RESIDENTIAL AND COMMERCIAL MARKET ANALYSIS

King Drive Neighborhood

JANUARY 2018

PREPARED FOR THE DEPARTMENT OF CITY DEVELOPMENT OF THE CITY OF MILWAUKEE AND THE HISTORIC KING DRIVE BUSINESS IMPROVEMENT DISTRICT

HR&A Analyze. Advise. Act.

LOCKLY VALUATION

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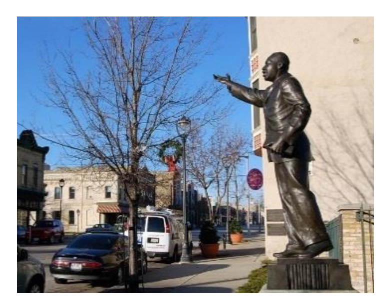


Study Overview

The City of Milwaukee and the Historic King Drive Business Improvement District (BID) aim to attract investment to the area, including capitalizing on a potential streetcar extension, while balancing the preservation of commercial and residential affordability as well as neighborhood character.

- HR&A Advisors and its subconsultant Lockly Valuation were retained to conduct a residential and commercial market analysis of the existing conditions along the transit corridor and develop an affordability strategy for the long-term planning of the area.

- This Residential and Commercial Market Analysis will support a larger City effort to create an equitable transit-oriented development (TOD) plan for the areas being considered for future extensions of the Milwaukee Streetcar.

- The King Drive Neighborhood is one of two areas being studied, the other being Walker's Point/Harbor District to the south.

- The Market Analysis will also consider potential opportunities to advance development of the Bronzeville Cultural and Entertainment District.

Source: Historic King Drive; City of Milwaukee


Source: Walker's Point; City of Milwaukee

Study Overview

King Drive has a rich history that reflects the shifting demographic and economic composition of Milwaukee.

- The King Drive neighborhood formed in the mid-1800s when German settlers migrated to Milwaukee. They built a self-sustaining economic zone as retail businesses opened on what is now Dr. Martin Luther King Jr. Drive.
- By the 1900s, the southeastern portion of the community took on an industrial character, with the neighborhood's proximity to the rail and river system encouraging manufacturers to locate in the area.
- In the 1920s, the area became increasingly diverse as the first African American families moved to the neighborhood.
- Like many comparable neighborhoods around the country, King Drive experienced urban disinvestment in the mid to late 1900s. However, in the past 15 years there has been renewed interest in the area with substantial new development and community growth.

Source: Historic King Drive BID; HR&A Advisors

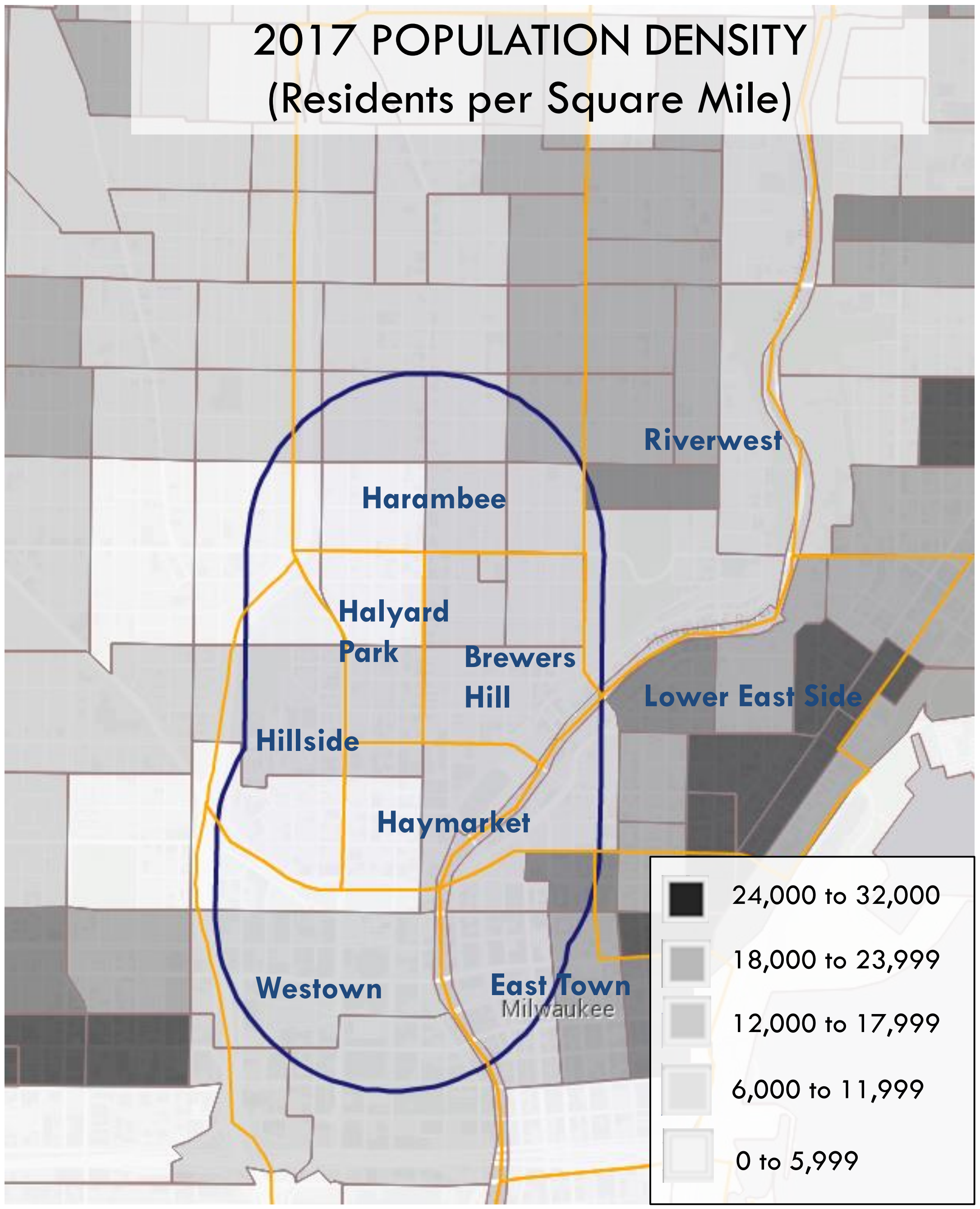

Source: Urban Milwaukee


Source: Urban Milwaukee

Market Analysis: Key findings

Overview

Over 20,000 residents (9,000 households) live within the King Drive Neighborhood, with lower density located to the north and western portions of the Study Area (defined as a ½ mile from the potential alignment and adjacent tracks for the streetcar expansion).



Source: ESRI 2017; HR&A Advisors

Harambee, north of North Avenue, consists primarily of single-family homes, with some multifamily buildings and commercial properties along King Drive.

Halyard Park, a historically middle-class neighborhood, consists primarily of single-family, suburban-style homes.

Brewers Hill contains a mix of both single-family, small rental, and multifamily, as well as retail along King Drive. This area has seen some gentrification over the past decade.

Hillside has the majority of public housing in the King Drive Neighborhood, as well as open space. Housing is largely multifamily and almost all renter-occupied.

Haymarket is characterized by its commercial uses, with some single-family housing and limited multifamily.

Lower East Side, located east of the Milwaukee River, has a large and growing share of multifamily and mixed-use commercial buildings.

Westown is home to many commercial, entertainment, and institutional uses, with some multifamily housing.

East Town is the heart of Milwaukee's central business district with a growing residential population.

Key findings and implications

Demographics

While the Study Area **saw population growth between 2000 and 2015** (1,565 people), the **African American population decreased** by ~1,200 people and the **White population increased** by ~2,300.

However, these trends **may not be uniformly due to displacement**. In **Brewers Hill, Westown, and Haymarket, total African American population has increased** despite the share of the population declining. In western Harambee, the African American population has fallen, but so too has the overall population. Only in **eastern Harambee are there indications of displacement**, with the African American absolute population and share falling substantially while the White and Hispanic population increased.

The Study Area has **higher levels of poverty** (33%) when compared to the City (25%) as a whole.

Residential

Recently completed and pipeline multifamily development is primarily occurring in the Lower East Side, Brewers Hill, and Westown, averaging **170 new units per year since 2012.**

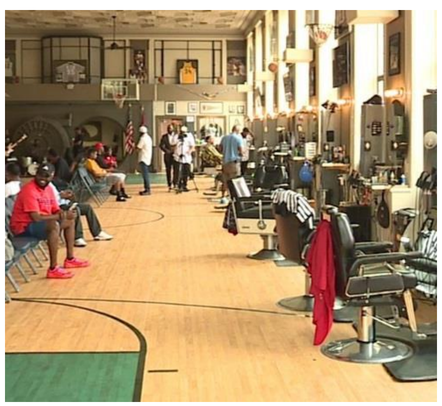
The area has a significant supply of affordable housing, with both naturally-occurring affordable and subsidized housing (2.4K subsidized units). Nearly **4,000 households** (45%) are housing burdened (pay more than 30% of their income on housing), demonstrating **a large need today for affordable housing**. About **540 more households are likely to become housing burdened** if rents increase due to continuing market trends and the extension of the streetcar.

Retail Analysis

Key findings and implications

The market within 20 minutes the King Drive Neighborhood represents **$5.3B in spending potential, of which $485M comes** from residents and workers who are **located within a 5-minute drive.** Much of this is spent shopping for destination goods, which are often located within malls and shopping centers.

Beauty salons and barber shops, restaurants, and grocery have become anchors for the area. The vast majority of businesses in the King Drive Neighborhood are **locally-owned**, with a few fast food venues and gas stations along North Avenue representing the national chains. The area has **few neighborhood-serving goods and service businesses** to support residents and employees, as evidenced by field observations and the gap analysis.



The demand analysis demonstrates support for **general merchandise, building materials/garden supply and electronics/appliances.**

While the analysis does not show a gap for dining, this is likely due to fast food facilities on North Ave. and restaurants in Westown, which serve customers both inside and outside the area. However a review of existing venues shows a lack of **sit-down and family dining** along King Drive, further supported by resident and stakeholder input.

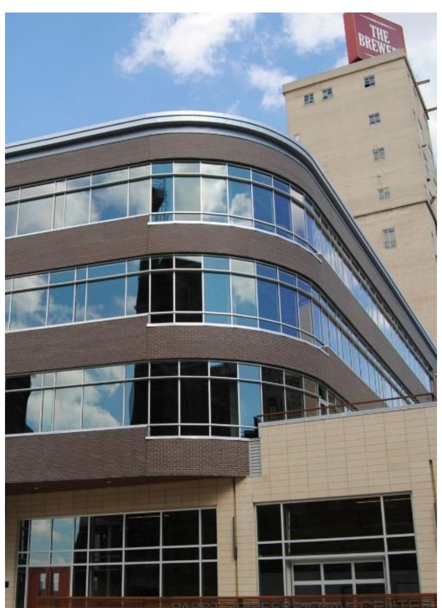
While the development of **America's Black Holocaust Museum** will become an anchor for the proposed **Bronzeville Cultural and Entertainment District**, there are few other existing businesses/institutions that currently support this vision. However, the market within a 45 minute drive represents **$443M total entertainment spending potential.**

Office and Industrial Analysis

Key findings and implications

Office space is concentrated in the southern portion of the Study Area, in Schlitz Park, Westown, and East Town. Major employers include Manpower Group, Spectrum, and Trusted Media Brands. Office **rents range from $8 to $21 PSF**, with new and renovated spaces and areas closer to the Third Ward commanding the highest rents. **Vacancy rates are 7%** for the area, excluding East Town. Delivery of new office product in the past 10 years has been extremely limited.

Industrial spaces are primarily located in the southern portion of the Study Area, with major employers including Lakefront Brewery and Miller Bakery. Rents are **relatively low ($1-$5 PSF)** when compared to the region ($4.5 PSF), reflecting low-intensity uses such as storage. **Vacancy has been declining** since 2013 (10% to 5%) and there have been no new deliveries in the area in the past 10 years.



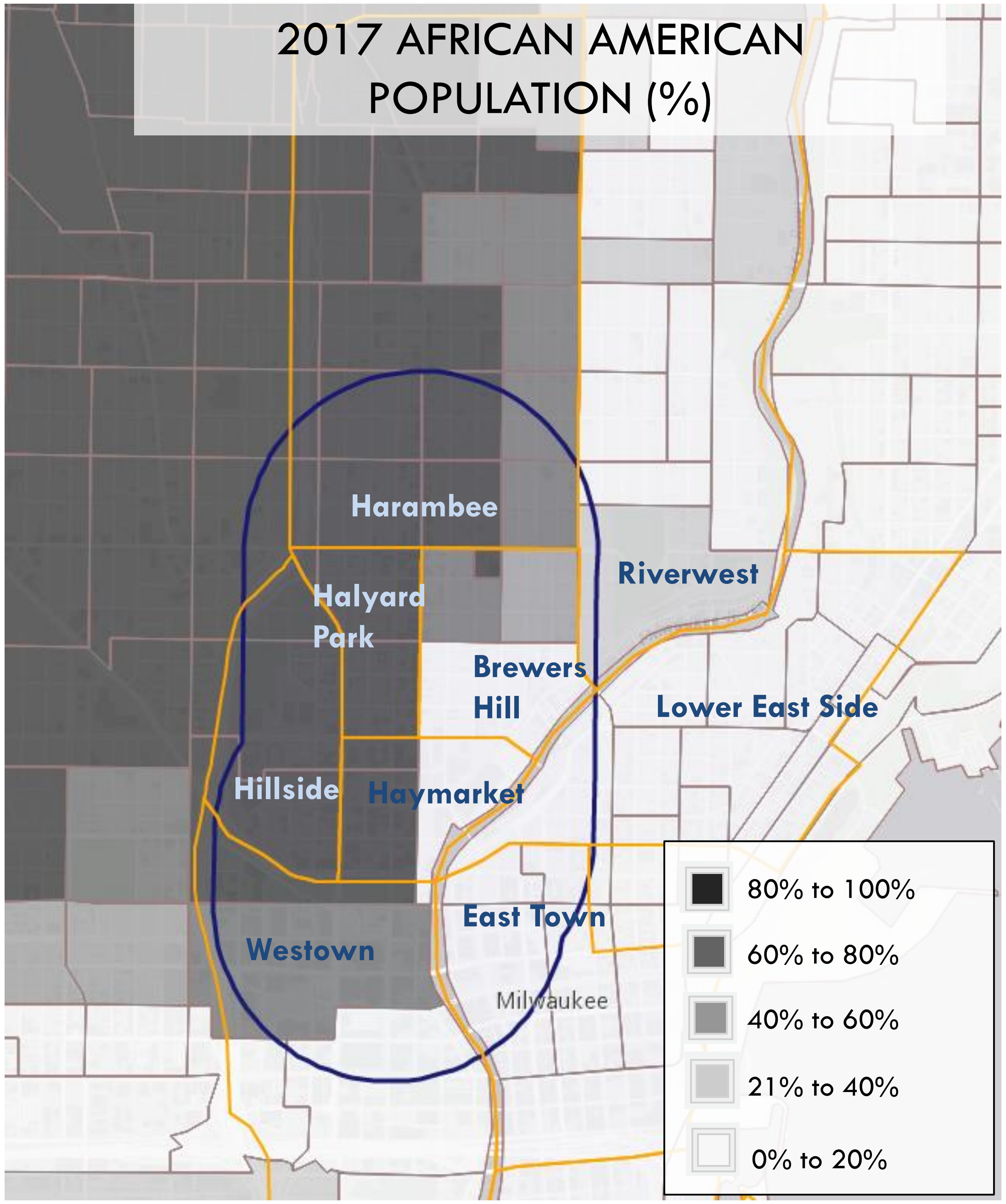
Of the **41,400 total jobs in the King Drive Neighborhood**, which are primarily in public administration as the area includes the County civic center as well as information, and education, **only 2% are filled by King Drive residents**.

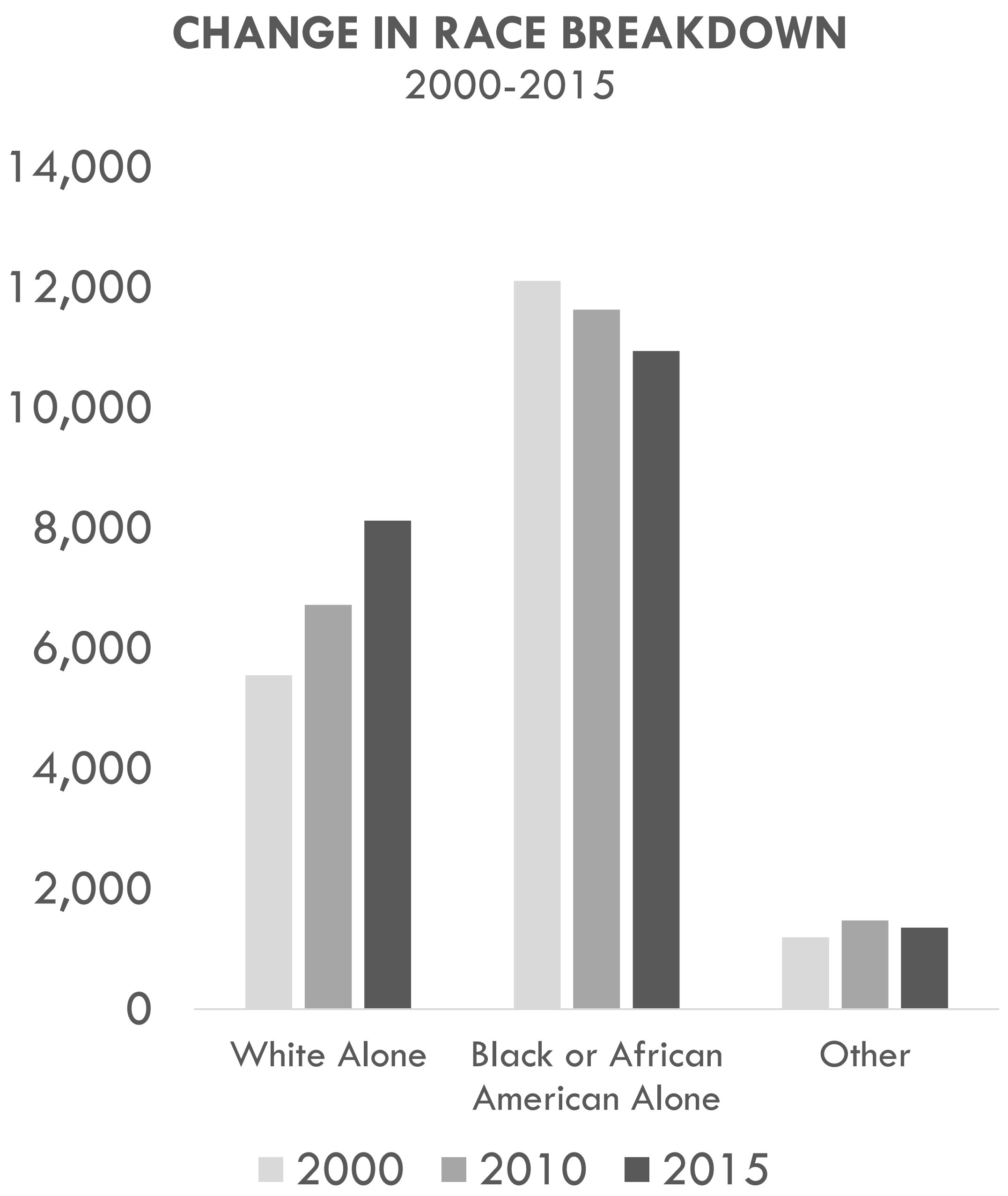
If the Study Area captures its fair share of projected County job growth (1%), it will add **~1,000 jobs between 2020 and 2030**, which will require **22K SF of office and 3.4K SF of industrial space annually**. Job growth and additional space needs will be met through a combination of **backfilling of existing, vacant spaces and new development,** preferably **targeted along the streetcar route.**

Market Analysis: Demographics + Residential

Demographic Analysis: Race and Ethnicity

While the Study Area saw population growth between 2000 and 2015 (1,565 people), the African American population decreased by ~1,200 people and the White population increased by ~2,300.





Note: Other includes the following: American Indian and Alaska Native alone, Asian alone, Native Hawaiian and Other Pacific Islander alone, Some other race alone, two or more races
Source: ESRI 2017, ACS Census; HR&A Advisors

Demographic Analysis

Communities in the King Drive neighborhood have expressed concern about gentrification, an ill-defined but potent term invoking a mix of socioeconomic and community concerns.

Gentrification was first defined in a 1964 essay by British sociologist Ruth Glass while writing about the invasion of the working quarters of London by the middle class "until all or most of the original working class occupiers are displaced and the whole social character of the district is changed."

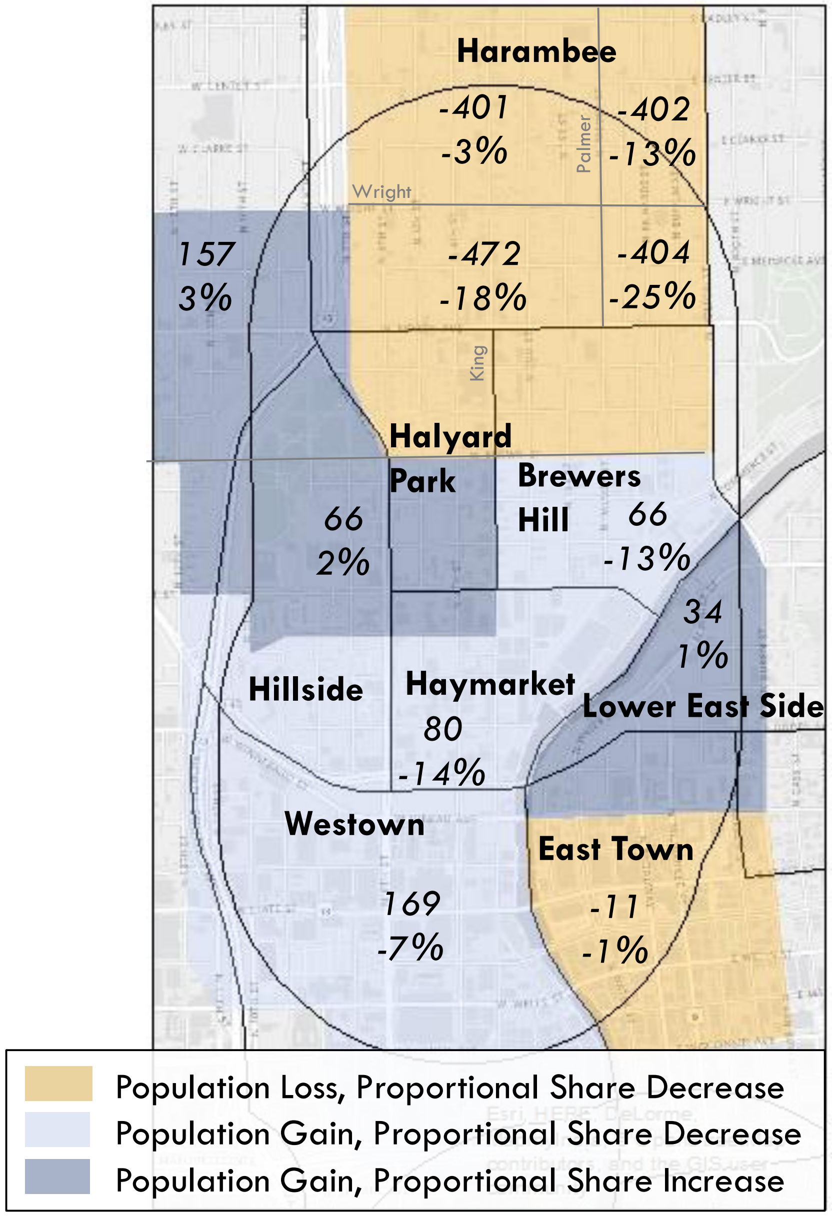
In addition to income displacement, gentrification in the United States has come to suggest displacement along racial, occupational, and religious lines.

Gentrification is defined here as the displacement of lower income, nonwhite households by higher income households. Reflected in data, gentrification occurs when the total population of these lower income and nonwhite populations in an area, and the share of population of those populations in an area are both in decline. While this is not the only means of defining gentrification, it is among the more quantifiable.

Because of the nature of available data, analysis is only possible on a neighborhood-wide level, meaning that the data cannot reflect the way individual households may or may not have been impacted by neighborhood-wide changes.

Harambee and Halyard Park has seen population decline. Though Brewers Hill, Haymarket and Westown neighborhoods have seen a decreased share of African Americans, the total African American population in these areas has increased.

CHANGE IN TOTAL (*AND SHARE*) AFRICAN AMERICAN POPULATION 2000-2015

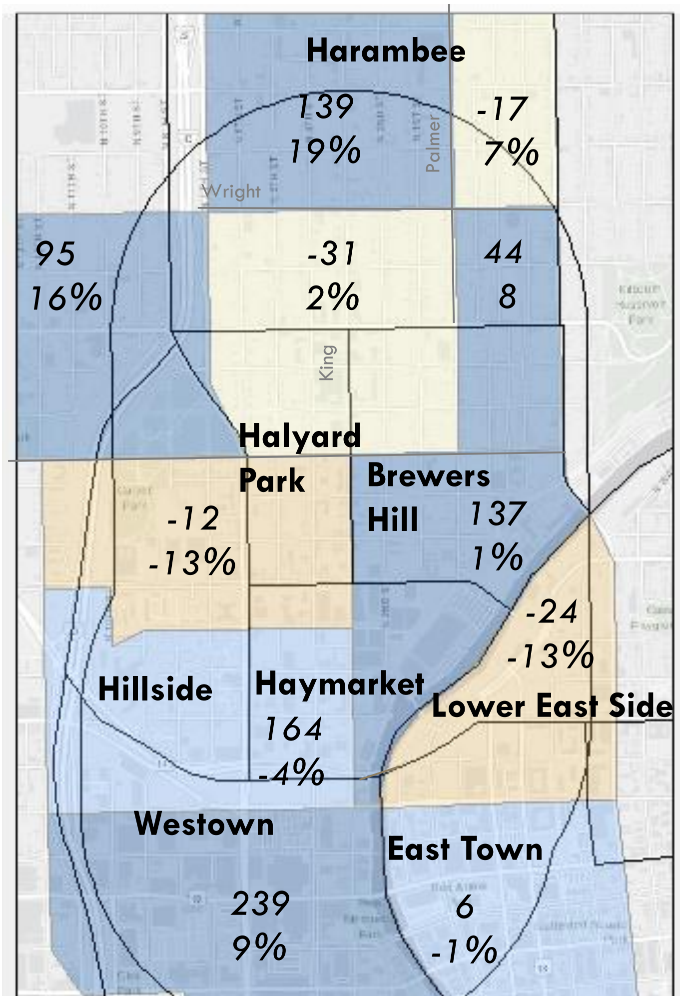


Source: ESRI 2017, ACS Census; HR&A Advisors

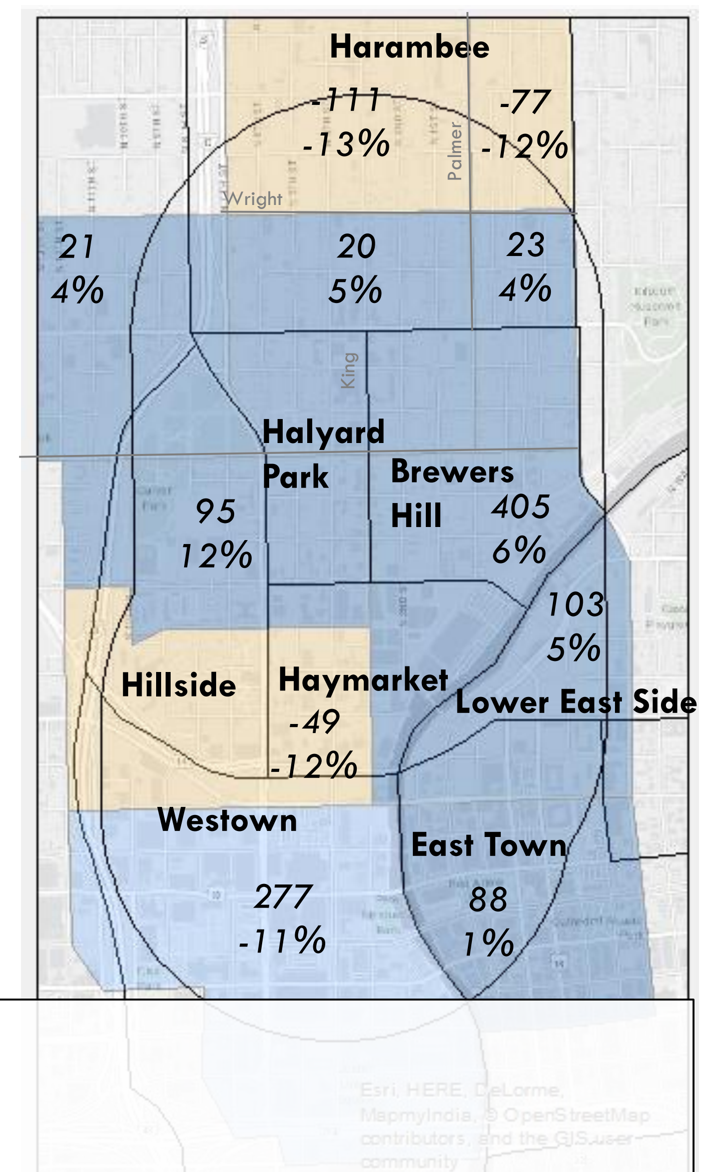
- The total African American population share in the Study Area has decreased, but this decline may not be uniformly due to displacement.
- In Brewers Hill, Westown, and Haymarket, total African American population has increased while the African American share has declined.
- In western Harambee, African American population has declined, along with the overall population in the area.
- Overall, only in eastern Harambee is there evidence of displacement, with the African American population and share of the population falling substantially.

There has been an increase in high income households in most of the Study Area. However, because of the overall increase in the number of households, this has not resulted in substantial displacement of lower income households.

CHANGE IN TOTAL *AND SHARE* HOUSEHOLDS WITH UNDER $30K IN INCOME 2000-2015



CHANGE IN TOTAL *AND SHARE* HOUSEHOLDS WITH OVER $50K IN INCOME 2000-2015

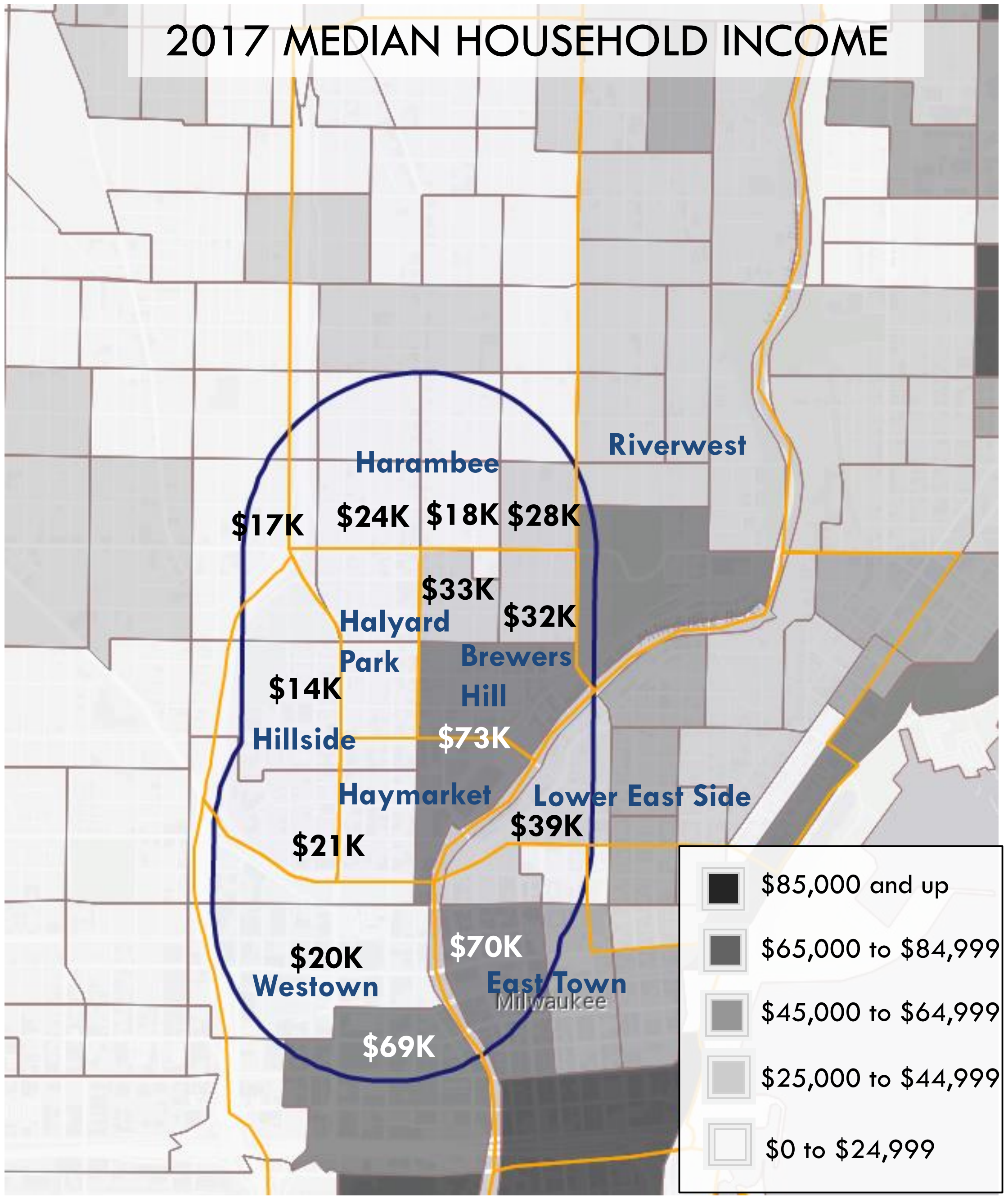


- Household Decrease, Proportional Share Increase
- Household Decrease, Proportional Share Decrease
- Household Increase, Proportional Share Decrease
- Household Increase, Proportional Share Increase

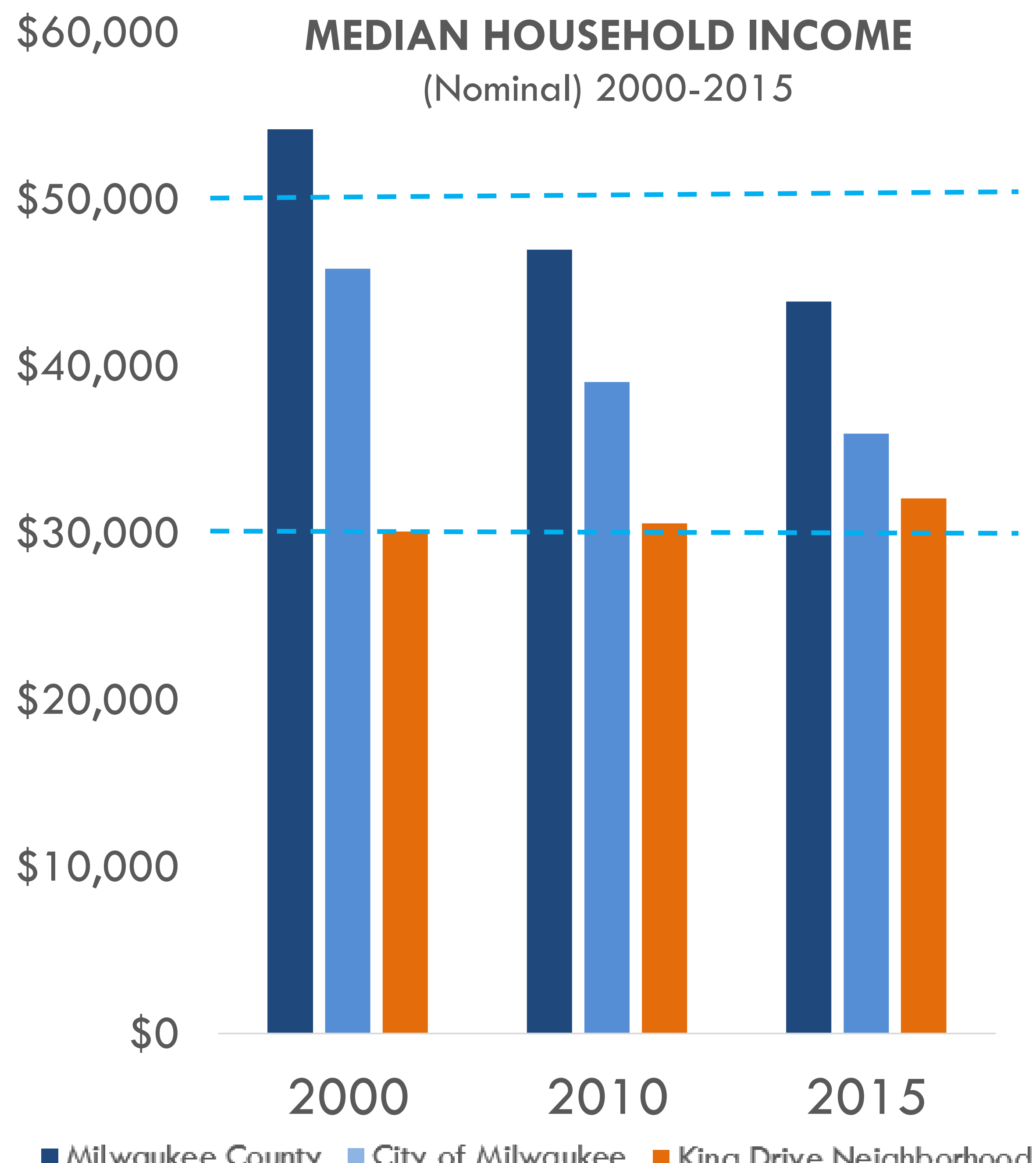
Source: ESRI 2017, ACS Census; HR&A Advisors

Demographic Analysis: Income

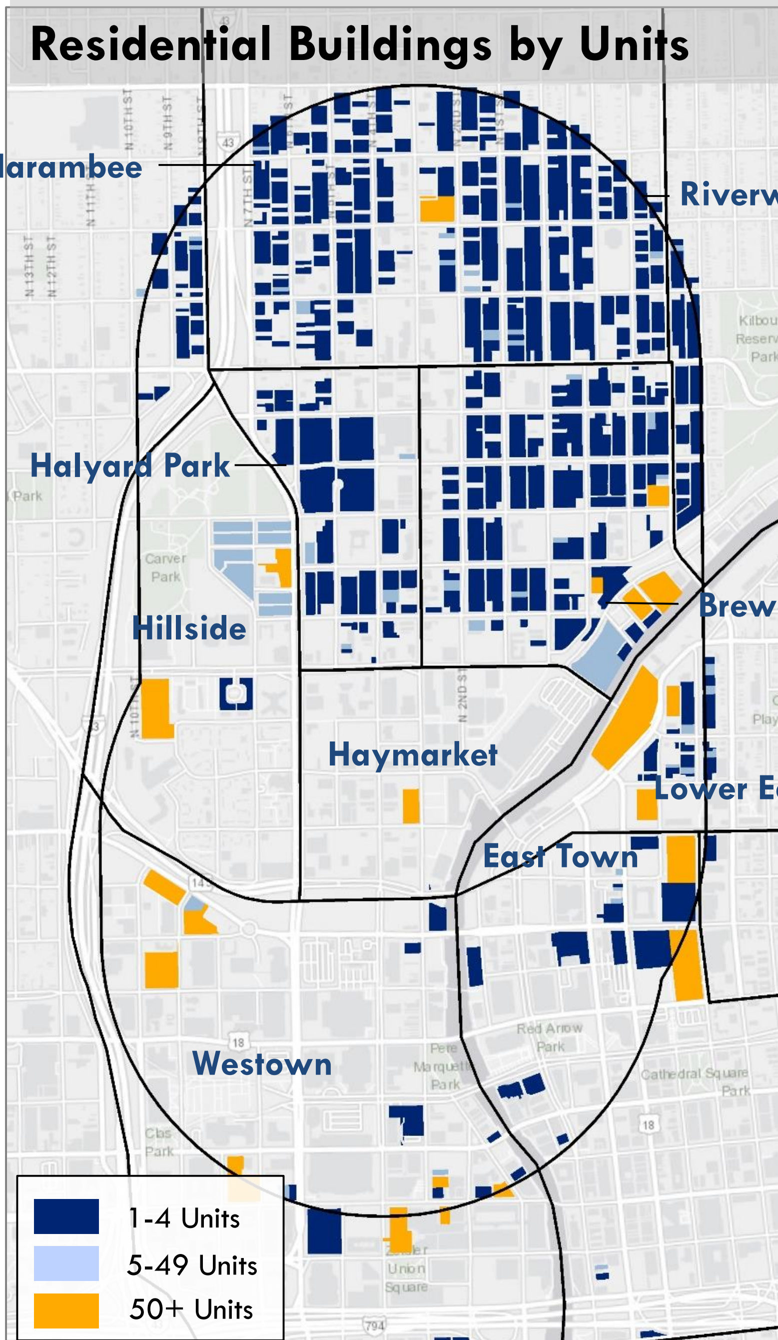
Median household income in the King Drive Neighborhood is $32K. While it has risen since 2000, it ranges from $14K in portions of Hillside and Haymarket to $73K in Brewers Hill.



