

II. MARKET CONDITIONS AND OPPORTUNITIES

A. Transit-Oriented Development (TOD) Market

Market Growth: The Blue Island market for housing and for retail/service businesses (the privately owned elements of a TOD) is growing rapidly. Blue Island's population grew by 10% between 1990 and 2000. The median sales price of all homes in Blue Island rose from \$93,588 in 2000 to \$130,210 in 2004. The Equalized Assessed Valuation (EAV) (the basis for property tax assessment) for Blue Island rose from \$172 million in 2000 to \$208 million in 2004, a 17% increase in five years. A 400-unit market-rate housing development is breaking ground in Blue Island in 2005, less than a mile from the Vermont Street Metra stations.

Buying Power: Blue Island has a relatively dense population that gives it more buying power per square mile and a greater capacity to support many types of retail/service businesses than most south suburbs. This buying power is strengthened by institutions and companies that draw workers and visitors to the main street district. The foremost of these anchoring institutions, St. Francis Hospital employs 1400 staff and generates 500,000 patient or patient visitor trips to central Blue Island annually. A market analysis that compares buying power with the capacity of existing stores to handle customers indicates that Blue Island's main street district could now support approximately 80,000 square feet of additional retail/service business space, particularly in the provision of clothing, children's products, and recreational products and services.

Table 1: Population Density, Per Capita Income, and Purchasing Power Per Square Mile in Various Cook County Suburbs

<i>Municipality</i>	<i>Persons per square mile</i>	<i>Per capita income (dollars)</i>	<i>Purchasing power per square mile (dollars)</i>
Crestwood	2,620	21,995	57,626,900
Flossmoor	2,621	42,820	112,231,220
Orland Park	2,688	30,467	81,895,296
Palos Heights	2,917	32,895	95,954,715
Alsip	3,035	20,498	62,211,430
Riverdale	3,983	14,461	57,598,163
Tinley Park	3,987	25,207	100,500,309
Blue Island	5,822	16,156	94,060,232
Average	3,459	25,562	82,759,783

Shopping Centers: Blue Island contains some large stores including a Jewel supermarket and Osco pharmacy and a Walgreens pharmacy on Western Avenue and the major arterial 127th St just north of the main street district. The area within a five-mile radius of Blue Island contains \$5.5 billion in annual buying power. But this area is well-served by more than 25 regional or multi-neighborhood shopping centers (enclosed malls or concentrations of "big box" retailers). None of these "power" shopping centers is located in Blue Island. If Blue Island chose to compete in the power center arena it would need to secure large investments and take market share from established centers, and would potentially impinge on the sales and profits of the smaller businesses that it is trying to foster on main street.

