THE METRO-CHICAGO RETAIL SPACE GUIDE

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FEATURES

The Metro-Chicago Retail Space Guide
is published twice a year by the Real Estate Publishing Corporation,
415 North State Street, Chicago, IL 60654 •312.644.4610 • www.rejournals.com

Publisher: Mark Menzies

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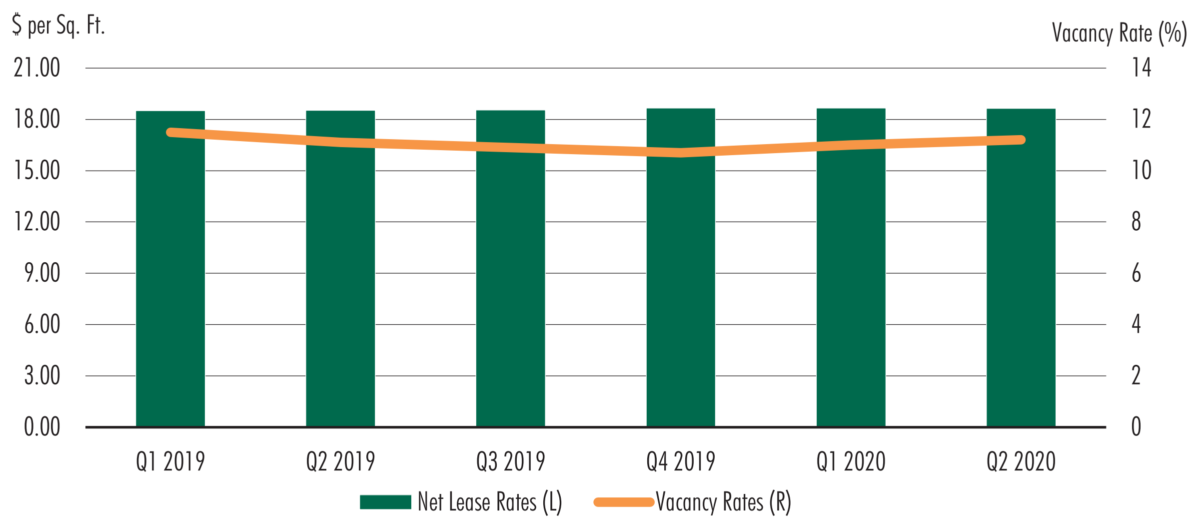
Chicago Retail, Q2 2020

The Pandemic hits and retail attempts to adapt

Vacancy Rate	Lease Rate	Neighborhood Vacancy	Power/Community Vacancy
11.2%	$18.64 PSF	14.2%	9.5%

*Arrows indicate change from previous quarter.

Figure 1: Direct Vacancy Rate and Lease Rate



Source: CBRE Research, Q2 2020.

- Restaurants enact a 'no-contact' approach.
- Prepared family-style meals and fresh meat for pickup are two new restaurant adaptations.
- Pete's Fresh Market continues its expansion.
- 'Adaptation and pivoting' are the new retail buzz words.

MARKET OVERVIEW

The retail world has been struggling for some time now with increased store closures and bankruptcies. The COVID-19 pandemic hit in March, and accelerated these closures and bankruptcies while turning the retail world upside down. The initial fallout was responsible for empty storefronts, high unemployment levels, and consumer confidence hitting its lowest level in six years down to 86.9 points in April (a reading above 90 points indicates a stable economy). Consumer Confidence rose in June to a three-month high as a

MARKET OVERVIEW CONT'D

reopening economy gave Americans hope. However, recent spikes in the coronavirus cases could very well curtail this.

As for the Chicago retail market, the vacancy rate increased 20 basis points to 11.2% and the average asking rent dropped slightly to $18.64. There has been speculation that retail rents are projected to drop similarly to those of the Great Recession of 2008.

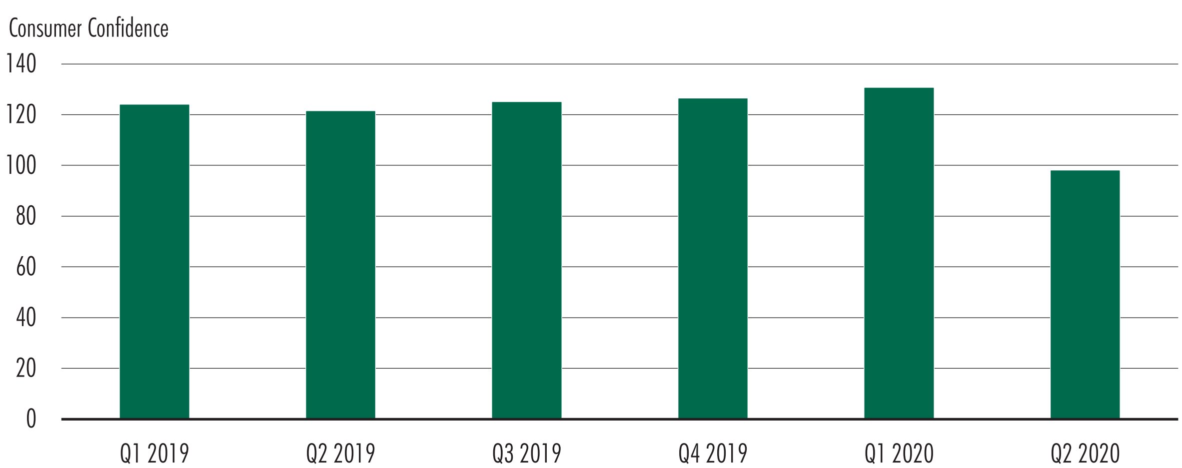
On a positive note, 'adaptation and pivoting' are new buzz words within the retail world since the pandemic began. Within retail, the restaurant sector seemed to have taken one of the hardest hits. Since most restaurants run on razor-thin margins, they have been forced to go back to the drawing board and reinvent additional ways of creating revenue streams.

Once in-house dining options were shut down by the pandemic, restaurant owners chose to pivot to delivery and takeout options in an attempt to assist in retaining employees and continue to generate revenue. Many locations embraced a 'no-contact' approach for curbside pickup and delivery. Others chose to expand menu options and offer alternatives such as in-house butcher shops due to news of a possible meat supply shortage.

Gibson's Steakhouse and The Capital Grille are two steak houses that embraced adaptation. Each have offered the option to purchase butcher cuts of meat to cook at home such as steaks, chops and burger kits. Gibson's also offered family style dinners which included entrees, side dishes, dessert as well as soup or salad.

Despite the pandemic and its volatile fluctuations on the Chicago retail market, grocery still remains the retailer who will continue to weather the storm. Pete's Fresh Market has purchased the former 172,000 square-foot Kmart site at 16300 South Harlem Avenue.   This site has been vacant for four years and will be a welcomed addition to the Harlem Avenue retail corridor.

Figure 2: Consumer Confidence Index; Index value (1985=100)



Source: Consumer Confidence Board, Q2 2020.

RESTAURANTS CONTINUE GROWTH

While the restaurants within the Chicago market were beginning their alignment to new safety and occupancy protocols, a slow growth of new eateries opened within the suburbs and city. South Loop, Bridgeport and Kildeer welcomed these new additions.

In mid-June, Denver-based fast-casual chain Teriyaki Madness, debuted its first Chicago restaurant in the South Loop at 829 South Wabash Avenue. In Bridgeport, the former Pleasant House Bakery space at 964 West 31st Street was replaced by Pizza Fried Chicken Ice Cream. The restaurant will serve Sicilian pan pizza, fried chicken and ice cream. In the far northwest suburbs, grandson of Dave Thomas, founder of fast-food chain Wendy's, opened Fresh Stack Burger Co. in Kildeer at 20413 North Rand Road.