Source: ESRI 2017, 2015 and 2014 ACS Census; HR&A Advisors



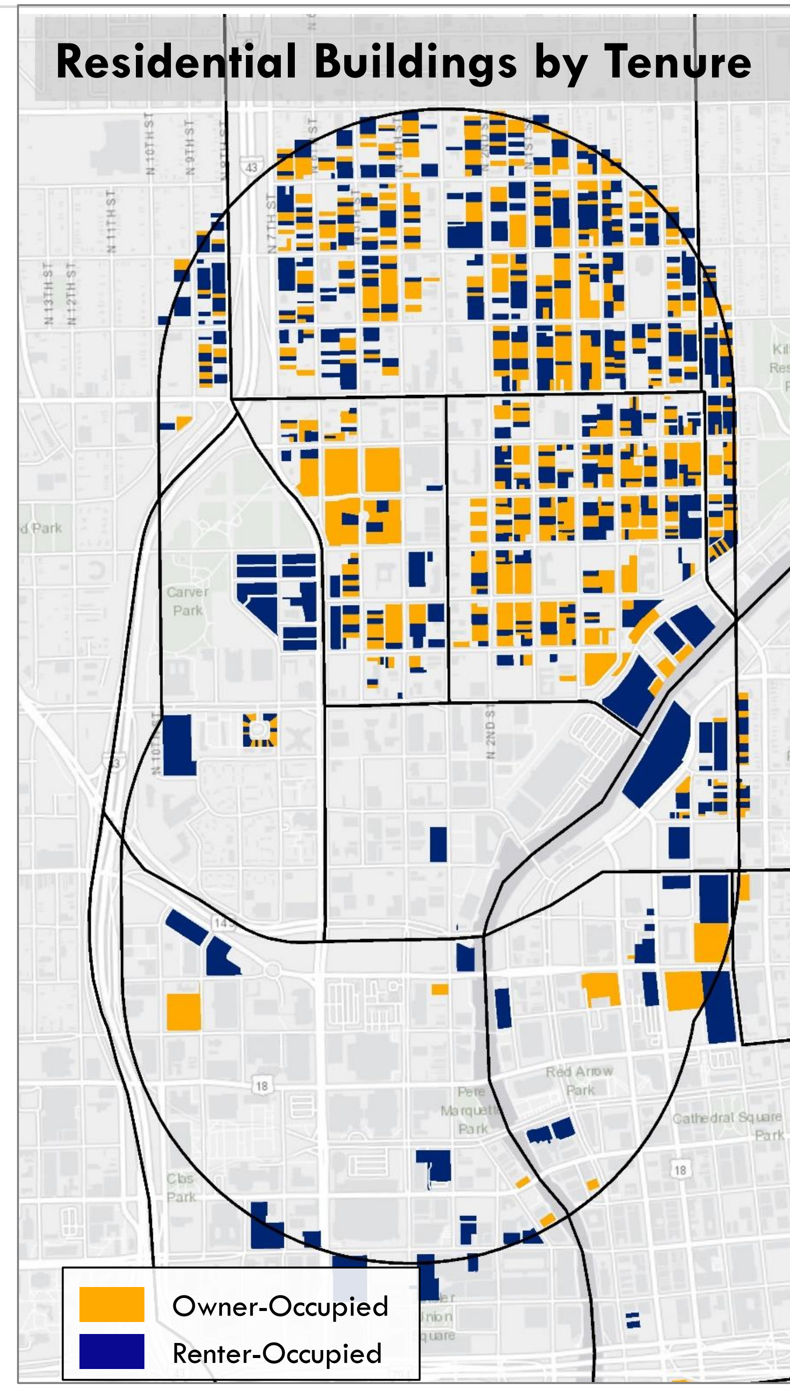
A dense concentration of single-family homes are located in the northern neighborhoods of the Study Area, coinciding with high rates of homeownership.



8.8K
Residential Units

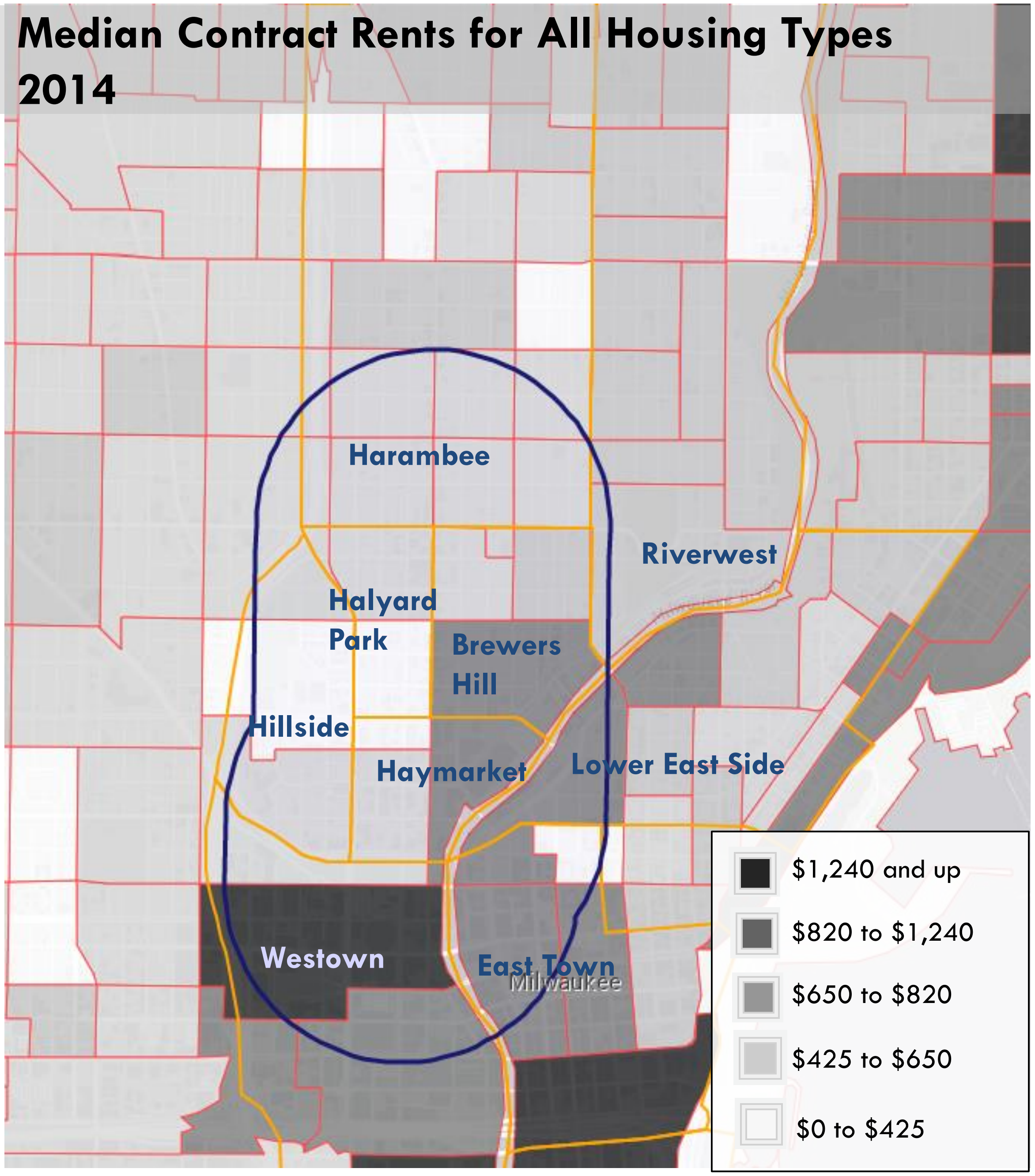
62%
Multifamily

79%
Renter Occupied



Source: MPROP; Lockly Valuation, HR&A Advisors

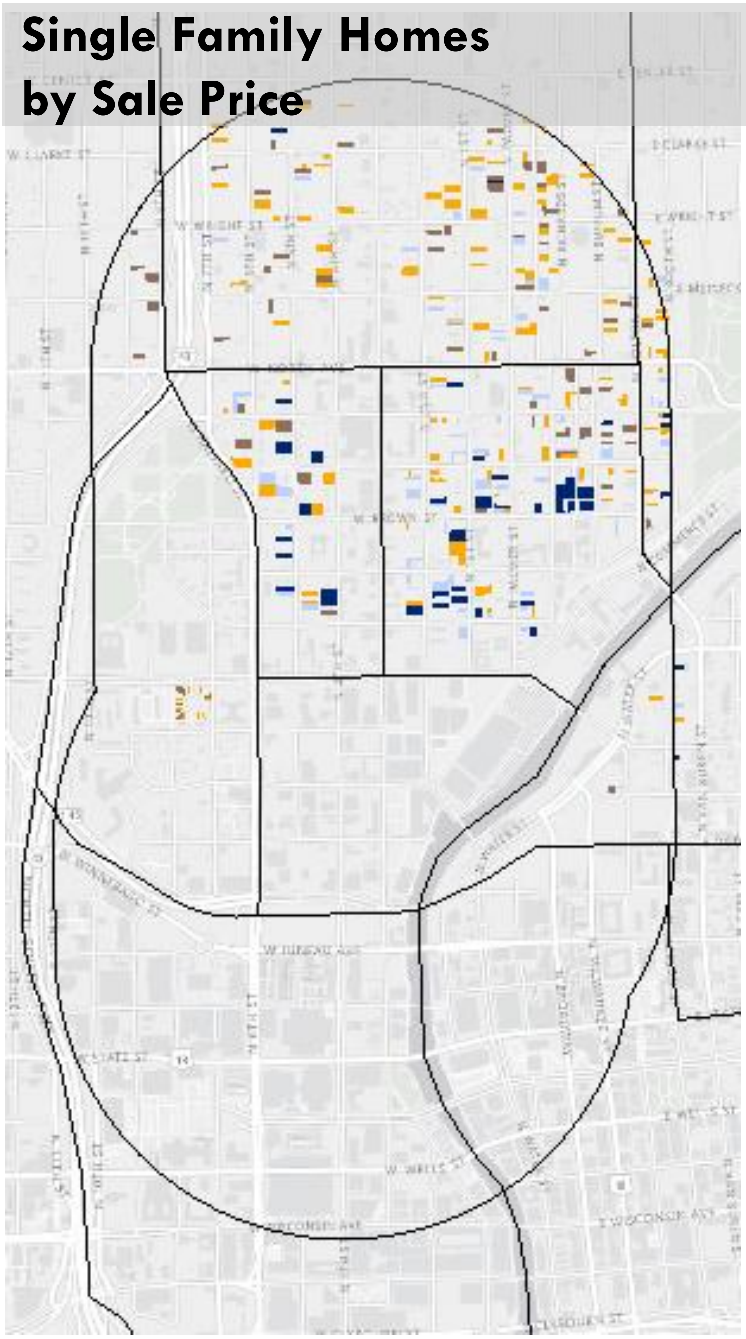
Median rents diverge widely within the Study Area, with the southern and eastern portions of the King Drive Neighborhood commanding higher rents than the northern and western portions.



Source: ESRI 2017, ACS Census, CoStar; HR&A Advisors

- Rents for all housing tends to be highest in the southern portion of the Study Area, reflecting proximity to the Downtown, with retail, dining and employment options.
- Rents tend to be lowest in areas with significant publicly-subsidized housing, such as in the western portion of the Study Area.

Today, sale prices and multifamily rents are highest in Brewers Hill and Westown, and have been growing since the Recession.



Source: ESRI 2017, ACS Census, CoStar; HR&A Advisors

$125K
Median for-sales price

$1,169
Average multifamily rent

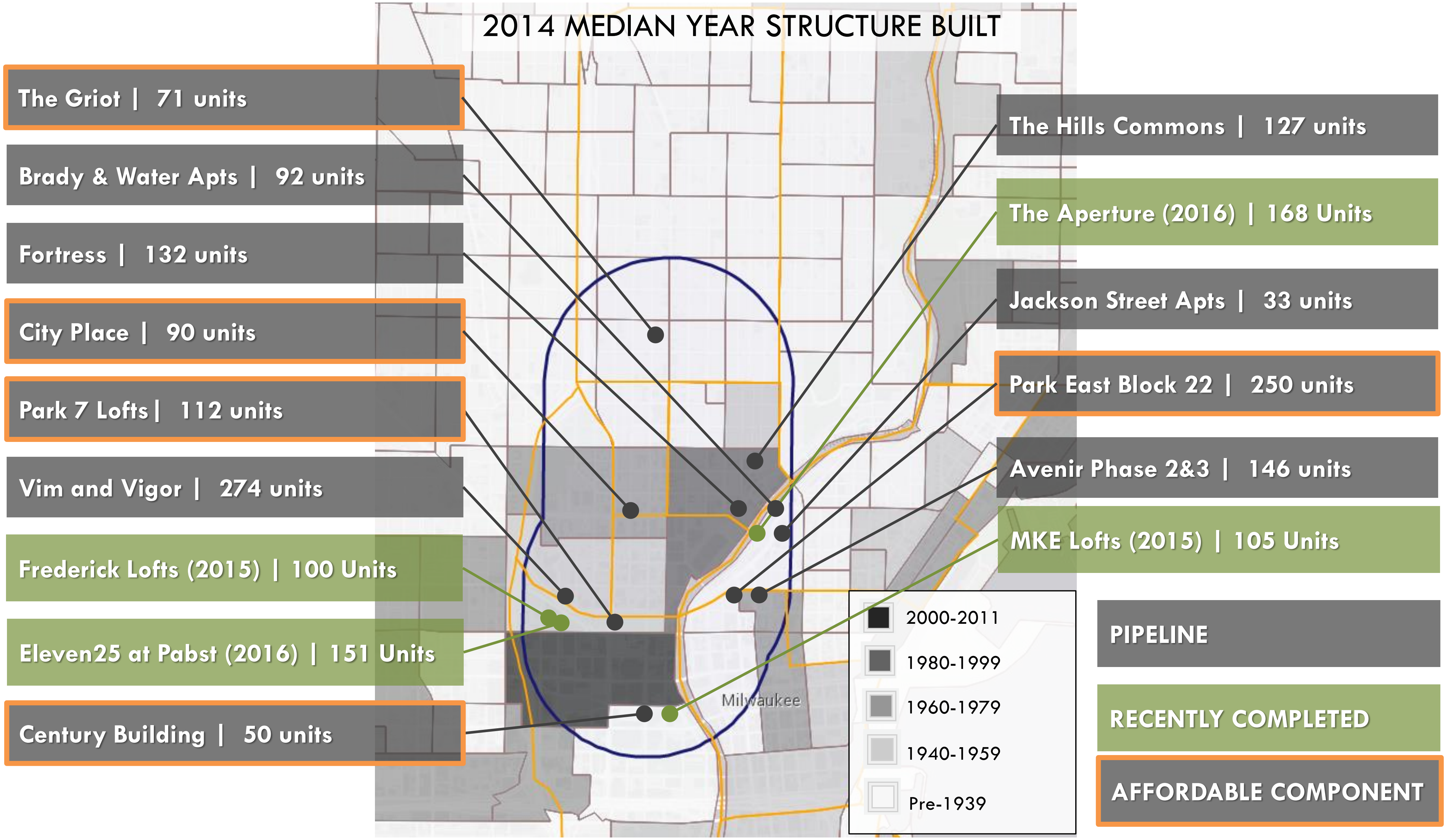
7.4%
Multifamily vacancy

- <$25K
- $25K - $100K
- $100K - $200K
- $200K +

- After declining during the Recession, prices of for-sale units have increased in the past two years, but remain ~45% lower than the median for-sales prices Downtown.
- Multifamily rents have increased by 55% since 2000 (up from $729).
- Like for-sale properties, rents are highest in Brewers Hill and Westown.
- Multifamily residential vacancy in the King Drive Neighborhood historically has been on par with the City average.

Residential Analysis: Recent and Pipeline Development

Recently completed and pipeline multifamily development is primarily occurring in the Lower East Side, Brewers Hill, and Westown, averaging 170 new units/year since 2012.

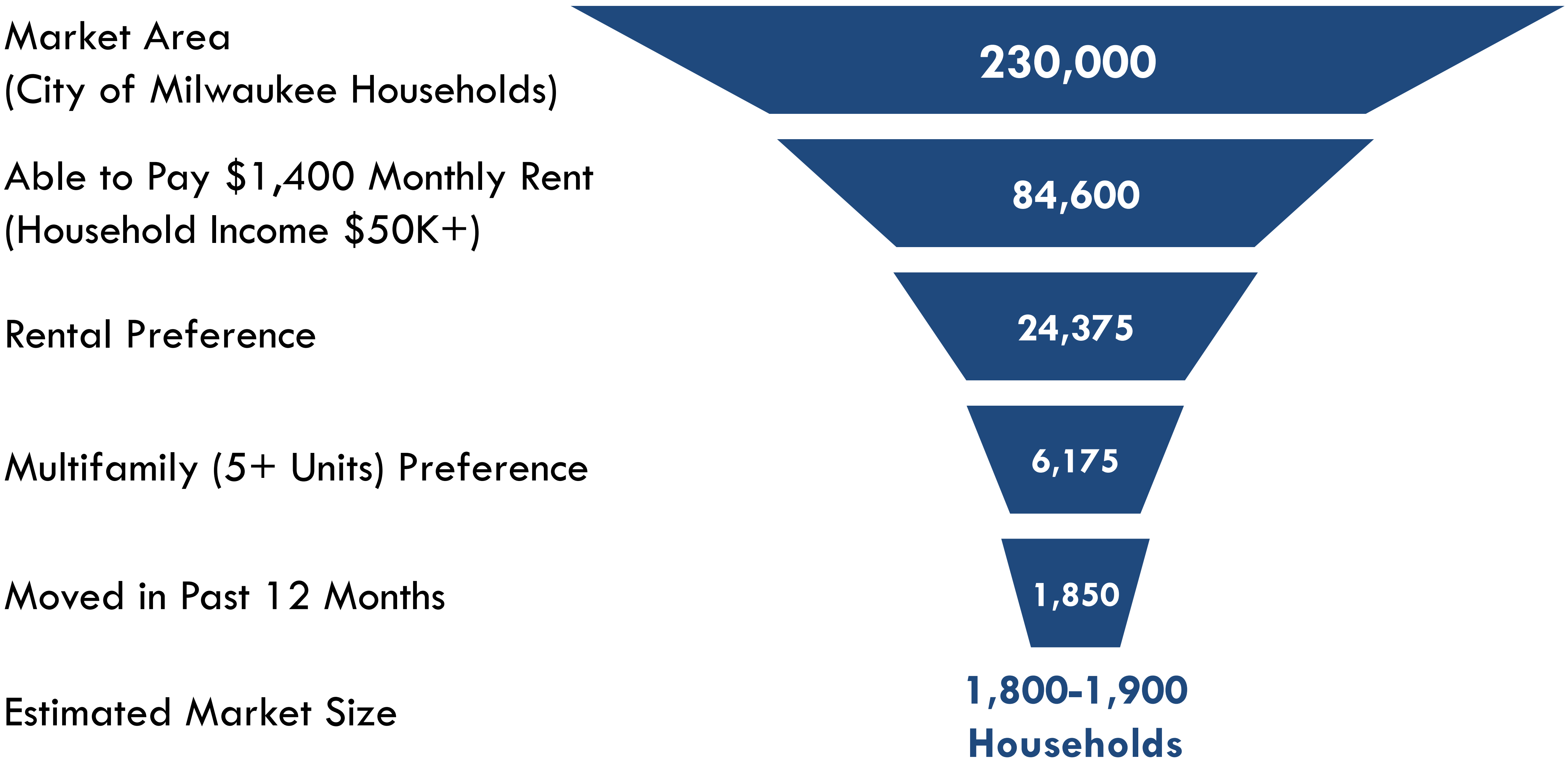


Source: ESRI 2017, ACS Census, Milwaukee Biz Times, Journal Sentinel, Urban Milwaukee, MKE United; HR&A Advisors

Residential Analysis: Demand

There are approximately 1,800-1,900 households in the City of Milwaukee each year with both the means and interest to move into new multifamily developments in the King Drive Neighborhood.

While a significant number of households may locate to new and existing properties in the King Drive area, others may choose to locate in Downtown as well as other multifamily projects throughout the City.



Note: Reflecting new construction in the area, assumes rent of $1.52 PSF and an average unit size of 920 SF. From 2011-2016 average annual deliveries in the City were approximately 700 units.
Source: PUMS 2015, ACS Census; HR&A Advisors

Residential Analysis: Demand

Given that there are 1,800-1,900 households with both the means and interest in moving into multifamily rentals, there is a sufficient market to support additional development within King Drive.

700

Average New Citywide Multifamily Deliveries*

170

Average New King Drive Multifamily Deliveries

24%

Existing King Drive New Development Capture Rate

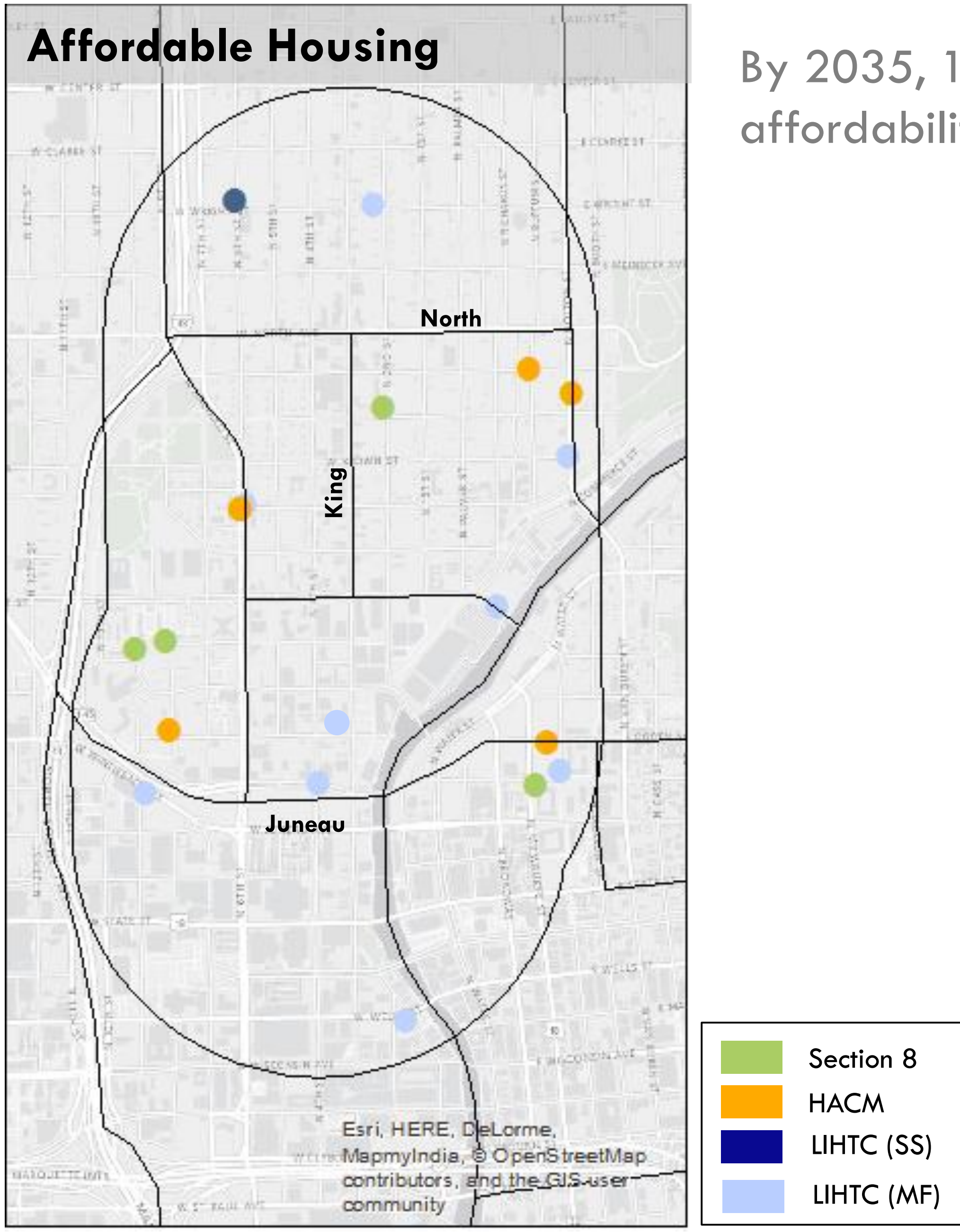
While King Drive captures 24% of citywide new multifamily development, transit may increase this capture rate. Literature on national precedents is inconclusive on what the premium may be, as this will be driven by localized conditions that make neighborhoods appealing, such as:

- Transit investment in other nearby districts;
- Private investments such as shops, restaurants, cultural and entertainment venues in the area;
- Public investments in new parks, open space, and schools; and
- New job centers or corporate relocations.

* Citywide deliveries, while variable year to year, can expect to remain at their past 5 year averages

Residential Analysis: Affordable Housing

Thirty-seven percent of King Drive rental housing stock is regulated for affordability through LIHTC, public housing, and project-based vouchers, with most of the units located north of Juneau.



Note: 80 of the HACM units are also LIHTC units
Source: City of Milwaukee; Lockly Valuation, HR&A Advisors

By 2035, 192 LIHTC units will reach Year 30 and will lose their affordability if additional subsidy is not provided.

2,401

Total subsidized units

889

LIHTC Units

1,035

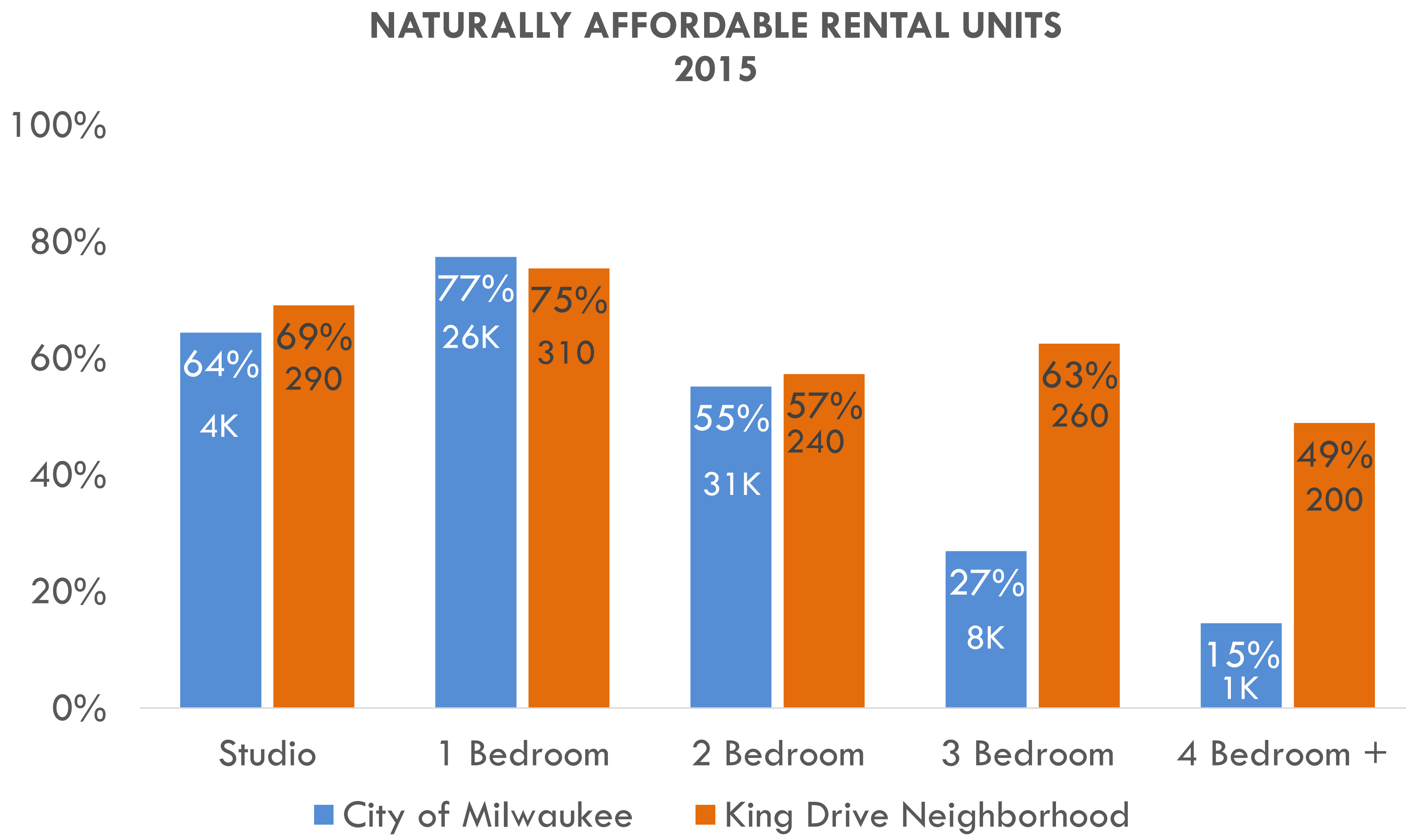
Public Housing Units

557

Project-Based Vouchers

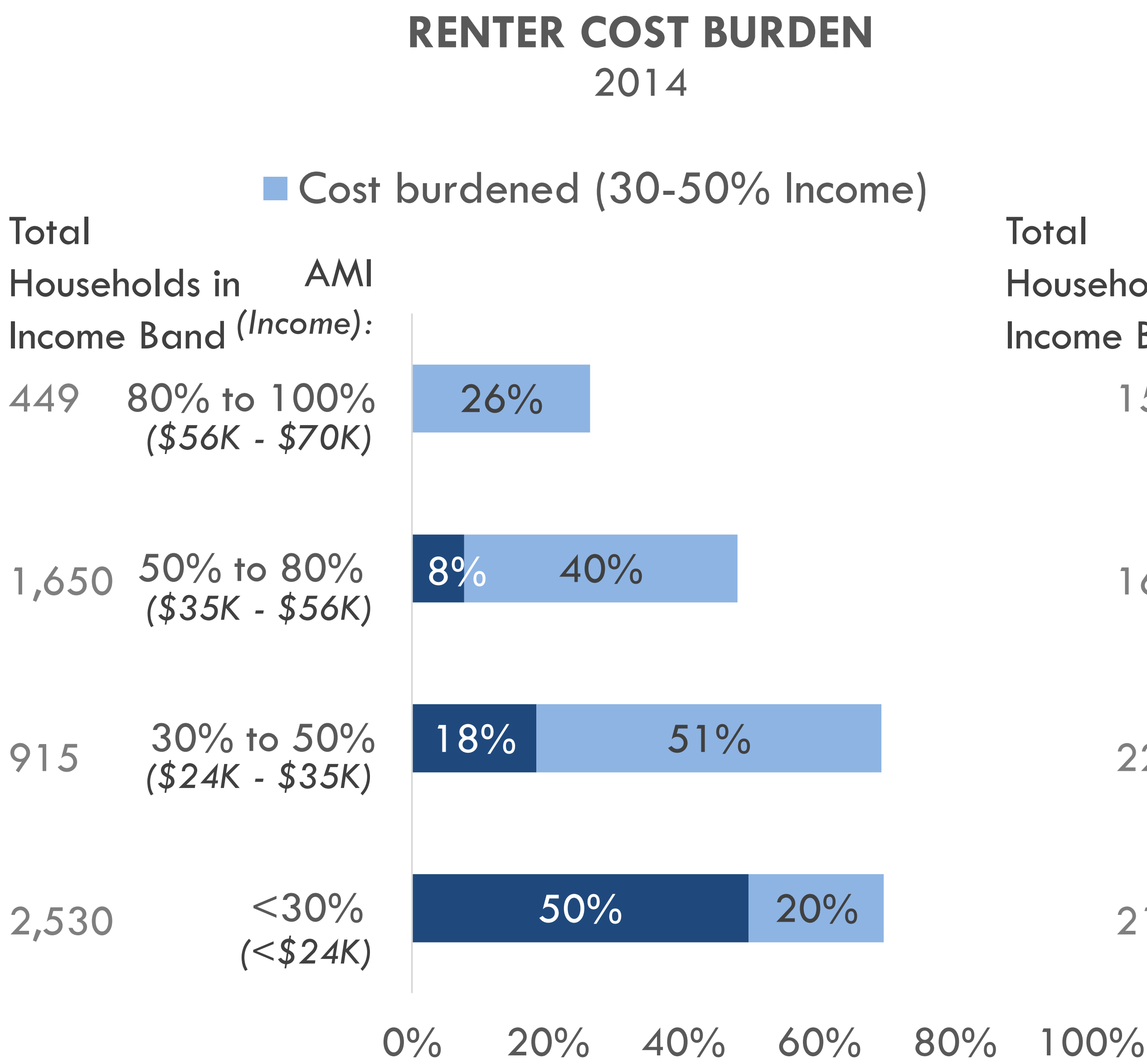
Residential Analysis: Affordable Housing

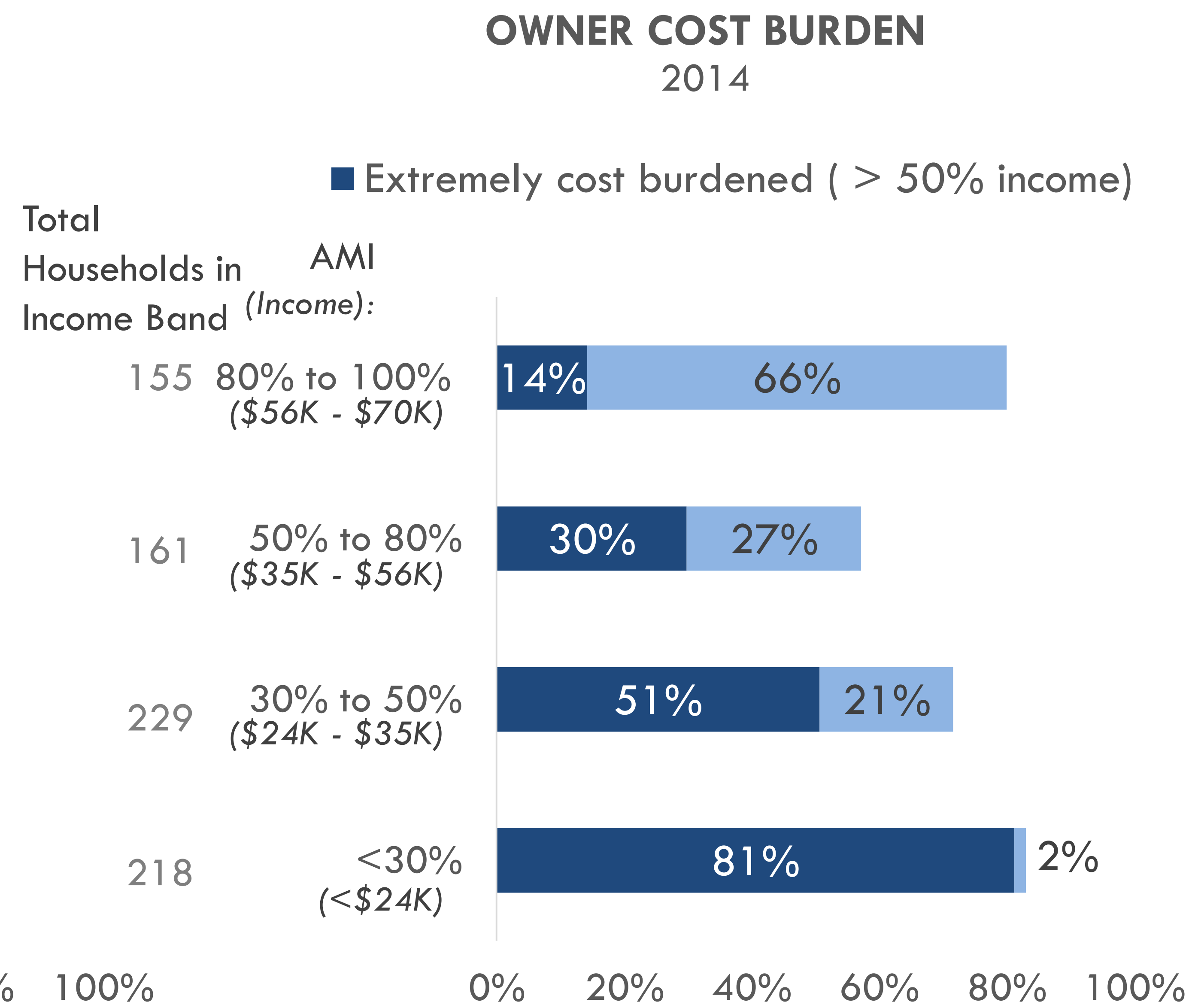
Most of the rental units within the King Drive Neighborhood are naturally affordable. A high proportion of these units are large, indicating that the area is a good option for families.



Notes: Units affordable to households earning 50% of AMI (adjusted by household size per bedroom count); assuming a 30% cost burden
Source: PUMS 2015; HR&A Advisors

Today, 4,000 households in the Study Area pay more than 30% or 50% of their income on housing costs and tend to be concentrated in the lowest income brackets.

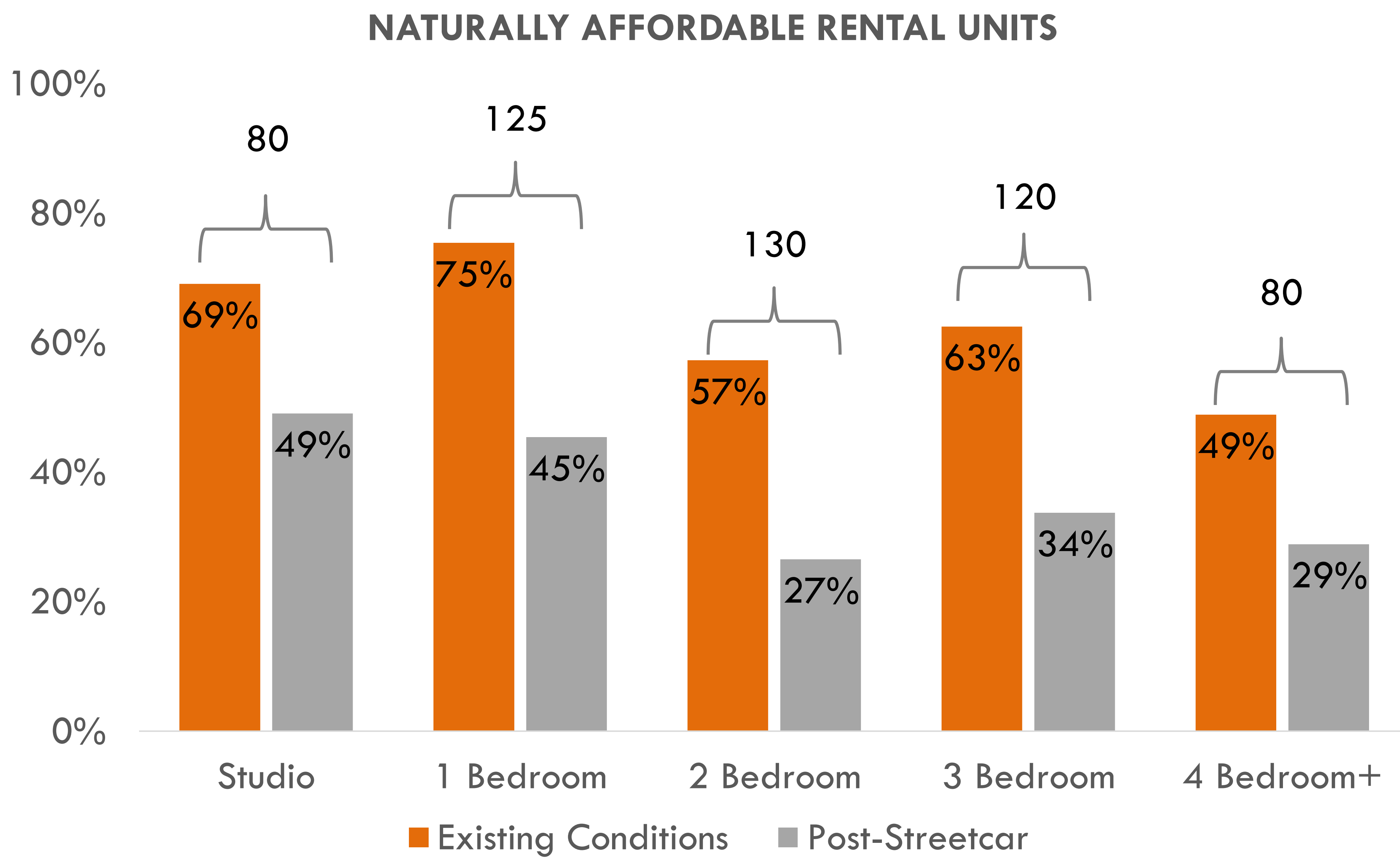




Note: Income limits are based on HUD 2014 AMI limits for a household size of 4 in Milwaukee MSA.
Source: CHAS 2014; HR&A Advisors

Residential Analysis: Affordable Housing

Based on historical rent trends and the estimated impact from the streetcar, ~540 existing naturally affordable units are expected to become unaffordable at the 50% of AMI level over the next 10 years.



Note: Post-streetcar estimates reflect the proportion of existing units that will be affordable to residents after a 23% increase in rent (18% based on historical trends, plus a 5% premium from the streetcar); Units affordable to households earning 50% of AMI (adjusted by household size per bedroom count); assuming a 30% of household income cost burden.

Source: PUMS 2015; HR&A Advisors

Market Analysis: Retail

Retail Market: Context

Currently, shoppers in the King Drive Neighborhood have options for shopping and dining at regional malls, in Downtown, and at local shops and services.

