



# STATE OF THE CHICAGO LOOP

**2018  
ECONOMIC  
PROFILE**





CHICAGO  
LOOP  
ALLIANCE.



GOOSE  
ISLAND

RIVER  
WEST

FULTON  
MARKET

FAR WEST  
LOOP

WEST  
LOOP

RIVER  
NORTH

NORTH  
MICHIGAN

THE  
LOOP

SOUTH  
LOOP

DIVISION ST

OAK ST

CHICAGO AVE

OHIO ST

KINZIE ST

WACKER DR

IDA B WELLS DR

STATE ST

MICHIGAN AVE

RACINE AVE

MORGAN ST

HALSTED ST

ROOSEVELT RD

18TH ST

CERMAK RD

INTERSTATE 90

INTERSTATE 55

# The State Of The Loop

This update to the 2013 Chicago Loop Alliance (CLA) State of the Chicago Loop: An Economic Profile provides the data and insights into what has changed in the Chicago Loop since 2013, and the trends that are shaping future opportunities.

The Chicago Loop remains the heart of an expanding, thriving Central Area. One of the most interesting trends over the past five years has been the geographic growth of the Central Area and the blurring of traditional submarket boundaries for office, entertainment, and residential uses. While the Loop submarket boundaries have not changed (see accompanying map that shows the CLA's target area), the South Loop, West Loop, Fulton Market, River West, and River North submarkets have all experienced a period of growth and transformation that is expected to continue.

This report focuses on employment, development, and investments trends that have occurred in the Loop within this larger Central Area context.

Notable trends affecting the Loop include:

- Newly constructed and renovated office buildings have attracted tech workers as well as other employment sectors
- Restaurants and food halls are thriving and contributing to the evolving retail market
- Residential options allow more people to call the Loop home
- Increased tourism has supported new hotels and the Loop's entertainment venues
- The new Wabash L station and the new Riverwalk highlight the numerous public infrastructure investments that bring more people into the Loop



This Economic Profile was completed by Chicago-based Goodman Williams Group.

Download the study at [LoopChicago.com/EconomicProfile2019](https://LoopChicago.com/EconomicProfile2019).



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SECTION 1:

# Employment and Office Market



The Loop remains the core of Chicago's expanding Central Area office market, and is the business hub of the Midwest. New office development and renovations of older buildings continue to provide state-of-the-art work spaces for a diverse employment base.

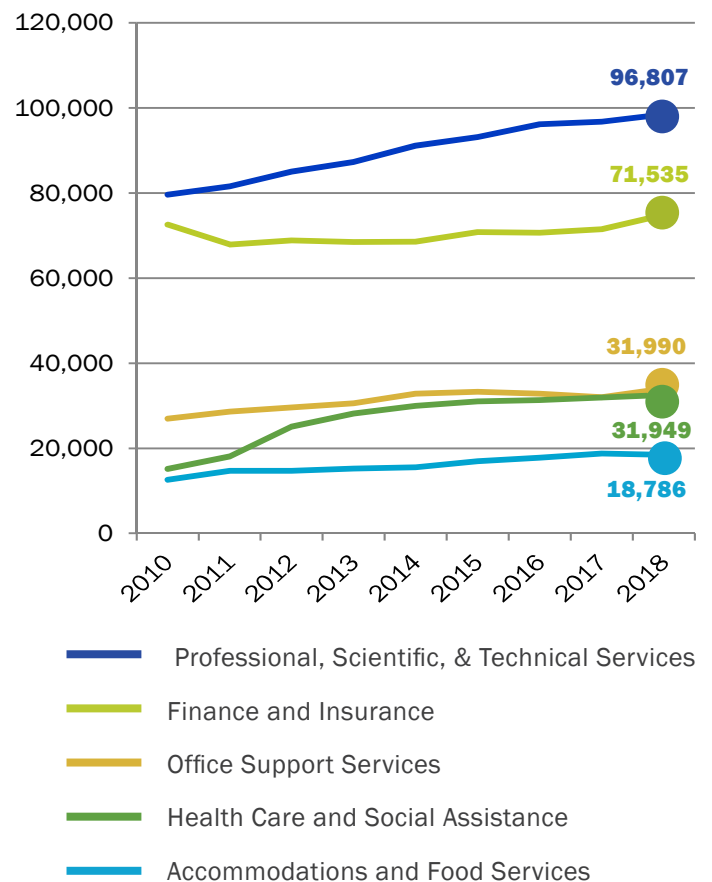
## EMPLOYMENT TRENDS

Employment in the Loop has continued to grow in recent years. From a post-recession employment low of 274,956 in 2010, the Illinois Department of Employment Security (IDES) now reports private-sector jobs in the Loop total 339,441, an increase of 23.5%. This outpaces the City of Chicago, which saw an increase of 18.4%, and the Chicago Metro Area, which saw an increase of 14.8%.

While jobs are increasing across the entire region, the Loop's share of jobs continues to grow. The Loop now holds 28.4% of all private-sector jobs in Chicago and 9.4% of all jobs in the Metro Area, up 1.2% and 0.7% respectively since 2010.

The Loop also houses a large number of City, County, and State government workers. Over 30,000 public sector employees, and the agencies they work for, occupy millions of square feet of Loop office space and are an important demand driver for the Loop office market.

FIGURE 1. Growth of Largest Private Sector Employment in Loop



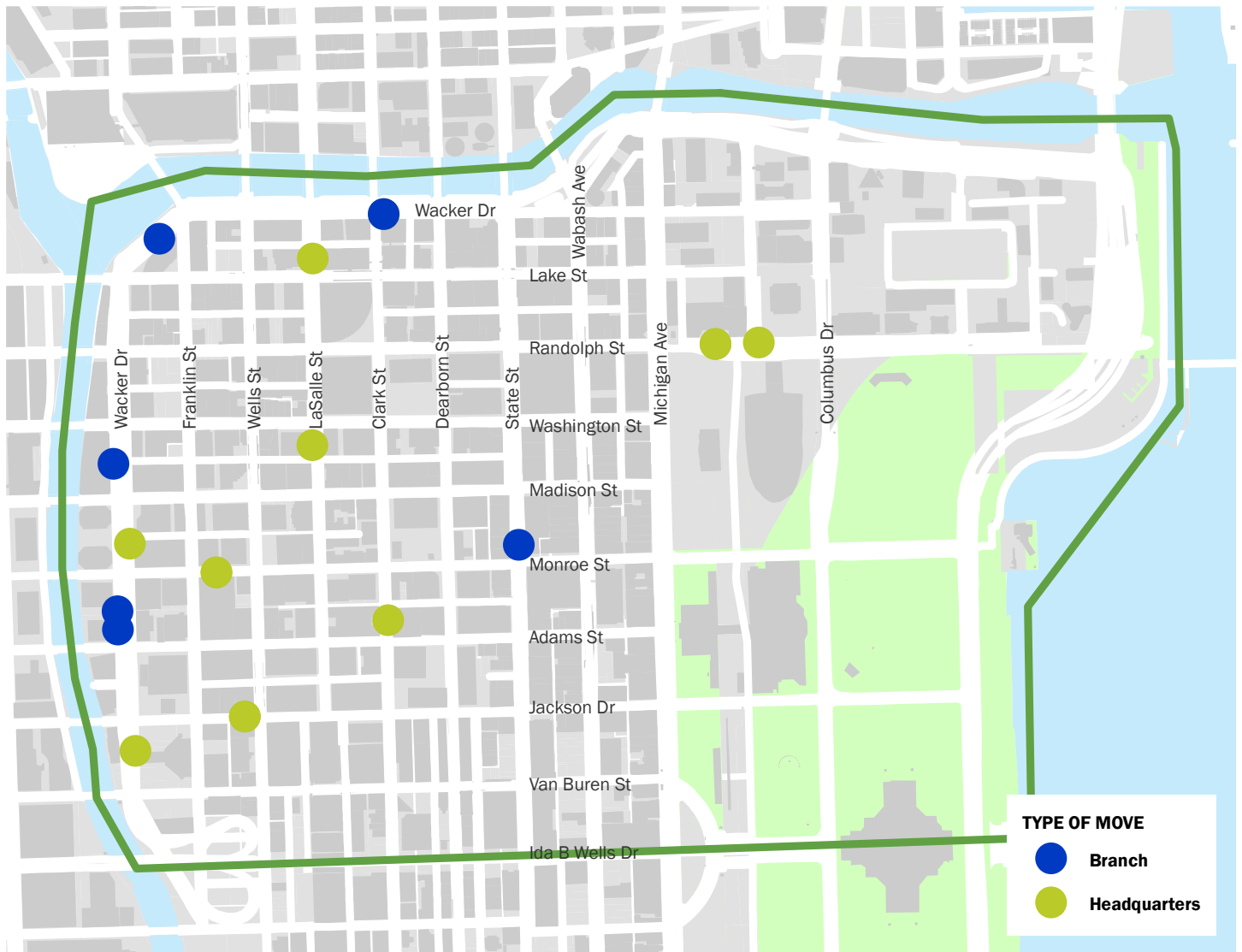
Source: Illinois Department of Employment Security

## RELOCATION OF SUBURBAN OFFICE SPACE TO THE LOOP

Much of the increase in Loop employment can be attributed to corporate office relocations from Chicago suburbs. Firms are trying to capture younger professionals, many of whom live in the City and prefer an amenities-rich urban location in both their personal and work lives.