NEW TO THE NEIGHBORHOOD

- Teriyaki Madness, 829 South Wabash Avenue, Chicago
- Pizza Fried Chicken Ice Cream, 964 West 31st Street, Chicago
- Fresh Stack Burger Co. 20413 North Rand Road, Kildeer

COMING SOON

- Orkenoy, 1757 North Kimball Avenue, Chicago
- Teriyaki Madness, 829 South Wabash Avenue, Chicago
- Blue Martini Lounge, 1901 McConnor Parkway, Schaumburg
- Pizza Friendly Pizza, 1038 North Western Avenue, Chicago

Figure 3: Top Lease Transactions

Tenant	Size (Sq. Ft.)	Address
Loves Furniture	71,490	Former Art Van, Schaumburg
Loves Furniture	68,660	Former Art Van, Woodridge
Undisclosed grocer	50,000	Former Kmart, Norridge
Burlington	44,248	Former Kohl's, Niles
Edge Fitness	39,000	Former TJ Max, Palatine
Edge Fitness	34,624	Former Buy Buy Baby, Batavia
Northwestern Medicine	30,000	Former Barnes and Noble, Evanston
Circus Trix	28,519	Former Loehmans, Oak Brook
Aaron's Rental	14,000	9259 South Western Avenue, Chicago

Source: CBRE Research, Q2 2020.

Figure 4: Chicago Retail Statistics

Submarket	# of Properties	Gross Building (Sq. Ft.)	Vacant Area (Sq. Ft.)	Vacancy Rate (%)	Average Asking Lease Range ($/Sq.Ft./Yr)	
					LOW	HIGH
Far N.W. Suburbs	93	14,990,913	1,174,771	7.8	16.62	20.07
N.W. Suburbs	100	16,977,181	2,288,496	13.5	16.57	20.98
Far North Suburbs	41	7,406,877	852,388	11.5	13.31	18.16
North Suburbs	59	9,781,946	817,821	8.4	16.70	22.38
Far West Suburbs	143	23,227,096	3,410,653	14.7	14.95	17.31
West Suburbs	45	8,400,270	592,238	7.1	14.26	22.85
City North	71	10,046,885	873,890	8.7	18.80	24.08
City South	40	6,270,802	616,238	9.8	18.55	21.83
Far S.W. Suburbs	67	12,426,666	1,083,155	8.7	17.09	19.22
S.W. Suburbs	67	10,768,980	1,113,887	10.3	15.02	15.49
South Suburbs	49	7,038,593	1,463,123	20.8	15.10	21.04
Kane County	65	11,503, 803	1,229,276	10.7	12.72	16.92
Total	840	138,840,012	15,515,936	11.2	16.60	20.67

Source: CBRE Research, Q2 2020.

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Illinois Cannabis Market: Thriving Amid Shut Down

By Dan Tausk, Principal, Mid-America Real Estate Corporation

Despite shelter-in-place orders extending through May and a gradual reopening in June, Illinois saw a record of almost $61 million in adult-use cannabis sales in July according to the Illinois Department of Financial and Professional Regulation (IDFPR). This surpasses the previous high from June of $47.6 million of legal adult-use recreational sales. Additionally, $12.4 million of the June figure (almost 27%) was sold to out-of-state residents, setting another record. These sales figures came in on the strength of nearly one million (994,545) recreational cannabis products that have sold across 56 licensed adult-use dispensaries. The state tax revenue in Illinois the last seven months since recreational marijuana became legal now totals approximately $52 million.

Impressively, these sales records occurred in an environment of social distancing. For an industry initially 100% defined by brick-and-mortar cash purchases, retailers were compelled to adapt. As delivery is not available in Illinois, nor is drive-thru, ease of access was challenging for all customers. Dispensaries quickly ramped up their online preordering systems as well as instituted curbside pick-up, though many sites were not designed for such. The immediacy of these public safety measures became even more critical with a defined portion of clientele using marijuana medicinally and were potentially immunocompromised. Medical sales in Illinois added $20+ million in July. The overall demand remains strong in Illinois despite the pandemic with no current expansion of medical licenses being contemplated while the next 75 adult-use licenses are finally due to be awarded through September.

So why are dispensaries excelling when many retailers are struggling during the pandemic? The more obvious dynamics are that 1) all 55 dispensaries were deemed "essential" by the Governor allowing them to remain open (but for disruptions due to protests in May and June for operators in the City); 2) "Second Site" openings for adult-use have been slow, with only nine licenses issued through August keeping competition at bay; 3) the pandemic increased the usage profile for first-time or expanded consumer purchases to treat stress anxiety and sleeplessness.

Even when Illinois reaches the next milestones of all "Second Sites" open, dispensaries will total only 110. Once the next 75 adult-use/social equity operators are awarded, find sites and open, the State will be at 185, a fraction of mature markets such as Colorado (600+) and California (400+). Therefore, the immediate future is centered simply on the rapid expansion of dispensary licensing and supply chains including new craft growers (40). This will be followed by a changing of the physical model as the industry and consumer patterns evolve as well as a desire for the dispensary to be located at "main-on-main".

Physically we can anticipate COVID-19 to accelerate certain aspects of the dispensary. The size of the site and space is ever-changing, pick up areas and drive-thru extensions can be anticipated as well as the advent of delivery in Illinois which is obvious. Over time as the product attains federal legalization and safe banking, I predict we will see the dispensary become more of a showroom-type evolution and catered toward smoking lounges to create a customer "experience". For now, those who were lucky enough to win a license and are currently navigating through national restrictions are just happy to be as close to Walgreens and Starbucks as possible.

THE Boulder GROUP

Q2 2020 THE NET LEASE QSR MARKET REPORT

QSR (CORPORATE) PROPERTIES MEDIAN ASKING CAP RATES

Tenant	Q2 2019 (Previous)	Q2 2020 (Current)	Basis Point Change
All Corporate QSR	5.20%	5.20%	0
Chick Fil A (Ground Lease)	4.05%	4.03%	-2
McDonald's (Ground Lease)	4.08%	4.00%	-8
Panera Bread	4.86%	5.08%	+22
Starbucks	5.30%	5.33%	+3

QSR (FRANCHISEE) PROPERTIES MEDIAN ASKING PRICE

Tenant	Q2 2019 (Previous)	Q2 2020 (Current)	Basis Point Change
All Franchisee QSR	5.68%	5.83%	+15
Burger King	5.80%	5.70%	-10
Dunkin'	5.50%	5.58%	+8
KFC	5.95%	5.90%	-5
Pizza Hut	6.57%	6.73%	+16
Taco Bell	5.43%	5.40%	-3
Wendy's	5.50%	5.55%	+5

QSR PROPERTIES MEDIAN ASKING PRICE

Tenant	Median Price
All QSR	$1,995,000
Burger King	$1,831,000
Chick Fil A (Ground Lease)	$3,745,000
Dunkin'	$1,350,000
KFC	$1,615,000
McDonald's (Ground Lease)	$2,053,000
Panera Bread	$3,111,000
Pizza Hut	$1,335,000
Starbucks	$2,390,000
Taco Bell	$2,437,000
Wendy's	$2,364,000

MARKET OVERVIEW

Cap rates in the net lease quick service restaurant (QSR) sector increased to 5.65% in the second quarter of 2020 representing a 30-basis point increase when compared to the prior year. Cap rates for corporate leased QSR properties were unchanged at a 5.20% cap rate while QSR properties leased to franchisees increased by 15 basis points to a 5.83% cap rate. In the second quarter of 2020, franchisee leased properties accounted for more than 70% of the market. The primary reason for the 30-basis point increase in QSR cap rates can be attributed to the significant supply of franchisee leased properties in the market. Franchised locations make up the majority of QSR sector as primary brands including Burger King and KFC look to franchisees to fuel their growth models.