9.9 M

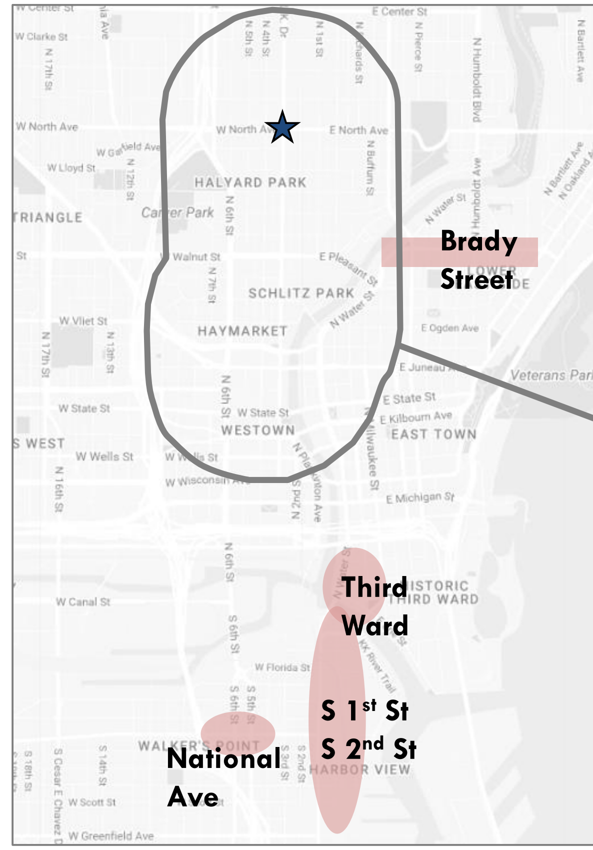
Shopping center retail square footage in region

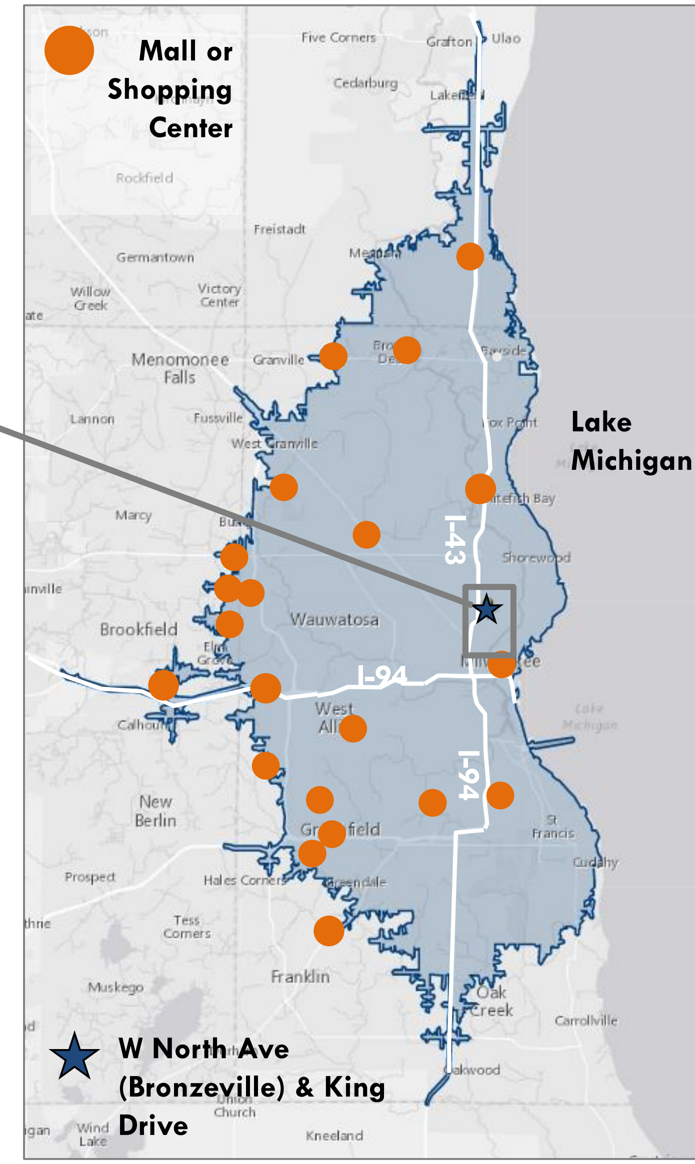
500+

Local and National Restaurant Options in Greater Downtown

1.2 M

Square feet retail space in the King Drive Neighborhood

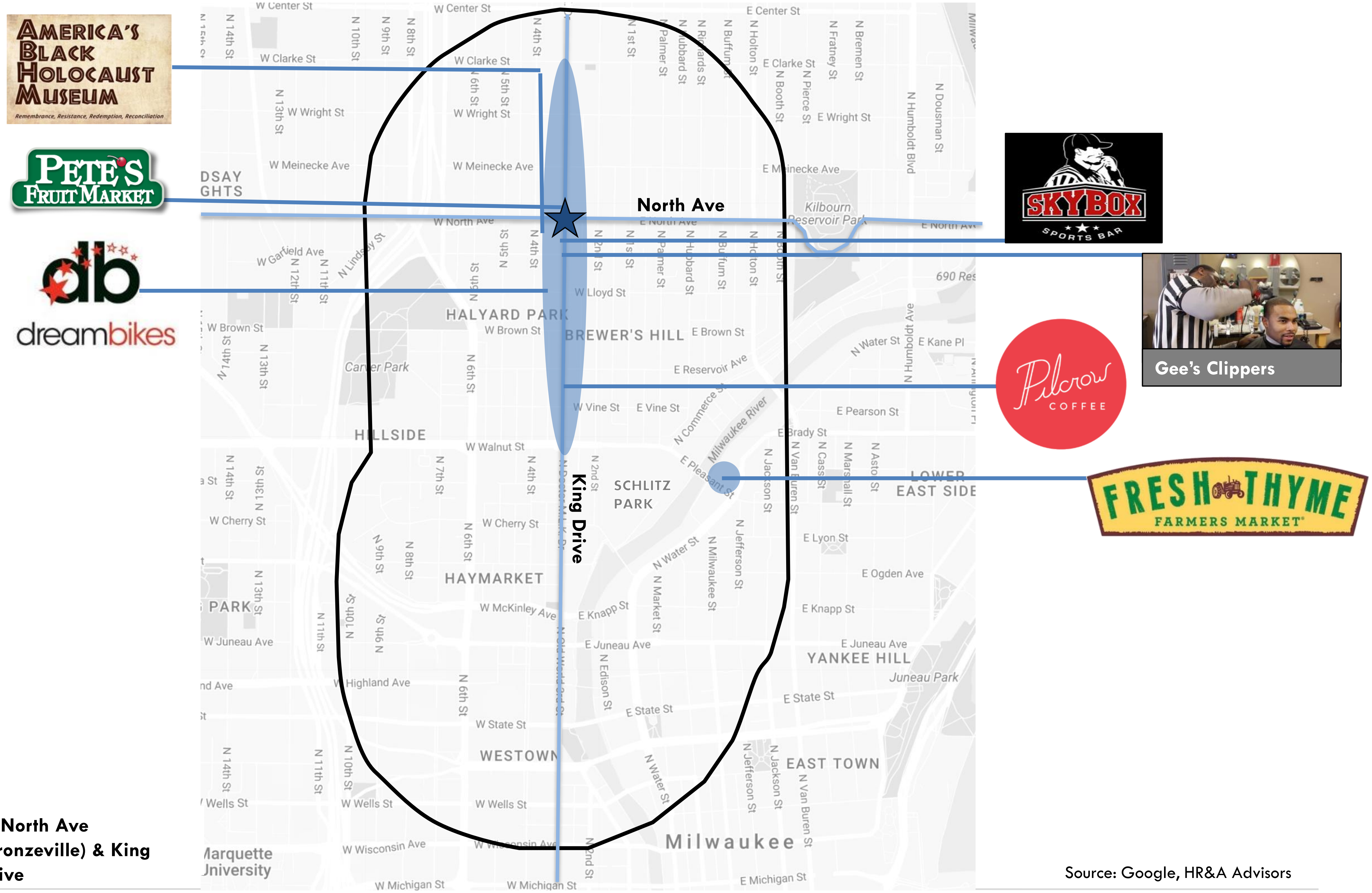




Source: CoStar, Milwaukee DCD, MKE United

Retail Market: Context

The retail destinations of North Avenue and King Drive serve as the heart of neighborhood shopping, while other anchors are scattered along King Drive and across the River in the Lower East Side and East Town.

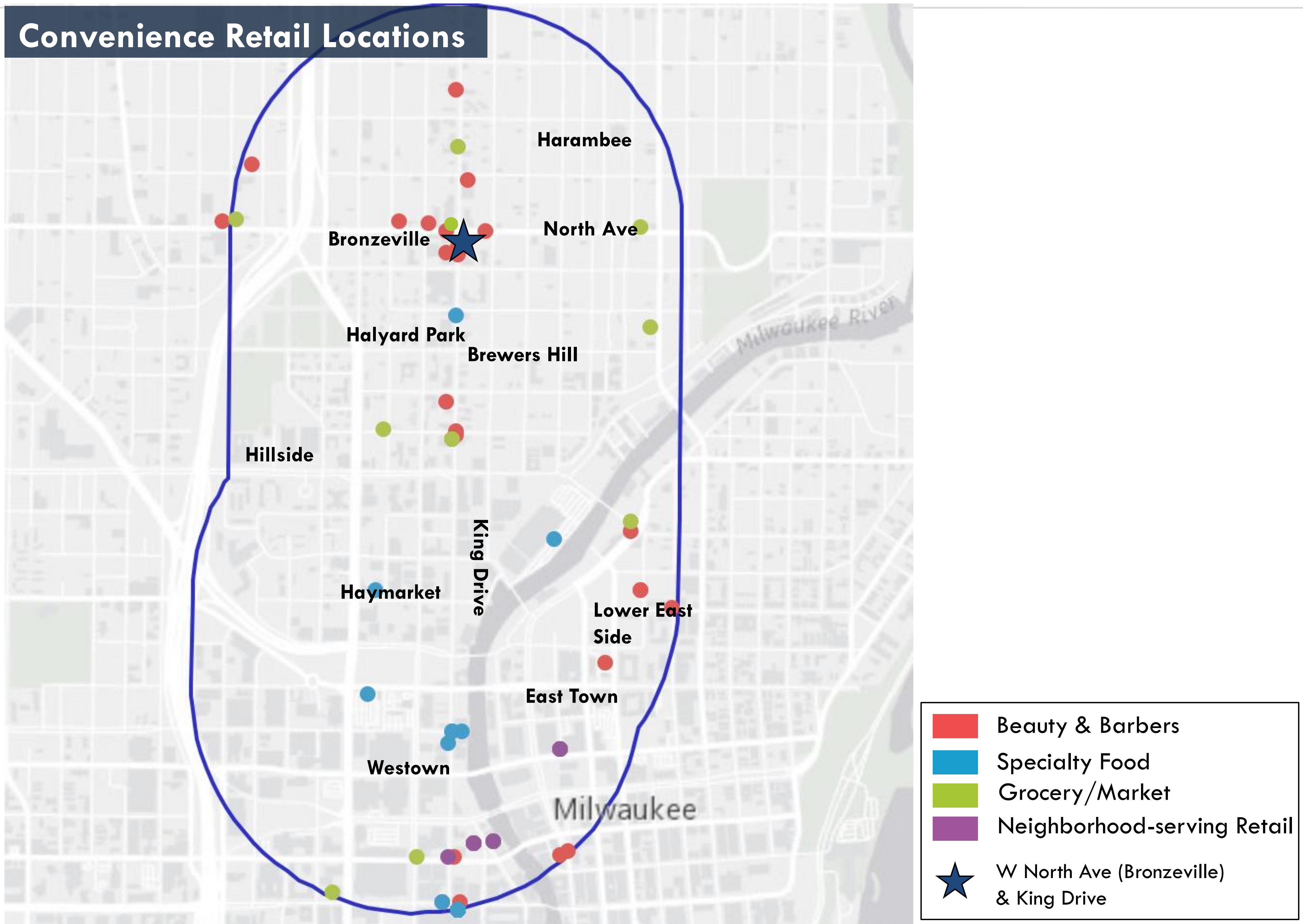


★ W North Ave (Bronzeville) & King Drive

Source: Google, HR&A Advisors

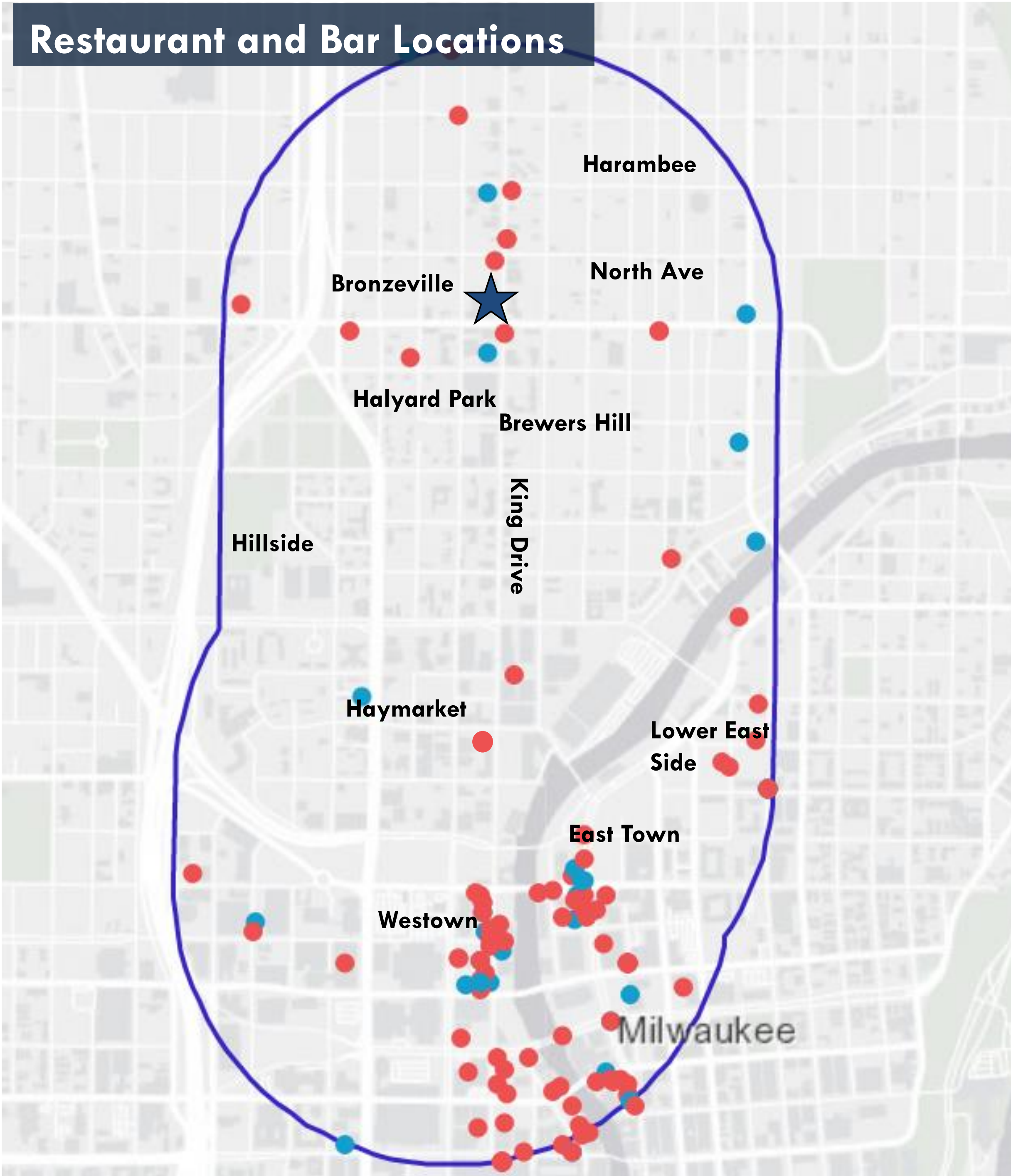
Retail Market: Context

With the exception of the newly opened Pete's Fruit Market and beauty salons and barber shops, there are few Neighborhood-serving shops that support area residents and employees.



Source: Google, Lockly Valuation, HR&A Advisors, ReferenceUSA

Most of the restaurants and bars are concentrated in the southern part of the Study Area, closer to Downtown anchors including the stadium.



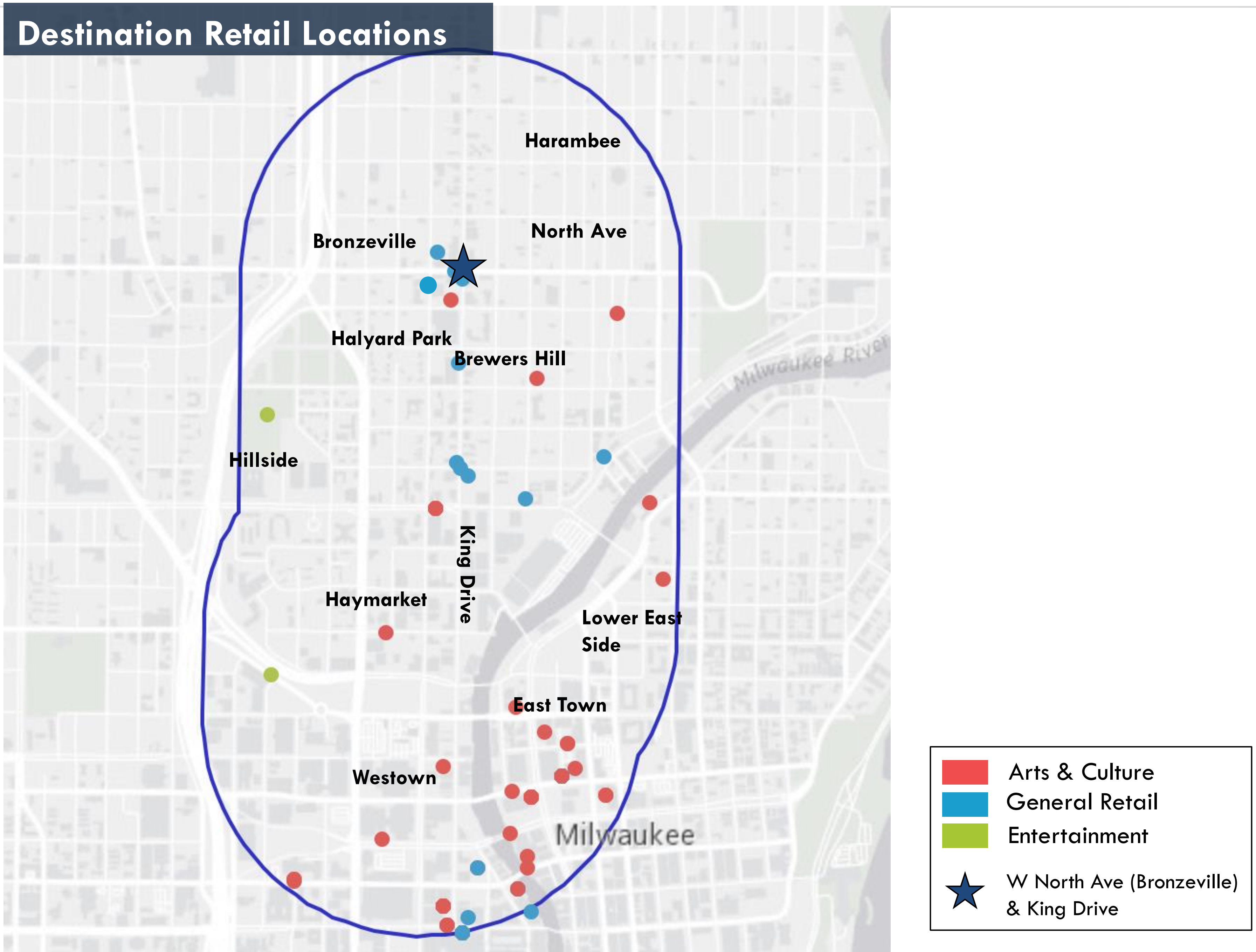
- Largely, bars and restaurants are clustered in Westown, East Town, and the Lower East Side, coinciding with a greater density of residential and office uses.
- Along North Avenue are a few fast food venues.
- However, King Drive closer to North Avenue lacks the density of restaurants and bars seen in other major retail corridors in the city.

Source: Google, Lockly Valuation, HR&A Advisors, ReferenceUSA

Retail Market: Context

Arts–related destinations are generally located in Westown and East Town, although some art spaces and smaller retailers exist along King Drive.

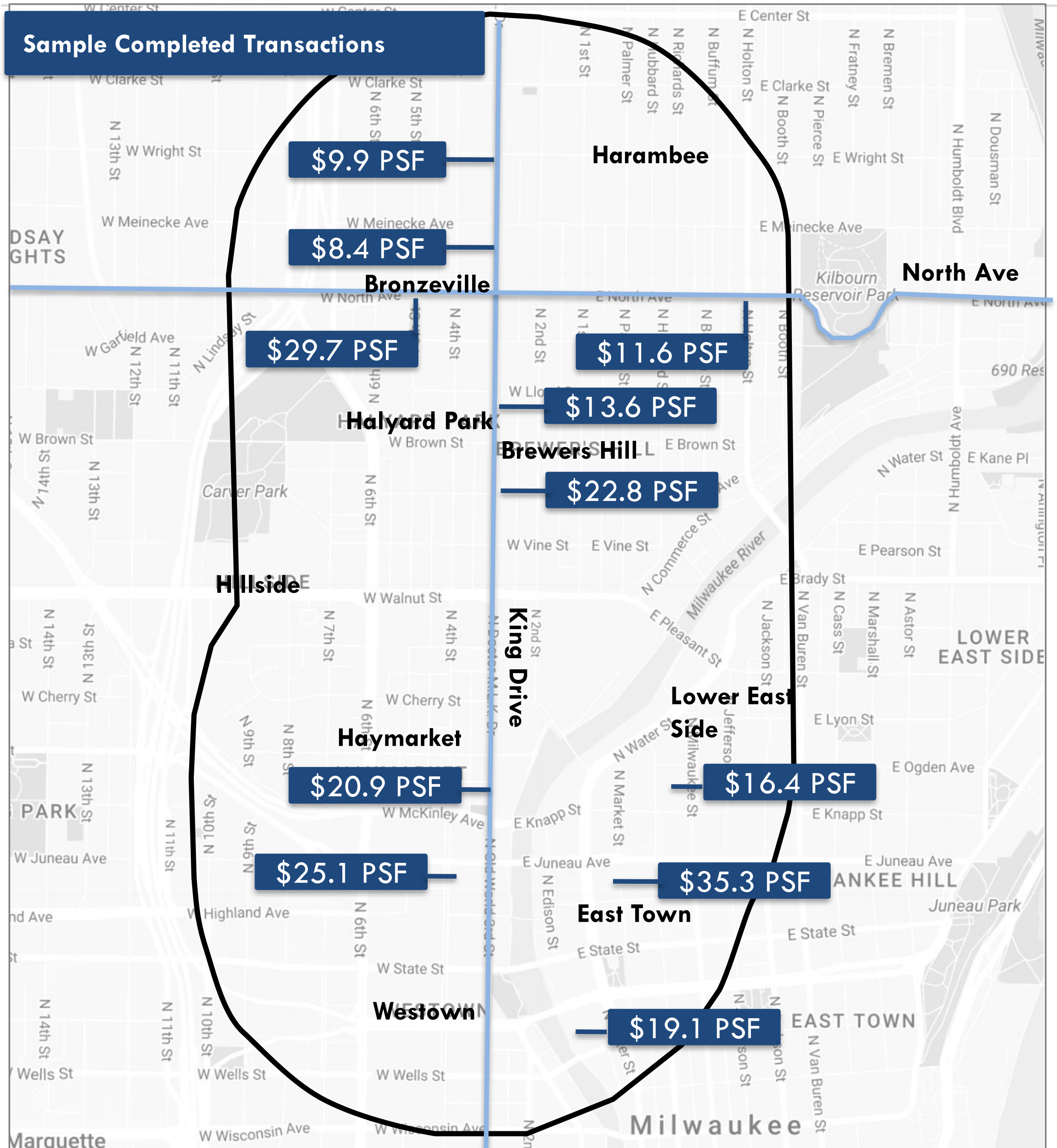
Destination Retail Locations



Source: Google, Lockly Valuation, HR&A Advisors, ReferenceUSA

Retail Market: Context

According to local brokers, there has been an increased interest in the King Drive Neighborhood by retail tenants. Currently, retail rents range from $8 - $30 NNN PSF, depending on location.



Source: City of Milwaukee Assessor's Office

- To-date, rising interest in retail space has not impacted area rents, though vacancies may be beginning to drop.

2220 King Drive

Asking Rent
$10 PSF

Total Retail Space
10,375 SF

Source: Founders 3 Real Estate

John Hinkel Building (1001 N Old World Third St)

Asking Rent
$30 PSF

Total Space
2,000 SF

Source: RFP Commercial

Comparative Average Asking Rents	
Historic Third Ward	$25.00
Downtown	$21.00

Source: CoStar

Retail Market: Context

Bronzeville | Neighborhood-serving retail characterizes storefronts along North Avenue.

Bronzeville is an important east-west connection that links the King Drive neighborhood to I-43, along with key shopping nodes to the west in Wauwatosa. The City of Milwaukee is actively working to redevelop Bronzeville as an African-American Cultural and Entertainment District.

With higher traffic speeds and volume along with the limited amount of retail, North Avenue has less pedestrian activity than other commercial corridors.

Within the Study Area and on North Avenue in the Study Area today, there are approximately seven retailers. Of these, two are fast food venues. The remaining retail uses are dry retail, grocery, used merchandise, and services, including nail salons and cell phone services.

The addition of Pete's Fruit Market is a key development at the corner of North Avenue and King Drive, and increases neighborhood access to grocery retail, which was previously limited in the area.

Source: Reference USA, Google, HR&A Advisors

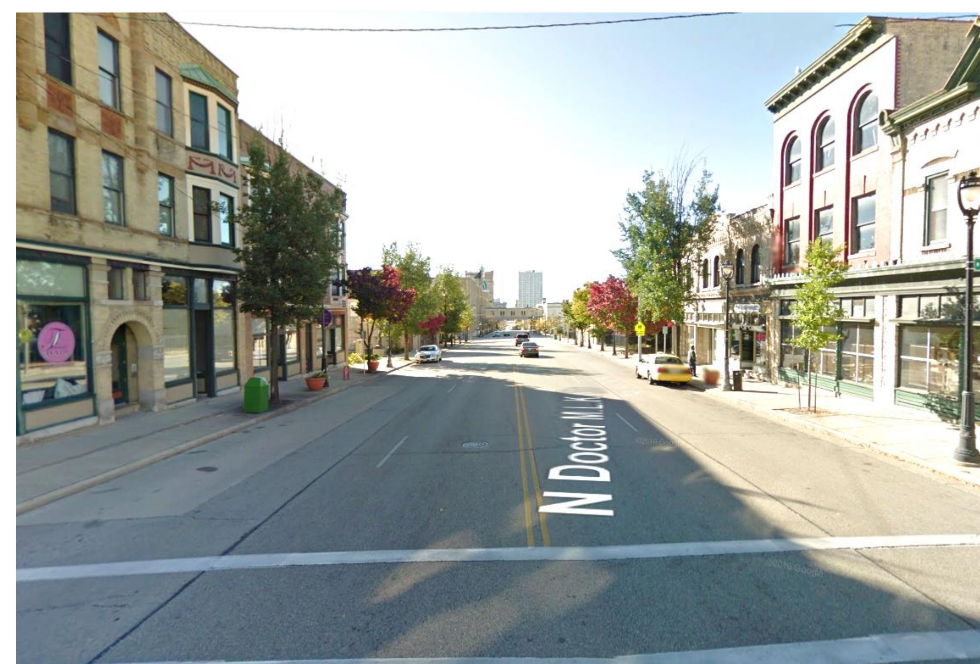
Retail Market: Context

King Drive | Community-based goods and service businesses characterize the storefronts.

King Drive is a primary north-south connection that links the downtown neighborhoods to I-43, along with shopping nodes to the north in Glendale.

Along King Drive today, there are 37 retailers. Of these, 6 are food and beverage venues including restaurants, bars, and limited-service eating options. The remaining 31 are a mix of dry retail and services such as barber shops, apparel, art, gifts, books, and others.

Nearly all retailers along King Drive are local owners and operators, with six national brands in the fast food, dollar retail, telecom, and banking industries, currently representing approximately 15% of storefronts.

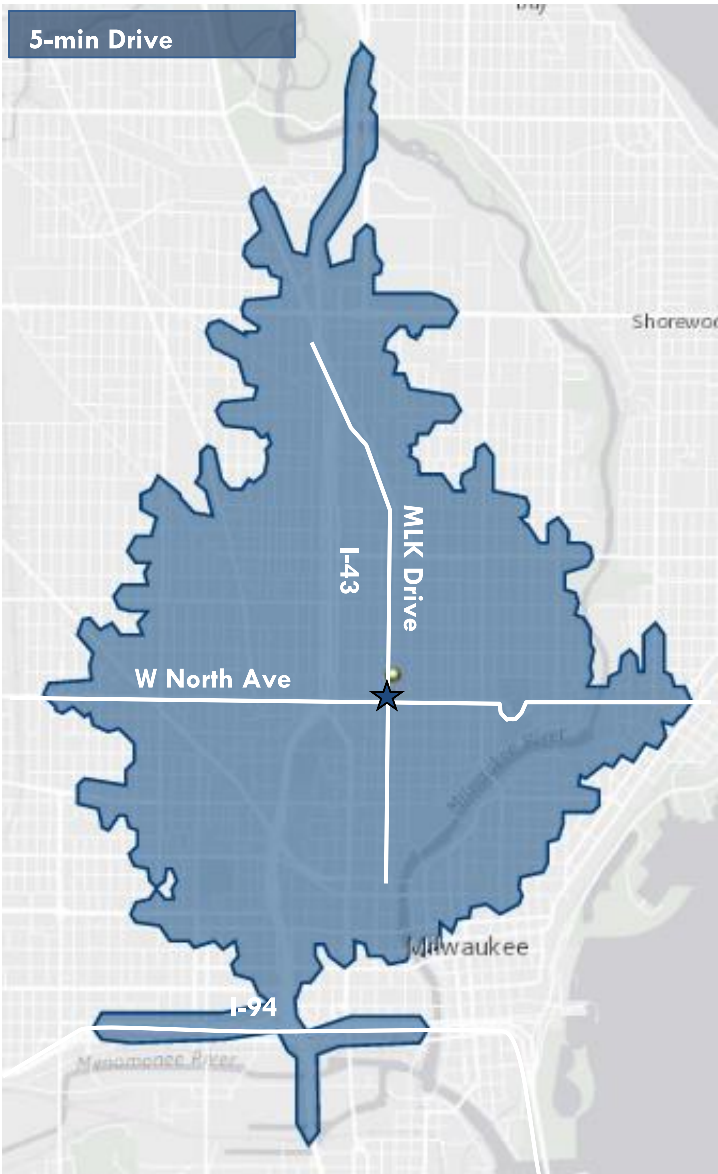


Source: Reference USA, Google, HR&A Advisors

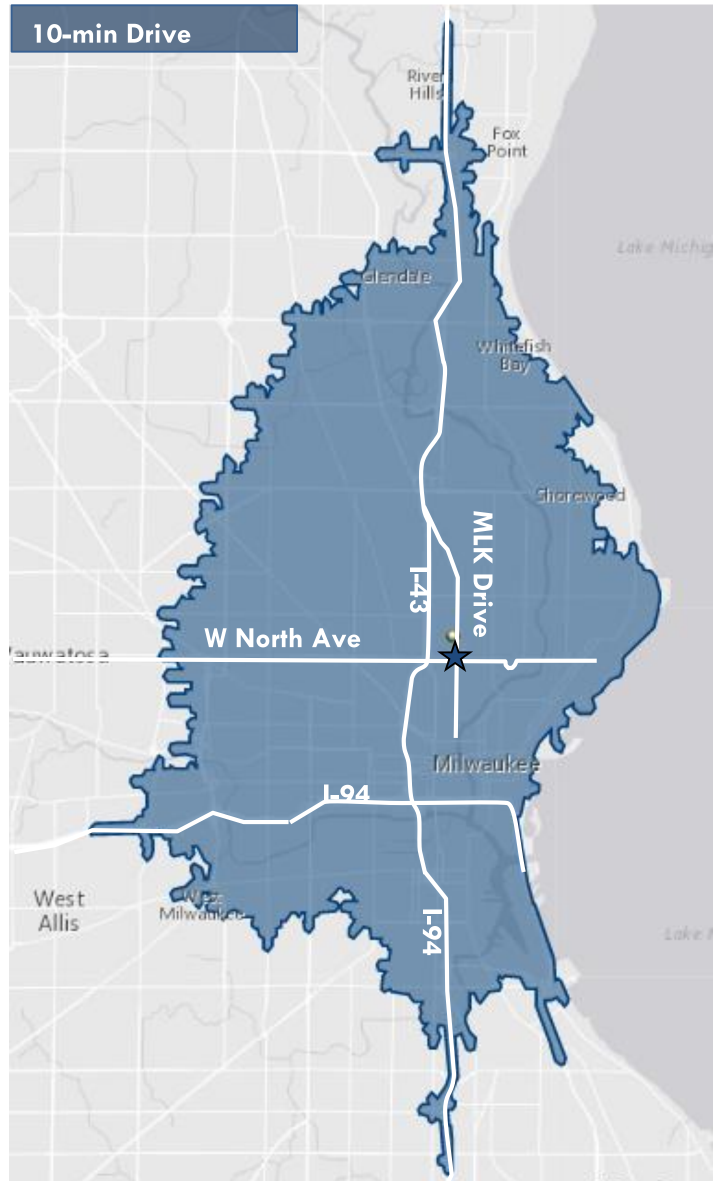
Retail Market: Gap Analysis

HR&A analyzed the potential for additional retail within the King Drive Neighborhood by focusing on three types of retail: “neighborhood-serving,” “destination,” and “food & beverage.”

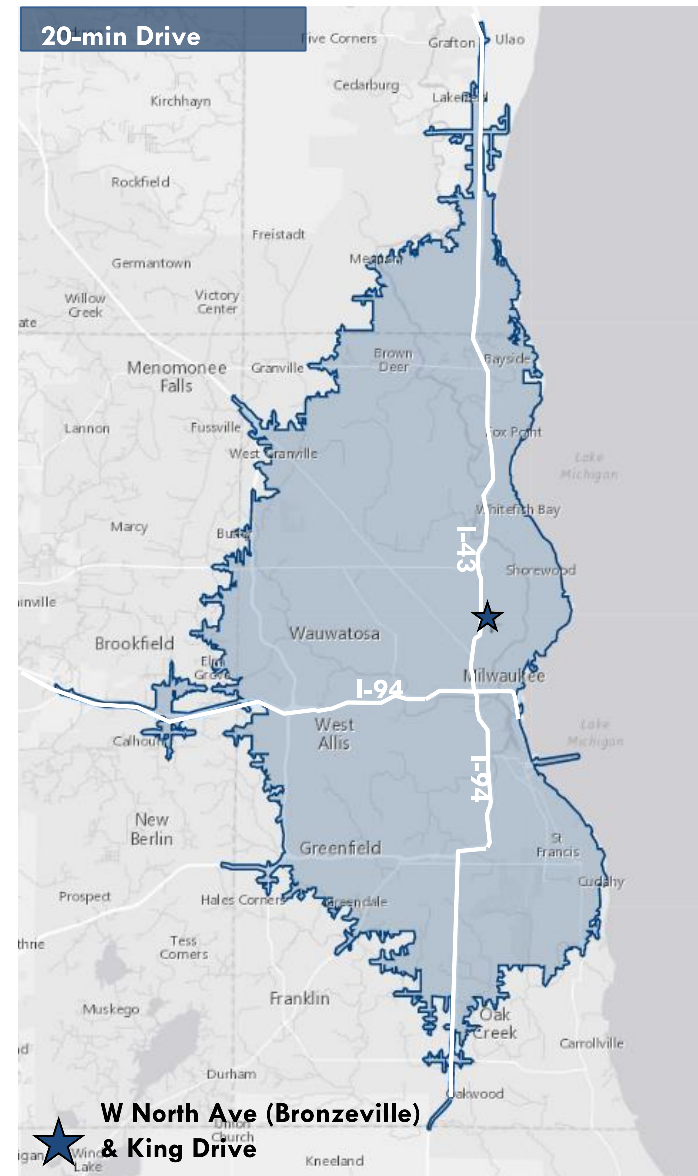
KING DRIVE NEIGHBORHOOD TRADE AREA DEFINITIONS



PRIMARY TRADE AREA
Neighborhood-serving Retail



SECONDARY TRADE AREA
Food & Beverage Retail



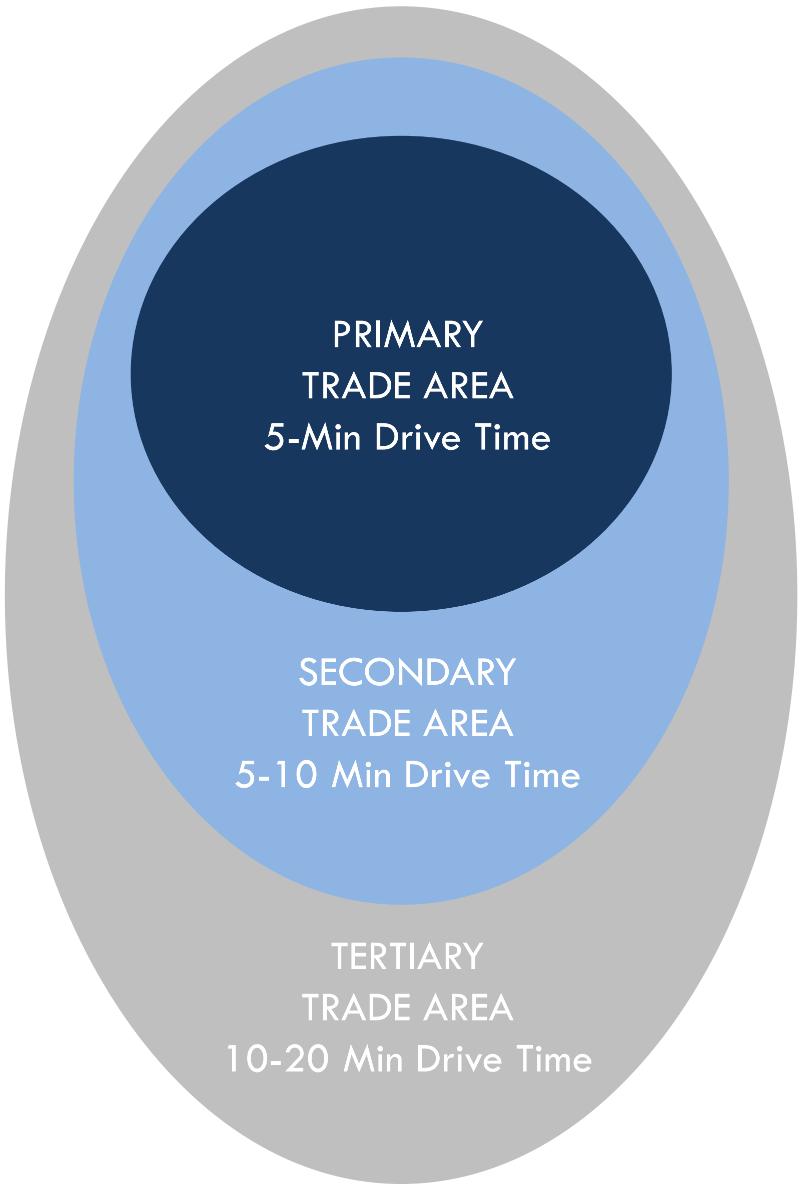
TERTIARY TRADE AREA
Destination Retail

Source: ESRI, HR&A Advisors

Retail Market: Customer Base and Spending Potential

HR&A analyzed the potential for retail within the King Drive Neighborhood by focusing on customer origins and spending potential.

TRADE AREA DEFINITIONS



SAMPLE RETAIL CATEGORIES BY TYPE AND ORIGIN OF POTENTIAL CUSTOMER

CONVENIENCE RETAIL – Primary and Secondary Trade Areas

Grocery

Health & personal care

Specialty food

Daily goods & services

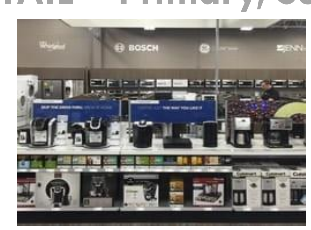
FOOD & BEVERAGE RETAIL – Primary, Secondary, and Tertiary Trade Areas

Restaurants

Bars

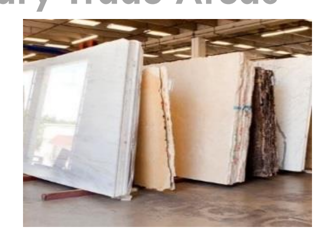
DESTINATION RETAIL – Primary, Secondary, and Tertiary Trade Areas

Entertainment & cultural



Electronics

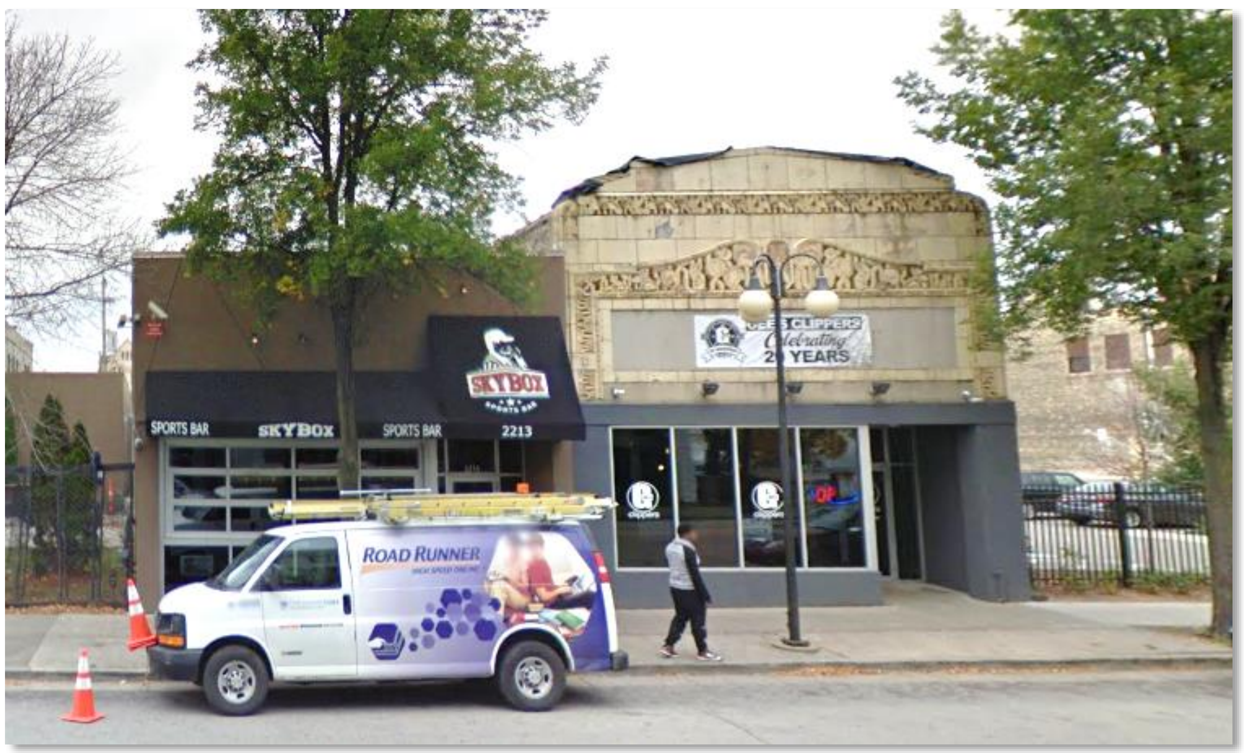
Specialty clothing & accessories



Home and garden supply

Retail Market: Gap Analysis

The retail gap analysis is intended to show spending potential compared to existing sales in an area.



Where there is a gap, or **where potential spending exceeds sales**, people are shopping elsewhere for these goods. Therefore, a store could be supported by the local community.

Where existing sales exceed the spending potential is an indication that people are coming from outside an area to shop. Therefore the area has become a hub for this retail typology.

Retail Market: Gap Analysis

Overall, the market represents $5.3B in spending potential with demand coming from the destination and neighborhood-serving retail and destination categories.

Food and beverage sales in the northern portion of the Study Area are predominantly from fast food. This indicates that, while there is not a spending gap in aggregate, there may yet be opportunity for alternate food and beverage retail offerings, such as sit-down dining.

