

## **Explaining the Charlestowne Mall Redevelopment in 5 minutes – Created 10/01/25**

### **General Property Information**

Charlestowne Mall opened in 1991 as a two-level retail center with 800,000 square feet of space. The interior mall is now closed, with only Von Maur and Classic Cinemas remaining in operation, alongside outlot tenants such as Cooper's Hawk, Chipotle, and Starbucks. Ownership of the property is divided: the Krausz Companies hold the majority of the site, Von Maur owns its building, Storebuild owns the former Toys "R" Us property, and the City does not own any portion of the mall.

### **History**

The mall struggled from the start with occupancy, limited east-side residential growth, and competition from Randall Road. It went into receivership in 2005, was acquired by Krausz in 2013, and has since seen multiple failed redevelopment proposals. Projects haven't advanced due to financing challenges, market shifts, and finding a redevelopment plan acceptable by the City.

### **Redevelopment Information**

In September 2025, Krausz Companies engaged Frontline Real Estate Partners to market the 72 acre Charlestowne Mall site and attract a qualified developer. The sale includes the mall structure and surrounding parking areas, excluding Classic Cinemas building, Von Maur building, and the former Toys "R" Us property. To streamline due diligence process, Krausz has completed both an engineering analysis and a housing market study outlining infrastructure requirements, estimated project costs, and the site's residential development potential.

### **Approval Process and Timing**

Redevelopment requires both a Concept Plan review (a public process but only for informal feedback) and a formal entitlement process (detailed engineering, public hearings, approvals). A project of this scale could take 8–12 months for approvals. Construction would be likely be completed in phases spanning over 3-5 years.

### **Key Development Challenges**

Transforming the site into a "pad-ready" condition could cost \$30 million or more. Challenges include:

- Demolition of the mall while keeping Von Maur and Classic Cinemas operating.
- Rebuilding facades for existing tenants.
- Complex site topography requiring grading and/or expensive retaining walls.
- Relocation and upsizing of utilities.
- Upgrading outdated stormwater detention.
- Navigating tenant legal rights (parking, access, etc.) under existing agreements.
- High interest rates and financing constraints.
- Lack of interstate access, unlike most Chicagoland malls.
- Need for a new internal roadway network conducive to a new land-use and design

### **Additional Development Challenge: Trade Market Conditions**

Charlestowne's five-mile trade area has 107,893 residents, the lowest population base of Chicagoland malls or retail centers, though with relatively high median household income (\$124,039). Low nearby residential density limits day-to-day retail demand.

## Other Considerations

- *Sanitary Sewer Expansion:* The east-side trunk line project (>\$40M) must be completed to accommodate future growth on the St. Charles east side, including Charlestowne Mall.
- *Residential Density:* Many struggling malls are being redeveloped with denser housing, often combining apartments and townhomes, as seen at Fox Valley, Yorktown, and Hawthorn Malls. Previous Charlestowne Mall proposals have followed this model, since higher density generates more property tax revenue per acre, helping offset costly demolition and site preparation.
- *School and Park Districts:* Redevelopment will require park dedication and developer-paid school impact fees per City ordinance.
- *Community Support:* A challenge with previous proposals is finding a redevelopment plan that balances community preferences with the financial and market realities necessary to make the project feasible.
- *Financial Assistance:* Redeveloping the Charlestowne Mall will likely require City assistance due to high development costs. Potential tools include a TIF District, which uses future property tax growth to fund eligible expenses, and Sales Tax Rebates, which return a portion of new sales tax revenues to offset upfront redevelopment costs.

**Charlestowne Mall Site Map**