During the current Covid-19 pandemic, drive thru lanes allowed most QSR operators to limit the impact of reduced in-store dining on their businesses. Consumers of the QSR sector during this time favor drive thru locations as they are convenient and provide the ability to avoid larger crowds during the pandemic. Brands like Panera Bread stated that drive thru sales doubled during this pandemic and their preference to increase locations with drive thru lanes increased significantly.

Beginning in March, the Covid-19 pandemic's effect on the QSR sector impacted the acquisition criteria of net lease investors. During this timeframe, 1031 exchange and private net lease investors became more conservative and narrowly focused on tenant credit and lease term. Accordingly, new construction McDonald's and Chick-Fil-A properties continue to represent the lowest cap rates in the sector (4.00% and 4.03% respectively). In the second quarter of 2020, properties leased to corporate entities were priced at a 63-basis point premium over franchisee related properties. The expectation is that this gap will continue to widen throughout the remainder of 2020. A recent poll conducted in August by The Boulder Group surveyed market participants regarding cap rate expectations for smaller franchisee backed leases. The overwhelming majority (59%) expect cap rates to rise by more than 15 basis point for properties leased to smaller franchisees (less than 25 locations) by the end of 2020.

The single tenant QSR sector will continue to garner demand as investors seek net lease investments backed by tenants whose business model was minimally impacted as a result of Covid-19. There will continue to be a bifurcation between corporate/large franchisees and smaller franchisees as a flight to quality continues in this sector. Institutional investors will remain primarily interested in sale leaseback portfolios in order to achieve economies of scale. Investors will be monitoring store prototypes as certain chains including Shake Shack launch their first drive thru locations and several existing tenants explore drive thru only formats.

THE Boulder GROUP

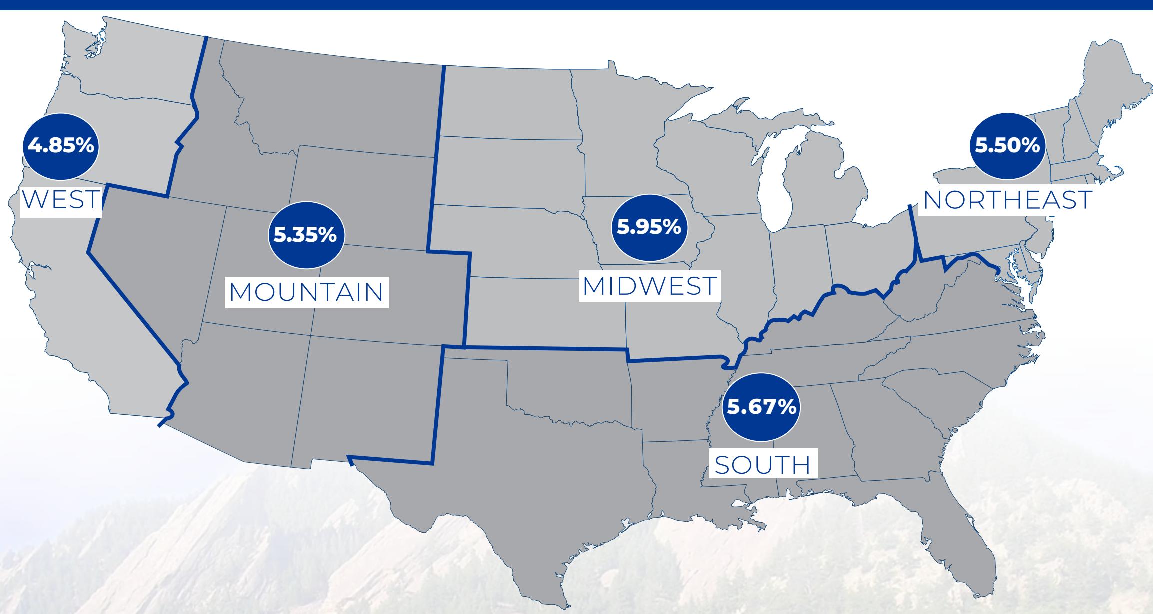
Q2 2020 THE NET LEASE QSR MARKET REPORT

SELECTED COMPANY COMPARISON

Tenant	Number of Locations	Ticker Symbol	Market Cap
Arby's	3,472	Private	Private
Burger King	17,796	QSR	$16.7 B
Carl's Jr.	1,490	Private	Private
Chick Fil A	2,605	Private	Private
Chipotle	2,622	CMG	$35.9 B
Dunkin'	12,871	DNKN	$6.2 B
Hardee's	1,944	Private	Private
Jack in the Box	2,200	JACK	$1.9 B
KFC	22,621	YUM	$28.9 B
McDonald's	38,695	MCD	$159.3 B
Panda Express	2,200	Private	Private
Panera Bread	2,100	PNRA	Private
Pizza Hut	18,703	YUM	$28.9 B
Popeyes	3,102	Private	Private
Sonic Drive-In	3,510	SONC	Private
Starbucks	31,256	SBUX	$97.2 B
Taco Bell	7,072	YUM	$28.9 B
Wendy's	6,711	WEN	$4.9 B
Whataburger	824	Private	Private
Taco Bell	7,072	YUM	$36 B
Wendy's	6,711	WEN	$4.6 B
Whataburger	824	Private	Private

Leases can be guaranteed by franchisees or corporations.

NET LEASE QSR PROPERTIES MEDIAN ASKING CAP RATE BY REGION



THE Boulder GROUP

Q2 2020 THE NET LEASE QSR MARKET REPORT

QSR VS RETAIL NET LEASE MARKET CAP RATES

Sector	Q2 2019 (Previous)	Q2 2020 (Current)
QSR Sector	5.39%	5.65%
Retail Net Lease Market	6.23%	6.25%
QSR Premium (bps)	84	60

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Lease Term Remaining	Cap Rate
20+	5.35%
15-19	5.50%
10-14	5.85%
Under 10	6.45%

MEDIAN NATIONAL CLOSED CAP RATE SPREAD

Tenant	Closing	Asking	Spread (bps)
QSR	5.85%	5.65%	+20

QSR ASKING CAP RATE BY GUARANTOR

Tenant	Corporate Cap Rate	Franchise Cap Rate	Spread (bps)
QSR Sector	5.20%	5.83%	+63

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Responding to retail tenant payment defaults: A guide for Illinois landlords

By Todd Gale and Katie Welch

In the initial months of the COVID-19 pandemic, many saw retail closures and strict social distancing guidelines as merely a storm to be weathered, rather than a long-term shift in the climate of retail. Now, five months after Governor Pritzker issued his first order closing all non-essential businesses, the impacts of COVID-19 are further reaching than some had anticipated.

Facing a potential long-term shift in retail, tenants have attempted to escape their contractual payment obligations by relying on force majeure provisions, co-tenancy covenants, and the common law doctrines of impossibility and frustration of purpose. This article will outline practical responses to those arguments and highlight key lease provisions and areas of common law that landlords can use in tenant disputes.

FIRST THINGS FIRST: RESERVE YOUR RIGHTS

Once a tenant fails to pay rent, the landlord first must send all applicable notices and reserve its rights under the lease. Every lease defines failure to pay rent as a breach of the lease. But whether that breach ripens into a default depends on the particular lease's terms. Many leases require the landlord to provide the tenant with written notice of failure to pay and offer an opportunity for the tenant to cure the breach.

The first time a tenant fails to pay the full amount of rent when it is due, a landlord should evaluate the terms of the retail lease and send any required written notice to the tenant with a demand for payment. A written demand for rent does not bind the landlord to a particular path toward resolution; rather, it provides the landlord the option to exercise one of its many remedies under the lease and the law.

