

# SITE SELECTION | REAL ESTATE DEVELOPMENT | BUSINESS INCENTIVE ADVANTAGE



**LEE &  
ASSOCIATES**

COMMERCIAL REAL ESTATE SERVICES

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# DEFINE CRITICAL LOCATION FACTORS

## COMMUNITY DEVELOPMENT

- Target Industries and Industry Clusters
- Land Use/Master Plans/Growth Strategies
- Government attitude and legislation
- Economic incentives

## BUSINESS CLIMATE / TAXES

- Tax exposure
- Abatements, credits, and other incentives
- Business services
- Political environment/risk
- Cultural dynamics

## REGULATORY CLIMATE

- Environmental
- Permits
- Customs and duties
- Labor laws
- Industry-specific regulations

## LIVING CONDITIONS

- Cost of living
- Crime and safety
- Education
- Housing
- Culture and recreation

## MARKET & SUPPLY CHAIN

- Supplier / Materials proximity
- Proximity to customers
- Competitors

## SITES / FACILITIES / WORKPLACE

- Corporate Image
- Neighboring businesses
- Quality of Access
- Zoning and permitting
- Size and configuration
- Occupancy and Work Processes

## INFRASTRUCTURE

- Utilities: Availability, costs and reliability
- Quality of Airport
- Communications
- Flight traffic

## TALENT / LABOR

- Regulations
- Competition for labor
- Wages and benefits
- Workforce availability and skills
- Labor relations

# CASE STUDY

## **KENALL MANUFACTURING, INC.** Kenosha, Wisconsin

### **OPPORTUNITY / CHALLENGE**

The economic recovery of 2012 thrust Kenall Manufacturing, Inc., makers of leading-edge commercial lighting fixtures, in an envious, but challenging position – the rising tide of new orders would soon outpace the Company’s capacity to deliver. The best solution was to double the production footprint, but Kenall’s resources, highly-specialized workforce and still-unstable real estate conditions made fast response particularly difficult.

### **FINDING SOLUTIONS**

Our Team mobilized quickly and focused on three primary activities:

1. Identify existing and new construction alternatives in a target search area that allowed Kenall to retain and expand its critical workforce.
2. Create and manage a team including an architect, general contractor, developer and municipal incentives advisor.
3. Accomplish the best value within the target geography within 18 months.

We began our search with approximately 60 alternatives and systematically research and negotiated our way to a final group of eight from Illinois and Wisconsin. Our Incentives Team tirelessly negotiated at the State, County and City level on these locations. Ultimately, we negotiated with the Governors of both states. Additionally, we created a financial model that evaluated operating costs, capital expenditures, real estate costs, local fees and exceptions, utility costs, etc. As a final step, because many of the alternatives were financially close, we jointly assigned value to several project variables and scored them, which clearly directed us to the final site.

### **CREATING VALUE**

The result is a new 365,000 SF corporate, sales, R & D, manufacturing and distribution headquarters in Kenosha County, WI. Our team obtained for Kenall cash, tax credits and other support equal to fifty percent of the total project cost, meaning that Kenall could now own the new facility. We limited the distance between the former and new buildings, limiting workforce attrition to less than five percent. And we structured a transparent, open-book construction transaction which allowed Kenall and its developer to work in true partnership bringing the building to market.



# INTERSECTION OF LABOR, REAL ESTATE & COST

## Sample Critical Milestone Schedule

Description	June 2014	July 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015	July 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	
Phase 1 PROJECT KICK-OFF																							
Phase 1 FINANCIAL FEASIBILITY: Primary data assembly and review, tax structure review, labor & Demographic analysis. Prepare preliminary operating budgets for both 1-18 month existing building lease alternatives and longer-term BTS Lease alternatives.																							
Phase 1 ECONOMIC INCENTIVE: incentive program research, benchmarking State, County and Local incentives for both existing buildings and BTS alternatives.																							
Phase 1 REAL ESTATE: Market survey & comparative lease analysis of Existing Bldgs & BTS-Lease alternatives in multiple counties. Prepare executive summary matrix, SWOT and geographical analysis. Finalize short list and submit Request for Proposals to Existing Bldgs. for 12-18 month lease with renewal options, etc...																							
Phase 2 FINANCIAL ANALYSIS: Finalize operating budget for existing building and BTS-Lease alternatives including: Base Rent, Additional Rent, OPEX Estimates, CAPEX Estimates.																							
Phase 2 REAL ESTATE - Existing Building: Prepare preliminary building plan/material flow: office space plan/material flow needs such as power, CO2 lines, task lighting, etc...																							
Phase 2 NEGOTIATE: Negotiate RFP Responses according to project priorities and weighted Matrix.																							
Phase 2 REAL ESTATE - Existing Building: Negotiate final financial, occupancy and tenant improvement terms including renewal options, expansion, etc...																							
Phase 2 EXECUTION AND COMPLIANCE - Existing Building: Negotiate and sign lease for existing building																							
Phase 2 CONSTRUCTION - Existing Building: Complete any necessary modifications, although installing 100% new offices will extend construction to 4-5 months depending upon size and profile																							
Phase 2 Occupancy - Existing Building: Equipment installation and occupancy of Existing Building.																							
Phase 3 REAL ESTATE - BTS-Lease: Define preliminary architectural site plan and building plan and Request for Proposal, Finalize warehouse and office tenant-specific build-out amenities such as power distribution, HVAC, CO2 lines, dock configuration, etc...																							
Phase 3 REAL ESTATE - BTS- Lease: Negotiate final financial, incentives, occupancy and tenant improvement terms including renewal options, expansion, etc...																							
Phase 3 FINAL LEASE NEGOTIATIONS - BTS-Lease: Complete Financial Analysis, Finalize Project schedule, Lease Terms and Relocation Planning.																							
Phase 3 Real Estate - BTS-Lease: Prepare site specific site plan, building plan, material flow and define project specification.																							
Phase 3 Architectural and Engineering drawings - BTS-Lease: Finalize Site Plan, Building Plan, Material Flow, Define Project Specification, Construction Components and Finishes.																							
Phase 3 Construction commencement - BTS-Lease: Assumes finishing site work prior to ground freezing on Novemehr 30th. If Not occupancy will be deferred Five (5) Months due to a Spring, 2015 ground break instead of a Fall, 2014 Groundbreak.																							
Phase 3 Occupancy: BTS-Lease Alternative																							

