DOWNTOWN AURORA, ILLINOIS

A REPORT ON CURRENT DEVELOPMENT OPPORTUNITIES

Prepared for

Aurora Downtown Redevelopment Corporation
40 West Downer Place
Aurora, Illinois 60506

Prepared by

Shlaes & Co.
20 North Michigan Avenue
Chicago, Illinois 60602

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INTRODUCTION

This is a report about the development opportunities in downtown Aurora, Illinois. It is addressed to a special class of business owners and development professionals -- those who are willing to consider a city and a location which offer a challenging and unusual business environment.

It is a report of facts, analysis and informed opinion, prepared by a consulting firm with extensive experience in real estate. It is designed to acquaint the development community with the opportunities in downtown Aurora; and to provide anyone considering a project with a head start in analyzing the market, the properties, and the other resources available.

The purpose is to encourage developers to consider downtown Aurora's potential; and we present a variety of reasons for doing so. At the same time, we do not hesitate to point out problems and risks which will have to be addressed by anyone planning a project in the community. Our purpose is to help you make a realistic assessment of the profit-making opportunities which you may find in downtown Aurora.

Aurora needs and deserves to be promoted precisely because it is so untypical of the fast-growing Chicago suburban area which surrounds it. Many people will have little or no concept of the city and its location. Yet it is strategically positioned in the path of the strongest, most consistent growth in the Chicago metropolitan area. With proper exploitation, downtown Aurora offers a variety of opportunities for innovative and successful projects.

A BRIEF DESCRIPTION OF DOWNTOWN AURORA

The Area

Aurora is located 34 miles west of downtown Chicago, at the western end of the Chicago metropolitan area. The community spans western DuPage and eastern Kane counties. DuPage County is the fastest growing suburban area in the region and has been among the fastest growing and most affluent areas in the country during the past two decades.

Before the suburban boom of the post-World War Two era, Aurora was a self-sufficient, full-service city, more or less independent of the economy of the larger Chicago region to the east. It was one of five "satellite" cities -- the others being Waukegan, Elgin, Joliet, and Chicago Heights -- arrayed in a ring around Chicago. With a population of 63,700 in 1960, Aurora was a complete urban center, providing jobs and services to a large area extending east into DuPage County and west into the agricultural regions of north central Illinois.

At the heart of the city, downtown Aurora provided all of the resources which one would expect to find in a substantial urban area: major department stores, together with well over one hundred smaller retailers; large financial institutions; direct rail connections to all parts of the United States; and a variety of entertainment and cultural facilities.

The rapid suburbanization which has occured throughout the country in the past four decades is by now a familiar story. Aided primarily by the construction of an extensive, modern highway system, suburban Chicago grew from 1,557,000 in 1950 to 4,096,000 in 1980. At the heart of this growth was DuPage County, which changed from a largely rural area of 155,000 people, to a near fully-developed urban county with a 1980 population of 659,000. Kane County also grew -- but more slowly -- from 150,000 in 1950 to 278,000 in 1980.

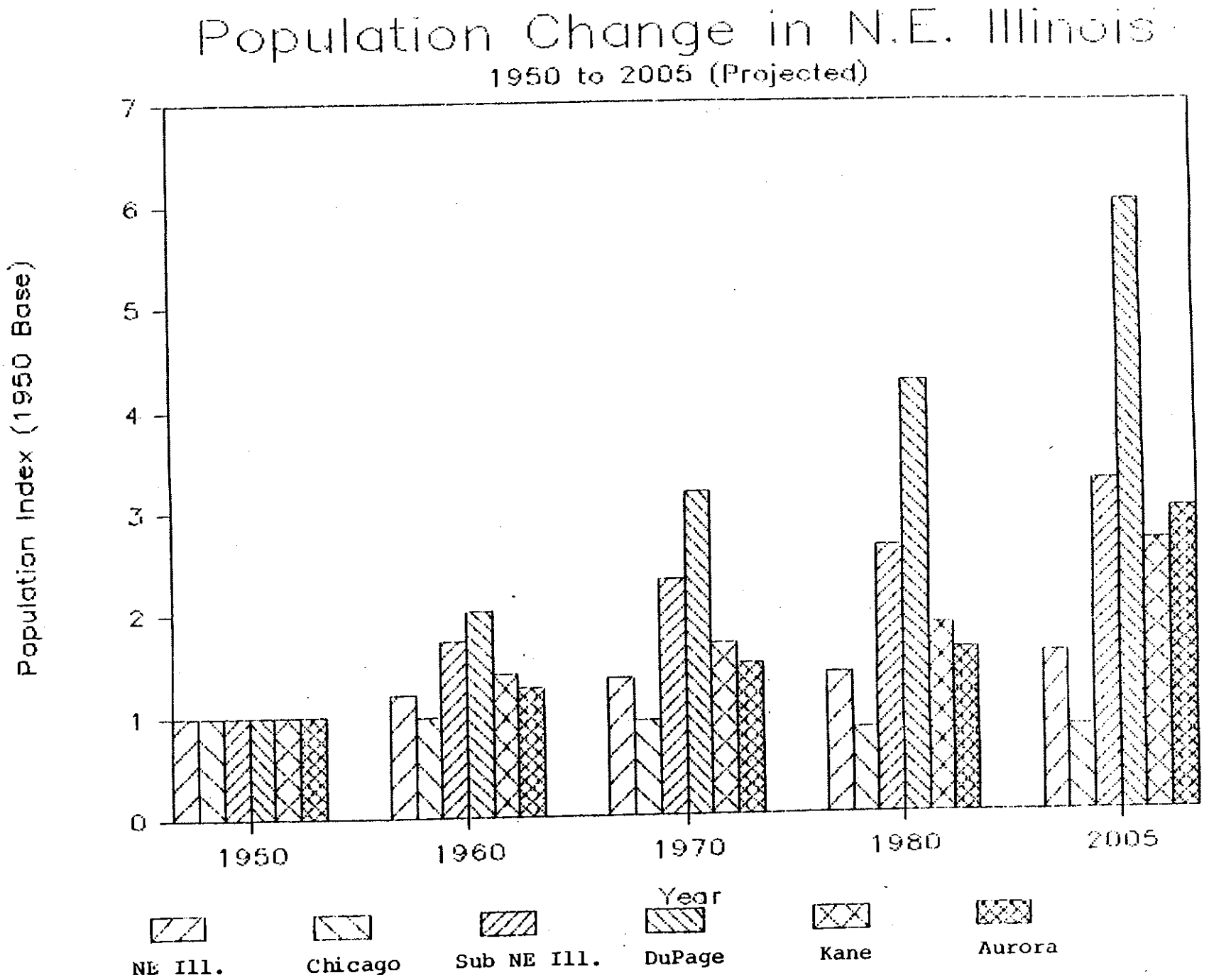
In the process, Aurora changed. As a participant in the suburbanization process, eastern Aurora benefited, with new homes, office developments and a major regional shopping mall, Fox Valley Center, which serves a large market area in western DuPage and northern Will Counties. Some of the largest and most successful developers in the country -- Metropolitan Structures, CMD, Macom, the Levy Organization, Urban Investment and Development -- targeted eastern Aurora and nearby areas for major residential, retail, office, and industrial projects. Now firmly established, the development of eastern Aurora continues

at a rapid pace, ranking among the top ten communities in the Chicago area for new home construction every year for the past nine years, and adding 4,712 new housing units. But the center of Aurora was hard hit by the competition of the new suburban development to the east. Retailing declined, until the last major store, Carson, Pirie, Scott and Company, closed in 1982. The city's employment base suffered (as did that of most older cities) from the nationwide shift from traditional manufacturing to services and high technology. And the heart of the city and its central and western residential areas were -- until recently -- slightly beyond the fringe of the suburban growth pattern centered on downtown Chicago.

