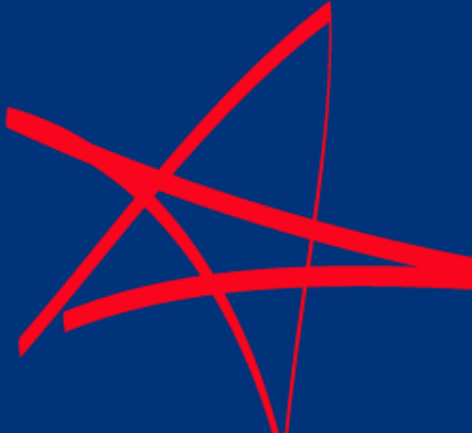


Staying Competitive in a Global Market

Ground Development



ROCKFORD AREA ECONOMIC DEVELOPMENT COUNCIL



Ground Development Project Purpose

Overcome principal regional weaknesses out-lined in the 2006 Carter*Burgess study.

- Lack of Buildings
- Lack of Buildable Sites

Capitalize on regional strengths and trends.

- Workforce
- Manufacturing Supply Chain
- Access to Markets/Global Supply Chain via Global Infrastructure

Stimulate greater economic development opportunities for the region.

- With no product there is less opportunity to attract new employers
- Create product that can diversify the region's employer base

Develop product offerings that can compete

- Incentivized properties that are development ready



What is Developed Ground?

Developed ground is property that has:

- Utilities in place adjacent to site, including:
 - Water
 - Sewer
 - Electricity
 - Gas
 - IT
 - Roads
 - Other
- An asking price
- An active developer involved
- A Brand

To be competitive a property must be incentivized



Why focus on Ground Development?

The RAEDC focuses on Ground Development opportunities because:

- Chicago is growing westward along I-90.
- Elgin is virtually developed out; affordable, large tract raw ground is practically non-existent. Only infill opportunities exist.
- The Huntley interchange does not possess industrial infrastructure, nor sufficient workforce.
- The Rockford area is well connected by modern globally desirable infrastructure:
 - Chicago/Rockford International Airport
 - UP Global III
 - Interstates 39, 90, 43 & 88.
- The Rockford area is the second largest manufacturing center in the state of Illinois, and the workforce center for the I-39 corridor.

Goal: Increase the amount and diversity of developed ground in the Rockford Area



Winnebago County's Current Situation - Land

- A recent search of LOIS indicates **188** land properties in the system.
- Properties available in the market with 100 or more acres = **6**
- Properties with 50 or more fully developed acres and zoned industrial = **0**
- Properties with 30 or more fully developed acres and are zoned industrial = **2**
- Properties with 30 or more developed acres, zoned industrial that have a local incentive = **0**
 - Enterprise Zone
 - Tax Increment Financing



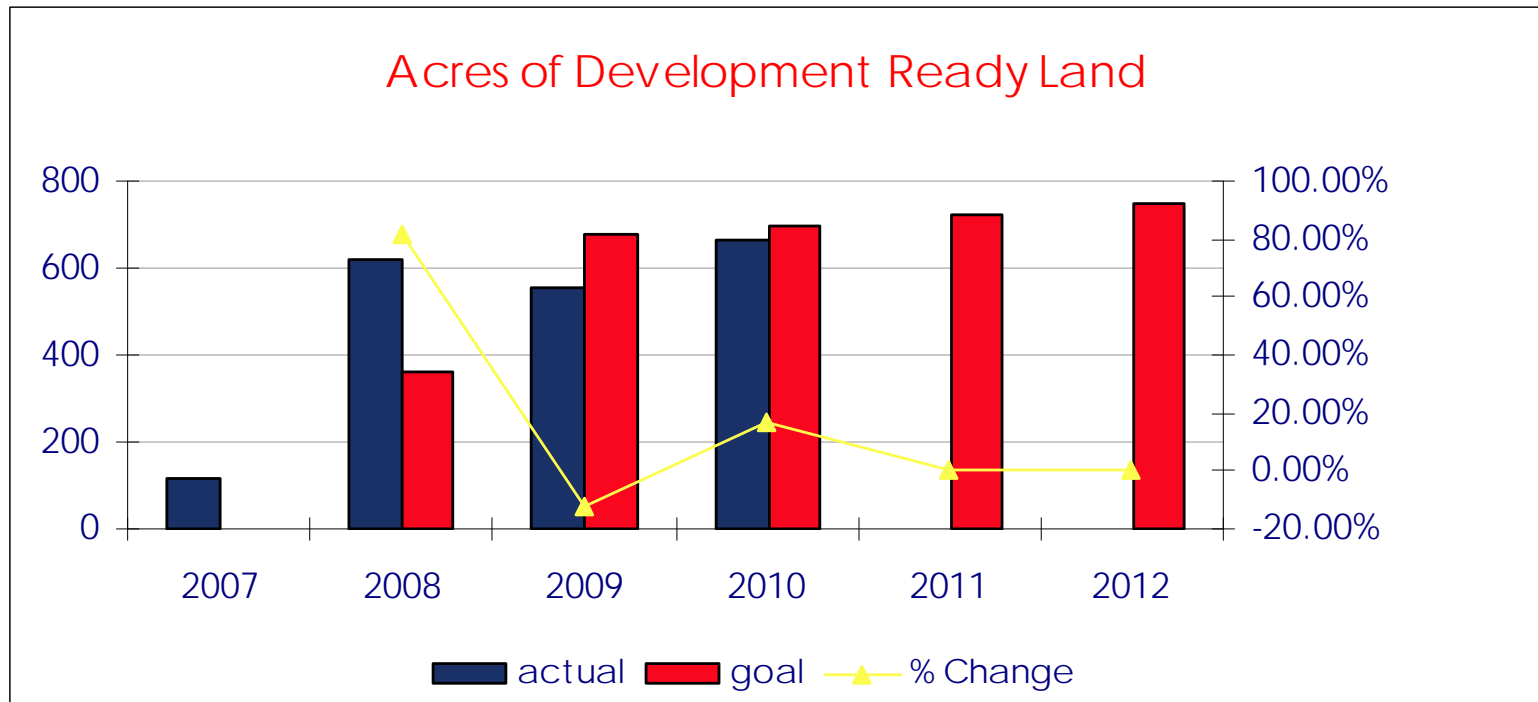
Winnebago County's Current Situation - Land