BTS Lease Project category
  Existing Building Lease category
  Category pertains to both Existing Bullings and BTS Lease Bldgs.

# INTERSECTION OF LABOR, REAL ESTATE & COST

## Sample Incentives Milestone Schedule

PROCESS	MONTH										
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
<b>Project Strategy &amp; Data Review</b>											
Confirm Project Specifications	■										
Develop Negotiable Criteria	■										
Develop Negotiation Strategy	■										
Qualitative and Quantative Assessment	■										
<b>Incentives Research &amp; Benchmarking</b>											
Investigate Similar Deals	■										
Research Local Markets	■										
Frame Expectations	■										
<b>Project Introduction</b>											
Introduce Project Under Code Name	■										
Communicate Timeline to key parties	■										
Identify key officials and the power consortium	■										
<b>Developing Competition</b>											
Demonstrate Leverage in competing jurisdictions		■	■								
Enhance leverage negotiations		■	■								
Issue a Phase I RFP		■	■								
<b>Formal Project Introduction</b>											
Issue Non-Disclosure Agreements		■	■								
Outline Project Plans and Costs		■	■								
Communicate Client needs ("Gap")		■	■								
Prepare Proposed Development		■	■								
<b>Incentive Negotiations</b>											
Seek to close on key issues		■	■								
Evaluate "realistic" offers		■	■								
Follow-up on key negotiable items		■	■								
<b>Review Offers</b>											
Meet with client to discuss offers			■	■							
Update incentive value estimates			■	■							
Reassess negotiation strategy			■	■							
<b>Implementation</b>											
File Offical Applications				■	■	■					
Ongoing dialog with review staff				■	■	■					
Timely response to agency questions				■	■	■					
Monitor and maintain approval schedule				■	■	■					
Regular communication on status to client				■	■	■					
Internal Quality Reviews/Risk Assessments				■	■	■					
<b>Application Approval &amp; Agreement Negotiation</b>											
Participation in public agency reviews & hearings as may be required or prep. of client for same						■	■	■			
Client notification of final approvals						■	■	■			
Identify and work with local counsel if determined necessary						■	■	■			
Monitor and completion of filings as of right programs						■	■	■			
Review Agreements						■	■	■			
Negotiate Contractual Terms						■	■	■			
Finalize Contractual Agreements						■	■	■			
<b>Public Announcement</b>											
Develop Press Release with State and Local Officials									■		
Formal Announcement with Press									■		
<b>Knowledge Transfer</b>											
Develop and provide detailed "road map" on relevant compliance conditions									■	■	
Assist in creation of internal tracking and reporting systems									■	■	
Monitor and alert for non-compliance									■	■	



# LABOR ANALYSIS

Sample of demographic factors, beyond typical cost and availability, that can be used to measure and evaluate a labor market. The factors are scored and weighted in relation to all other labor factors. Using the weights a blended labor score is developed for each market that is inclusive of all potential other labor criteria.

DEMOGRAPHIC FACTOR	DESCRIPTION	SCORE	WEIGHT	WEIGHTING RATIONALE
<b>Total Population</b>	Total Population in target market (all residents)	3	8.1%	<ul style="list-style-type: none"> <li>Important for scale, but least predictive indicator of target labor talent</li> </ul>
<b>Target Age Population</b> Target Age Group: 20 – 64	Population of target age population within target market	4	10.8%	<ul style="list-style-type: none"> <li>Indicator of target labor availability, mapped vs. VA employees age distribution</li> </ul>
<b>Education</b> Four-Year College Degree	Population in target market with four-year college degree	7	18.9%	<ul style="list-style-type: none"> <li>Indicator of target/potential labor force presence by level of education</li> </ul>
<b>Industry</b> Professional / Technology	Population of selected industry employees located in target market	8	21.6%	<ul style="list-style-type: none"> <li>High correlation between industry and target labor force</li> </ul>
<b>Profession</b> Architecture, Computer Science, Engineering, Mathematics	Population target professions	9	24.4%	<ul style="list-style-type: none"> <li>Target labor force, best indicator of potential talent available</li> </ul>

# LABOR ANALYSIS

Sample exhibit from client report that profiles custom metrics that we used to compare and contrast various target sites, both existing and new candidate locations for the expansion activity.

