



2017 SHOPPING CENTER REPORT

Mid-America Real Estate Corporation

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*Written by Andy Bulson, Principal
Mid-America Real Estate Corporation*

The development of new shopping centers throughout Chicagoland continues to hover between one and two million square feet of new retail development per year. While total square footage is decreasing, grocery projects are continuing to be the main driver of growth. The years of five million plus square feet of new retail are gone but grocery-driven projects and smaller footprint urban developments are here to stay according to Chicagoland 2017 Shopping Center Report by Mid-America Real Estate Corporation.

Factoring a 26% decrease in shopping center development from 2.07 million square feet in 2015 to 1.5 million square feet in 2016, the 2017 Shopping Center Report anticipates another 31% decrease with approximately 1,060,000 square feet planned for the coming year. The data reveals that new shopping center development has decreased by 79% since 2005 and we are expected to hit an all-time low in 2017. "The reality is retail, like other industries, is changing to adapt with customer expectations and preferences. While new construction is not as robust as previous years, adaptive reuse of existing retail space continues to offer an opportunity for expanding retailers," said Andy Bulson, Mid-America principal/director of suburban tenant representation and author of the Shopping Center Report.

The size of the developments has decreased but the number of new developments and expansions has remained steady over the past three years. With 13 new developments in 2015 and 14 in 2016, there are 11 anticipated projects planned for 2017.

SMALL INCREMENTAL GROWTH IS DRIVEN BY MASS MERCHANDISERS

Major national retailers are continuing to expand into different markets. Most of the growth we are seeing in the Chicagoland area is revolving around two specific mass merchandisers: Meijer and Wal-Mart.

Meijer lead the growth category developing 387,000 square feet in 2016. The company added 192,000 square feet of retail space in Flossmoor, Ill and 195,000 square feet in Round Lake, Ill.

Wal-Mart also sustained steady growth with two new locations opening in the Chicago suburbs in 2016. They expanded their presence by building a 182,000 square-foot store in Olympia Fields, Ill. and a 195,000 square-foot store in Richton Park, Ill. In the near-term, growth may slow down for this mass merchandiser as they don't have any plans for local new development in 2017.



Photo of Meijer in Flossmoor, Ill



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GOURMET GROCERY CONTINUES TO LEAD NEW DEVELOPMENT

New development continues to revolve around gourmet grocery stores, specifically Mariano's and Whole Foods. Ten of the 14 developed centers in 2016 were grocery-anchored, and seven (7) of the 11 planned centers in 2017 will be grocery-anchored as well. "We are still seeing residual growth in the grocery category largely the result of others pursuing the market share Dominick's once held," said Bulson.

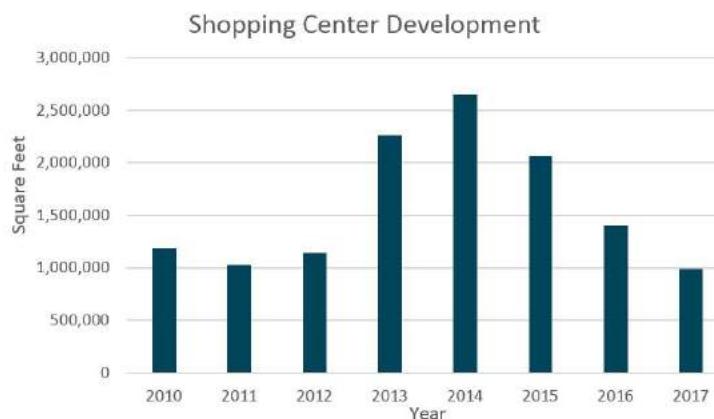


Photo of Mariano's at 39th Street & Martin Luther King Drive in Chicago

Mariano's continued their growth with 214,704 square feet while Whole Foods completed 137,000 square feet. The gourmet grocery trend does not look to slow down in 2017. Mariano's is slated to open two new locations in 2017 totaling 143,000 square feet. The company plans to open 68,000 square feet at the northeast corner of Golf and Mount Prospect Road in Des Plaines, Ill. and 75,000 square feet at the southeast corner of Roosevelt and Finley Road in Lombard, Ill.

Given Kroger's recent acquisition, we expect to continue to see growth from Mariano's around Chicago and the suburbs.

Whole Foods is also looking at two new developments in 2017 with plans for an 80,000 square-foot location at the northeast corner of Belmont and Ashland Avenue in Chicago and a 330,000 square-foot, power center development at the southwest corner of 95th Street and Western Avenue in Chicago where the Whole Foods 365 concept will occupy a 30,000 square-foot space. One large project focused around an existing Whole Foods, opened since 2012, is Bond Companies' Kildeer Village Square. Located at the northeast corner of Plum Grove and Rand Road in Kildeer, Ill., the 175,000 square-foot center will be anchored by junior-box tenants Nordstrom Rack, DSW, Nike, and Art Van Furniture.



