

To: Chair & Members of the Economic Development Committee

From: Johanna Leonard, Community Development Director
Paul Zalmezak, Economic Development Division Manager
Paulina Martinez, Assistant to the City Manager

Subject: 2018 Economic Development Annual Report

Date: March 27, 2019

By several measures, the Evanston economy continued to thrive in 2018. Over 30 new general businesses opened in 2018 with nine expansions. This is in addition to fourteen new food establishments. Unemployment rates, too, are the lowest in a decade. With limited space availability, rents continue to rise - good for landlords but challenging for smaller independent businesses.



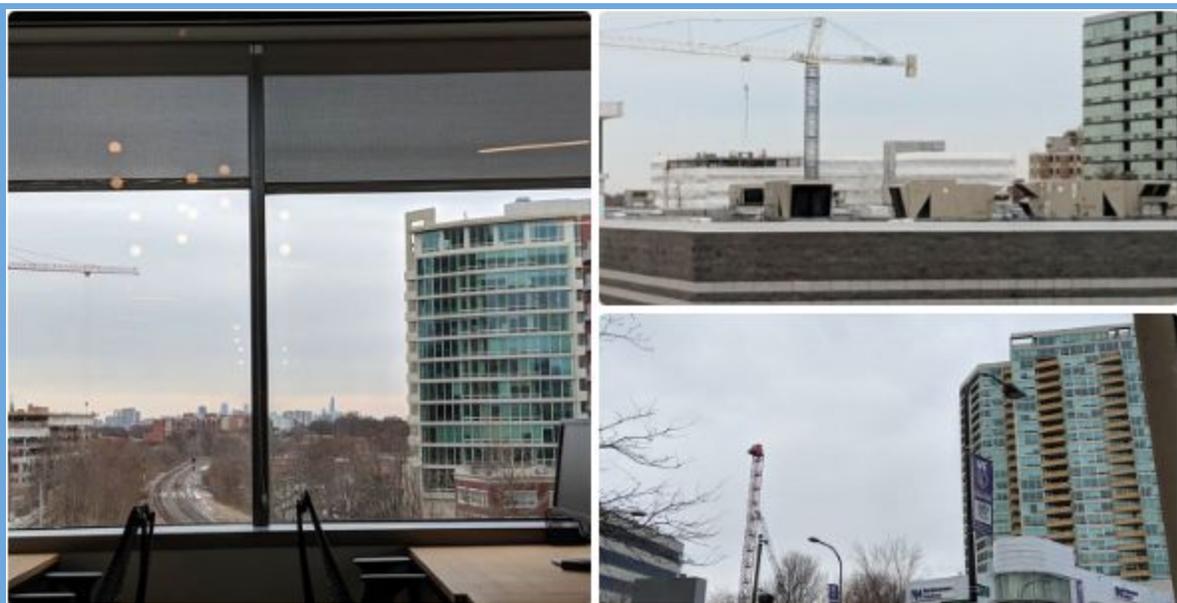
Office vacancy rates are the lowest of suburban communities and competitive with the hottest Chicago neighborhoods. The nationwide urban trend of coworking continues to thrive in Evanston with the opening and expansion of Industrious at 909 Davis now with 114 offices, lounges, and telephone rooms occupying 37,000 square feet. This is in addition to local start-up 818 Coworking at 818 Lake Street, CoLab Evanston's new space at 1880 Oak and the classic trend setter Creative Coworking at 922 Davis. All are in Evanston to benefit from talent access, Northwestern University, transit adjacency and quality of life.



Despite the tumultuous shift in the retail economy, Evanston's retail vacancy rate is the lowest it has been in ten years. Some entrepreneurs are sensing a shift to tangible/tactile experiences and have created beautiful spaces for merchant goods. Assembly Creators Market at 1642 Orrington belies the online sales trend with a beautiful storefront featuring handcrafted jewelry, clothing, and accessories. Booked at 506 Main Street features a small sized child's door providing entrance to a beautifully designed bookstore curated by Evanstonian Chelsea Elward. Theo Ubique, an 88 seat cabaret theater on Howard Street is bringing live performance back to Howard Street.