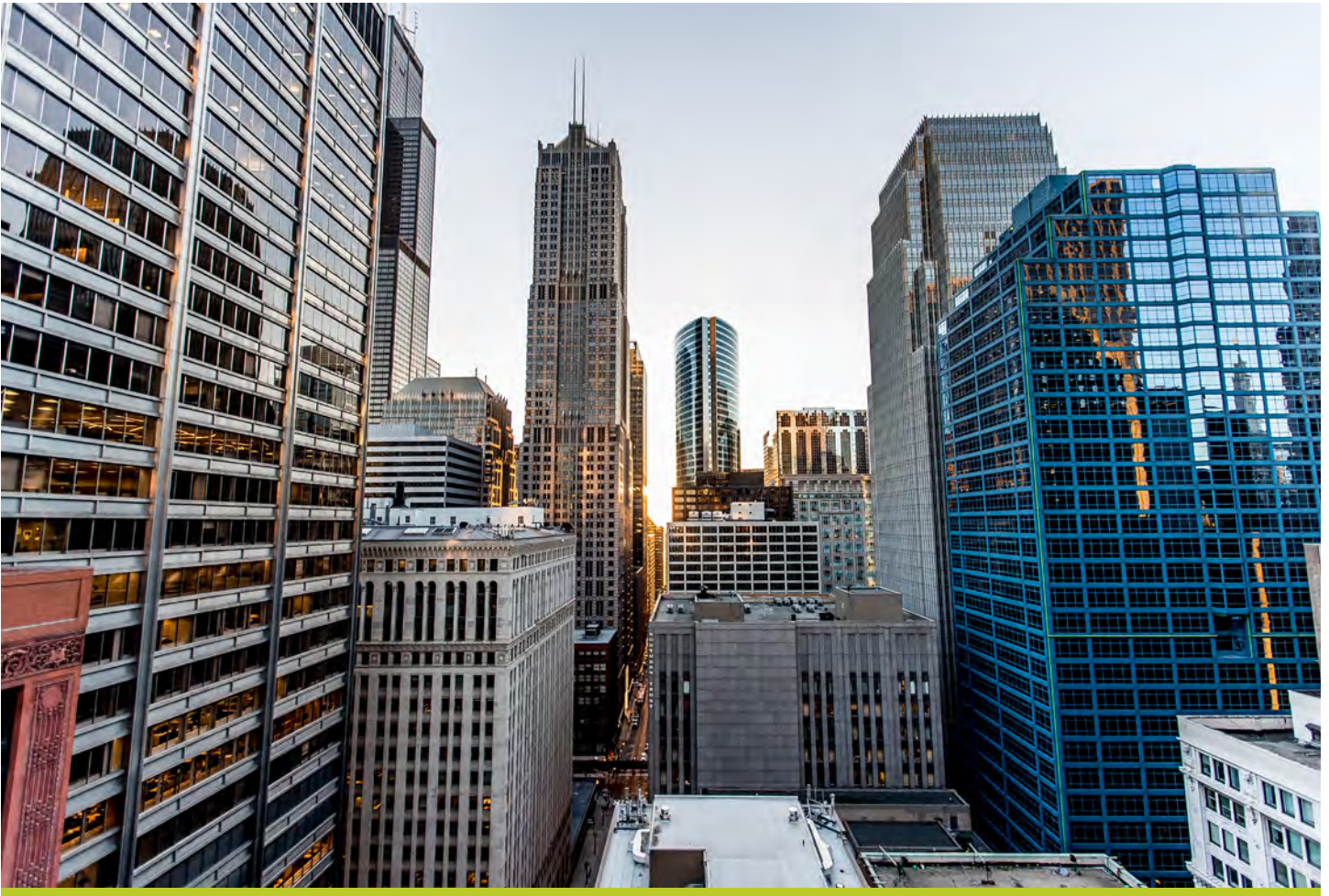
MB Real Estate reports that 46 companies moved their headquarters or a division of their operations from the suburbs to the Central Area between 2013 and 2018. Of that total, 19 companies moved 863,000 SF to the Loop itself. The largest of these relocations include Wilson Sporting Goods, Kraft-Heinz, and Nielsen Holdings, which moved into 215,000 SF on the western edge of the Loop in 2017.

FIGURE 2. Suburban Office Relocations 2013 - 2018



Source: MB Real Estate





© K&N Media

The relocation of these companies and the growth of new tech firms are expanding Chicago's Central Area office market. The most dramatic growth has been to the west of the Dan Ryan Expressway (I90-94). The West Loop and Fulton Market subareas, the boundaries of which are still evolving, were fueled by the opening of the Morgan CTA Station in 2012, which serves the Green and Pink lines. The West Loop submarket has seen an increase of nearly 5 million square feet of office space since 2013. Particularly noteworthy are the McDonald's headquarters at 1045 W. Randolph Street and Google's offices at 1000 W. Fulton Market, both developed by Sterling Bay.

This growth in office space has spurred the addition of thousands of new residential units, hotel rooms, and restaurants.

Also impressive has been the office renovation and construction in River North, fueled by improvements to the theMART and the growth of tech companies. This geographic expansion has not prevented office investments within the Loop itself, which has experienced much new construction and large-scale renovations in recent years.

## VACANCY AND RENTAL RATE TRENDS

The Loop contains more than 92 million SF of office, which is two thirds of the inventory of the total Central Area, according to MB Real Estate. The Loop office market makes up 36.9% of the total Chicago Region office market, which has a total of more than 250 million SF of space.

The vacancy rate in the Loop peaked at 17.0% in 2010 following a period of negative absorption during the Great Recession. Even with a steady stream of new office development in the following years, the vacancy rate fell through 2017 to a low of 11.7%.

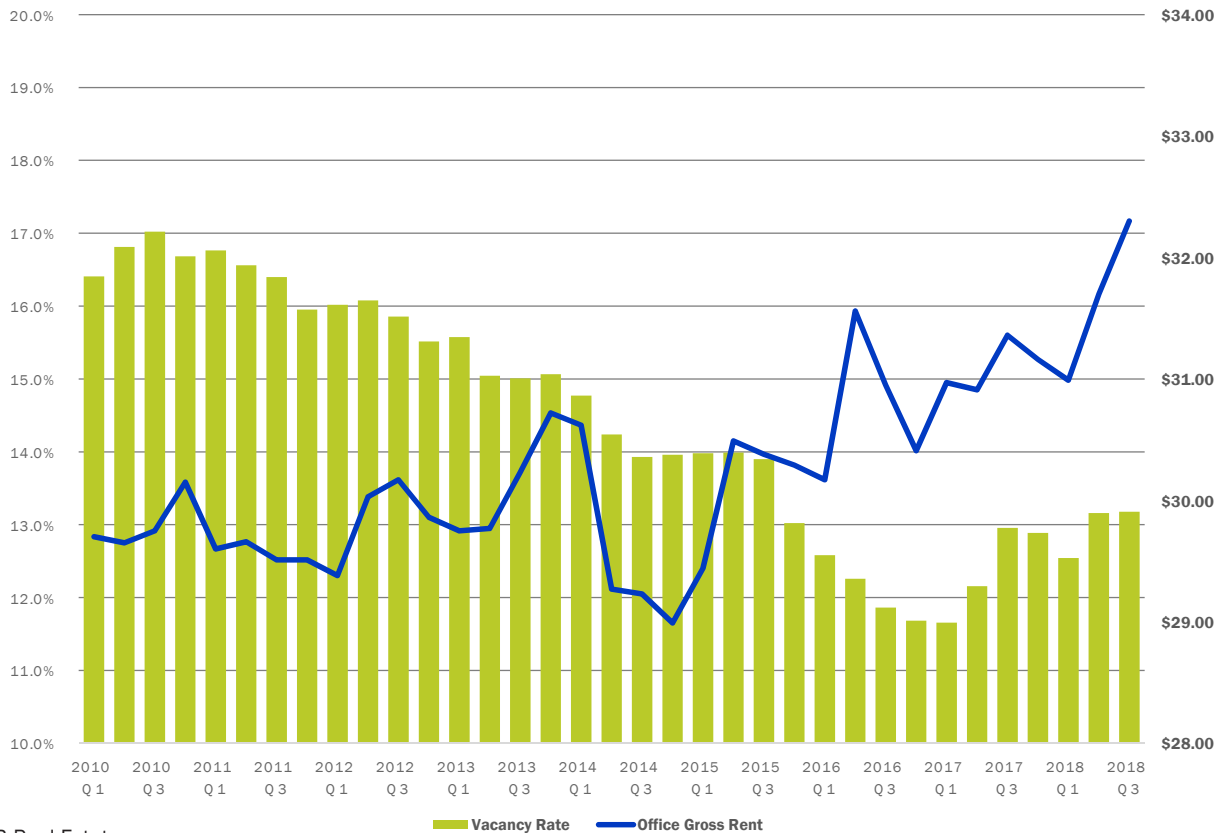
Tenants in these new buildings include suburban relocations and tech firms as discussed previously, as well as the long-time Loop tenants who are choosing to relocate to new buildings.

A number of new buildings completed in the past year have pushed the Loop’s office vacancy rate up to 13.2% in 2018, as absorption hasn’t kept up with new construction.

Another measure of the strength of the office market is the rise in rental rates. Since 2010, direct rents, as opposed to sublease rents, have risen from an average of \$29.70/SF to the current rate of \$32.30/SF due to high demand for Class A office space.

*The office market in the Loop makes up nearly 37% of the total 250 million square feet of office space in the Chicago Region.*

FIGURE 3. Office Vacancy and Rent Trends



Source: MB Real Estate

## NEW OFFICE CONSTRUCTION

New construction in the Loop has been slower than in surrounding areas due primarily to a lack of available sites. The majority of new and proposed office construction is concentrated on the western edge of the Loop. All three active projects, totaling nearly 2.4 million SF, are being built west of Wells Street. 151 North Franklin has roughly 75% of its space leased to Facebook, CNA, and Hinshaw & Culbertson, and 110 North Wacker is the future Chicago home of Bank of America, which will be leasing 400,000 SF in the tower that will bear its name.

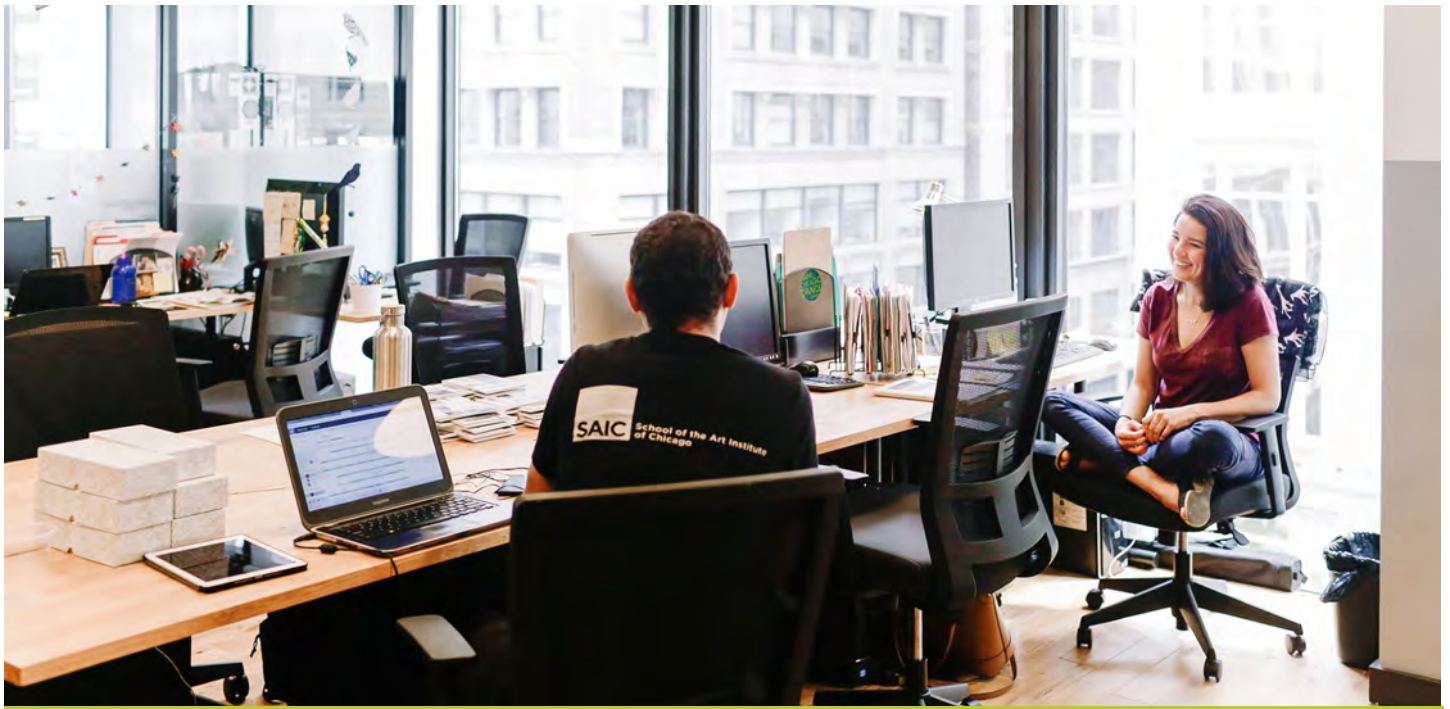
As mentioned, the Central Area office market is expanding geographically, and many recently completed office buildings are located outside of the Loop. River Point (444 W. Lake Street), 150 North Riverside, Fulton West (1330 W. Fulton Market), and Randolph West (1058 W. Washington Boulevard), were all completed after 2017 and have added over 3 million SF of new space to the Central Area market.

