Appendix 1

WEST SIDE AREA PLAN MARKET ANALYSIS

Houseal Lavigne Associates

Cross Management Services, Inc.

West Side Area Plan
Market Analysis

Milwaukee, Wisconsin

Table of Contents

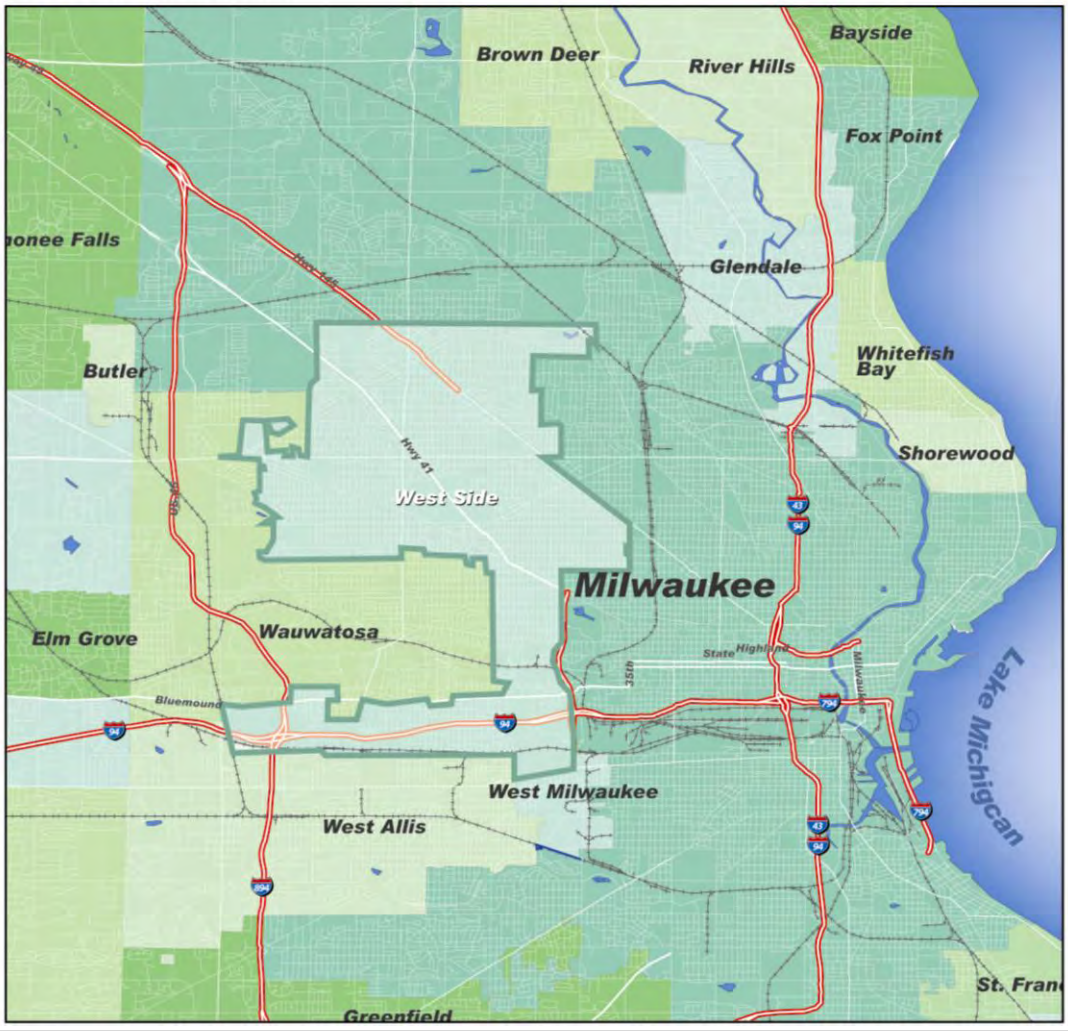
Executive Summary 3
Demographic Overview 5
Residential Market 10
Labor & Employment 22
Commercial Market Assessment 26
Industrial Market 39

Introduction

The City of Milwaukee's West Side (See Figure 1) is generally located in the area located to the south of Silver Spring Road, west of 35th Street, north of the West Allis city limit, and east of the Wauwatosa city limit. For purposes of this analysis, market and demographic data related to the West Side is assessed independent of and in comparison to the larger City of Milwaukee and the neighboring communities of West Allis and Wauwatosa. In an effort to document anticipated demographic shifts within the West Side and surrounding area, current figures as of 2009, within both the West Side and the City of Milwaukee will be contrasted with 2014 projections. Projections have not been made beyond this time frame as the degree of accuracy in which market potential can be assessed would be reduced. Market data for this analysis were obtained from *ESRI Business Analyst*, a nationally recognized provider of market and demographic data.

This market overview and analysis has been provided to determine the general trends, supply, demand, and potential for residential and commercial uses. This overview analysis examines the West Side's competitive position within the market, identifies the issues the community is facing and will likely face, and creates a foundation to assist with future land use designation and planning objectives.

FIGURE 1.
WEST SIDE STUDY AREA



Executive Summary

Demographic Overview

Both the West Side and the City of Milwaukee have witnessed a moderate decline in population since 2000. Despite recent population loss, however, the West Side and the larger city are projected to experience positive growth reaching a 2014 population of 122,714 (+0.3%) and 592,648 (+0.5%) respectively. It is estimated that households earning less than $50,000 will decrease significantly (-6.5%) while the number of households earning more than $50,000 will increase significantly (8.7%). The West Side population is also projected to grow younger. As middle aged households decrease in number, the number of households aged 25 to 34 and 54 to 75 are both projected to increase. An increase in higher income households within these two age groups may indicate a ***growing demand for multi-family rental and for-sale housing within the West Side and the larger city***.

Residential Market

Housing Stock

The West Side experienced its most significant period of population growth in the post-WWII era leading into the 1970's, and has a significant amount of housing from this time as a result. The rate of owner occupancy in the West Side is slightly higher than that of the City of Milwaukee and rental housing comprises a significant component of the local housing stock. The majority of housing units in the West Side area are ***single family and two-family homes with two to three bedrooms***. The number of new construction permits issued between 2004 and 2008 indicates that the majority of new housing built in the West Side area has been a ***mix of infill, single-family and multi-family housing***.

Home Sales

Since 2005, overall home sales and prices in the West Side have declined significantly. The single family home market has declined relatively uniformly across the market area which includes the West Side, Wauwatosa, and West Allis. In the two-family home market, which includes townhomes, rowhomes, and condominiums, sales prices have declined. However***, two-family sales in the West Side have increased significantly as sales have declined in neighboring communities.***

Rental Housing

Rental units comprise approximately 42% of the West Side housing stock and are projected to remain a significant component of the local housing market. Lease rates range widely from approximately $0.70 to $1.20 per square foot and are generally lower than in neighboring Wauwatosa but even with properties for rent in West Allis. ***Local rental housing is affordable to the majority of West Side households.*** It is estimated that in 2014 monthly rent for a typical two-bedroom unit will require a household to earn approximately 80% of the projected market area median income.

Housing Demand

The demographic shift projected to occur within the West Side population indicates there may be an opportunity for new multi-family development. This is supported by a consistent increase in the sale of two-family homes over the past five years. Any residential component of opportunity site development within the West Side should ***strongly consider the incorporation of a townhome or rowhome product type***.

Labor & Employment

It is estimated that over half of the West Side's 52,000 workers are employed in service industries. Service industries are projected to grow faster than any other industries through the year 2016. ***Service related industries and financial activities are projected to add 4,100 and 600 jobs respectively to the local economy between 2000 and 2016.*** Growth in these sectors will likely represent the largest source of demand for commercial space in the West Side.