Neighborhood-serving Retail

Health and personal care, specialty food, and miscellaneous stores in the primary trade area

$91M Trade Area Spending Potential
$17M Spending Gap
17K Total Supportable SF

Food and Beverage

Sales in food and beverage come from customers both within and outside the neighborhood, many of whom are going to venues in the southern portion of the Study Area.

$1B Trade Area Spending Potential
–$243M Spending Gap

Destination Retail

The area can support a wide variety of destination uses, particularly for building materials/garden supply, and electronics/appliance, general merchandise, and sporting goods/hobby.

$4B Spending Potential
$217M Spending Gap
1M Total Supportable SF

Grocery

Existing supermarkets, delis, and grocery stores in the primary and secondary trade areas, as well as the new Pete's Fruit Market, limit the potential for new grocery.

$432M Trade Area Spending Potential
–$14M Spending Gap

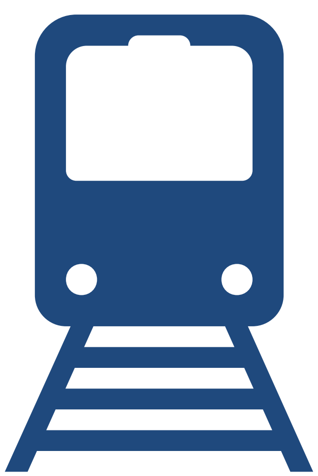
Note: The above results are a summary of the full retail gap analysis, which can be reviewed beginning on page 117 in the appendix.

Retail Market: Tenanting Strategy

A tenanting strategy should leverage existing trends to steer growth toward targeted uses.

Market Growth

Today, the Study Area shows potential to support new retail uses, in part a result of recent population and employment growth, particularly in the areas south of North Avenue.



Transit Impacts

Investment in local transit options could lead to **increased retail spending potential** in the area through **increased development** and **density.** This would add a number of new residents and employees living and working in the area, as well as improve access for those who live and work outside it.

As demand is met and populations increase, tenanting should shift to fulfill the needs of new populations.

Households moving into the 170 new units delivered each year, as well as new employees in the King Drive Neighborhood, contribute to growth in retail demand over time.

170
Average Annual Deliveries

$2.76M
Average Annual Residential Spending Potential Increase

100
Projected Annual New Jobs

$637K
Projected Annual Employee Spending Potential Increase

Projected annual growth the King Drive Neighborhood can translate to over **$3.4M in new retail demand.**

Transit may increase the number of new residents and employees coming to the King Drive Neighborhood, increasing its capture of citywide retail spending potential.

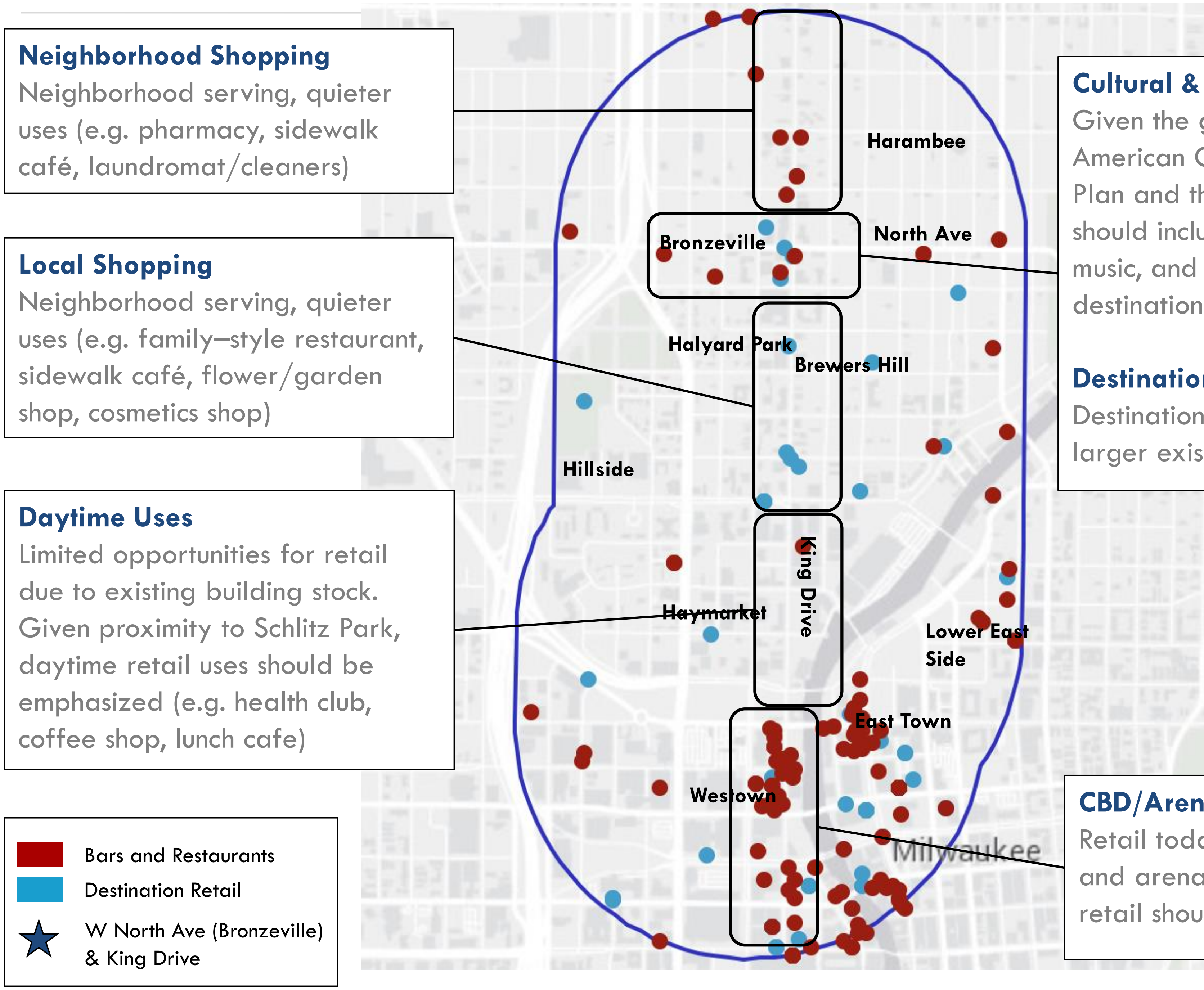
Retail Market: Tenanting Strategy

A tenanting strategy should complement the existing concentrations of uses.

Neighborhood Shopping
Neighborhood serving, quieter uses (e.g. pharmacy, sidewalk café, laundromat/cleaners)

Local Shopping
Neighborhood serving, quieter uses (e.g. family–style restaurant, sidewalk café, flower/garden shop, cosmetics shop)

Daytime Uses
Limited opportunities for retail due to existing building stock. Given proximity to Schlitz Park, daytime retail uses should be emphasized (e.g. health club, coffee shop, lunch cafe)



Cultural & Entertainment Venues
Given the goals of the 2005 African American Cultural and Entertainment District Plan and the future museum, targeted uses should include a concentration of arts, cultural, music, and entertainment venues, and destination dining.

Destination Uses
Destination tenants should be considered for larger existing buildings and vacant sites.

CBD/Arena Supporting Uses
Retail today is tied to adjacency to the CBD and arena district. As both grow, supporting retail should too.

Source: Google, Lockly Valuation, HR&A Advisors, ReferenceUSA

Retail Market: Tenanting Strategy (Underway – Phase 0): *W Juneau Ave to W Wisconsin Ave (Westown)*

Retail today is tied to adjacency to the CBD and arena district. As both grow, supporting retail should too. Uses adjacent to the under–development Bucks Arena will follow the Arena district plan.

Potential Retail Tenant Type and Sizes:


Source: Clark Street Mercantile via Unsplash

General Retail

2,420 – 15,000 SF


Source: Eaters Collective via Unsplash

Bar/Tavern

1,600 – 6,350 SF


Source: Sarah Götze via Unsplash

Sit–Down Restaurant

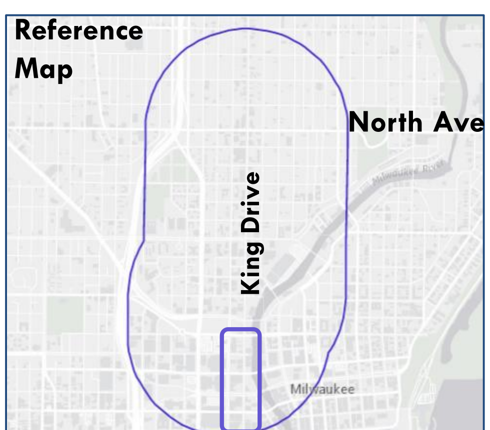
1,250 – 6,500 SF


Source: Evy Mages via the Washingtonian

Outdoor Merchandise
(e.g. REI)

1,180 – 16,480 SF

Note: Square footages represent average sizes of the illustrated tenant types, and do not reflect total demand for these specific uses.



Source: HR&A, International Council on Shopping Centers (ICSC) Dollars and Cents Report

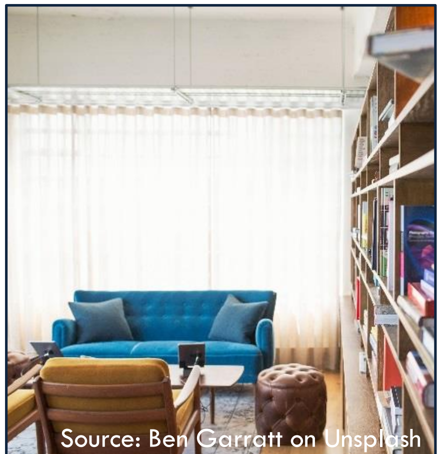
Retail Market: Tenanting Strategy (Phase 1): *Bronzeville Redevelopment Area (Halyard Park, Harambee)*

Given access to I–43 and the future streetcar, national and local destination tenants such as general merchandise, home furnishings, building materials, and an electronics store should be considered.

Potential Retail Tenant Type and Sizes:

Electronics
e.g. Best Buy Mobile

1,080 – 3,450 SF



Home Furnishings
e.g. Home Goods

1,590 – 15,000 SF

General Merchandise
e.g. Target

2,420– 15,000 SF

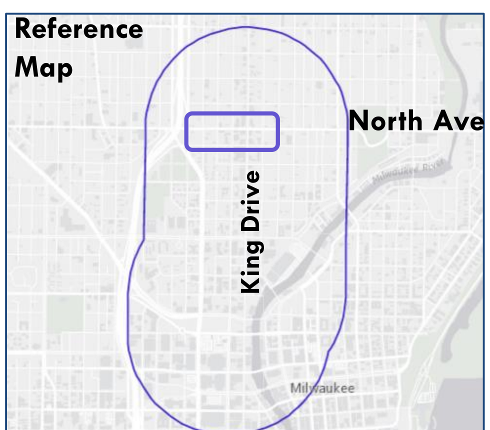
Destination Dining

1,250 – 6,500 SF

Building Materials
e.g. garden center

1,100 – 1,980 SF

Note: Square footages represent average sizes of the illustrated tenant types, and do not reflect total demand for these specific uses.



Note that these recommendations for retail are in addition to and support Cultural and Entertainment uses recommended in the Bronzeville Cultural and Entertainment District section.

Source: HR&A, International Council on Shopping Centers (ICSC) Dollars and Cents Report

Retail Market: Tenanting Strategy (Phase 2): *North Avenue to Walnut Street along King Drive (Between Halyard Park and Brewers Hill)*

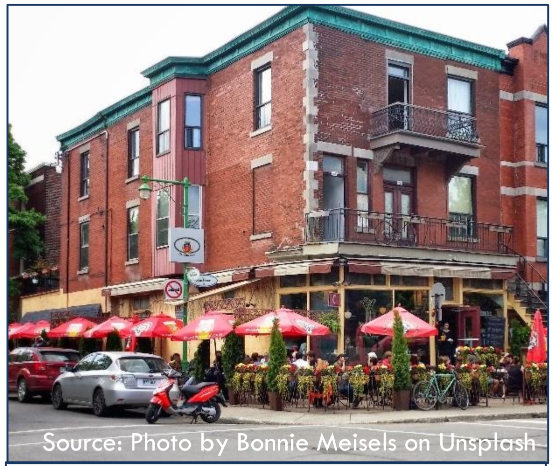
Given walkability along King Drive, retail along North Avenue to Walnut Street on King Drive should be targeted to residents of surrounding neighborhoods. Improved streetscaping will help attract neighborhood serving businesses.

Potential Retail Tenant Type and Size:

Source: Photo by Alisa Anton on Unsplash

Flower Shop

1,100 – 1,980 SF



Source: Photo by Bonnie Meisels on Unsplash

Café with Seasonal Sidewalk Dining

1,120 – 2,000 SF

Source: Black Business News

Family–Style Restaurant

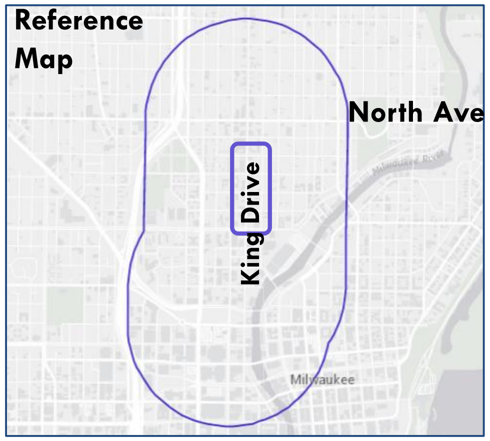
1,250 – 6,500 SF

Source: Jamie Street on Unsplash

Cosmetics

1,150 – 3,140 SF

Note: Square footages represent average sizes of the illustrated tenant types, and do not reflect total demand for these specific uses.



Source: HR&A, International Council on Shopping Centers (ICSC) Dollars and Cents Report

Retail Market: Tenanting Strategy (Phase 3): *Walnut Street to W McKinley Ave along King Drive (Haymarket, Schlitz Park)*

There are limited opportunities for retail due to the existing building typologies and uses on King Drive between Walnut and McKinley. The area is best served by daytime uses, given proximity to Schlitz Park.

Potential Retail Tenant Type and Sizes:

Source: Grid Engine

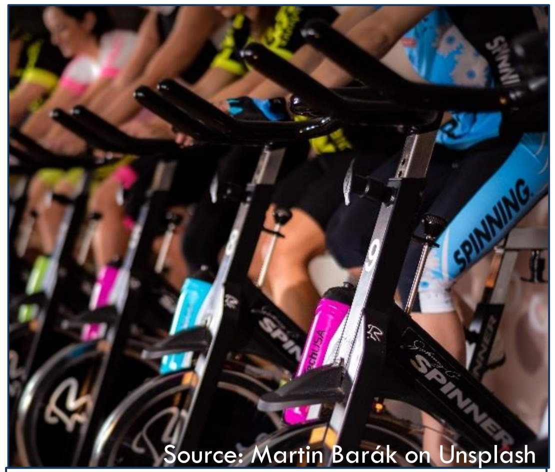
Gift Shop

2,090- 5,640 SF

Source: Toa Heftiba on Unsplash

Grab–and–Go Lunch Cafe

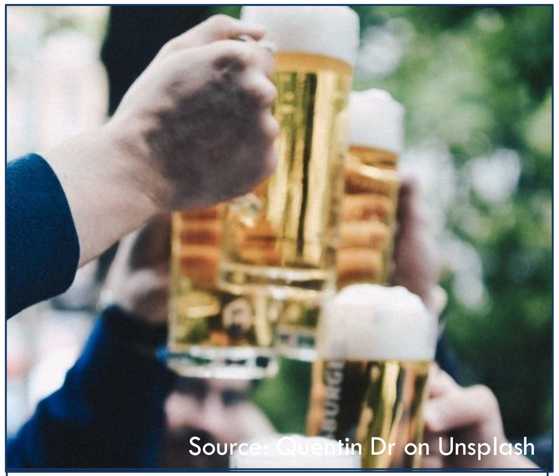
1,220 – 3,700 SF



Source: Martin Barák on Unsplash

Health Club

1,223 – 11,680 SF

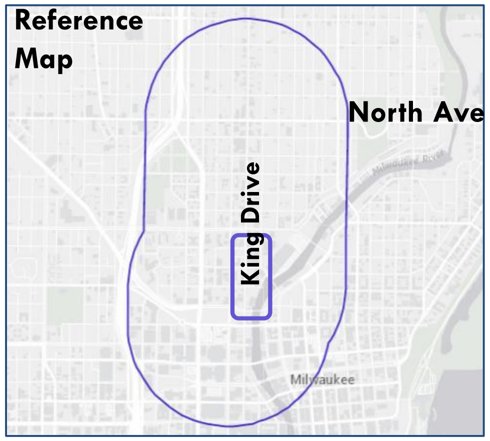


Source: Quentin Dr on Unsplash

After–Work Gathering Place

1,600 – 6,350 SF

Note: Square footages represent average sizes of the illustrated tenant types, and do not reflect total demand for these specific uses.

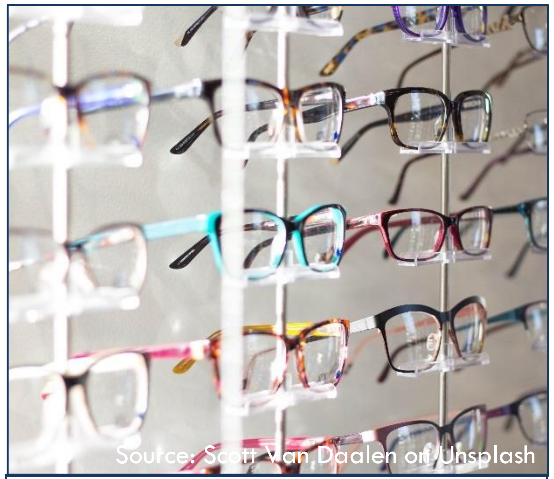


Source: HR&A, International Council on Shopping Centers (ICSC) Dollars and Cents Report

Retail Market: Tenanting Strategy (Phase 4): Southern Harambee (North Avenue to Center Street along King Drive)

As residential vacancies in the area stabilize, King Drive North of North Avenue to Center Street retail can be targeted to support neighborhood–serving uses.

Potential Retail Tenant Type and Size:



Source: Scott Van Daalen on Unsplash

Optical Store

1,180 – 2,540 SF

Source: Dry Clean City

Dry Cleaners

1,090 – 2,030 SF

Source: iStock

Café with Seasonal Sidewalk Dining

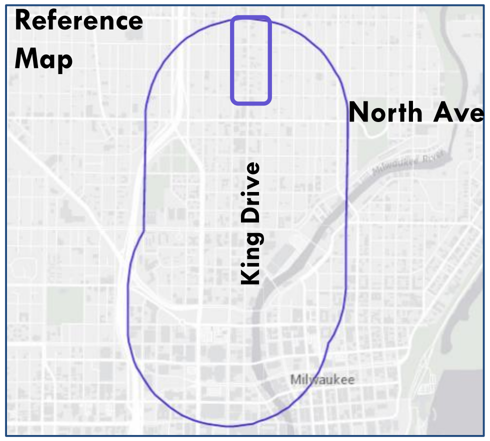
1,120 – 2,000 SF

Source: Framepool

Laundromat

1,500 – 3,740 SF

Note: Square footages represent average sizes of the illustrated tenant types, and do not reflect total demand for these specific uses.



Source: HR&A, International Council on Shopping Centers (ICSC) Dollars and Cents Report

HR&A evaluated tenanting recommendations from the 2005 plan to create a strategy that would help to build a Bronzeville Cultural and Entertainment District in the spirit of Historic Bronzeville.

From the early 1900s-1960s, Bronzeville was the business, economic and cultural center to many of Milwaukee's African American residents. In the late '60s, a key segment of Bronzeville's main street, Walnut Street, was demolished to make room for a freeway. **Despite this loss, the memory of Bronzeville remains alive in Milwaukee.**

The City engaged public, private, and community stakeholder input to develop a **2005 Bronzeville Cultural & Entertainment District Plan**, a strategy which aimed to recapture the vibrancy of the original Bronzeville District. Recommendations for new businesses included:

- **Restaurants and bars**
- **Specialty and neighborhood-serving retail shops**
- **Cultural venues, clubs with dining and musical entertainment**

Because it is difficult to predict the market and potential success of cultural attractions, the **2005 plan recommended waiting on the development of larger venues** until the district matures and the market is more clearly defined.

HR&A evaluated the 2017 market for recommended entertainment uses and **developed a tenanting and implementation strategy** which can help build a cultural and entertainment area in this spirit.

Source: City of Milwaukee

Historic Bronzeville

Source: City of Milwaukee

With over $296 million in spending potential on entertainment/recreation uses, the America's Black Holocaust Museum and proposed streetcar connections, the King Drive Neighborhood has an opportunity to become a future regional cultural and entertainment hub.

	Total Annual Spending		
	5 Min Drive	**5–20 Min Drive**	**20–45 Min Drive**
Entertainment/Recreation Fees and Admissions	**$5.8M**	**$107.8 M**	**$182.2 M**
Tickets to Theatre/Operas/Concerts	$838.4 K	$15.5 M	$25.8 M
Tickets to Movies/Museums/Parks	$1.2 M	$20.4 M	$31.7 M
Admission to Sporting Events, excl. Trips	$837.2 K	$14.7 M	$24.8 M
Fees for Participant Sports, excl. Trips	$1.3 M	$25.1 M	$43.4 M
Fees for Recreational Lessons	$1.6 M	$32.0 M	$56.6 M

Source: ESRI

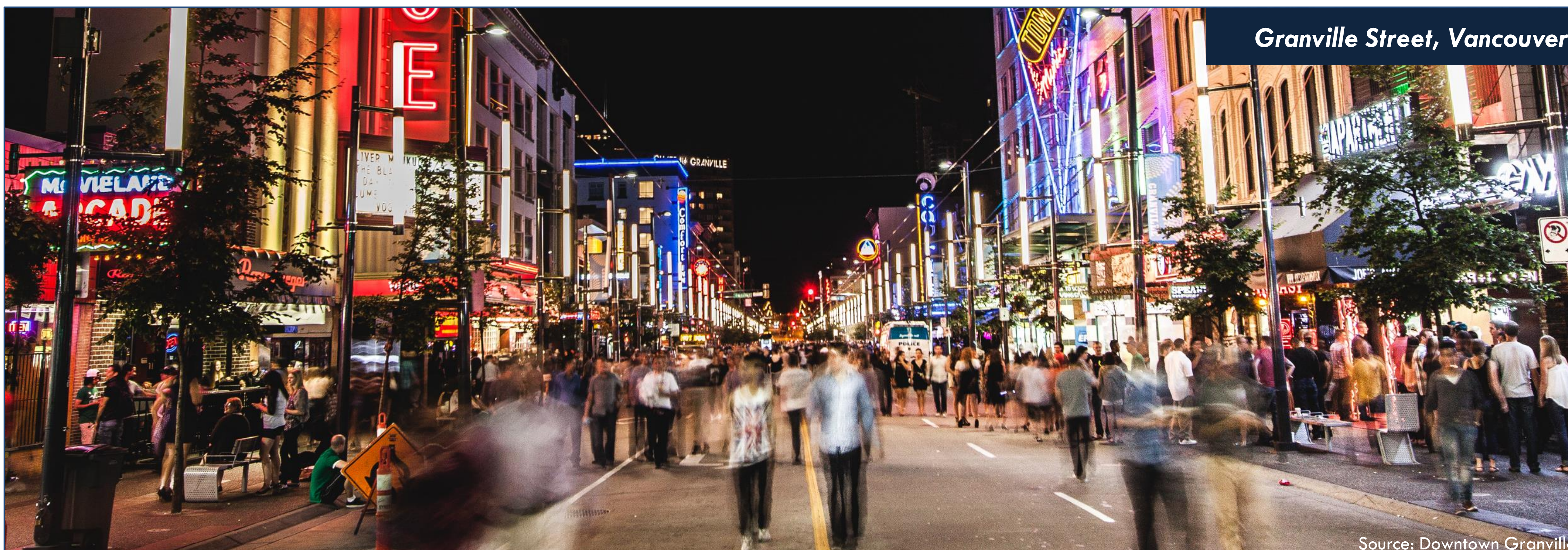

Source: ArchDaily


Source: Visit Milwaukee

A Bronzeville Cultural and Entertainment District would require key elements in order to successfully attract and sustain populations year–round.

Based on other cultural and entertainment districts, Bronzeville will need to provide the following elements:

- Defined sense of place, reflecting community values and cultural heritage
- Contiguous, walkable, safe area
- Diversity of offerings
- 24/7, year–round activity
- Local, regional, and tourist draws



Granville Street, Vancouver

Source: Downtown Granville

Uses that would help to create a vibrant Cultural and Entertainment District include restaurants, cultural venues, and entertainment anchors.

Potential Retail Tenant Types in a cultural and entertainment district:

Family–Style Restaurants

1,250 – 6,500 SF

Live Music / Cultural Venue

1,310 – 11,590 SF

Large–Format Entertainment

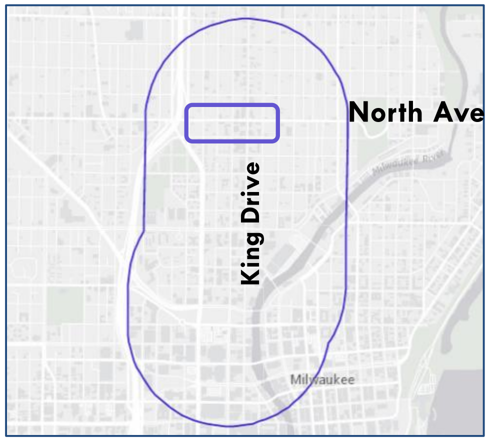
e.g. movie theater, bowling

3,000 SF

Evening Entertainment

e.g. comedy club

1,310 – 11,590 SF



Note: Square footages represent average sizes of the illustrated tenant types, and do not reflect total demand for these specific uses. Retail categories demonstrate illustrative uses. Demand for such retail will be determined through interim steps taken, as described on subsequent pages.

Source: HR&A, International Council on Shopping Centers (ICSC) Dollars and Cents Report

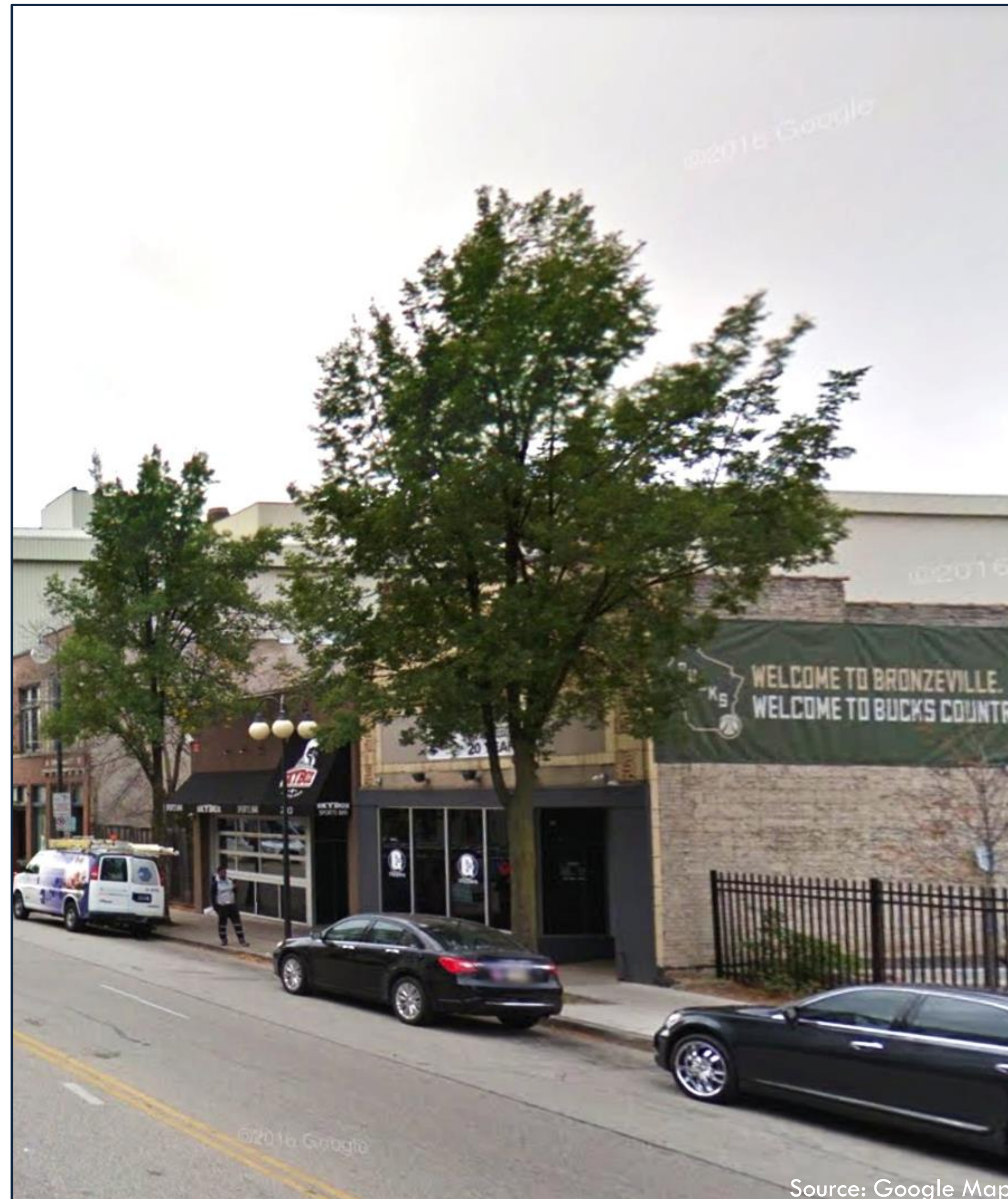
While there are a number of assets that could make a Bronzeville Cultural and Entertainment District successful, there are also significant challenges that need to be addressed.

Assets

- Walkable and dense location
- Good transit accessibility (car, bus, future streetcar)
- Developable land
- Future museum
- Existing resident and employee base
- Proximity to arena

Challenges

- Currently no existing major cultural and entertainment anchors or draws
- Limited restaurant/retail offerings
- Perception of safety can be a concern
- Desired tenant types predominantly require build-to-suit, and require a proven and defined market to attract developers
- As the area develops, parking can be a problem



Source: Google Maps

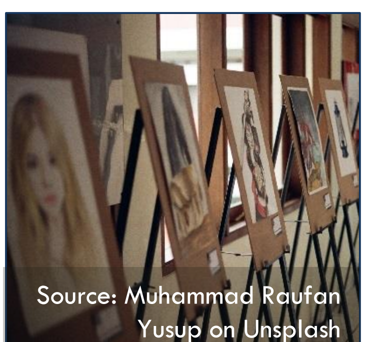
Current Existing Street Conditions (King Drive)

Increasing temporary interim programming on a consistent basis will help to establish the area as a destination for cultural and entertainment venues and allow entrepreneurs to test out their concepts.

Interim Programming Principles:

- Start with smaller, inexpensive programs to have immediate "wins"
- Support minority-owned businesses & concept testing, coordinating with local entrepreneurs/business leaders
- Support existing events and grow year-round calendar of a variety of programming
- Serve a wide variety of audiences including families and kids
- Use park spaces and vacant lots to activate the area
- Partner with existing landlords to utilize vacant storefronts and spaces
- Coordinate among key partners, including the Commercial Corridors Team, the the King Drive BID, Friends of Bronzeville, and a potential future Bronzeville Entertainment and Culture BID to implement
- Collect event metrics (e.g. attendees) to demonstrate district success for marketing efforts

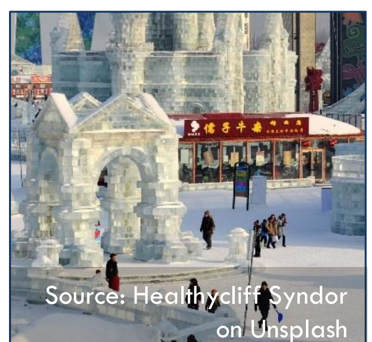
Potential Retail Tenant Type and Sizes: Interim Uses


Source: Muhammad Raufan Yusup on Unsplash

Arts Festival


Source: Kristina Balic on Unsplash

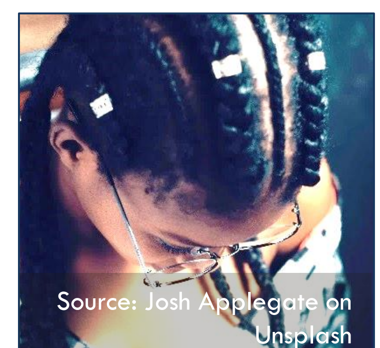
Makers/Craft Fair


Source: Healthycliff Syndor on Unsplash

Seasonal Programming


Source: Josh Applegate on Unsplash

Sports Events


Source: Josh Applegate on Unsplash

Hair Expo


Source: Stephanie McCabe on Unsplash

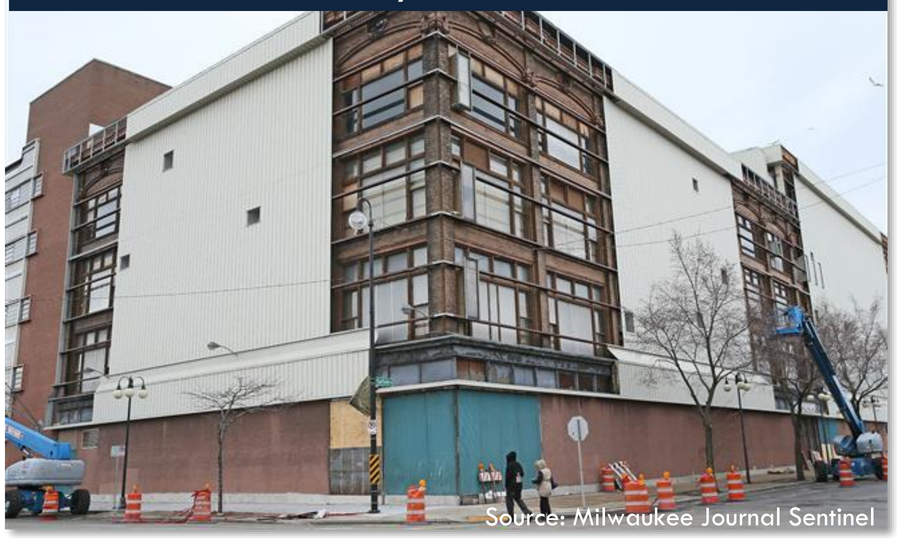
Food Festival

Retail Market: Tenanting Strategy

Key opportunities for retail corridor development include vacant parcels and properties at major intersections and sites.

Basic strategies should guide tenanting approaches in the area.

Fill Key Vacancies

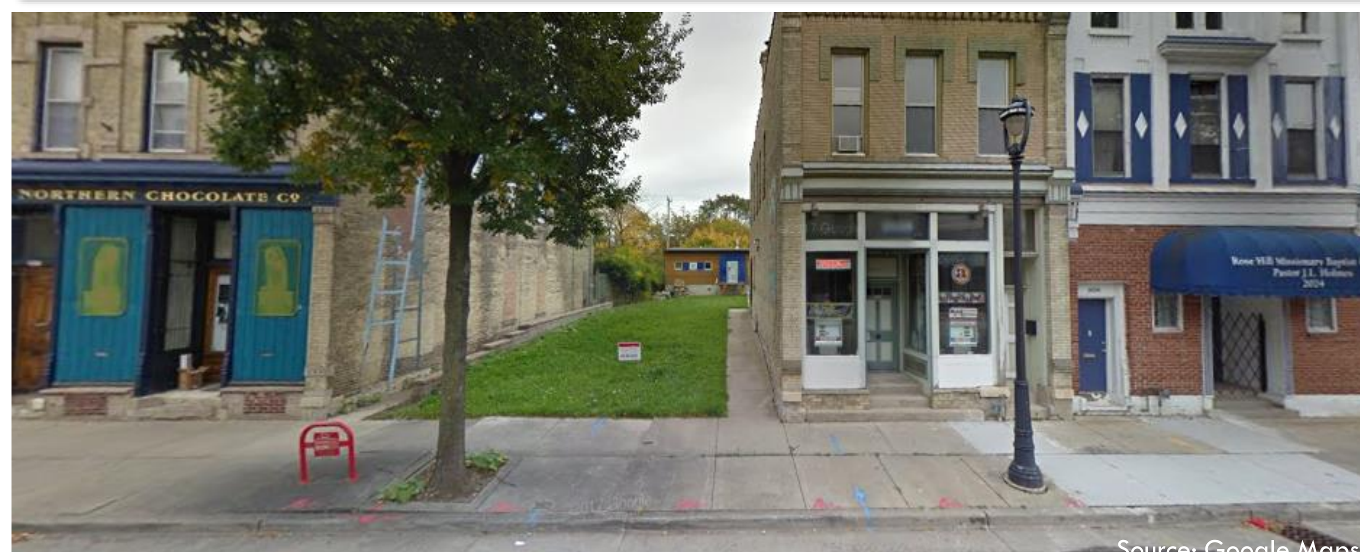

Source: Milwaukee Journal Sentinel

Guiding Strategies:

- Leverage local anchors including Gee's Clippers and Skybox, as well as the future America's Black Holocaust Museum
- Build on recent retail growth and event successes (i.e. Pete's Fruit Market, festivals)
- Infill around existing restaurants and dining destinations

Infill on Vacant Parcels

Source: Google Maps



Source: Google Maps

Market Analysis: Office + Industrial

Office and Industrial Market: Overview

Office space in the Greater Downtown Milwaukee area is concentrated within Downtown, as well as in Schlitz Park, Westown, and East Town located in the Southern portion of the Study Area.

4.3 M SF

Total office space in King Drive Neighborhood

4

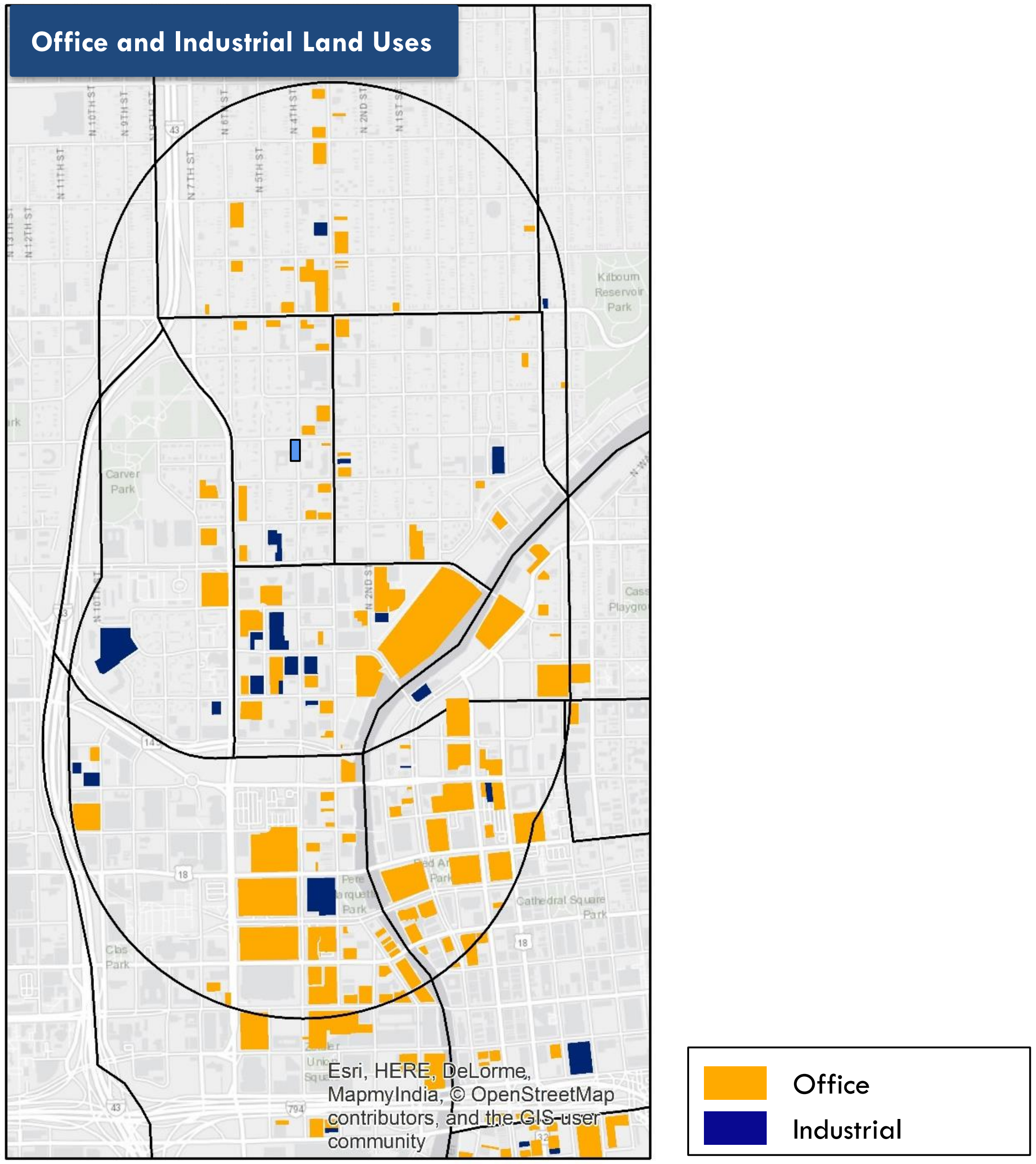
Class A Office Buildings

2,147

Total Businesses

1.2 M SF

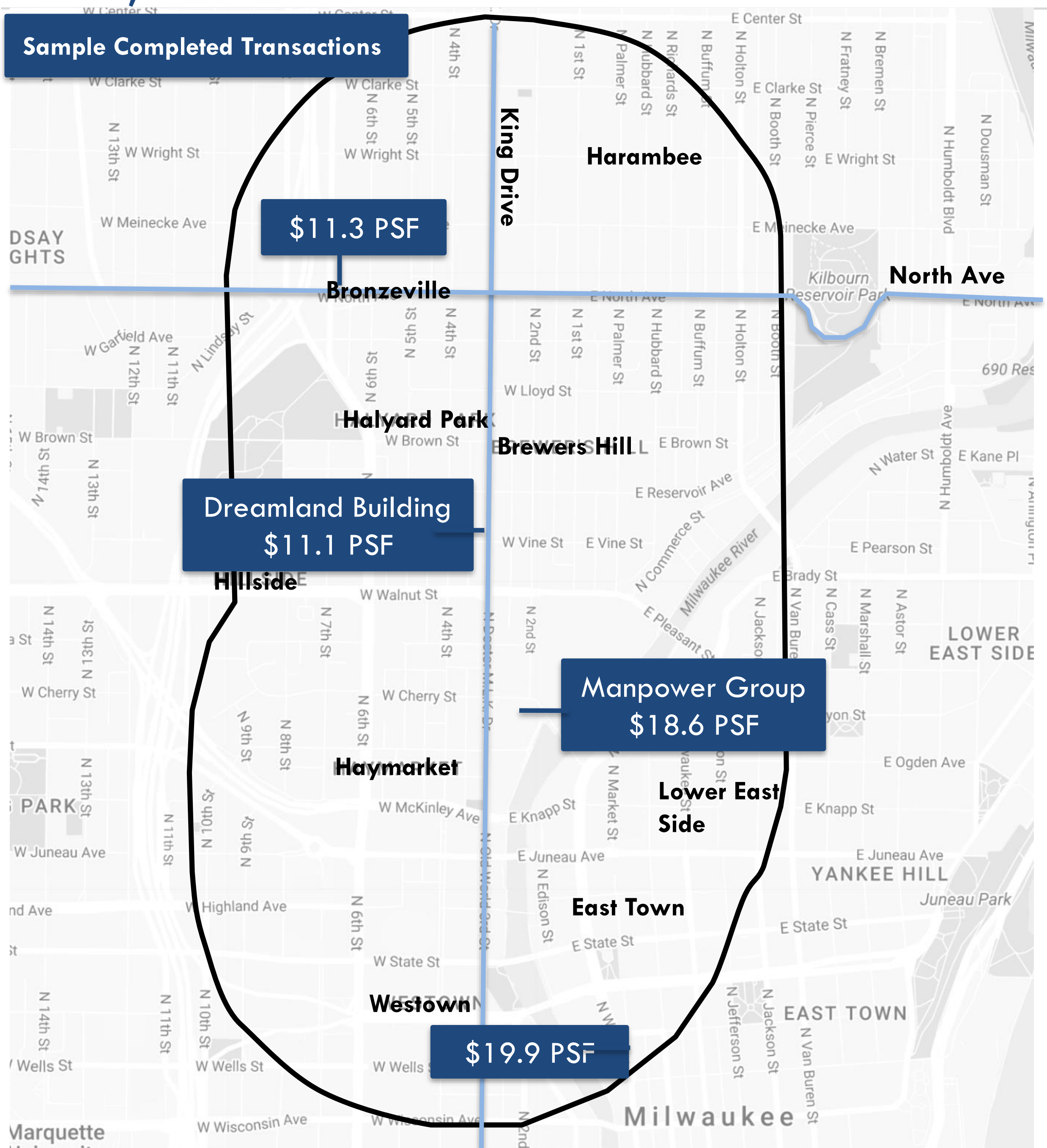
Total industrial space in King Drive Neighborhood



Source: Milwaukee DCD, Lockly Valuation, HR&A Advisors

King Drive offers a variety of office spaces, ranging from Class A to Class C, with a variety of floor plates that are appropriate for a diversity of users including professional services firms, nonprofits, corporate tenants, and others.