In addition, future competition for Loop office buildings will come from a number of future developments planned as part of large-scale, mixed-use developments. Office buildings will be developed as part of The 78, south of Roosevelt Road; The River District, rendering pictured below, on the site of the former Tribune printing plant; Burnham Lakefront, on the former Michael Reese Hospital site; and Lincoln Yards, in the North Branch Industrial Corridor. In addition, the old Post Office and Union Station are undergoing redevelopment, with millions of square feet of new office space planned.

The Loop will remain the heart of business in Chicago, but these mega-developments will attract new users and will require Loop landlords and building managers to continue updating, amenitizing, and diversifying the Loop's historic buildings.



©Solomon Cordwell Buenz



© WeWork

## REDEVELOPMENT TRENDS

The character of some of the Loop's mature office corridors is changing as well, as buildings are redeveloped with more amenities and higher workforce densities that attract different types of tenants. As an example, three of the large banks that gave LaSalle Street its identity as the city's core financial district, Bank of America, BMO Harris, and Northern Trust, are relocating to newer towers off of LaSalle Street. In their stead, smaller firms, some of which are financial technology (fintech) start-ups, are moving into their older, but newly renovated spaces.

The National, located at 125 S. Clark Street, is a prime example of this trend of the redevelopment of older office buildings in the heart of the Loop. In addition to loft office spaces catering to smaller tenants, the building now offers numerous amenities, including a food hall, tenant lounge and patio, and athletic center.

Another recent trend, coworking, looms large in the Loop and in the broader Chicago market. Coworking involves a shared workplace by people who are self-employed or working for different employers. Colliers estimates the total square footage of coworking space in the City of Chicago has tripled between 2014 and 2018, ending the period at roughly 2.6 million SF. At year-end 2021, the total is anticipated to double again to 5.0 million SF citywide. The Loop has more than 375,000 square feet of coworking office space, accounting for 15.0% of the city's total.

The upgrading of older office buildings in the Loop, as well as the repurposing of others into hotels and residences, has greatly diminished the inventory of Class C space. This trend has contributed to higher rents, encouraging smaller tenants to downsize or try coworking options.

# The New Willis Tower



## The Icon of The Loop

In 2017, Blackstone and Equity office, which purchased the Willis Tower in 2015 for \$1.3 billion, announced plans for the biggest renovation project in the iconic building's history. The \$668 million redevelopment encompasses many of the trends going on in the broader Loop office market.

A new three-story annex wrapping around the tower's base will include more than 300,000 square feet of destination retail, restaurants, and entertainment space destined to serve the building's office workers as well as attract visitors. A Winter Garden will provide visitors with open space and a skyward view of Chicago's tallest building. The observation deck at the top of the building is also set for a major overhaul.

And while the tourist attractions and amenities increase, the office floors are being redeveloped for a number of new, more innovative firms that are moving to the Chicago landmark. Environmental Systems Design (ESD), a global consulting-engineering firm, has moved into 47,000 square feet, Virtu Financial, a leading global financial firm, has also signed a new lease, as has electronics manufacturer Molex. As of 2019, Willis Tower is 94% occupied.

SECTION 2:

# Retail, Food, and Beverage

REVIVAL  
CAFFÈ BAR

BLEND ESPRESSO: 2.10 \$2.00  
SINGLE ORIGIN ESPRESSO: MARKET PRICE

BREW BAR:  
BREWED TO ORDER: 1.50 MARKET PRICE

DAILY BREAD  
\$14 \$12.00, 12oz \$10.00, 16oz \$12.00

AMERICAN: 2.50 MARKET PRICE  
MACCHIATO: 2.50 MARKET PRICE  
CORTADO: 2.50 MARKET PRICE

CAPPUCINO: 2.50 MARKET PRICE  
LATTE: 3oz \$4.00, 12oz \$3.75, 16oz \$4.00  
MUCHO: 3oz \$4.00, 12oz \$3.75, 16oz \$4.00

HEALTHY BLENDED LATTE: 12oz \$3.00  
PEACH BLENDED BLACK: 12oz \$4.75

100% 100% MARKET PRICE  
SMALL: 12oz \$4.00, 12oz \$3.75, 16oz \$4.00

REVIVAL  
HALL

The retail sector is in the midst of a period of dramatic change, as retailers work to integrate online connectivity and experiential activities in their brick and mortar stores. Retail along State Street and throughout the Loop is reflecting these changes, which include the downsizing and closures of some large retailers, the opening of new store types, and many new culinary options.

## NEW RETAIL OPENINGS

In contrast to the large store closings, a number of new and innovative stores are opening in the Loop.

Amazon Go selected Chicago's Loop for its first "cashier-less" stores outside Seattle. A total of four of these high-tech convenience stores are scheduled to open in the following locations:

- 113 S. Franklin Street
- Illinois Center
- 144 S. Clark Street
- 500 W. Madison (Ogilvie Transportation Center)

All of these locations have what Amazon and other retailers are looking for: population density (workers, tourists, and residents), high pedestrian traffic, and people with high disposable incomes.

Other notable retail openings are Japanese casual wear designer UNIQLO replacing a departing H&M on State Street, a two-level Vans store at 35 S. State Street, and a two-level, 16,000 SF flagship store at 112 S. State Street for Champs Sports. Champs joined co-working firm WeWork in the former Amalgamated Bank headquarters building.



© Amazon



© shinya



© Jeff Schear

## LARGE STORE CLOSINGS AND DOWNSIZINGS

The era of large department stores in the Loop peaked decades ago, but downsizing and re-investment continues. The Sullivan Center at 1 S. State, formerly known as the Carson Pirie Scott building, provides a good illustration of recent trends. Carson's closed its store in 2006, and the building was repurposed for a mix of uses including a 54,000 SF Target, which opened in 2012. In 2017, major Chicago landlord 601W Cos. purchased the office portion of the property for nearly \$176 million.

In another large State Street transaction, Brookfield Asset Management has reached a deal to buy floors 8 – 14 of the former Marshall Field's building at 111 N. State Street and convert them to office space.

Other recent store closings in the Loop include H&M, Ulta, the Gap, and American Apparel. Additionally, Walgreen's consolidated two stores into a single large store at State and Madison.



© Adam Alexander Photography



FIGURE 4. 2018 State Street Pedestrian Counts

## PEDESTRIAN COUNTS

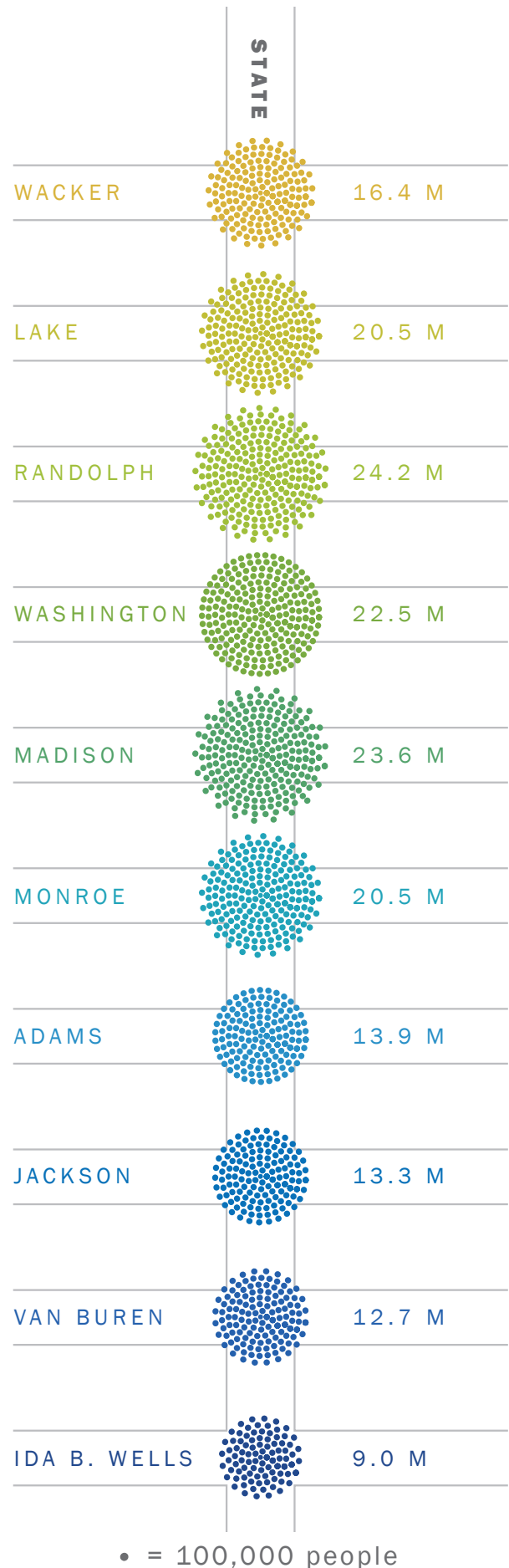
One of the most important sources of demand and drivers of new retail openings are pedestrian counts. The Chicago Loop Alliance installed Springboard pedestrian counters along the State Street corridor, historically one of Chicago’s most important retail corridors. While foot traffic is down nearly 5% from 2017, State Street still had over 99M pedestrians in 2018. Pedestrian activity will continue to be the major source of energy for State Street.

The high concentration of pedestrian traffic between Randolph and Madison coincides with some of the most desirable retail real estate in the Loop, as well as theaters and Millennium Station.

With the population of the Loop continuing to grow and a diminishing need for parking, the future of State Street may look different, but will continue to remain vibrant with pedestrian activity.



© Adam Alexander



# RETAIL

## by the numbers



**4.37M**

### SF RETAIL IN THE LOOP

This figure has fluctuated throughout the past two decades, but is stabilizing and growing based off of the strength of ground floor commercial and restaurant space in office buildings.

*Source: Stone Real Estate*



**12.1%**

### LOOP RETAIL VACANCY RATE

This figure represents the retail vacancy rate from year end 2017, up from 10.8% in 2013. The uptick in retail vacancies could be attributed to large store closings and downsizings, and the rise of e-commerce.

*Source: Stone Real Estate*



**138.4**

### CONSUMER CONFIDENCE SCORE

This score is from Q3 2018 score, and has increased by nearly 20 points since 2017. A reading above 90 indicates a stable economy, meaning consumer expectations remain strong.