	SITE 1	SITE 2	SITE 3	COMMENTS
Civilian Labor Force	146,515	119,833	88,876	<ul style="list-style-type: none"> <li>Site 3 is much lower.</li> </ul>
Median Household Income	\$45,061	\$38,734	\$36,635	<ul style="list-style-type: none"> <li>Though Site 1 is slightly higher, these are still acceptable ranges.</li> </ul>
Median Home Value	\$141,065	\$95,981	\$102,357	
30 Minute Target Households	46,208	52,305	45,808	<ul style="list-style-type: none"> <li>Target households drop significantly once outside the 30 minute drive time ring.</li> </ul>
45 Minute Target Households	134,466	114,863	83,968	
Target Household Density	Good	Good	Fair	
Target Employment	85,000	44,400	7,600	<ul style="list-style-type: none"> <li>Site 3's spot market does not meet the initial labor requirement.</li> </ul>
Spot Market	2,550	1,332	228	
Starting Wage - Average	\$10.69	\$10.63	\$8.92	<ul style="list-style-type: none"> <li>Site 3 is the lowest.</li> </ul>
Unionization	3.5%	3.8%	4.5%	<ul style="list-style-type: none"> <li>Low, not an issue</li> </ul>
Workforce Quality	Good	Good - Excellent	Good- Excellent	<ul style="list-style-type: none"> <li>Employers generally pleased with quality.</li> </ul>
Overall Rating	Acceptable	Acceptable	Marginal	<ul style="list-style-type: none"> <li>Sites 1 and 2 are superior.</li> </ul>

# LABOR ANALYSIS

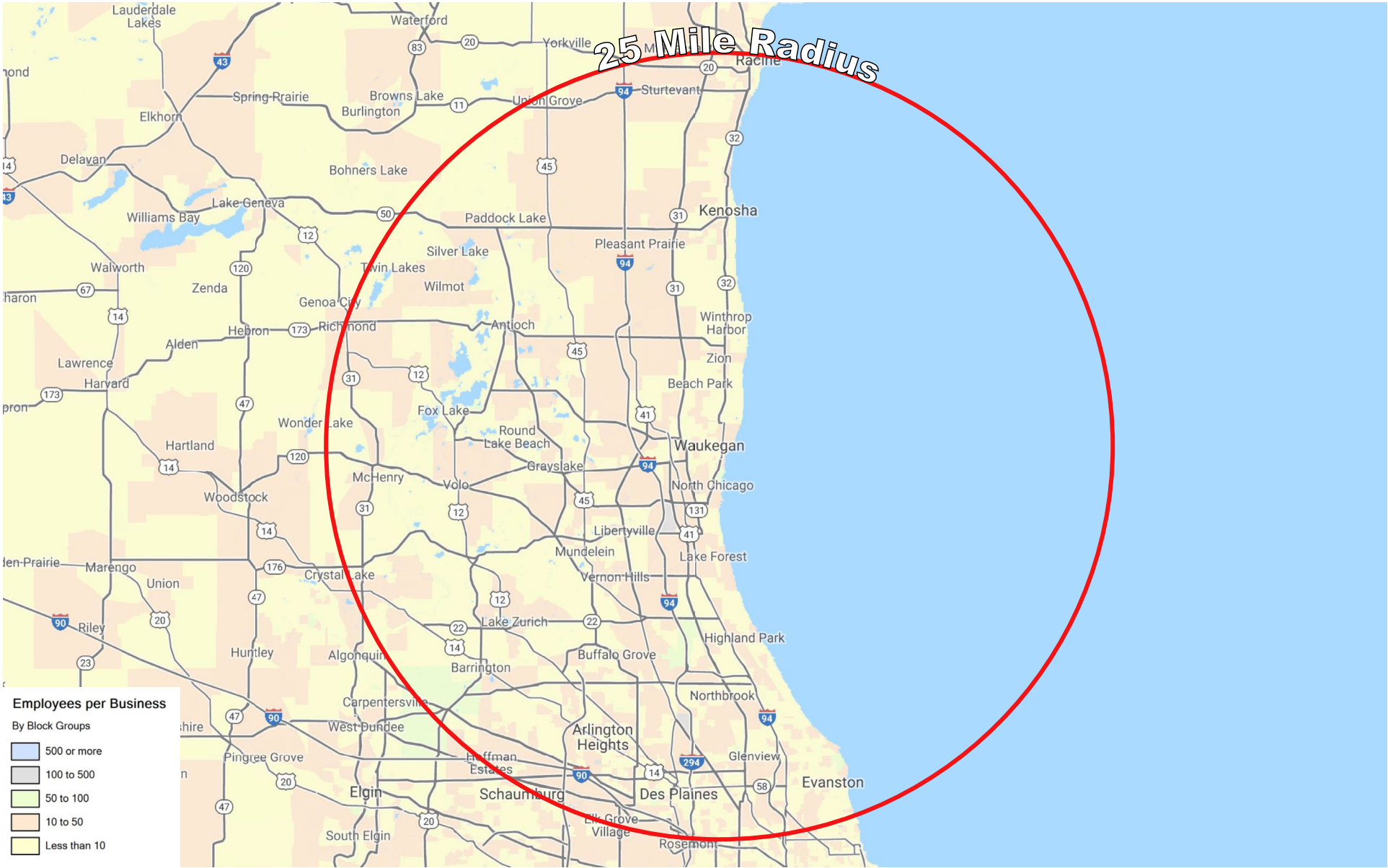
The table displays a selection of raw data populating the location screening model. In general, the following conclusions can be made:

- Population increases further south within the search area
- Wisconsin's labor pool is more geared toward manufacturing occupation
- A high level of labor competition is present in Arlington Heights
- Cost of living is lower in Wisconsin (although higher than the U.S. average)
- Overall, Wisconsin has a better tax climate

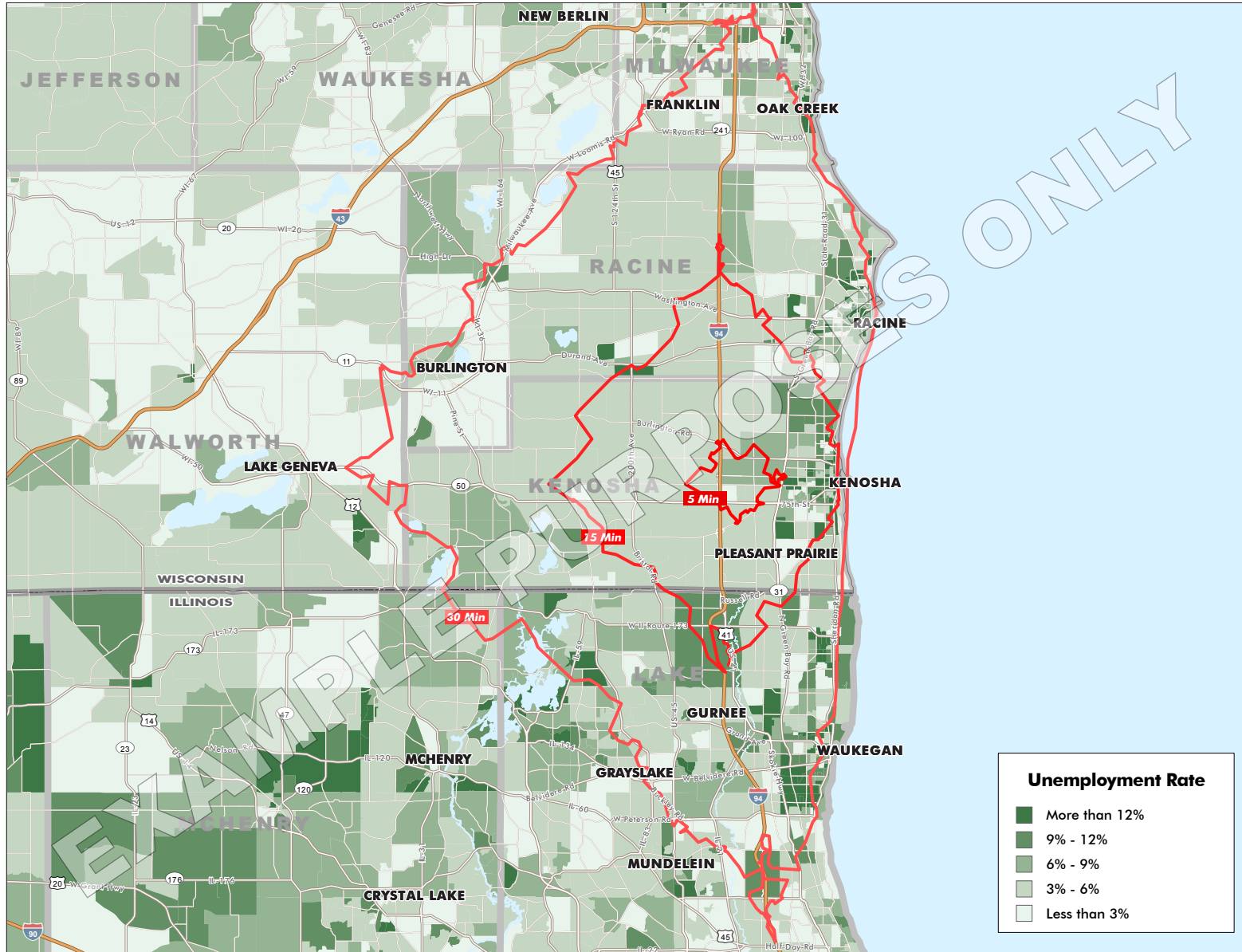
SAMPLE ANALYSIS	KENOSHA, WISCONSIN	WAUKEGAN, ILLINOIS	GURNEE ILLINOIS	ARLINGTON HEIGHTS ILLINOIS	PLEASANT PRAIRIE WISCONSIN
Population	759,934	834,768	908,655	2,111,611	759,454
Mfg. Employment % of Workforce	16.07%	13.42%	13.21%	11.03%	16.08%
Occupation: Office & Admin Support	49,716	49,462	54,871	147,662	48,24
Occupation: Production	28,253	22,660	24,313	52,044	27,750
Occupation: Transport & Material Moving	19,119	16,823	18,393	46,459	18,649
Exist. Employees W/in 40 Min. Drive Time	234	244	247	178	235
Labor Competition: Other Mfgs.	4	6	8	30	4
Cost of Living Index	104.6	107.1	119.9	120.4	105
Individual Income Tax Score	3.23	6.82	6.82	6.82	3.23
Corp. Income Tax Score	4.81	4.02	4.02	4.02	4.81
Property Tax Score	4.72	3.83	3.83	3.83	4.72
Sales Tax Score	5.11	4.41	4.41	4.41	5.11



