CHAPTER 2

The Physical and Economic Assessment

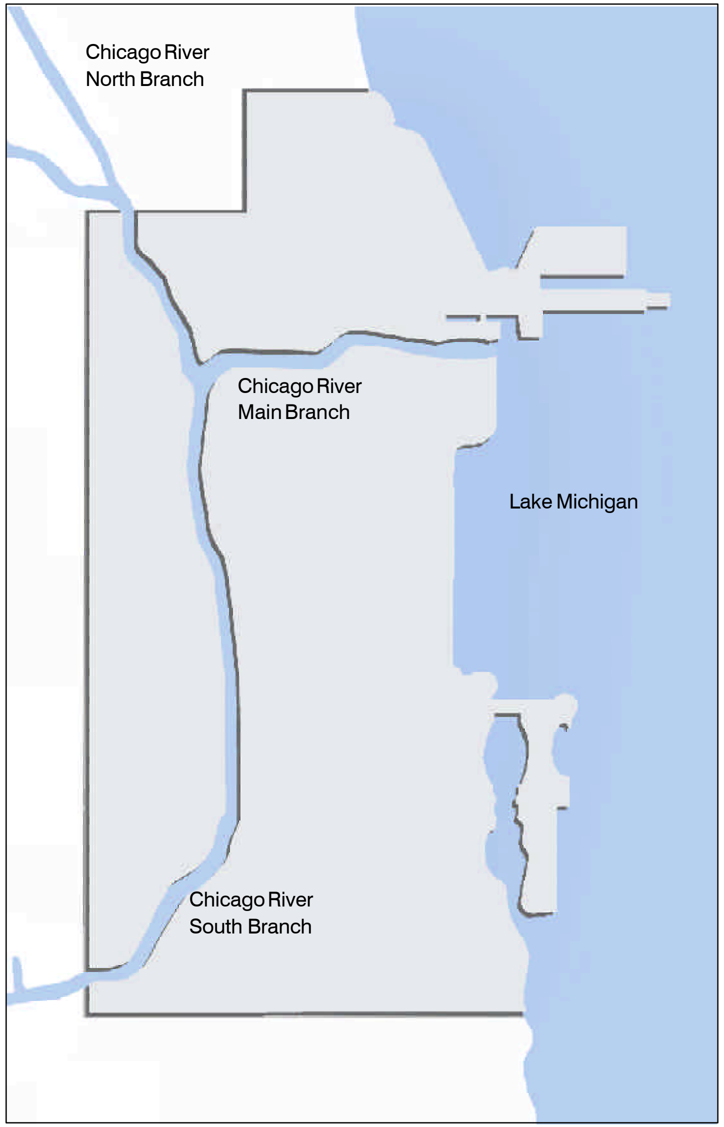


Figure 2.1 Natural Features - lake, river and land made Chicago a great city, and dictate its form.

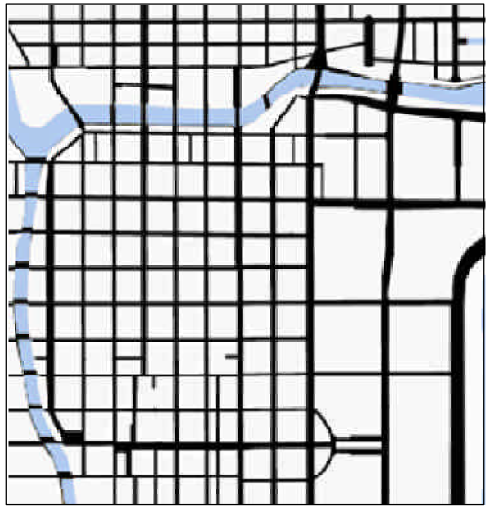


Figure 2.2 The Street Grid extending in all directions allows the downtown to be remarkably open and accessible.

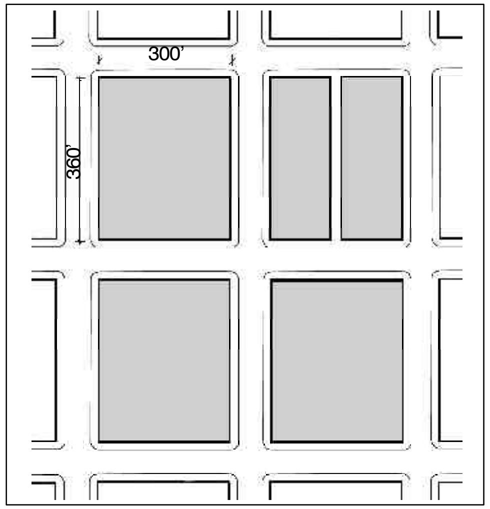


Figure 2.3 The typical block within the Central Area covers a little less than 3 acres and is bisected by alleys that improve circulation and separate uses.