*Source: CBRE*

## FOOD AND BEVERAGE

The Food and Beverage sector is among the strongest in the Loop, with a variety of new types of food and beverage concepts opening in recent years. These new venues are providing workers, tourists, and residents with places to congregate and dine.

Americans are spending more of their income on food and beverage, fueling an increase in a variety of types of establishments, including fast food, fast casual, full service, and cafes. In combination, these food and beverage establishments now represent more than one-third of all retail space in the Loop. Office buildings are seeking more and higher quality ground-floor amenities including restaurants, and new hotels are also adding to the food scene.

Specific new openings include Steadfast and Volume 39 in the Kimpton Gray Hotel (2016) and multiple establishments in the Chicago Athletic Association Hotel, including Cindy's with rooftop views of Millennium Park, and Cherry Circle Room. The country's first Nutella Café opened in 2017 at 151 N Michigan Avenue.

## THE RISE OF FOOD HALLS

In addition to individual eateries, food halls, similar to food courts but focused on local establishments, have become a growing attraction throughout the Loop. More than 66,000 SF of new restaurant space can be directly attributed to food halls—including 22,000 and 24,000 SF in Latinicity and Revival Food Hall, respectively.

Revival Food Hall, located at 125 S. Clark Street, is a notable collection of 14 food stalls and a bar on the ground floor of the renovated office building that first opened in 1907. Innovative tenants such as WeWork upstairs, and Revival on the ground floor, have helped give this classic building new life, which is indicative of what is happening throughout the Loop.

TABLE 1. Food Hall Openings in the Loop, 2013 - 2018

NAME	ADDRESS	SF	YEAR OPENED
Revival Food Hall	125 N Clark St	24,000	2016
Latinicity	108 N State St	22,000	2015
Wells Street Market	205 W Wacker Dr	10,500	2018
Forum 55	55 E Monroe St	7,000	2017

Source: Goodman Williams Group



©Chicago Tribune

# The Wabash District

## Transforming Wabash

Wabash Avenue in the Loop has a “quirky charm”, where elevated rail tracks rumble above successful small businesses and family-owned and operated stores on Jewelers Row. A wave of development activity on Wabash Avenue has brought a new energy and vibrancy to the street in the shadows of the L. The updated CTA station at Washington/Wabash, completed in 2017, replaced two aging stations at Madison/Wabash and Randolph/Wabash, and now serves as a gateway to both Millennium Park and the Loop. Additionally, a series of street improvements have increased safety for pedestrians, and provide a more positive street experience.

New restaurant openings on Wabash Avenue have also brought new life to the street, and now more than 45 food and beverage options are located between Wacker Drive and Ida B. Wells Drive. Abundant coffee shops and cafés for commuters make for a bustling scene in the morning, and numerous fast-casual options have turned Wabash Avenue into a lunchtime destination. More than 10 full-service bar/restaurants are open into the evening, generating a lively atmosphere as Loop workers head to happy hour, and visitors enjoy dinner before a show. In summer, patrons flock to the



©Chicago Loop Alliance

outdoor cafés that line the street. Under the canopy of elevated rail tracks, Wabash Avenue is a pulsating and colorful scene.

Developers are also adding to the transformation of Wabash, as a number are looking to reuse historic buildings. Plans for three new residential projects with ground floor commercial space and one boutique hotel project will add over 500 residential units and 39 hotel keys to Wabash Avenue, bringing more residents and visitors to the vibrant district.



SECTION 3:

# Demographics and Residential Market



Once thought of as solely a place to do business, in recent years the Loop has seen the addition of thousands of residential units and new lifestyle amenities. Residential growth in the Loop has far outpaced prior estimates, turning the Loop into one of the fastest-growing neighborhoods in Chicago.

While the City of Chicago as a whole has gained 1.4% in population since the 2013 version of this report, the Loop has seen a 28.9% increase during the same time and is up to 21,258 residents. The population in the Loop previously doubled from 2000-2010.

The Loop has experienced a residential building boom during this time to absorb all these new denizens.

Once thought of as primarily a place to do business, the addition of thousands of new residential units has turned the Loop into an 18-hour destination.

There are far fewer multi-person households in the Loop than in Chicago, as evidenced by average household sizes of 1.7 for the Loop, and 2.6 for the city of Chicago. Many Loop households consist of young professionals, childless couples, and downsizing empty nesters, with a high level of disposable income.

The successful, highly educated population in the Loop will be an important source of commercial growth and demand moving forward.



© Patrick L. Pyszka & City of Chicago

# RESIDENTS OF THE LOOP

## by the numbers

### MEDIAN AGE

**33.7**

The Loop's median age is slightly younger than the city of Chicago's median age of 34.4. This is due to both the abundance of young professionals and students who live in the area.

### MEDIAN HOUSEHOLD INCOME

**\$105,066**

The Loop's median household income is nearly double the median household income for the city of Chicago (\$52,908). This spending power is important for keeping businesses open in the area.

### LOOP ADULTS WITH BACHELORS+

**80.6%**

A remarkably high percentage of Loop residents 25 years and older have a bachelors degree or higher. This is in contrast to the entire city of Chicago, with just 38.2% of the population 25+ holding a bachelors degree or higher.



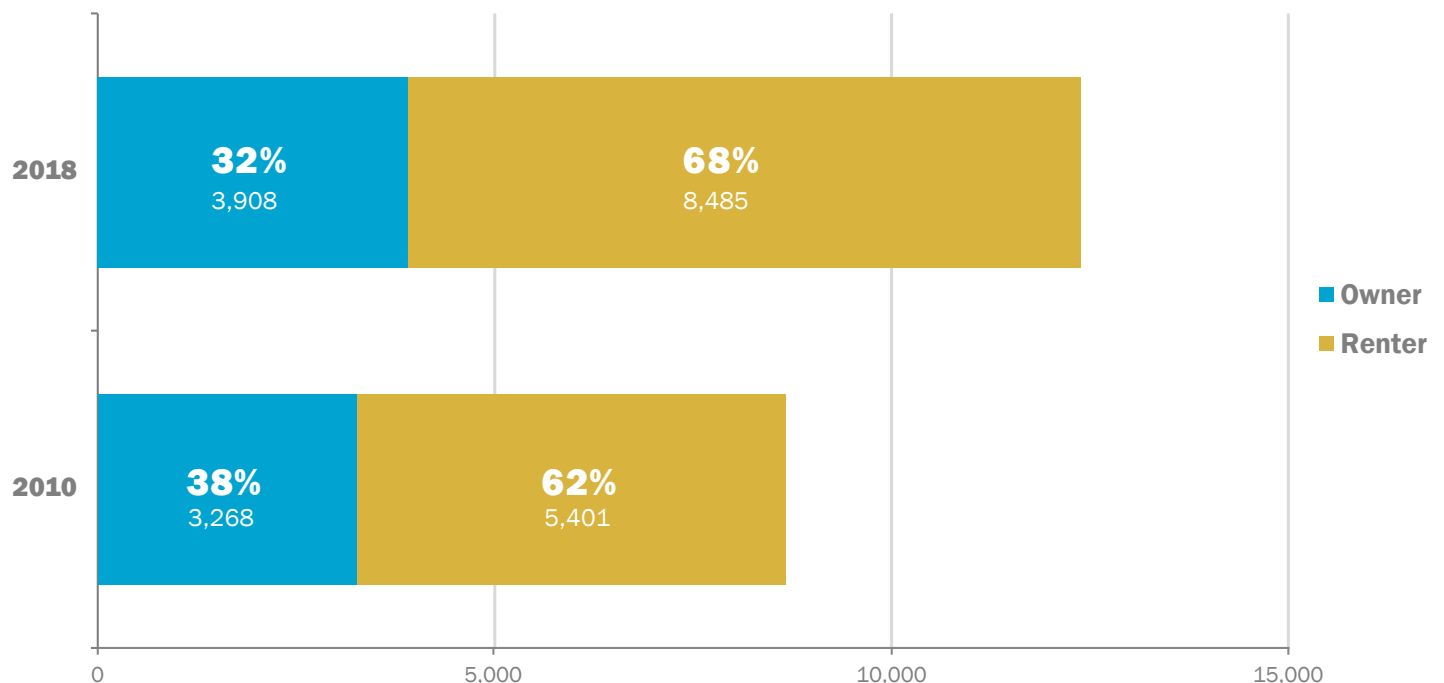
## HOUSING TRENDS

Multifamily development has been exploding in markets surrounding the Loop including the West and South Loop, River North, and Streeterville. Yet, the Loop itself has also seen robust levels of new residential development. A total of 4,449 new housing units have been built in the Loop since 2010, with the majority built as rentals. Of the total 16,837 residential units in the Loop, 3,908 units are owner-occupied, up just 640 units (19.6%) since 2010, while 8,485 units are renter-occupied, up 3,084 units (57.1%) in that time frame. A total of 5.9% of all units are vacant. Even with the boom in downtown rental units, rents continued to rise from \$2.19/SF in 2010 up to \$2.93 in 2018, according to CoStar.

While rents have shown considerable growth, for-sale housing prices have stayed relatively flat compared to the rest of the city and other neighborhoods. The year-over-year (YOY) change in for-sale housing prices peaked in the Loop from 2012-2013, showing roughly 8% growth YOY, while the City of Chicago saw YOY growth of 18.9% for all for-sale product types during the same time. While the Loop market has been slow to recover from the Recession, recovery has been slow across the entire Chicago market, with only eight of 187 zip codes in Chicago having surpassed pre-recession peak pricing.

Through early December 2018, the median sale price in the Loop was \$346,000, as compared to \$292,000 across the entire City of Chicago.