Commercial Market

The West Side has over 605 retail businesses scattered throughout the area. Several arterials with moderate to high traffic counts pass through the West Side and may represent the best opportunities for new retail development, particularly along Route 41, Fond du Lac Avenue, and Capitol Drive. Site availability and proximity to surrounding retail concentrations in Brookfield, Wauwatosa, West Allis and adjacent portions of the City will play significant roles in determining the scale and location of commercial development. Although the West Side retail market is fairly saturated, ***the Building Material and Supplies Dealers; General Merchandise; and Food Services & Drinking Places retail categories appear to have a significant unmet retail demand.*** The ability to capture this demand will depend on the needs of individual retailers, the availability of development sites, and the physical characteristics of those sites. For example, the development of new retail in the *General Merchandise* category within the West Side will likely require the development of a community level retail center on a site of at least 15 acres.

Office Market

An assessment of local and regional labor and employment trends indicates that ***financial activities and service related industries such as education and health care may represent a potential source of demand for office space within the West Side.*** Office space in the West Side is currently being offered at rates that are slightly below the larger Milwaukee office market average. Given the availability of space at the Honey Creek Corporate Center, new office development in the West Side is not likely in the near term.

Industrial Market

As in many urbanized areas, the demand for industrial space within the West Side has declined in recent years as users of industrial space have downsized or relocated to other areas. It is estimated that West Side employment in the manufacturing sector decreased by over 3,600 (-36%) between 2000 and 2009. Though vacancy rates have increased over the last year and new construction has slowed, the Milwaukee industrial market appears to be stabilizing. ***Given site availability and employment projections, new construction of industrial space is not likely to occur in the West Side.***

Demographic Overview

Population and Households

Table 1 compares changes in population and number of households between the West Side and the larger City of Milwaukee. *Population* is defined as the overall number of people within a specified geography. A *household* is defined as the group of individuals who live in the same dwelling unit with household by age based on the age on the individual consider head of household. . Overall, household and population growth in the West Side are anticipated to be positive, but relatively minimal over the next five years.

- After experiencing a loss of 2,004 individuals (-1.6%) since 2000, the West Side is projected to grow by 311 (.3%) households between 2009 and 2014.
- The City of Milwaukee also experienced a decline of 1.2% between 2000 and 2009. However, as with the West Side, the City is projected to witness an increase in population (0.5%) through the year 2014 to reach a population of nearly 593,000.
- Over the next five years, it is anticipated that the population of both the West Side and larger city will grow at an annual rate of 0.1%.

Table 1. Estimated & Projected Population Change,
West Side and City of Milwaukee: 2000, 2009, 2014

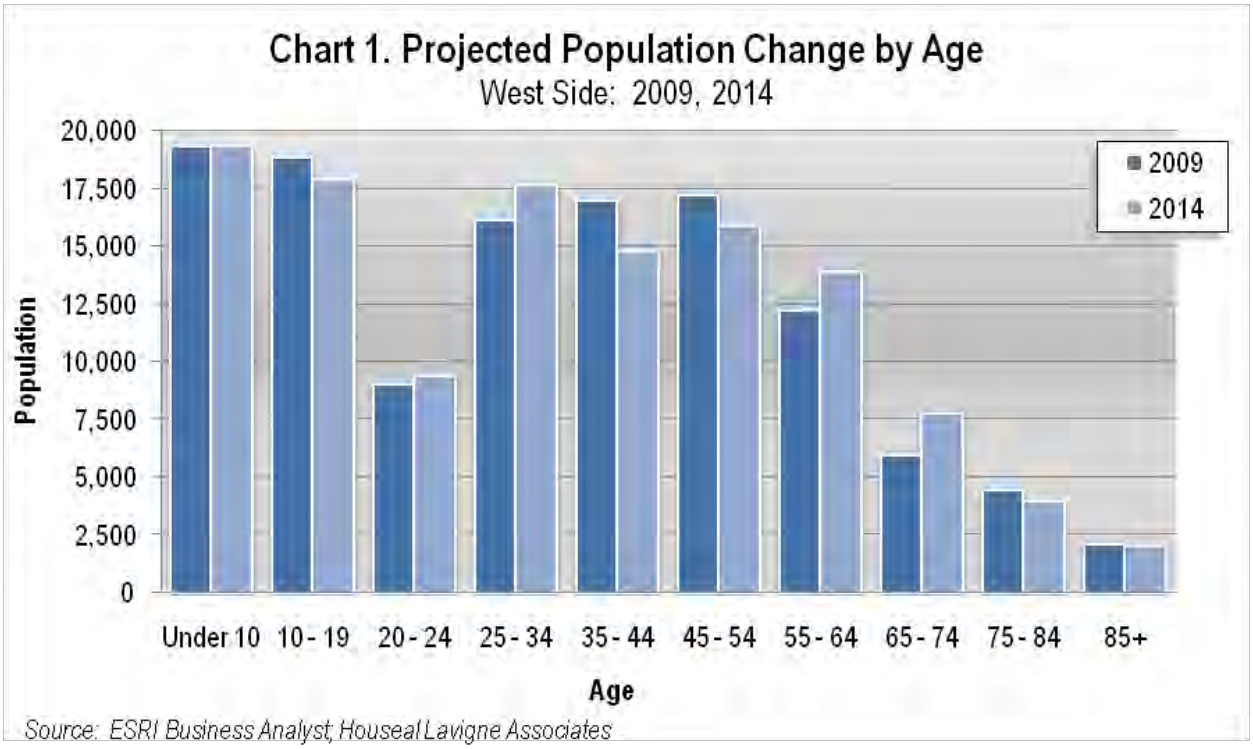
	West Side Area			*City of Milwaukee*		
	2000	**2009**	**2014**	**2000**	**2009**	**2014**
Population	**124,374**	**122,370**	**122,714**	**596,974**	**589,619**	**592,648**
Change in Population	-	-2,004	344	-	-7,355	3,029
Annual Rate of Population Growth	-	-0.2%	0.1%	-	-0.1%	0.1%
Households	**49,321**	**49,149**	**49,460**	**232,188**	**234,120**	**236,698**
Change in Households	-	-172	311	-	1,932	2,578
Annual Rate of Household Growth	-	0.0%	0.1%	-	0.1%	0.2%

Source: ESRI Business Analyst; Houseal Lavigne Associates

Age Characteristics

Chart 1 illustrates projected population change within age cohorts of the West Side area over the five year period between 2009 and 2014. In general, projections indicated that while the West Side population is growing younger as a whole, the population aged 55 and older will come to comprise a more significant portion of the population.

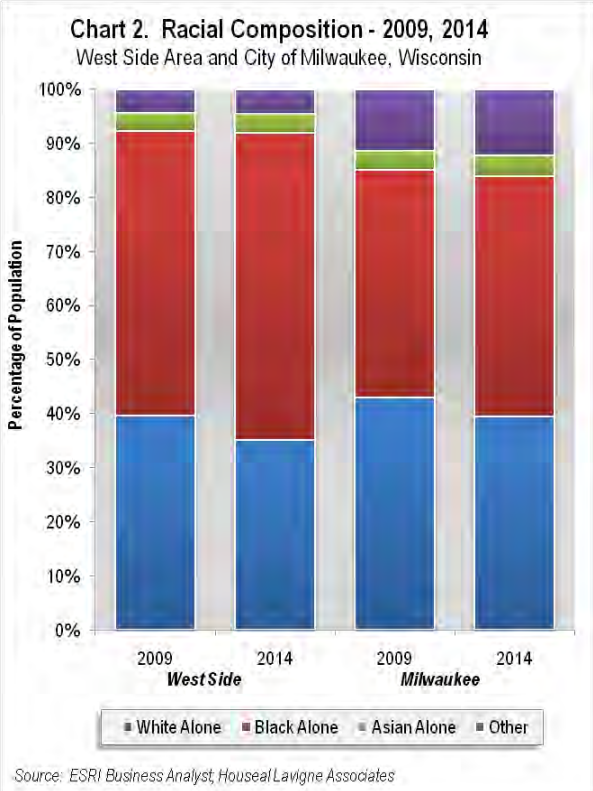
- The population under the age of 20 is projected to decline by 979 (2.6%) over the next five years.
- It is anticipated that the number of individuals between the ages of 20 and 34 will have increased by nearly 1,850, or 7.3%, between 2009 and 2014.
- A significant increase of over19% is projected to occur in the population aged 55 to 74 between 2009 and 2014.
- The estimated 2009 median age in the West Side is 33.5 years which slightly more than two years higher than that of the City of Milwaukee. This difference in median age is projected to decrease slightly through the year 2014, reaching 33.2 in the West Side and 31.5 in the larger city.