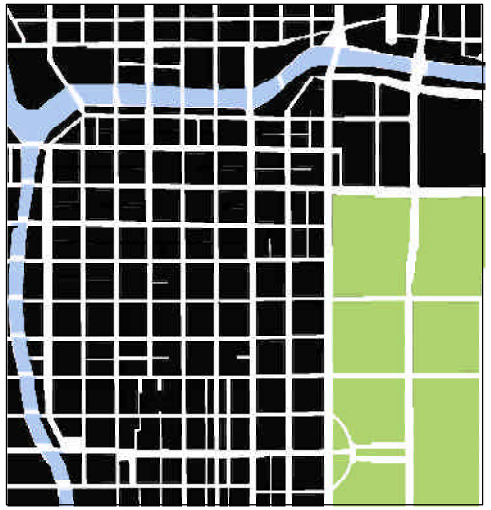


Figure 2.4 The Block Pattern organizes all development.

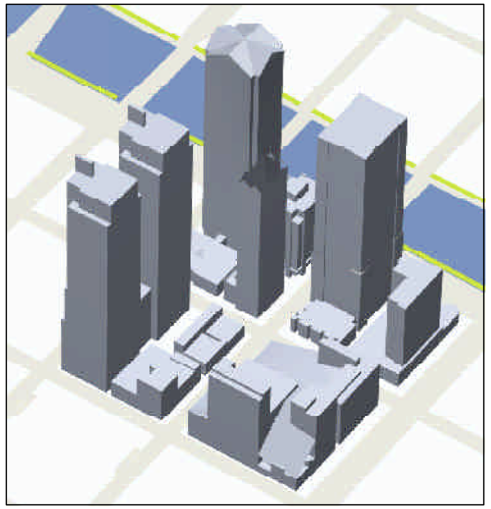


Figure 2.5 Density and diversity within each block contribute to Chicago's street level interest and its economic vitality.

The Defining Physical Features of Chicago's Central Area

Chicago gains its special character from the combination of its natural setting on Lake Michigan and the Chicago River, its density, cultural diversity, economic vitality, variety of uses and extraordinary architecture - both old and new.

NATURAL FEATURES: LAKE, RIVER AND LAND

People who live, work, or visit the Central Area of Chicago know that it is one of the world's great urban places. The form of the Central Area is part of what makes Chicago a great city. This compact, walkable city center has traditionally been defined by its natural features: Lake Michigan on the east and the Chicago River on the north and west. Lake Michigan and the Chicago River determined where Chicago began, and continue to define the heart of the city today.

Chicago's identity is inseparable from its magnificent lake edge, and the continuous and broad lakefront park system, built out beyond the original shoreline over the last century. This great civic amenity now distinguishes Chicago from any other city in the United States. The lakefront, its park system and its collections of cultural institutions and entertainment facilities comprise one of Chicago's most important assets.

Historically, the Chicago River has served as a transportation and industrial corridor. As we enter the 21st century, the Chicago River is becoming a new open space corridor for the city and the Central Area. Once the western boundary for the downtown, it now flows through the center of the downtown. This corridor can be the focus of a great new collection of open spaces and commercial venues linked by a continuous pedestrian connection. The Erie Street Terraces and Riverwalk Gateway stand as recent examples of the commitment to this natural feature's role as a civic place.

CITY FORM

The flatland topography of Chicago is rarely identified as a positive natural feature for the city. Unlike other cities like San Francisco or Boston, Chicago does not have a collection of hills to help distinguish and create its identity. However, this expansive flat topography has allowed the cluster of tall buildings to become Chicago's identity. The man made hills of tall office and residential buildings stand in stark relief to the extensive flatness of this prairie region and marks this important confluence of the Chicago River and Lake Michigan.

THE STREET GRID

The traditional street grid of Chicago is a strong contributor to the city's urban character. As it runs north, south, and west from the Central Area, the rigor of the street grid binds the city together over many potential barriers including the Chicago River, the expressways and the rail corridors. The major streets of the grid serve as a common ground for the city and its neighborhoods, used by all for commuting, business and living.