If the tenant does not respond to the demand with full payment, the landlord often has several potential remedies under the lease. One common option is to terminate the tenant's right to possession of the premises by suing to evict the tenant and recover damages for past due rent. Typically, this option does not terminate the lease, and the tenant will remain liable for monthly rent for the remainder of the lease term. But this option ultimately leaves the landlord with possession of the premises and all of the various duties and liabilities that accompany possession.

Another option is to terminate both the tenant's right to possession of the property and the lease itself. In this case, the tenant is liable for rent accumulated prior to termination of the lease but it does not have a continuing obligation to pay rent. This option benefits the landlord when the retail market is booming, and the landlord can relet the premises at a higher rent rate.

A third option could be to forgo termination of possession and termination of the lease and proceed with a lawsuit for past due rent. This option may require the landlord to file multiple suits throughout the term for past due rent, but it also leaves the duties and liabilities associated with possession of the premises with the tenant.

It is important that landlords consult the language of the particular lease because not all of these options may be available under its terms.

ARGUMENTS RAISED BY TENANTS UNDER THE LEASE, AND POSSIBLE LANDLORD RESPONSES

The tenant may respond to an action brought by the landlord to enforce the terms of the lease with affirmative defenses or counterclaims against the landlord. In some Illinois state and federal courts, tenants have invoked force majeure and co-tenancy clauses in an attempt to shed rental obligations.

FORCE MAJEURE CLAUSES

Responding to the changing retail landscape and plummeting retail sales, certain tenants have proactively relied on force majeure clauses to avoid rental obligations under the lease. Force majeure clauses can excuse performance of obligations under the lease during the pendency of certain enumerated acts beyond the control of the landlord and tenant, including tornadoes, hurricanes and other acts of God. Significantly, some force majeure clauses also can excuse performance where government laws or mandates prohibit performance under the lease. In the wake of Governor Pritzker's orders requiring closure of non-essential businesses, many retailers and restaurants have attempted to rely on such orders to excuse payment of rent under the lease.

Critically for landlords, force majeure clauses often expressly do not excuse performance of monetary obligations under the lease—in other words, rent remains due and payable. And courts may be willing to apply the clause to excuse or reduce rent payments, even where a lease could be read to require rent payments in the face of a force majeure event.

Recently, in In re Hitz Restaurant Group, 20 B 05012, a case currently pending in the U.S. Bankruptcy Court for the Northern District of Illinois, the court issued an opinion partially relieving a tenant from its post-petition rent obligations pursuant to a force majeure clause. The tenant in In Re Hitz argued that the force majeure clause was triggered by Governor Pritzker's March 16 order which temporarily suspended service for businesses that offered food or beverages for on-premises consumption.

In that case, the force majeure clause read as follows:

"Landlord and Tenant shall each be excused from performing its obligations or undertakings provided in this Lease, in the event, but only so long as the performance of any of its obligations are prevented or delayed, retarded or hindered by … laws, governmental action or inaction, orders of government. … Lack of money shall not be grounds for Force Majeure."

The court reasoned that Governor Pritzker's order triggered the force majeure clause because it was a governmental action that hindered the tenant's ability to perform by temporarily prohibiting on-premises food consumption. The court held that the Governor's order was the proximate cause of the tenant's inability to pay rent because it prevented the tenant from operating normally. But the court also reasoned that, because tenant could offer delivery services during the temporary prohibition of on-premises food consumption, the rent could not be abated entirely, so the court reduced the rent so that it was proportional to the tenant's reduced sales.

Although In re Hitz is not controlling in Illinois courts, it does provide insight into how force majeure clauses might be interpreted by courts facing similar issues. Ultimately, sparse force majeure case law in Illinois will require courts to look to the language of the lease and the law related to contract interpretation when determining whether a force majeure clause can excuse monetary obligations. Landlords and their counsel therefore should carefully review their leases to determine whether a force majeure clause can be applied to payment of rent.

CO-TENANCY CLAUSES

Some tenants have disputed rental obligations by reference to a lease's co-tenancy

DEFAULTS *(continued on page 30)*

"Landlord and Tenant shall each be excused from performing its obligations or undertakings provided in this Lease, in the event, but only so long as the performance of any of its obligations are prevented or delayed, retarded or hindered by … laws, governmental action or inaction, orders of government. … Lack of money shall not be grounds for Force Majeure."

Even during the worst days of the pandemic, the grocery sector has been a bright spot.

Changes coming to the retail world, during and after COVID-19

By Dan Rafter

Retail has been especially hard hit by the COVID-19 pandemic. This isn't surprising: States across the country ordered bars, restaurants, movie theaters, apparel stores and others to close their doors when the pandemic first hit the United States. And these retailers have only been able to slowly reopen in stages since.

Store closures are expected to rise. Many businesses that shut their doors in March won't open them again. And retailers across the country are worried that their state governments might order them to shut again should a second COVID-19 wave hit the country.

But there is hope for retail. Yes, these are challenging times. But commercial real estate experts say that those retailers who are creative and adapt to the changing demands from consumers still worried about coronavirus have a chance to not only survive, but to thrive in the coming months.

Randy Blankstein, president of Wilmette, Illinois-based The Boulder Group, which specializes in the net lease market, said that the retail sector is a complicated one today. Some of the net lease assets he's tracking are thriving during these challenging times. Others are struggling to stay open.

"It really does depend on the type of property," Blankstein said. "You have tenants who are considered essential who have continued to do very well. Then you have non-essential businesses that have certainly struggled."

Blankstein pointed to restaurants, health clubs and gyms as examples of retailers who have struggled during the pandemic. But other retailers such as WalMart, Walgreens and even fast-food and fast-casual restaurants such as McDonald's and Chick-fil-A have all done well.

"It really is a bifurcated market right now," Blankstein said.

CHALLENGING TIMES FOR RETAILERS

No one, though, would argue that retailers haven't faced serious challenges today. Even before the COVId-19 pandemic hit, many retailers were struggling with the rise of ecommerce and trying to adapt to meet the changing demands of consumers.

Once state shutdown orders went into effect, these retailers faced yet another hurdle.

How devastating has the pandemic been to many retailers? A new report from Coresight Research includes highlights the challenges faced by restaurants, department stores and other retail establishments.

According to its U.S. Store Closures 2020 Outlook, Coresight predicts that from 20,000 to 25,000 retail stores will close in 2020. The midpoint of that range -- 22,500 closures -- is a significant jump from Coresight's previous estimate of up to 15,000 retail store closures.

Walgreens has been one of the retailers to not only survive but thrive during the COVID-19 outbreak.

Not all retail sectors will be hit equally hard, though. Coresight predicts that about 55 percent to 60 percent of all store closures this year will be mall-based.

This isn't surprising. Coresight points to research from CoStar that 14 of the top 20 occupants of U.S. mall space are department stores and apparel chains. These retailers rank among the most vulnerable sectors during the COVID-19 pandemic. As Coresight writes in its report, the fact that malls rely so heavily on department stores and apparel retailers has ominous implications for these shopping centers.

Consider that department stores are typically anchors for malls. If these stores close, other tenants are likely to do the same. Some tenants might enter into co-tenancy clauses that allow them to pay lower rents or break their leases if an anchor tenant leaves. This means that department and apparel store closures often create a negative ripple effect in malls.

Then there's the fact that even before the COVID-19 outbreak, many regional malls were already hit by reduced shopper traffic and heavy store closures in their core apparel sector. Coresight says that the rise of ecommerce and consumers' growing preference to spend their dollars on experiences instead of products have been the two main drivers of this shift.