Beginning in the 1960's, city officials and leaders of the downtown business community began to take action to counter some of these trends. Plans for the revitalization of downtown Aurora were prepared and the city carried out several projects to enhance the physical setting. The result is a downtown area which has held its own better than any of its sister satellite cities. A successful campaign in the 1970's restored the oppulent Paramount Theatre as a performing arts center. A modern office complex, North Island Center, has been developed and successfully leased. Various other public improvements have been made, such as the Water Street Mall, and more are planned in coming years.

Perhaps what most clearly distinguishes downtown Aurora from the other satellite cities is that it has -- at its eastern end -- benefited from the very forces which have caused the decline of its central area. The city's overall financial base is therefore stronger than that of such communities as Joliet and Elgin which, so far, are slightly beyond the fringes of intensive metropolitan growth. Aurora, as a whole, has considerable strength to draw on.

Another advantage for Aurora is that the suburban development which is heading its way is, perhaps, the healthiest and most durable in the Chicago metropolitan area. The growth of neighboring communities to the east, particularly Naperville, has been rapid, consistent, and solidly based on expanding sectors of the regional and national economies. When the pace of growth in the Chicago area began to slow in the 1970's, and even during the severe recessions of the early 1980's, the DuPage County communities along the East-West (I-5) Corridor continued to grow. The strength and durability of this growth is indicated in the chart on the following page, which compares the rate of past and projected population change for the Chicago area as a whole to that of DuPage and Kane counties and the City of Aurora.


Population Change in N.E. Illinois
1950 to 2005 (Projected)
Population Index (1950 Base)
0
1
2
3
4
5
6
7
1950
1960
1970
1980
2005
Year
NE Ill.
Chicago
Sub NE Ill.
DuPage
Kane
Aurora

The Physical Setting

Downtown Aurora is located on the Fox River, which runs south through the western part of the Chicago area. The Fox River is a substantial stream, which has long been a commercial and recreational resource for the communities which developed along it, and for much of the rest of the metropolitan area as well. The river valley has a hilly topography which contrasts markedly with the generally flat terrain in most of northern Illinois. The river is relatively pollution free and has remained an attractive recreational resource for hikers, boaters and canoers, and fisherman. The water quality continues to improve through the pollution control programs of cities and industries, and is among the highest in the metropolitan area. As it moves through Aurora, the river is broad and free-flowing. Two dams, one on each channel near the north end of Stolp Island, create additional water movement and pools upstream.

At the north end of downtown Aurora, the Fox River splits into two branches each between 100 and 200 feet in width, which form the 15 acre Stolp Island in the middle. Downtown Aurora occupies the Island and both the east and west banks of the river. This arrangement effectively doubles the amount of property with river frontage. Unlike some other river cities, movement through downtown Aurora is not significantly impeded by the river. Four sets of ornamented bridges, each one block apart, span the two branches of the river and Stolp Island.

The principal east-west streets in the downtown, beginning at the north, are New York Street, Galena Boulevard, Downer Place, and Benton Street. Stolp Avenue is the principal north-south street on the Island. Broadway, on the east side, was, traditionally, an important retail street. River and Lake streets are the principal north-south streets on the west bank. A system of paired one-way streets has been established in the downtown area to facilitate traffic movement.

The downtown area encompasses roughly 40 blocks. For purposes of this report, we have defined the downtown to include the 105 acre area shown on the map on the following page. This is the boundary of the tax increment financing district recently established by the city, which will be discussed later in this report.

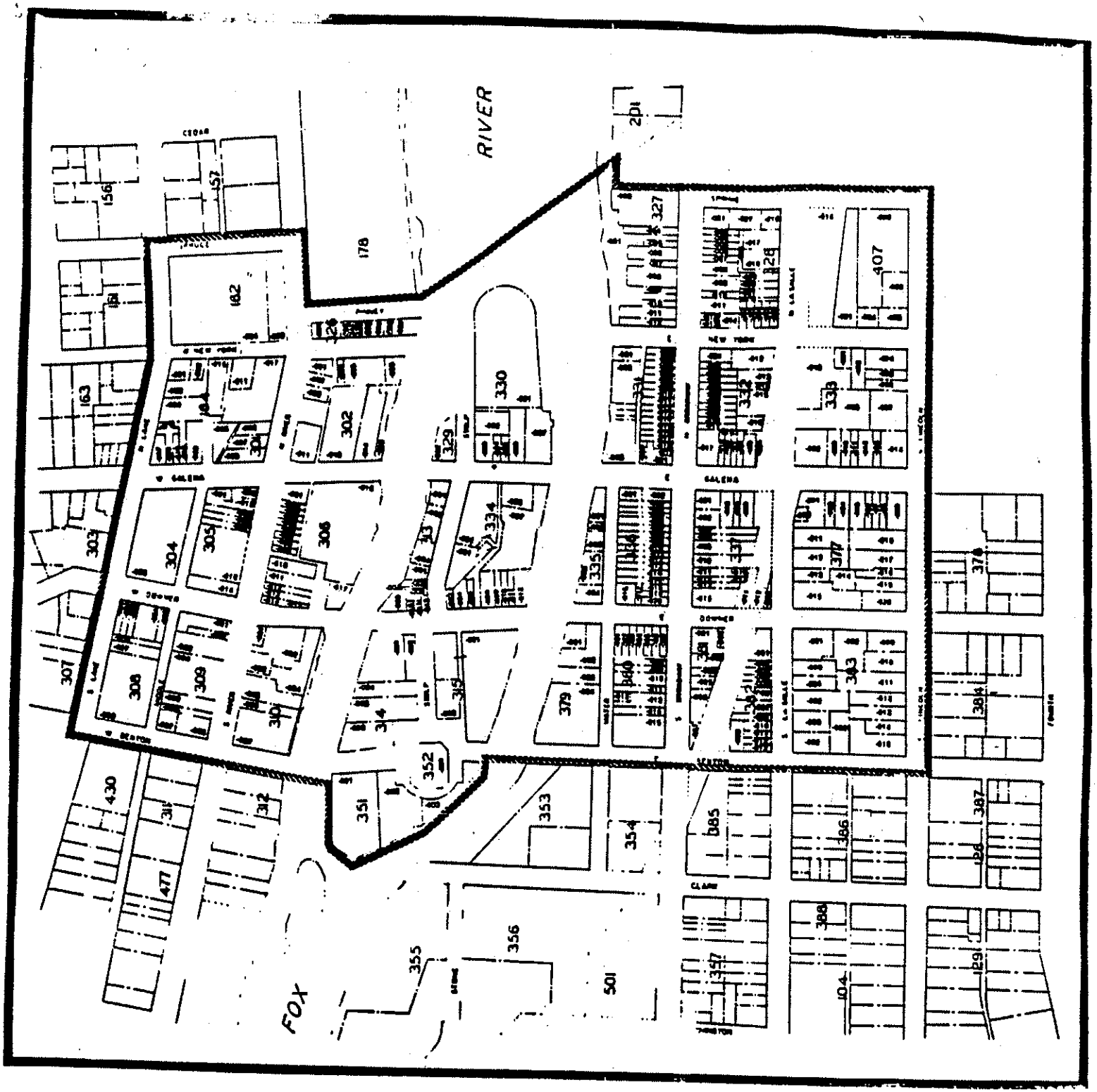


FIGURE 1

REDEVELOPMENT PROJECT AREA
DOWNTOWN REDEVELOPMENT PROJECT

PREPARED FOR THE CITY OF AURORA, ILLINOIS BY TESKA ASSOCIATES, INC.