FIGURE 5. Loop Occupied Units by Tenure



Source: Esri Business Analyst

## NEW RESIDENTIAL DEVELOPMENTS

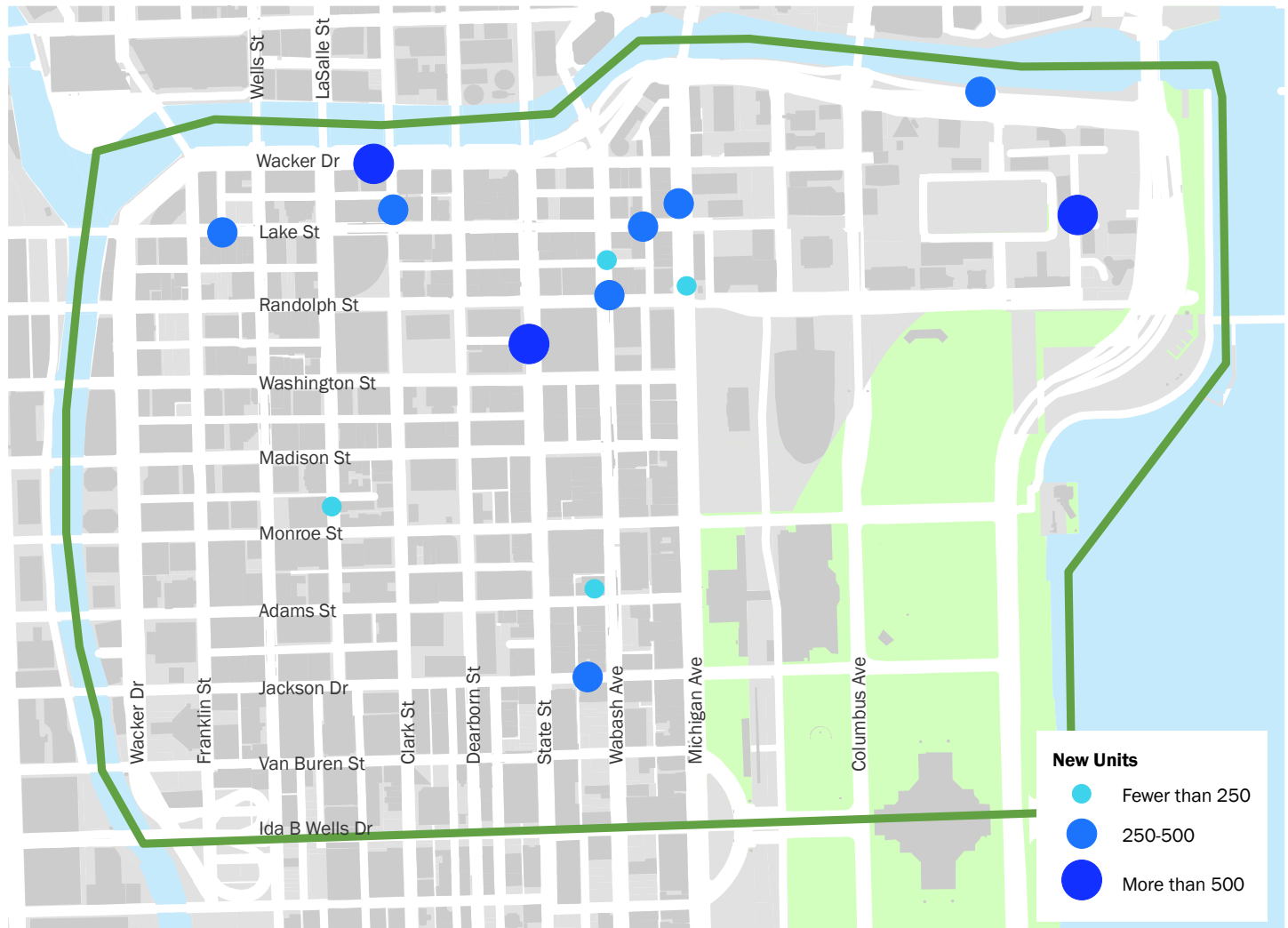
The Loop has seen nearly 3,000 new units completed across eight buildings since 2013. Nearly 2,000 additional units in seven buildings are under construction or have been proposed.

One of the most important buildings currently under construction in the Loop is the Vista, the tallest female-designed building in the world and soon to be the third tallest building in Chicago. There will be 406 condominiums and a hotel component in the 101-story building.

## STUDENT HOUSING

The Loop and South Loop have seen increased student housing activity in recent years to support the vibrant higher education scene. Generally, investors in this sector count on demand from larger downtown campuses including DePaul, Roosevelt, and Columbia College. Recent transactions in this sector suggest some investors are cashing out, while others may see more opportunity in market rate apartment rentals. In addition to investors, the institutions themselves have recently sold student housing as they reposition assets in light of student enrollment declines.

FIGURE 6. Map of New and Proposed Residential Projects by Unit Count 2013 - 2018



Source: Esri Business Analyst

# Lakeshore East

## The Loop's Neighborhood by the Lake

Lakeshore East is a 28-acre master-planned development being built by Magellan Development Group. While a number of buildings were built pre-2000, the majority of skyscrapers in the area were completed after 2005.

Located in the northeast corner of the Loop, the former railyard (upper photo on right) now includes more than 4,000 residential units, 2.5 million square feet of office and institutional space, and more than 500 hotel rooms. Lakeshore East has a number of iconic buildings, including the Blue Cross Blue Shield Tower, Aqua and Vista tower (under construction) - the latter two of which are both designed by Chicago-based architect Jeanne Gang.

Recently, Chicago's Department of Planning and Development approved Magellan's \$1.1B plan for three new towers in Lakeshore East (bottom photo on right). The three 40+ story towers will include 570 hotel rooms, 1,840 rental units, and 500 condominiums, and a shared 1,250 parking spaces all surrounding a new  $\frac{3}{4}$  acre park.



©Charles Cushman



© SOM



©Magellan Development



SECTION 4:

# Tourism and Hospitality

**2018 was another record-breaking year for tourism in the City of Chicago. Choose Chicago, the city’s convention and tourism bureau, reports an estimated 57.7 million visitors to Chicago in 2018, an increase of 19.5% from 2013.**

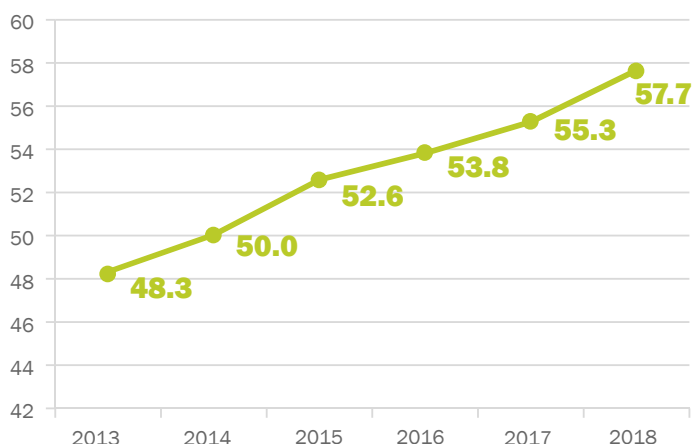
The domestic leisure market, which is comprised of day and overnight visitors, has grown year over year, up 20% since 2013. Domestic business and overseas visitation also continues to grow, increasing 17.4% and 14.6%, respectively, over the same time period.

Capturing visitor spending is a key component of Chicago’s tourism strategy. Domestic overnight visitors to Chicago spend an average of \$1,093 during their stay, while international visitors spend just over \$3,100. Choose Chicago continues to implement strategies to attract more overseas travelers, a growing segment that currently constitutes only 3% of total visitors.

Of the 57.7 million visitors to Chicago in 2018, 43 million (75%) were domestic leisure travelers while 12.8 million (22%) were visiting Chicago on business. This reflects how successful the Chicago Loop Alliance has been in marketing the Loop to regional visitors.

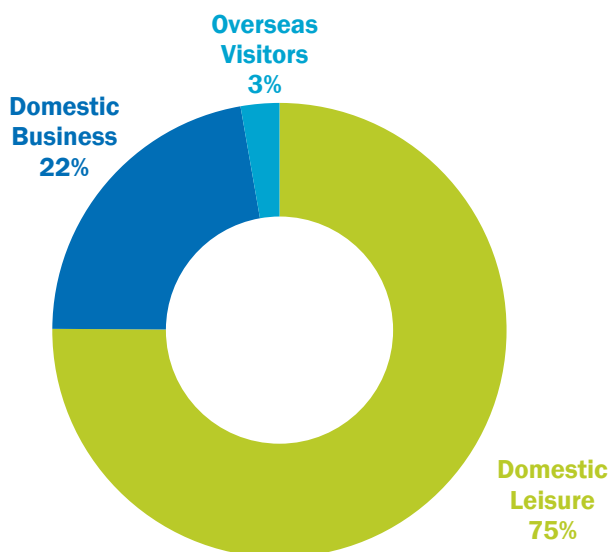
A high percentage of Chicago’s 57.7 million visitors spent time in the Loop, as it is the location of the City’s most popular cultural attractions. Chicago Loop Alliance has focused their efforts on directing tourists and regional visitors through the Loop with their “Summer in the Loop” and “Holiday in the Loop” guides.

**FIGURE 8. Total City of Chicago Travel Volume (in Millions)**



Source: Choose Chicago and National Travel and Tourism Office

**FIGURE 9. Tourists by Type 2018**



Source: Choose Chicago and National Travel and Tourism Office

TABLE 2. Hotel Market Indicators

	2014	2015	2016	2017	2018
<b>Demand (in millions)</b>	10,279	10,728	11,001	11,338	11,829
<b>Supply (in millions)</b>	13,583	14,114	14,648	15,172	15,699
<b>Occupancy</b>	75.7%	76.0%	75.1%	74.7%	75.4%
<b>Average Daily Rate</b>	\$198.76	\$207.72	\$207.72	\$203.77	\$212.97
<b>Rev PAR (Revenue Per Available Room)</b>	\$150.41	\$157.88	\$156.00	\$152.27	\$160.47

Source: STR Inc. and Choose Chicago

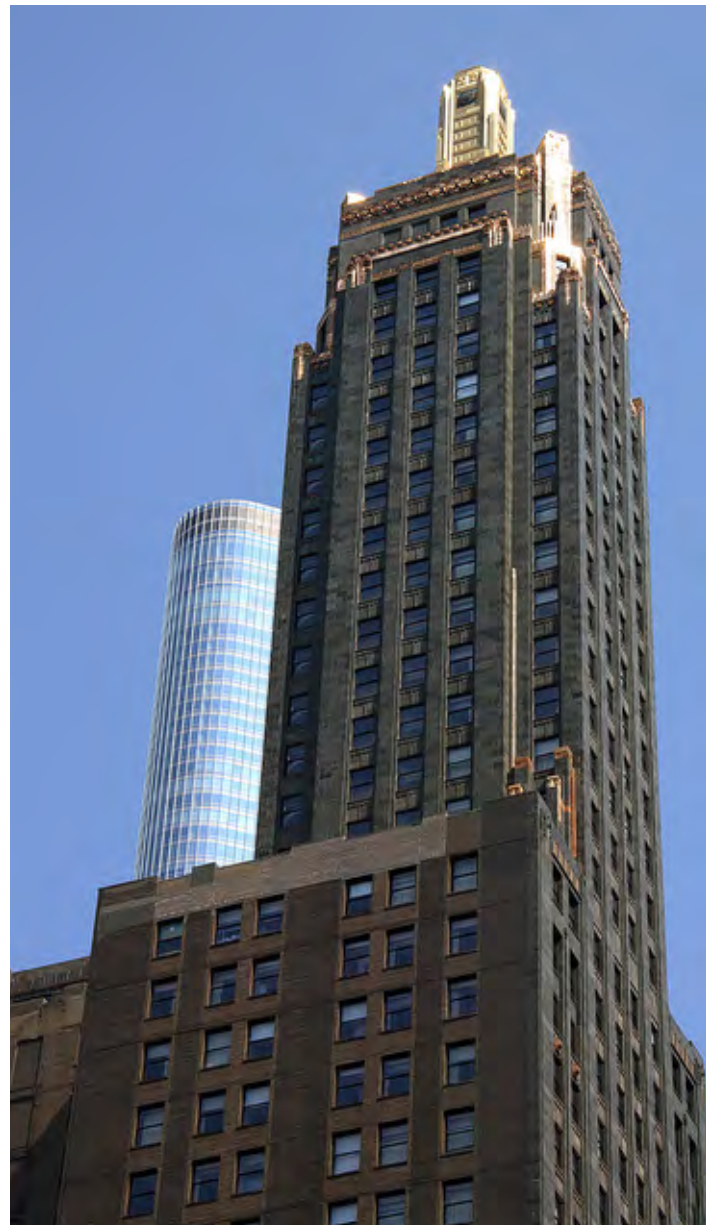
## HOTEL MARKET INDICATORS

Despite some challenges in 2018 that impacted 26 hotels across the City, reports from Choose Chicago indicate a healthy hotel market in the Central Business District in 2018.