This trend has caused many retailers to begin rationalizing their real estate, adjusting their retail space to meet the changing demands of consumers. This could lead to many shuttering underperforming shops in malls or shopping centers. The shutdown following the COVID-19 outbreak might accelerate this process, leading to what Coresight calls a turning point for shopping centers.

But whatever happens, it's clear that COVID-19 has already been a disaster for many retailers. Coresight Research recorded 4,005 planned store closures in 2020 as of June 5. Pier 1 Imports closed 936 stores, GNC 304, Tuesday Morning 230 and Victoria's Secret 223. Then there's Papyrus, which has closed 178 stores, and JCPenney, which closed 169 as part of its bankruptcy filing.

Coresight predicts that U.S. retailers will see a major uptick in store closings throughout the rest of 2020 as consumers spend less of their discretionary income.

According to the report, the home and office retail sector had as of June 5 seen the highest number of announced store closures at 1,161. Apparel, footwear and accessories had 986 planned closures, while grocery had 480.

Coresight also said that it expects to see a jump in retailers declaring bankruptcy this year as the coronavirus' negative impact on sales will quash the hopes of survival for a number of struggling companies. As of June 5, 15 major retailers had already filed for bankruptcy protection this year, including such big names as Pier 1 Imports, Art Van Furniture, J. Crew Group, Neiman Marcus, JCPenney and Dean & DeLuca.

The recent RCLCO Real Estate Advisors' Mid-Year 2020 Sentiment Survey, consisting of information from hundreds of C-suite executives and other leaders in various sectors of the real estate industry, said that the retail sector is suffering extensively from the pandemic.

Most survey respondents said that the retail sector was in "full decline" in June. Survey respondents, though, didn't classify all retail types in the same way. Secondary regional malls were seen to be in the worst shape of all retail asset types. Grocery-anchored community or neighborhood centers, though, were seen by respondents as holding up well even during the worst days of the pandemic.

Still, there's no denying the impact that the pandemic has had on this sector.

"This isn't a cycle that we're in," said Brad Hunter, managing director at RCLCO. "It was a sudden stop.

Many sectors of real estate leapfrogged entire stages of the normal real estate cycle and went straight to the bottom."

But Hunter said that the results of the survey aren't all negative.

"The good part about that is, as they say, you can't fall off the floor," Hunter said. "The real estate executives and developers that responded in this survey feel the worst is behind us, at least for many sectors of real estate."

SIGNS OF HOPE?

As states have slowly reopened their economies, consumers have shown signs that they are eager to shop.

U.S. retail sales rose 17.7 percent from April to May. That jump far bested the predictions of economists, who expected a more sluggish increase of just 7 percent or 8 percent.

Jaime Ward, head of retail finance with Citizens Bank, said that the surprising numbers are a result of pent-up demand among consumers.

"We call it 'revenge shopping,'" Ward said. "It's payback for being cooped up for about 10 weeks at your house doing nothing but maybe going to the grocery store and hardware store. People have focused on some consumer 'me' time by going out to the malls and strip centers. Some of that includes apparel shopping. Apparel has made a comeback. Who knows if it is sustainable, but for the time being, it is greatly appreciated by the retail chains."

Ward said that the stimulus checks and enhanced unemployment benefits provided by the federal government certainly helped spur shoppers. He said that even those employees who were furloughed or lost their jobs shopped.

The challenge, though, is what happens when those enhanced unemployment checks run out? If the government doesn't extend this -- as of press time there was uncertainty about this -- what impact will that have on shoppers?

And as cases of COVID-19 continue to increase in greater numbers throughout the United States, will businesses be forced to shut down again to help control the spread?

"The reality is, there is concern," Ward said. "A lot of those employees, and no one knows the percentage, are not going to be rehired. Once that extra $600 a week ends, what happens then? We are expecting to see a drop-off in consumer activity at that point unless the financial support from the CARES act gets amended and extended."

"There is a secular decline of the department store as we know it. There will continue to be department stores, but they will have to change."

And after the pandemic ends and consumers revert to normal behavior, whatever that might be? Ward says that the retail industry will still have to deal with the problems it faced before COVID-19 hit.

This means that department stores will continue to struggle as consumers change their shopping behavior.

"There is a secular decline of the department store as we know it," Ward said. "There will continue to be department stores, but they will have to change, they will have to evolve to meet the changes in consumer buying habits. We will probably never buy clothes at the same place we buy riding mowers or ladders again. That doesn't make sense to consumers today, not in an era where the Internet allows us to look and find exactly what we are looking for."

Ward said that consumers will instead spend their dollars at brick-and-mortar stores that are more "laser-focused" on what they want and need.

"The department stores are going to end up being large apparel stores with a shop-inside-a-shop focus," Ward said. "You can get all these fantastic special brands without going to an individual specialty store. But department stores will no longer offer everything and anything."

Blankstein said that the retail sector will see long-term changes because of the pandemic.

He pointed to movie theaters. Blankstein said that people might not go to movie theaters as much in the future even if COVID-19 magically goes away.

"Does AMC have a viable business model or don't they? If you gave them money to keep going, would they be able to survive for the long-term or are you just delaying the inevitable?" Blankstein asked.

Blankstein, though, did see a bright spot for the retail sector. As enclosed malls continue to struggle, many of the stronger tenants will move out of them and into freestanding locations. As Blankstein says, some of the better tenants don't need to be inside malls. The traffic in enclosed shopping centers is not what it used to be.

"We are in an evolving real estate market," Blankstein said. "The freestanding net lease part of it, though, offers plenty of reasons to be optimistic. Users who were typically mall-based don't need to be there anymore. If you are, say, the Apple Store, you can go anywhere. Locally, if you don't like the mall, there is no reason for Apple to not build its own freestanding store."

Revised Comprehensive Plan Sets a Clear Path for Route 60 Entrance Corridor in Lake Forest

The City of Lake Forest has re-enforced that the community is "open for business" through the recent approval of a revised comprehensive plan for the Route 60 Entrance Corridor, the critically important gateway stretch bounded by Conway Park and the Tri-State Tollway to the west and Route 41 to the east.

"The Route 60 Entrance Corridor is a prominent entry point to Lake Forest and is anchored by Conway Park, the first-class office park that helped to establish Lake Forest as a corporate destination nearly three decades ago," says Lake Forest Mayor George Pandaleon. "Conway Park serves as the corporate headquarters of multinational global companies, numerous smaller companies, Lake Forest Academy (an international high school) and Chicago's beloved professional football franchise, the Chicago Bears."

Although there is a wide variety of established uses along the mile-long corridor, this area along Route 60 presents a key opportunity for additional development, now and in the future. The revisions to the long-term Comprehensive Plan, originally developed in 1998, and amended in 2001 specifically as it relates to the Route 60 Corridor, clarifies and establishes acceptable development guidelines, from uses to physical characteristics. Over a 12-month period, Lake Forest and its consultant conducted open forums and public meetings and interviewed more than 150 key stakeholders including corporate business park users, property owners, residents, and business leaders.

The conclusion sets out a strategic vision for the Route 60 Corridor that includes:

• attracting restaurants, specialty food establishments, small format grocer, hospitality venues and amenities to serve the businesses and employees in Conway Park as well as residents of the community and visitors,

• increasing residential density, and

• expanding pedestrian and bicycle trails that connect to the extensive trails currently in place.

The Plan also stresses that certain properties within the corridor, those deemed "gateway" properties, may be able to receive potential setback relief and/or incentives. In exchange Lake Forest would expect quality architecture, landscaping, and a creative, mixed-use development that accomplishes the objective to support Conway Office Park tenants and others.