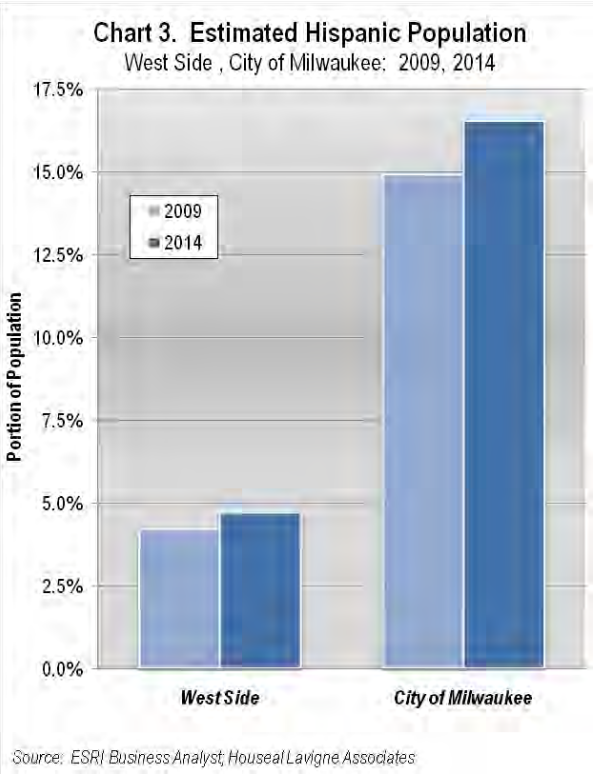


Racial and Ethnic Composition

Charts 2 and 3 illustrate the racial and ethnic composition of the West Side area and the City of Milwaukee.

- In 2009, it is estimated that 43.0% of the City of Milwaukee's population is comprised of individuals who are considered White Alone (as classified by the U.S. Census). At 39.7%, the White Alone population is estimated to be slightly lower in the West Side area.
- During the five year period between 2009 to 2014, it is projected that the White Alone population will have decreased by 11.0% and 7.7% in the West Side and City of Milwaukee respectively.
- The Black Alone (as classified by the U.S. Census) population comprises 52.6% of the 2009 West Side population.
- The most significant increase in population for the West Side is projected to occur in the Black Alone population which is projected to gain over 5,233 individuals (8.1%) over the next five years.
- It is estimated that by the year 2014, the Black Alone population will grow to comprise the largest proportion of the City of Milwaukee's population (44.5%).
- It is estimated that in 2009, the West Side's population was 4.2% Hispanic (5,085 individuals).
- The Hispanic population is projected to grow by 14.2% and 11.4% within the West Side and City of Milwaukee repsectively.

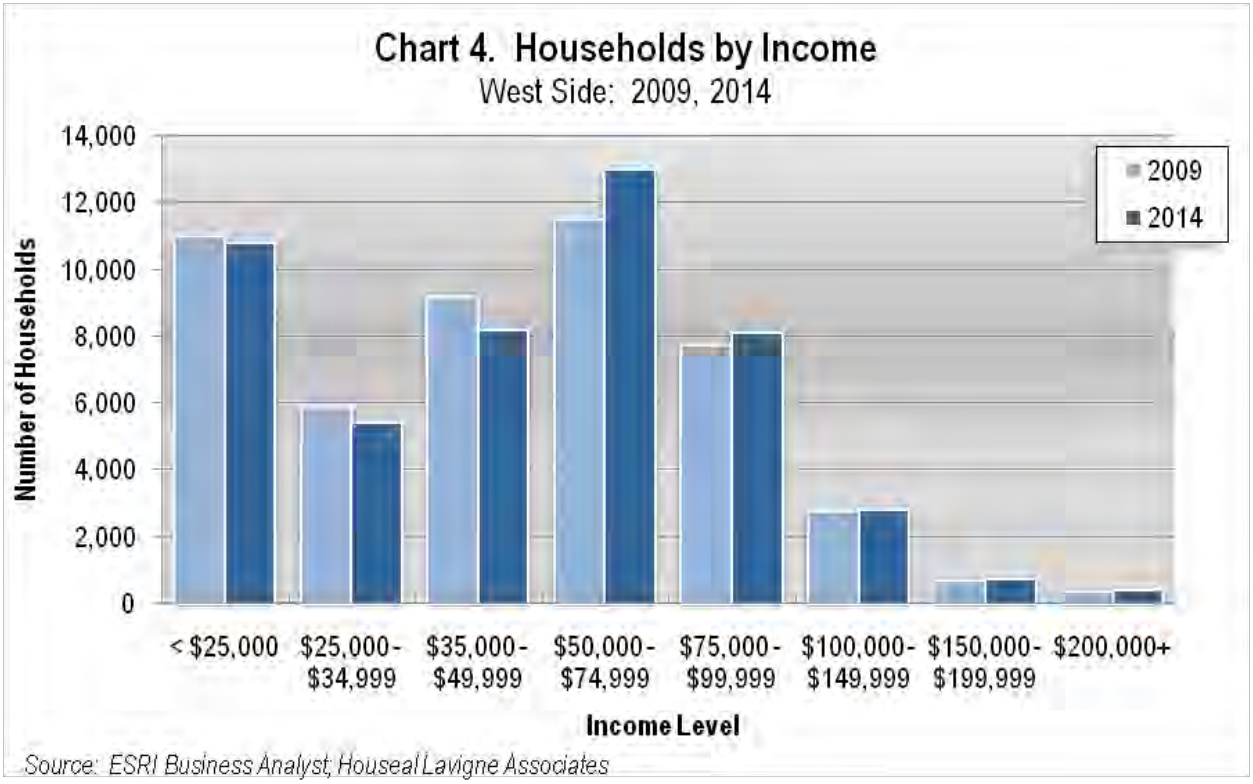




Households and Income

Chart 4 depicts anticipated West Side area household growth between 2009 and 2014 within several household income categories.