Evanston remains a destination for libation. Binny's recently completed a stunning renovation of the former Whole Foods store at 1111 Chicago Avenue complementing the existing independent wine and craft beverage scene established by Vinic, Wine Goddess, Evanston First, FEW, Peckish Pig, North Shore Cidery, Sketchbook, Temperance and Smylie Brothers.

Demand for opportunities remains strong. Three tower cranes on the edges of downtown Evanston are constructing 831 Emerson, 1450 Sherman and 1727 Oak. The resulting residential mid-rises will create over 650 units housing approximately 1,000 new downtown residents. Combined with potential new office development in downtown Evanston, the daytime office population and resident population promises to support a very competitive retail and restaurant environment.



Affordable housing and workforce development remains a focus of the City. Despite strong economic indicators, it remains a City Council goal to support residents who are not benefitting from improvements. The residential developments under construction each had an affordable housing contribution requirement. The City continues to support funding for workforce development initiatives including Youth Job Center career pathways program, the Small Business Workforce Development Fund, and the Entrepreneurship Support Program. Mayor Hagerty has launched the Elevate Evanston initiative, designed to convene business leaders and workforce partners to in a coordinated fashion to promote employment opportunities, job training, and career education.

While job creation is important, so is the creation of new businesses. Evanston is a center of entrepreneurship led not only by Northwestern's The Garage but also independent entrepreneurs who have chosen to live and work here as a result of the high quality of life and

access to talent. The City of Evanston recognized that the environment is especially challenging for minority and women startups.

Entrepreneurship Support Program Grants

 12 Evanston Businesses Assisted	 \$30,000 provided in seed money	 <ul style="list-style-type: none">• POS Systems• Accounting Services• And more
--	--	--

Evanston’s twelve Merchant Districts offer a mix of unique independent boutiques and destination businesses alongside national retailers. Think Dave’s Rock Shop around the corner from Walgreens, Brothers K across the street from Starbucks, or Edzo’s down the street from Epic Burger. The Great Merchant Grants program has elevated the shopping experience in Evanston and helped spur significant investment for Church and Dodge as a result of City Council approved funding for improvements to the Gibbs Morrison Cultural Center and facade improvements for 1900 Church Street.

Great Merchant Grants

 \$56,300 in City Council approved grants	 70 Planters throughout the City	 61 Banners Installed
 Advertising Campaigns Created	 Wildlife Habitat Certified Garden	 Significant Investment



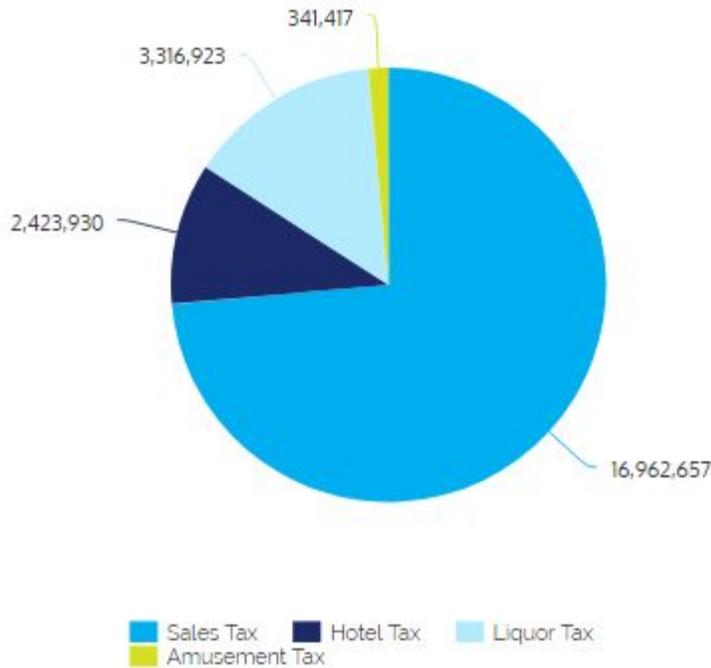
Flowers were planted year round across the City