- The 2018 occupancy rate was 75.4%, down 0.3% since 2014.
- The average daily rate (ADR) reached new levels, at nearly \$213, growing 4.5% over 2017 and up 7.1% since 2014.
- Revenue per available room (RevPAR), the most important performance metric used by the hotel industry, also reached a new high, increasing 6.7% over 2014 to a record \$160.

The hotel market is seeing these positive market indicators, despite a significant increase in the number of Airbnb listings located across the City of Chicago, which has increased from fewer than 2,000 listings in 2013 to nearly 7,600 in 2018.

As reported by Airbnb, Chicago hosts welcomed 500,000 guests in 2017, up from 390,000 in 2016. However, given that 94% of the Airbnb listings are outside of the Loop, such an increase in Airbnb guests in Chicago does not appear to be negatively impacting the hotel market, and can offer tourists another affordable stay option.



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## NEW HOTEL DEVELOPMENTS

Rebounding occupancy rates and increasing room rates have encouraged the development of new hotels in the Loop. A total of an additional 600 hotel rooms has recently been delivered to the market, all examples of adaptive reuse. Two of these, Hotel Julian and the former Hard Rock Hotel, now re-branded as the St. Jane Chicago, opened along Michigan Avenue south of the Chicago River, in the Cultural Mile; an area favored by visitors to the city for its proximity to Millennium Park and the Art Institute of Chicago. An additional 500 rooms have been announced.

Notably, of the currently announced hotel developments, the only new construction project is in the Vista Tower, part of a luxury 406-unit condominium and 191 hotel room development.

TABLE 3. Loop additions to the Hotel Market, 2015 - 2020

PROPERTY	Address	Rooms
<b>Recently Opened</b>		
Hotel Julian	168 N Michigan Ave	218
Virgin Hotel	203 N Wabash Ave	250
LondonHouse	85 E Wacker Dr	452
The Plymouth by Sonder	419 S Dearborn St	30
<b>Announced</b>		
Jewelers Building	19 S Wabash Ave	39
Reserve	208 S LaSalle St	234
Vista Tower Hotel	381 E Wacker St	191
Waterman Building	127 S State St	41
<b>Total Additions to the Hotel Supply</b>		<b>1455</b>

Source: Choose Chicago, secondary sources deemed reliable, Goodman Williams Group



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# Adaptive Reuse in Hospitality

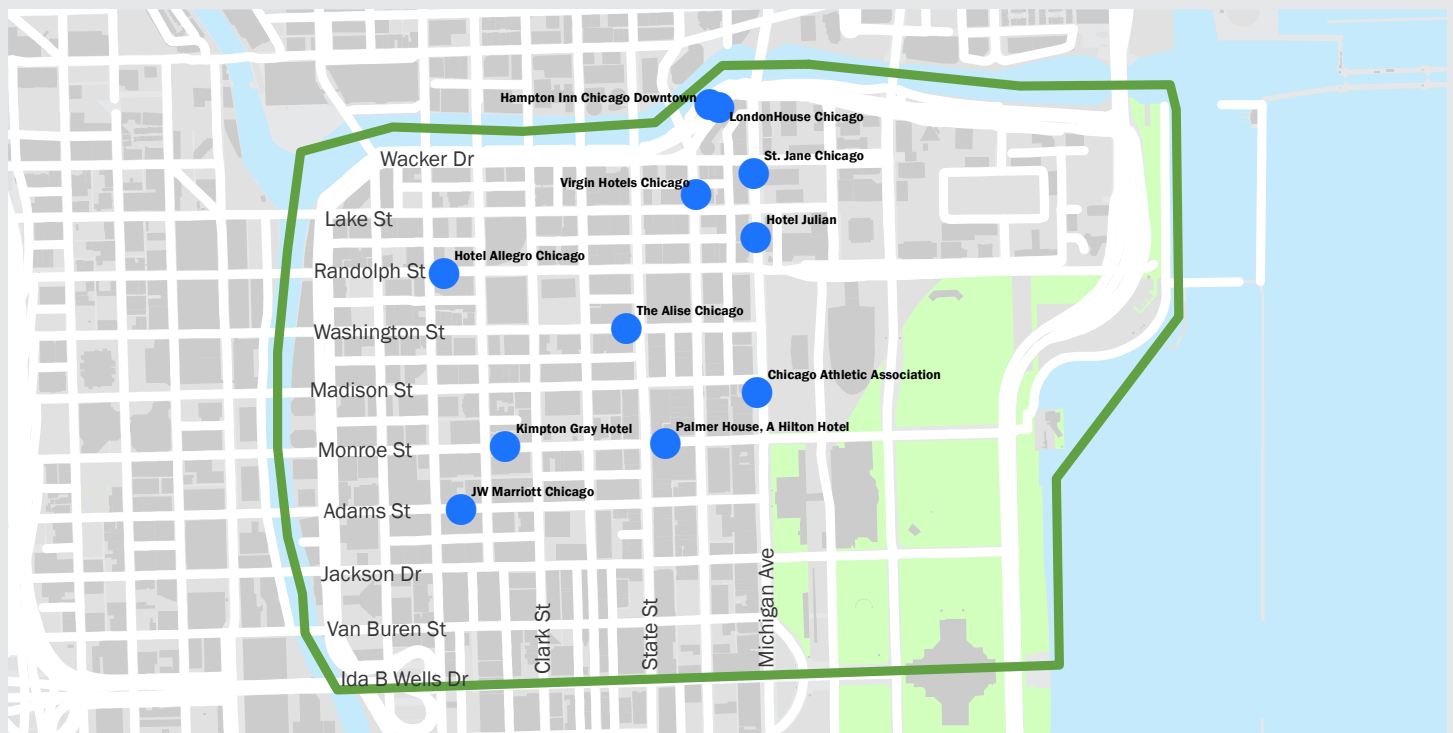
## The Loop's Newest Stay Options

The trend of adaptive re-use of historic buildings to meet today's needs in the hospitality industry continues to alter the landscape in the Loop. Developers of these spaces like the character and details found in older buildings that are not always found in new construction. Additionally, older buildings are often ideally located to take advantage of the mixed-use nature and amenities-rich environment of the Loop.

Additional adaptive reuse projects are planned. San Francisco-based hotel operator Sonder is in the process of opening three hotels in historic buildings in the Loop. These include

the Plymouth Building, Jewelers Building, and Waterman Building. Typically, Sonder signs long-term leases with a building owner, and in turn offers rooms to visitors that include a kitchen, washer and dryer. The Plymouth Building is expected to offer two to four bedroom rooms, and studios are expected in the Jewelers and Waterman buildings. The company favors buildings with units that add to a guest's experience. For example, the 1882 Jewelers Building, designed by Adler & Sullivan, is a Chicago landmark and listed on the National Register of Historic Places.

FIGURE 10. Notable Hospitality Adaptive Reuse Projects Completed since 2013







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SECTION 5:

# Arts, Culture, and Education

Since the launch of the City of Chicago Cultural Plan’s call to action in 2012, the Loop continues to promote its tourist destinations. In recent years, Chicago’s Loop is buzzing with an energy that extends far beyond the work day, as residents, office workers, theater goers, and visitors enjoy the Loop’s restaurant, theater, architecture, open space, and art offerings.

## CULTURAL ASSETS AND THEIR ECONOMIC IMPACT

With more than 250 cultural assets, the Loop includes 11 major performance venues and 13 museums and galleries. Its built environment includes diverse works of public art, notable architectural assets, and world famous open spaces, such as Millennium Park, which together account for an economic impact of \$2.25 billion to the Loop and Chicago annually, as cited in the 2018 “Arts in the Loop Economic Impact Study”, which can be found at [LoopChicago.com/artsintheloop](http://LoopChicago.com/artsintheloop). A visitor survey that was conducted as part of that study indicates a visitor profile that is overall more diverse than the national average, attracting a well-educated audience that includes those across the age spectrum.

The Loop contains Chicago’s premier open spaces, including Millennium Park and Grant Park, that, along with the many other Loop cultural offerings, attract 28.4 million visits per year.



©Marco Becerra

Beyond Millennium Park itself is a broader campus of offerings, which includes the Art Institute of Chicago, Chicago Cultural Center, Maggie Daley Park, Harris Theater for Music and Dance, Auditorium Theatre, and the Jay Pritzker Pavilion. Adding to the richness of offerings in the Loop are the many free and affordable cultural programs that attract large numbers over the extended Summer months, including:

- Millennium Park: 20 million
- Chicago Cultural Center: 800,000
- Taste of Chicago: 1.5 million (2018)
- Chicago Blues Festival: 500,000
- Chicago Jazz Festival: 180,000

Another blockbuster event is Lollapalooza, which was expanded in 2016 from a 3-day to a 4-day music festival, held in Grant Park. Attendance at the 2018 event is reported to be more than 430,000 people.

In addition to its open spaces and cultural events, the Loop contains the region’s premier cultural assets, including its world-class performance venues and museums. Together with the seasonal offerings of the Jay Pritzker Pavilion (11,000 seats), the Loop offers more than 34,500 seats to theater goers. Topping the museum offerings in the Loop is the Art Institute of Chicago, which welcomed 1.61 million people in 2017, down from 1.78 million in 2016, when the museum hosted a Van Gogh exhibition.

With over 300 productions since its origin in 2000, Broadway In Chicago (BIC) has grown into one of the largest commercial touring homes in the world. Four of the five BIC venues are located in the Loop, providing over 10,000 seats that accommodate an annual audience of nearly 2 million. Broadway In Chicago was successful in bringing the 11-time Tony Award Winner “Hamilton” to the CIBC Theatre in October of 2016, which still plays to sold-out crowds.

Broadway in Chicago continues to attract the most anticipated shows, expanding its influence as a cultural asset and evening/weekend economic driver in the Loop.

Further, cultural assets in the Loop continue to grow, including the Chicago Architecture Center, which moved to a new riverfront home at 111 E. Upper Wacker Drive in 2018, the addition of the American Writers Museum in 2017, Design Museum Chicago, and programs like a new pop-up gallery space in Chicago’s Pedway and Chicago Loop Alliance’s art-based alley activation series, “ACTIVATE.”

CLA, through the Cultural Mile Association, seeks to connect Chicagoans and visitors to the Loop with the world class museums, education institutions, open spaces, and restaurants and retailers along the stretch of Michigan Avenue between the Chicago River and Roosevelt Road.

