221,979	30.0%	56,120	172,143	0	\$22.79
Class A	39	13,495,183	3,847,156	28.5%	272,729	2.0%	4,119,885	30.5%	78,998	162,507	0	\$25.12
Class B	82	7,746,333	2,326,730	30.0%	27,959	0.4%	2,354,689	30.4%	(47,590)	(7,953)	0	\$20.37
Class C	100	6,147,048	1,734,465	28.2%	12,940	0.2%	1,747,405	28.4%	24,712)	17,589	0	\$16.98
O'Hare	91	13,134,858	2,630,448	20.0%	313,447	2.4%	2,943,895	22.4%	(12,972)	63,145	0	\$30.55
Class A	30	6,981,378	1,261,149	18.1%	246,938	3.5%	1,508,087	21.6%	(7,483)	41,153	0	\$39.24
Class B	28	3,633,740	776,479	21.4%	66,509	1.8%	842,988	23.2%	5,427	34,914	0	\$25.03
Class C	33	2,519,740	592,820	23.5%	0	0.0%	592,820	23.5%	(10,916)	(12,922)	0	\$17.92
South Suburbs	72	2,887,559	576,806	20.0%	0	0.0%	576,806	20.0%	(4,930)	30,925	0	\$18.53
Class A	6	357,652	61,745	17.3%	0	0.0%	61,745	17.3%	1,323	10,905	0	\$15.18
Class B	44	1,816,191	386,190	21.3%	0	0.0%	386,190	21.3%	(6,583)	18,291	0	\$17.93
Class C	22	713,716	128,871	18.1%	0	0.0%	128,871	18.1%	330	1,729	0	\$22.72
Totals	1,109	106,906,793	25,749,908	24.1%	1,893,405	1.8%	27,643,313	25.9%	(73,665)	13,580	0	\$24.74
Class A	186	44,593,681	11,169,406	25.0%	786,866	1.8%	11,956,272	26.8%	(33,183)	(155,499)	0	\$28.34
Class B	493	41,130,832	10,075,693	24.5%	644,678	1.6%	10,720,371	26.1%	(85,578)	64,604	0	\$22.58
Class C	430	21,182,280	4,504,809	21.3%	117,246	0.6%	4,622,055	21.8%	45,096	104,475	0	\$17.78

*Total sublease availability rate was 4.5% according to CBRE Research.

*Total vacancy rate may not add up due to rounding.

Market Area Overview



Definitions

AVERAGE ASKING LEASE RATE: Rate determined by multiplying the asking gross lease rate for each building by its available space, summing the products, then dividing by the sum of the available space. **GROSS LEASES:** Includes all lease types whereby the tenant pays an agreed rent plus estimated average monthly costs of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses. **NET ABSORPTION:** The change in occupied sq. ft. from one period to the next, as measured by occupied sq. ft. **NET RENTABLE AREA:** The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. **OCCUPIED AREA (SQ. FT.):** Building area not considered vacant. **UNDER CONSTRUCTION:** Buildings that have begun construction as evidenced by site excavation or foundation work. **AVAILABLE AREA (SQ. FT.):** Available building area that is either physically vacant or occupied. **AVAILABILITY RATE:** Available sq. ft. divided by the net rentable area. **VACANT AREA (SQ. FT.):** Existing building area that is physically vacant or immediately available. **VACANCY RATE:** Vacant building feet divided by the net rentable area.

Contacts

Marissa Oberlander

Associate Field Research Director
+1 312 540 4686
marissa.oberlander@cbre.com

Lauren Tilmont

Field Research Manager
+1 312 416 3058
lauren.tilmont@cbre.com

Michael Raleigh

Field Research Manager
+1 312 935 1003
michael.raleigh@cbre.com

Nicole Love

Senior Research Analyst, Team Lead
+1 312 334 7226
nicole.love1@cbre.com

Sean Galle

Field Research Analyst
+1 312 334 7233
sean.galle@cbre.com

© Copyright 2022. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

CRAIN'S CHICAGO BUSINESS

You may not reproduce, display on a website, distribute, sell or republish this article or data, or the information contained therein, without prior written consent. This printout and/or PDF is for personal usage only and not for any promotional usage. © Crain Communications Inc.

July 20, 2022 09:57 AM | UPDATED 7 MINUTES AGO

A chunk of Walgreens' Deerfield campus up for sale

A vacant part of drugstore giant Walgreens' corporate headquarters adds to the list of dated suburban office properties poised to be transformed into something entirely different.

DANNY ECKER



CBRE

An aerial view of the Walgreens Boots Alliance corporate camps property along Lake Cook Road in Deerfield.

A vacant part of drugstore giant Walgreens' corporate headquarters adds to the list of dated suburban office properties poised to be transformed into something entirely different.