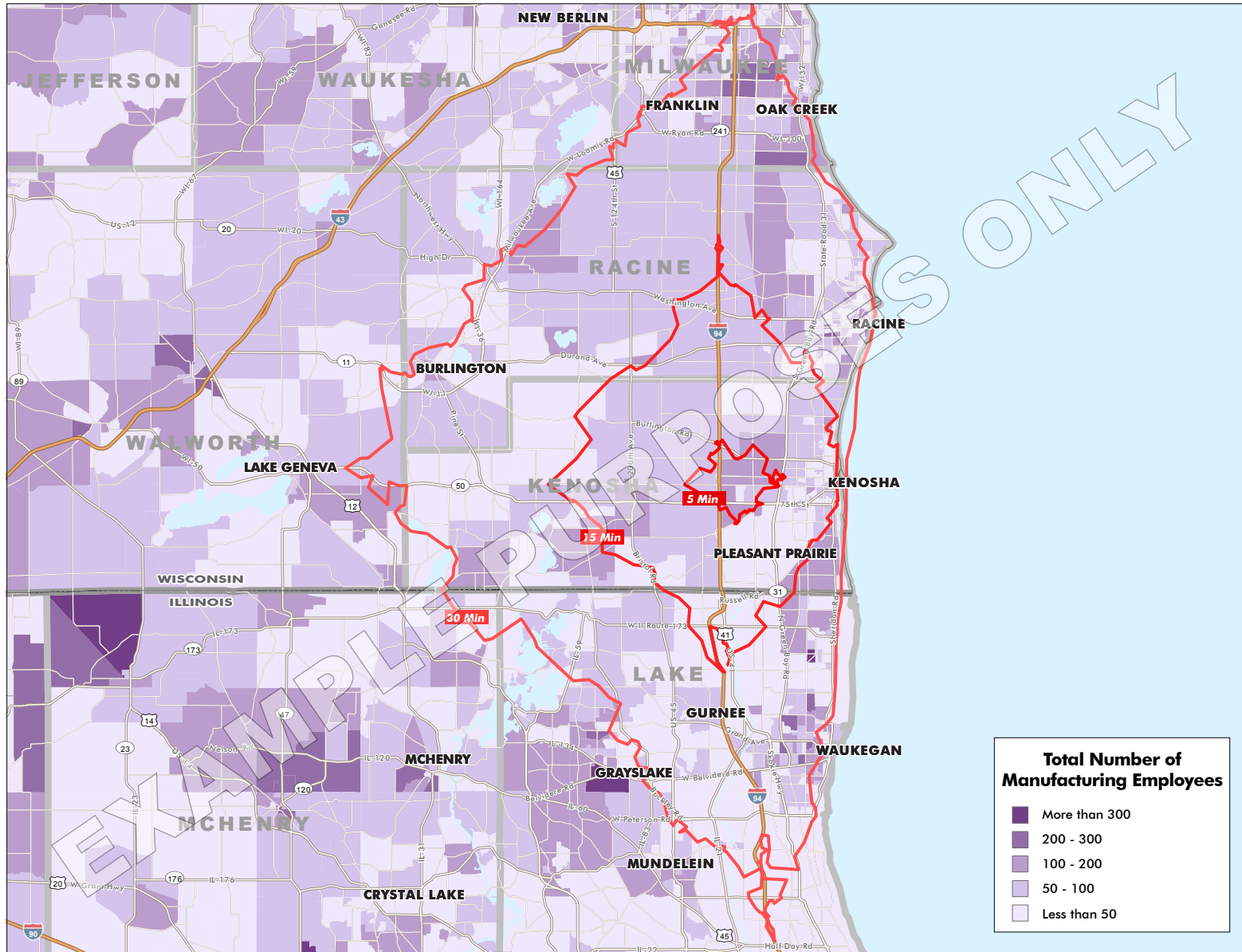
# SAMPLE DENSITY OF PRODUCTION LABOR | EMPLOYEES PER BUSINESS



# UNEMPLOYMENT RATE



# TOTAL NUMBER OF MANUFACTURING EMPLOYEES



# AGENT OVERVIEW



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## PARTIAL CLIENT LIST

- ▶ Advertising Resources International
- ▶ Alfa Laval
- ▶ BPG Properties
- ▶ BYD America Corporation
- ▶ Bridge Development Partners
- ▶ Centerpoint Properties
- ▶ Crane Nuclear
- ▶ Gordon Food Service
- ▶ Kenall Manufacturing
- ▶ Kinter, Opus North LTD
- ▶ Trifinity Specialized Distribution

## PROFILE

Tom has guided clients on complex build to suit projects, & Leasing assignments in all of the 22 sub-markets that comprise the Chicago market, portfolio management and leasing, and assisted manufacturers on material flow and municipal incentives.