Sample Completed Transactions



Source: City of Milwaukee Assessor's Office, Lockly Valuation, Colliers, CoStar, Calls with local brokers

Dreamland Building (642 W N Ave)

Rent
$11.1 PSF

Total Space Rentable
1,712 SF

Manpower Group HQ

Rent
$18.6 PSF

Total Space Rentable
280,000 SF

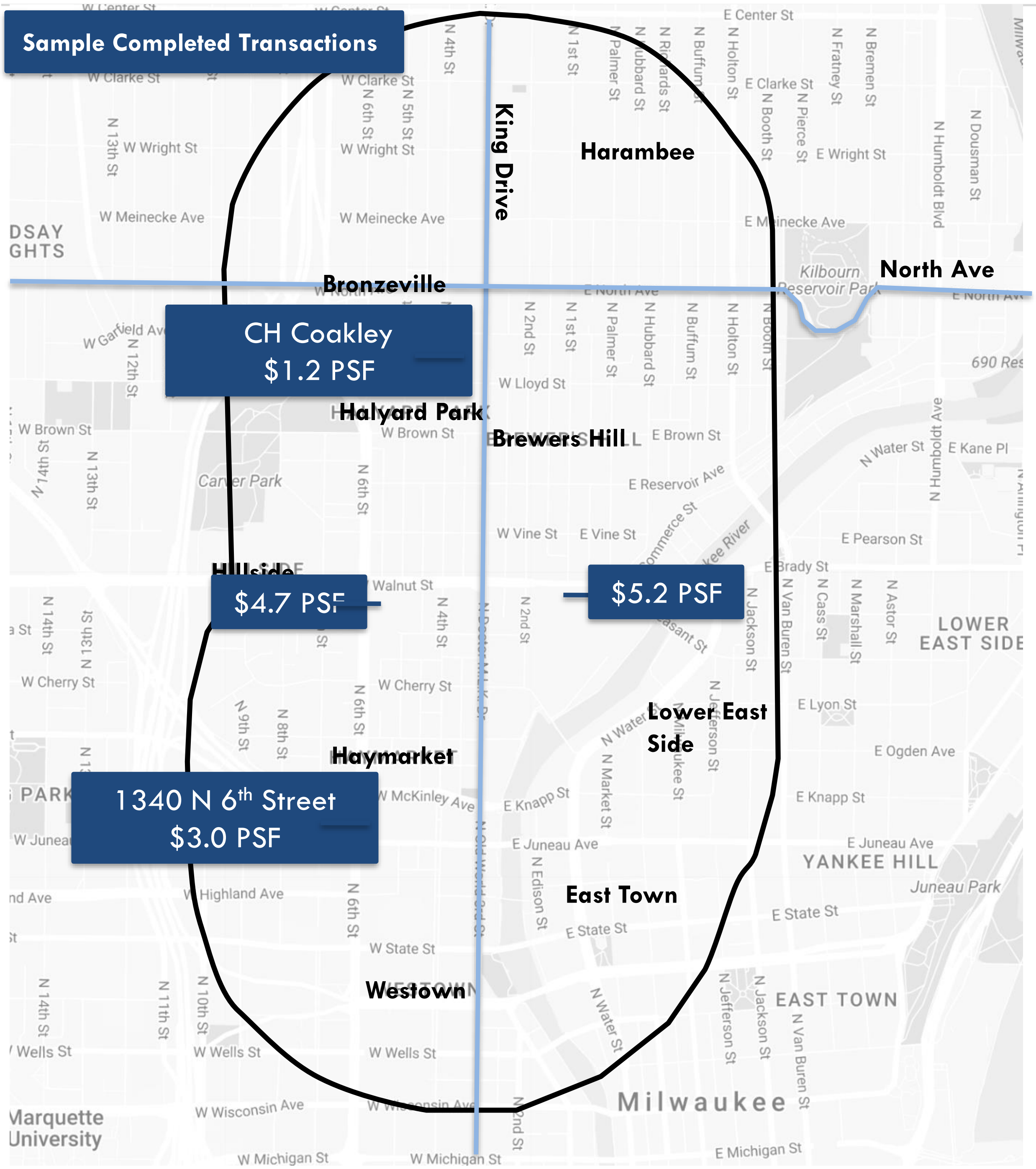
Comparative Average Asking Rents	
Downtown East	$23.75
Downtown West	$20.00

Source: Colliers International

Within the King Drive Neighborhood, office rents range from approximately $11 to $20 NNN PSF. Rents in the area have remained stable, even during the Recession.

Office and Industrial Market: Industrial Context

Industrial rents in the King Drive Neighborhood range from $1 to $5 NNN PSF when compared to the regional average of $4.5 PSF, reflecting low-intensity uses such as storage.



Gimbels / CH Coakley Building

Rent
$1.2 PSF

Total Space Rentable
455,000 SF

Swingles Furniture Rental

1340 N 6th St

Rent
$2.95 PSF

Total Space Rentable
12,500 SF

Comparative Average Vacancy Rates	
Flex	4.8%
Manufacturing	3.8%
Wholesale/Distribution	8.5%

Source: MLG Commercial

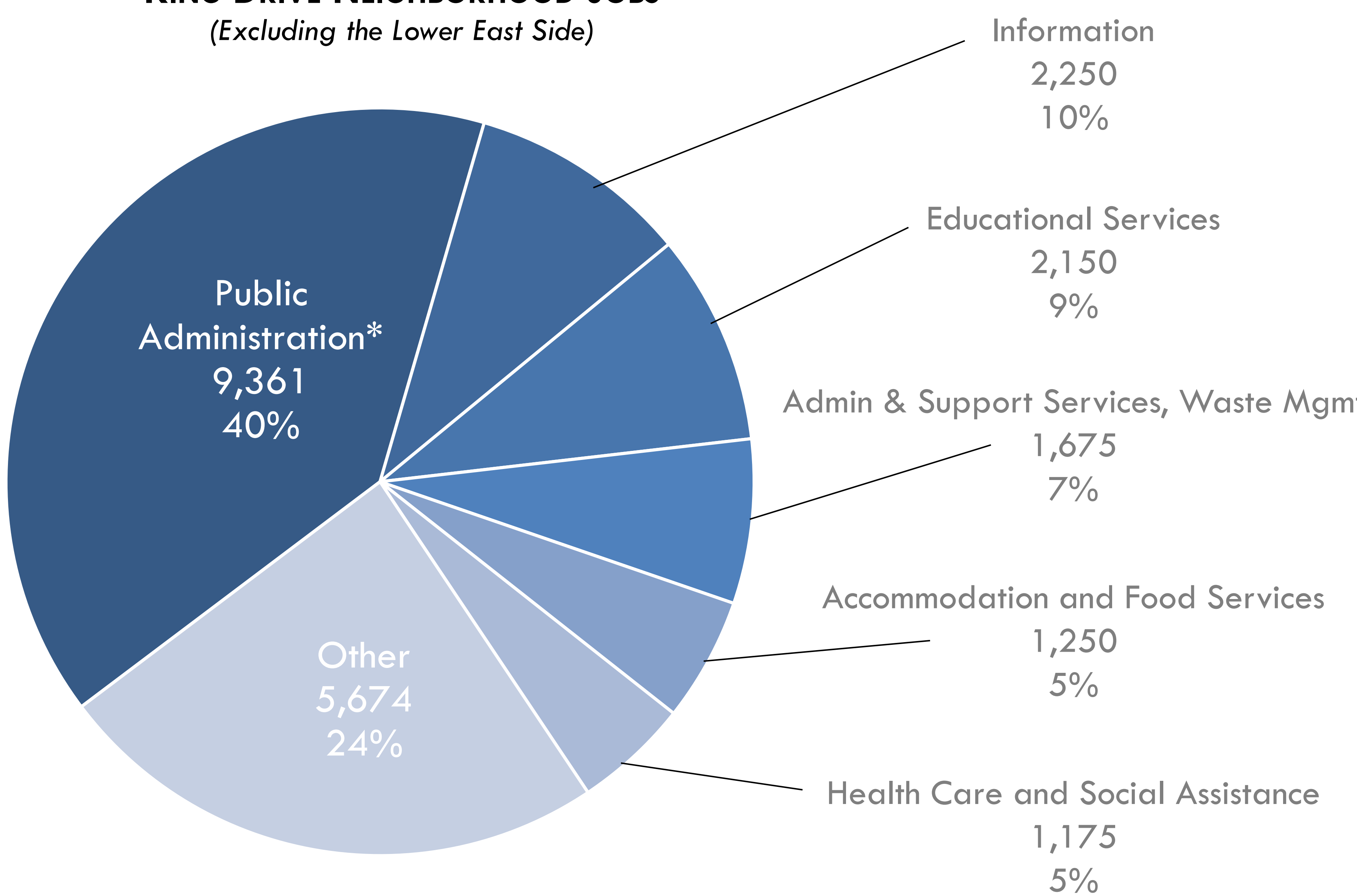
Source: City of Milwaukee DCD, City of Milwaukee Assessor's Office, Lockly Valuation, CoStar, Calls with local brokers

Office and Industrial Market: Employment

Of the 23,500 total jobs in the King Drive Neighborhood, which are primarily in public administration, information, and education, only 2% are filled by King Drive residents.

KING DRIVE NEIGHBORHOOD JOBS

(Excluding the Lower East Side)



*Note on Public Administration: The DNR and US Department of Veteran's Affairs on King Drive and Milwaukee County Courthouse and Milwaukee DMV in Westown are major public administration employers in the area.

Source LEHD

Office and Industrial Market: Employment Projections

If the King Drive Neighborhood captures its fair share of projected County job growth (2%), it will add over 1,000 jobs between 2020-2030.

Milwaukee County Employment Projections

	2014	2020	2030
Milwaukee County	**1.18M**	**1.23M**	**1.28M**
King Drive Neighborhood* ***(Fair Share)***	**23.5K**	**24.6K**	**25.7K**

Note: A "fair share" percentage of job growth capture would result in the Study Area capturing a number of County jobs added proportional to the amount of jobs currently held in the Study Area compared to the County. For example, a Study Area representing 1% of County jobs may capture 1% of added jobs.

* Excludes jobs east of the Milwaukee River
Note: The DNR and US Department of Veteran's Affairs on King Drive and Milwaukee County Courthouse and Milwaukee DMV in Westown are major public administration employers in the area.
Source: Bureau of Economic Analysis (BEA) Southeastern Wisconsin Regional Planning Commission (SEWRPC), HR&A Advisors

995
New Office Jobs (2020-2030)

22K
Office SF Required Annually*

50
New Industrial Jobs (2020-2030)

3.4K
Industrial SF Required Annually*

Job growth and additional space will be met through a combination of backfilling of existing, vacant spaces and new development, preferably targeted along the streetcar route. Transit impacts are unpredictable as much office space is "build to suit," and would rely upon a variety of market factors including developer perceptions of transit improvements to the area.

TRANSIT CONSIDERATIONS

Transit Considerations

Transit investment has numerous impacts for communities, some of which are quantifiable.

TRANSIT CONSIDERATIONS

- Access to new jobs
- Improved walkability
- Increased pace of development
- Reduction in car usage
- Increases in visitation to local anchors
- Change in neighborhood perception
- Increased activity at retail businesses
- Potential rent increases
- Potential land value increases

Milwaukee Streetcar, Phase 1

Transit Considerations

While the impacts of transit vary by city, nationwide streetcars & light rail generally spur increased in land value for surrounding properties and increases in the pace of development.

	System	Product Type	One Time Land Value Increase	Annualized Growth
Residential	Minneapolis Blue Line*	Multifamily	9%	
	Portland Streetcar	Multifamily	-	3.3%
	San Diego Trolley Blue & Orange Line*	Multifamily	4 - 17%	
	Seattle South Lake Union	Multifamily	-	0.4%
	San Diego Trolley Blue & Orange Line*	Condominium	2 - 6%	
	Minneapolis Blue Line*	Single Family	0 - 12%	
	San Diego Trolley Blue & Orange Line*	Single Family	-4 - 1%	
	St. Louis MetroLink Red Line*	Single-family	31-33%	
	Potential Milwaukee Impact	*All*	5-10%	0.5-1.5%
Commercial	Portland Streetcar	Commercial	N/A	3.6%
	Santa Clara County*	Commercial	5-15%	
	Seattle South Lake Union	Office		2.0%
	Seattle South Lake Union	Retail		2.1%

Note: Due to the limited number of completed streetcars in the US, there are limited examples of the impact they have for economic development. Existing literature focuses on the impacts of light rail systems. Studies demonstrate that the greatest impact is seen within .25 miles of an alignment.
* Light Rail

Transit Considerations

The impact of a streetcar in Milwaukee will depend upon broader planning efforts that are coupled with placemaking initiatives, station locations, and developer perception of transit.

- Transit is not a silver bullet for economic development. Instead, it must be coupled with placemaking and development policies and incentives in order for cities to see the desired development and growth.

- Given the variety of market conditions in the King Drive Neighborhood, transit will have varied immediate and long-term impacts.

- Affordability strategies will need to recognize the impact streetcar will have in each of these neighborhoods, providing flexibility as market conditions change.

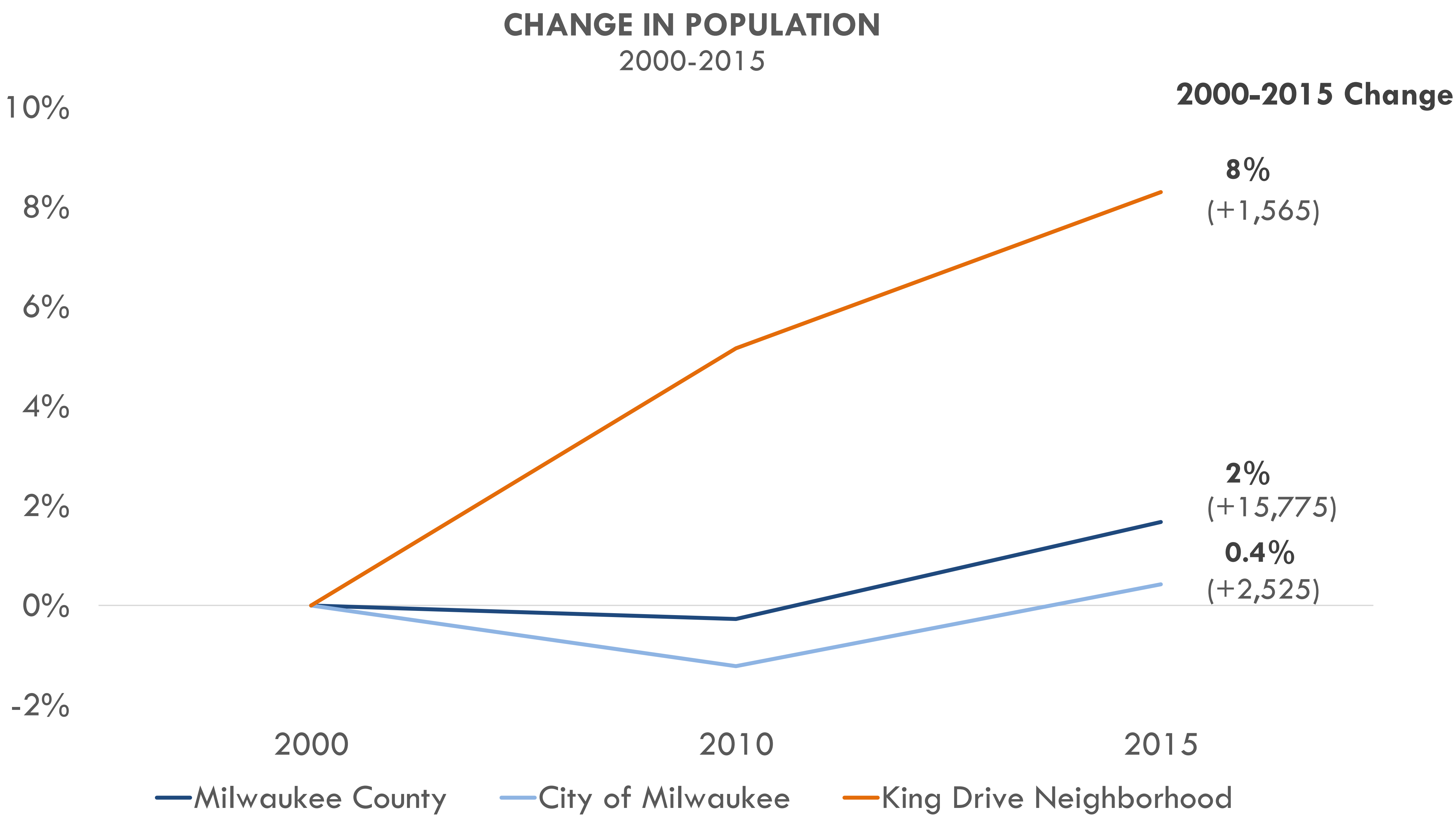
Portland Streetcar

Appendix: Market Analysis

Demographic Analysis

Demographic Analysis: Population

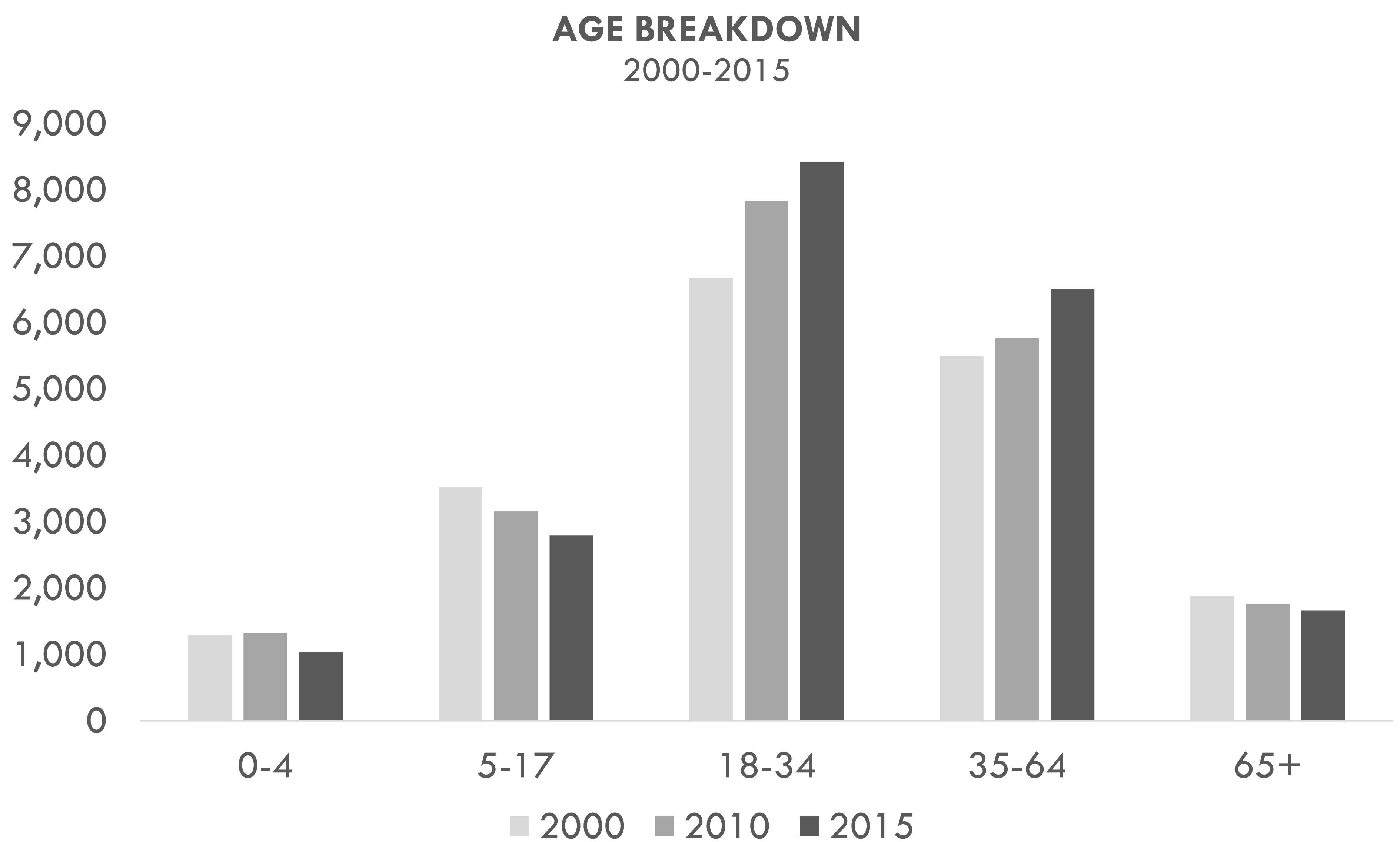
Between 2000 and 2015, the percentage growth of the King Drive Neighborhood population was significant, driven primarily by an increase in the White population.



Source: ACS; HR&A Advisors

Demographic Analysis: Age

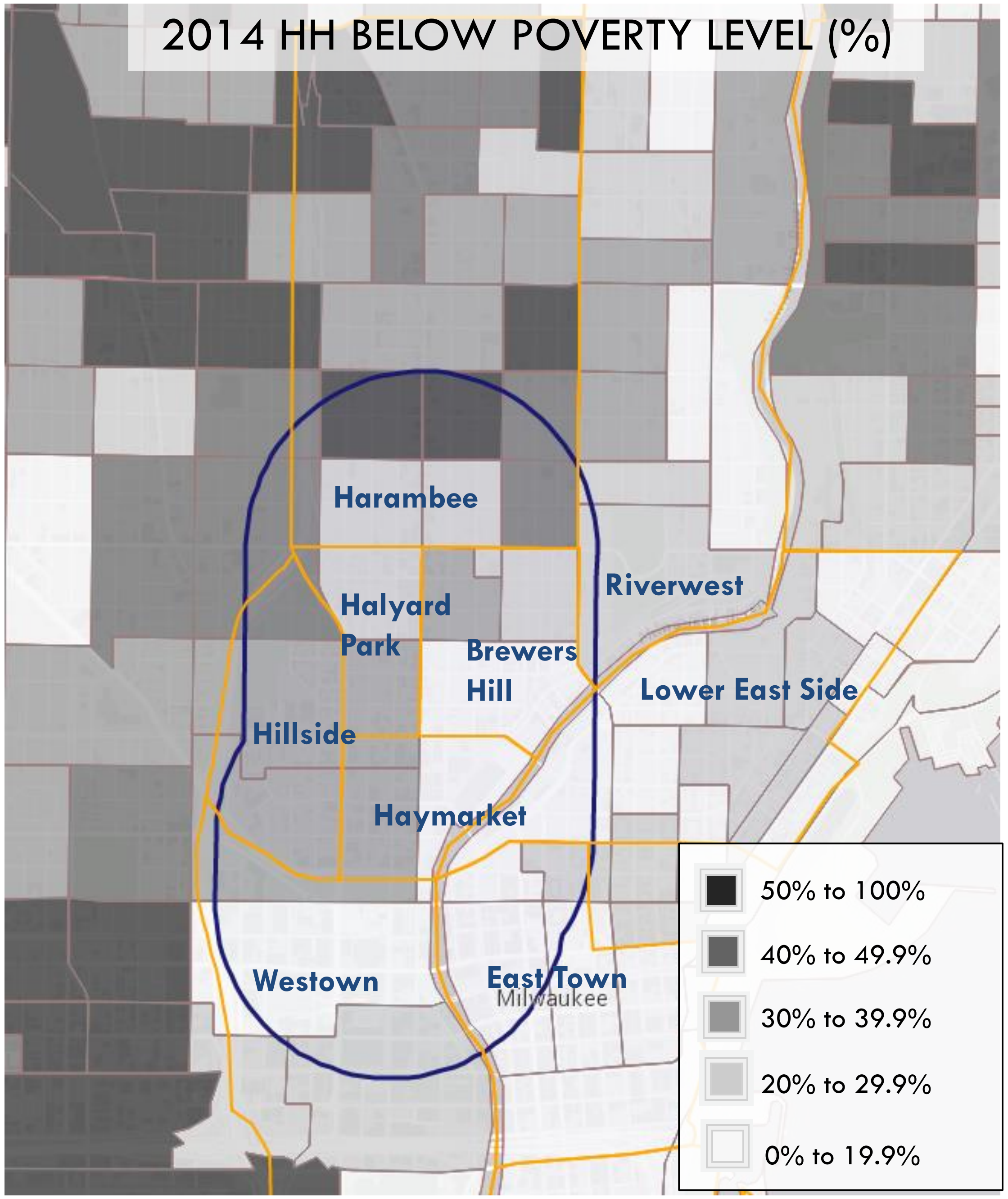
Since 2000, millennials (those ages 18-34) have been the fastest growing segment of the population, (+26%), while children have decreased by 20%.

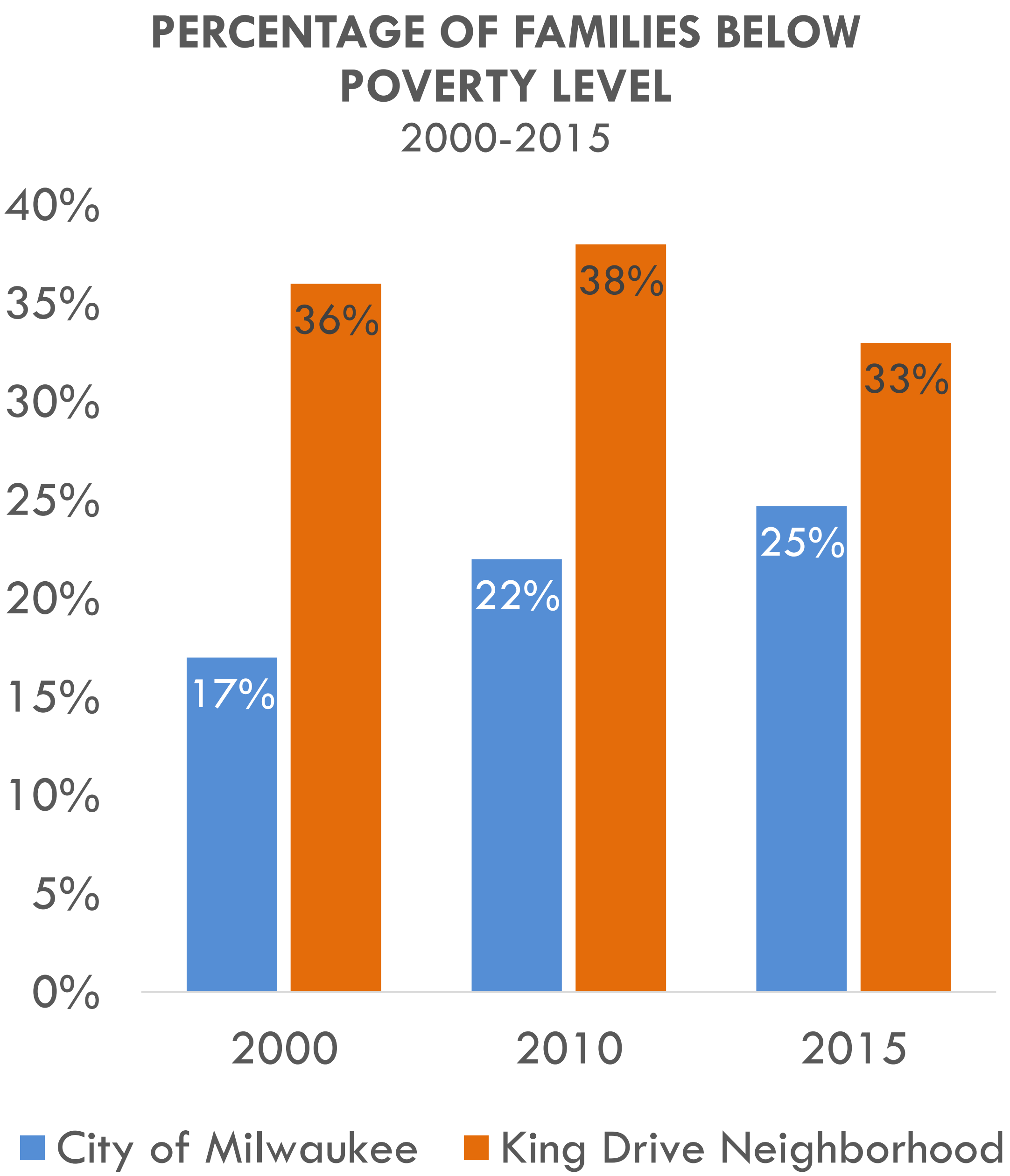


Source: ACS Census; HR&A Advisors

Demographic Analysis: Income

Since 2010, the number of families living below the poverty level has decreased by 141 households (12%). At the highest, 74% of households in portions of Harambee are below the poverty line.

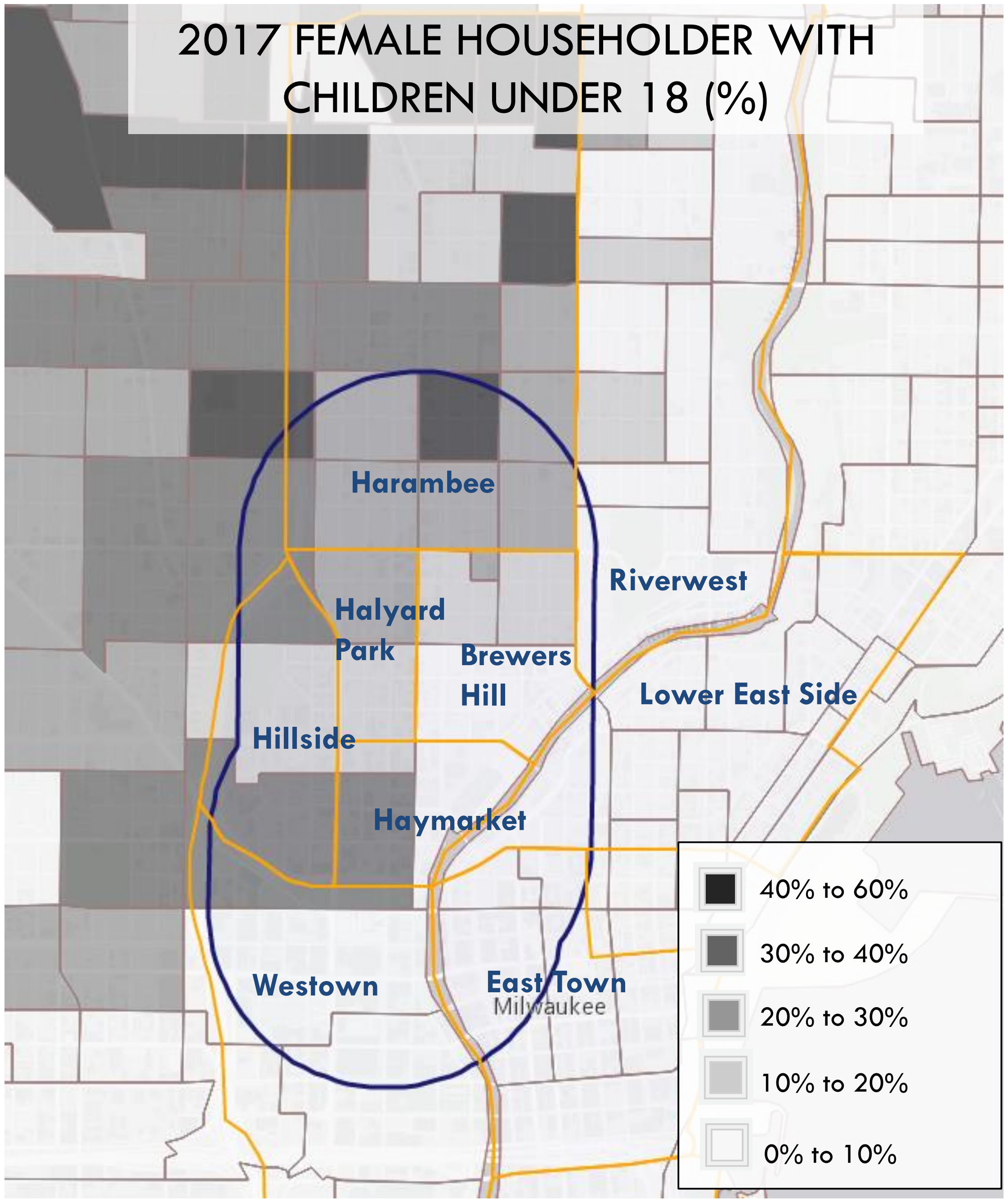




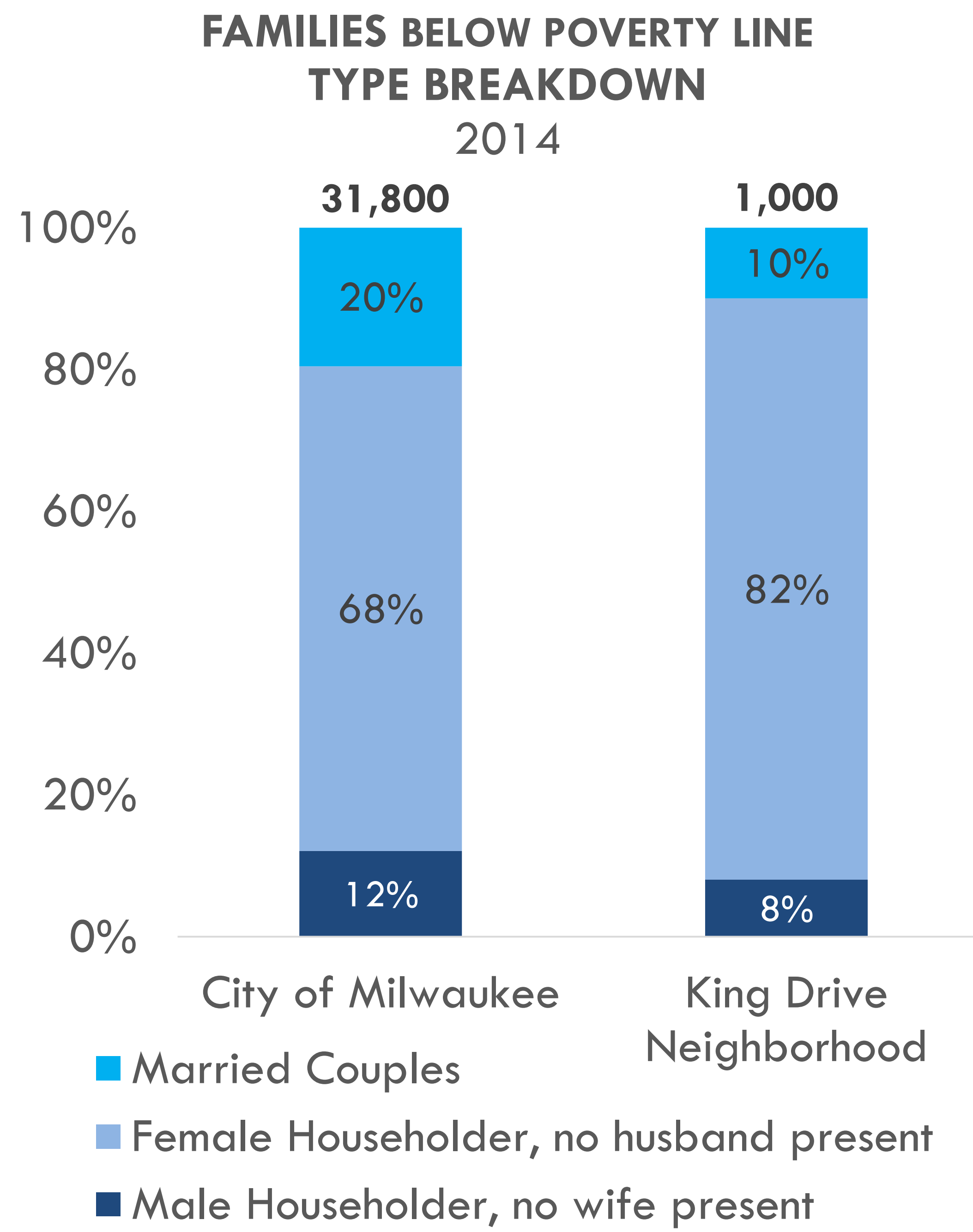
Source: ESRI 2017, 2015 and 2014 ACS Census; HR&A Advisors

Demographic Analysis: Income

Female householder families are concentrated in neighborhoods in the west and northern portions of the Study Area.