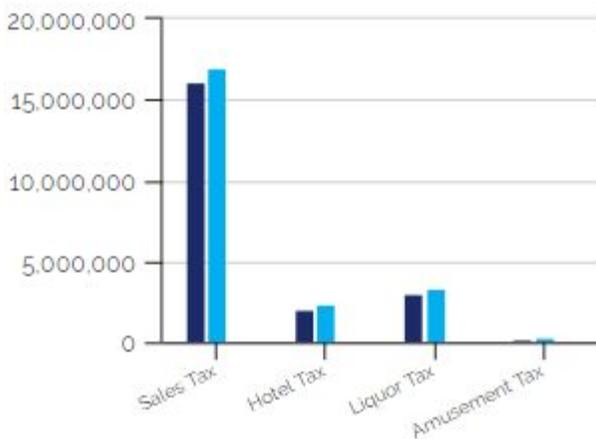
New Awnings on Church & Dodge

Evanston benefits most from its diversity: its diverse population, its diverse housing stock, and its diverse economic opportunities. Smart and sustainable economic growth, managed by an engaged community, will ensure new/expanded sources of revenue to support the high level of services Evanstonians demand. The following data demonstrates that Evanston continues to be an attractive place for growth.

Tax Revenues



\$ Evanston Sales, Hotel, Liquor, and Amusement Taxes 2018¹



Category	2017	2018	% Increase
Sales Tax	\$16,070,630	\$16,962,657	5.5%
Hotel tax	\$2,009,287	\$2,423,930	20.6%
Liquor Tax	\$3,009,899	\$3,316,923	10.2%
Amusement Tax	\$247,968	\$341,417	37.7%
Total	\$21,337,784	\$23,044,927	8.0%

Note: 2018 unaudited

Expense By Sub-Categories

Year Over Year Comparison

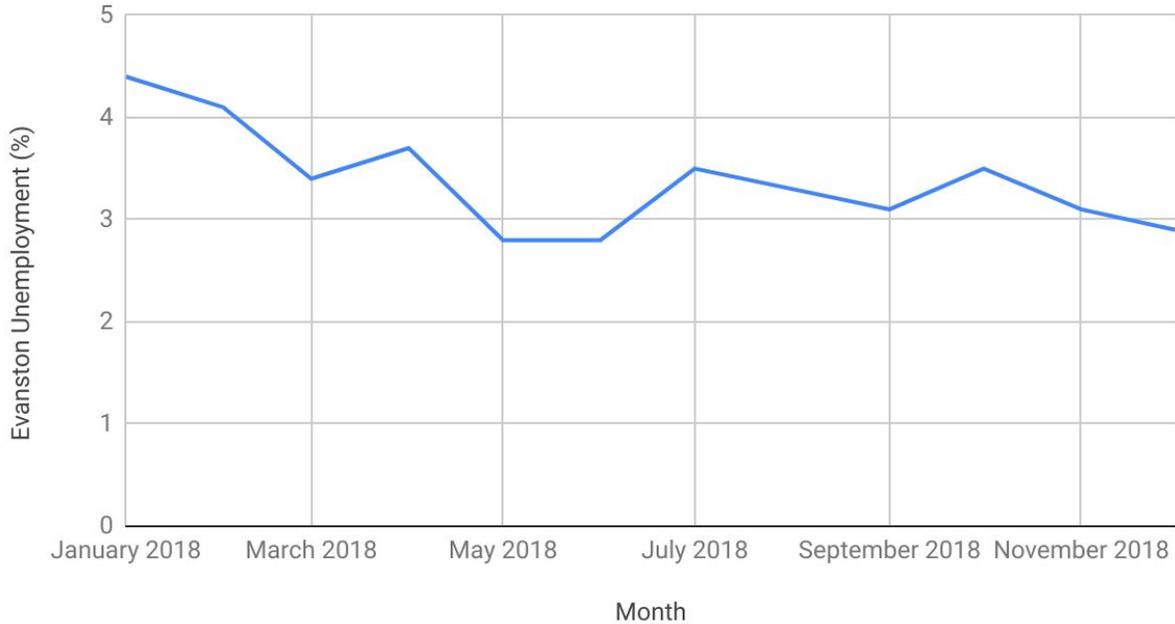
Evanston collected over \$23 million in total revenues from liquor, hotel, sales, and amusement taxes in 2018¹ representing a year over year increase of 8% in total and an increase in each category as summarized above.