The grid offers multiple choices for travel routes, avoiding channeling vehicles and people onto a few high traffic, high congestion streets. Pedestrians, cars, bicycles, trucks, and public transit all share street space. The continuity of this grid system must be respected, maintained and strengthened to achieve the highest levels of accessibility.

The Central Area is a walkable central city. The grid plays an important role in providing the multiple pedestrian ways from transit stations to places of work, shopping, culture, entertainment and learning. Well-landscaped streets and boulevards have also turned the grid into an extension of the civic realm and are critical for achieving a pedestrian, walkable downtown.

Streets of special significance have become landmarks of the grid. LaSalle Street, State Street and Michigan Avenue are some of the great urban streets in America. There are also special streets that respond to the natural features of the Central Area such as Wacker Drive and Lake Shore Drive, each following the water's edge. As the Central Area continues to grow, shaping development to create great streets with special identities should be a high priority.

The collection of bascule bridges that begin at Lake Shore Drive and extend west, north and south along the branches of the Chicago River, distinguish Chicago from other cities in the world. These bridges are a reflection of a tremendous infrastructure commitment that is required to make this city work. They allow the street grid to extend continuously to the west and north. The collection of bridge designs, like Chicago's architectural landmarks, are a civic resource for the Central Area, adding to its beauty and attracting visitors.

Figure 2.6 Chicago's tradition of innovative architecture is world renowned.

Figure 2.7 Parks and open space make the Central Area liveable.

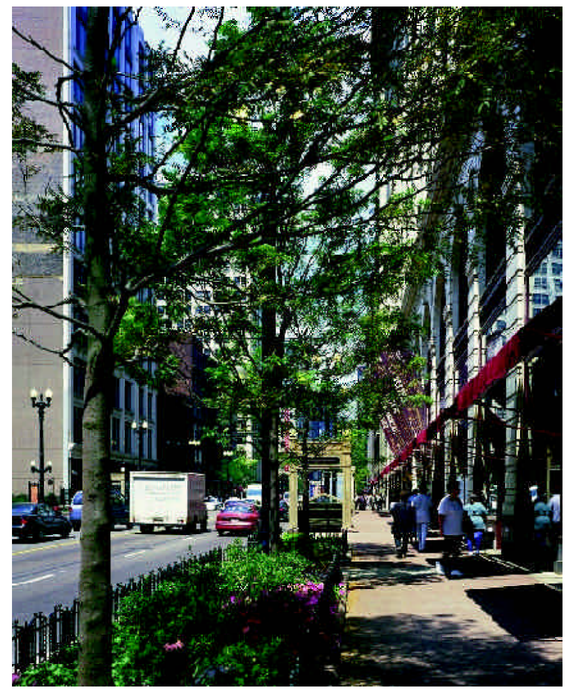
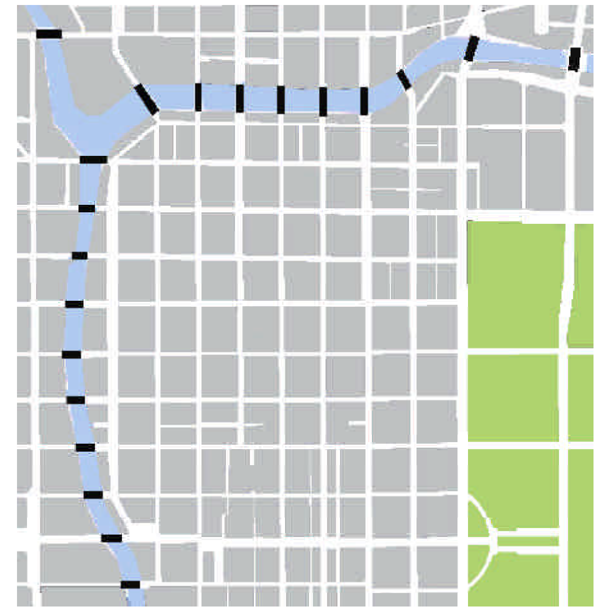


Figure 2.8 Great places and great streets are created by merging sidewalk design, active storefronts, distinctive architectural character and attractive landscaping.



Figures 2.9 and 2.10 Bascule bridges, like Chicago's architectural landmarks, are part of its unparalleled design heritage and legacy of engineering innovation.