A now-vacant office campus that Walgreens Boots Alliance has leased for almost a decade near its Deerfield headquarters is on the market, setting up another potential large-scale redevelopment of an outmoded suburban office property.

Phoenix, Ariz.-based real estate investment trust Orion Office REIT has hired brokerage CBRE to sell the Walgreens office campus along the south side of Lake Cook Road, according to a marketing flyer for the property. The 37.5-acre site at 1411-1435 Lake Cook Road includes five empty office buildings totaling 575,000 square feet and surrounding surface parking lots just north of the Edens Spur Tollway. The property is separate from the company's main headquarters buildings north of Lake Cook.

MORE



Baxter looks to ditch Deerfield HQ



Here's what a developer plans for Allstate HQ

There is no asking price listed for the property, which Walgreens leases through August 2023 but no longer occupies, according to the flyer. The drugstore giant sold it to San Diego-based Realty Income—which spun off Orion last year—for \$85 million in [a 2013 sale-leaseback deal](#).

Now the property is expected to fetch a fraction of that with just more than a year's worth of income tied to it from the Walgreens lease. But it's far from clear what it may become next. Investors familiar with the offering projected bids could come in between \$20 million and \$30 million if someone were to purchase the entire property, depending on their intended use and what the Village of Deerfield would allow.

CBRE is framing it as a possible mixed-use development site, suggesting uses including apartments, medical offices, senior housing, last-mile industrial warehouses or even an adaptive reuse of the existing buildings.

The property adds to the list of dated suburban office properties poised to be transformed into something entirely different with the rise of remote work weakening demand for workspace. Companies cutting back on office space has pushed [suburban office vacancy to a record high](#) during the COVID-19 pandemic, prompting some office property owners to sell to investors hunting for redevelopment opportunities.

In the highest-profile local example, Allstate is selling its longtime Northbrook corporate campus to a Nevada industrial developer that [plans to raze it](#) and build highly-coveted warehouses on the site. Walgreens itself joined the office sell-off party recently when it unloaded a 284,000-square-foot office building at 4000 Commercial Avenue in Northbrook to a venture of Boston-based TA Realty for just under \$21 million, Cook County property records show. TA plans to redevelop the site with a \$40 million warehouse project.

Orion is looking to follow suit with its site, though it's not even the largest potential redevelopment property in Deerfield. Medical products company Baxter International recently put its 101-acre headquarters campus in the suburb [up for sale](#) while it hunts for a new, likely smaller headquarters in the area.

Walgreens initially bought the Lake Cook Road properties in 2004 to expand from its headquarters on nearby Wilmot Road. The company said in 2013 it would upgrade the Lake Cook buildings as it relocated its information technology group to the building from suburban Lincolnshire.

But Walgreens in 2017 signaled a bigger commitment to downtown than the suburbs when it [doubled the size of its office on State Street](#). The company said at the time it would add 300 new jobs in the Loop and begin trying to sublease unneeded space in Deerfield, including at the Lake Cook Road buildings. The moves were part of a broader focus—and a prescient one, it would turn out—on the "Workplace for Tomorrow" in which offices had more space for group meetings and employees could work from home up to two days a week.

Then in 2018, Walgreens [signed on](#) as the first major tenant at the redeveloped Old Post Office and said it would move another 1,300 jobs downtown, while keeping roughly 3,200 jobs in Deerfield.

Orion's buildings were constructed in stages from 1976 to 1984, according to the CBRE flyer. The properties, which are among the few Deerfield properties located in Cook County, are zoned today for office, research and restricted industrial uses, according to the brokerage.

Other vacated suburban office properties have found new life as modern offices. A New Jersey developer transformed the abandoned AT&T campus in Hoffman Estates into [Bell Works Chicagoland](#) and has had recent success luring office tenants, while a Chicago developer revamped and nearly leased up the [former OfficeMax headquarters](#) building in Naperville, now known as the Shuman.

More recently, Ace Hardware [signed a lease](#) to relocate its headquarters to the former McDonald's corporate campus in Oak Brook, a major victory for the California investor that bought the property three years ago.

An Orion spokesman did not respond to a request for comment.

CBRE brokers Tony Gange, Matt Ishikawa, Brian Buckingham and Tom Svoboda are marketing the Lake Cook Road property on behalf of Walgreens.

Crain's Real Estate Daily: Exclusive, actionable intel on Chicago's commercial real estate market.

EMAIL ADDRESS

SUBMIT

Inline Play

Source URL: <https://www.chicagobusiness.com/commercial-real-estate/part-walgreens-suburban-chicago-property-sale>

CRAIN'S CHICAGO BUSINESS

You may not reproduce, display on a website, distribute, sell or republish this article or data, or the information contained therein, without prior written consent. This printout and/or PDF is for personal usage only and not for any promotional usage. © Crain Communications Inc.