Shopping center development 2010-2017

"Whole Foods is an excellent anchor for an upscale tenant line-up attracting consumers with more disposable income," said Bulson

Gourmet grocery will continue to drive shopping center growth and provide an anchor for high-end, junior-box tenants in the Chicagoland area.

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SMALL RETAIL DEVELOPMENT CONTINUES WITH TARGET EXPRESS

As we see a lot of activity around the gourmet grocery and mass merchandiser's new developments, Target Express is actively expanding their footprint in a smaller manner throughout densely populated areas in the city of Chicago. In 2016, Target Express opened a 20,000 square-foot store at the northeast corner of 53rd Street and Kimbark Avenue in Chicago. The smallest Target store format, hyper-tailored to the urban market, is making plans for 2017 with an additional 33,000 square-foot development at Dempster Street and Bronx Avenue in Skokie, Ill.

The company is also planning two other developments for 2017, 29,000 square feet at Clark Street and Belmont Avenue in Chicago and 40,000 square feet at the southeast corner of Lake Street and Harlem Avenue in Oak Park, Ill.

LOOKING AHEAD TO 2017

- Although shopping center development will continue to hover around 1 to 2 million square feet, timing will dictate fluctuations in typical development for the future.
- Grocery-anchored and junior-box projects will drive the majority of development planned in the Chicagoland area in 2017.

Mid-America Real Estate Corporation is a member of Mid-America Real Estate Group, a ChainLinks affiliate headquartered in Oakbrook Terrace, Ill. The company is the Midwest's leading full-service retail real estate organization with offices in Chicago, Milwaukee, Minneapolis and Detroit. For more information, call (630) 954-7300 or visit www.mid-americagrp.com



Rendering of Target Express at 53rd Street and Kimbark Avenue in Chicago (Target Corp.)