## RECENT TRANSACTIONS

- Represented the Tenant of 250,000 SF in Kenosha, WI
- 14,107 SF long-term lease at 201 N Elizabeth, Chicago, IL
- Represented the Buyer of 55,276 SF in Zion, IL
- Represented the Landlord in Leasing 13,108 SF in Chicago, IL
- Represented the Buyer of a Class A 196,400 SF building at the SEC of Hwy. 165 & 88th Avenue in Pleasant Prairie, WI in June, 2019
- Purchased 3.2 acre site, Waukegan, IL - July 2018
- Leased 59,000 SF, Pleasant Prairie, WI - June 2018
- Sold 30,000 SF at 3550 N. Spaulding Avenue, Chicago, IL - April 2018
- Leased 76,725 SF on Morrison Drive, Waukegan, IL - 2018
- Sold 53 acres in Kenosha, WI - December 2017
- Represented a private mfr. in the acquisition of 130,300 SF, Jackson, WI - December 2017
- Sold former 220 Acre Dairyland Greyhound Park, Kenosha, WI - October 2017
- Sold investment property of 35,000 SF, Wheeling, IL - March 2017
- Sold 30 acres on behalf of N.A.R. Partners, Naperville, IL - 2016
- Sold 50 acres to CenterPoint Properties, Pleasant Prairie, WI
- Represented Kenall Mfr. in the acquisition of 35 acres, Kenosha, WI
- Sold 35 acres, Aurora, IL
- Sold several sites in Chicago Industry-Tech Park, Chicago, IL

## ADDITIONAL TRANSACTIONS

- Represented NOSCO on 98,000 SF lease, Bridgeview, IL
- Represented ARI on the lease of 456k SF, Minooka, IL
- Represented N.A.R. Partners on the development of a 350k SF facility for O'Reilly Auto Parts, Naperville, IL
- Represented Kenall Mfr. in the development of a 350k SF mfr. facility, Kenosha, WI

## CAREER SUMMARY

Since 1992, Tom has managed a variety of real estate projects, originally developing low income housing in Rogers Park section of Chicago. He moved into commercial real estate and gained experience working for nationally-ranked developers The Alter Group and HSA Commercial Real Estate. Tom works primarily on projects that involve new construction and land development.



# COMPANY OVERVIEW

## LEE & ASSOCIATES | ORIGIN & PHILOSOPHY

With 50+ offices across the US and Canada the Lee & Associates group of companies is the fourth largest full-service commercial real estate organization in the United States.

Each Lee & Associates group office represents a broad array of regional, national and international clients -- from individual investors and small businesses, to large corporations and institutions. Last year, the Lee & Associates group successfully completed transactions with a total value of over \$13 billion.

In 1979, founder Bill Lee established the first Lee & Associates office, driven by the unique idea to turn real estate brokers into company owners or "shareholders."

Bill Lee's guiding philosophy was the clients' interests would be best served by a collection team effort from experienced sales agents who had an ownership stake in the privately-held organization, earned through exceptional performance and ethical practice.

Not merely employees, profit-sharing Lee owner/agents would strive to create a sense of shared responsibility and cooperation throughout the organization, and would encourage an orientation toward long-term client relationships and business solutions. Since then, Bill Lee's profit sharing concept has proven enormously successful, and has fueled an explosive growth of Lee & Associates.

**As a real estate partner**, we offer every aspect of real estate services and the necessary expertise to successfully implement any type of commercial real estate project.

- development / redevelopment
- corporate / asset / investment services
- property management
- tenant / landlord representation
- facility services
- sale / disposition / acquisitions
- management services
- valuation & consulting
- supply chain consulting

# COMPANY OVERVIEW

**64%**

**increase**

in transaction volume  
over 5 years

**\$15+ billion**

transaction volume  
in 2019

**1,000+**

agents  
and growing nationwide

At Lee & Associates our reach is national, but our expertise is local market implementation. This translates into seamless, consistent execution and value driven market-to-market services.

Our agents understand real estate and accountability. They provide an integrated approach to leasing, operational efficiencies, capital markets, property management, valuation, disposition, development, research & consulting.

We are creative strategists who provide value and custom solutions, enabling our clients to make profitable decisions.