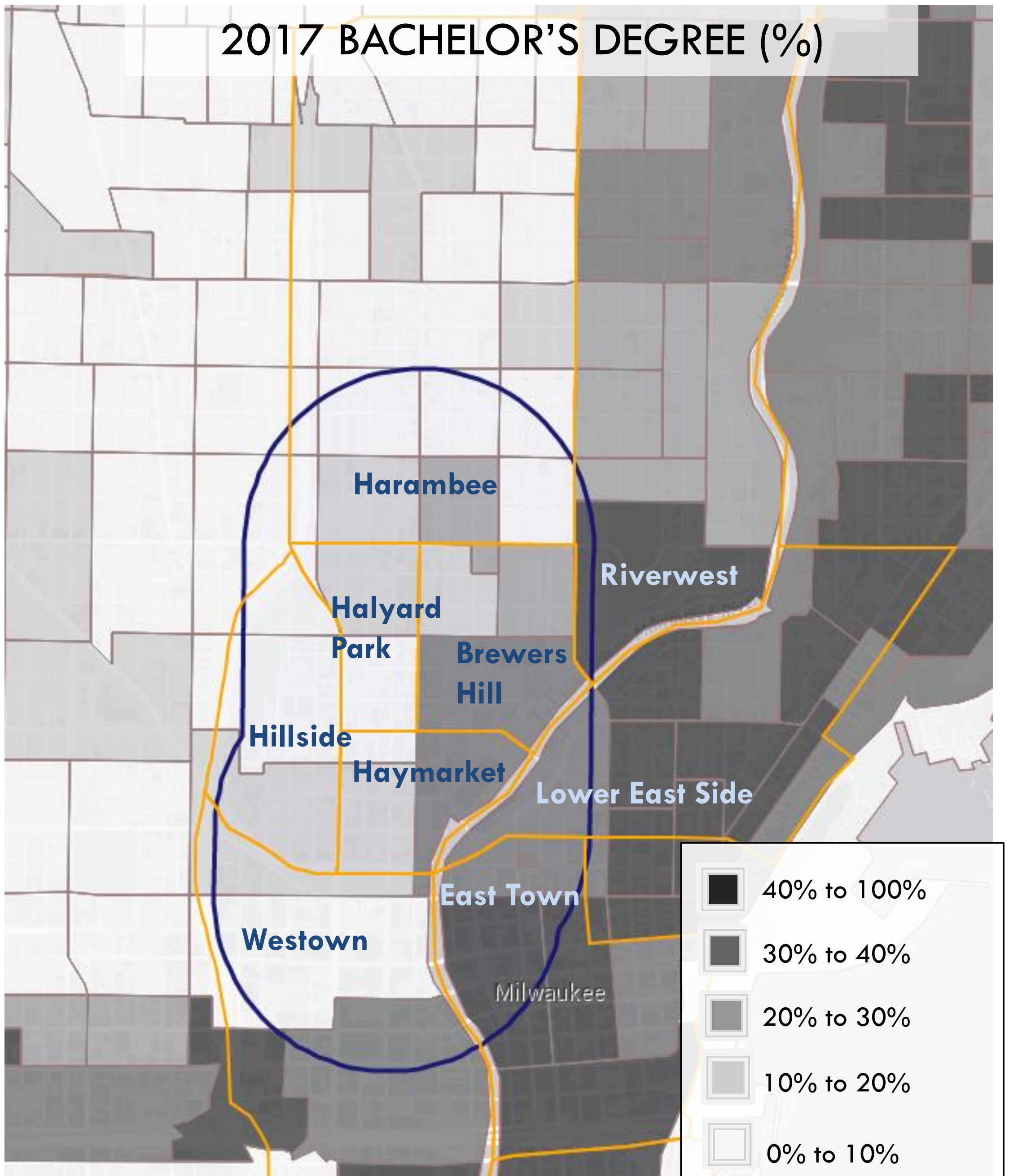


Source: ESRI 2017, ACS Census; HR&A Advisors

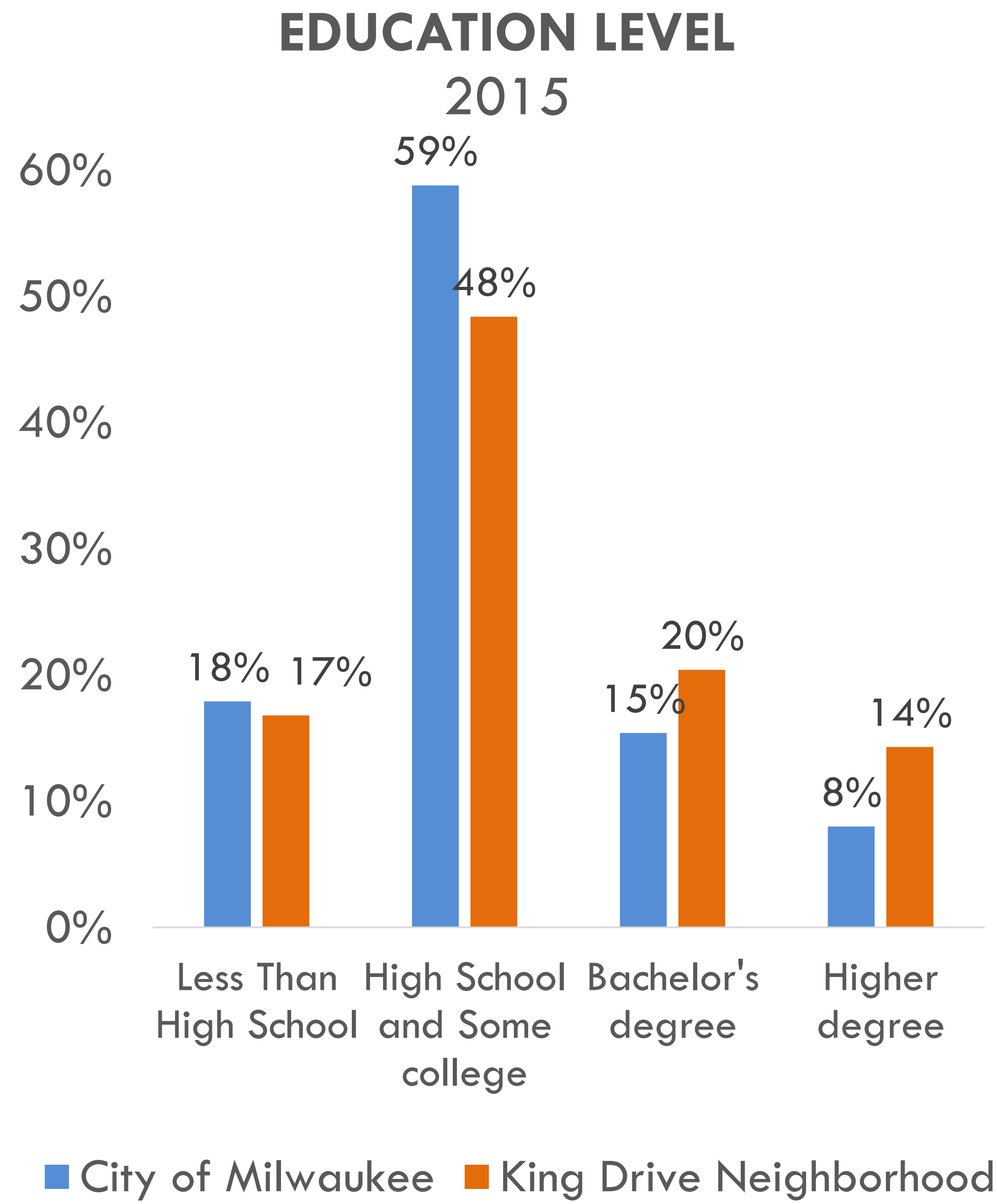


Demographic Analysis: Education

While the percentage of residents with higher education degrees (Bachelor's +) is higher than the City as a whole, this is fairly concentrated in the neighborhoods along the south eastern edge.

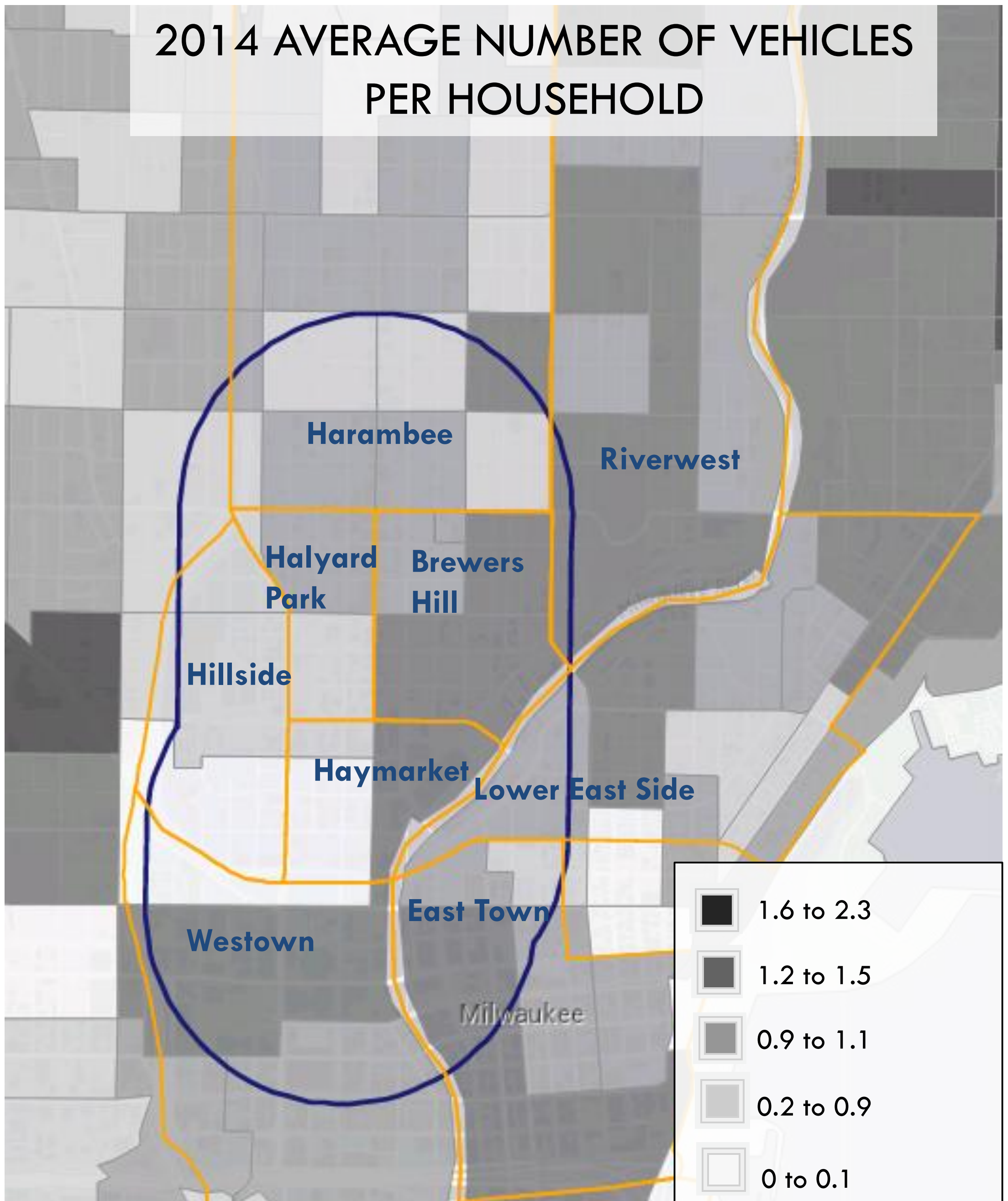


Source: ESRI 2017, ACS Census; HR&A Advisors



Demographic Analysis: Mobility

The average number of vehicles per household ranges widely throughout the King Drive Neighborhood, with the lowest car ownership rates in Hillside and Haymarket.



Source: ESRI 2017, ACS Census; HR&A Advisors

- Neighborhoods like Brewers Hill and parts of Halyard Park and Westown have very high rates of vehicle ownership.
- Hillside and portions of Harambee have relatively low car ownership rates.

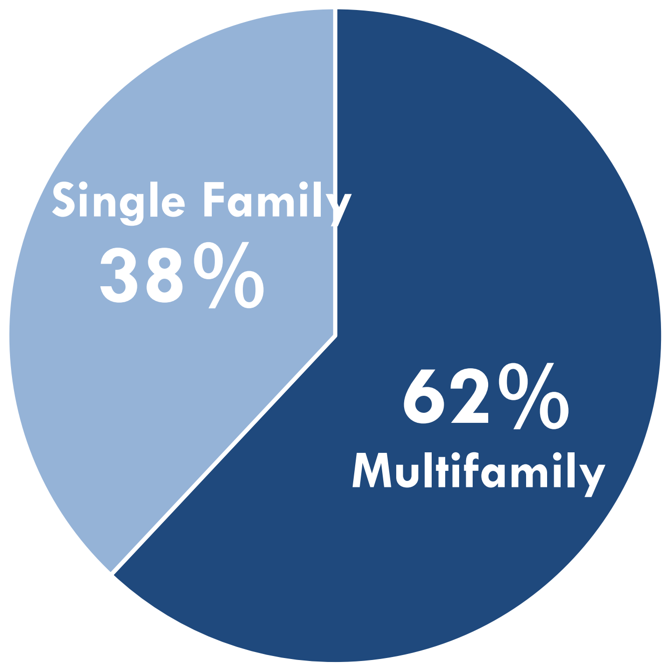
Residential Market

The housing stock in the King Drive Neighborhood is predominately in multifamily buildings.

8,812

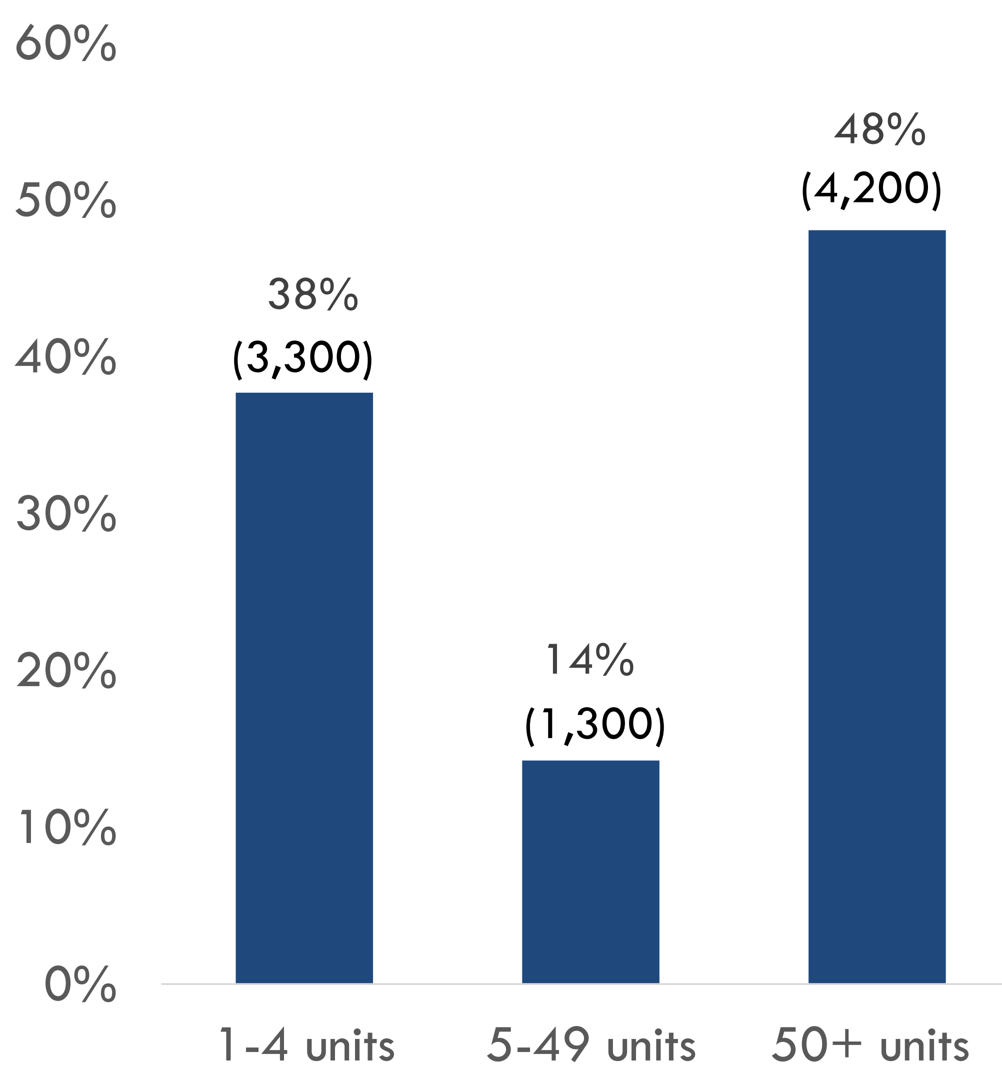
Total Units

HOUSING TYPOLOGY MIX



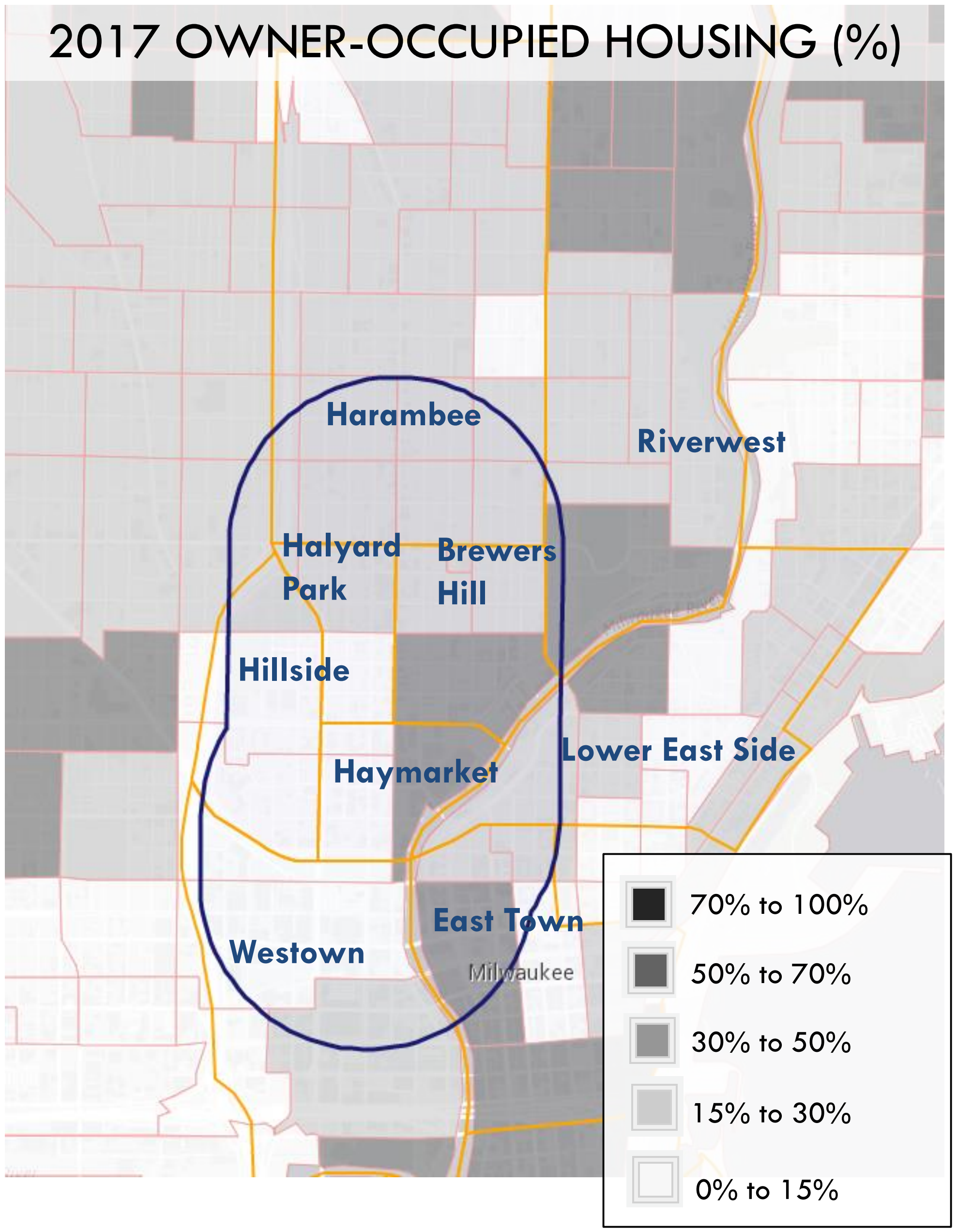
RESIDENTIAL UNITS BY UNITS IN STRUCTURE

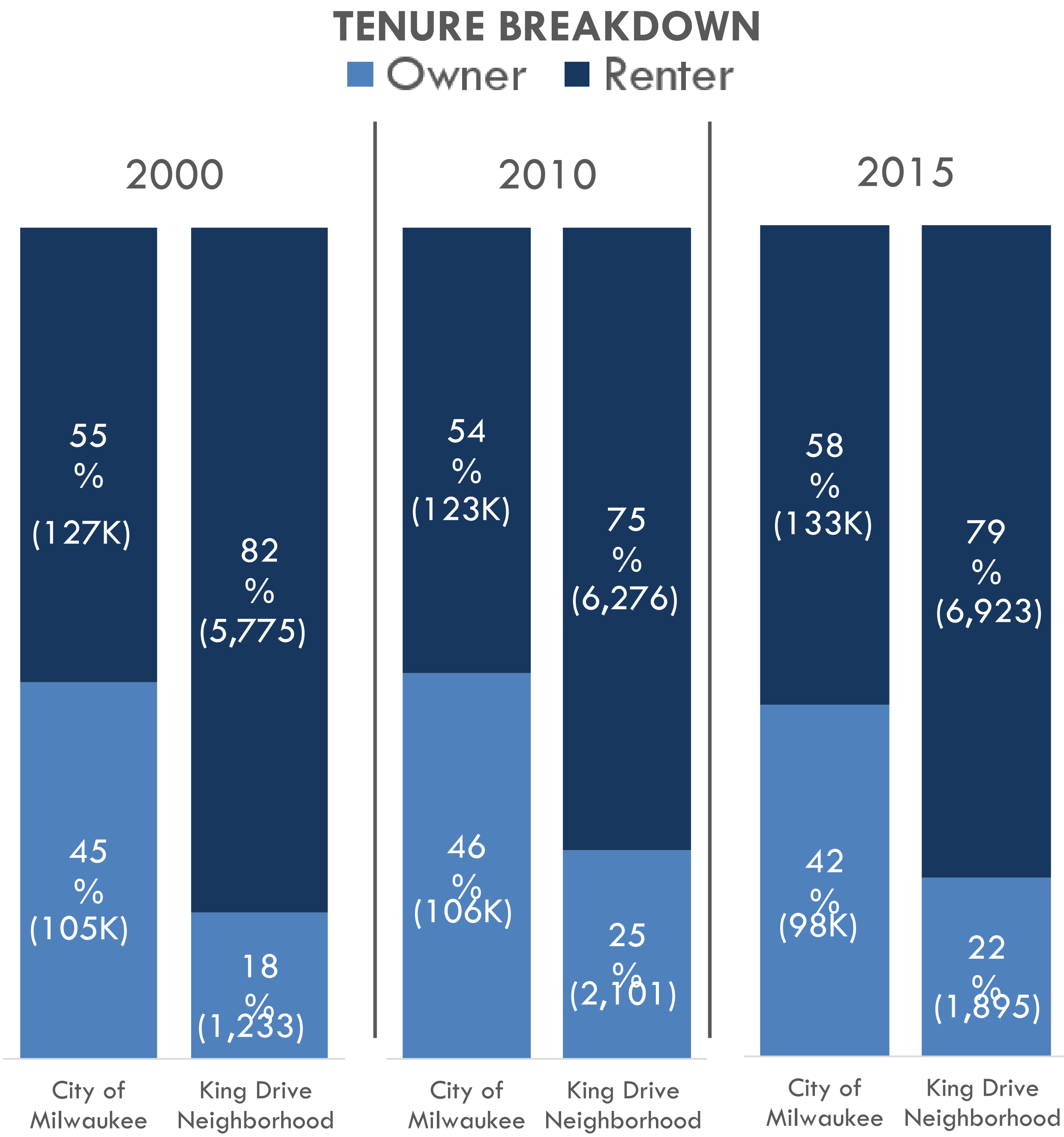
2017



Note: Multifamily is defined as a residential structure with over 5 units.
Source: MPROP; HR&A Advisors

Housing in the King Drive Neighborhood has skewed heavily towards renters, compared to the City as a whole, and the proportion of renters has increased since 2000.





Source: ACS Census; HR&A Advisors

Residential Analysis: Supply

Recent projects tend to have higher than average rents.

Frederick Lofts (2015) | 100 Units

Avg. Rent	$1,550
Vacancy	5%
Concession	0.6%
Parking	Covered
Owner	Gorman

The Aperture (2016) | 168 Units

Avg. Rent	$1,850
Vacancy	10.1%
Concession	1.3%
Parking	Covered
Owner	Mandel

Eleven25 at Pabst (2016) | 151 Units

Avg. Rent	$875
Vacancy	33.1%
Concession	0.0%
Parking	Covered
Owner	Blue Ribbon

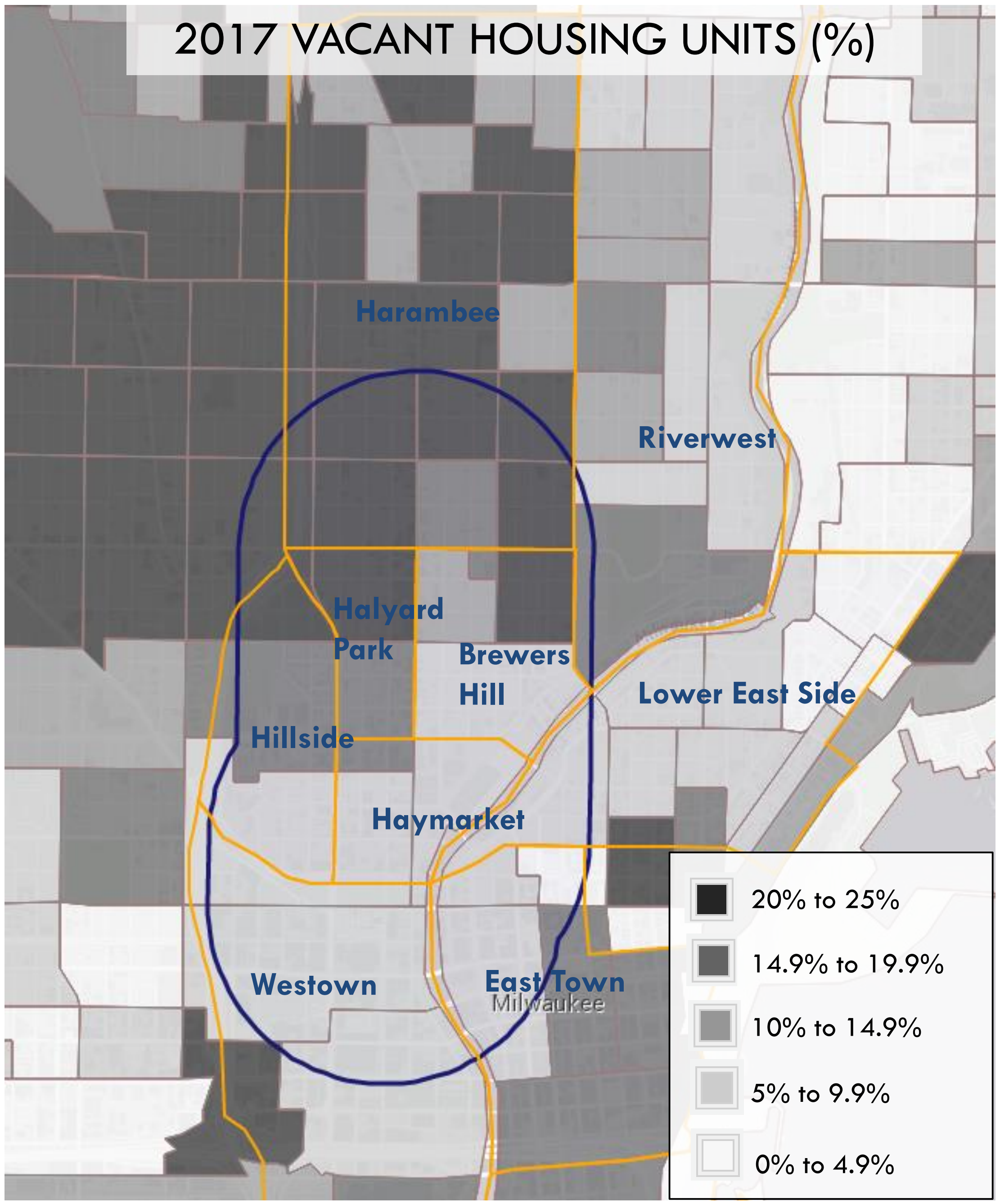
MKE Lofts (2015) | 105 Units (21 Affordable)

Avg. Rent	$1,325
Vacancy	0%
Concession	0.3%
Parking	Underground
Owner	MKS

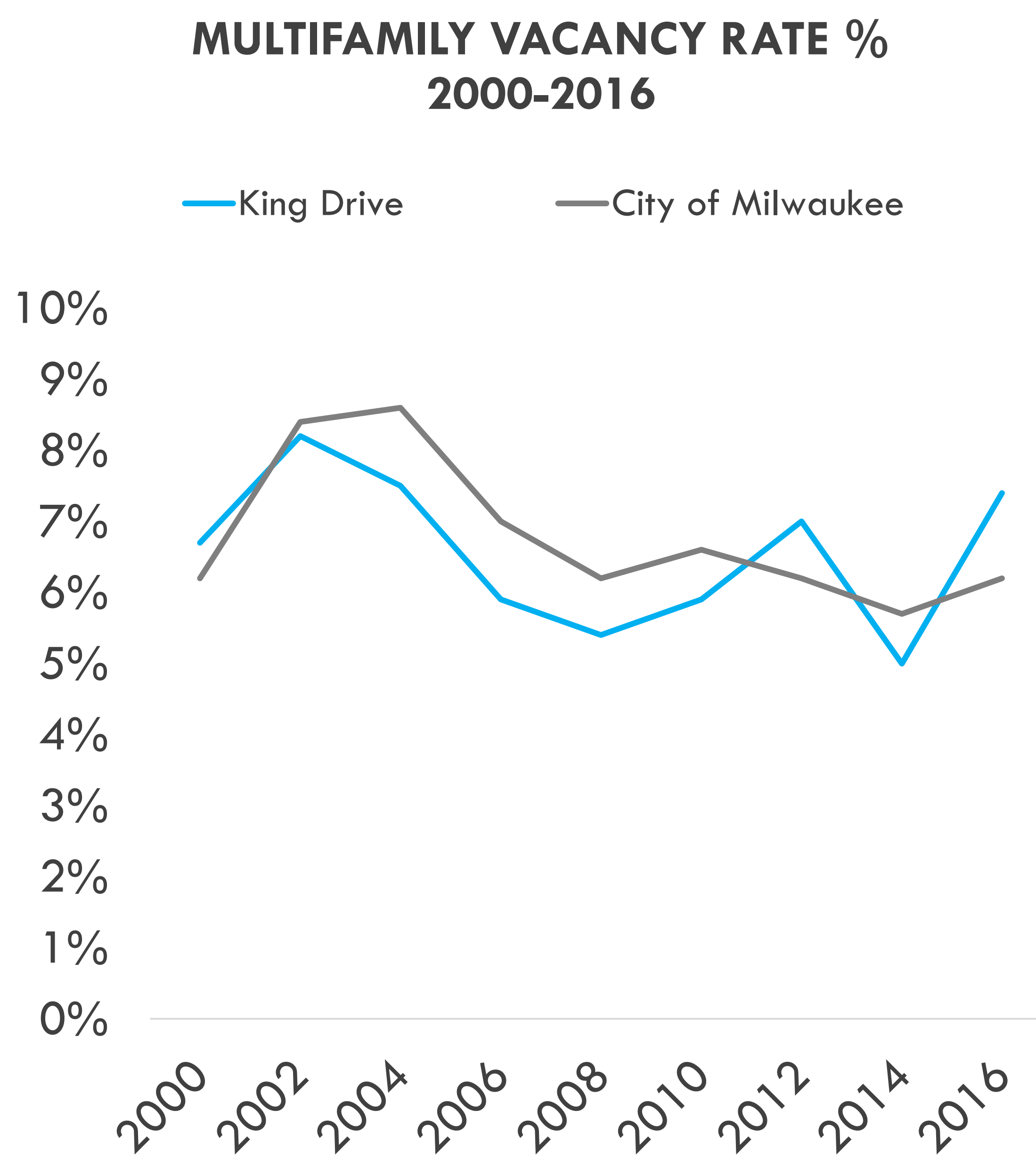
Source: CoStar, HR&A Advisors

Residential Analysis: Supply

Multifamily residential vacancy trends in the King Drive Neighborhood has historically been on par with the City average and was 7.4% in 2016.



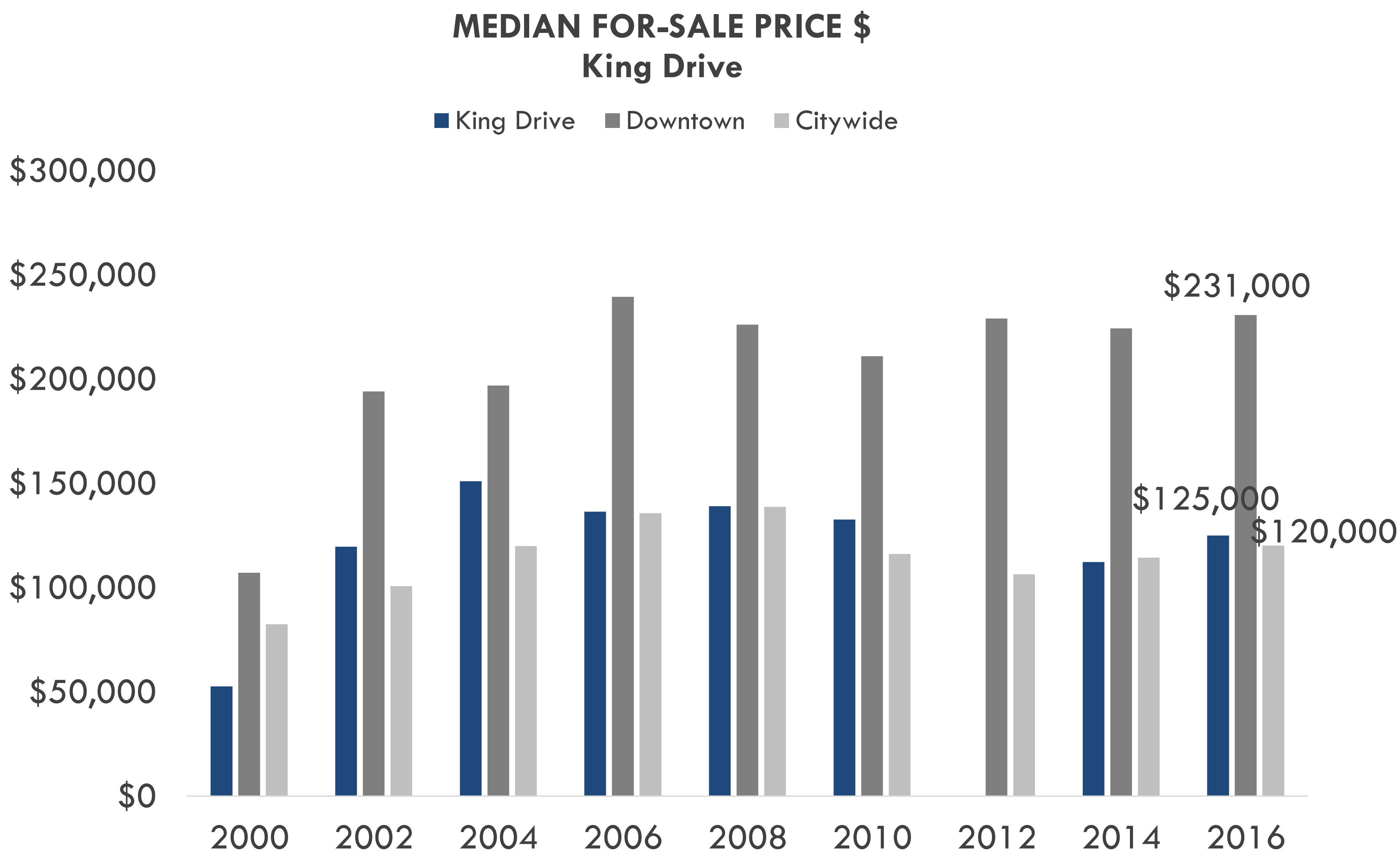
Source: ESRI 2017, ACS Census, CoStar; HR&A Advisors



Note: The CoStar data is limited given that it only includes information on large multifamily buildings (5 units and above).

Residential Analysis: For-Sale

After declining since the Recession, prices of for-sale units have increased in the past two years to an average of $125K, which is ~45% lower than the median for-sales price for Downtown.

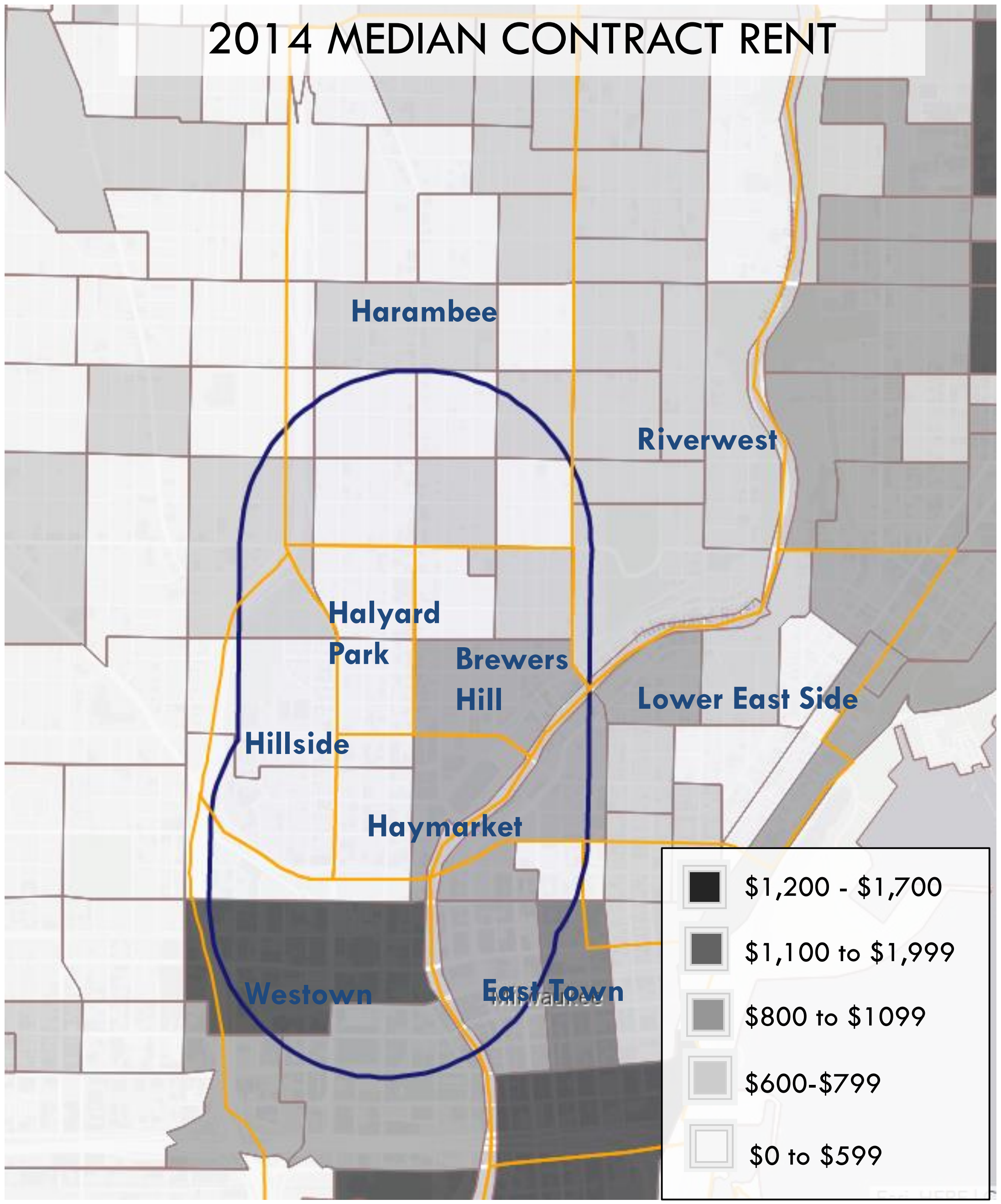


* King Drive defined as zip code 53212, Downtown defined as zip code 53202; data is unavailable for 2012

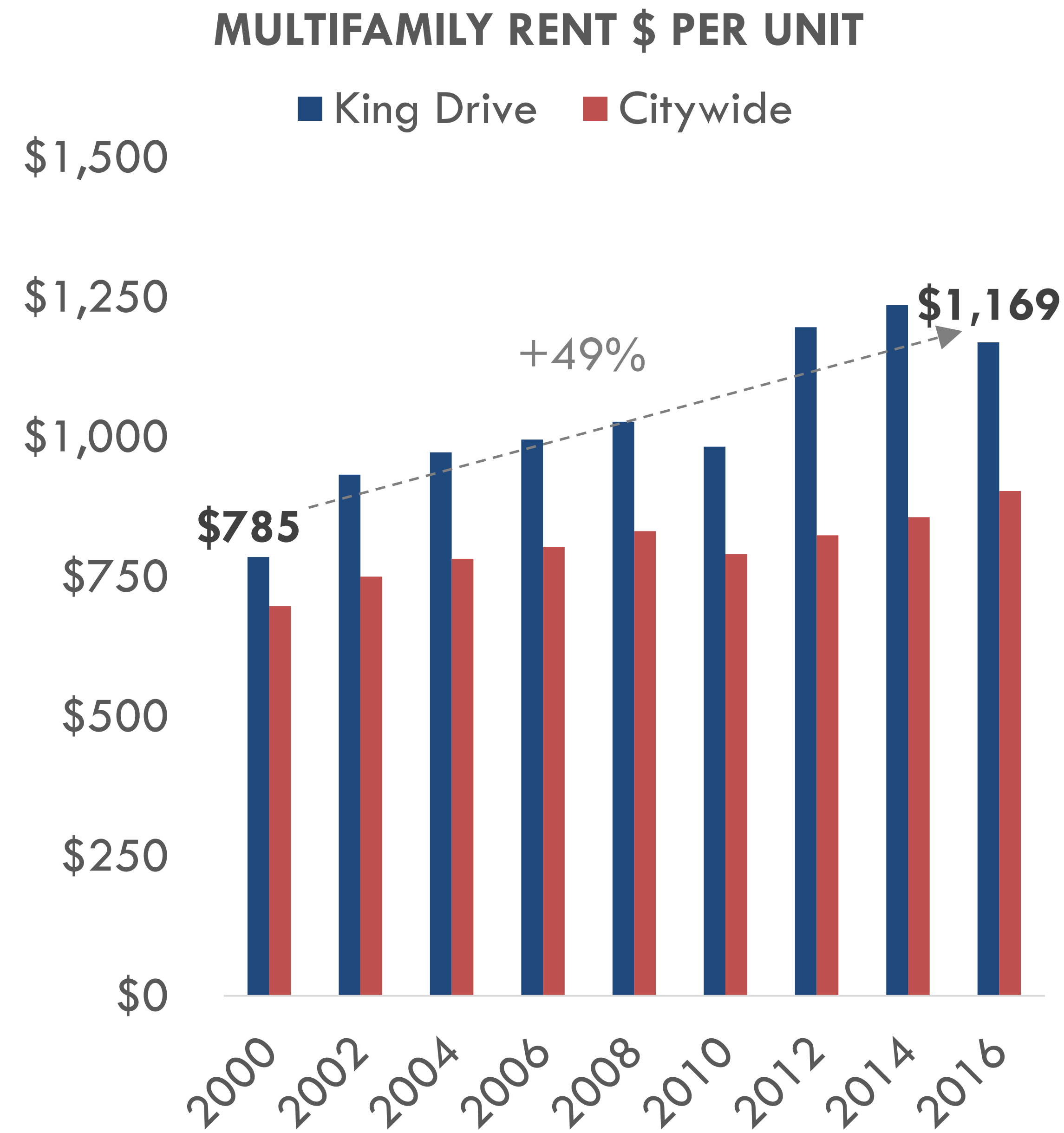
Source: Zillow Data; HR&A Advisors

Residential Analysis: Rental

Multifamily rents grew between 2000 and 2014, with this exception of 2010, and have recently declined. Like for-sale properties, rents are highest in Brewers Hill and Westown.