THE BLOCK PATTERN

The block pattern within the Central Area is very consistent. Typically blocks are 360 feet north to south and 300 feet east to west, measuring a little under 3 acres. Blocks are frequently divided in half by an alley system that separates service areas from the public entries.

The block pattern organizes Chicago's diverse downtown buildings, both old and new. Buildings built up to the property line create the continuous street façade or wall we see on LaSalle Street, State Street and Michigan Avenue, emphasizing the street and the public realm.

The pattern of multiple buildings per block, built in a dense pattern, has been a Chicago tradition. However, some of Chicago's most significant buildings have taken a full block to create a distinguished building site and also an important public plaza. Daley Center, First National Plaza, John Hancock, and the Sears Building have each taken a full block. The Federal Center on Dearborn Street is an example of a special collection of buildings that also has taken a full block.

Chicago's street grid and block pattern combine to create important view corridors. While sometimes interrupted by the CTA's elevated structure, this has also become a signature of the Central Area. Chicago has been fortunate to avoid the collection of elevated pedestrian bridges that have blocked historic view corridors.

DENSITY AND DIVERSITY

The Central Area is defined by its density and diversity of uses. Downtown Chicago has a diverse mix of office towers, residential districts, world famous shopping districts, hotels, convention centers, entertainment and tourist destinations. The mix of uses in close proximity is a great asset, allowing the Central Area to be walkable. Density also allows transit to be feasible. The small, compact downtown of Chicago creates a multitude of special urban places of unique character. This density and diversity have kept downtown Chicago, and the region, strong in increasingly competitive national and international markets.

GREAT PLACES

Michigan Avenue, State Street, the Museum Campus, the Gallery District, the Jackson Loft District, Chinatown, Prairie Avenue and Streeterville are a few of the special places that give the Central Area its world famous character. Preserving the scale, density, architectural style, pedestrian interest and distinctive character of these districts is critical to maintaining Chicago’s exceptional quality of life.

INNOVATIVE ARCHITECTURE

Chicago is famous for its tradition of great architecture. Home to the Prairie and Chicago Schools of architecture, the first high rise, the mixed-use high rise, and some of the tallest buildings in the world, Chicago continues to promote a strong, innovative and progressive design community. The city’s guidelines and ordinances must continue to respect and preserve its great historic architecture while at the same time encouraging the design and development communities to create innovative new designs.

PARKS AND OPEN SPACE

Chicago's park system is renowned throughout the world. The Central Area's lakefront is a legacy of past generations of leaders. More recently, the development of the Museum Campus and Millenium Park have enhanced the lakefront, as will the proposed new Art Institute gardens.

The Chicago River is also emerging as part of the Central Area's open space system. A mandatory open space setback and assembly of a continuous path is laying the foundation for a continuous riverwalk system through the city.

The water's edge is not the only place where downtown workers, visitors, and residents go to relax, exercise, and enjoy the outdoors. Central Area parks and plazas and its landscaped streets are also increasingly important parts of the Central Area's open-space network.

CONCLUSION

The view of the city from Lake Michigan, with Grant Park in the foreground, the Michigan Avenue streetwall behind, and skyscrapers beyond is an internationally recognized image of Chicago. The view did not emerge by accident. It was created as Chicagoans responded to the natural features of their home city and established precedents, rules, visions and plans for how to grow, organize and create their city. To ensure the future growth and quality of place of Chicago's Central Area the best of its physical attributes must be maintained, nurtured and strengthened.

Figure 2.11
The East Loop and South Loop have seen remarkable changes in recent years.

Residential conversions, new residential development, cultural and academic institution expansion are transforming this historic portion of downtown into a diverse, lively urban environment.

The Economic Assessment

Great changes lie ahead. Chicago's Central Area is poised for significant new employment growth

In the past 20 years, growth has transformed the Central Area. The 43.5 million square feet of new office space constructed downtown between 1980 and 2000 was equivalent to the entire metropolitan inventory of Phoenix or St. Louis. Chicago added more downtown residents than any other American city, including New York. New neighborhoods stand on land formerly occupied by warehouses, railroad tracks and scrap yards. Loft buildings previously used for manufacturing and distribution serve as residences. Areas once dominated by parking lots are now new entertainment districts. Michigan Avenue has evolved into one of America's premier shopping streets, and State Street is again a great street, with nationally known department stores.