Lake Forest is known for thoughtful development and land use that follows its comprehensive plan. The formal adoption of the latest version of the comprehensive plan is considered an important

and necessary milestone in the ongoing planning and development of the area and specifically the site/development known as Amberley Woods. The 8.5-acre development site has been owned by a partnership controlled by Jason Smith, principal, Smith Capital Management, since Spring 2016.

“We are very excited with this updated Comprehensive Plan which sets a clear path and direction for development along the Route 60 Entrance Corridor, including Amberley Woods which will truly enhance the western gateway to Lake Forest,” says Smith. “With 15,000 workers in near proximity to its location, interstate access and visibility, and now enhanced by a clearly articulated direction for the Corridor, we have all the essential attributes in place that point to a successful commercial real estate development.”

Smith said the development team is actively looking for tenants that will fit the City’s profile and accomplish the vision that has been articulated by the revised Comprehensive Plan.

In keeping with the guidelines established in the Comprehensive Plan, the development team, which also includes Rick Claes and Mike MacKinnon with Bluestone Single Tenant Properties, LLC, is committed to focusing on uses that will help retain a vibrant office corridor, and that will also offer services to Lake Forest residents.

Amberley Woods is envisioned as a development that likely will include two distinct but complementary components. The southern-most 3.0 acres of the site likely will feature a business-oriented, hotel that could range from 150 to 220 rooms. The balance of the site, the 5.5 acres closest to Route 60, is expected to include 15,000 to 20,000 square feet of multi or single tenant retail-oriented space, a pad for a casual or fine dining restaurant, a fuel station, and perhaps a bank. A small format grocer, childcare and entertainment-oriented users are also among the targeted tenants.

“This newly envisioned plan is meant to enhance the Lake Forest experience and community,” Smith adds. “We are focusing our efforts on creating a new development plan in keeping with the design and development trends within the industry and the expectations of the community of Lake Forest and others who visit the development.”

The development team views Amberley Woods as more than just a single development, or a development with two parts. When viewed in the aggregate, the combination of hospitality, retail and entertainment uses creates a development that is synergistic to the community and especially Conway Park.

“We’ve invested considerable time and resources to be both responsive to and supportive of the community,” Smith adds. “We continue to believe it is a very good investment, for the long-term future of Lake Forest and this gateway corridor. We’re excited that the comprehensive plan is now complete, so that we can now ramp up and aggressively market this opportunity to potential tenants.”

Pandaleon sums up the importance of the Route 60 Entrance Corridor and the guidelines further defined in the revised Comprehensive Plan and says, “The Route 60 Entrance Corridor is indeed an important main roadway into Lake Forest and one that will continue to grow and develop in the coming years.”

Algonquin

River Pointe of Algonquin Phase I

2401-2413 W. Algonquin Road
ID# 463

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1993
Type of Center: Neighborhood
No. of Stores: 16
Total Space: 83,727
Total Available Space: 2,400
Available Minimum: 2,400
Maximum Contiguous: 1,200
Anchor Tenants: Jewel/Osco, Subway, UPS Store, Rosati's Pizza
Rental Rate: $20.00
Total Passthroughs: $7.19

River Pointe of Algonquin Phase II

2401-2413 W. Algonquin Road
ID# 1222

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 2002
Type of Center: Neighborhood
No. of Stores: 8
Total Space: 81,700
Total Available Space: 1,600
Available Minimum: 1,600
Maximum Contiguous: 1,600
Anchor Tenants: Office Depot, Guitar Center, Fitness 19,
Rental Rate: $20.00
Total Passthroughs: $5.82

Prestwicke Plaza

3905-3989 W. Algonquin Road
ID# 463

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2003/2016
Type of Center: Neighborhood
No. of Stores: 15
Total Space: 37,968
Total Available Space: 5,969
Available Minimum: 1,200
Maximum Contiguous: 3,632
Anchor Tenants: Armanetti's Liquors, Your Best Friends Closet
Rental Rate: $12.00-15.00
Total Passthroughs: $6.10

Arlington Heights

Pal-Win

1401-1457 Palatine Road
ID# 1229

Michael Kolodny
Hallmark & Johnson Property Mgmnt.,Ltd.
(773) 777.6160

Year Built/Year Renovated:
Type of Center:
No. of Stores:
Total Space: 37,000
Total Available Space: 8,600
Available Minimum: 1,100
Maximum Contiguous: 7,500
Anchor Tenants: Any Time Fitness
Rental Rate:
Total Passthroughs: $4.50

Barrington

Shops at Flint Creek
500-530 N. Hough St.
ID# xx

Amy Levin
Next Realty
(847) 881.2008

Year Built/Year Renovated:
Type of Center: Neighborhood
No. of Stores:
Total Space: 59,325
Total Available Space: 1,561
Available Minimum: 1,561
Maximum Contiguous: 1,561
Anchor Tenants: Heinen's Fine Foods, AMITA Health, Athletico, Bank of America
Rental Rate:
Total Passthroughs:

Bloomingdale

Bloomingdale Town Centre
NEC Lake St & Bloomingdale Road
ID# 769

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1996
Type of Center: Neighborhood
No. of Stores: 9
Total Space: 32,246
Total Available Space: 0
Available Minimum: 0
Maximum Contiguous: 0
Anchor Tenants: AccuQuest Hearing Center, CVS Pharmacy, Pink Hair Studio
Rental Rate: $19.00
Total Passthroughs: $6.88

Bloomingdale Town Centre Phase III
NEC Lake St & Bloomingdale Road
ID# 133

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 2005
Type of Center: Neighborhood
No. of Stores:
Total Space: 15,000
Total Available Space: 15,000
Available Minimum: 1,200
Maximum Contiguous: 15,000
Anchor Tenants: Future Development
Rental Rate:
Total Passthroughs:

The Courtyard at Stratford
357-369 W. Army Trail Road
ID# 487

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1983
Type of Center: Neighborhood
No. of Stores: 17
Total Space: 20,890
Total Available Space: 986
Available Minimum: **986**
Maximum Contiguous: **986**
Anchor Tenants: For Eyes, Men's Warehouse, FedEx
Rental Rate:
Total Passthroughs: $16.Z vv

Chicago

Gappie Plaza
35th & Martin Luther King Jr. Drive
ID#

Amy Levin
Next Realty
(847) 881.2008

Year Built/Year Renovated:
Type of Center: Community
No. of Stores:
Total Space: 20,890
Total Available Space: 986
Available Minimum: 986
Maximum Contiguous: 986
Anchor Tenants: Chase Bank
Rental Rate:
Total Passthroughs:

Crystal Lake

Brink Street Market
30-40 N. Williams Street
ID# 676

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1989
Type of Center: Neighborhood
No. of Stores: 13
Total Space: 28,042
Total Available Space: 1,352
Available Minimum: 1,352
Maximum Contiguous: 1,352
Anchor Tenants: Starbucks, Benedicts La Strata, The Running Depot
Rental Rate: $15.00
Total Passthroughs: $7.69

Country Corners
230 Virginia Street
ID# 79

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2008
Type of Center: Community
No. of Stores: 15
Total Space: 124,000
Total Available Space: 34,012
Available Minimum: 3,000
Maximum Contiguous: 25,812
Anchor Tenants: Petco, Savers, Dollar Tree
Rental Rate: $10.00-18.00
Total Passthroughs: $4.65

Elmhurst

Elmhurst Plaza
York & Butterfield Road
ID# 248

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2003
Type of Center: Neighborhood
No. of Stores: 16
Total Space: 73,000
Total Available Space: 2,464
Available Minimum: 1,200
Maximum Contiguous: 2,464
Anchor Tenants: Jewel/Osco
Rental Rate: $25.00-35.00
Total Passthroughs: $6.30

Lexington Square
NWC York Road & Lexington Street
ID# 117

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2004
Type of Center: Neighborhood
No. of Stores: 8
Total Space: 33,000
Total Available Space: 6,500
Available Minimum: 6,500
Maximum Contiguous: 6,500
Anchor Tenants: Fresh Start Cafe, Ace Hardware, Yoga by Degrees
Rental Rate: $20.00-30.00
Total Passthroughs: $5.60

HMA HIGHLAND MANAGEMENT ASSOCIATES, INC.