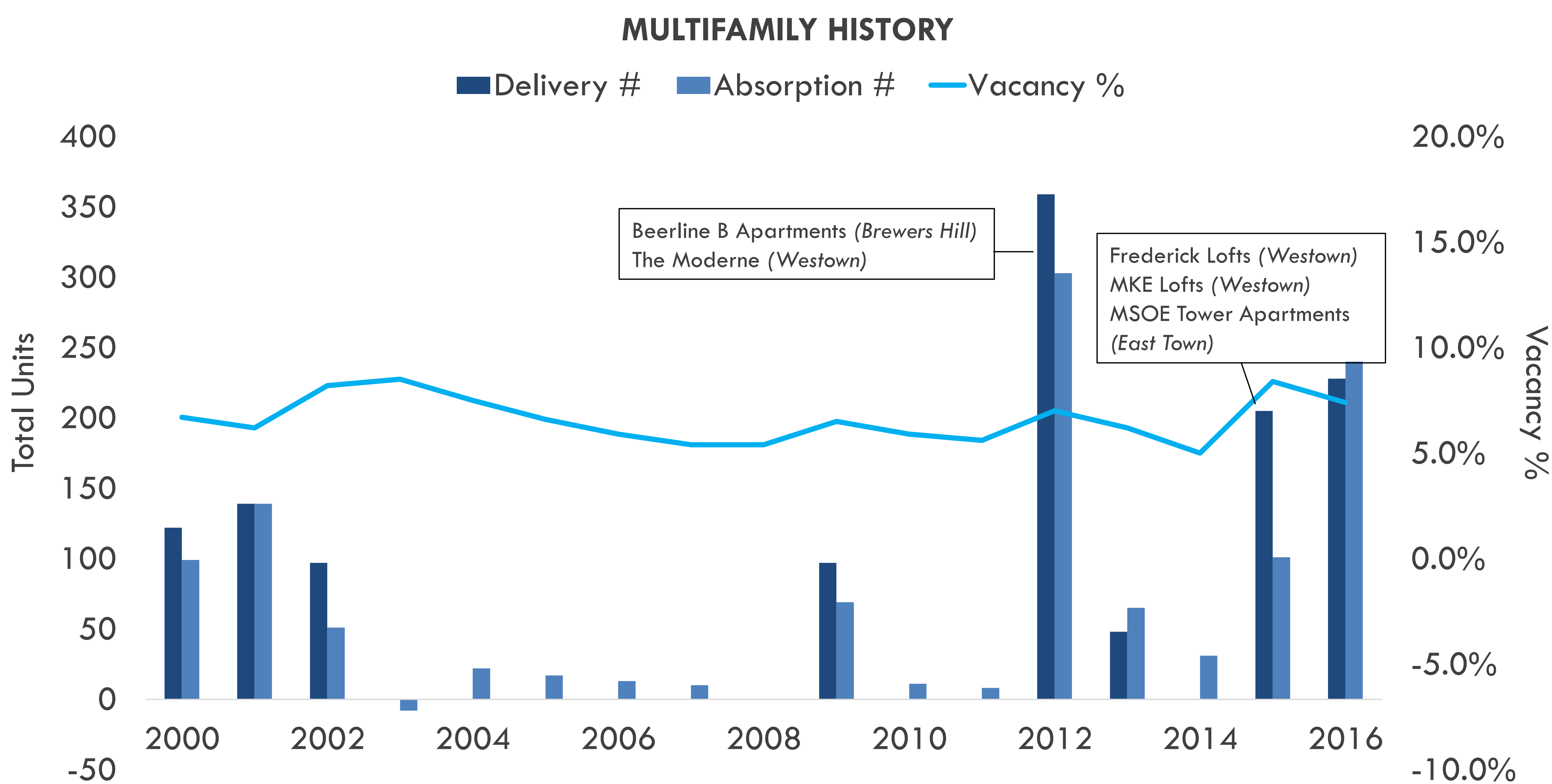
Source: ESRI 2017, COSTAR; HR&A Advisors



Note: The CoStar data is limited given that it only includes information on large multifamily buildings (5 units and above).

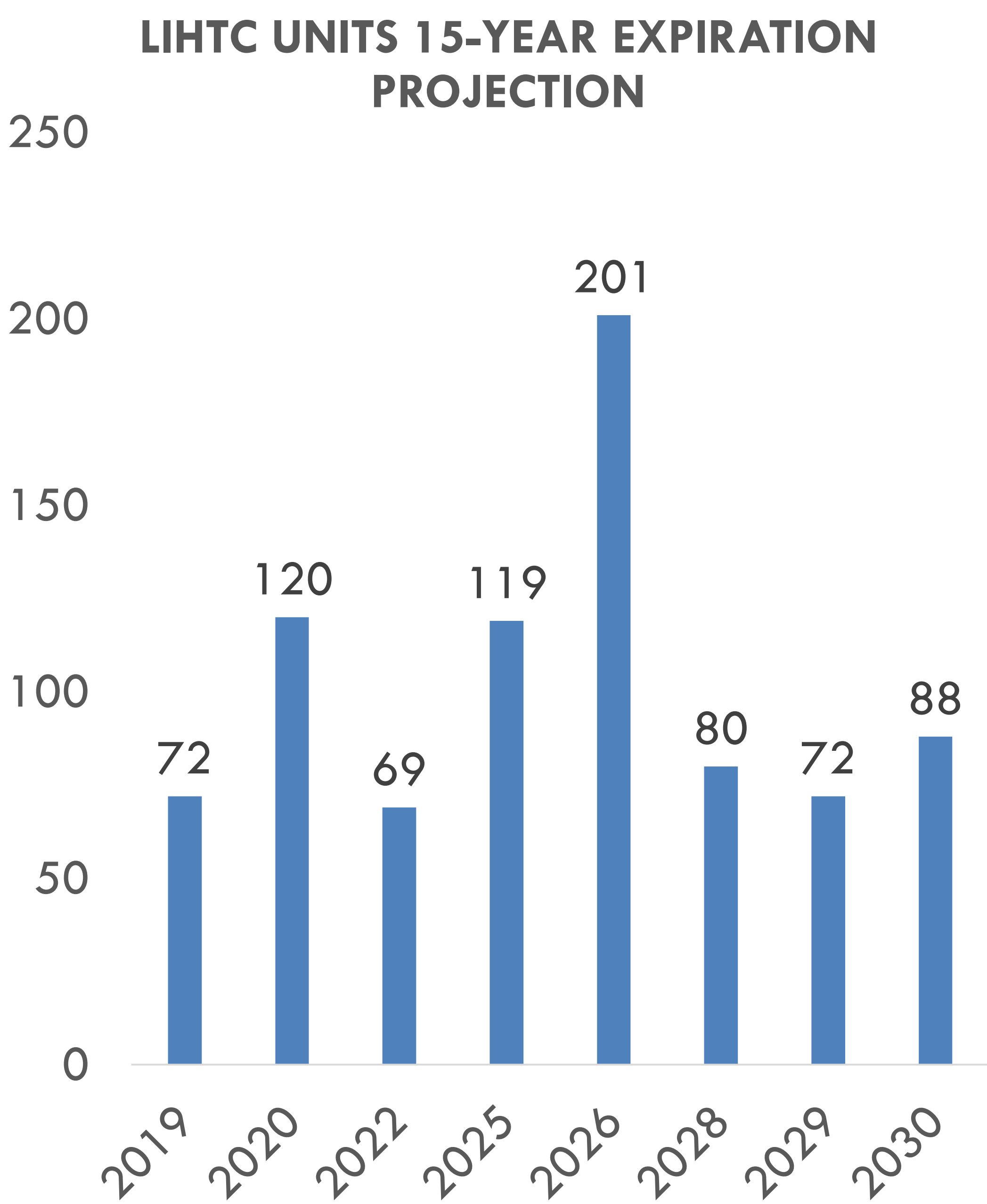
Residential Analysis: Rental

Multifamily deliveries accelerated sharply in 2012, include developments in Westown and Brewers Hill, and recent absorption has been strong.



Note: The CoStar data is limited given that it only includes information on large multifamily buildings (5 units and above).
Source: CoStar; HR&A Advisors

By 2035, 192 LIHTC units will reach Year 30 and will lose their affordability if additional subsidy is not provided.

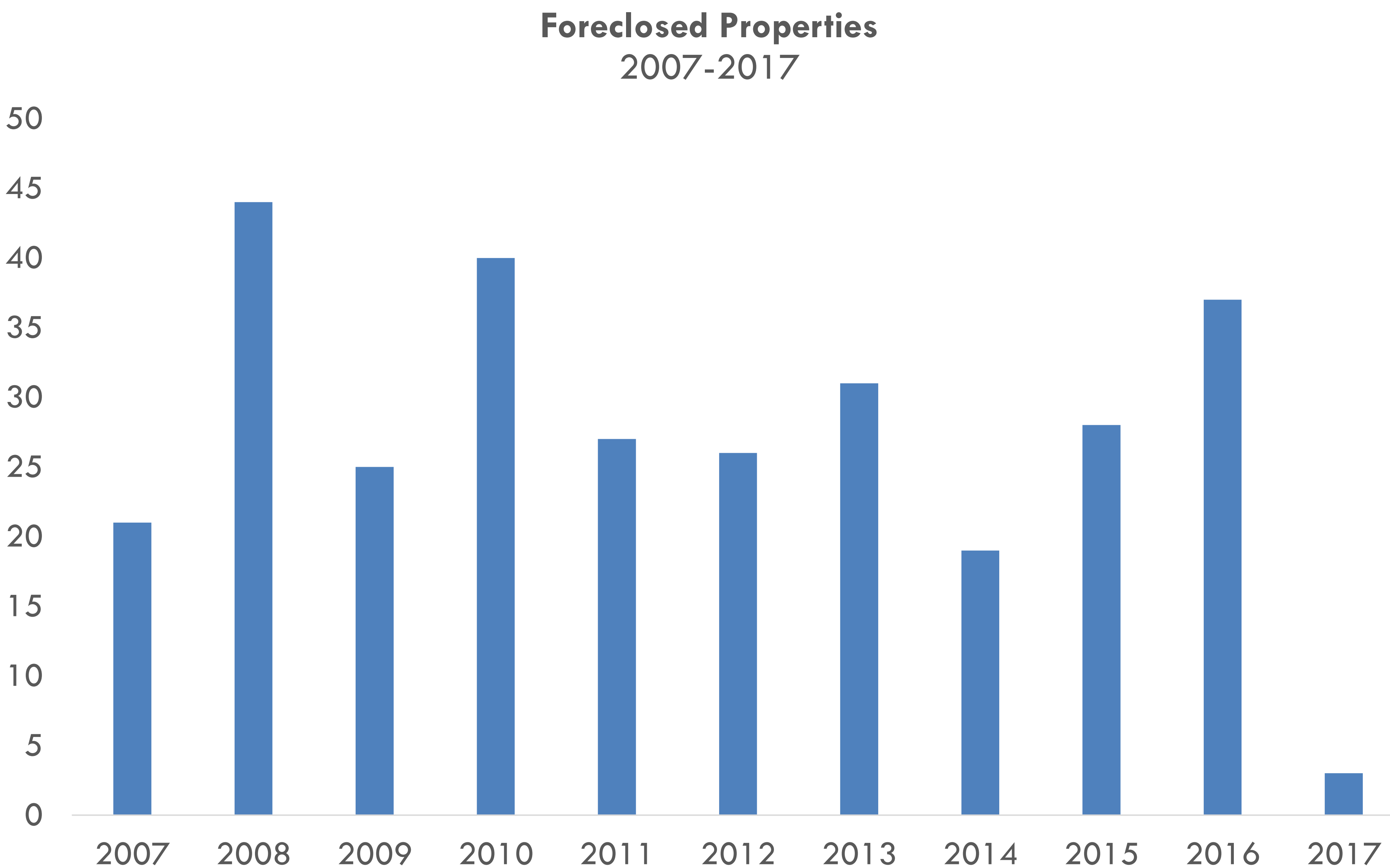


Source: City of Milwaukee; HR&A Advisors

- 821 LIHTC units will reach Year 15 by 2020. These units will lose their affordability after Year 30 if additional subsidy is not provided.
- The length of the affordability periods and the need for reinvestment in subsidized non-LIHTC units is not clear, but is likely to be significant.

Residential Analysis: Affordable Housing

The King Drive Study Area has seen over 300 properties foreclosed since 2007.

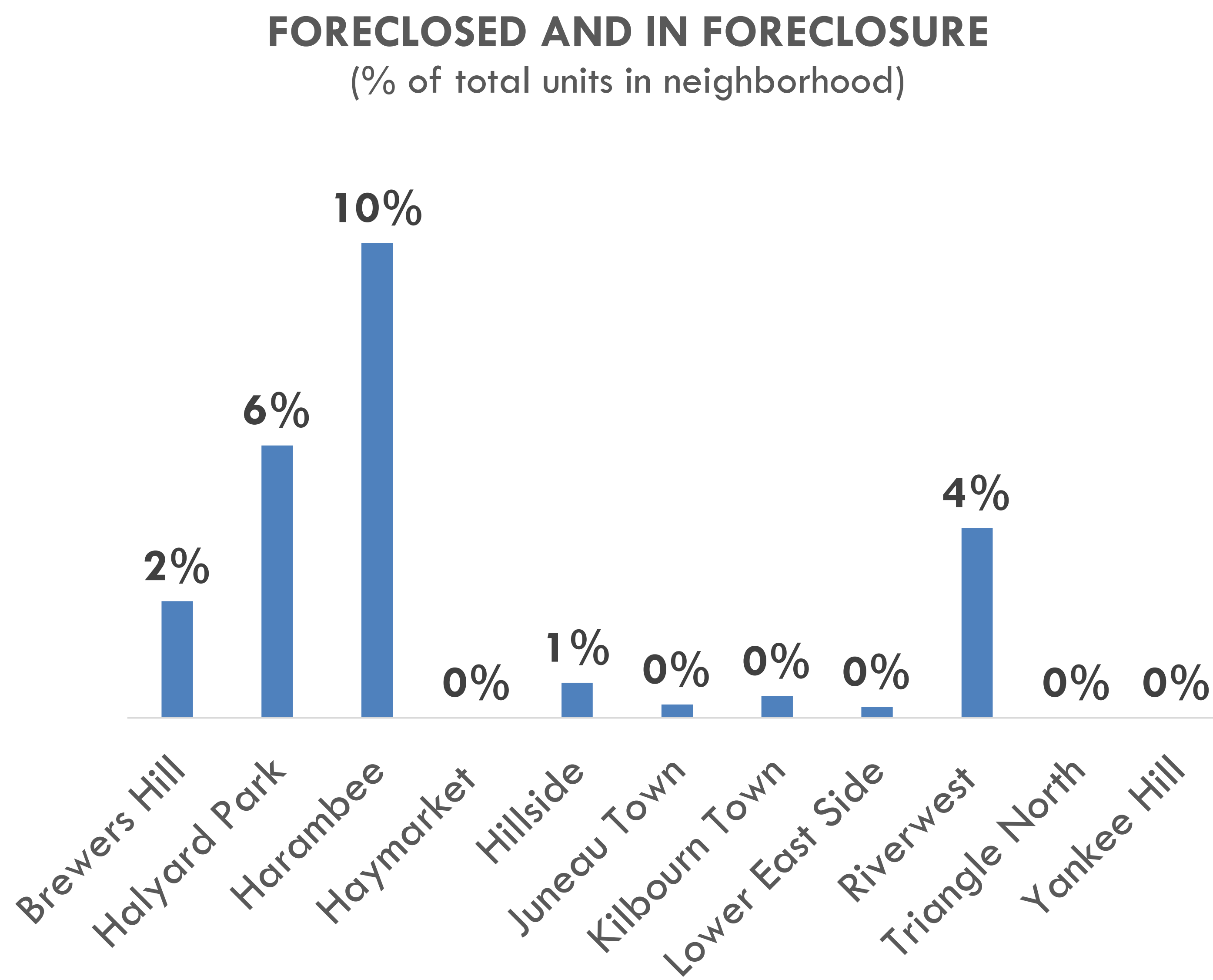


Note: Foreclosures were estimated using MPROP and bank foreclosure data provided by the City of Milwaukee. Data excludes non-residential properties. Properties with foreclosures in multiple years are counted in each year there was a foreclosure event.
Source: MPROP; HR&A Advisors

Residential Analysis: Affordable Housing

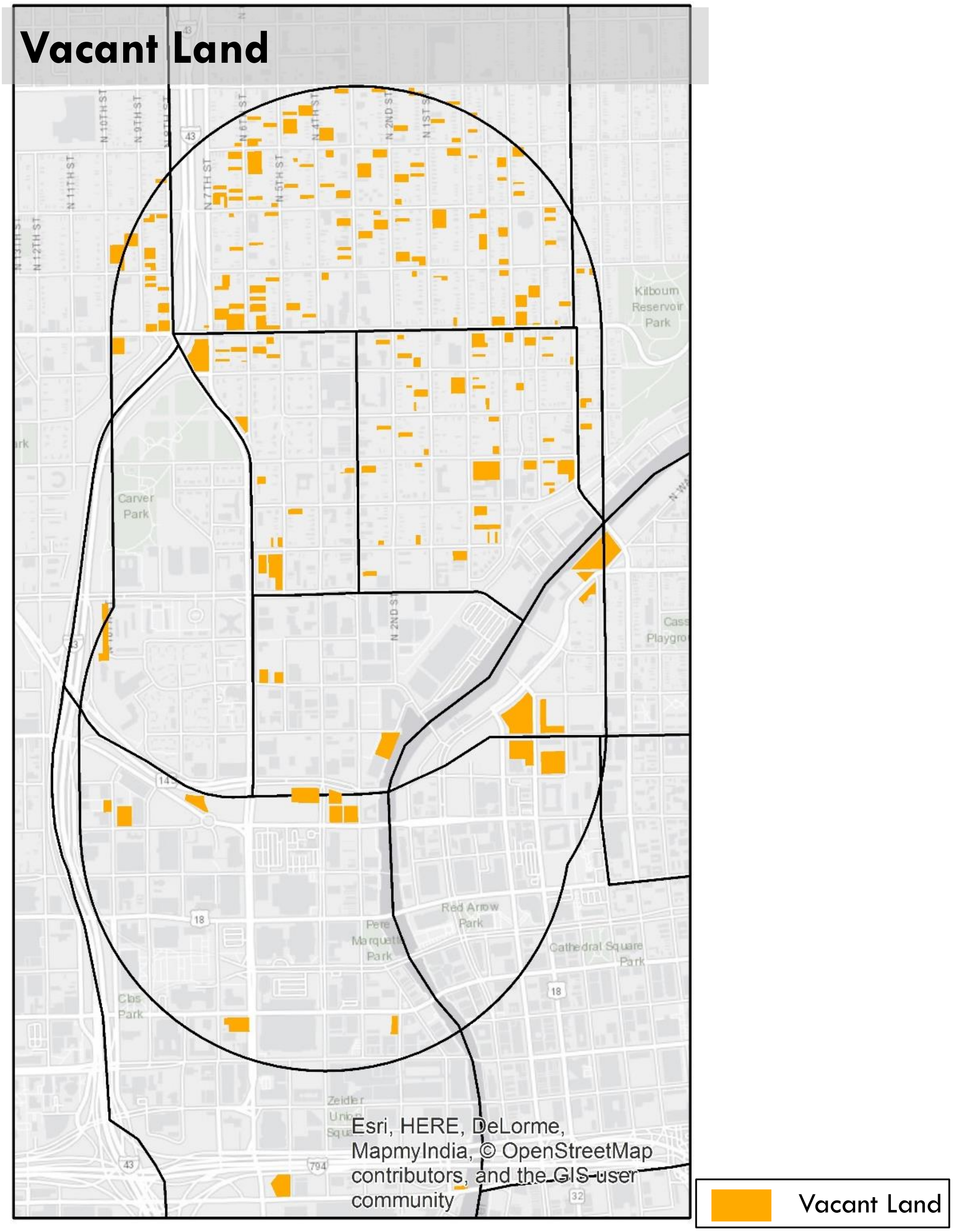
For properties held as of 2016, there are a total of 85 owner and 159 non-owner foreclosures, many of which are concentrated in the northern portion of the King Drive Neighborhood.

Source: City of Milwaukee; HR&A Advisors



Residential Analysis: Vacant Land

Vacant land is scattered throughout the Study Area, but a higher concentration and smaller parcels are located in Harambee, with larger vacant parcels located in Brewers Hill and Westown.



Source: City of Milwaukee; HR&A Advisors

344

Vacant Parcels

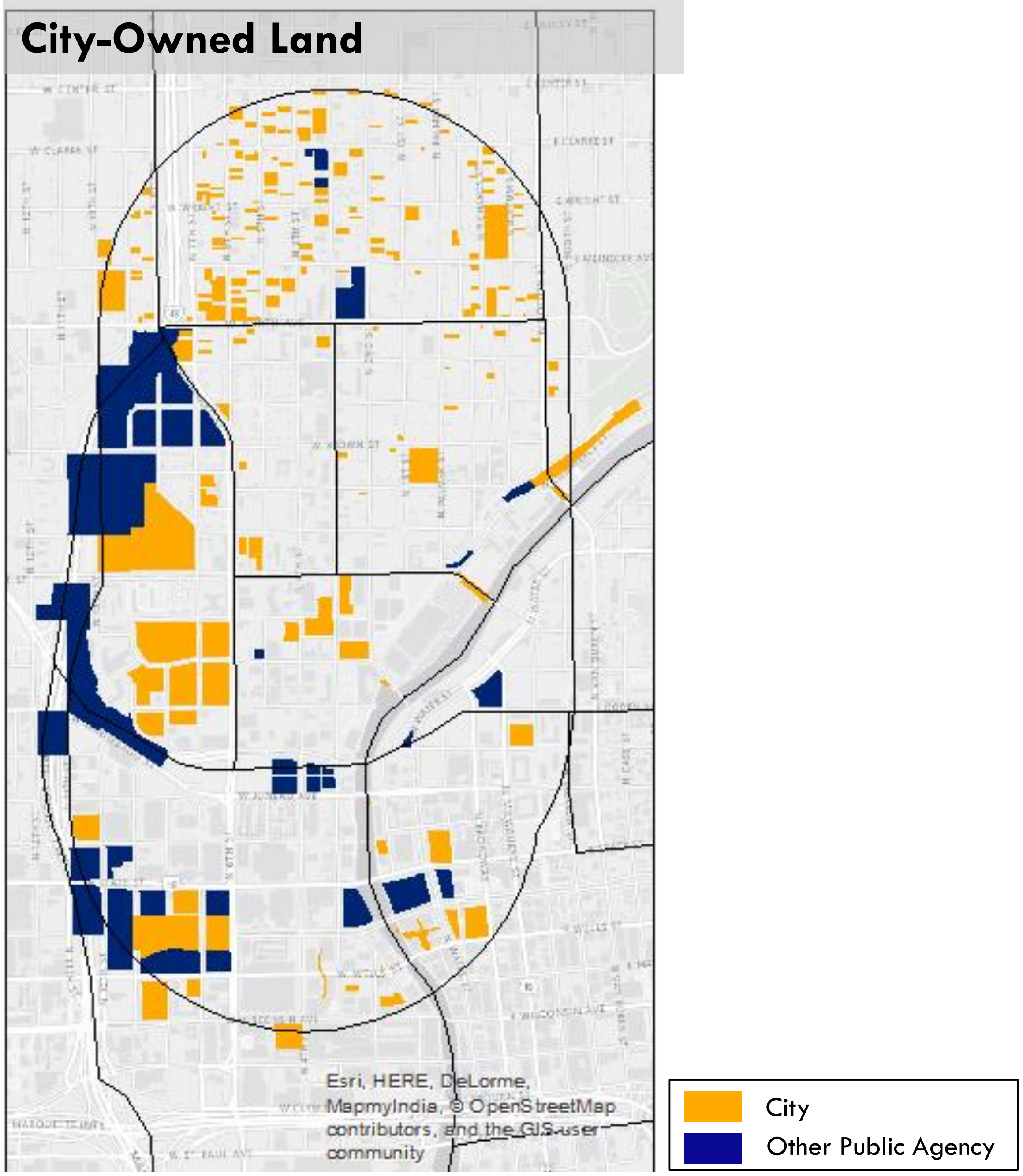
64

Acres

Residential Analysis: Publicly-Owned Land

The City controls many parcels in Harambee, as well as a number of large sites in Hillside and Westown.

City-Owned Land



Source: City of Milwaukee; HR&A Advisors

272

City-Owned Parcels

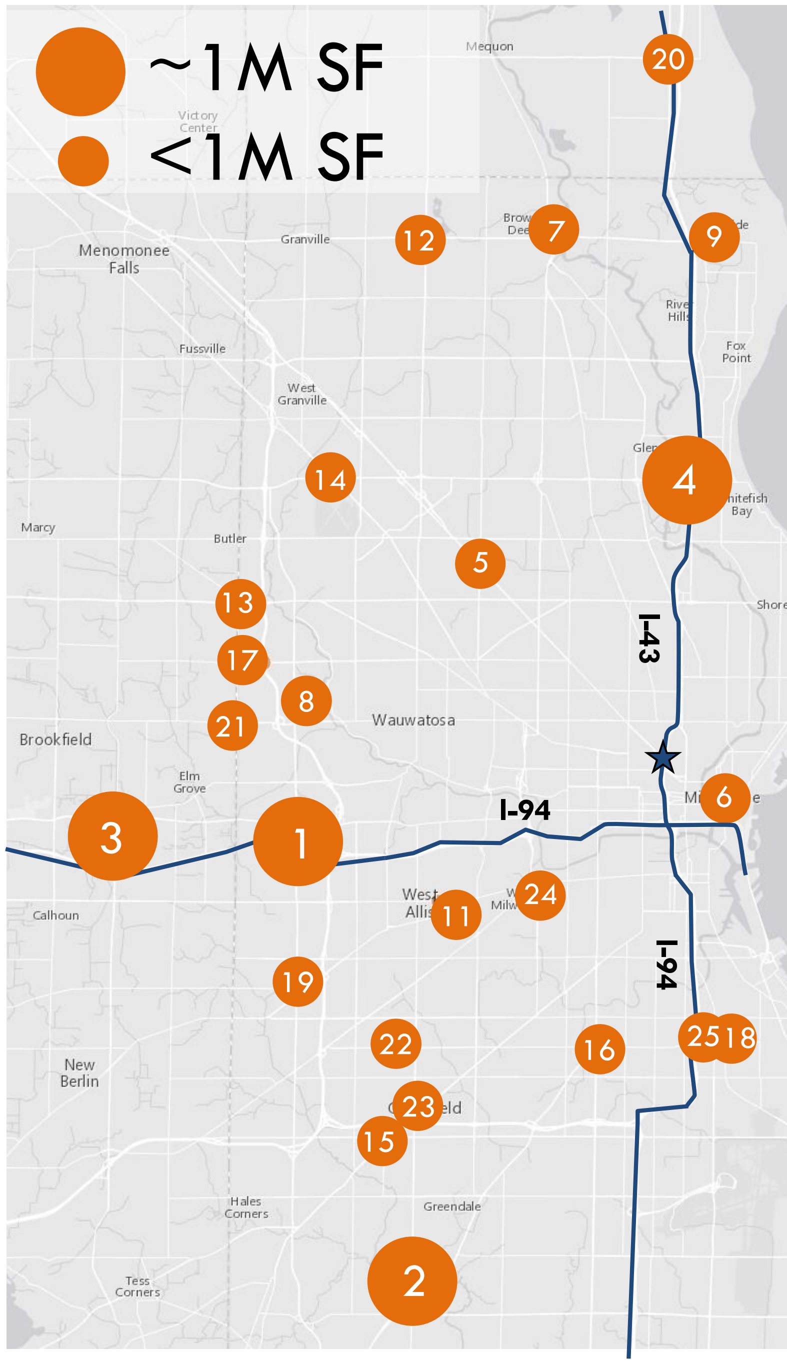
51

Parcels Owned by Other Public Agencies

Retail Market

Retail Market: Context

Most of Milwaukee's large shopping centers are located outside of the City of Milwaukee, with three malls located along I-43 and I-94, key routes well-connected to the Study Area and the Downtown.

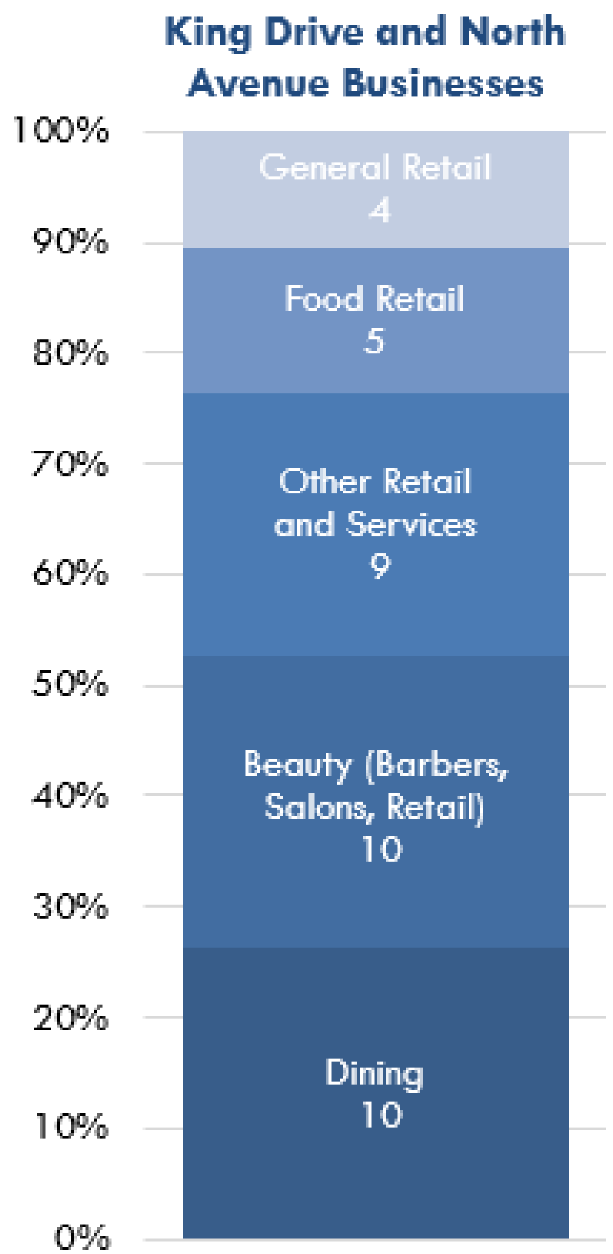


	Major Shopping Center Name	GLA in square feet	Anchors
1	Mayfair	1.27 M	Macy's, The Boston Store, Nordstrom, AMC Mayfair Theatre
2	Southridge Mall	1.21 M	Sears, JCPenney, Macy's, Boston Store
3	Brookfield Square	1.05 M	Sears, Boston Store, JCPenney, The Fresh Market
4	Bayshore Town Center	998.3 K	Boston Store, Kohl's, iPic Theaters
5	Midtown Center	524.6 K	Pick 'N Save, Planet Fitness
6	The Shops of Grand Avenue	450. K	Boston Store, T.J.Maxx
7	Marketplace at Brown Deer	404.8 K	Pick 'N Save, Burlington Coat Factory, T.J.Maxx
8	Mayfair Collection	400. K	Dick's Sporting Goods, Whole Foods Market (2016), Nordstrom Rack, T.J.Maxx
9	Northridge Plaza - Milwaukee	400. K	ETE Reman, Target (Closed)
10	West Allis Center	391.6 K	Menards, Kohl's, Pick 'N Save, Marshalls/HomeGoods
11	West Allis Towne Centre	326.3 K	Kmart, Burlington Coat Factory, Xperience Fitness, Office Depot
12	Granville Station	320. K	Menards
13	Shoppers World Of Brookfield	285.1 K	Pick 'N Save, Xperience Fitness, Burlington Coat Factory
14	Timmerman Plaza	275.3 K	Walmart, Pick 'N Save
15	84South	265. K	Fresh Thyme Farm. Market, Steinhafel's Furniture
16	Southgate Marketplace	239. K	Walmart Supercenter, Marcus Theatres, Planet Fitness
17	Burleigh Square	222.2 K	Lowe's, OfficeMax, Aldi
18	Holt Plaza	221.7 K	The Home Depot, Pick 'N Save
19	Piggly Wiggly Plaza	220.3 K	Target, Piggly Wiggly
20	Mequon Pavilions	219.5 K	Sendik's Food Market, Bed Bath & Beyond, DSW Shoe Warehouse
21	Elmbrook Plaza	218.3 K	Kohl's, Piggly Wiggly
22	Loomis Centre	200. K	Ross Dress For Less, OfficeMax, Home Owners Bargain Outlet, Marshalls
23	Spring Mall	188.9 K	T.J. Maxx, Walgreens, Sears
24	Miller Park Way		Walmart, Target
25	Chase Avenue		Home Depot, Piggly Wiggly, Pick 'n Save

Source: ESRI

Retail Market

Existing retail along King Drive and North Avenue provides access to a variety of goods and services.



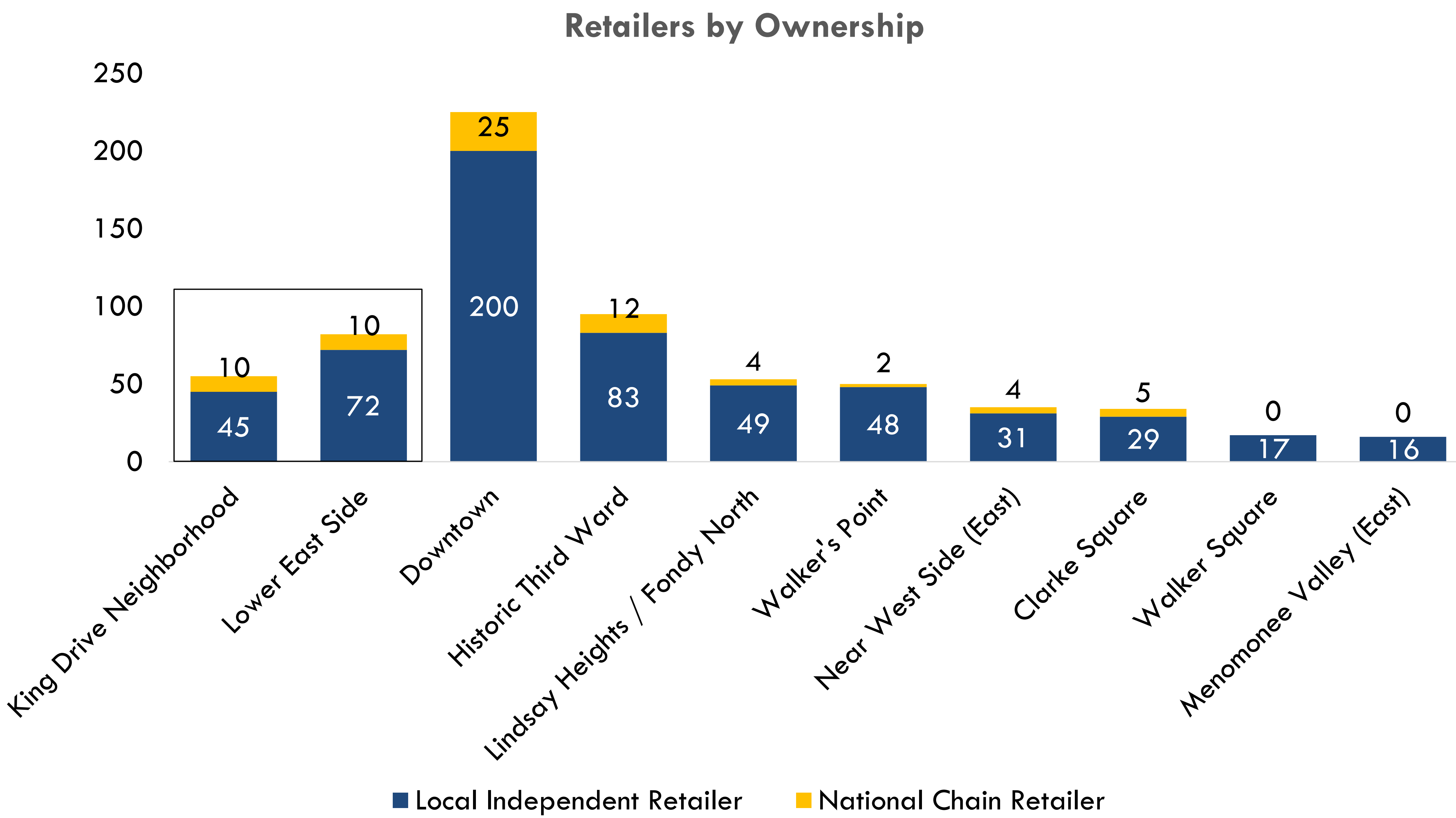
Source: ReferenceUSA, HR&A Advisors

King Drive and North Avenue's retail is dominated by hair and beauty services, health and human services, and limited food retail.

Recent key anchor additions along the corridor, including Gee's Clippers expanded location and Pete's Fruit Market, will build upon growing demand for local goods and services.

Retail Market

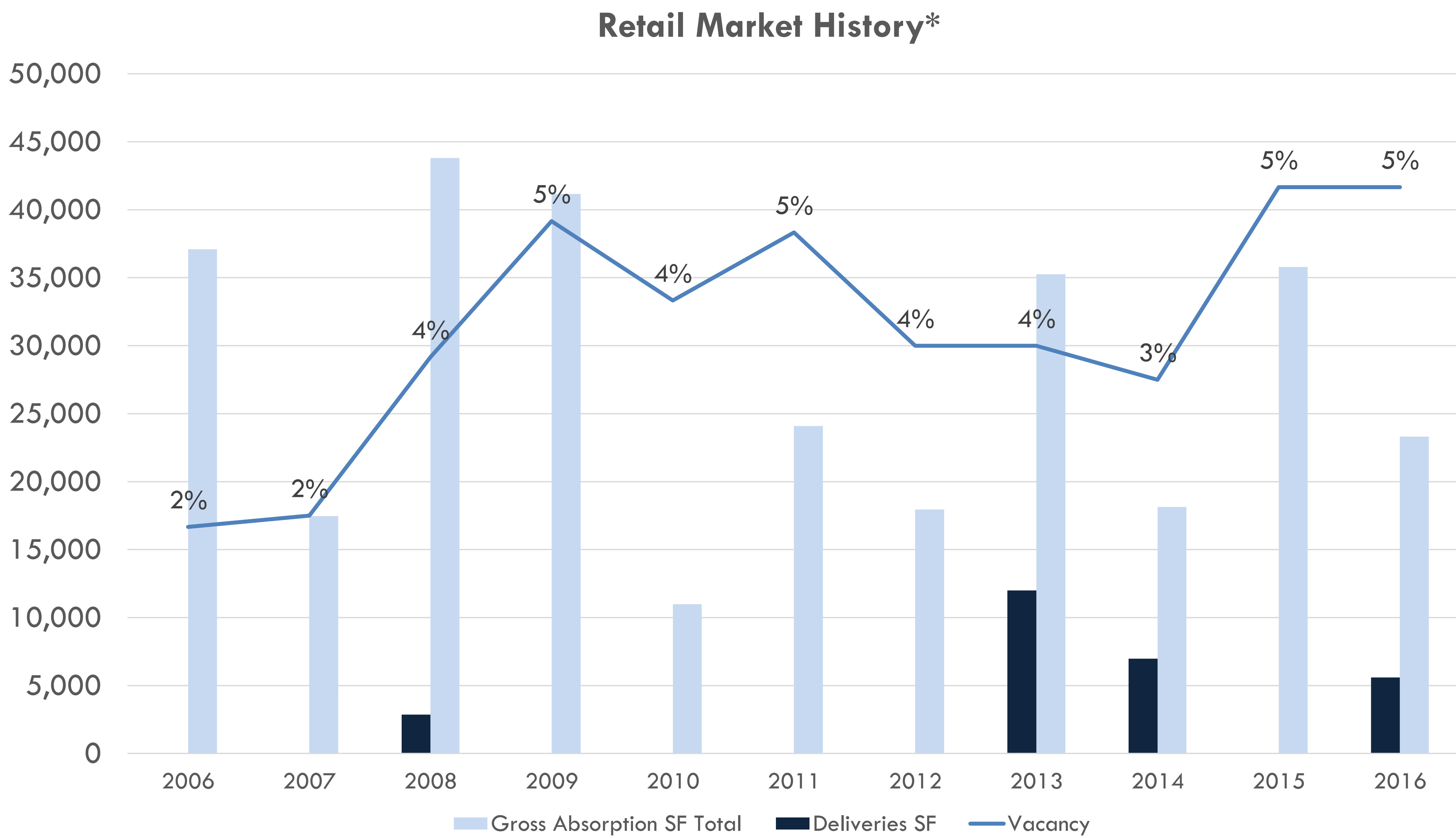
The majority of businesses along King Drive, as well as other shopping districts in Greater Milwaukee, are locally-owned and operated.



Source: MKE United

Retail Market

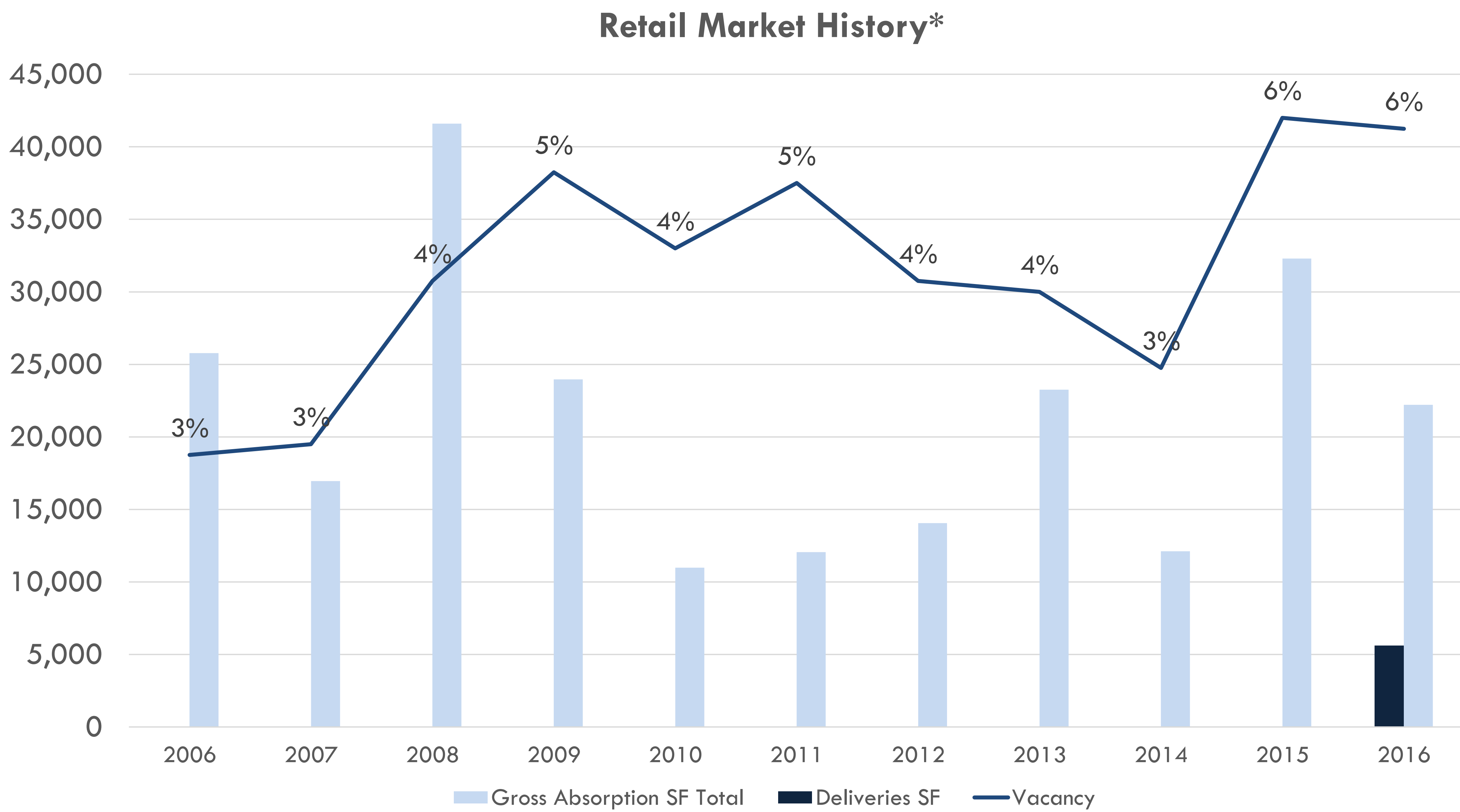
Overall, the King Drive Neighborhood retail market has seen relative stability and low vacancy rates.