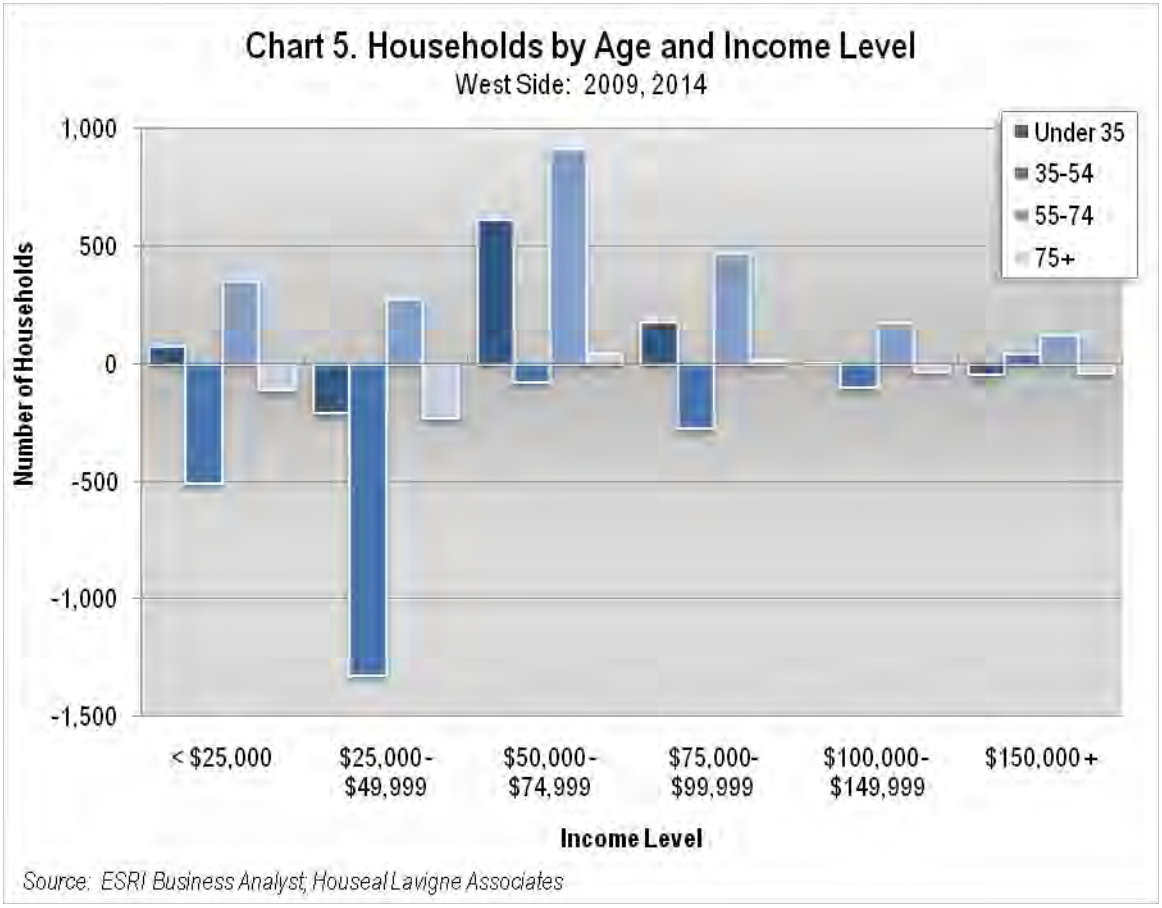
- In 2009, the estimated median household income for the West Side was approximately $47,128.
- Over the next five years, median household income is projected to increase by 7.0% to reach $50,418 by 2014.
- In 2009, approximately 53.0% of households have annual incomes of less than $50,000.
- Between 2009 and 2014, the number of households earning less than $50,000 per year is projected to decline by 1,687 households to comprise approximately 49.3% of total households by 2014.
- The greatest anticipated increase is expected to occur in households earning between $50,000 and $99,999. This population is projected to increase by 9.8%, or 1,879 households, and comprise nearly 43% of total households by 2014.
- The number of households earning over $100,000 is anticipated to increase by 123 (3.2%) over the same five year period.



Age by Income

Charts 5 ilustrates the projected change in household population according to the age of the head of household and household income. Changes projected to occur between 2009 and 2014 are shown as they pertain to each respective household age cohort in the West Side Area.

- Over the next five years, the projected changes within the West Side household age and income profile are similar to those projected for the larger city.
- It is anticipated that the number of households earning between $50,000 and $74,999 will increase by nearly 1,500(13%) between 2009 and 2014.
- The number of households aged 55 to 74 is projected to increase in all income ranges. It is anticipated that this age cohort will increase by 2,309 households, or 19.7%.
- The largest increase of 915 households is projected to occur among household aged 55 to 74 earning between $50,000 and $74,999.
- The largest anticipated decline in households (-1,325) is projected to occur among households aged 35 to 54 earning between $25,000 and $49,999.



Residential Market

Age of Housing

As indicated in Table 2, the housing stock within the West Side area is largely comprised of structures whose construction dates to between 1940 and 1969. The West Side experienced its most significant period of population growth in the post-WWII era leading into the 1970's, and has a significant amount of housing from this time as a result.

- Over one-quarter of the West Side's homes were built prior to 1940.
- Nearly half (47%) of all housing units in the West Side were constructed over the twenty year period between 1950 and 1969.
- The number of housing units constructed in the West Side was relatively minimal over the most recent thirty year period, growing by no more than 2.1% in a given decade.
- New construction permits issued between 2004 and 2008, which is the most recent data available, indicate that the majority of recent housing constructed in the West Side has been in infill single family development.
- There were two multi-family projects with a combined total of 39 units built in the West Side between 2004 and 2008.

Table 2. Age of West Side Housing Structures

Year Built	Number	Percent
Built Before 1940	12,842	26.2%
Built 1940 to 1949	7,445	15.2%
Built 1950 to 1959	17,645	36.0%
Built 1960 to 1969	5,566	11.4%
Built 1970 to 1979	3,256	6.6%
Built 1980 to 1989	871	1.8%
Built 1990 to 1999	348	0.7%
Built 2000 or After*	1,027	2.1%
Estimated 2009 Total Housing Units**	**49,000**	**100.0%**

New Construction Permits, 2004 - 2008	***104***	***100.0%***
Single Family	61	58.7%
Two-Family	4	3.8%
Multi-Family	39	37.5%
New Construction Permits, 2009	***1***	***100.0%***
Single Family	1	100.0%

* Based on estimated number of housing units in 2009.

** 2009 estimate from ESRI Business Analyst adjusted by difference between 2000 ESRI estimate and 2000 Census tract data.

Source: City of Milwaukee; ESRI Business Analyst; Houseal Lavigne Associates

Housing Types

The majority of housing units in the West Side area are owner-occupied, single family homes with two to three bedrooms.

- Owner-occupancy in the West Side (58%) is higher than in the larger City of Milwaukee (42%).
- In the West Side nearly 51% of units are single family detached, approximately 25% are duplex units, and another 20% are in multi-family buildings with three or more units. There are few single family attached units (4%).
- Two- and Three-bedroom units are both common within the West Side, comprising 38% and 39% of all units respectively.

Table 3. Housing by Tenure, Type and Number of Bedrooms

West Side, Milwaukee: 2000

	West Side		Milwaukee	
Occupied Housing Units	***49,391***	***100.0%***	***232,178***	***100.0%***
Owner-occupied	28,741	58.2%	105,186	45.3%
Renter-occupied	20,650	41.8%	126,992	54.7%
Units in Structure - All Units	***51,547***	***100.0%***	***249,215***	***100.0%***
Single Family Detached	26,241	50.9%	98,341	39.5%
Single Family Attached	2,255	4.4%	14,626	5.9%
Duplex	13,105	25.4%	57,712	23.2%
Multi-family	9,793	19.0%	77,564	31.1%
Other	153	0.3%	972	0.4%
Number of Bedrooms - All Units	***51,547***	***100.0%***	***249,215***	***100.0%***
Studio	702	1.4%	9,633	3.9%
1 Bedroom	5,060	9.8%	42,087	16.9%
2 Bedrooms	19,677	38.2%	88,219	35.4%
3 Bedrooms	20,129	39.0%	80,346	32.2%
4 Bedrooms	4,913	9.5%	22,473	9.0%
5+ Bedrooms	1,066	2.1%	6,457	2.6%

Source: City of Milwaukee; Houseal Lavigne Associates

Existing Home Sales

There are no significant new residential developments currently being marketed in either the West Side or surrounding communities. As indicated by permit data, any new construction that has occurred in recent years has come in the form of small infill projects and has been largely comprised of single family homes. The resale of existing homes offers the best means of understanding housing costs in the West Side. This section of the market analysis assesses trends in historic home sales for the West Side and the neighboring communities of Wauwatosa and West Allis. Data from the Multiple Listing Service has been pulled regarding the annual total number of sales, average sales price, average unit size, and average market time (in days) for the five year period between October 2004 and October 2010.

Given the significant size of the West Side area, data from the Multiple Listing Service has been pulled for three subareas of the West Side. For the purposes of this analysis, 35th Street and the Milwaukee city limit were used as the common eastern and western borders of each West Side subarea. As shown in **Figure 2**, the West Side was split based on three north-south address ranges including the North subarea (4100 to 6000 North), Central subarea (2700 to 4000 North), and South subarea (100 to 2600 North).

FIGURE 2.
RESIDENTIAL MARKET AREA

Single Family Home Sales

The impact of the current downturn in the national housing market is made evident at the local level through decreases in both the number of home sales and the sales prices of those homes sold. Table 4 and Chart 6 illustrate change in single family home sales over the five year period between October 2004 and October 2009 in the West Side, the City of West Allis, and the City of Wauwatosa. Overall, the total number of sales and average sales price for both single family homes and two-family homes over the last five year in the West Side has dropped more significantly than have those of Wauwatosa and West Allis.

