

To: Village of Northbrook, Development & Planning Department
Re: Northbrook Meadows Shopping Center
From: Chicago Title & Trust Company, Heitman Investment Company
Date: October 1, 2026

Northbrook Meadows opened in 1959. For nearly seven decades, it has served as a familiar place where Northbrook families shopped, used local services, and gathered for community traditions such as the Farmers Market. We do not take lightly what this property and its businesses have meant to the Village.

For many years, ownership has shared the Village's vision for the future of Northbrook Meadows. Since completion of the Village's 2012 Downtown Redevelopment Report, we have understood the property to be a long-term redevelopment opportunity whose highest and best use could ultimately be a more intensive mixed-use or residential project. Ownership has operated the property with that understanding, investing time, capital, and effort to maintain the center while preserving the opportunity for the Village's long-term vision to be realized.

Today, we believe thoughtful redevelopment has become the most responsible path for the property. Our objective is not simply to replace an aging shopping center, but to support reinvestment that aligns with the Village's planning objectives and can strengthen downtown Northbrook for future generations.

We understand that redevelopment proposals can generate strong opinions and legitimate questions, particularly when existing local businesses are affected. We respect the connections that residents and businesses have to the center. For that reason, we want to explain why, in our assessment, continuing to operate the property as a retail shopping center is no longer a viable long-term option.

Simply put, the property's retail economics do not support the cost of operating and reinvesting in the center over the long term. The issue is not a single vacancy or tenant, but the relationship between the sales the center supports and the costs required to own, operate, maintain, and improve the property.

The center contains approximately 90,000 square feet of retail space, a significant portion of which is vacant. Based on current Village sales tax collections attributable to the center of approximately \$195,000 and an assumed 2% Village share, we estimate annual taxable retail sales of approximately \$9.75 million, or roughly \$108 per square foot of total space. Retailers commonly evaluate total occupancy cost as a percentage of sales, and acceptable ratios vary by business type. At a 10% occupancy-cost ratio, sales of

approximately \$108 per square foot indicate tenants can support total occupancy costs of approximately \$11 per square foot.

The cost of owning and operating the property significantly exceeds that amount. Based on ownership's records, real estate taxes, insurance, maintenance, and required capital improvements total more than \$20 per square foot annually. Many of these costs continue whether a space is occupied or vacant. Before any return to ownership, the property therefore costs materially more to carry than tenants current sales levels can reasonably support. Ownership has absorbed operating shortfalls for years to maintain operations, support local tenants, and preserve the property while redevelopment opportunities were pursued.

To test whether this conclusion was unique to our own analysis, ownership undertook a broad marketing effort and engaged with investors, retail operators, and prospective buyers. The feedback was consistent: those parties generally concluded that the center's retail income potential is insufficient to support the ongoing costs of ownership and the substantial capital investment required to maintain the property as a viable shopping center over the long term.

The center's leasing history reflects these challenges. Over time, numerous well-known businesses have departed, including Starbucks, Walgreens, Chase Bank, Coldwell Banker, Blockbuster, Marcello's, Leonard's, and others. Individual circumstances varied, but the overall pattern reflects changing consumer behavior, evolving retail formats, and competitive pressures affecting the property and the broader retail market. The reality is that the trade area contains more retail space than current demand can support, resulting in vacancies not only at this shopping center but elsewhere in the surrounding corridor as well.

Despite these challenges, ownership has continued to support the existing tenant community by providing occupancy costs that, in our assessment, are significantly below prevailing market levels for comparable space. This approach was intentional and helped many local businesses remain in operation while redevelopment opportunities were explored.

The existing leases were negotiated or renewed with recognition that redevelopment could eventually occur. Current lease structures generally provide redevelopment-related flexibility or operate on a short-term or month-to-month basis. We recognize that a transition would nonetheless create real disruption for these businesses and their employees, and we remain committed to treating tenants professionally and respectfully throughout the process.

Ownership has honored its obligations under the lease agreements and maintained the property despite significant financial challenges. Ownership will continue to fulfill its obligations under each lease according to its terms, including all applicable notice requirements.

Approval of the proposed redevelopment would allow the property to move forward through an orderly transition aligned with the Village's long-standing planning objectives. If the project is not approved, the economic conditions are not likely to improve and ownership cannot commit to continuing the present level of subsidy. The likely result would be additional vacancy, reduced operations and investment, and further decline of the center while another path is pursued. We offer this as our candid assessment, not as a threat or a stated plan.

The choice before the Village is therefore immediate. It is whether to advance a thoughtful redevelopment now or allow an unsustainable retail center to continue losing tenants and deteriorating without a viable near-term solution.

Ownership is grateful for the decades of thought, planning, and stewardship the Village has devoted to downtown Northbrook and to this significant parcel. We remain committed to working collaboratively with Village leadership, residents, tenants, and stakeholders to implement a responsible transition and create a stronger future for the property and the broader community.

We respectfully request approval of the proposed redevelopment.

Sincerely,

Chicago Title & Trust Company

Heitman Investment Company