¹ Unaudited

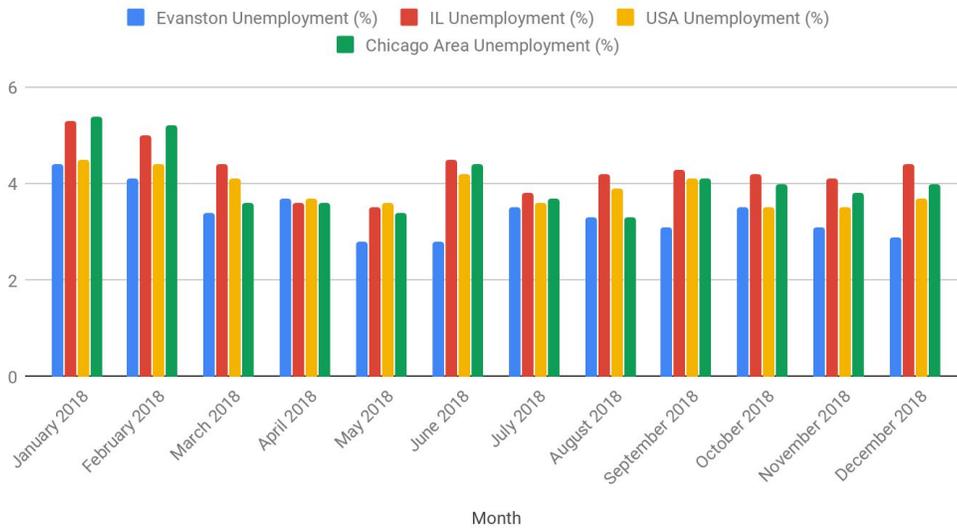
Unemployment Rates

Evanstonians actively seeking employment declined to a low of 2.8% during the summer of 2018 with a yearlong average of 3.3%. Evanston's unemployment rate was lower than US, State of Illinois, and the Chicago region throughout the year.