7/86

Downtown Aurora is at the end of the Burlington Northern commuter line which runs from downtown Chicago through the suburbs of western Cook and DuPage counties. The Burlington Northern runs 21 daily trains from Aurora to Chicago in each direction. Many of these are limited stop express trains, which bring commuters from Chicago to Aurora in as little as 48 minutes. Until recently, these trains used a passenger station at the south end of the downtown. In 1986 this station was replaced by a new facility one and one half blocks north of downtown on Broadway. This relocation was the first step in the planned development of a new multi-modal transportation center on North Broadway. This facility will include the adaptive reuse of an historic engine roundhouse building. Proposals from developers are currently being solicited for the private elements of the project.

These changes in railroad service near downtown Aurora result from basic modifications in the operations of the Burlington Northern which may have more far reaching impacts on downtown Aurora. Additional former railroad property may become available for redevelopment both to the north and south of the downtown.

Access and Parking

Automobile access to Aurora is provided by the East-West Tollway and numerous arterial highways. The East-West Tollway (I-5) runs across the northern part of the City. It begins at the end of the Eisenhower Expressway from downtown Chicago near Oakbrook and runs through the heart of southern DuPage County on its route towards Dixon in western Illinois. In northeastern Illinois the tollway system (unlike the non-toll expressway system) generally has a very limited number of interchanges. Between Oakbrook and the eastern fringes of Aurora there are only five interchanges along a 17 mile stretch of tollroad. It is, therefore, noteworthy that there are four interchanges on the East-West Tollway serving Aurora, with an additional interchange to be added at Orchard Road in western Aurora in the near future.

The arterial highways entering Aurora include U.S. Routes 30 and 34, Illinois Routes 56, 31 (Lake Street), and 25 (Broadway); and Farnsworth Avenue. Travelers on the Tollway are most likely to reach downtown by exiting at Route 31 and driving two miles south on Lake Street along the west side of the river. It is also possible to use Farnsworth or Route 59 to reach East New York Street leading directly into downtown. East New York is also the direct route from rapidly growing eastern Aurora and the Naperville area.

All of these access routes to downtown Aurora are somewhat limited by traffic, roadside commercial activity, and numerous traffic signals.

Parking in the downtown is a mixture of metered on-street spaces (with varying time limits); private and city-owned surface lots; and one public and two private decked structures. There are reported to be sufficient spaces to meet current demand, and charges are reasonable by comparison with other parts of the metropolitan area. However, some of the lots are remote from places of business. Tenants and shoppers used to suburban parking patterns would, in our opinion, find the present options a deterrent.

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Surrounding Neighborhoods

North of downtown, on the west bank of the Fox River, is a mixed commercial strip extending to the East-West Tollway. Just north of downtown, the YWCA has completed a new facility on the west bank of the river. Further north is a former hospital building which is available for sale; elderly housing is one of the options which has been considered.

The eastern bank of the river to the north is developed with long-established industrial and warehouse uses. A large area of land just north of downtown has been cleared in the vicinity of the new transportation center and has been discussed as a site for possible residential development in close proximity to the river, the downtown, and the new commuter station.

To the south are mixed areas of commercial and industrial uses and vacant or underutilized properties owned by the Burlington Northern Railroad. A large island in the river is partially owned by the Fox River Valley Park District; the remainder is owned by the Burlington Northern.

To both the east and west, the downtown area is bordered by large older residential areas. Those to the east, which include the Near East Side Historic District, are generally populated by low to moderate income families. The residential areas to the west -- which also include an historic residential district -- are typically higher income and traditionally included Aurora's most fashionable homes. Housing prices in the central city are generally judged to be moderate, but have been increasing considerably in the past few years.

Property Configuration

The street system in downtown Aurora is generally in a grid pattern, slightly altered by the uneven boundaries of the river channels. As a result, standard rectangular lots are commonly modified, creating some unusual shapes. There are few large land holdings.

There are one and one half miles of river frontage in the relatively small area defined as the downtown for purposes of this report. About 60 individual parcels have some river frontage. Virtually all of the older properties in the downtown have been developed with buildings up to the riverbank. Indeed, some of these buildings are partially cantilevered over the river. Most older buildings face away from the river, making no use of it as an amenity. In a few locations, such as along the east side of the Paramount Theatre between Downer and Galena, there are riverfront walkways. Various plans prepared for the downtown have consistently noted the missed opportunities to use the river as a visual and recreational amenity, but because so much of the riverfront is in private ownership and fully developed, there has been relatively little that public agencies could do to improve the situation.

Another major influence on the downtown has been the railroad right-of-way of the Burington Northern main line. These tracks traverse the eastern portion of the downtown on a raised viaduct, running diagonally between Lincoln and Broadway. As a result, there are numerous small and wedge-shaped lots in this area.

Present Uses

Downtown Aurora is in transition. The present use of properties is very mixed, ranging from high quality modern office space to buildings which are largely vacant.

The most concentrated area of retailing is along the west side of Broadway between East Downer and East New York Street. However, no national or major local chain retailers remain in this area.

At one time, retailing could also be found on Stolp Avenue between East Galena and Downer, anchored by the Carson's store at the southeast corner of Galena and Stolp. Waubonsee Community College now occupies this former department store. An additional educational and training facility is planned for the building immediately to the south, creating an educational complex at this location. Many of the remaining Stolp Avenue storefronts are now vacant. Other retail establishment, offering a mixture of goods of varying quality, can be found along Downer and in an area from the river west to Lake Street. The lack of

any concentration of good quality stores with compatible merchandise means there is little reason for anyone to visit downtown Aurora for a general, multiple-stop shopping excursion.

Financial institutions are major anchors for the downtown. The five principal institutions (Aurora Federal Savings and Loan, Aurora National Bank, Champion Federal Savings and Loan, Merchants National Bank of Aurora, and the Old Second National Bank of Aurora) are located on both the east and west sides of the river, at important intersections. Most of these institutions provide a limited amount of space in their buildings for rent to other tenants.

A number of smaller commercial buildings, particularly along Downer Place and the south end of Stolp Avenue, have been modified for office use. Some of these two to four-story structures are entirely owner-occupied, while others offer space for lease to tenants.

The largest active multiple-tenant office buildings, aside from those of the financial institutions, are the North Island Center and the Keystone Building -- both on Stolp Avenue -- and the Aurora Business Center, a recent conversion of a former YWCA building on Downer Place at the west branch of the river. These buildings present a range of space quality, from the new North Island Center, to the converted Business Center, to the partially modernized Keystone.

Public buildings are found throughout the downtown, with some concentration toward the south. These include the city hall on Downer; the Post Office, Library and GAR Museum at the south end of Stolp Island; and the township offices, fire department, and police complex at the northern fringes of downtown.

The only modern full service restaurant downtown is in the North Island Center. There are several older general menu restaurants and a few modern limited menu facilities.

The only substantial residential uses in the downtown area are the Leland Tower (originally built as a hotel) and the Graham Building (a former office building). The Graham has been converted for senior citizen housing.