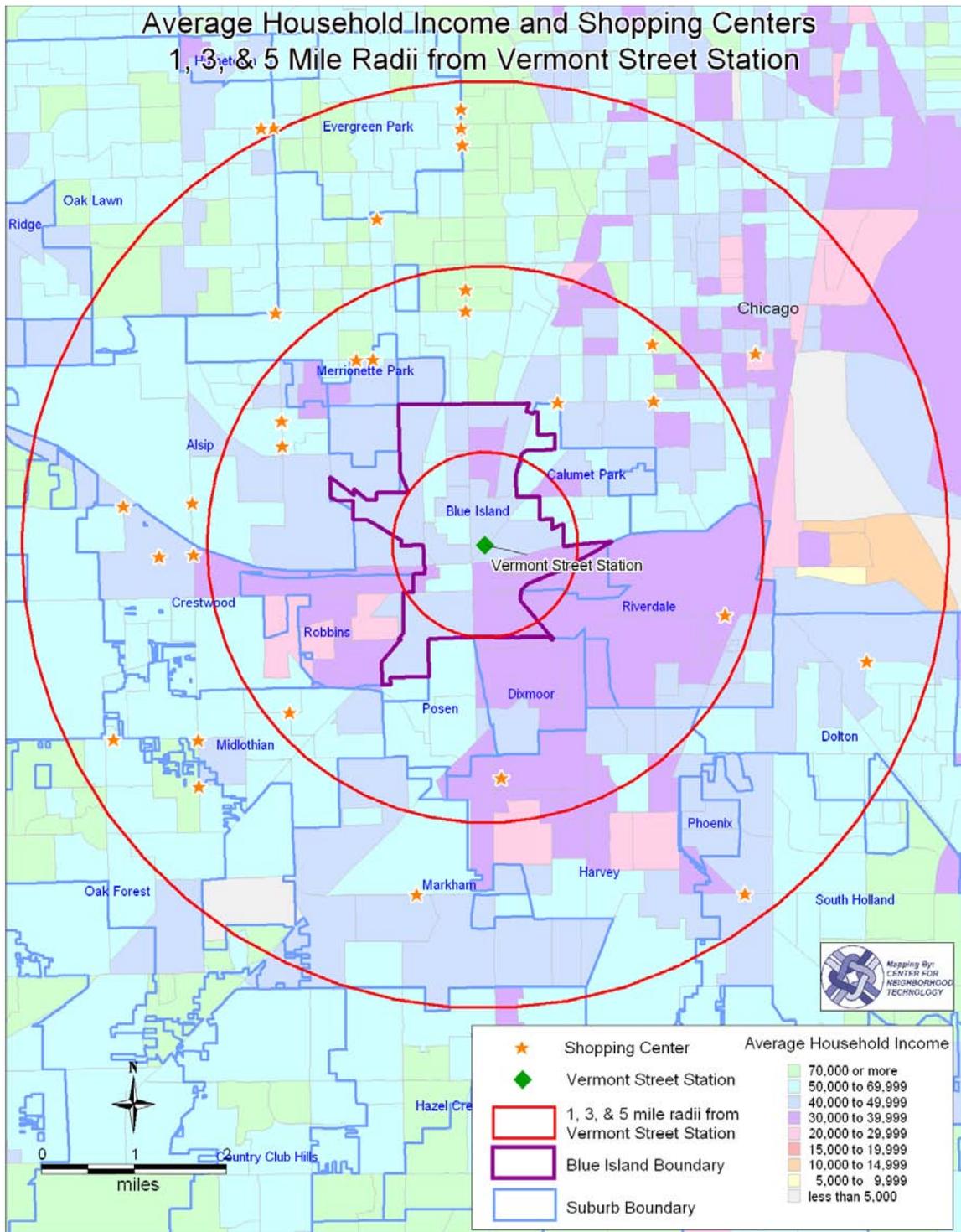


Figure 2. Purchasing Power of residents within one, three, and five miles of the Vermont Street Metra Station in Blue Island

Main Street Market Identity: The south suburban market area that is thick with power centers contains few vibrant “main street” districts (commercial areas that serve local convenience shopping needs, while attracting visitors with a distinctive traditional atmosphere). Through the efforts of its active Chamber of Commerce and Main Street Association, Blue Island has preserved and fostered its 170-year-old main street district. Currently the district contains more than fifty retail and service businesses, including several antique stores that draw customers from throughout the Chicago region and distant locations. Given this base and the substantial and growing buying power of the immediate community, Blue Island’s best commercial strategy lies in the continued growth and enhancement of its main street district.



Public Transit Service and Potential Development Contribution: Within a half a mile of all main street locations, stand two Metra stations on Vermont Street from which customers may access three Metra lines and reach different parts of the Chicago Loop. Six Pace bus routes serve the station area, providing connections. On an average day 792 Metra customers board trains at these stations. Approximately 80% of these customers drive to the station, and 62% of them come from other towns. These commuters make some purchases in Blue Island stores, but the customer count and economic contribution of such an important strategic transit node is far below what it could be. There are two basic reasons why the station area produces fewer benefits than it might:

- **More households could live in this potential TOD area.** Today much of the land within a quarter mile of the stations is taken up by nonresidential uses. Industrial businesses occupy approximately 45 acres around the station. These businesses are valued corporate citizens that make important contributions to Blue Island’s economic and civic life. But there are other locations within Blue Island that would better serve their current needs and the future development of the city. Surface parking for Metra customers takes nearly 9 more acres. This parking is necessary, but the placement of some of the lots, with views of the Calumet Sag Channel and a waterfront park, precludes more valuable use of the land. If land uses were adjusted, hundreds of additional households could live within walking distance of public transit and main street, adding millions of dollars to local buying power.
- **Walking through the Vermont station area needs to become safer and easier.** Metra customers must frequently cross multiple train tracks and broad, congested Vermont Street without clear direction. To walk from the stations to main street pedestrians begin by crossing a busy road and a T intersection without the benefit of a stoplight or sidewalk. Then they may either walk beneath a highway overpass and up a steep hill to main street or angle up a sharp gradient and heavily trafficked road without a sidewalk to reach St. Francis hospital. These conditions certainly discourage the use of public transit as a gateway to and from Blue Island.



Customers' Experience of Main Street: Even within the heart of Blue Island's main street district a customer's experiences are often uncomfortable. She walks along on narrow sidewalks of principal streets (Western and Gregory Avenues) that are fast moving one-way four-lane highways. She strolls past restored antique facades with attractive windows, and then comes to a building with bricked over windows and walls plastered with ersatz materials. She passes surface parking lots with extensive frontage on Western Avenue and at times sees few people on the street, which makes her wonder if Blue Island is a busy or interesting place. With the exception of one pocket park, she finds little greenery, little street furniture or public art, little invitation to stay and enjoy the atmosphere. These impressions undermine the market identity that Blue Island's main street needs to cultivate.

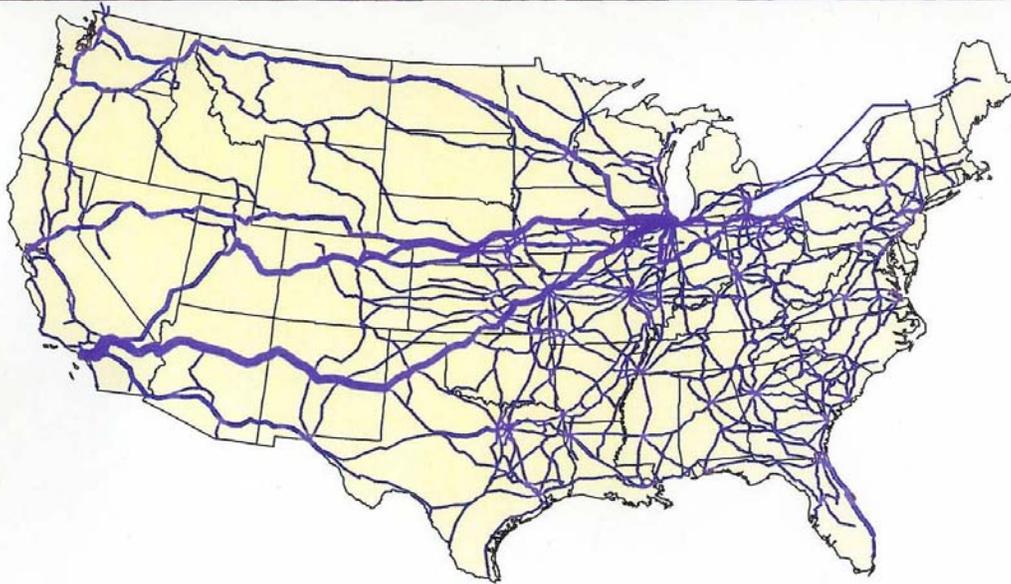
TOD Opportunities in Blue Island lie in correcting current negative conditions in the use of land and design of the built environment so that more people will have the opportunity to live and the desire to shop in the Vermont station area and main street district. In capturing this TOD opportunity the City of Blue Island would not only contribute to its own and the regional economy, it would also establish land use and transportation patterns that would reduce thousands of car and truck trips and tons of air pollution per year, providing a substantial improvement to the regional environment.

B. Cargo-Oriented Development (COD) Market

Changing Conditions of Industrial Land Use: Trends in the international economy are making access to freight infrastructure more important than it has been for several generations. As more products are sourced from distant locations and needed on a just-in-time basis, freight volumes are growing steadily. The US Department of Transportation (USDOT) projects that freight volumes will increase nationally by 80% between 2000 and 2020. As freight volumes climb, virtually every segment of freight infrastructure will be used to its full capacity and become more valuable. Also, as integration with international supply chains becomes crucial, more manufacturing and distribution companies are locating near intermodal freight terminals, where they can combine shipping economies with reliability. Companies that specialize in freight logistics are providing more value added services for their customers including repackaging and processing freight, and they add to the demand for space near freight infrastructure.