Evanston Unemployment (%) 2018



2018 Unemployment Rates - Evanston comparison

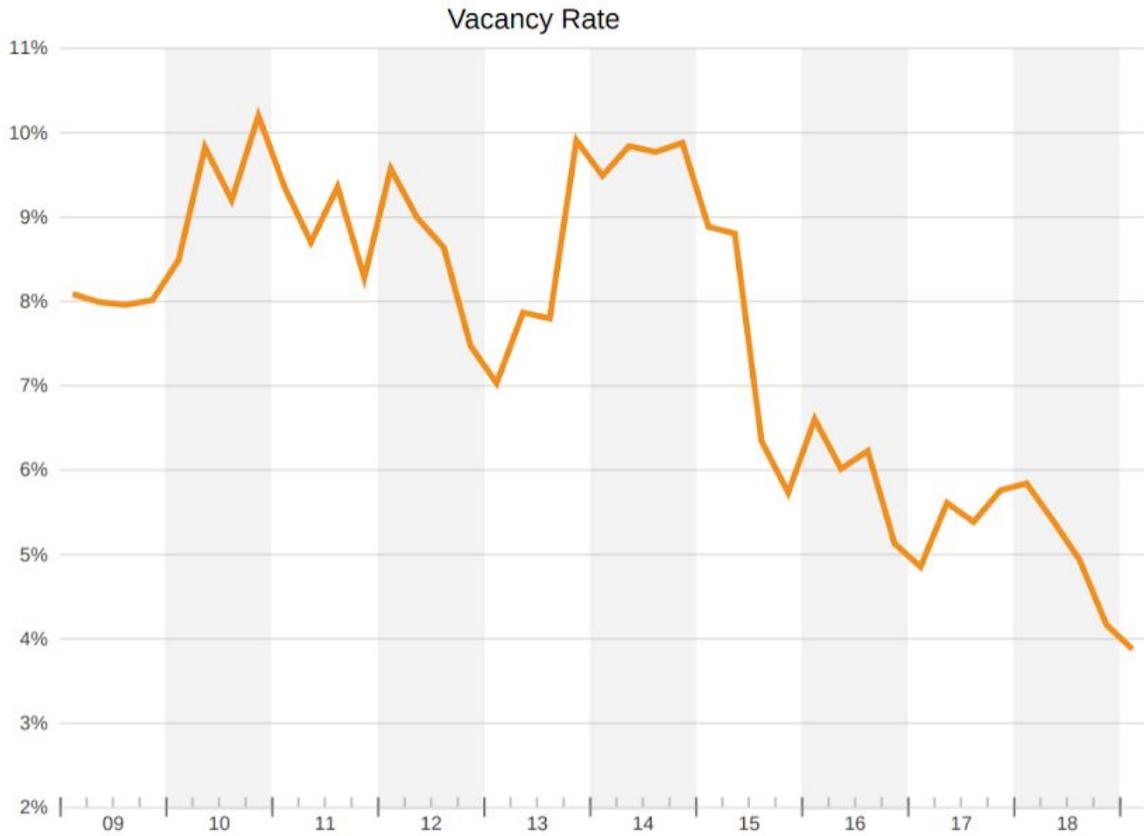


Retail

Despite the radical changes in the retail world, the Evanston retail market remains fundamentally strong. Vacancy rates are at a ten year low at approximately 4%. Space is at a premium throughout Evanston's merchant districts. The limited vacancies are primarily along Church Street in downtown Evanston near Maple Avenue - a short term challenge resulting from shifts in the retail market and ownership expectations of rents.

Evanston Retail Vacancy Rate (2009-2018)

Source: CoStar



Evanston Retail Market Rents Per Square Foot (2009-2018)

Source: CoStar



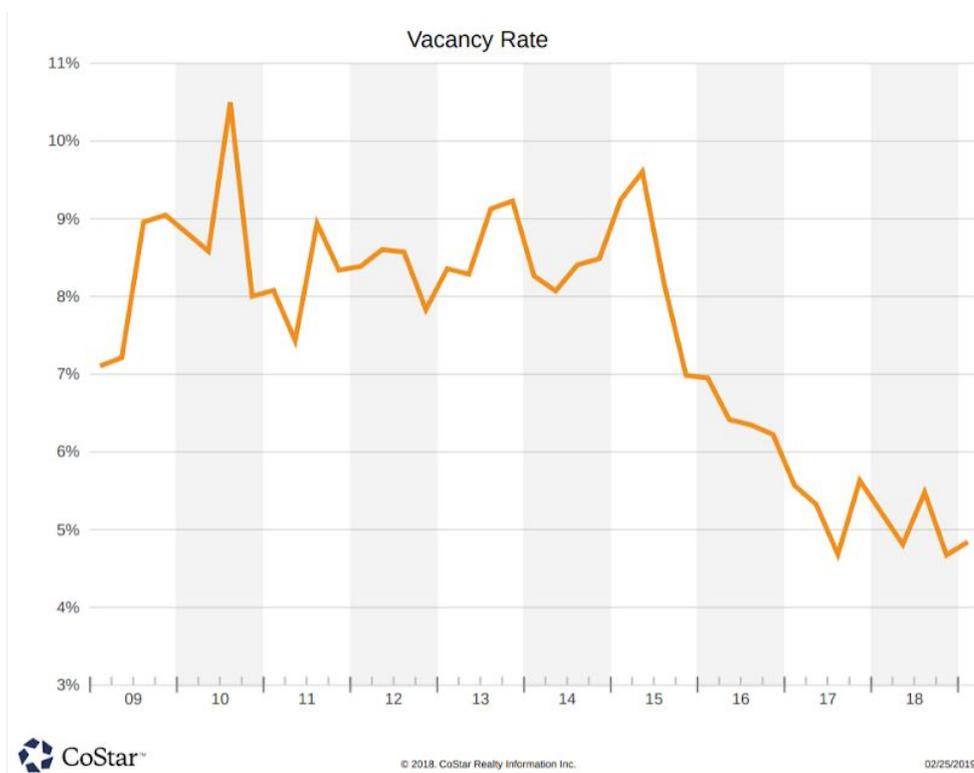
Office Vacancy and Rent Data

The Evanston office market remained strong throughout 2018, ending the year with a vacancy rate under 5% and rents approaching \$30 per square foot. This is highly comparable to pricing in the Loop and West Loop. Evanston is benefitting from its lakefront location, as home to Northwestern University, its transit connectivity to the highly educated labor force, and the high quality of life. Crain's Chicago Business recognized these trends in its coverage of the \$32 million sale of 500 Davis Street office building.