- In the West Side, the number of homes sold in 2009 was 16.6% higher than in 2008, but 29.6% lower than in 2005. Over the same five year period, the number of single family home sold fell by 20.8% and 33.9% in Wauwatosa and West Allis respectively.
- The 2009 average sales price in the West Side was 26.4% lower than in 2008 and 30.2% lower than in 2005. Over the same five year period, single family home prices fell by between 7.6% and 9.2% in Wauwatosa and West Allis respectively.
- Single family homes in the West Side are generally more affordable than homes in neighboring communities. With the exception of 2009, sale prices in the West Side have consistently been 50% that of those in Wauwatosa and 75% that of those in West Allis.
- The average market time for homes being sold in the West Side increased 35 days (74%) to reach 81 days over the five year period between 2005 and 2009.
- Single family homes in Wauwatosa are typically larger than homes in the West Side and West Allis by between 300 and 400 square feet.

Table 4. Single Family Home Sales

West Side Milwaukee, Wauwatosa, and West Allis, Wisconsin: 2005 - 2009

	Sales					Average Sales Price				
	West Side			Wauwatosa	West Allis	West Side			Wauwatosa	West Allis
	North	*Central*	*South*			*North*	*Central*	*South*		
2005	1,025	675	275	562	788	$102,170	$132,643	$126,928	$229,890	$150,809
2006	889	606	559	560	764	$109,381	$142,231	$134,094	$239,159	$156,498
2007	683	514	360	579	669	$106,953	$136,511	$136,728	$233,604	$155,779
2008	571	452	169	477	550	$84,980	$125,273	$123,656	$229,530	$150,336
2009	653	547	190	445	521	$55,856	$96,899	$93,146	$212,399	$136,943

	Average Home Size (sf)					Average Market Time				
	West Side			Wauwatosa	West Allis	West Side			Wauwatosa	West Allis
	North	*Central*	*South*			*North*	*Central*	*South*		
2005	1,156	1,331	1,534	1,647	1,291	46	43	49	43	37
2006	1,139	1,314	1,499	1,633	1,270	63	59	72	54	47
2007	1,140	1,294	1,523	1,658	1,291	72	71	76	64	58
2008	1,140	1,317	1,531	1,722	1,309	96	79	79	74	77
2009	1,132	1,308	1,485	1,668	1,298	88	84	78	74	85

Source: Metro/MLS; Houseal Lavigne Associates

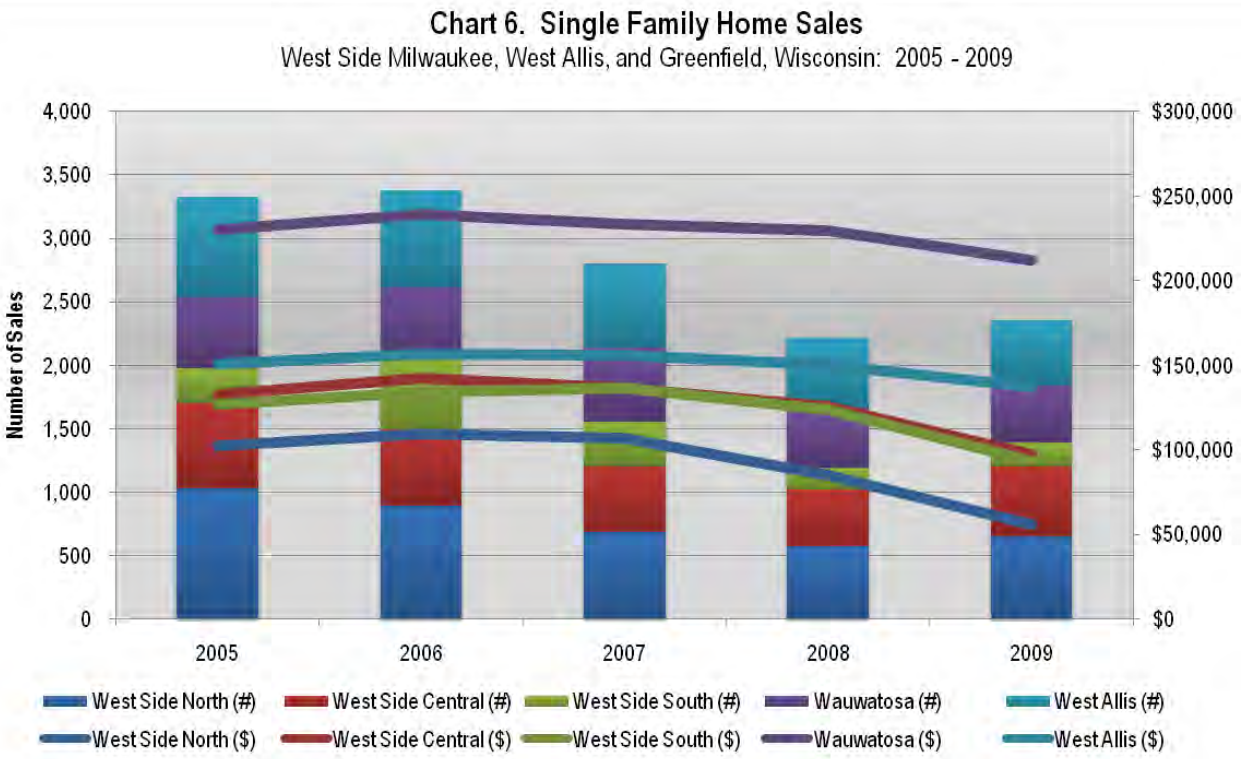


Chart 6. Single Family Home Sales
West Side Milwaukee, West Allis, and Greenfield, Wisconsin: 2005 - 2009
Number of Sales
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
2005
2006
2007
2008
2009
West Side North (#)
West Side Central (#)
West Side South (#)
Wauwatosa (#)
West Allis (#)
West Side North ($)
West Side Central ($)
West Side South ($)
Wauwatosa ($)
West Allis ($)

Two-Family Home Sales

The category of two-family residential units includes both townhome and duplex condominium units. Duplex structures are common throughout the Milwaukee area. The sales price of two-family units in the West Side and neighboring Wauwatosa and West Allis have decreased at levels similar to the single family market. However, unlike single family home sales that have declined in recent years, the number of two-family units sold increased significantly in the five year period between October 2004 and October 2009. Table 5 and Chart 7 show home sales statistics for two-family units.

- In the West Side, the number of two-family homes sold in 2009 was 22.0% higher than in 2008 and 80.6% higher than in 2005. Over the same five year period, the number of two- family units sold fell by 51.7% and 50% in Wauwatosa and West Allis respectively.
- Two-family units are not as common in Wauwatosa as they are in the West Side or West Allis and are typically between 100 and 300 square feet larger.
- The 2009 average sales price in the West Side was 27.0% lower than in 2008 and 41.6% lower than in 2005. Over the same five year period, two-family unit prices fell by 18.8% and 17.1% inWauwatosa and West Allis respectively.
- Prior to 2009, two-family homes in the West Side sold for between 75% and 50% less than in Wauwatosa and West Allis respectively. In 2009, the average sales price for a two-family unit in the West Side was one-third that of Wauwatosa and half that of West Allis.
- The average market time for homes being sold in the West Side nearly doubled from 47 days to reach 81 days over the five year period between 2005 and 2009.