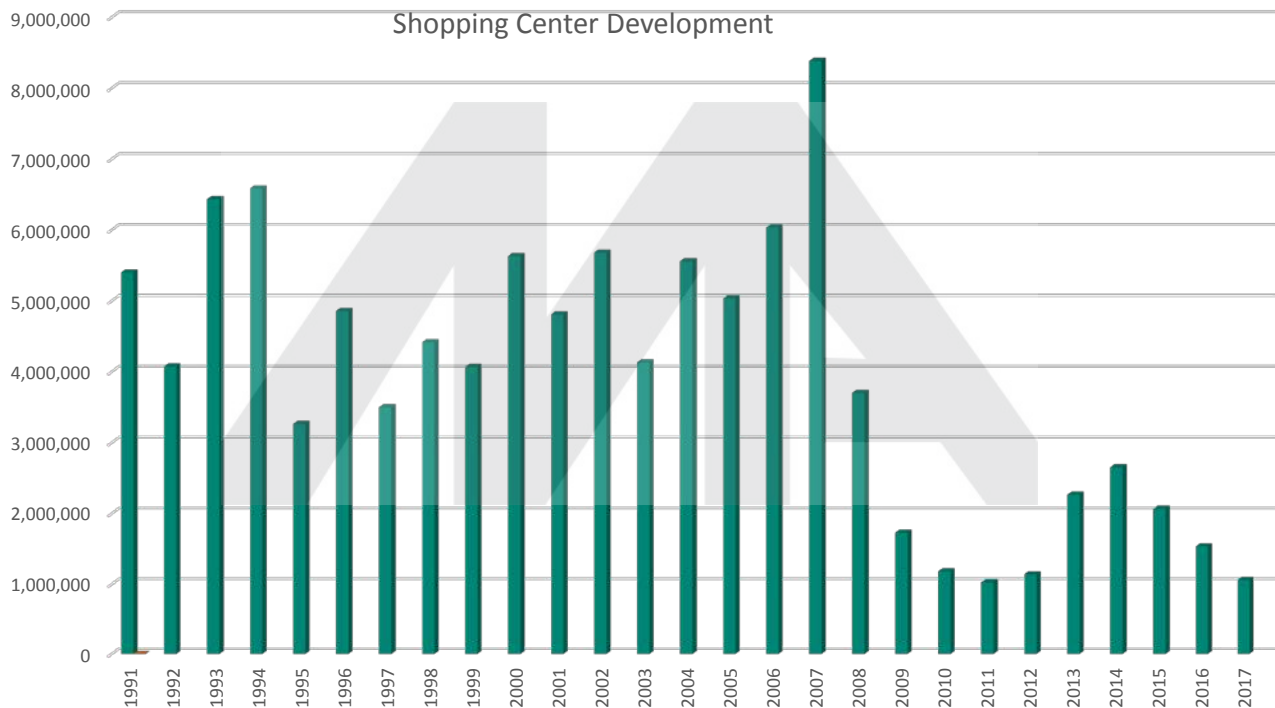


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Summary

YEAR	TOTAL DEVELOPMENT SQUARE FEET	TOTAL NUMBER OF CENTERS		
		OPENING	EXPANDING	TOTAL
1991	5,397,350	17	6	23
1992	4,075,000	25	5	30
1993	6,433,000	31	14	45
1994	6,585,000	23	18	41
1995	3,262,000	16	12	28
1996	4,857,000	28	13	41
1997	3,499,500	24	12	36
1998	4,414,000	31	11	42
1999	4,069,000	23	16	39
2000	5,631,050	27	16	43
2001	4,807,000	35	8	43
2002	5,680,000	34	13	47
2003	4,130,000	34	15	49
2004	5,559,000	31	10	41
2005	5,035,000	22	14	36
2006	6,034,000	35	8	43
2007	8,382,000	34	16	50
2008	3,701,000	20	5	25
2009	1,727,800	9	1	10
2010	1,184,400	10	2	12
2011	1,025,800	6	2	8
2012	1,139,680	7	4	11
2013	2,264,500	15	5	20
2014	2,651,000	15	6	21
2015	2,065,670	13	4	17
2016	1,535,600	14	2	16
2017	1,060,000	11	3	14
TOTAL THRU 2016	137,518,850	750	270	1,020
<i>TBA</i>	<i>36,345,200</i>	<i>99</i>	<i>64</i>	<i>163</i>



The information contained herein has either been given to us by the owner of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee it.

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2016

CENTER	DEVELOPER/OWNER	ANCHORS	SQ.FT.	SQ.FT.	DATE
1 NWC Rollins & Rte. 83 Round Lake, IL	Meijer	Meijer	195,000		S2016
2 NWC York & I-290 Elmhurst, IL	Paragon	LA Fitness	45,000		F2016
3 63rd & Suffield Westmont, IL	Bradford	Mariano's	71,300		S2016
4 NWC Elston & Leavitt Chicago, IL	O'Toole	Value City	37,000		F2016
5 3030 N. Broadway Chicago, IL	Barrett, Porto, Taxman	Mariano's, Xsport	137,000		F2016
6 39th & MLK Chicago, IL	WBS Equities	Mariano's	68,000		F2016
7 55th & Kedzie Chicago, IL	Sedgwick	LA Fitness Ps. 2	40,000	20,000	S2016 S2017
8 63rd & Halsted Chicago, IL	DL3 Realty	Whole Foods	47,000		F2016
9 51st & Lake Park Chicago, IL	Antheus Capital	Whole Foods, Marshalls, Michaels	90,000		F2016
10 NEC 53rd & Kimbark Chicago, IL	Mesa	Target Express Ps.2	20,000	10,000	F2016 F2017
11 SEC Airport & Weber Romeoville, IL	Blain's Farm & Fleet	Blain's Farm & Fleet	122,000		F2016
12 Vollmer & Cicero Flossmoor, IL	Meijer	Meijer	192,000		S2016
13 Route 30 & Western Ave. Olympia Fields, IL	Walmart	Walmart	182,000		F2016
14 I-57 & Sauk Trail Richton Park, IL	Walmart	Walmart	195,000		S2016
	Total 2016 Openings		1,441,300		
	Total 2016 Expansions		94,300		
	Grand Total 2016 Construction		<u>1,535,600</u>		



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2017

CENTER	DEVELOPER/OWNER	ANCHORS	SQ.FT.	SQ.FT.	DATE
1 NEC Rand & Plum Grove Kildeer, IL	Bond Co's.	Nordstrom Rack, Nike, DSW, Art Van	175,000		S2017
2 NWQ Harlem & Lawrence Harwood Heights, IL	Bradford	Art Van	90,000		F2017
3 Dempster & Bronx Skokie, IL	Blitzlake	Target Express	33,000		F2017
4 NEC Gold & Mt Prospect Rd. Des Plaines, IL	Abbott	Mariano's	68,000		S2017
5 SEC Roosevelt & Finley Lombard, IL	Bradford	Mariano's	75,000		F2017
6 NEC Montrose & Broadway Chicago, IL	Keeler	Ross	30,000		S2017
7 Clark & Belmont Chicago, IL	Blitzlake	Target Express	29,000		F2016
8 NEC Belmont & Ashland Chicago, IL	Novak	Whole Foods	80,000		S2017
9 SWC Randolph & Morgan Chicago, IL	Sterling Bay	Starbuck's/Anthropologie	20,000		F2017
10 SEC Lake & Harlem Oak Park, IL	Clark Street	Target Express	40,000		F2018
11 SWC 95th & Western Evergreen Park, IL	Lormax Stern	Carsons, DSW, Whole Foods, Dick's, TJX	330,000		F2017
	Total 2017 Openings		970,000		
	Total 2017 Expansions		90,000		
	Grand Total 2017 Construction		<u>1,060,000</u>		



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