<https://www.chicagobusiness.com/commercial-real-estate/chicago-investor-flips-evanston-building-32-million>

Evanston Office Vacancy Rates (2009-2018)

Source: CoStar



Evanston Office Market Rate Rents (2009-2018)

Source: CoStar



New Businesses

2018 Business Licenses Issued			
#	Company	Address	Ward
1	Floyd's 99 Barbershop	1741 Sherman Avenue	1
2	Uncle Dan's	1600 Sherman Avenue	1
3	Brick House Services, LLC	1603 Orrington	1
4	Assembly Creators Market	1642 Orrington	1
5	Let's Talk Mobile LLC (Xfinity Mobile Store)	1608 Sherman Avenue	1
6	Manazani Landscaping, Inc.	1314 Dewey Avenue	2
7	Issaq Auto Group	2225 Main Street	2
8	Midwest Auto Sport	1910 Greenwood	2
9	Edgewater Candles LLC	2113 Greenleaf Street	2
10	Jose's Auto Detailing	1951 Dempster	2
11	Sammic Corp	1225 Hartrey	2
12	Lamassu Auto Service, Inc	1322 Dodge Ave	2
13	Master Wireless Dodge	845 Dodge Avenue	2
14	Amanda Evanston Freund Studio & Gallery	1310 Chicago Ave	2
15	Impact Construction Services	711 Chicago Avenue	3
16	Autobarn Motors Ltd	1033 Chicago Avenue	3
17	Stumble and Relish	1312 Chicago Avenue	3
18	Modern Vibe	611 Dempster Street	3
19	Botanic Apothecary	1306 Chicago Avenue	3
20	NiceLena & Friends	1235 Chicago Ave	3
21	Greater Chicago Kitchen and Bath	928 Chicago Avenue	3
22	Booked	507 Main Street	3
23	Club Pilates	745 Chicago Ave	3
24	Nicado Publishing, Inc.	701 Main Street	4
25	Pilates Connection	1609 Oak Street	4
26	Orion Diagnostics & Chiropractic Center	1507 Chicago Avenue	4
27	Industrious Coworking	909 Davis	4
28	One River School of Art + Design	1033-1035 Davis Street	4
29	Districon Solutions	909 Davis	4

30	Squeezebox Books & Music	743 Main	4
31	Four Finches (ownership change)	1310 Sherman Ave	4
32	Dawn Skin Studio	828 Davis Street	4
33	Barre Code (new ownership)	604 Davis Street	4
34	Designer Stone Outlet	3006 Central Street	6
35	Amy Kartheiser Design LLC	1804 Central St	7
36	Electronic Processing of North America	1307 Central St	7
37	Autobarn Direct	2201 Autobarn Place	8
38	Ashley Beauty Supply	751 Howard Street	8
39	Autobarn Alfa Romeo-Fiat of Evanston	2201 Autobarn Pl	8
40	Autobarn Mazda of Evanston	2201 Autobarn Pl	8
41	Vision 20/20	525 Howard Street	8
42	Deccans, Inc.	550 Hartrey	9

2018 Food Establishment Licenses Issued [1]			
#	Food Establishment Name	Address	Ward
1	Kilwins Chocolates, Fudge and Ice Cream	1724 SHERMAN AVE	1
2	Soban Korea	819 NOYES ST	1
3	Colectivo Coffee Roasters	716 CHURCH ST	1
4	Prairie Moon	1635 CHICAGO AVE	1
5	Papa John's	1743 BENSON AVE	1
6	Clarke's	720 CLARK ST	1
7	Kung Fu Tea	726 CLARK ST	1
8	Spoonfoolery	2113 GREENLEAF ST 4	2
9	Sushibox - SC6444	2450 MAIN ST	2
10	Da Jerk Pit	2430 MAIN ST	2
11	Sugar & Spice	2000 DEMPSTER ST #C	2
12	Binny's Beverage Depot	1111 CHICAGO AVE	3
13	French Kiss Cafe	517 DEMPSTER ST	3
14	Chicago Hot Dog & Co	1009 DAVIS ST	4
15	10Q Chicken	816 CHURCH ST	4
16	Falcon Eddy's Barbeque	825 CHURCH ST	4
17	Bat17	1709 BENSON AVE	4