Finally, there is a group of large buildings which are vacant or substantially underutilized at present. These include the Isle Theater and Aurora Hotel on Stolp Avenue, the Terminal Building at the northwest corner of Broadway and Galena and the soon to be vacated Post Office building, among others. Specific plans for the reuse of these buildings are unknown or uncertain.

The general intermixing of uses in downtown Aurora is advantageous, in that it offers many options for the reuse of existing properties and the establishment of new concentrations of activities.

The Building Stock

The peak development years in downtown Aurora were roughly between 1900 and 1940. Few new structures have been built since that time. As a result, virtually the entire building stock is over 35 years old. A survey conducted in 1986 by Teska and Associates indicated that 212 of the 242 buildings in the downtown area were over 35 years of age. This same survey estimated that one half of the buildings in the downtown showed some degree of deterioration, although only four buildings were found to be so structurally substandard as to be classified as dilapidated.

This same 1986 survey classified 41% of the structures in downtown Aurora as being obsolete, generally because of building configurations unsuited to modern uses.

The majority of the structures are one to four-story commercial buildings of masonry construction. There are some notable exceptions, however, including several mid to high-rise structures constructed in the 1920's and 1930's. Among these are the main offices of several banks; the presently vacant Aurora Hotel; the Leland Tower, originally built as a hotel; and the Terminal and Graham buildings.

MARKET CHARACTERISTICS

General Demographics and Growth Trends

Chicago Metropolitan Area: Aurora lies approximately 34 miles west of the City of Chicago near the western edge of the Chicago metropolitan area, which occupies the northeast corner of the State of Illinois. In 1980, the Chicago Standard Metropolitan Statistical Area (SMSA), comprising six counties in northeastern Illinois, had a total population of 7,103,000.

Population growth for the six-county region between 1970 and 1980 was slight, just over one percent, and what growth there has been was unevenly distributed. A number of suburbs in outlying locations have experienced substantial growth, while the City of Chicago and many close-in suburbs have lost population. The most significant growth has occurred west of Chicago in DuPage County, particularly in the vicinity of Naperville and eastern Aurora; and in parts of Cook County including Schaumburg, Buffalo Grove and Northbrook.

DuPage County: DuPage County is the fastest-growing county in the State of Illinois. Between 1970 and 1980 the county's population increased by 171,000 or 35% -- the largest absolute gain for any county in the United States outside the Sunbelt. Population was estimated at 701,400 in 1984, an increase of 44% from 1970. Based on recent demographic and economic trends, the Northeastern Illinois Planning Commission forecasts a year 2005 population of 930,000 by the year 2005, an increase of 33% over the next 20 years.

DuPage County has become more than just an amalgamation of bedroom communities providing housing for workers in the central city. It is a major employment center in its own right. Between 1970 and 1980, employment in the county increased 144% from 115,200 to 288,400. A more recent employment estimate by the Illinois Department of Labor puts the labor force at 342,000, and NIPC forecasts that 462,381 people will be employed by 2005. While the population has grown rapidly, the rate of increase in employment has been four times as great. When these population and employment figures are considered together with the fact that by 1980 more than half of the employed DuPage County residents worked in the county, it becomes clear that DuPage is an area experiencing considerable growth in economic opportunity. Not only are DuPage County residents increasingly employed there, but a growing percentage of the people working in the county are being drawn from surrounding areas. In 1970, 25% of those employed in DuPage county lived elsewhere, but by 1980 this number increased to 36% and, in this same period, the

county's share of total metropolitan employment almost doubled. The result is that between 1974 and 1984 unemployment rates for DuPage County consistently measured about 2% below the metropolitan area average.

One of the reasons unemployment has remained low is that a large portion (70%) of the DuPage County working population is employed in managerial, professional, technical and sales occupations, growing service industries which also are traditionally less vulnerable to recessionary pressures. Employment trends by industry are presented in Table 1 on the following page.

Major employers in DuPage County include AT&T (9,833), Argonne National Laboratory (4,200), Amoco Oil (1,455), Fermi National Laboratory (2,500) and Wes Com, Inc. (2,500). All are within easy commuting distance of Aurora. Companies with corporate headquarters include CECO Corporation, McDonald's Corporation, Waste Management, Nalco Chemical and Servicemaster Industries.

There is a direct correlation between the quality of the DuPage County labor force and the educational levels of its workers. According to the 1980 census, 50% of DuPage residents aged 25 and over had some college and 29% had completed four or more years of college. These workers are affluent; DuPage County has the tenth highest median household income ($27,509 for 1979) of all counties in the U.S. This wealthy population supports a healthy and growing business community. Between 1970 and 1980 the number of businesses in DuPage increased 125% from 6,000 to 13,500.

Kane County: Kane County, which includes most of the older portion of the City of Aurora, is substantially more rural than its neighbor to the east. Most urban development is located along the Fox River valley, on the east end of the county. Nevertheless, Kane County has seen its share of development, with businesses and residents increasingly attracted to the quieter, less congested life-styles available in the Fox River valley communities. Between 1970 and 1980, Kane County grew from 251,000 to 278,000, a 10.76% increase.
As indicated in Table 1, employment patterns differ somewhat from those in DuPage County, reflecting the traditional manufacturing base in the larger cities such as Aurora and Elgin. More of its residents also commuted to jobs outside of the county.

Unemployment rates in Kane County have been higher in the recent past than those in DuPage County, more closely paralleling those of the larger metropolitan area. As the forecasts in Table 1 indicate, Kane County is likely to become more like DuPage in its mix of employment over the next two decades.

Table 1

Employment Trends by Industry

DUPAGE COUNTY

	1980	2005 Forecasted	% Change
Manufacturing	64,100	95,400	49%
Service	69,625	154,700	122%
Retail	54,325	75,800	40%
Wholesale	48,550	54,600	12%
Government	26,125	37,500	44%
Other Employment	13,650[1]	46,800[2]	--
Total Employed in DuPage County	276,375	464,800	68%

KANE COUNTY

	1980	2005 Forecasted	% Change
Manufacturing	47,075	49,000	9%
Service	25,225	35,400	40%
Retail	21,850	36,000	65%
Wholesale	8,225	29,800	262%
Government	13,300	17,400	31%
Other Employment	3,425[1]	17,600[2]	--
Total Employed in Kane County	117,100	185,300	58%

[1] Excludes agricultural employment

[2] Includes agricultural employment

Educational levels in Kane County are above the regional average. In 1980, 16.7% of Kane County residents 25 and over had completed four or more years of college. Income levels were lower than those found in DuPage County, but above the regional average, with an average household income of $22,102 in 1979.

Local Demographics: The tables on the following pages present a compilation of population characteristics for areas in the immediate vicinity of downtown Aurora. The figures include estimates for a three-mile, a five-mile and a seven-mile radius around the downtown. It is apparent that these established areas of the city of Aurora have grown much more slowly in recent years than have newer communities to the east in DuPage County. Yet, the population within a seven-mile radius of downtown did increase by a respectable 13.83% between 1970 and 1980. Because of declining household sizes (a trend which is consistently found throughout the United States), the number of households in this area grew by nearly 28% in the same period.

The Office Market

Two types of office market are pertinent to downtown Aurora. One is the general Class A office concentration which has been developing along the East-West Tollway through DuPage and eastern Kane counties. The other is a second-tier office market comprising buildings and tenants not requiring the visibility, status, and high quality space and amenities of a tollway location.