TABLE 4. Loop Performance Venues

FACILITY	Seats/Capacity
Auditorium Theatre	3,901
Chicago Theatre	3,600
Lyric Opera of Chicago	3,563
Chicago Symphony Orchestra Hall	2,522
Cadillac Palace Theatre	2,344
Ford Center for the Performing Arts Oriental Theatre	2,253
CIBC Theatre	1,800
Harris Theater for Performance and Dance	1,525
Goodman Theatre	1,306
Chase Auditorium	500
Gene Siskel Film Center	450
<b>Total</b>	<b>23,764</b>

Source: As reported by each venue

## EDUCATION IN THE LOOP

The Loop continues to be an important location for higher education, home to 22 institutions of higher education, including 12 private non-profit schools, 9 private for-profit schools, and one public college, for an estimated total enrollment just over 41,000 students. Columbia College in the South Loop, with an additional 7,300 students, adds to this vibrant urban campus.

Since 2013, when student enrollment numbers topped 52,000, enrollment at Loop institutions of higher learning has declined nearly 20%. There are two likely factors in the declining enrollment, including the improved economy, where students have more opportunities in the job market, and a decline in the number of for-profit universities in the Loop.

TABLE 5. Loop Educational Institutions

INSTITUTION	Address	Enrollment
<b>Public</b>		
Harold Washington College (City Colleges)	30 E Lake St	8,486
<b>Private, Non-profit</b>		
Adler School of Professional Psychology	65 E Wacker Place	See below
Adler University	17 N Dearborn	1,097
Cortiva Institute	17 N State Street	205
Coyne College	1 N State Street	422
DePaul University	1 E Jackson Blvd	14,528
Institute of Clinical Social Work	200 N Michigan Ave	99
John Marshall Law School	315 S Plymouth Ct	1,005
MacCormac College	29 E Madison St	278
National Louis University	122 S Michigan Ave	2,385
Robert Morris University	401 S State St	2,307
Roosevelt University	430 S Michigan Ave	4,457
School of the Art Institute	36 S Wabash Ave	3,648
<b>Private, For-profit</b>		
American Academy of Art	332 S Michigan Ave	260
Harrington College of Design	600 S Michigan Ave	9
Illinois Institute of Art	350 N Orleans St	753
Midwestern Career College	20 N Wacker Dr	563
Pacific College of Oriental Medicine	65 E Wacker	192
Soma Institute-National School of Massage Therapy	55 E Jackson	223
Taylor Business Institute	180 N Wabash Ave	127
Tribeca Flashpoint College	28 N Clark St	314
<b>Total Enrollment</b>		<b>41,358</b>

Source: IPEDS College Data 2017-2018 provisional data and Goodman Williams Group



© Marco Verch

Despite the drop in enrollment, a vibrant student population continues to drive activity in the Loop, and new activity is occurring. This includes the recent purchase of portions of the Gage Building, 18-28 S. Michigan Avenue, by National Louis University, where it will move its Kendall College of Culinary Arts and Hospitality program, formerly housed on Goose Island.

In addition to the museums and other cultural institutions, institutes of higher learning also support a vigorous arts scene downtown. The School of the Art Institute of Chicago is ranked fourth among the fine arts schools by the US News and World Reports, and DePaul is among the top 25 drama schools.

Additionally, many schools support museums and other facilities, such as the Gene Siskel Film Center (a public program of the School of the Art Institute of Chicago), which hosts 1,600 screenings and 200 filmmaker appearances each year.

# Public Art in the Loop

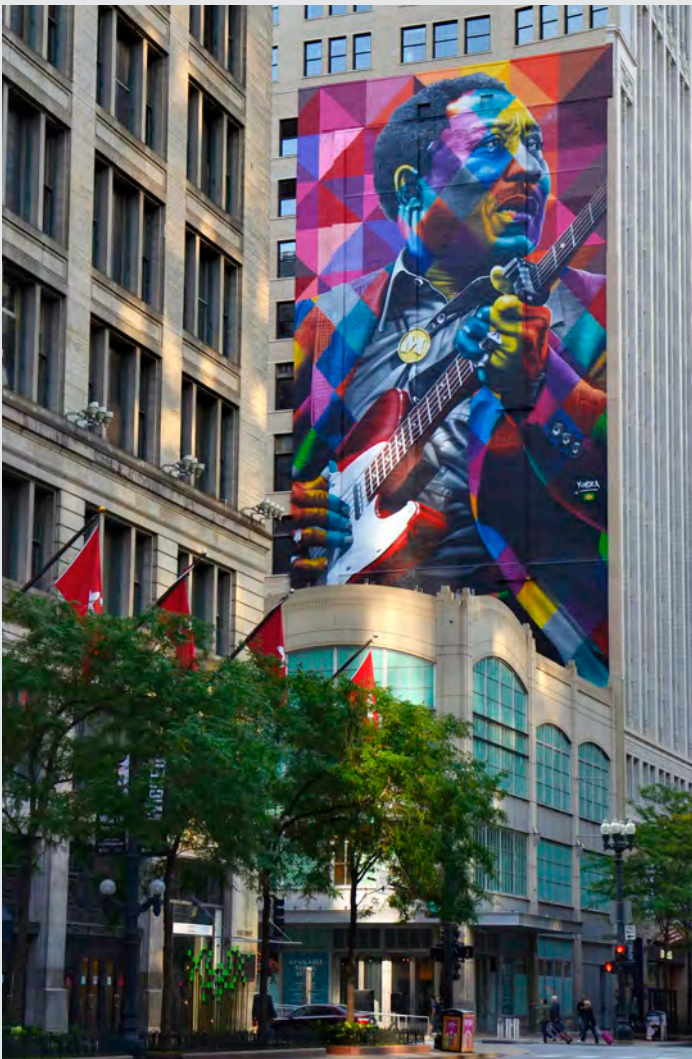
## The Loop's Free, Outdoor Museum

The year of 2017 was designated as the Year of Public Art by the City of Chicago with a goal of celebrating public art across all of the city's 50 wards, titled the 50x50 Neighborhood Arts Project. Nowhere is the commitment to public art more evident than in the Loop, which has been described as a "free museum," by way of

its 120 public art installations and its world famous architecture. According to the Chicago Loop Alliance's 2018 Arts in the Loop study, it is estimated that visitors of the Loop's public art spend \$250 million in and around the Loop.

Building on a rich inventory, these assets continue to grow, and include:

- Art on theMART, which illuminates the Riverwalk façade of the Chicago Merchandise Mart with the largest digital art projection in the world. It attracted 32,000 people at its launch in September 2018.
- ACTIVATE, a series of pop-up arts programs that aims to transform alleys and other urban locations in the Loop
- Luma8, a non-profit organization, which hosts event such as the Arts in the Dark Halloween Parade and Lantern Processions along Chicago's Riverwalk
- Wabash Lights, an interactive lights display planned for the underside of the Wabash L tracks. While this initiative is in early stages, phase one is expected to span one block in the Loop.





SECTION 6:

# Transportation, Infrastructure, and Open Space



The transportation landscape is changing in the Loop and beyond: while overall transit ridership is down, rideshare is expanding, and a wave of new technology could irrevocably change the way we move. The Loop is Chicago’s most transit-rich neighborhood, and with the emergence of new transportation options, it is well positioned to remain Chicago’s premier business location.

### TRANSIT RIDERSHIP TRENDS

CTA transit ridership across Chicago reached a 25-year high in 2012 with a total of 545 million rides, moving 314 million riders by bus and 231 million riders via the ‘L’. Changes to the transportation landscape, specifically the introduction of rideshare services like Lyft and Uber in 2012, and Divvy bikes in 2013, have provided additional options to commuters, significantly impacting CTA ridership numbers. In 2017, CTA saw 64.5 million fewer riders than the 2012 high, all of which is attributed to a decrease in bus ridership. City-wide CTA ‘L’ rides grew by 5.5% between 2013 and 2015, but has since leveled off to 2012 numbers.

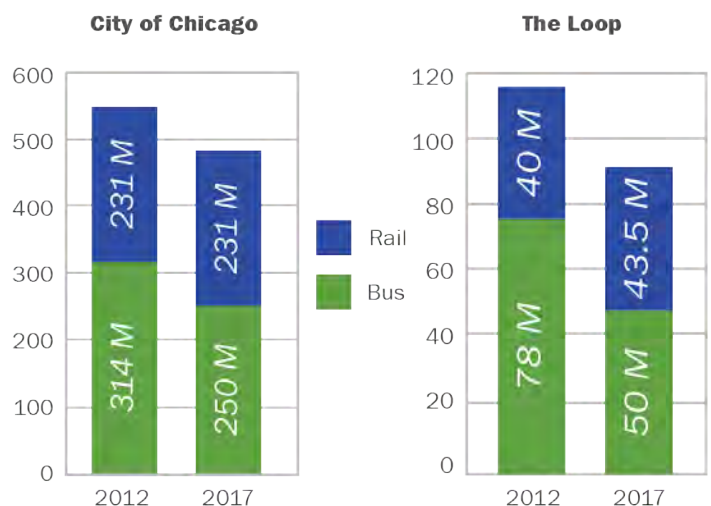
Bus ridership within the Loop itself has also declined significantly between 2012 and 2017, with 28 million fewer bus trips within Loop boundaries during this time. However, rail ridership within the Loop has increased, with over 3.5 million more riders in 2017 than 2012, mitigating the drop in bus ridership.

Metra has three stations located near the Loop: LaSalle Street, Van Buren Street, and Millennium Park Station. Boardings and alightings at these stations were down 4.2% between 2014 and 2016, the last year for which data are available. The South Shore

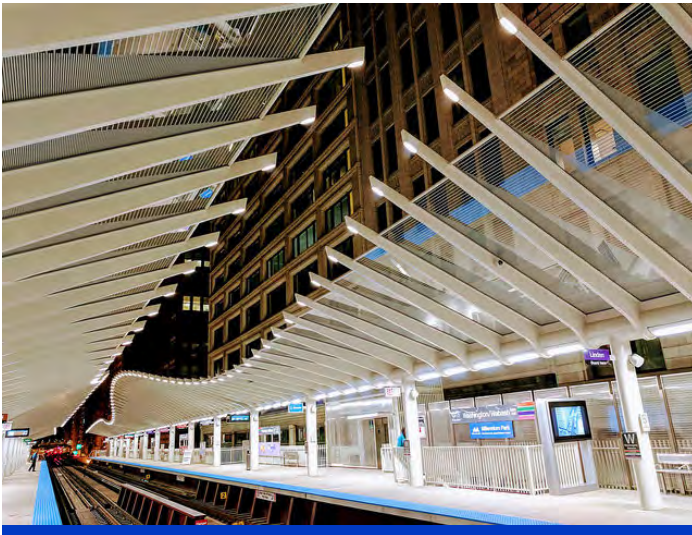
Line runs from South Bend, Indiana, to Millennium Station, bringing additional tourists and workers to the Loop.

Divvy bike share was delivered in Chicago in 2013. Since then, the number of rides has risen every year until 2018. While the total number of rides is down from 2017, total time spent on Divvys by riders has hit new highs, indicating that riders are comfortable taking longer trips on Divvy. The top 10 busiest Divvy stations in the Loop have seen a combined 2.6 million trips since opening.