18	Lao Sze Chuan	1633 ORRINGTON AVE	4
19	Rama Express	1601 SIMPSON ST 3	5
20	Gotta B Crepes	2901 CENTRAL ST	6
21	Backlot Hospitality	1042 WESLEY AVE	7
22	The Spice House	1941 CENTRAL ST	7
23	Taste of Jamaica Evanston	741 HOWARD ST	9

[1] not including food establishments on Northwestern University campus

Projects Approved by the Economic Development Committee 2018

<i>program</i>	<i>project</i>	<i>ward</i>	<i>Total</i>
Entrepreneurship Support Program	Aerospace Careers	5	\$ 2,500.00
	Agortles Made It	2	\$ 2,500.00
	Best 1 Built	4	\$ 1,805.00
	C&W Market	5	\$ 2,979.00
	Eye Boutique	4	\$ 2,500.00
	Fresh Prints	2	\$ 1,840.00
	Hair Science	8	\$ 2,500.00
	Hubris Wealth	8	\$ 2,500.00
	iKandi Hair Studio	7	\$2,500.00
	Lashing Out	5	\$2,500.00
	Pop Pour Sip	8	\$ 2,484.00
	Total Transformation	1	\$2,500.00
Entrepreneurship Support Program Total			\$29,108.00
Equity in Arts Hiring Program	Mudlark Theater Arts Hiring Program	3	\$25,000.00
Equity in Arts Hiring Program Total			\$25,000.00
Evanston Codes	Code Evanston/Blue1647	Citywide	\$75,000.00
Evanston Codes Total			\$75,000.00
Great Merchant Grant	Downtown Evanston Fountain Sq PR	4	\$ 5,000.00
	Great Merchant Grant - CEBA	5	\$10,000.00
	Great Merchant Grant - Central Street Business Association	6,7	\$10,000.00
	Great Merchant Grant - Dr. Hill Arts Business Association	5	\$10,000.00

	Great Merchant Grant - West End Business Association	2,9	\$10,000.00
	Great Merchant Grant - West Village Business Association	2	\$10,000.00
	Howard Street Business Association	8	\$10,000.00
	Tour de Noir	Citywide	\$2,025.00
Great Merchant Grant Total			\$67,025.00
Loan	Cafe Coralie (Sweet Vendome)	8	\$50,000.00
	Good to Go	8	\$25,000.00
	Hip Circle Empowerment	8	\$24,889.00
Loan Total			\$99,889.00
Small Business Workforce Development Program	Evanston Rebuilding Warehouse Workforce Development	2	\$15,000.00
Small Business Workforce Development Program Total			\$15,000.00
Storefront Modernization Program	10Q Chicken	4	\$3,401.66
	1101 Howard Street	8	\$14,000.00
	Booked	3	\$4,748.40
	Church & Dodge & Simpson	5	\$77,676.00
	Connections Health	1	\$2,705.00
	James R Collins	5	\$25,546.00
	Linmay Studio	3	\$696.66
	Marty Kless	4	\$18,143.00
	Ort Resale	3	\$1,505.00
	Prairie Moon	1	\$10,000.00
	Squeezebox Books & Music	4	\$3,441.66
	Stepping Out on Faith	4	\$823.66
Storefront Modernization Program Total			\$162,687.04
Theo Ubique Theater	Theo Ubique Theater	8	\$1,500,000.00
Theo Ubique Theater Total			\$1,500,000.00
TIF Assistance	Cafe Coralie (Sweet Vendome)	8	\$50,000.00
	Hip Circle Empowerment	8	\$40,359.00
TIF Assistance Total			\$90,359.00

Grand Total \$2,064,068.04