The East-West Corridor Office Market: The rapidly developing office market in DuPage County parallels the East-West Tollway from the junction of Interstate 294 in Oakbrook running west into Aurora. The East-West Corridor, with approximately 16.7 million square feet of multi-story and 4.7 million square feet of single-story office space, represents about one-third of the suburban Chicago commercial office space inventory. Table 2 summarizes the existing office development in seven communities along the East-West Corridor in DuPage County with major concentrations of office space. The low occupancy levels indicated for Aurora are primarily attributable to the large number of speculative office/service center buildings completed in 1985 and 1986 in and near the CMD Meridian Center project on the east end of Aurora.

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Maturity of the office market and age of the buildings play an important role in the occupancy and the success of office developments in this area. Some indication of the relationship between building age and occupancy can be seen in Table 3 which shows building occupancy by year in which the buildings were constructed.

From 1984 to 1986, a total of 55 office buildings were constructed comprising over 4.5 million square feet of office space. An additional 3.7 million square feet is currently under construction and 3.8 million square feet is being planned. Among the planned office buildings or those under construction there is a pronounced movement away from low-rise structures to taller buildings. Although size or height is not a good predictor of occupancy or net rental rates, developers prefer to spread the high land costs over larger building areas. Height -- together with the more unusual architecture of some recent projects -- also provides a degree of distinction for a building in an increasingly competitive market. Apparently the communities are becoming more amenable to larger scale development along the tollway as well.

Further office growth in this active market is limited chiefly by the communities' water supplies and by increasing automobile congestion. In these respects, the Aurora end of the corridor has an advantage because of the city's adequate water supplies and the large number of tollway interchanges which allow traffic on arterial streets connecting with the tollway to spread out over a larger number of routes.

Absorption of office space in the area has been strong over the past six years. However, there is presently an oversupply of space which at the historic absorption rate would take almost three years to fully absorb. (See Table 4.)

<u>The Second-Tier Office Market</u>: These statistics are indicative of the relative vitality of the office market along the East-West corridor. They do not, however, account for all of the office activity in the area. In addition to the Class A office buildings (both speculative and owner-occupied) there are numerous smaller, older buildings scattered throughout the area. These buildings, often located well off the tollway and near the commercial centers of the municipalities, offer a lower level of quality, amentities, and status, but at significantly lower rents.

Table 4

All Office Space
(Aurora, Downers Grove, Lisle, Naperville, Oak Brook, Oakbrook Terrace, Wheaton)

Amount constructed 1980-86	8,197,644 S.F.
Amount absorbed 1980-86	5,725,812 S.F.
Average annual absorption (6½ years)	880,894 S.F./yr.
Current supply of unoccupied post-1980 space	2,471,832 S.F.
Years of supply @ average annual absorption rate	2.81 years

879,655 ¢/yr.)

Source: The Chicago Office Real Estate Report and Shlaes & Co.

In our opinion, office space located in downtown Aurora -- whether in a new building, a fully rehabilitated building, or unrehabbed space -- cannot be expected to compete directly with buildings located on the tollway. The location simply lacks the visibility and -- for the moment -- the status associated with an East-West Tollway site. Downtown Aurora can, however, benefit from the general growth of the tollway market as a location for small companies serving larger tenants in that market; as a less expensive location for those not able or willing to pay the higher rents which go with that status; and as a location for companies serving the rapidly growing area of Aurora itself. Most likely, downtown Aurora will follow a pattern which has begun to appear in other, closer-in communities such as Naperville, Downers Grove, Hinsdale, and LaGrange, where both new and rehabilitated office space has been leasing successfully.

Indeed, if the city of Aurora and its surrounding area grow at anything like the pace and extent of the projections for the next two decades, a revitalization of the office market in the downtown area will be hard to avoid. Downtown Aurora will be near the center of a city of roughly 150,000 people. Maintaining accessibility and avoiding congestion may be the most difficult problems which the city will have to face in the future concerning its downtown.

If an ultimate revitalization of the downtown office market seems very likely, the question remains whether now is the time for developers to begin the process. We believe that the limited success of the existing downtown Aurora office developments suggests a cautious beginning. Although it might still be too soon for a major new office project (the only prototype, the North Island Center, has taken roughly five years to reach stabilized occupancy), the prices of existing, rehabilitatable buildings are still low-enough to justify smaller scale rehab projects. As will be discussed later, convenient parking would appear to be the principal problem to be overcome.

We believe that downtown Aurora has the resources, the potential amenities, and is rapidly developing the locational advantages to become a specialty office center for the western portion of the west suburbs. The compactness of downtown Aurora is a special advantage, allowing small, start-up companies to more easily develop valuable relationships with related businesses. Downtown Aurora should be marketed as a close-knit business enclave, where the tenant can receive support from other businesses, financial institutions, business service organizations, and educational institutions which are right up the street or around the corner. Such interaction is essential for many businesses, but difficult to develop in a remote tollway office building.

Aurora's locational advantages will be further enhanced with the construction of the new FAP 431 tollway between I-290 and I-55. The immediate result will be a reduction in travel times between Aurora and O'Hare International Airport, assuming that the new tollway will ultimately include a western entrance to the airport. Less obvious, it seems likely that this tollway will do much to consolidate several currently distinct suburban office markets into a single west suburban market running north and south from Schaumburg to Lisle and east and west from Aurora to Oakbrook. This complex will then have additional mass and further advantage in its competition for tenants and jobs with downtown Chicago. Even though the opening up of additional office sites at the interchanges along the new tollway may lessen interest in tollway development at the more distant Aurora sites, the longer term prospects seem good for the entire corridor.

The Retail Market

Shopping centers and other retailing concentrations are typically classified according to the number, size and type of stores and the size of the market area from which they draw customers. Small centers serve small market areas and usually concentrate on the sale of convenience goods and services. The large centers -- up to and including regional malls -- serve larger market areas and concentrate on the sale of comparison goods which people will travel longer distances to buy.

At one time, downtown Aurora was the dominant comparison goods shopping area in its market. That is no longer the case. Regional malls, such as Fox Valley Center and various community shopping centers in western DuPage County and in outlying areas of Aurora (Yorkshire Plaza, Naper West, Northgate, and West Aurora Plaza are the primary examples) have almost entirely taken over that function. A few aggressive comparison goods retailers may continue to operate successfully in and around downtown Aurora indefinitely, through aggressive pricing and advertising and by offering exceptional levels of customer service. It seems unlikely, however, given the present patterns of retail development in the United States, that the downtown will ever approach the dominance it once had in the comparison goods field.

Conclusi

Neither do we believe that the heart of downtown can compete directly with most of the smaller neighborhood centers providing convenience goods and services. Small centers serving automobile-oriented customers might prove quite successful on the fringes of the downtown, along such principal access routes as Galena and Lake Street. But the center of downtown Aurora is too physically

confined, and there are too few large tracts of land to accomodate such activities with their attendant parking. Even where there are existing concentrations of small former retail buildings such as along Broadway and Downer Place, there is insufficient storefront parking for this type of retailing.

We would expect future retailing in the downtown to fall into one of two categories, both of which are somewhat outside the common patterns of suburban retailing. One would be as a convenience goods center for office workers and residents of nearby neighborhoods. This type of retailing need not, and perhaps should not be concentrated in any particular area of the downtown, although Broadway may represent a still viable retail concentration for the city's Hispanic community.

The second category would be some form of specialty retailing. The table on the following page shows that, overall, the market within seven miles of downtown Aurora is strong, with estimated expenditures sufficient to support 2,457,000 square feet of retail space. But most of this demand for ordinary goods is already met by Fox Valley Center and other large centers in the vicinity.