**INDUSTRIAL**

**LAND**

**INVESTMENT**

**APPRAISAL**

**RETAIL**

**OFFICE**

**MULTI-FAMILY**

**CONSULTING**

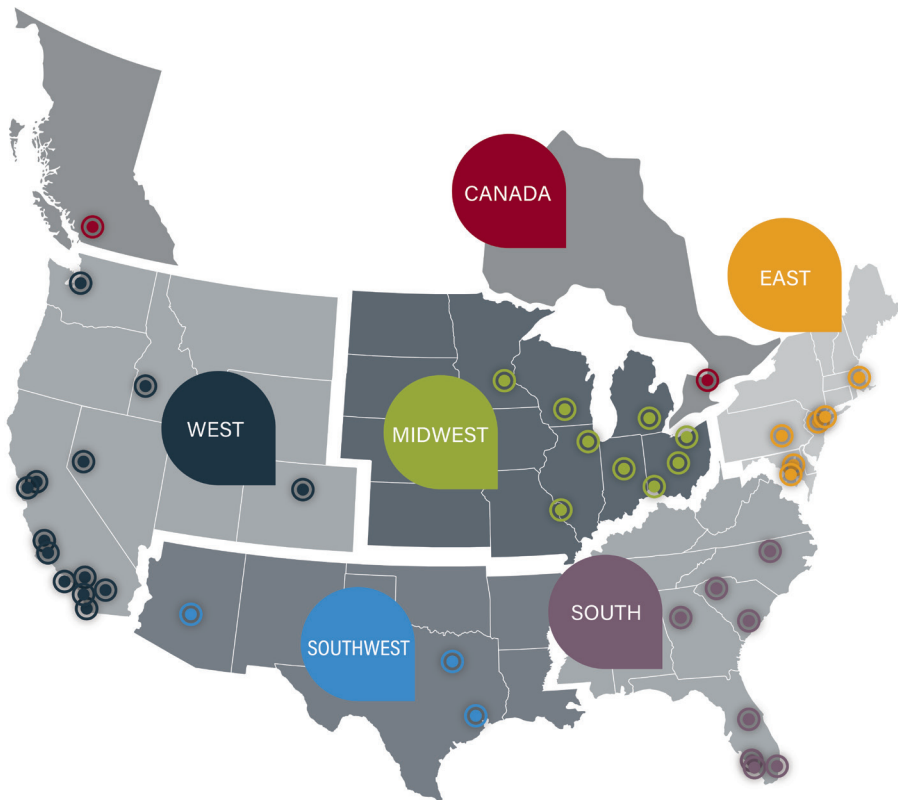


# COMPANY OVERVIEW

## LEE & ASSOCIATES | NATIONAL NETWORK

Nationally, Lee & Associates has 64 offices with brokers licensed in 40 states.

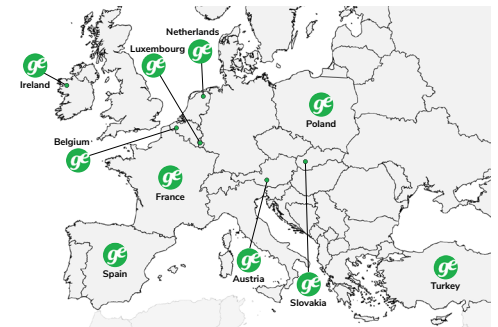
The Lee & Associates Illinois office has brokers licensed in Illinois, Wisconsin and Indiana.



- 2020 - Boston, MA
- 2020 - Naples, FL
- 2020 - Washington DC
- 2019 - Toronto, ON
- 2018 - Cincinnati, OH
- 2018 - Raleigh, NC
- 2018 - Miami, FL
- 2016 - Seattle, WA
- 2016 - Walnut Creek
- 2016 - Vancouver, BC Canada
- 2016 - Twin Cities, MN
- 2016 - Pasadena, CA
- 2015 - Eastern Pennsylvania
- 2015 - Columbus, OH
- 2015 - Houston, TX
- 2014 - Denver, CO
- 2014 - Cleveland, OH
- 2013 - Long Island-Queens, NY
- 2013 - Chesapeake Region, MD
- 2012 - Edison, NJ
- 2012 - Orlando, FL
- 2012 - Charleston, SC
- 2011 - Fort Myers, FL
- 2011 - Manhattan, NY
- 2011 - Greenville, SC
- 2010 - Atlanta, GA
- 2010 - Greenwood, IN
- 2010 - Indianapolis, IN
- 2010 - Indianapolis, IN
- 2009 - Long Beach, CA
- 2009 - Elmwood Park, NJ
- 2008 - Boise, ID
- 2008 - ISG, LA, CA
- 2008 - Palm Desert, CA
- 2008 - Santa Barbara, CA
- 2006 - Antelope Valley, CA
- 2006 - Dallas, TX
- 2006 - Madison, WI
- 2006 - Oakland, CA
- 2006 - Reno, NV
- 2006 - San Diego - UTC, CA
- 2006 - Ventura, CA
- 2006 - San Luis Obispo, CA
- 2005 - Southfield, MI
- 2005 - Los Olivos, CA
- 2004 - Calabasas, CA
- 2004 - St. Louis, MO
- 2002 - Chicago, IL**
- 2001 - Victorville, CA
- 1999 - Temecula Valley, CA
- 1996 - Central LA, CA
- 1994 - Sherman Oaks, CA
- 1994 - West LA, CA
- 1993 - Pleasanton, CA
- 1993 - Stockton, CA
- 1991 - Phoenix, AZ
- 1990 - Carlsbad, CA
- 1990 - Industry, CA
- 1989 - LA - Long Beach, CA
- 1989 - Riverside, CA
- 1987 - Ontario, CA
- 1984 - Newport Beach, CA
- 1983 - Orange, CA
- 1979 - Irvine, CA