The transformation is not over. Hundreds of thousands of new jobs will be created in the Central Area by 2020 – or rather – they may be created, if the new workers can be provided with efficient transportation, a high quality work environment and places to live.

To establish the economic basis for the Plan, the Plan assesses each sector of the Central Area's economy and projects future growth. The sectors analyzed were:

- Office
- Residential
- Education
- Retail
- Convention/hotel
- Cultural
- Industrial

Annual demand for land per market sector through 2020 was estimated under both conservative and best-case assumptions. Quantitative analysis was supplemented with interviews and surveys. The following summaries are drawn from *Economic Base and Sector Analysis, Central Area, Chicago, Illinois 2000 – 2020*[1]. Except where otherwise stated, historical data is based on the period from 1980 to the present. "Base" is used to describe the conservative growth scenario, and "Opportunity" represents the best-case assumptions.

Table 2.1
Historic and Projected Growth, Chicago Central Area, 1980-2020[2]

Market Sectors	**1980**	**2000**	**Average Annual Increase**			**2020 Forecast - Increase**		**2020 Forecast - Total**	
			1980-2000	**Base**	**Opportunity**	**Base**	**Opportunity**	**Base**	**Opportunity**
Office (sq. ft.)	67,000,000	107,000,000	2,000,000	1,600,000	2,200,000	32,000,000	44,000,000	139,000,000	151,000,000
Retail (sq. ft.)	6,500,000	9,200,000	135,000	250,000	350,000	5,000,000	7,000,000	14,200,000	16,200,000
Residential (units)	33,500	56,600	1,155	1,800	2,200	36,000	44,000	93,000	101,000
Cultural (sq. ft.)	n/a	3,700,000	n/a	85,000	100,000	1,700,000	2,000,000	5,400,000	5,700,000
Convention (sq. ft.)	1,100,000	2,400,000	65,000	65,000	85,000	1,300,000	1,700,000	3,700,000	4,100,000
Education (sq. ft.)	2,000,000	9,000,000	350,000	150,000	200,000	3,000,000	4,000,000	12,000,000	13,000,000
Hotel (rooms)	21,000	27,000	300	600	700	12,000	14,000	39,000	41,000
Employment									
Office				7,800	10,700	156,000	214,000		
Retail				1,300	1,800	26,000	36,000		
Lodging				300	1,100	6,000	22,000		
TOTAL Employment		668,000		9,400	13,600	188,000	272,000	856,000	940,000
Transit Ridership									
Inbound Work Trips		588,000		8,300	12,000	166,000	240,000	753,000	827,000
Inbound Transit Trips		432,000							
Inbound Work Transit Trips		305,000		5,800	8,400	116,000	168,000	421,000	473,000
Residential Population	53,700	83,500		2,700	3,200	54,000	64,000	138,000	148,000

[1] Arthur Anderson LLP, Goodman Williams Group, Real Estate Planning Group, Susanne Cannon. 2001

[2] These projections do not include the health care sector, which is a growing service and employment sector in the Central Area. Information on the Central Area's major health care provider, Northwestern Memorial Hospital, can be found in chapter 5 in the Near North District.

Figure 2.12
The Near Northwest offers potential for high density residential neighborhoods and enhancing existing industrial areas.

Many of the rail easements offer potential for greenways extending from the Central Area to the West Side.

DRAFT

Employment

Central Area jobs will increase at a significantly higher rate than in the past

The key to understanding the forthcoming changes in the Central Area is the shifting nature of downtown employment. While more than 70 million square feet of office space was constructed between 1960 and the present, total employment in the Central Area has increased only modestly. What has changed dramatically is the mix of jobs. Chicago's Central Area was once a major industrial center, with rail yards, clothing factories, and printing plants. Over time, blue-collar employment declined while white-collar jobs rose. By far the largest employment increase was in services, where the number of jobs more than doubled between 1972 and 2000. The greatest losses were in manufacturing and wholesale trade, with employment in both categories dropping by more than two-thirds.

This transition in the Central Area workforce, in which gains and losses largely cancel out, will soon end. The two employment categories in continuing decline, manufacturing and wholesale trade, now account for less than 7% of the Central Area job base. It is likely that total Central Area employment will now climb at a significantly faster rate than in the past.

Projected growth: An additional 188,000 to 272,000 downtown workers are expected by 2020, an increase of 28 to 41%.