January 04, 2023 12:19 PM

For empty office buildings, the outlook is glum

DANNY ECKER

CoStar Group

231 N. Martingale Road in Schaumburg

As Schaumburg and Northbrook buildings sell for a fraction of their previous prices, the pain afflicting almost anyone who owns a suburban office is clear.

A pair of mostly vacant suburban office buildings were recently sold for fractions of their pre-pandemic values, deals that show the gloomy outlook for office properties with little to no cash flow and in need of major updates.

In the larger of the two, California-based software company Unicom Global paid just more than \$7 million—or close to \$25 per square foot—for the 11-story office building at 231 N. Martingale Road in northwest suburban Schaumburg, according to a source familiar with the deal. In Northbrook, a venture of Phoenix, Ariz.-based real estate investment trust Orion Office REIT recently sold the empty 197,305-square-foot office building at 2211 Sanders Road to an undisclosed local office investor for roughly \$2.5 million, or less than \$13 per square foot, sources said.

MORE

Suburban office owners can't shake vacancy problem

Office building near Hawthorn Mall hits the market

Both properties were sold via auction, often a last resort for sellers struggling to find a buyer on the open market. The deals complete hefty losses of equity for the previous owners and underscore the pain afflicting almost anyone who owns a suburban Chicago office building today. More than two years of companies shedding unwanted office space during the

COVID-19 pandemic has pushed vacancy to a record high and is forcing landlords to shell out unprecedented amounts of concessions to get tenants to lease space.

That movement—combined with rising interest rates—has decimated property values as prospective buyers recognize the high amount of capital it would take to renovate and lease up highly vacant office buildings.

Unicom plans to rebrand the Martingale property—previously home to for-profit education company Perdoceo Education, formerly Career Education—as Unicom Innovation Park and make it the company's regional headquarters, Unicom President and CEO Corry Hong said in a statement. The company said in the statement that it provides IT services and software to government agencies and other businesses, and the purchase shows Unicom's "willingness to invest in the future of our country, and to become an economic driver for the region."

The sale price is tiny compared to the \$30 million that seller LXP (formerly Lexington Property Trust) spent on building renovations and cash to tenants for office buildouts over the last decade, according to marketing materials from Colliers International, which brokered the sale to Unicom. Perdoceo's lease at the building expired at the end of 2022, leaving the building with virtually no cash flow.

LXP originally seized the property through foreclosure in 2013 after its previous owner defaulted on a \$31 million loan tied to the building. Lexington sold a majority interest in the property in 2018 to Davidson Kempner as part of a broader recapitalization of its office portfolio.

A spokeswoman for the sellers declined to comment.

In Northbrook, Orion unloaded a highly visible building overlooking Interstate 294 that was vacated early last year by CVS Caremark. The roughly \$2.5 million sale price pales in comparison to the \$44.3 million that the building [sold for in late 2011](#), when CVS Caremark still had roughly a dozen years left on its lease.

The buyer at the time was Phoenix-based Cole Real Estate Investments. It was acquired in 2014 by Phoenix-based Vereit, which would later merge with San Diego-based Realty Income in 2021 in a larger deal in which Realty Income spun off Orion.

The Northbrook property served its purpose of generating steady cash flow for its various ownership entities over the past decade. Now Orion has opted to get the property off of its

books with a massive drop in equity rather than trying to find a new user. Leasing agents for Colliers are marketing the building as an opportunity for a company to revamp its amenity spaces for an office with lots of exposure from drivers along the tollway.

The property is adjacent to another office building at 2215 Sanders Road that was seized through foreclosure last summer by a venture of Minneapolis-based Värde Partners. Värde filed a foreclosure lawsuit against the previous owners, alleging they defaulted on a \$19.6 million loan tied to the building.

Both buildings are near the former Allstate headquarters campus in Glenview, which was [sold late last year](#) to Dermody Properties, a Nevada developer that is redeveloping the property with warehouses.

An Orion spokesperson did not respond to a request for comment. The firm also recently sold a 106,000-square-foot office building at 930 National Parkway in Schaumburg and last year put a vacant former part of the Walgreens corporate headquarters campus in Deerfield [up for sale](#).

Colliers senior vice presidents Alissa Adler and John Homsher brokered the sales of both 231 N. Martingale and 2211 Sanders.

CoStar News previously reported the sale of 231 N. Martingale to Unicom.

Inline Play

Source URL: <https://www.chicagobusiness.com/commercial-real-estate/suburban-chicago-office-properties-sold-steep-discounts>