- Austria
- Belgium
- France
- Ireland
- Luxembourg
- Netherlands
- Poland
- Slovakia
- Spain
- Turkey



# COMPANY OVERVIEW

## LEE & ASSOCIATES | YOUR CHICAGOLAND MARKET EXPERTS

The Lee & Associates Illinois office is comprised of 30 brokers with specialists in Industrial, Retail, Office & Multi-Family.

**525+**

Years Combined Experience

**\$4.5 BILLION+**

Gross Transaction Value\*

**18**

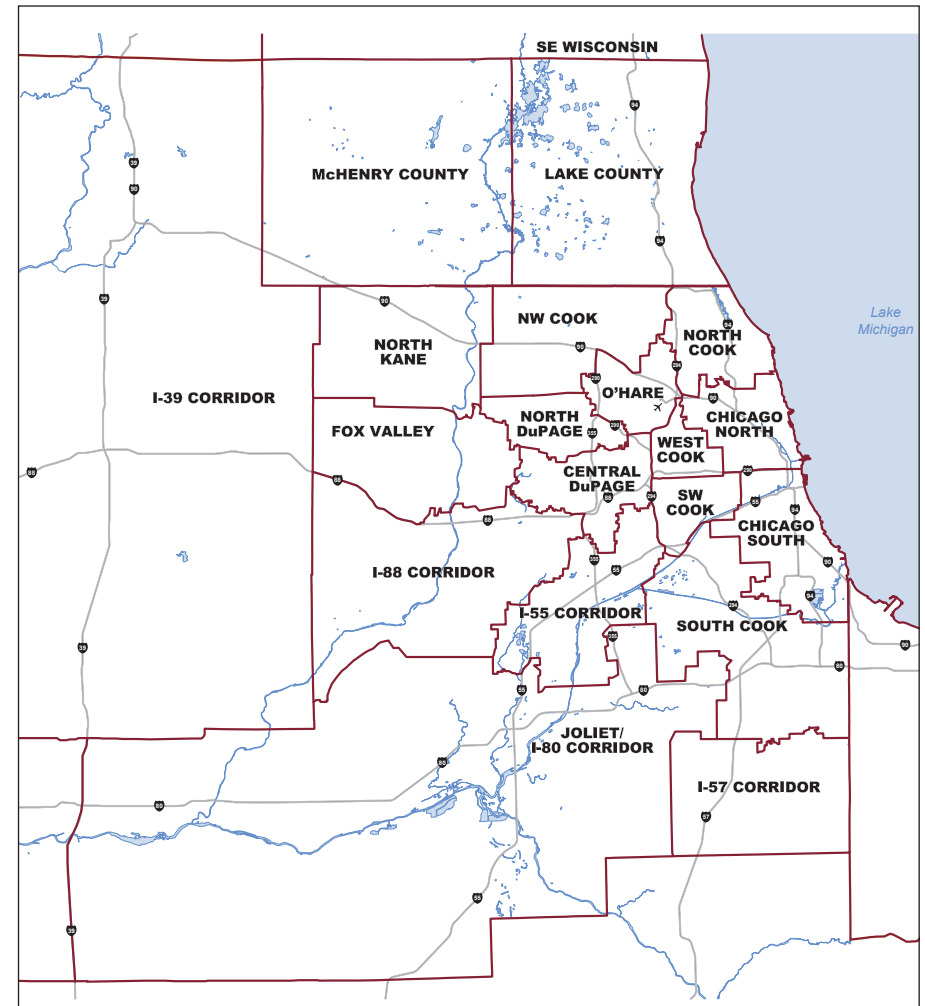
Average Years in the Industry

**2,899**

Transactions Closed\*

**333 MILLION+ SF**

Gross Square Feet Transacted\*



\*From 2002-2017

# COMPANY OVERVIEW

## LEE & ASSOCIATES | SOLUTIONS TAILORED TO MEET YOUR NEEDS

Since its founding in 1979, Lee & Associates has achieved consistent growth and profitability, handling more than 300,000 real estate transactions nationwide.

With over 525 combined years of real estate experience in the Illinois office alone, our agents offer an integrated approach with the understanding that every project is unique.

Our extensive local market knowledge, seasoned agents and resources, enable every Lee team to optimize their client's real estate portfolio by maximizing value, as well as providing quantifiable results.

### THE LEE ADVANTAGE

#### Market Leader

Specializing in Market Intelligence

#### We Save You Time

Creative Problem Solving Skill Sets

#### Integrity

Shapes Our Culture & Defines the Character of Our Company

#### Relevant Work

Seasoned Agents with Relevant Transaction Experience