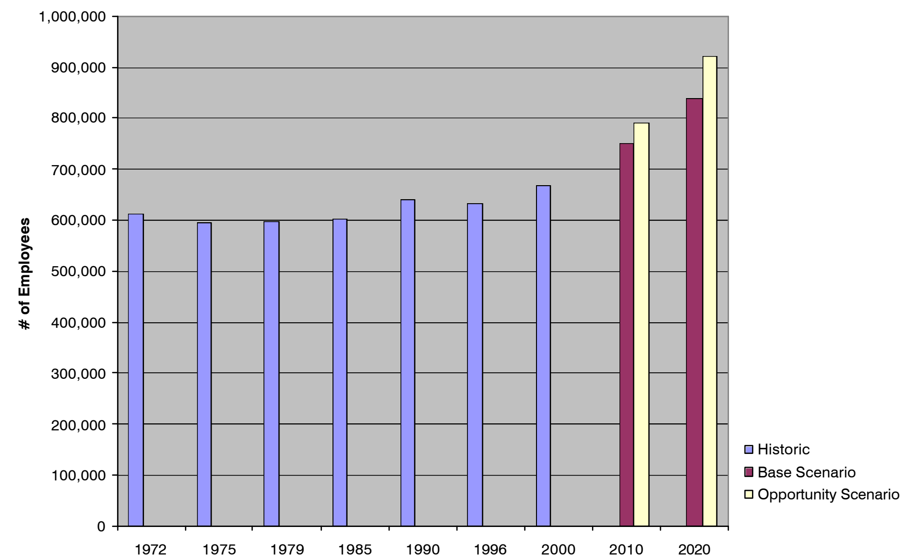


Table 2.2
Total Central Area Employment
1972-2020

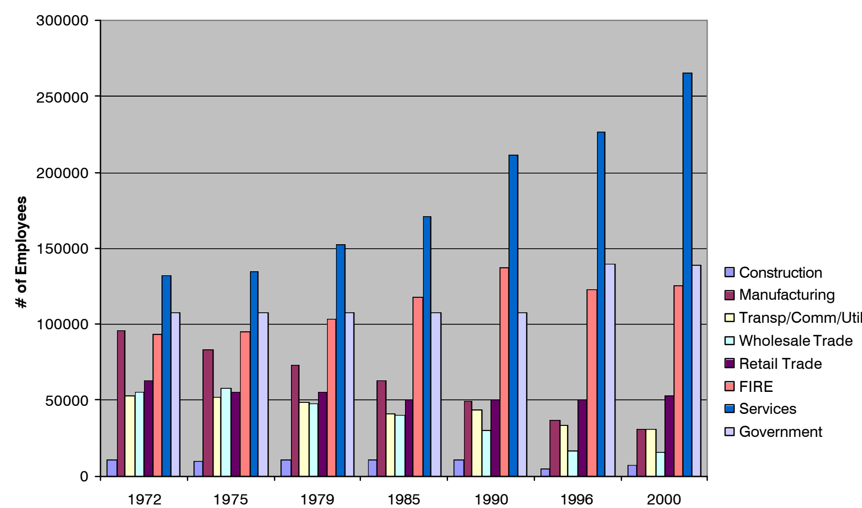
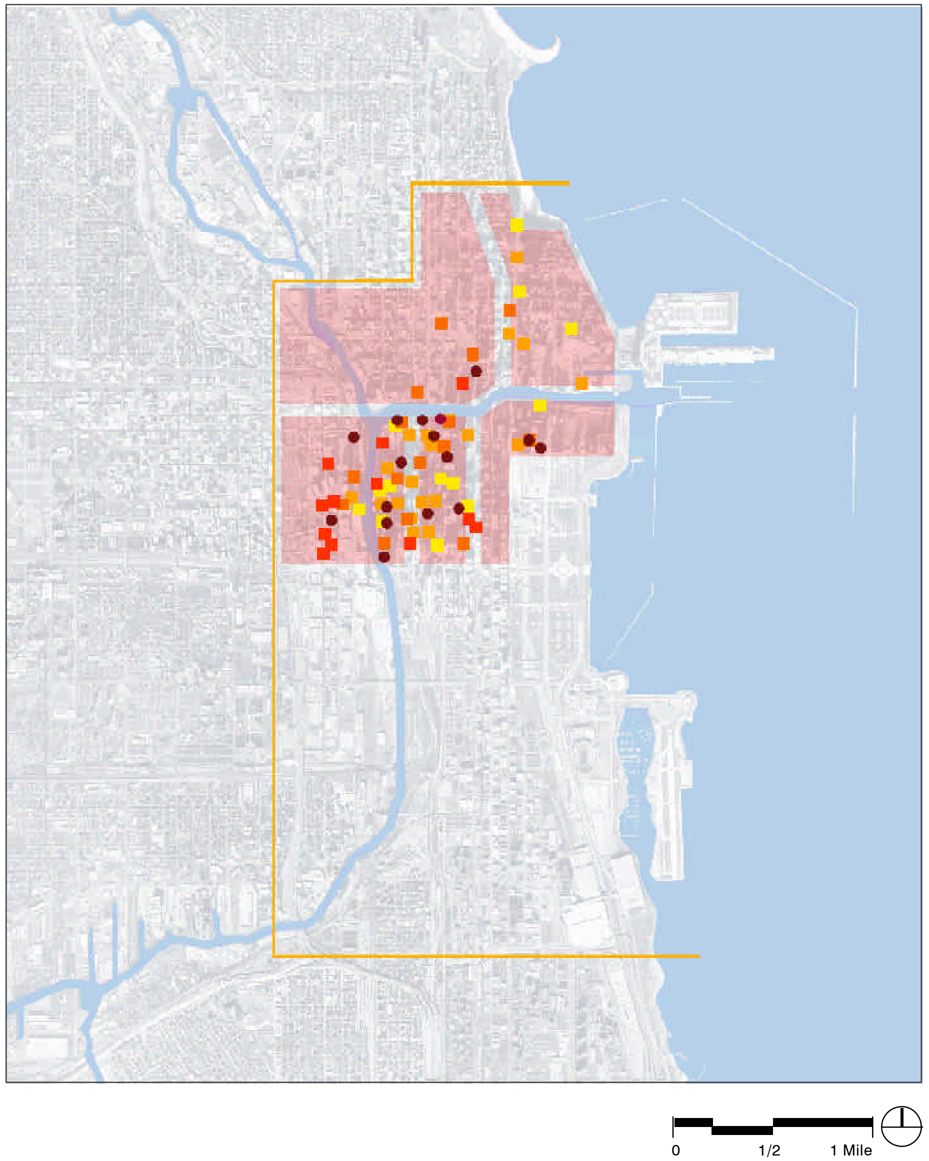