Evanston

Southpoint Plaza
635 Chicago Avenue
ID# 991

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1985
Type of Center: Neighborhood
No. of Stores: 14
Total Space: 29,564
Total Available Space: 0
Available Minimum: 0
Maximum Contiguous: 0
Anchor Tenants: Walgreens, For-Eyes Optical, Super Cuts, Rockstar Nail & Spa
Rental Rate: $19.00
Total Passthroughs: $11.46

Craig / Steven Development Corporation
A STRUSINER ORGANIZATION

Gurnee

Pembrook Corners
5250 Grand Avenue
ID# 749

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1989
Type of Center: Neighborhood
No. of Stores: 15
Total Space: 21,462
Total Available Space: 1,158
Available Minimum: 1,158
Maximum Contiguous: 1,158
Anchor Tenants: Life Source, The Shipping Point, Jimmy Johns
Rental Rate: $18.00
Total Passthroughs: $9.84

Craig / Steven Development Corporation
A STRUSINER ORGANIZATION

Highland Park

Port Clinton Square
600 Central Avenue
ID# 808

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1984
Type of Center: Neighborhood
No. of Stores: 20
Total Space: 45,188
Total Available Space: 4,196
Available Minimum: 4,196
Maximum Contiguous: 4,196
Anchor Tenants: Walker Bros. Restaurant, Dairy Queen, The Bar Method, New Balance
Rental Rate: $18.00
Total Passthroughs: $10.51

Craig / Steven Development Corporation
A STRUSINER ORGANIZATION

Hoffman Estates

Charles Plaza
1405-1481 Palatine Road
ID# 1041

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2000
Type of Center: Neighborhood
No. of Stores: 20
Total Space: 38,980
Total Available Space: 5,865
Available Minimum: 1,272
Maximum Contiguous: 4,590
Anchor Tenants: Jewel/Osco, Starbucks, Orangetheory Fitness
Rental Rate: $20.00 - $32.00
Total Passthroughs: $11.50

Lake Zurich

The Courtyard of Lake Zurich
Cuba & Rand Road
ID# 419

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1989
Type of Center: Neighborhood
No. of Stores: 12
Total Space: 32,849
Total Available Space: 8,744
Available Minimum: 1,206
Maximum Contiguous: 6,331
Anchor Tenants: Walgreens, Lou Malnati Pizzeria
Rental Rate: $20.00
Total Passthroughs: $8.56

Lincolnshire

Lincolnshire Commons
900 Milwaukee Ave.
ID# 1385

Amy Levin
Next Realty
(847) 881.2008

Year Built/Year Renovated:
Type of Center: Lifestyle
No. of Stores:
Total Space: 131,822
Total Available Space: 16,494
Available Minimum: 2,487
Maximum Contiguous: 4,130
Anchor Tenants: Northshore University Health Systems, Cheesecake Factory, DSW, Fleming's
Rental Rate:
Total Passthroughs:

Lincolnwood

6700 North Lincoln
6700 N. Lincoln
ID# 1020

Michael Kolodny
Hallmark & Johnson Property Mgmnt., Ltd.
(773) 777.6160

Year Built/Year Renovated:
Type of Center:
No. of Stores:
Total Space: 26,000
Total Available Space: 15,000
Available Minimum: 3,500
Maximum Contiguous: 26,000
Anchor Tenants:
Rental Rate:
Total Passthroughs: $5.00

Roosevelt Plaza
201-275 West Roosevelt Rd.
ID# 412

Amy Levin
Next Realty
(847) 881.2008

Lombard

Year Built/Year Renovated:
Type of Center: Regional Center
No. of Stores:
Total Space:
Total Available Space: 6,000
Available Minimum: 6,000
Maximum Contiguous: 6,000
Anchor Tenants: XSport Fitness, Hobby Lobby, Starbucks, Fruitful Yield
Rental Rate:
Total Passthroughs:

Boone Creek Plaza
Rt 120 & Oak Drive
ID# 627

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

McHenry

Year Built/Year Renovated: 1983/2003
Type of Center: Neighborhood
No. of Stores:
Total Space: 75,000
Total Available Space: 1,300
Available Minimum: 1,300
Maximum Contiguous: 1,300
Anchor Tenants: Jewel/Osco, iHop
Rental Rate: $18.50
Total Passthroughs: $4.48

Merrillville Retail Center
3201 E. Lincoln Hwy.
ID# 1386

Amy Levin
Next Realty
(847) 881.2008

Merrillville, IN

Year Built/Year Renovated: 1963
Type of Center: Community
No. of Stores:
Total Space: 82,897
Total Available Space: 28,048
Available Minimum:
Maximum Contiguous:
Anchor Tenants: Chase Bank, ATI, OsteoStrong
Rental Rate:
Total Passthroughs:

Naper Ridge Plaza
Naper Boulevard & Ridgeland Ave
ID# 150

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Naperville

Year Built/Year Renovated: 2004
Type of Center: Neighborhood
No. of Stores: 2
Total Space: 30,000
Total Available Space: 0
Available Minimum: 0
Maximum Contiguous: 0
Anchor Tenants: Office Depot, Fifth Third Bank
Rental Rate: 0
Total Passthroughs: 0

Naperville

River West Plaza
1550 N. Aurora Road
ID# 161

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2004
Type of Center: Neighborhood
No. of Stores: 10
Total Space: 18,500
Total Available Space: 3,776
Available Minimum: 1,551
Maximum Contiguous: 2,225
Anchor Tenants: Great Clips, Spice Mart
Rental Rate: $22.00
Total Passthroughs: $5.60

Naperville

North Town Plaza
111-115 E. Ogden Avenue
ID# 815

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Year Built/Year Renovated: 2007
Type of Center: Neighborhood
No. of Stores: 14
Total Space: 24,883
Total Available Space: 1,100
Available Minimum: 1,100
Maximum Contiguous: 1,100
Anchor Tenants: Jewel/Osco
Rental Rate: $35.00
Total Passthroughs:

Niles

Niles Retail Center
7233 W. Dempster St.
ID# xx

Amy Levin
Next Realty
(847) 881.2008

Year Built/Year Renovated: 1987
Type of Center: Power Center
No. of Stores:
Total Space: 120,678
Total Available Space: 3,134
Available Minimum: 1,440
Maximum Contiguous: **1,694**
Anchor Tenants: Hobby Lobby, BigLots, Harbor Freight Tools
Rental Rate:
Total Passthroughs:

Oak Lawn

Oak Lawn Promenade
95th St. & Ridgeland Ave
ID# 1384

Amy Levin
Next Realty
(847) 881.2008

Year Built/Year Renovated:
Type of Center: Regional
No. of Stores:
Total Space: 32,258
Total Available Space: 7,773
Available Minimum: 960
Maximum Contiguous: 3,880
Anchor Tenants: Sprint, Hertz, Subway
Rental Rate:
Total Passthroughs:

Park Hill Plaza
9156-9240 W. 91st Street
ID# 437

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Orland Park

Year Built/Year Renovated: 1988
Type of Center: Neighborhood
No. of Stores: 30
Total Space: 61,121
Total Available Space: 11,500
Available Minimum: 1,400
Maximum Contiguous: 3,000
Anchor Tenants: Clothes Mentor, Culver's,Avolve Fitness
Rental Rate: $16.00
Total Passthroughs: $8.11