One way to avoid this competition and tap into the very affluent DuPage County/Fox Valley market is to take a retailing approach which expands the market area. Although sometimes difficult to define, specialty retailing usually involves stores which, as a group, are able to draw customers from an extended market area because of an unusual combination of merchandise or an unusual shopping experience, and often both. The specialty center often is based upon a theme. Historic areas and waterfront sites have been especially popular locations for specialty centers in recent years. In this respect, the concentration of architecturally and historically unique buildings and the river frontage in downtown Aurora is a resource unmatched anywhere in the metropolitan area outside of the City of Chicago. And even Chicago cannot match Aurora's combination of potentially attractive amenities concentrated within a relatively small, walkable area.

Too often, specialty retailing has been offered as the answer to every central city retail problem. But on a small scale, the principles of specialty retailing have some potential in downtown Aurora. Some prototypes for such activities can be found in several other Fox Valley communities. The affluent western DuPage market area provides a substantial potential customer base. Image enhancement will be a critical factor. Possible locations include the complex of buildings on the west bank between

ACCT#: 10013 11/25/86

NATIONAL DECISION SYSTEMS
1986 EXPENDITURE REPORT
619-942-7000
PREPARED FOR
AURORA CBD

GALENA AND BROADWAY
AURORA, IL

SITE#: 126412
CORD: 41.453 88.180

ESTIMATED EXPENDITURES BY CATEGORY	3.0 MILE RADIUS	5.0 MILE RADIUS	7.0 MILE RADIUS
TOTAL RETAIL *	$520,091	$707,403	$877,465
FOOD STORE *	$111,817	$151,227	$186,805
EATING & DRINKING PLACE *	$49,496	$66,915	$82,634
DRUG & PROPRIETARY *	$17,286	$23,187	$28,468
GASOLINE SERVICE STATION *	$45,863	$62,246	$77,088
GENERAL MERCHANDISE *	$74,229	$99,855	$122,860
APPAREL & ACCESSARY *	$25,000	$34,207	$42,613
FURNITURE, FURNISHINGS & EQUIP. *	$27,372	$37,810	$47,425
AUTOMOTIVE DEALER *	$88,434	$120,437	$149,534
HARDWARE, LUMBER & GARDEN *	$23,916	$32,549	$40,391
CENTER SQFT	990,000	990,000	2,457,000
RETAIL SATURATION INDEX (RETAIL SALFS POTENTIAL/SQFT)	525	715	357

* IN (000'S)

Galena and Downer; and the more isolated areas at the south end of Stolp Island where there are some historic or distinctive buildings and immediate opportunities for offering riverfront access.

The Residential Market

There have been no new residential projects in downtown Aurora in recent years. The only substantial residential developments of any kind have been the Leland Tower and the conversion of the Graham building into elderly housing apartments.

Low density single-family or townhome developments seem unlikely anywhere near the downtown because of limited land availability. There are, however, several tracts of vacant or underutilized land just outside the downtown core of sufficient size to support mid- or high-rise multi-family projects. The most obvious example is the area north of downtown, near the planned Roundhouse and transportation center and along the river on the west side of Broadway. This location offers both slight separation from the intensive uses in the heart of downtown and close proximity to the commuter rail terminal.

There are prototypes for such a development. High density, market rate residential projects have gone up in several suburban downtowns in the past few years. Examples include Forest Place in Oak Park, River Place in Naperville; and Dunton Place and Arlington Plaza in Arlington Heights. All are located near the established commercial core of a community, most within walking distance of commuter rail stations. These projects are characterized by high quality apartment features; swimming pools, health clubs and other amenities; on-site enclosed parking; and rents at or above the top of the range for new apartments in the general vicinity. In spite of the high rents, lease-up rates have been good.

Downtown Aurora shares some characteristics with these communities, in terms of the location of the commuter rail station. Aurora has a strong advantage because of the river views and the potential for direct connection with riverfront recreational activities and the park district trail system. The location would, however, require the establishment of some buffer between the residential development and non-residential areas to the north.

It is difficult to estimate, without detailed surveys, whether a market exists in Aurora for the type of building going on in other downtown areas. In our experience, such apartments can require rents near $0.90 per square foot of unit area to support all of the necessary amenities and

still be economically viable. This is well above the general rental market in the Aurora area, but might not be too high if the project were clearly distinctive. To appeal to this upper bracket resident, it would be important to create a high status image for the development.

DEVELOPMENT FACTORS

Cost and Availability of Land

There are no large vacant tracts of land immediately available for development in the downtown core area, although several are potentially available just outside this core. Any substantial new construction would require the assemblage of smaller parcels and clearance of existing improvements.

Opportunities for Infill and New Development

Unlike many older urban centers, downtown Aurora has surprisingly few sites where the improvements have been cleared and the land left unused. The typical pattern is one of apparently sound buildings worthy of rehabilitation juxtaposed with more clearly obsolete structures. This suggests opportunities for projects which combine the rehabilitation of existing structures with new construction on adjacent sites. The absence of prematurely cleared sites has helped to maintain the essential urban fabric and should make it much easier to quickly revitalize individual buildings or entire areas.

Cost and Availability of Buildings

The building stock in downtown Aurora varies considerably, including one to four-story retail buildings, century-old manufacturing buildings, high-rise hotels, and office buildings of varying sizes. Condition is equally variable. Nevertheless, recent sales of buildings within the downtown core area ranging in size between 6,000 and 40,000 square feet have been at prices which cluster between about $4.00 and $5.50 per square foot. This is based upon a cursory review of the market and does not necessarily indicate the price which one might pay for a particular building.

Availability of Amenities

Parking: In our opinion, the provision of convenient parking to serve the development must be an early consideration for anyone contemplating a project in downtown Aurora. There are a substantial number of parking spaces available on a metered, daily fee, or monthly basis throughout the downtown area. Depending upon location, some projects will be well served by existing facilities. Past experience indicates a willingness on the part of the city to consider the negotiation of long-term arrangements for spaces in

municipally-owned lots. A particular project site, however, may be one-half to two blocks away from one of these locations. Such an arrangement would be difficult for retail and residential projects and undesireable for many prospective office tenants.

Views: The numerous properties with river frontage, and many others in the downtown area provide opportunities for desirable river views. Unfortunately, many existing structures on the river turn their backs to it. Building modifications can be considered which open up window areas to the river.

Historic Structures and Distinctive Design Opportunities: Downtown Aurora's concentration of historically and architecturally distinctive buildings is very likely unmatched in the metropolitan area outside of Chicago. All of Stolp Island is listed on the National Register of Historic Places. Information on the various architecturally significant buildings is available from the City of Aurora.

Even off the island, downtown Aurora has a wealth of structures which, although not necessarily architectural masterpieces, have qualities of age and unusual character which make them good candidates for attractive rehabilitation programs.

Looking beyond individual buildings, many locations within the downtown area have unique qualities which could be played upon in an office, residential, or retail development. These qualities are difficult to describe in a report such as this. A careful walking tour of the downtown area would reveal such features as the unusual canyon effect along Stolp Avenue, the subtle changes in grade, and the cantilevering of portions of buildings over the river in some locations. These difficult to describe qualities create some sense of a smaller-scaled European city in the middle of the American Midwest.

Image Factors: In considering Aurora in general, and the downtown in particular, it is impossible to ignore the image which the city has in the minds of some residents of the larger metropolitan area. Probably a very small proportion of the metropolitan population have ever had occasion to visit Aurora. Nevertheless, it is clear that, in the past, an Aurora location has been viewed by some as inherently less desirable than one in a newer, more homogeneous communities such as Naperville.