Table 5. Two-Family Home Sales

West Side Milwaukee, Wauwatosa, and West Allis, Wisconsin: 2005 - 2009

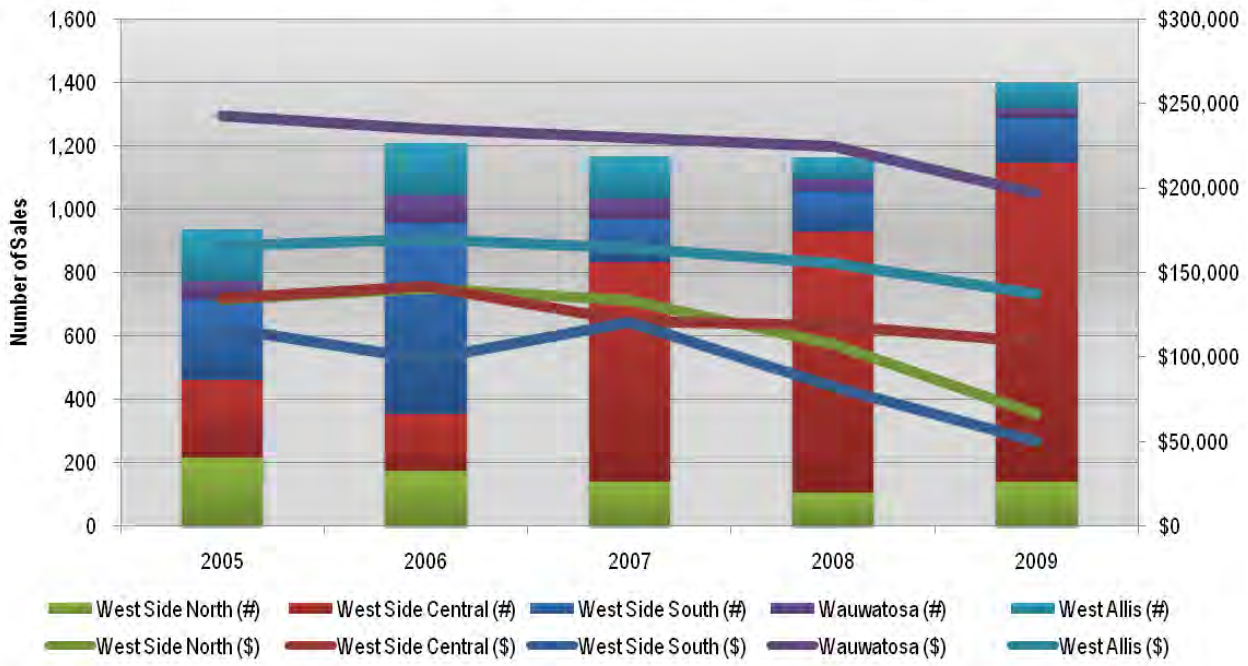
	Sales					Average Sales Price				
	West Side			Wauwatosa	West Allis	West Side			Wauwatosa	West Allis
	North	*Central*	*South*			*North*	*Central*	*South*		
2005	217	242	254	60	162	$133,824	$134,827	$117,118	$242,387	$165,628
2006	175	179	602	85	167	$140,763	$142,001	$98,440	$234,643	$169,461
2007	139	694	135	65	132	$133,632	$121,102	$120,805	$229,944	$164,801
2008	106	824	126	37	71	$107,709	$118,631	$82,211	$224,234	$155,183
2009	139	1,006	143	29	81	$66,049	$109,120	$50,162	$196,782	$137,328

	Average Unit Size (sf)					Average Market Time				
	West Side			Wauwatosa	West Allis	West Side			Wauwatosa	West Allis
	North	*Central*	*South*			*North*	*Central*	*South*		
2005	1,139	1,245	1,216	1,304	984	45	48	47	61	41
2006	1,119	1,220	1,296	1,271	1,038	50	63	74	40	48
2007	1,124	1,198	1,224	1,266	1,148	75	58	72	79	77
2008	1,297	1,216	1,266	1,240	1,043	90	64	75	99	90
2009	1,178	1,253	1,597	1,307	1,099	92	66	86	139	98

Source: Metro/MLS; Houseal Lavigne Associates

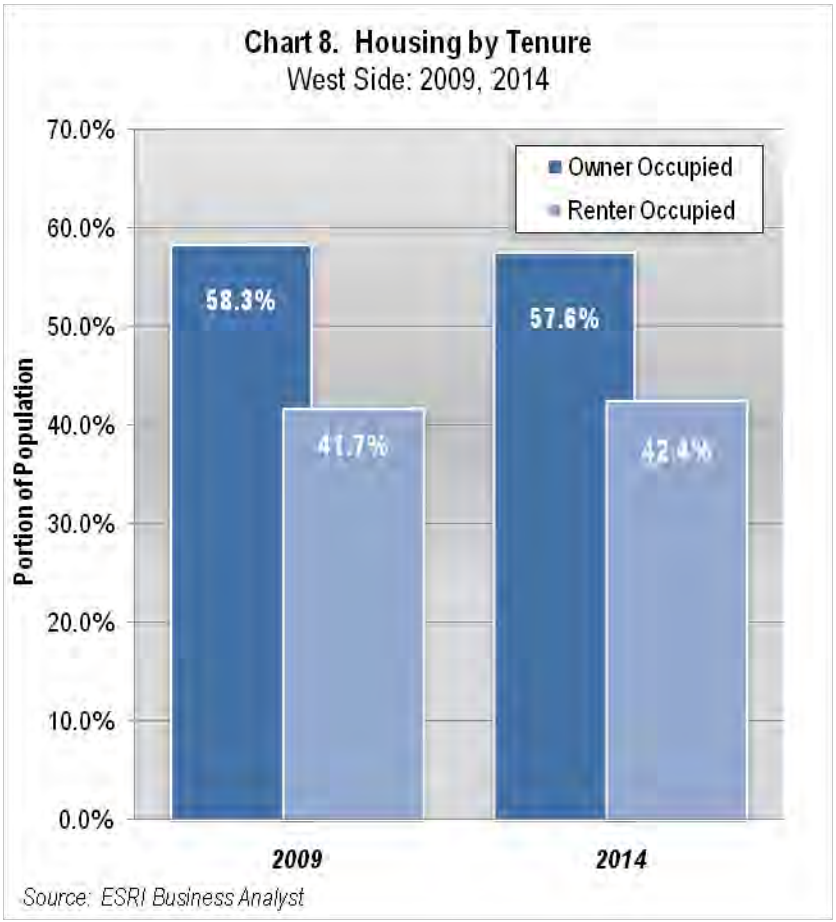
Chart 7. Two-Family Home Sales

West Side Milwaukee, West Allis, and Greenfield, Wisconsin: 2005 - 2009



Rental Housing

The West Side has a significant amount of housing units that are renter occupied. In 2009, it is estimated that 42% of the area's nearly 46,000 occupied housing units were rental units (See Chart 9). This proportion is projected to remain significant into 2016. The West Side's 58% rate of owner-occupancy is slightly higher than that of the City of Milwaukee which is 45% owner-occupied.



In 2009, rents in the West Side (Table 6) range from as low as $450 for a studio unit to $855 for a 1,125 three-bedroom unit. These rates are generally less than in neighboring Wauwatosa, but even with rental rates in West Allis. Given an estimated 2009 median household income of $47,000 for the West Side, these rates appear to be relatively affordable. Housing is considered affordable if 30% or less of a household's gross annual income is spent on housing costs. With an income of $47,000, the typical West Side household could afford to pay an estimated $1,175 per month for rent and utilities. The next section of the residential market assessment examines the issue of housing affordability more closely.

Table 6. Select Market Area Rental Properties:

West Side, Wauwatosa, West Allis - October 2009

West Side	*BR*	*BA*	*Rent Range*	*Size (sf)*	*Rent Range PSF*
Hampton Garden*	2	1.0	$670	900-940	$0.71-$0.74
	3	1.5	$825	1,025-1,125	$0.73-$0.80
Grantosa Apartments*	2	1.0	$720	875	$0.82
	3	1.5	$855	1,025-1,125	$0.76-$0.83
Lisbon Court Apartments*	1	1.0	$613	650	$0.94
	2	2.0	$783	850-875	$0.89-$0.93
	3	1.5	$855	1,125	$0.76
HiMount Gardens*	Studio	1.0	$450	400	$1.13
	1	1.0	$515-$545	450	$1.14 - $1.21
	2	1.0	$650	700	$0.93
Hawley Terrace	1	1.0	$580-$595	515-700	$0.85-$1.13