Rail Intermodal Flows, All Commodities

Rail freight density in tons



Federal Highway Administration
Office of Freight Management and Operations

Figure 3. US Map with freight flows to Chicago

Strategic Advantage of Blue Island's Freight Infrastructure: Pressures that are making freight infrastructure more attractive are strongest in greater Chicago. The Chicago region is the hub of the North American freight system, handling more intermodal cargo shipments than any US ocean port and a third of all US freight rail movements. Freight transportation is a major industry in metropolitan Chicago, directly adding \$8 billion/year and 117,000 jobs to the regional economy. Recognizing the importance of freight infrastructure, a powerful public-private partnership is investing \$1.5 billion through the "CREATE" program, to upgrade the Chicago region's freight rail system. Blue Island is a critical locus of the improving rail network and the Chicago area freight system generally. Expressway, freight rail, and barge transportation modes converge in Blue Island. The city contains a relatively small but growing intermodal freight terminal, and each of the City's three industrial areas (on the northeast, west, and south edges of the city) have multiple modes of freight infrastructure.

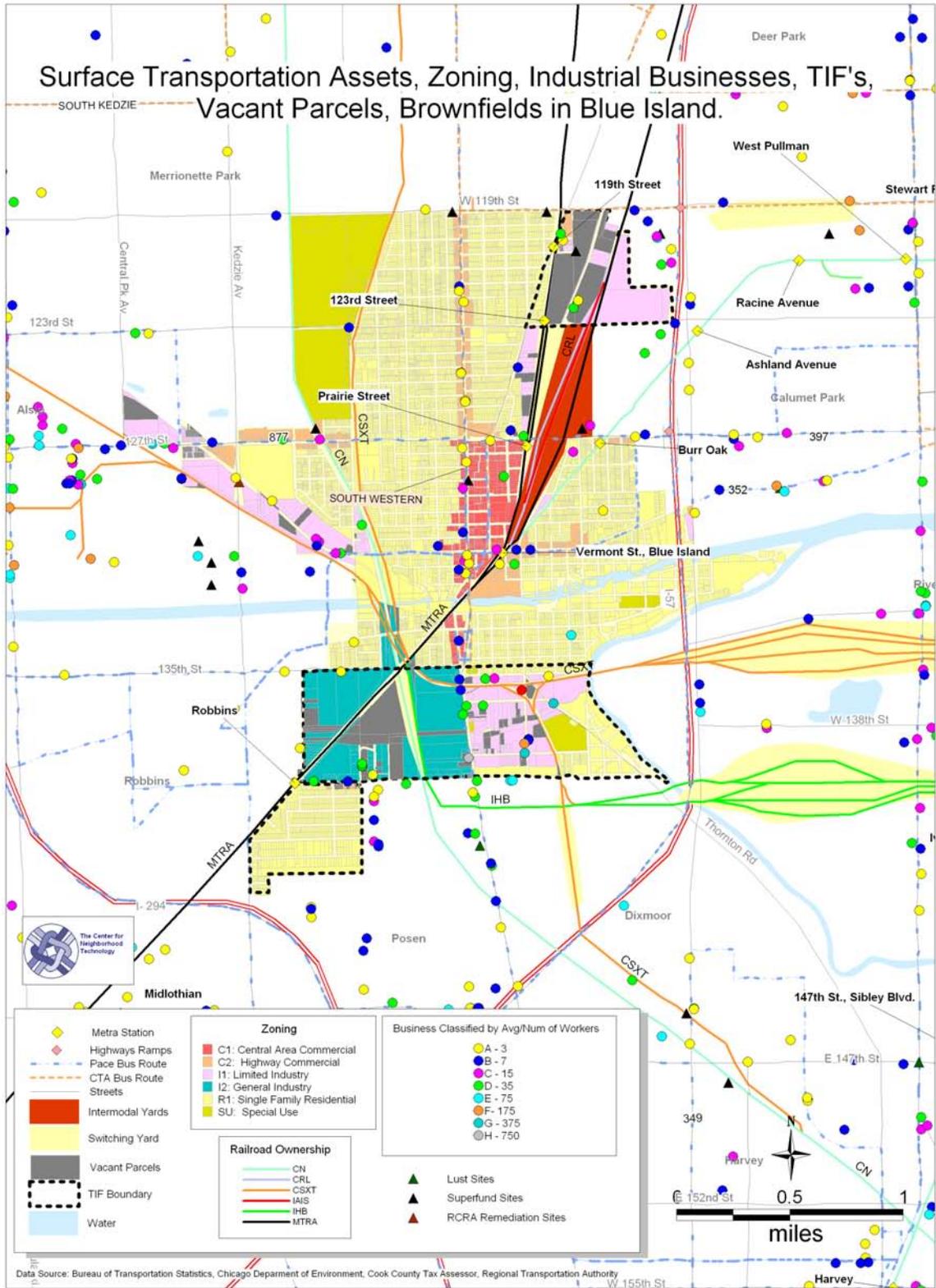


Figure 4. Surface Transportation Assets, Zoning, Industrial Businesses, TIFs, Vacant Parcels, and Brownfields in Blue Island