Acres of Development Ready Parcels

	2007	2008	2009	2010	2011	2012
Actual	113.62	620.8	552.3	662.3		
Goal		363.62	675	700	725	750
% Change		81.70%	-12.40%	16.61%		



Winnebago County's Current Situation - Land



Winnebago County's Current Situation - Buildings

- Colliers, Bennett & Kahnweiler reported a **8.61%** vacancy rate for the Rockford area. (1st qtr 2010)
 - Total market size = **43,089,197** sq ft
 - Total available = **3,709,979** sq ft
 - The Chicago rate is approximately **12.62%** (1st qtr 2010)
- Number of buildings for sale or lease in LOIS = **434**
- Number with 50,000+ sq ft = **23**
- Number with Industrial Zoning = **16**
- Number in Winnebago County with 20+' ceilings = **5**
- Number for lease = **3**
- Number for sale = **2**



What was the market in Chicago - pre-recession?

Build-to-suit, single user activity

- 20% of activity
- Approximately 100,000 sq ft is an average deal
- 10 acres consumed on average

Speculative activity

- 80% of activity
- Users typically range from 500,000 sq ft to 1.2m sq ft
- Average is 800,000 sq ft
- Acreage consumed 50+



Typical Local Development Assistance Provided

Developer

- Free Ground
- Free Infrastructure extension and connection
- Property Tax Abatement
- Soft Cost Rebated Related to Development
- Interest Rate Costs Write Down
- Development Fee Waiver & Parallel Permit Processes

Company

- Job Tax Credits
- Investment Tax Credits
- Project Financing
- Sales Tax Exemption
- Training Funds
- Development Fee Waiver & Parallel Permit Processes
- Property Tax Abatement



Specific Economic Development Tools

Illinois Industrial Jobs Recovery Act (IJIRA)

- Currently under review to reauthorize legislation
- Allows for unemployment to be a variable in creation of TIF
- Only a City or Village can form a IJIRA-TIF
- Community must develop a plan for the IJIRA-TIF
- Bonds can be issued against expected IJIRA-TIF revenues
- IJIRA-TIF Funds can be used for:
 - physical improvements to land or existing buildings
 - buying land
 - demolishing buildings
 - Utilities and infrastructure
 - Parking
 - Architects and engineers
 - financing costs
 - training Funds
- IJIRA-TIF Funds cannot be used for
 - Working capital



Specific Economic Development Tools

Illinois Enterprise Zone

- Legislation Currently under review to extend life 50 years
- Legislation will allow for the formation of additional zones
- Illinois packaged benefits
 - Job Creation Tax Credit
 - Sales Tax Abatement on Building Materials
 - Investment Tax Credit
 - Utility Tax Exemption
 - Financing programs & Income Tax deductions
- Local packaged benefits
 - Property Tax Abatement
 - Building Fee/Permit Waiver
 - Others as Determined



Specific Economic Development Tools

Special Service Areas

- Public Improvement/Infrastructure Financing
- Allows for improvements without burdening the unaffected
- Infrastructure Improvements - Roads, Curbs, Parking Lots, Garages, Sidewalks, Streetscape, Landscaping, Lighting; Parks, Sanitary & Storm Sewer, Water Lines, Trash Receptacles and Benches
- Public Service Improvements - Street Maintenance, Park Maintenance, Snow/Trash Removal, Transportation, Consulting Program Administration, Marketing and Special Events, Leasing Support
- Land & Building Improvements - Redevelopment, Commercial Façade Improvements, Interior Rehabilitation/Build-Out Assistance



Specific Economic Development Tools

Business Improvement District

- Increase sales/hotel tax up to 1% for up to 23 years.
- Municipality may issue bonds for project associated costs
- Community must develop a plan for the BID
- Municipality may form a Commission to act as its agent
- Allows municipality to define a specific area as “blighted,” an the area slowing the development of the surrounding area constituting an economic or social liability to the community because of its present condition.