Wauwatosa	*BR*	*BA*	*Rent Range*	*Size (sf)*	*Rent Range PSF*
Normandy Village**	1	1.5	$785-$855	706	$1.11-$1.21
	2	1.5	$950	975	$0.97
	2	2.0	$1,250	1,575	$0.79
Mayfair Apartments	1	1.0	$499	660	$0.76
	2	1.0	$685 - $735	950	$0.72 - $0.77
Mayfair Manor	2	1.0	$670	900	$0.74
	3	1.5	$765	1,000	$0.76
Underwood Station***	1	1.0	$925	773	$1.20
	2	2.0	$1,100-$1,300	1,157-1,186	$0.95-$1.10
Serafino Square**	1	1.0	$840-$1,020	825-941	$1.02-$1.08
	2	1.0	$1,015-$1,115	1,078-1,188	$0.94
	2	2.0	$1,015-$1,115	1,077-1,117	$0.94-$1.00
The Reserve at Wauwatosa Village****	1	1.0	$905-$935	803	$1.13-$1.16
	2	1.0	$1,120	1,037	$1.08
	2	2.0	$1,290	1,293	$1.00
	3	2.0	$1,600-$1,650	1,518	$1.05-$1.09
TheFountains of Wauwatosa*	1	1.0	$715	980	$0.73
	1	2.0	$875	1,350	$0.65
	2	1.5	$790	1,150	$0.69
	2	2.0	$830	1,250	$0.66

West Allis	*BR*	*BA*	*Rent Range*	*Size (sf)*	*Rent Range PSF*
Cleveland***	1	1.0	$620	521	$1.19
	2	1.0	$690 - $720	681	$1.01-$1.06
French Quarter Apartments**	1	1.0	$630	735	$0.86
	2	1.0	$750 - $765	946	$0.79-$0.81
Six Points Apartments***	1	1.0	$835 - $990	-	-
	2	2.0	$1,075 - $1,275	1,143-1,289	$0.94-$0.99

* Rent includes water, heat, and gas

** Rent does not include Gas

*** Rent includes cable, water, sewer, and trash

**** No utilities included.

Source: Various online apartment search engines; Houseal Lavigne Associates

Housing Demand & Affordability

A more detailed analysis of household income estimates for the West Side helps quantify the relative level of housing affordability for both owner- and renter-occupied units. Table 7 compares the projected 2016 income for households in the West Side to the price of housing in the area. The asking price indicated in the table entitled *Household Demand & Affordability* is the rolling average of the average sales price for single family homes and two-family units, indicated in Tables 4 and 5, over the three year period between October 2007 and October 2009.

To gauge market supportable demand for housing units, it is assumed that the mortgage payment resulting from the purchase of a home at this price, combined with property taxes, should comprise no more than 30% of a household's income. Households earning less than the income necessary to meet this benchmark cannot afford to purchase a home in the West Side area. Based on the anticipated asking prices, a household will need to earn at least an estimated:

- $40,000 to afford a single family home in the West Side in 2014
- $36,000 to purchase a unit in a two-family building (e.g. townhome or duplex)

Lease rates for rental housing were also included in Table 7 to demonstrate demand for market rate rental units. The 2009 rent for a two-bedroom unit in the West Side is near $700 per month (See Table 6). Assuming an annual rent increase of 3%, the rent for a similar unit in 2014 will be near $815. This indicates that renting an average sized two-bedroom apartment will require a household income of approximately $35,000.

To put these estimates in perspective, it should be noted that the projected 2014 median household income for the West Side is $50,415. The lower portion of Table 7 provides further detail regarding the number of new households projected to locate in the West Side within several age and income categories and related housing demand.

Target Age Groups

The home sales and rent information provided in Tables 4, 5, and 6 can be intersected with projected household age and income data to provide a fuller understanding of the future demand for housing in the West Side. Put simply, the demand for housing will be determined by the age composition of the local household population, the sales price or rental rates of residential units, and the types of housing offered. By examining how many householders fall into specific age and income cohorts, the demand for units of a given type of housing can be estimated.

- Single-family homes are the predominant housing type within the West Side. Middle-aged households (age 35 to 54) are the predominant buyer of single family homes. For the purposes of this analysis, it is assumed that all middle aged households who can afford to purchase a single family home, as well as those earning more than $250,000 annually, will choose to do so.
- Two-family units (duplexes, condominiums, and townhomes) are also common within the West Side. Traditionally, young professionals (under 35) and empty nester (age 55 and over) households are the predominant buyer of two-family units. For the purposes of this analysis, the households in these two age groups that can afford to do so will purchase a two-family unit.

- Rental units comprise an estimated 42% of the West Side housing market with two-bedroom apartments being the most commonly offered unit type. The rental market is also comprised of a combination of younger households and senior households. For the purposes of this analysis, it is assumed that those households unable to afford a two-family unit, as well as very young (less than 25) and old (over 75) households, will rent their housing.

Table 7. Household Demand & Affordability - West Side, 2014

Product	Single Family	Two-Family		Rental - 2 BR
Asking Price	$107,000	$101,000		
Downpayment	10%	10%		
Interest Rate	6.50%	6.50%		
Monthly Mortgage Payment	$609	$575	Monthly	
Annual Mortgage Payment	$7,304	$6,895	Rent	$815
Annual PMI	$501	$473	Annual	
Annual Property Taxes	$4,000	$3,500	Rent	$9,780
Housing Costs as % of Income	30%	30%		30%
Minimum Income Required	$39,350	$36,224		$35,317

Population Change - 2009, 2014

2014 Age & Income	< 25	25-34	35-44	45-54	55-64	65-74	75+
<$15,000	-36	104	-129	-115	67	128	41
$15,000 - $24,999	-45	53	-129	-138	41	116	-153
$25,000 - $34,999	-45	-15	-243	-197	36	81	-92
$35,000 - $49,999	-87	-64	-522	-363	29	128	-139
$50,000 - $74,999	27	589	-115	36	488	427	43
$75,000 - $99,999	12	164	-194	-80	247	224	12
$100,000 - $149,999	-22	26	-46	-55	94	80	-32
$150,000 - $199,999	-21	-10	11	21	46	43	-26
$200,000 - $249,999	-11	-4	1	3	18	5	-12
$250,000 - $499,999	-1	0	0	4	8	4	-1
$500,000 +	0	0	0	2	-1	0	-1

Income & Age Qualifying Households

Single Family Home	**(1,289)**
Two-Family Unit	**2,530**
2-Bedroom Rental Unit	**(256)**

Source: ESRI Business Analysts; Houseal Lavigne Associates

Projected Demand

In 2014, given the income requirements and target age groups for each housing type, it is projected that there will be:

- A surplus of single family homes as middle aged households decline in number;
- A significant demand for over 2,500 two-family units as the number of young professional and empty nester households increase; and,
- A surplus of over 250 market-rate apartment units.

Housing Market Implications

The projected demand for housing in the West Side is largely driven by the age and income shifts occurring within the local population. The calculations indicated in this demand analysis are not indicators of future development, but rather illustrate the potential for a shift in the housing products West Side residents may desire. For this demand to be met, many changes will have to occur within the local, regional, and national housing markets. Much of the demand for two-family units and rental units is derived from empty nester households downsizing from a single family home to a lower maintenance housing option. A slow housing market may hinder the ability to sell currently occupied units. This may, in turn, decrease demand for owner-occupied, two-family housing while simultaneously increasing demand for rental housing.

The West Side functions as an affordable alternative to neighboring communities with the advantage of being within convenient access to Downtown Milwaukee and several regional shopping nodes. There is a negligible difference (5-6%) between the average sales price for a single family and two-family home in the West Side. This indicates that the West Side is not a price driven market, but rather a product driven market where unit type and quality is a stronger influence on a potential home owner's decision to buy a home.

The demographic shift projected to occur within the West Side population indicates there may be an opportunity for new multi-family development. This is supported by a consistent increase in the sale of two-family homes over the past five years despite the fact that both Wauwatosa and West Allis witnessed a significant decrease in the number of two-family home sales. The majority of two-family homes in the market are older duplex units and the construction of new two-family units has been limited.

The potential identified in the demand analysis indicates that there may be potential for modern townhome and condominium development in the West Side. Development concepts for two opportunity sites identified in Chapter 5 of this Plan include residential development. Any residential component of such development should strongly consider the incorporation of a townhome or rowhome product type.