Table 2.3
Central Area Employment by Market Sector
1972-2000

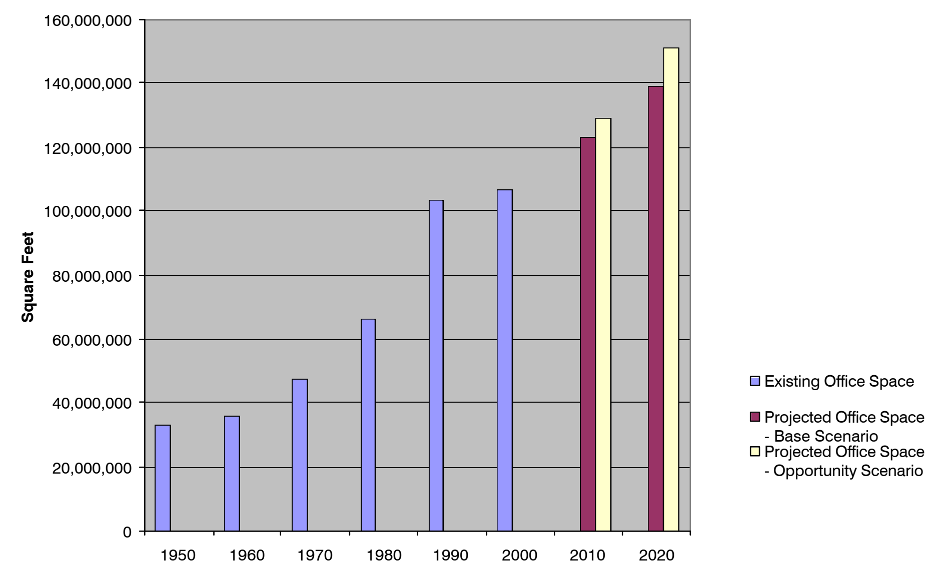
While total employment has only increased modestly, the mix of jobs has changed dramatically. Manufacturing and wholesale trade have declined by two thirds, while service sector jobs have doubled.