* Includes portions of the Lower East Side and East Town
Source: CoStar

Retail Market

Excluding the Lower East Side, the King Drive Neighborhood's vacancy rates have trended upward slightly, and no significant deliveries have occurred in the last ten years.

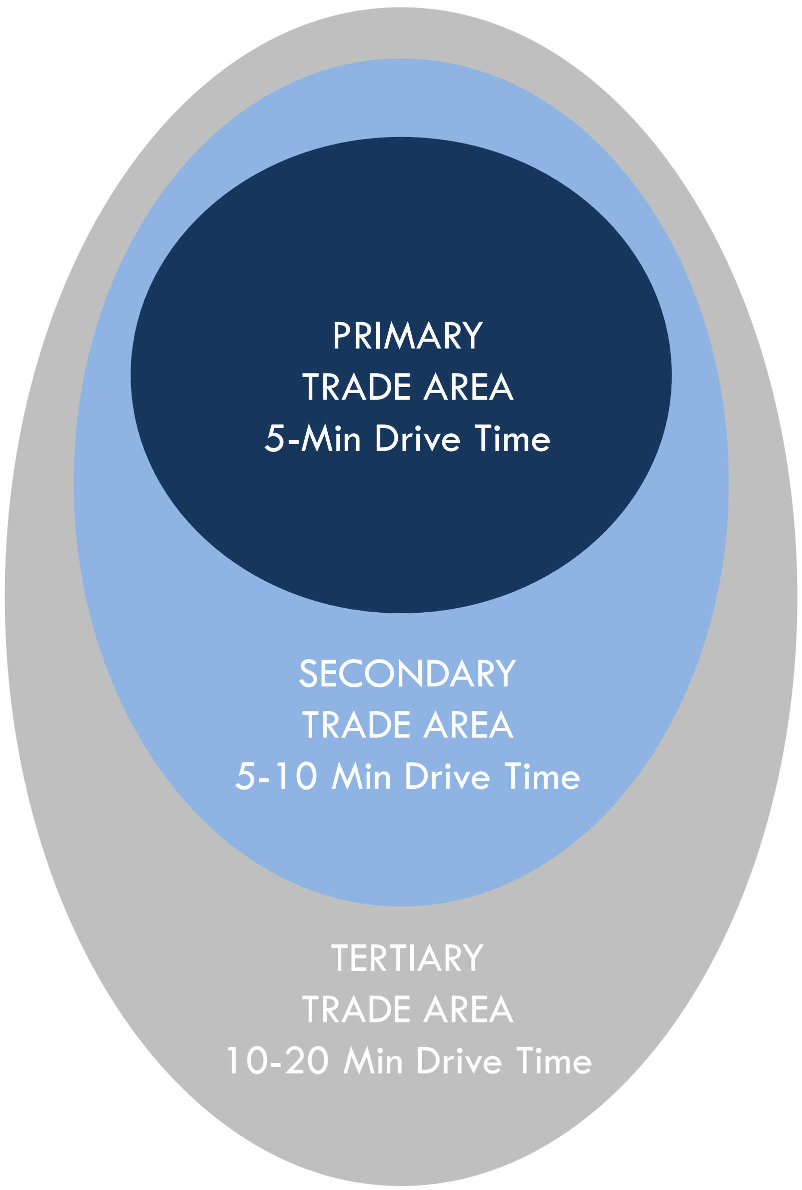


* Excludes portions of the Lower East Side and East Town
Source: CoStar

Retail Market: Customer Base and Spending Potential

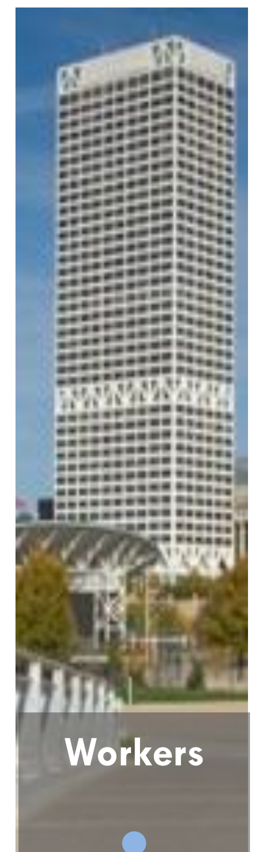
HR&A analyzed the potential for retail within the King Drive Neighborhood by focusing on customer spending potential.

TRADE AREA DEFINITIONS



POTENTIAL CUSTOMER GROUPS BY ORIGIN

235,000 in Primary and Secondary Trade Areas



124,000 in Primary and Secondary Trade Areas

598,000 in Tertiary Trade Area

75,000 in Milwaukee

4,000,000 per year in Wisconsin

Source: ESRI, Visit Milwaukee

Retail Market: Customer Base and Spending Potential

The most prevalent customer groups in the Primary Trade Area stem from a variety of different backgrounds, and have ranging desires to suit different retail needs.

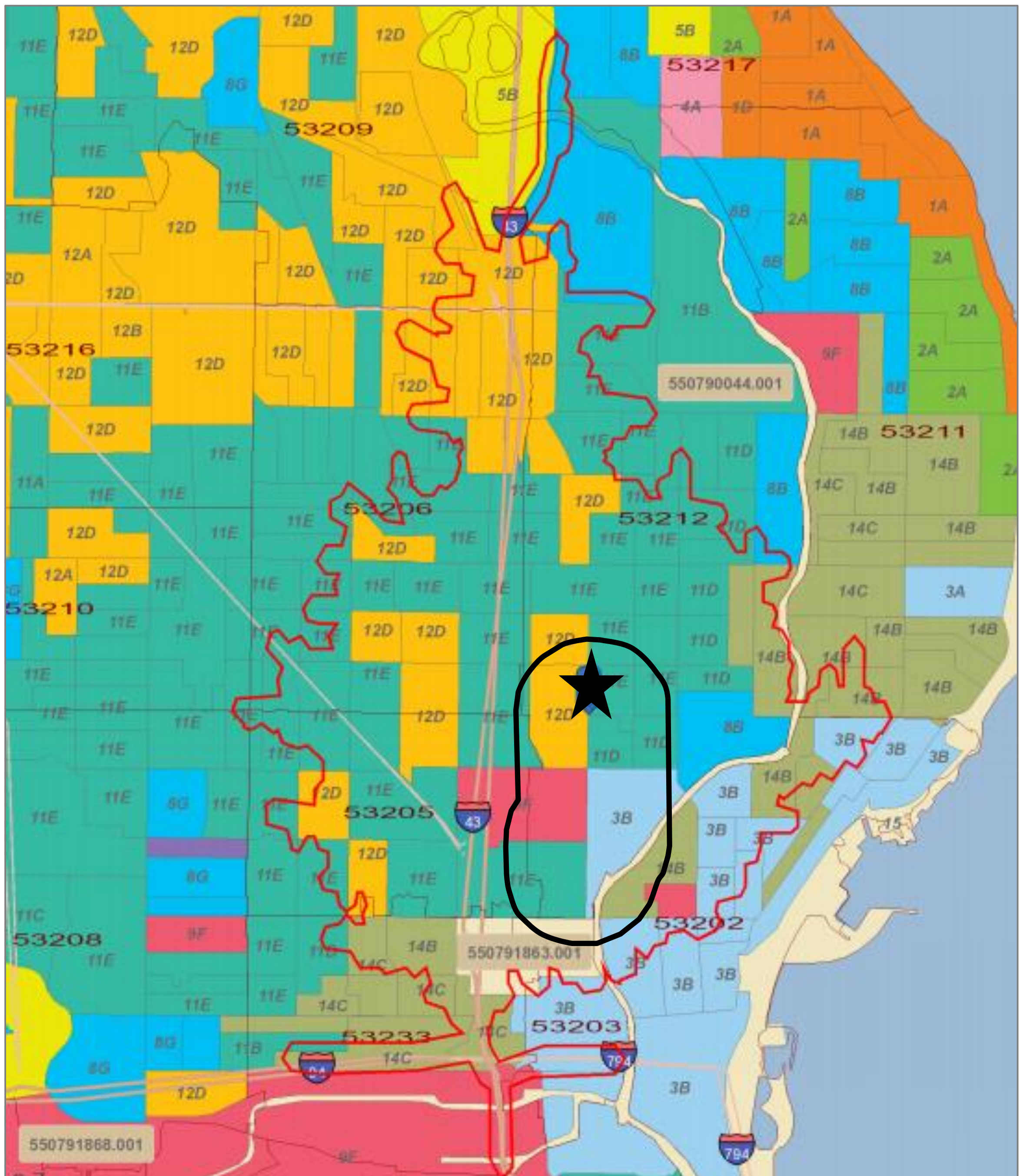
Rank	Tapestry Segment	Percent of Trade Area	Median Age	Median Household Income	Definition
1	City Commons (11E)	28.9%	28	$17K	Single-parent and single-person households living within large, metro cities. Consumers keep up with the latest fashion trends and prefer the convenience of fast-food restaurants to cooking at home.
2	Metro Renters (3B)	17.0%	32	$52K	Residents living alone or with a roommate in older apartment buildings and condos located in the urban core of the city. Metro Renters spend a large portion of their wages on rent, clothes, and the latest technology.
3	Modest Income Homes (12D)	16.5%	36	$22K	Many residents are primary caregivers to their elderly family members. This market lives for today, choosing to save only for a specific purpose.
4	College Towns (14B)	16.1%	24	$28K	Enrolled in or working to support a college. This digitally engaged group uses computers and cell phones for all aspects of life including shopping, school work, news, social media, and entertainment.
5	Set to Impress (11D)	10.1%	33	$29K	Medium to large multiunit apartments with lower than average rents. Set to Impress residents are tapped into popular music and the local music scene.
6	Social Security Set (9F)	5.5%	44	$16K	Over one-third of householders here are aged 65 or older and dependent on low, fixed incomes, primarily Social Security. they enjoy the hustle and bustle of life in the heart of the city.

Note: Tapestry Segmentation represents the latest generation of market segmentation systems that began over 30 years ago. The 68-segment Tapestry Segmentation system classifies U.S. neighborhoods based on their socioeconomic and demographic composition.

Source: ESRI

Retail Market: Customer Base and Spending Potential

The Dominant customer groups within the Primary Trade Area include the following.



Within the Primary Trade Area and the King Drive Neighborhood, the primary groups include residents with more modest incomes and families, older individuals, millennials and professionals.

- 11E – City Commons
- 12D – Modest Income Homes
- 3B – Metro Renters
- 14B – College Towns
- 11D – Set to Impress
- 9F – Social Security Set

Source: ESRI

Retail Market: Customer Base and Spending Potential

Gap Analysis: 5-Minute Drive Time

	Resident Sp. Potential	Employee Sp. Potential	Total Spending Potential	Total Existing Sales	Retail Gap
Grocery Stores	**$72.2 M**	**$13.5 M**	**$85.7 M**	**$131.8 M**	-$46.1 M
Neighborhood-serving Retail	**$61.6 M**	**$29.0 M**	**$90.6 M**	**$73.5 M**	$17.1 M
Specialty Food	$6.0 M	$0.8 M	$6.8 M	$4.6 M	$2.2 M
Liquor	$4.6 M	$1.6 M	$6.2 M	$12.5 M	-$6.3 M
Health & Personal Care	$31.2 M	$13.9 M	$45.1 M	$39.3 M	$5.8 M
Miscellaneous	$19.8 M	$12.8 M	$32.6 M	$17.1 M	$15.4 M
Food Services & Drinking Places	**$55.2 M**	**$24.8 M**	**$80.0 M**	**$135.6 M**	-$55.6 M
Restaurants	$51.2 M	$22.8 M	$74.0 M	$121.8 M	-$47.8 M
Drinking Places	$4.0 M	$2.0 M	$6.0 M	$13.8 M	-$7.8 M
Destination Retail	**$186.2 M**	**$42.9 M**	**$229.1 M**	**$98.8 M**	$130.3 M
Home Furnishings	$16.0 M	$1.8 M	$17.7 M	$14.3 M	$3.4 M
Bldg. Materials, Garden Supply	$28.2 M	$2.2 M	$30.3 M	$22.8 M	$7.5 M
Clothing	$22.7 M	$9.5 M	$32.2 M	$21.5 M	$10.7 M
Sporting Goods/Hobby	$10.9 M	$2.1 M	$13.0 M	$6.0 M	$7.1 M
Electronics & Appliance	$17.0 M	$22.4 M	$39.3 M	$6.1 M	$33.2 M
General Merchandise	$91.6 M	$4.8 M	$96.4 M	$28.1 M	$68.3 M

Source: CoStar, HR&A Advisors

Retail Market: Customer Base and Spending Potential

Gap Analysis: 5-10 Minute Drive Time

	Resident Sp. Potential	Employee Sp. Potential	Total Spending Potential	Total Existing Sales	Retail Gap
Grocery Stores	**$305.1 M**	**$41.4 M**	**$346.5 M**	**$314.7 M**	$31.8 M
Food Services & Drinking Places	**$236.2 M**	**$76.1 M**	**$312.3 M**	**$443.7 M**	-$131.3 M
Restaurants	$218.8 M	$70.0 M	$288.8 M	$415.1 M	-$126.3 M
Drinking Places	$17.4 M	$6.2 M	$23.6 M	$28.6 M	-$5.0 M
Destination Retail	**$809.4 M**	**$131.4 M**	**$940.8 M**	**$622.1 M**	$318.7 M
Home Furnishings	$69.5 M	$5.4 M	$74.9 M	$57.8 M	$17.1 M
Bldg. Materials, Garden Supply	$128.7 M	$6.6 M	$135.4 M	$52.9 M	$82.4 M
Clothing	$98.3 M	$29.3 M	$127.5 M	$170.4 M	-$42.9 M
Sporting Goods/Hobby	$47.4 M	$6.6 M	$54.0 M	$25.7 M	$28.3 M
Electronics & Appliance	$73.0 M	$68.7 M	$141.7 M	$51.2 M	$90.5 M
General Merchandise	$392.5 M	$14.8 M	$407.3 M	$264.0 M	$143.3 M

Source: CoStar, HR&A Advisors

Retail Market: Customer Base and Spending Potential

Gap Analysis: 10-20 Minute Drive Time

	Resident Sp. Potential	Employee Sp. Potential	Total Spending Potential	Total Existing Sales	Retail Gap
Food Services & Drinking Places	**$701.7 M**	**$0.0 M**	**$701.7 M**	**$758.1 M**	-$56.4 M
Restaurants	$648.4 M	$0.0 M	$648.4 M	$735.6 M	-$87.2 M
Drinking Places	$53.3 M	$0.0 M	$53.3 M	$22.5 M	$30.8 M
Destination Retail	**$2,499.9 M**	**$0.0 M**	**$2499.9 M**	**$2732.2 M**	-$232.4 M
Home Furnishings	$215.6 M	$0.0 M	$215.6 M	$320.5 M	-$104.9 M
Bldg. Materials, Garden Supply	$440.4 M	$0.0 M	$440.4 M	$344.3 M	$96.1 M
Clothing	$293.6 M	$0.0 M	$293.6 M	$502.7 M	-$209.1 M
Sporting Goods/Hobby	$144.6 M	$0.0 M	$144.6 M	$155.1 M	-$10.6 M
Electronics & Appliance	$221.7 M	$0.0 M	$221.7 M	$181.1 M	$40.6 M
General Merchandise	$1,183.9 M	$0.0 M	$1183.9 M	$1228.5 M	-$44.6 M

Source: CoStar, HR&A Advisors

Office + Industrial Market

Commercial Market

Within the King Drive Neighborhood, large corporate tenants are generally located in Schlitz Park and south of Vine Street, while smaller, social services and small offices are located in the north.

Larger format office buildings and parks toward the southern portion of the Study Area house larger, traditional office tenants, while smaller spaces to the north are rented more often by smaller offices with a community focus.

Connectivity to the downtown allows Westown, Schlitz Park, and East Town to capture some of downtown's office employment. Schlitz Park leverages its parking space to present a value opportunity for employers looking for proximity to other clusters with convenient accessibility.

Along King Drive and North toward Harambee, a host of health and human services offices occupy many of the smaller ground floor retail spaces. Larger office buildings also house government offices and public service organizations including a YWCA and a Veterans Affairs Referral Center. Mixed throughout are smaller employers including designers, software designers, and engineers.

Major tenants include ManpowerGroup, MGIC Investor Corp, YWCA, Journal Media Group

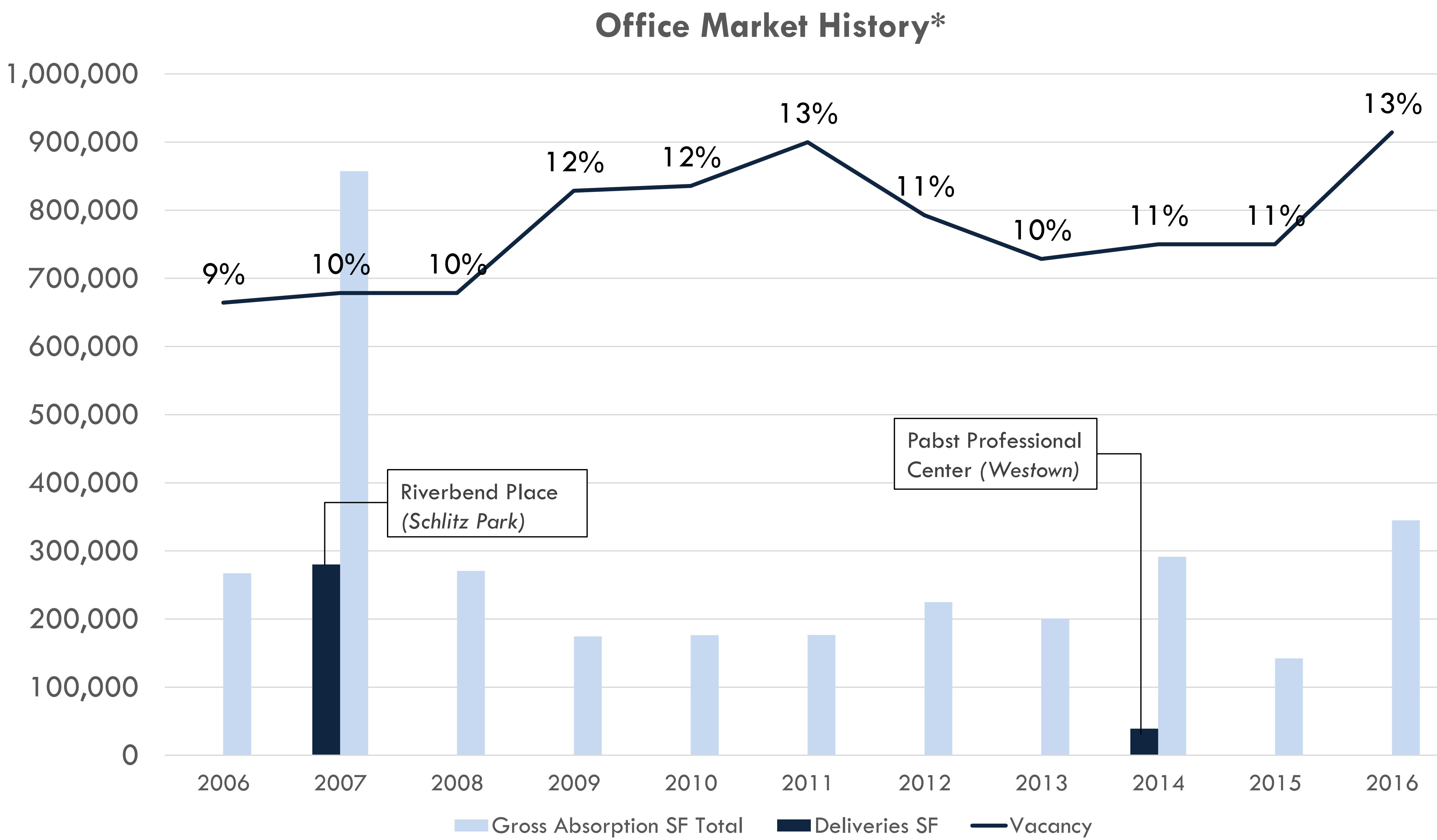
Schlitz Park

Pearls for Girls

Source: Reference USA, Google, HR&A Advisors

Commercial Market: Office

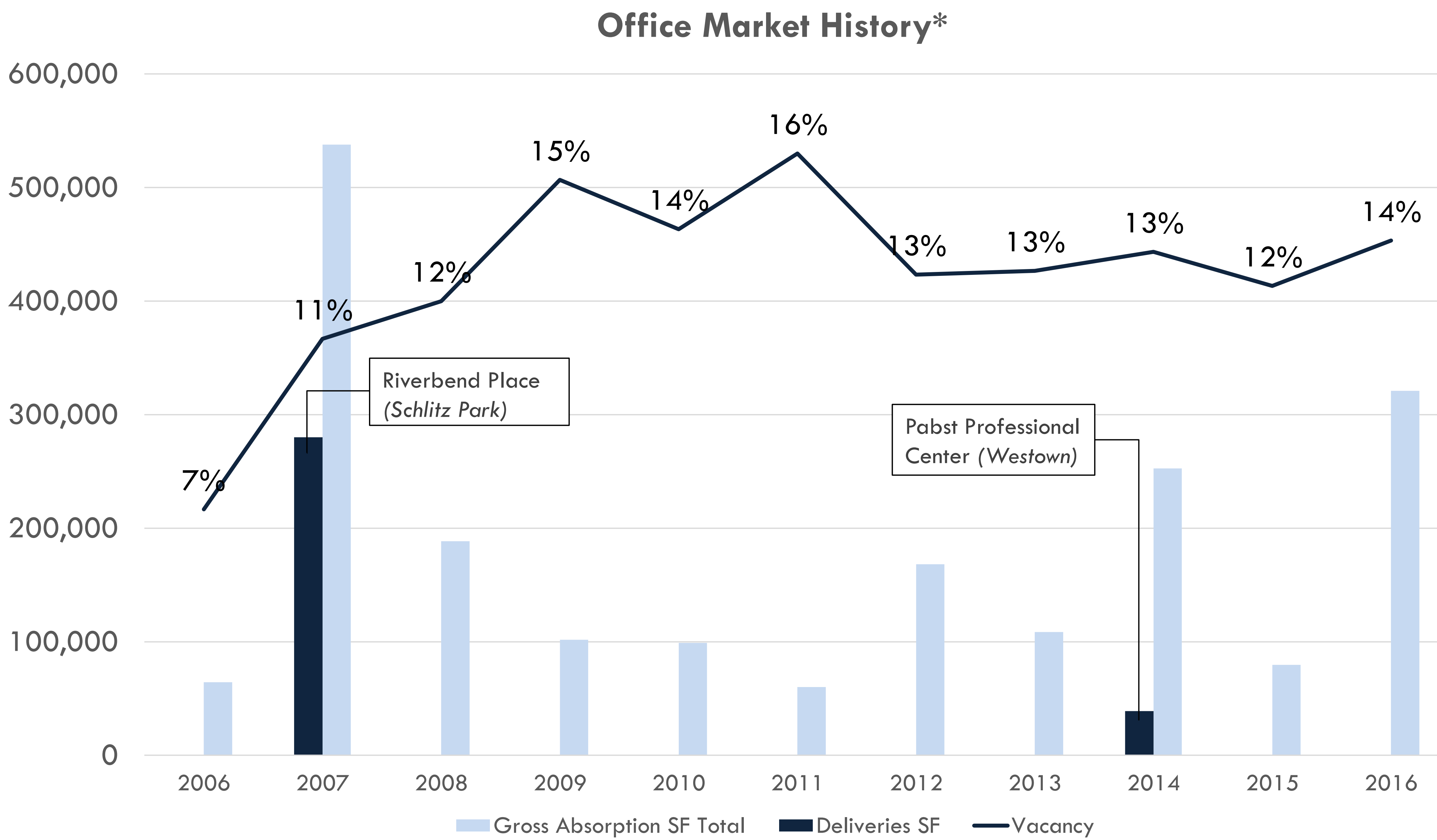
Overall, the King Drive Neighborhood office market has seen relative stability, with vacancy rates trending slightly upwards in recent years.



* Includes portions of the Lower East Side and East Town
Source: CoStar

Commercial Market: Office

Office vacancies in properties excluding the Lower East Side and East Town have seen rising vacancy rates, and no significant new office deliveries.



* Excludes portions of the Lower East Side and East Town
Source: CoStar

Commercial Market: Industrial

While a number of industrial buildings have been converted to other uses, a diversity of industrial tenants remain active in the King Drive Neighborhood.

The availability of larger spaces, access to highway, and parking has attracted manufacturing and industrial uses to thrive in the neighborhood, with some of the businesses existing in the area for over thirty years, such as Miller Bakery, and Malone's Fine Sausages. Manufacturers in the area represent woodworking, metalworking, confectionery, and apparel industries.

Wholesalers and storage businesses occupy space in the area as well as charter bus companies, moving companies.

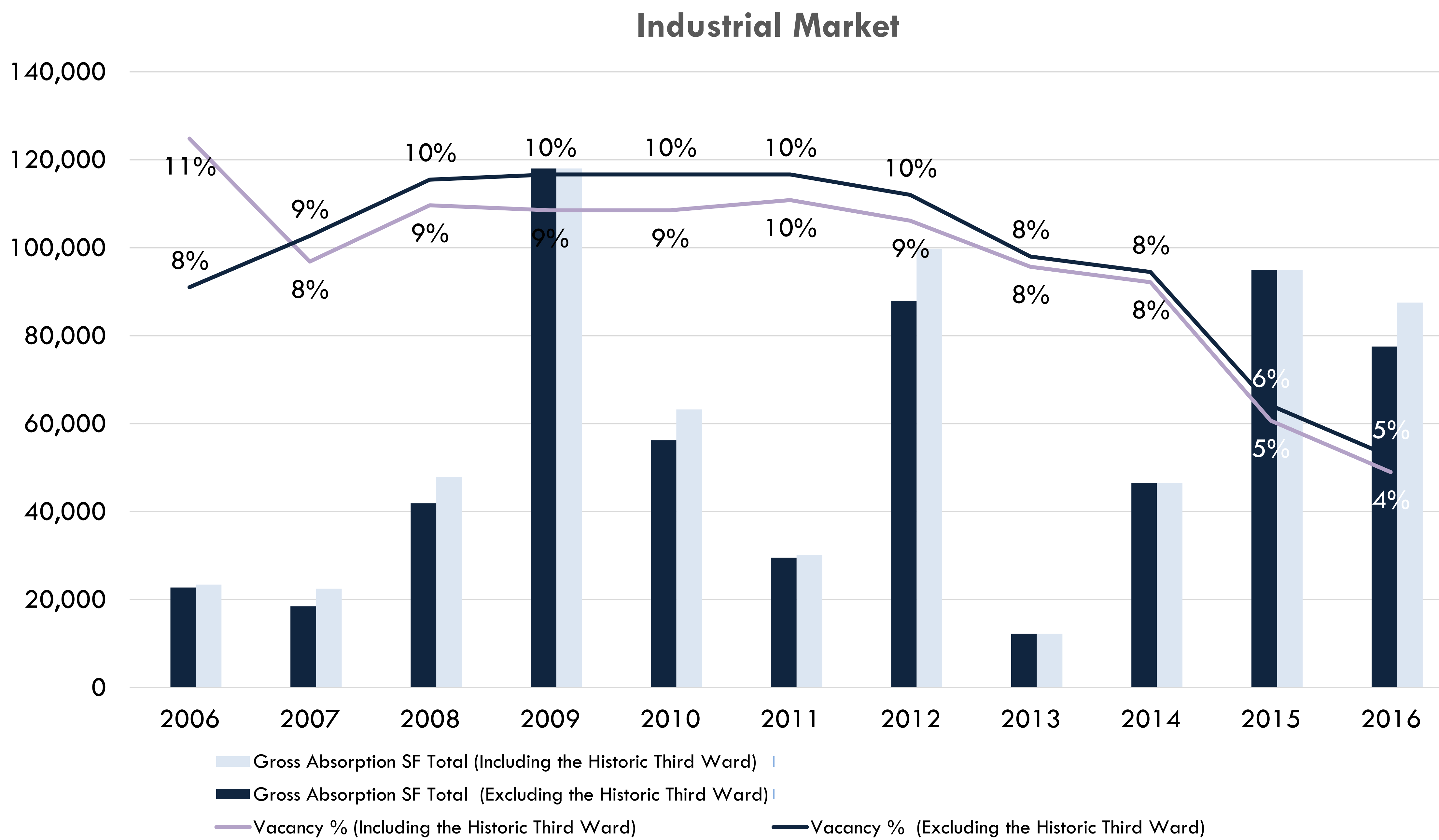
Recent changes have included conversion of industrial space into residential lofts.

CH Coakley Moving and Storage

Source: Reference USA, Google, HR&A Advisors

Commercial Market: Industrial

Industrial vacancies in the area have increased in the past decade, compared to vacancy in the Milwaukee MSA which has remained stable at 5%.

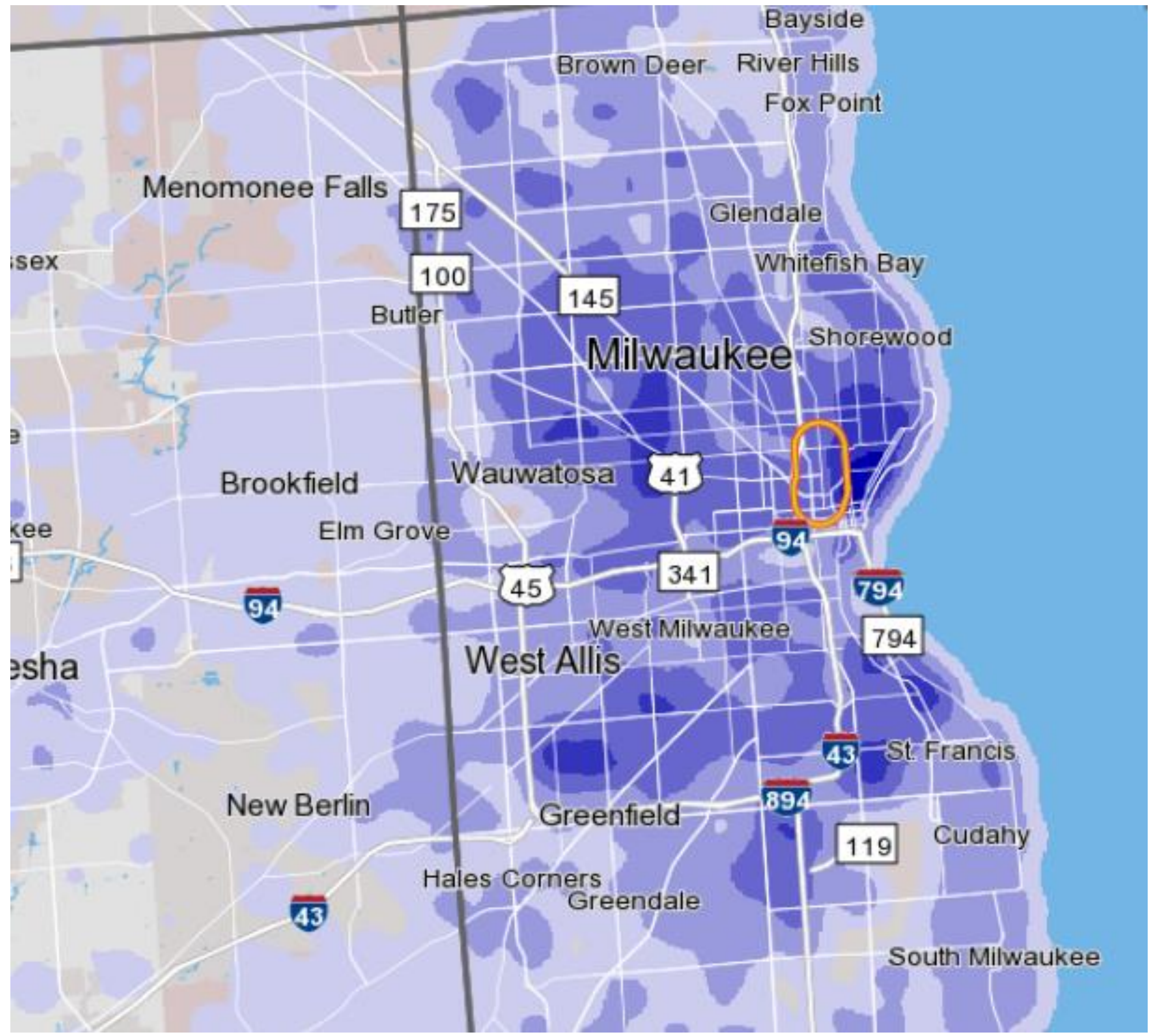


Source: CoStar

Commercial Market: Employment

Of the 41,400 total jobs in the King Drive Neighborhood, 2% are filled by King Drive residents, while 98% of people commute into the area, primarily from places both east and west of the Study Area.

Density of Home Locations for Primary Jobs in Study Area, 2014



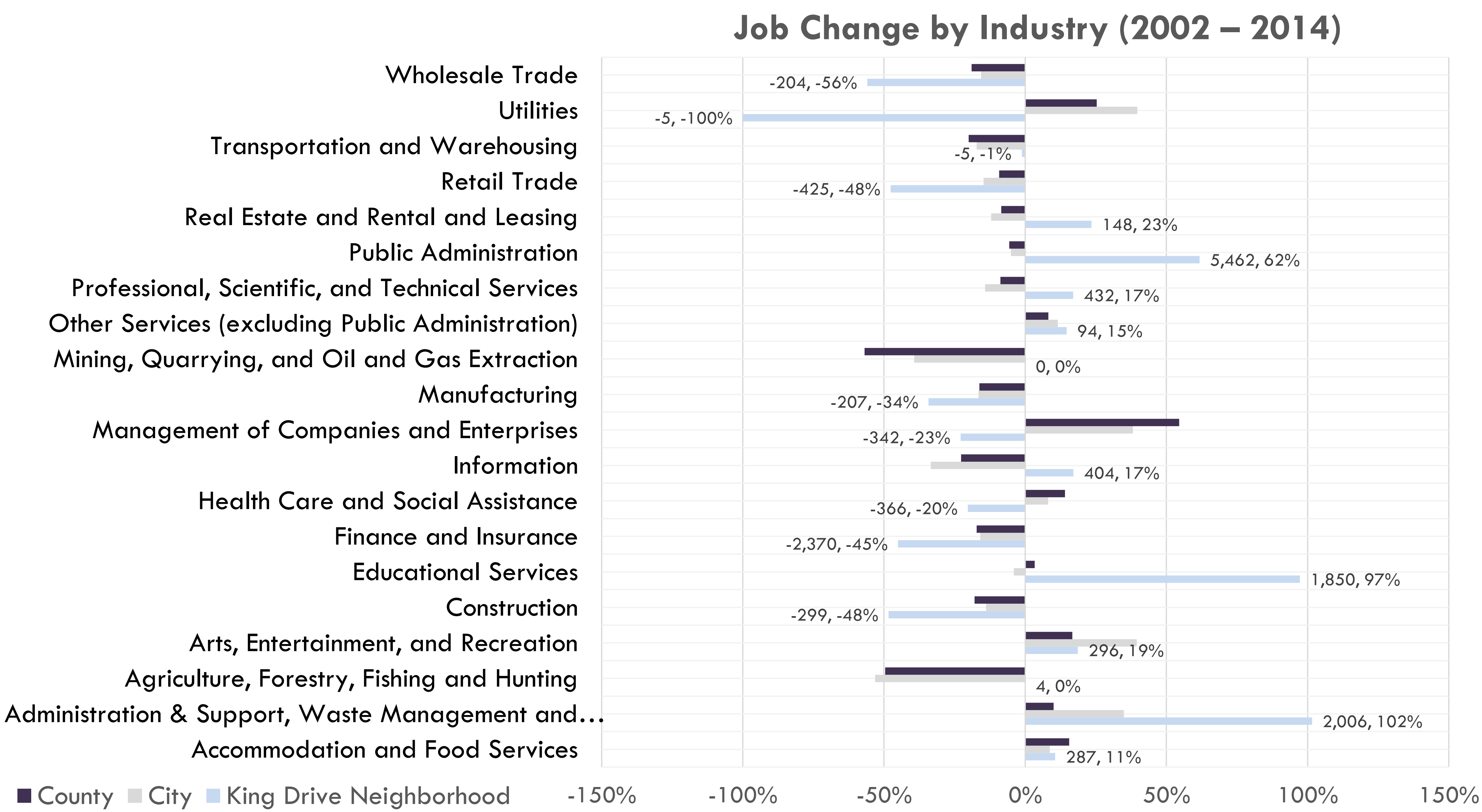
Density of Residents Commuting to the Study Area

- 5 – 45
- 46 – 165
- 166 – 365
- 366 – 645
- 646 - 1005

Source: LEHD On the Map

Commercial Market: Employment

According to LEHD, between 2002 and 2014, approximately 6,760 new jobs were added in the King Drive Neighborhood, primarily in public administration, administrative support, and education.



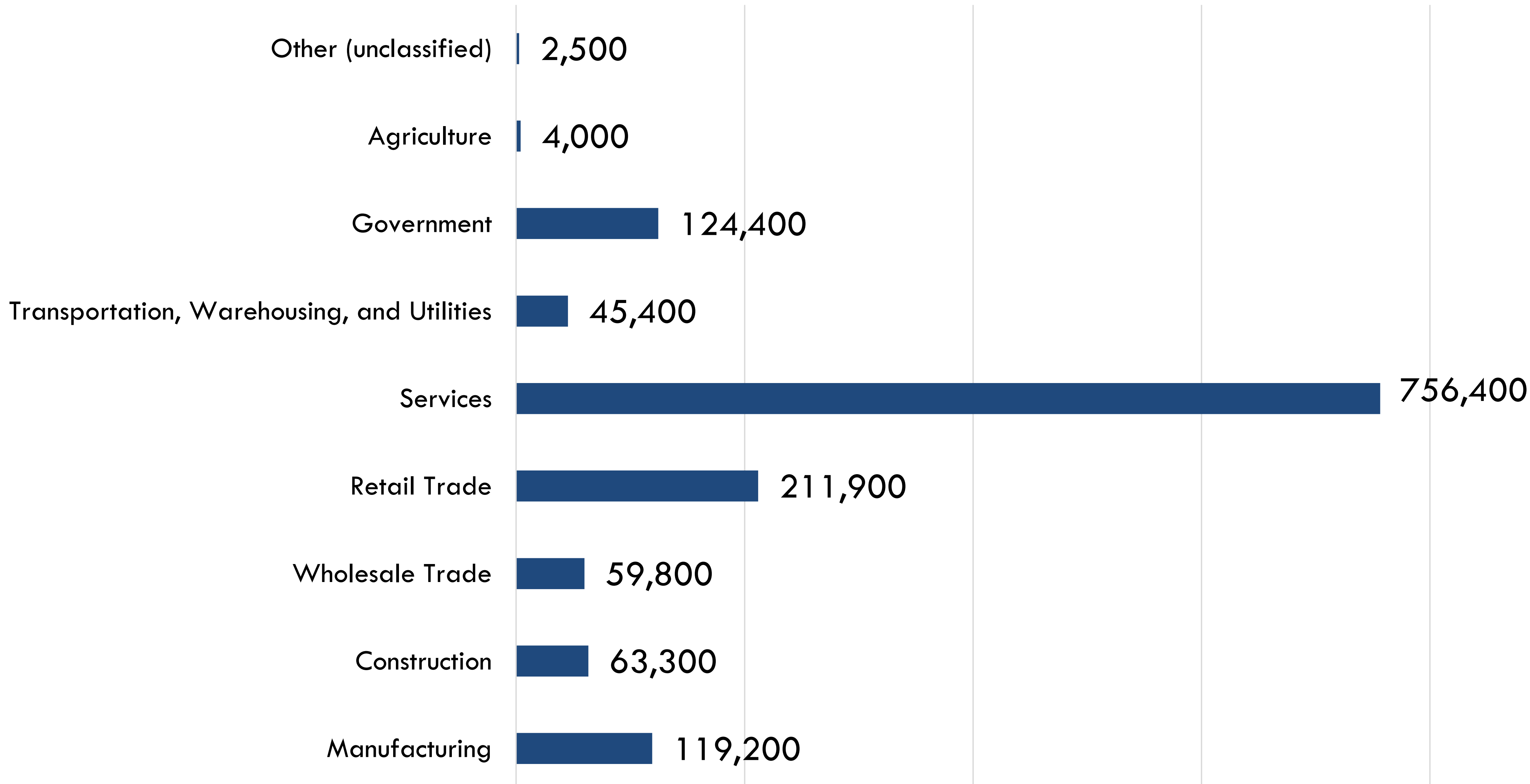
The rate of job increases in public administration, administrative support, and education are significantly higher than for the County or City over the same time frame.

Source LEHD

Commercial Market: Employment

If employment trends in the County continue, the Services and Retail Trade professions will be the largest industries in the County according to the Southeastern Wisconsin Regional Planning Commission (SEWRPC).

Milwaukee County Total Projected Jobs, 2050



Source: Bureau of Economic Analysis (BEA) Southeastern Wisconsin Regional Planning Commission (SEWRPC), HR&A Advisors