What is important to a company selecting a site?

- Transportation Infrastructure
- Quality & Quantity of Existing Workforce
- State & Local Tax Scheme/Incentives
- Utility Infrastructure
- Availability & Supply of Buildings/Developed Ground

Source:

Site Selection Magazine:

October 2009 survey of Corporate Real Estate Executives



Why is infrastructure important in Site Selection?

- Represents logistics or strategic movement of raw materials and finished product
 - Movement of raw materials, goods or information to facility
 - Processing of raw materials, goods & information
 - Handling & Moving materials, goods & information to the facility
 - Movement of finished goods, services and information to customers
- Represents the ability to conduct the day to day activity that occurs in the facility
 - Turning the lights on
 - Meeting the day to day needs of the employees



Is infrastructure really an important component of site selection?

The process is really site elimination

- Assumed you will have the type(s) of infrastructure the company needs
- Assumed you will have the capacity/quantity the company needs
- Assumed you will have the quality the company needs
- Assumed you will have it, in place, now

Critical siting decisions, typically, do not allow for leeway

- Time-Lines
- Budgets
- Quantity of competing locations....



How does Rockford/Chicago infrastructure rank among other major megalopolis' in the US?

- #1 manufacturing center in North America
- Warehouse for North America
- 3rd largest multi-modal port system in the world
 - Air - 2nd busiest airport in the world
 - Commercial - 60+ Direct Connect International Flights
 - Air Cargo - Every major Carrier
 - » Parcel
 - » Freight
 - Road - #1 in US for interstate connections
 - low aggregate mile equals lower overall operating costs
 - Major concentration of terminals equals selection
 - Major concentration of carriers equals selection
 - Major concentration of 3PL services selection
 - Rail - #1 in US for connections
 - Traditional - 6 of 7 Class-one operate here
 - Intermodal - major concentration of facilities
 - Transload - major concentration of facilities
 - Railhead Services - major concentration of facilities
 - Water
 - Ocean
 - River



Is Infrastructure Important to Rockford?

Rockford's economy is based upon global trade

- \$1.5 Billion in exports in 2008
- 12% of \$12 Billion GMP is exports
- 49% export growth since 2005 from region

Global trade is dependent upon global supply-chains and customers

- Rockford Area is Illinois':
 - #1 Aerospace community
 - #2 On & Off Road vehicle component part manufacturing community
 - #2 Industrial Machine manufacturing community

Global supply-chains are dependent on global infrastructure

- Global Ill Intermodal Hub
- Chicago Rockford International Airport
- Interstate - 39

Global infrastructure retains and attracts global trade

- Hamilton Sundstrand
- Wanxiang



Rockford MSA Business Park Data Collection

RAEDC has identified 105 properties and developments in Boone & Winnebago County that are targeted as key development sites. For these properties, we are collecting the following information:

- Developer contact
- Site classification
- Total sq ft/acreage
- Total available sq ft/acreage
- Asking price
- Year opened
- Current tenants



Rockford MSA Business Park Data Collection

Project Process:

1. Research properties using public information and previously collected information
2. Contact local economic development partners to assist in providing information
3. Contact property developers to ask for missing information
4. Create a process for constantly updating information that involves meeting annually with key real estate and development professionals to discuss available properties



Rockford MSA Business Park Data Collection

RAEDC BA Solutions Team can assist in the following ways:

- Providing missing information on Rockford MSA Business Parks
- Identifying key contacts for local available properties
- Accompanying RAEDC staff on visits with developers



RAEDC's Role in Strengthening Our Region

Identify Opportunities for Paradigm Shifts

- Ground Development Opportunities
- Utilize Development Incentives to become competitive

Market the Region and Assist Clients

- Targeted Industries & Audiences
- New Business Recruitment
- International Investments
- Entrepreneurial Start-ups
- Business Retention & Expansion

Facilitate Job & Capital Creation

- Direct Opportunities to our municipal partners to close
- Act as an ombudsman for clients evaluating the region



Rockford

I L L I N O I S  U S A

ROCKFORD AREA ECONOMIC DEVELOPMENT COUNCIL