Ottawa Centre
333-389 W. Stevenson Road
ID# 518

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Ottawa

Year Built/Year Renovated:
Type of Center: Community
No. of Stores:
Total Space: 63,446
Total Available Space: 18,851
Available Minimum: 2,500
Maximum Contiguous: 12,000
Anchor Tenants: .AT&T Verizon, Rosati's Pizza, Game Stop
Rental Rate:
Total Passthroughs:

Palatine Plaza
211-333 E. Northwest Highway
ID# 162

Charles S. Margosian
Highland Management Assoc., Inc.
(630) 691.1122

Palatine

Year Built/Year Renovated: 2010
Type of Center: Neighborhood
No. of Stores: 29
Total Space: 137,000
Total Available Space: 18,754
Available Minimum: 1,789
Maximum Contiguous: 15,115
Anchor Tenants: Ace Hardware, Planet Fitness, Dollar Tree
Rental Rate: $14.00-16.00
Total Passthroughs: $7.50

Silver Oaks Shopping Center
SWC Route 83 & Monaville Road
ID# 320

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Round Lake Beach

Year Built/Year Renovated: 2004
Type of Center: Neighborhood
No. of Stores: 7
Total Space: 19,200
Total Available Space: 6,000
Available Minimum: 1,200
Maximum Contiguous: 3,600
Anchor Tenants: Dunkin Donuts, 3 Sixty Salon, Sprint
Rental Rate: $21.00
Total Passthroughs: $8.93

Third Lake

Waterstone Place
34500 N. Highway 45
ID# 667

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 2004
Type of Center: Neighborhood
No. of Stores: 13
Total Space: 29,748
Total Available Space: 3,730
Available Minimum: 1,169
Maximum Contiguous: 0
Anchor Tenants: Lou Malnati's, CK Salon, Yuri of Japan, Home of the Sparrow
Rental Rate: $12.00-19.00
Total Passthroughs: $5.36

Craig / Steven Development Corporation
A STRUSINER ORGANIZATION

Villa Park

The Villa Center
321 E. St. Charles Road
ID# 530

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 1985
Type of Center: Neighborhood
No. of Stores:
Total Space: 19,553
Total Available Space: 0
Available Minimum: 0
Maximum Contiguous: 0
Anchor Tenants: Dollar General, Supercuts, Stella's
Rental Rate: $16.00
Total Passthroughs: $4.10

Craig / Steven Development Corporation
A STRUSINER ORGANIZATION

Wheeling

Lynn Plaza
522-550 Dundee Road
ID# 838

Michael Kolodny
Hallmark & Johnson Property Mgmnt., Ltd.
(773) 777.6160

Year Built/Year Renovated: 1970/1987
Type of Center: Neighborhood
No. of Stores:
Total Space: 100,000
Total Available Space: 13,685
Available Minimum: 1,500
Maximum Contiguous: 10,000
Anchor Tenants: Jimenez Foods, Mark Drug Medical Supply
Rental Rate:
Total Passthroughs:

Hallmark & Johnson
Property Management, Ltd.

Wilmette

Wilmette Commons
5-126 Skokie Blvd.
ID# xx

Amy Levin
Next Realty
(847) 881.2008

Year Built/Year Renovated: 2002
Type of Center: Neighborhood
No. of Stores:
Total Space: 34,985
Total Available Space: 2,773
Available Minimum: 2,773
Maximum Contiguous: 2,773
Anchor Tenants: Chase Bank, ATI, OsteoStrong
Rental Rate:
Total Passthroughs:

Next REALTY

Zion Commons

21st Street & Sheridan Road
ID# 536

David Strusiner
Craig/Steven Development Corporation
(847) 504.8061

Year Built/Year Renovated: 2004
Type of Center: Neighborhood
No. of Stores: x
Total Space: 9,180
Total Available Space: 0
Available Minimum: 9,180
Maximum Contiguous: 0
Anchor Tenants: Single Tenant Building, Family Dollar
Rental Rate: x
Total Passthroughs: x

Craig / Steven Development Corporation
A STRUSINER ORGANIZATION

DEFAULTS *(continued from page 14)*

"Ultimately, outcomes in tenant claims for rent abatement depend largely on the language in the lease. Landlords should carefully review their leases when deciding how to respond to tenant disputes. If the language of the lease is not favorable or unclear, other strong arguments can be found in general principles of contract law."

clause, which can be triggered when occupancy of a particular retail complex drops below a designated level, or if certain anchor tenants vacate. These clauses reflect an understanding, documented in that lease, that the success of the retail complex is tied to the amount of foot traffic generated by having multiple, proximate stores. Once the clause is triggered, tenants may be entitled to pay reduced rent (usually a percentage of sales) until the shopping center's tenant population recovers.

Certain tenants have argued that co-tenancy clauses were tripped by Governor Pritzker's order closing non-essential retail businesses. While some co-tenancy clauses merely require the other retail spaces to be occupied, other clauses require the spaces to be both occupied and open for business. This issue becomes further nuanced during periods when retail stores are allowed to operate exclusively through curbside pick-up or online orders. As referenced in the above discussion of In re Hitz, the court may take into consideration online or delivery services available to retail stores and restaurants when evaluating the duty to pay rent under the lease.

CONCEPTS FROM THE COMMON LAW: IMPOSSIBILITY AND FRUSTRATION OF PURPOSE

Finally, some tenants have reached outside their leases' language to the doctrines of impossibility and frustration of purpose in an attempt to avoid or abate rental obligations. The common law doctrine of impossibility excuses performance of a contract when performance is rendered impossible, either because the subject matter of the contract is destroyed or by operation of law. To the extent such impossibility is only temporary, the doctrine only temporarily suspends the contractual obligation. Notably, government regulations and orders can trigger the doctrine of impossibility.

The common law doctrine of frustration of purpose extends the doctrine of impossibility, to excuse performance when the purpose of the contract is frustrated, rather than rendered impossible; think of it as "impossibility light." The doctrine allows for rescission of the contract if the frustrating event was not reasonably foreseeable and if it has destroyed the value of the contract. Some tenants have argued that government regulations prohibiting the operation of retail spaces frustrate the purpose of the retail lease, rendering it of little to no value to the tenant.

Recently, in the case of The Gap Inc. et al. v. Brookfield Properties Retail Inc. et al., 2020-CH-04984, currently pending in the Circuit Court of Cook County, retail tenants argued that the doctrine of impossibility excused rent obligations under their leases. In that case, various retail tenants filed a complaint against their landlords seeking a declaration that they did not have to pay rent during the time they were forced to suspend retail operations and demanding reimbursement for rent paid during that time. Additionally, the tenants seek judicial rescission, cancellation and termination of their leases as the purposes of those leases have been frustrated. The Gap Inc. could be the fzirst in a long line of cases in Illinois where tenants rely on the doctrines of impossibility and frustration of purpose to avoid rent obligations.

In such disputes, landlords might point to the clear language of the lease requiring rental payments. Landlords may also elucidate certain general principles of the impossibility and frustration of purpose doctrines, namely that even severe economic hardship does not excuse performance of monetary obligations. Because the law recognizes value in the certainty of commercial contracts, proving impossibility is a heavy lift under Illinois law, and to avoid a contract by arguing frustration of purpose is no cake walk, either.

CONCLUSION

Ultimately, outcomes in tenant claims for rent abatement depend largely on the language in the lease. Landlords should carefully review their leases when deciding how to respond to tenant disputes. If the language of the lease is not favorable or unclear, other strong arguments can be found in general principles of contract law. Good advice from experienced counsel can be especially valuable.

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