Aurora need not apologize for either its age or its economic and ethnic diversity. However, there is still work to be done to convince some people, including some potential residents or workers in downtown Aurora, that the city is a viable and desirable location.

Whether marketed to potential office tenants, residents, or shoppers, anyone considering a project in downtown Aurora has two strategies to pursue in overcoming this image problem. One is to structure its product to appeal to that portion of the market population which, although living in the middle of a suburban environment, would be attracted to the more urbane experiences which downtown Aurora can offer. The other is to array itself against its suburban competitors by emphasizing, rather than de-emphasizing those qualities in downtown Aurora which are distinctive in an otherwise suburban region.

market strategy

DEVELOPMENT REGULATIONS AND INCENTIVES

The City of Aurora is very actively involved in guiding the new development occurring at its eastern fringes and along the tollway corridor on the north side of the community. Fortunately, the city administration has not ignored its downtown area. Following up on a series of downtown plans, the city, in cooperation with the business community, has instituted several programs to smooth the way for redevelopment of the area.

Zoning: On March 3, 1987, The City of Aurora adopted a major revision to its zoning ordinance, creating a Downtown Core District. This amendment significantly modified the permitted uses in the downtown area, with the intent of promoting the pedestrian charcter of the downtown and encouraging a more diverse mixture of both daytime and nighttime oriented uses.

The new ordinance is unusual in permitting residential units above the first floor in the downtown commercial core. A mixture of business uses, including light manufacturing, wholesaling, and retailing, is now permitted within a single structure. The new ordinance also loosens regulations to permit various sidewalk activities, such as vending carts and street musicians.

There are no minimum lot area, lot width, ground coverage, maximum floor area ratio or maximum height requirements in the downtown core. Nor are yard setbacks required, except as they apply to parking lots, and buildings and walkways on the river.

Planned unit development review provisions apply for projects which would have a gross leaseable area greater than 30,000 square feet. The ordinance specifies general standards for the review of such developments, which include a requirement that "the development's physical design shall take into consideration the scale, exterior materials, and rhythm of the historic buildings on the block." The standards also specify that developments abutting the river or riverside parks must provide for pedestrian and visual access to the river and a building design incorporating river views.

In providing flexibility in the mixture of residential and other uses, by reducing limitations on sidewalk activity, and by explicit recognition of the river amenity, the Aurora Zoning Ordinance is now among the most innovative in the country. Smaller projects are largely unencumbered by specific density controls; and larger projects are subject to review and approval by the city on the basis of a set of simple standards. The new zoning regulations

appear to provide substantial flexibility to accommodate creative, non-standard redevelopment projects in the downtown area.

Planned Public Improvements

As part of its recently adopted Tax Increment Financing program, the City of Aurora has prepared a phased program of planned public improvements for the downtown area. These improvements, listed in summary form on the following pages, are designed to support private redevelopment efforts through streetscape programs, river trails and open space, street and utility system improvements, facade improvements, and the construction of parking structures and lots at key locations. There is also authority for public acquisition of redevelopment parcels, if required. The timing of specific improvements would likely be coordinated with the redevelopment plans for specific properties as they are put forth by private developers.

For a more complete block by block discussion of the planned public improvements, interested parties may consult the Downtown Aurora Redevelopment Project Report available from the City of Aurora.

Tax Increment Financing

In December, 1986, the city council of Aurora adopted an ordinance creating a tax increment financing district in the downtown area. This redevelopment tool allows the City of Aurora to stimulate the redevelopment of the area through public improvements that are themselves financed by the increase in property taxes resulting from new private development made possible by those public improvements. Such a program does not provide direct subsidies to the development community. It does, however, reflect a specific commitment on the part of the city to devote the tax benefits resulting from new development in the area to the enhancement of public services, utilities, and the streetscape surrounding and serving those new developments.

The city has negotiated an agreement with one development firm as principal private participant in the TIF program at the moment. The city is free under this agreement, however, to work with other developers.

Investment Tax Credits

The Economic Recovery Tax Act of 1981 created a system of federal income tax incentives for the rehabilitation of certified historic and older properties. This law

Table 5
List of Public Improvements

ACQUISITION

Phase One

Acquisition of US Post Office
Acquisition of Parcel on Block 314
Acquisition of Parcels on Block 313
Acquisition of Parcels on Block 329
Acquisition of Parcels on Block 306
Acquisition of Parcels on Block 302

Phase Two

Acquisition of Parcels on Block 336
Acquisition of Parcels on Block 335
Acquisition of Parcels on Block 331

Phase Three

Acquisition of Parcels on Block 377
Acquisition of Parcels on Block 164

STREETSCAPE

Phase One

Streetscape Stolp/Downer-Galena
Streetscape Stolp/Galena-New York
Streetscape New York/Lincoln-the River
Streetscape Lake Street/Benton-New York
Streetscape River/Benton-New York
Streetscape Galena/Lake to the River

Phase Two

Streetscape Stolp/Benton-Downer
Streetscape Lincoln/Benton-Spring (1 side)

Phase Three

Streetscape on LaSalle/Downer-Benton

Table 5
List of Public Improvements

ACQUISITION

Phase One

Acquisition of US Post Office
Acquisition of Parcel on Block 314
Acquisition of Parcels on Block 317
Acquisition of Parcels on Block 329
Acquisition of Parcels on Block 306
Acquisition of Parcels on Block 302

Phase Two

Acquisition of Parcels on Block 336
Acquisition of Parcels on Block 335
Acquisition of Parcels on Block 331

Phase Three

Acquisition of Parcels on Block 377
Acquisition of Parcels on Block 164

STREETSCAPE

Phase One

Streetscape Stolp/Downer-Galena
Streetscape Stolp/Galena-New York
Streetscape New York/Lincoln-the River
Streetscape Lake Street/Benton-New York
Streetscape River/Benton-New York
Streetscape Galena/Lake to the River

Phase Two

Streetscape Stolp/Benton-Downer
Streetscape Lincoln/Benton-Spring (1 side)

Phase Three

Streetscape on LaSalle/Downer-Benton

RIVER TRAIL AND OPEN SPACE

Phase One

Canoe Chute on Block 302
South Tip Stolp Island
River Trail along Southern Tip of Stolp Island
Improvements to Gas Station site on Block 314
River trail on west face on Block 314
Sesquicentennial Plaza
Open space overlook at Isle Theater
Open space on Block 329
River trail improvements south of Paramount

Phase Two

South Tip Stolp Island overlook
SAR Open Space and River Trail

Phase Three

North Tip Stolp Island improvements

STREETS AND UTILITIES

Phase One

Imp. Stolp/Benton-Downer
Imp. Galena/Stolp-Water
Imp. New York/Stolp-River
Imp. New York/Stolp-/Broadway
Imp. New York/Broadway-LaSalle
Imp. New York/LaSalle-Lincoln
Viaduct Improvement on New York
Imp. Lake/Benton-Downer
Imp. Lake/Downer-Galena
Imp. Lake/Galena-New York
Imp. Lake/New York-Spruce
Imp. River/Downer-Galena
Imp. River/Benton-Downer
Imp. River/Galena-New York
Imp. River/New York-Spruce
Sanitary Sewer Stolp/Downer-Galena
Imp. Stolp/Galena-New York
Imp. Galena/River-Stolp
Imp. Galena/Lake-River

Phase Two

Galena Street bridge improvements
Downer Street bridge improvements
Benton Street bridge improvements
New York Street bridge improvements
Traffic Lights Stolp/Galena
Traffic Lights Stolp/New York
Traffic Lights Stolp/Downer
Traffic Lights Stolp/ Benton
Imp. Benton/River-Stolp
Imp. Benton/Stolp-Water
Imp. Downer/River-Stolp
Imp. Downer/Stolp-Water
Imp. Water/Downer-Galena
Imp. Downer/Water-Broadway
Imp. Galena/Water-Broadway
Imp. Broadway/Downer-Galena
Imp. Broadway/Benton-Downer
Imp. Galena/Broadway-LaSalle
Imp. Downer/Broadway-LaSalle
Imp. Broadway/Galena-New York
Imp. Broadway/New York-Spring
Imp. LaSalle/Galena-New York?