Industrial Clusters: Despite decades of industrial contraction, clusters of industrial businesses in metal working, food processing, construction material supply and freight logistics continue to operate in the south suburbs. Some 238 companies in these industries operate within three miles of Blue Island, and 45 of these companies are within the city limits. Their presence can help to attract similar businesses.

Table 2. Industrial Businesses Concentrated Around Blue Island

Business Type	Within a Three-Mile Radius			Within Blue Island Borders		
	# Firms	# Workers	\$/yr (000)	# Firms	# Workers	\$/yr (000)
Metal Working	49	2,567	660,503	6	987	64,750
Machinery Production	41	1,034	165,756	8	75	9,251
Food Processing	7	855	216,750	3	444	105,000
Recycling	9	180	81,251	2	10	4,001
Construction & Materials Supply	59	788	196,256	12	193	42,501
Freight Logistics	73	991	156,762	14	185	39,750

Industrial Workforce Readiness: Relative to other communities in metropolitan Chicago, Blue Island’s workers are appropriately educated and prepared for industrial work. Approximately 54.2% of Blue Island adults have a high school or community college degree as their highest level of education, compared to 45.8% in all of Cook County. Blue Island residents are less likely to have a college degree or to be high school dropouts than the general Cook County population. Employment in manufacturing and logistics is also higher for Blue Island than for Cook County generally, 23% compared to 20%. Through Eisenhower High School and a branch of Moraine Valley Community College located in Blue Island, programs can be tailored to continually upgrade the skills of Blue Island workers and match these to the needs of local industry.

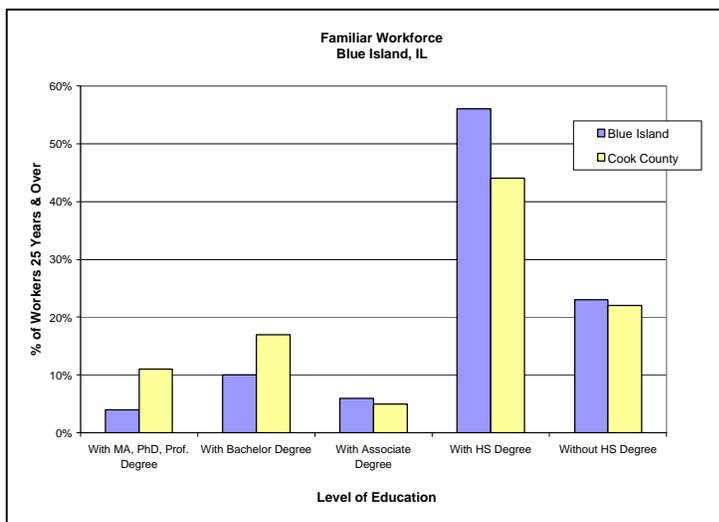


Figure 5. Education Level of Blue Island’s Workforce