FIGURE 11. CTA Annual Transit Ridership, in Millions



Source: Chicago Transit Authority (CTA)



©CTA



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## NEW WASHINGTON/WABASH STATION

The City of Chicago spent \$75 million to build an architecturally bold CTA rail station at Washington and Wabash. Since opening in 2017, the Washington/Wabash station has had an average monthly ridership of approximately 260,000, making it one of the busiest stations in the CTA system.

The new station overhauled existing infrastructure, including track reconstruction (portions of which dated back to 1897), wider platforms, modern lighting, and bringing the station into ADA compliance. This updated station was a key in better connecting the City of Chicago to Millennium Park.

## OTHER INFRASTRUCTURE SPENDING

The next station to be updated by CTA, with the help of a federal grant, will be the State and Lake station. The station is the third busiest 'L' stop in the Loop, after the Clark/Lake and Street/Lake Red Line stops, with more than 3.3 million riders per year.

In addition to updating CTA stations throughout Chicago, the Chicago Transportation Authority has

a number of Loop-focused projects underway or recently completed. CTA is replacing nearly two full miles of elevated rail track in the Loop, as well as having recently updated the Quincy station, which has more than 2.2 million riders annually.

Chicago's first bus rapid transit (BRT) line, the Loop Link, debuted in December of 2015 with a modest goal of increasing the speed of buses traveling between Michigan Avenue and the West Loop from a rush-hour speed of 3 miles per hour to 6 mph. Additionally, ridership has risen steadily on the route since its debut, and in 2018 was up 2% over 2017 figures.

The Loop Link has resulted in minor improvement in morning rush-hour travel times west, but east-bound trips during this same time have been slower. With the potential installation of prepaid and all-door boarding, and better enforcement of those parked in the bus lane, travel times should improve. The Loop Link was built with buffered bike lanes, creating fast, safe east-west connections for cyclists.

## FUTURE MOBILITY

A key to the future of transportation in the Loop will be finding the most efficient way to move residents, tourists, and workers to and through the Loop. As technology continues to advance, mobility options in the Loop will continue to evolve.

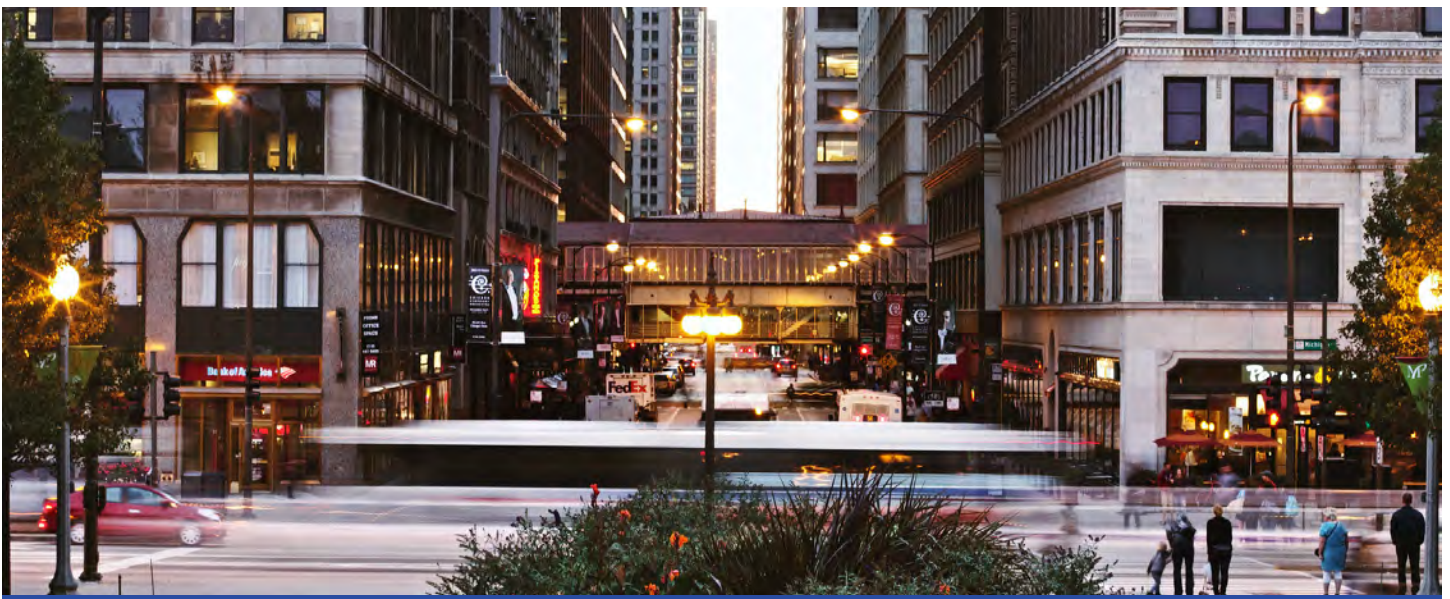
Rideshare companies continue to grow in size and quantity. This explosion in ride-hailing services has reduced demand for parking, signaling new opportunity for the re-use of parking garages and potentially signaling the need for rideshare pick-up and drop-off spots in place of curbside parking.

Electric scooters debuted in many cities in 2017 as an alternative, last-mile transportation option, similar to bike share. Scooter-share startups Bird and Lime provided over 20 million rides in their first year. Lime has also been an early adopter of “dockless” bikeshare—bikeshare systems that have bikes equipped with GPS and can be parked anywhere. Dockless systems help address equity issues as well as create a simpler trip for riders—as they can ride anywhere, not just locations with docks. Companies

worldwide are starting to shift away from docked bikeshare in favor of electric scooters and “e-bikes,” dockless bikes that have a small pedal-assisted motor on them.

Other transportation innovations that could have a direct impact on Chicago’s Loop include a proposed Loop to O’Hare express train and the continued progress towards autonomous vehicle (AV) technology. The City of Chicago is currently in negotiations to construct and operate an express rail line from the Loop to O’Hare. While the technology is still unproven, the idea of expanding Chicago’s transit options appeals to many. Similarly, while the future of autonomous vehicles is unclear, the possibilities and impacts are numerous: from smaller delivery vehicles and more efficient traffic flow, to a decreased need for parking, which would unlock more development potential in the Loop.

*In Chicago, the number of active registered rideshare vehicles increased by more than 350% from March 2015 to December 2017.*



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# Chicago's Riverwalk

## The Loop's Newest Amenity

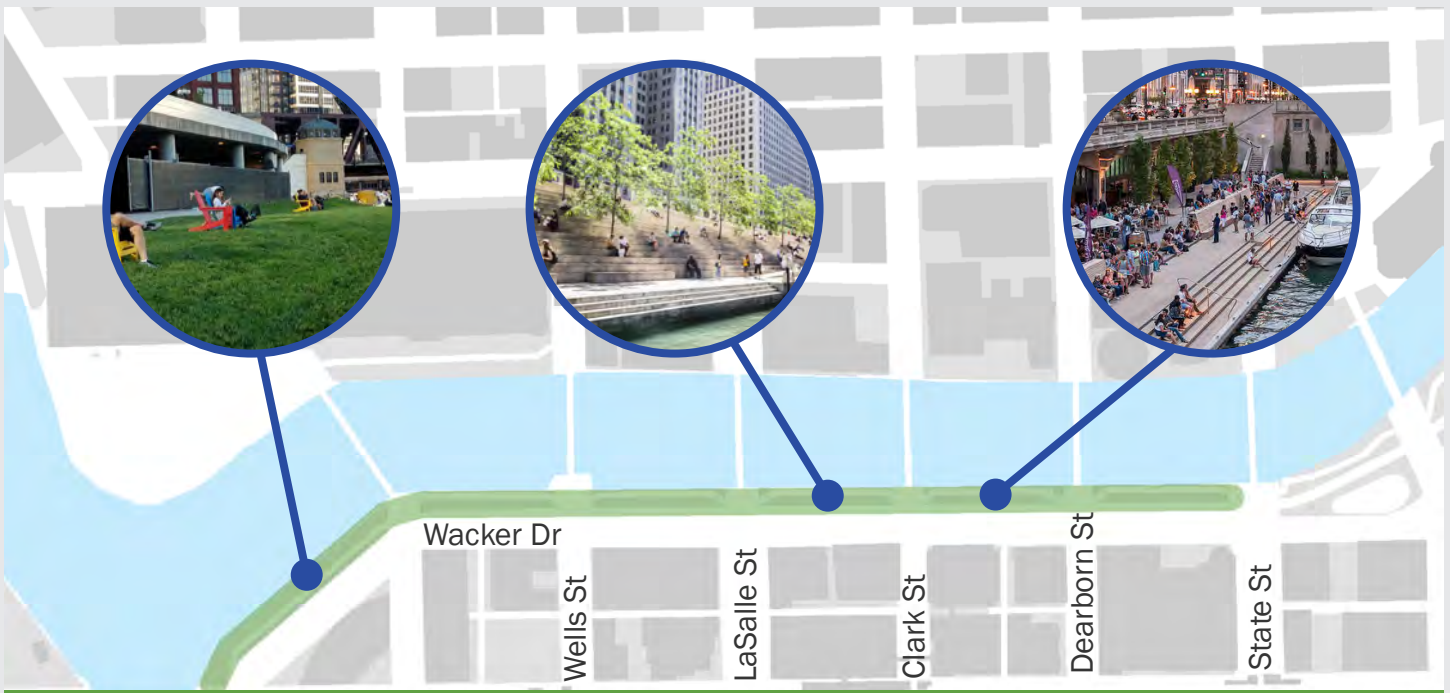
Efforts to improve Chicago's Riverwalk date back to the 1970s. More recently, significant new improvements to the Riverwalk were completed between 2013 and 2018, extending it west to Lake Street. Each of the blocks has distinct designs and themes of both recreational and commercial uses.

To finance the Riverwalk, a federal transportation financing loan was awarded to the City. The City will pay back the loan based on revenues generated. Annually from 2011-2014, revenues from Riverwalk-related projects averaged \$1.2 million. This figure jumped to \$4.6 million in 2015, \$9.4 million in 2016, and \$11.6 million in 2017.

Among the Riverwalk attractions are:

- River cruises that dock along the Riverwalk, including those by Mercury, Chicago's First Lady, and The Chicago Architecture Center
- Food and beverage outposts, including City Winery, Tiny Tapp, and Island Party Hut
- Recreational outposts like Urban Kayak

In addition to bringing visitors, workers, and residents to the Riverfront, the improvements have had a major impact on the value of Riverfront property. Many of the Loop's newest and most expensive office and apartment buildings are being constructed along Riverfront sites that take advantage of views as well as access to the recreational space and amenities.



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**CHICAGO  
LOOP  
ALLIANCE**

The Chicago Loop Alliance creates, manages, and promotes high-performing urban experiences, attracting people and investment to the Loop.

This Economic Profile is the third in a series examining changes and trends in the ever-evolving Loop, which the CLA will update again in five years.

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