Figure 2.13
Office Space, Chicago Central Business District, 1980-2020



- Office Development 1980-1984
- Office Development 1985-1989
- Office Development 1990-1992
- Office Development 1992-2002
- Office Development *(proposed)*

Table 2.4
Central Area Office Development,1950-2020
Chicago has approximately 50% of the metropolitan region's office space.



The type of office development analyzed here consists of investment-grade Class A, B, and C buildings. The letter classifications indicate building quality and generally correspond to a structure's age and amenities.

The Economic Engine: The Office Sector

There will be strong demand for new office space in the Central Area

GAINS IN OFFICE SPACE
Between 1980 and 2000 more than 40 million square feet of office space was built in the Central Area, substantially exceeding the entire downtown inventory in 1960. Despite the strong gain, the market experienced the boom-and-bust cycle typical of speculative office development. Between 1985 and 1989 an average of 3.2 million square feet of office space was constructed annually, the highest rate of construction in Chicago's history. No additional construction occurred until 1999, and then on only a small scale. From 2000 to 2002 eight new buildings added 6.3 million square feet. In 2002, the market again experienced vacancies and a slowdown in new projects in response to the increase in supply and national economic slowdown.

THE CENTRAL AREA'S REGIONAL SHARE
Central Area office space now totals nearly 107 million square feet – approximately 55% of total office space in metropolitan Chicago. Chicago's percentage of regional inventory is larger than that of any other major U.S. city except New York, with 62%.

Impressive though it is, Chicago's share of regional office development has declined in recent years to 40% of regional office absorption. Accordingly two forecasting scenarios were developed. The base scenario assumes that the Central Area will continue to capture 40% of new office demand in the metropolitan area, for an average annual increase of 1.6 million square feet through 2020. The opportunity scenario assumes a 50% capture rate for an average annual increase of 2.2 million square feet. The opportunity scenario also assumes that the major recommendations of this Plan, particularly the expansion of transit capacity, are implemented.

OFFICE GROWTH IS STRONGEST IN THE CENTRAL LOOP AND WEST LOOP
Since the majority of downtown workers use CTA rail and bus lines, which are concentrated in the Central Loop, many infill locations in that area will remain prime office sites. The majority of the projected office growth will occur in the Central Loop.

Although substantial office development occurred in most downtown sub-markets during the study period, the growth rate was strongest in the West Loop, defined as the area west of Franklin Street including the strong Wacker Drive market. Substantial infill development occurred between Wells Street and the Chicago River and a number of buildings were constructed west of Canal Street, an area previously considered marginal. Given the importance of the West Loop rail stations to commuters, and the increasing scarcity of available sites in the traditional core, continued westward expansion seems likely.

Relatively little office construction occurred in the East Loop – indeed, the most notable development was the conversion of some Class C buildings to residential and educational use. Office construction north of the river is limited and is expected to account for less than 15 percent of new demand. No speculative office construction at all occurred south of Congress Parkway, although two dedicated bank processing facilities were built on South Canal Street.

TRANSIT IS THE CENTRAL AREA'S MAJOR ATTRACTION FOR BUSINESS
To gauge the Central Area's economic prospects, top executives at 300 downtown businesses were surveyed. Survey respondents identified the following as the most important factors in choosing a downtown location:

- Proximity to mass transit was the chief consideration according to 73% of respondents. According to the survey, 72% of employees take CTA or Metra to the workplace, while 23% drive and 6% walk.
- Other important factors were proximity to clients (46%) and state-of-the-art technology infrastructure (43%).
- Nearly one-third of companies interviewed indicated that an "urban residential life-style" was a factor in the decision to locate downtown.

Locational factors considered important in recruiting and retaining employees included:

- Location in the Chicago region (80%)
- Location in downtown Chicago (70%)
- Proximity to mass transit (61%).

Factors considered of lesser importance included:

- Availability of parking (19%)
- Proximity to personal and retail services (12%)
- Proximity to downtown housing (8%).

In short, the Central Area's traditional strength as a regional commercial center with good transit access continues to be its principal selling point for corporate decision makers. Its recent emergence as a high-end residential district has also increased its attractiveness to business in attracting top talent to the area.

Projected Growth : 32 to 40 million square feet of new office space to accommodate 180,000 to 200,000 new jobs.

Figure 2.14
The Central Area Office Core remains the prime location for office space.

Figure 2.15
New office buildings are being constructed in the Wacker Drive corridor.