Phase Three

Imp. Lincoln/Benton-Downer
Imp. Lincoln/Downer-Galena
Imp. Lincoln/Galena-New York
Imp. Lincoln/New York-Spring
Viaduct Improvements on Galena
Imp. Galena/LaSalle-Lincoln
Imp. LaSalle/Downer-Galena
Imp. Downer/LaSalle-Lincoln
Imp. LaSalle/Benton-Downer
Imp. New York/Lake-River

Phase Four

Imp. Downer/Lake-River
Imp. Benton/Lake-River
Imp. Benton/Water-Broadway
Imp. Benton Broadway/LaSalle
Imp. Benton/LaSalle-Lincoln
Imp. Water/Benton-Downer
Imp. Spring/Broadway-LaSalle
Imp. Spring/LaSalle-Lincoln
Imp. LaSalle/New York-Spring
Imp. Spring/Lake-River

FACADE IMPROVEMENTS

Phase One

Facade Improvements

Phase Two

Facade Improvements

Phase Three

Facade Improvements

PARKING

Phase One

Parking
Structure on Block 302

Phase Two

Structure on Block 337
Parking on Blocks 331 and 332

Phase Three

Parking on Block 377
Parking on Block 164

PROFESSIONAL SERVICES

Phase One

Professional Servies

Phase Two

Professional Services

provided for a 25 percent investment tax credit (ITC) on alowable rehabilitation expenses for the substantial rehabilitation of "designated" historic buildings. Non-historic buildings were allowed a 15 percent (ITC) if 30-39 years old and a 20 percent (ITC) if over 40 years old. In addition to these tax credits, a 15-year cost recovery period was provided. The Tax Reform Act of 1984 diminished these incentives slightly by increasing the cost recovery period from 15 to 18 years.

Since their enactment, these incentives have had a substantial effect in stimulating the rehablitation of older buildings throughout the country.

The recent major revision of the federal tax laws included many changes which will have considerable impact upon the real estate industry. One of the most significant changes is the elimination of the investment tax credit for rehabilitation for all properties except those designated as historic. For these historic properties, the investment tax credit has been reduced from 25 to 20 percent.

Under the new legislation, downtown Aurora has an advantage over many other older downtowns. The entire area of Stolp Island is designated as a historic district on the National Register of Historic Places. As a result, many of the structures on the island, together with others off the island with historic preservation potential, can still be candidates for the investment tax credit program.

It is unclear at this time whether this remaining incentive will be sufficient to stimulate additional rehabilitation projects. Typically, such projects have been structured to make use of a combination of federal income tax incentives, including opportunities to generate equity investments from the sale of limited partnerships. These limited partners were, until the recent tax law changes, able to use an allocation of any operating losses during the early, start-up years of the project as a deduction against their income. The new law has substantially restricted the opportunities to write off these losses against ordinary income. In addition, the new law has eliminated the incentives of shortened depreciation periods.

One incentive which has become more popular in recent years is the donation of a preservation easement on a historic structure which can be used by the owner as a charitable gift donation and deducted from taxable income. This opportunity is still available. But, the reduction in the maximum marginal income tax rate has reduced the value of these easement donations as well.

Thus the combination of incentives which had existed prior to the new law has been substantially reduced. Among those incentives which remain, principally the ITCs for historic properties, it is unclear whether these would be sufficient by themselves to support many additional rehabilitation projects. If such projects can be made financially feasible, Aurora is in a better position than most communities to take advantage of them.

COMMUNITY RESOURCES

We have reviewed the range of resources available to serve businesses and residents locating in the downtown area. As a diverse and well established community, the City of Aurora is well served by public and parochial schools, hospitals, and social service organizations. Complete information on these resources is available through such organizations as the Chamber of Commerce and the Aurora Economic Development Commission.

Several community resources are particularly pertinent to the downtown. For example, both the YMCA and the YWCA have modern facilities near downtown. Recreational amenities are provided by the Fox Valley Park District which has an extensive system of trails and riverside parks connecting with downtown Aurora. Plans have been discussed for providing direct connections through the downtown core for the existing trail from the north, which now ends at New York Street.

Aurora has a unique entertainment resource in the Paramount Arts Centre complex located in the heart of downtown. Owned and operated by the Aurora Civic Center Authority, the Paramount offers a diverse program of theater, music and dance performances to a large west suburban area. The theater itself has been thoroughly restored to its former elegance and is supported by the meeting, dining and convention facilities located in the North Island Center complex across Galena Boulevard to the north.

Within the past year, a multi-purpose educational complex has begun to solidify at the corner of Galena and Stolp Avenue. The first part of this complex is the downtown Aurora Campus of Waubonsee Community College which opened in 1986 in the rehabilitated former Carson Pirie Scott department store building. An additional building immediately to the south is planned to be rehabilitated. Plans are under discussion to coordinate the programs

offered by these two facilities as a business service center, providing direct assistance and employee training services to businesses located in downtown Aurora. Additional educational resources are offered by Aurora University, located on the west side of the city.

On a slightly larger scale, the innovative, state sponsored Science and Math High School has been opened in Aurora. Presently, discussions are underway among a group of major universities concerning the possible development of a joint campus designed to serve the needs of the residents and employees of the East-West Tollway corridor between Oak Brook and Aurora. This would further add to the educational options available to the people living or working in the downtown area.

MARKETING STRATEGIES

We have already discussed, in general terms, the kinds of office tenants, residents, and shoppers which might be attracted to downtown Aurora locations. The common thread among all of these target groups is that they are likely to be atypical of the larger, more homogeneous west suburban area. This makes it difficult and potentially counterproductive to apply standard marketing techniques to downtown development opportunities. Rather than trying to appeal to the general population, developers in downtown Aurora would be well-advised to identify specific small segments of that population to which the community would appeal. For example, it has been suggested that the scientific communities associated with such nearby facilities as Fermi National Laboratory, Argonne National Laboratory and the research and development facilities of Bell Labs and Amoco include a distinctive population of highly educated and "worldly" individuals who are brought to suburban DuPage County from all over the country and the world. Such individuals may find the urban-oriented entertainment and residential opportunities which could be created in downtown Aurora more appealing than the more sterile new suburban communities in the area. In order to establish whether this subset of the population is large enough and interested enough in downtown Aurora, it would be appropriate to conduct fairly sophisticated and focused consumer surveys. Such surveys could be the initial step in a similarly focused marketing strategy.

We believe that in an area as large, affluent, and well educated as eastern Kane and DuPage Counties there is likely to be a small but significant segment of the population which would be attracted to downtown Aurora if the right facilities and opportunities were available.