Labor & Employment

Employment by Industry

As shown in Table 8, it is estimated that at the time of this study (2009), the West Side currently employs over 52,000 workers. Employment is concentrated in a handful of industries, namely manufacturing (12.6%), retail trade (10.0%), and services (51.1%), which includes the health care and educational services industries among others. These proportions are on par with employment by industry for the larger City of Milwaukee.

It is estimated that between 2000 and 2009, the City of Milwaukee lost nearly 20,000 jobs in the private sector, the majority of which were in manufacturing. This represents a decline in employment of approximately 7.8%. Over the same nine year period, total employment in the West Side area decreased by approximately 7.8%, or 4,415 jobs. Within the West Side, the Services industry was the only industry that grew over this time period, growing almost 6% and adding nearly 1,500 jobs to the local economy. As shown in the following section, the Services industry is growing throughout the larger region.

Table 8. Employment by Industry, West Side: 2000 - 2009

	2000		2009		Change	
	Number	Percent	Number	Percent	Number	Percent
Industry Total	**56,677**	**100.0%**	**52,262**	**100.0%**	**-4,415**	**-7.8%**
Industry						
Agriculture/Mining	170	0.3%	157	0.3%	-13	-7.8%
Construction	1,927	3.4%	1,516	2.9%	-411	-21.4%
Manufacturing	10,202	18.0%	6,585	12.6%	-3,617	-35.5%
Wholesale Trade	1,700	3.0%	1,516	2.9%	-185	-10.9%
Retail Trade	5,554	9.8%	5,226	10.0%	-328	-5.9%
Transportation/Utilities	3,061	5.4%	2,613	5.0%	-447	-14.6%
Information	1,870	3.3%	1,463	2.8%	-407	-21.8%
Finance/Insurance/Real Estate	4,194	7.4%	4,076	7.8%	-118	-2.8%
Services	25,221	44.5%	26,706	51.1%	1,485	5.9%
Public Administration	2,720	4.8%	2,509	4.8%	-212	-7.8%

Source: ESRI Business Analyst; Houseal Lavigne Associates

Regional Employment Projections

The regional employment projections, shown in Table 9, indicate that service related industries will have grown faster than any other industries between the year 2006 and 2016. While it is anticipated that the manufacturing industry will continue to shrink through the year 2016, all of the other industries are projected to increase by between 2% and 19%.

Table 9. Industry Employment Projections - Milwaukee-Waukesha-West Allis MSA: 2006-2016

	2006		2016		Change	
	Number	Percent	Number	Percent	Number	Percent
Industry Total	***827,220***	***100.0%***	***907,690***	***100.0%***	***80,470***	***9.7%***
Industry						
Construction/Mining/Natural Resources	34,660	4.2%	38,030	4.2%	3,370	9.7%
Manufacturing	133,860	16.2%	131,470	14.5%	-2,390	-1.8%
Trade	123,280	14.9%	127,440	14.0%	4,160	3.4%
Transportation and Utilities	35,210	4.3%	38,560	4.2%	3,350	9.5%
Financial Activities	56,950	6.9%	64,930	7.2%	7,980	14.0%
Leisure and Hospitality	70,520	8.5%	78,750	8.7%	8,230	11.7%
Services	**333,190**	**40.3%**	**388,010**	**42.7%**	**54,820**	**16.5%**
Educational Services	57,690	7.0%	60,150	6.6%	2,460	4.3%
Hospitals	34,540	4.2%	40,950	4.5%	6,410	18.6%
Government	39,540	4.8%	40,520	4.5%	980	2.5%

Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, November 2008; Houseal Lavigne Associates

NOTE: These projections were made utilizing data from the 2006 Quarterly Census of Employment and should be utilized with an understanding that economic conditions have changed... Although the overall growth of the regional economy may be slower than projected given recent economic activity, the underlying projected pattern of growth may still be accurate. For example, while the region may not gain 6,410 jobs in the health care industry, that industry is still likely to remain one of the faster growing industries in the Milwaukee MSA.

It is reasonable to assume that the proportion of the regional workforce employed within the West Side will remain somewhat constant over the next seven years. For example, if the West Side employs 10% of the region's construction jobs in 2009, it will likely employ 10%, or slightly above or slightly below that proportion, of the region's construction jobs in 2016.

Table 10 indicates the estimated number of jobs that the West Side area will have gained or lost within each industry between 2006 and 2016 given existing employment proportions. If the region grows by a projected 9.7% between 2006 and 2016, the West Side employment base will grow by an estimated 5,150 jobs; the majority of which will occur in the service sector.

Table 10. Local Share of Employment Loss/Gain by Industry - West Side and Milwaukee MSA: 2006 - 2016

	2009 Share of MSA Employment	Estimated Employment Loss/Gain: 2006 - 2016*
Total Employment	*6.4%*	*5,150*
Industry		
Construction, Mining & Natural Resources	5.3%	175
Manufacturing	5.5%	-125
Trade	5.9%	250
Transportation, Warehousing & Utilities	9.6%	325
Financial Activities	7.4%	600
Services	7.5%	4,100

* Rounded to the nearest 25.

Source: Houseal Lavigne Associates

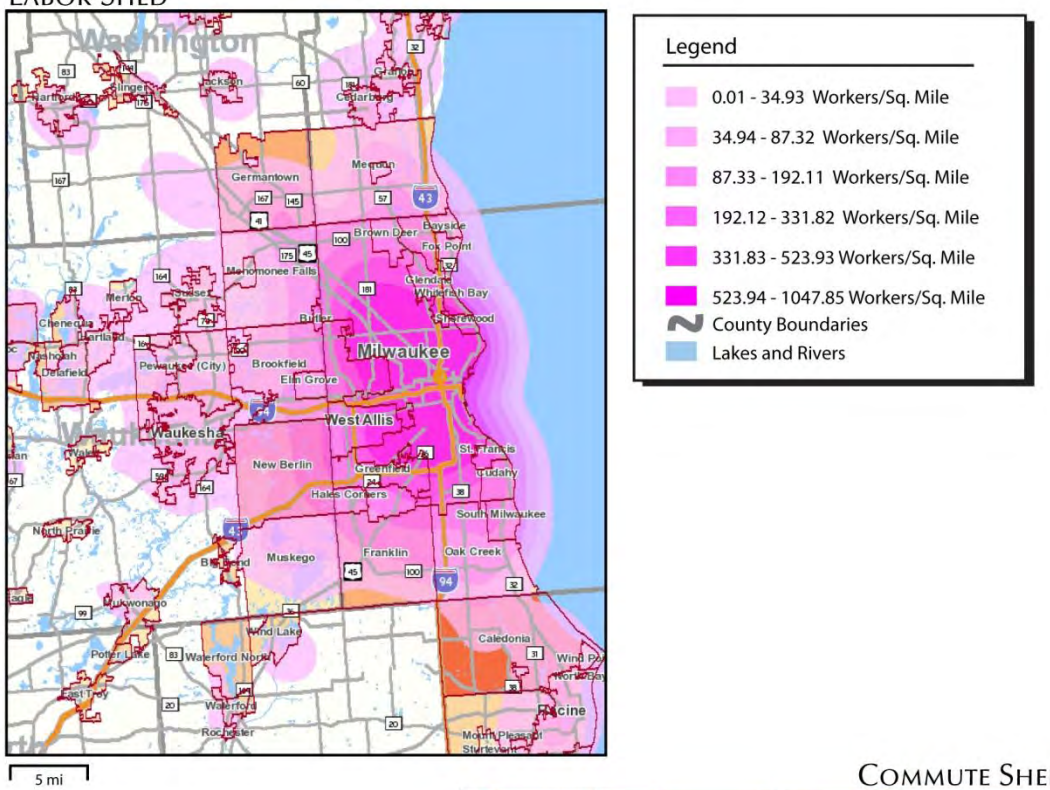
Employment Shed

Figure 3 depicts where people who work in the City of Milwaukee live within the region as measured by the number of workers per square mile (See 'Labor Shed'). Nearly half (45%) of the jobs offered in Milwaukee are performed by workers who also live in Milwaukee. No other communities within the region comprise more than 3% of Milwaukee's workforce population. It is estimated that approximately 67% of Milwaukee's workforce resides in Milwaukee County and an additional 12% resides in neighboring Waukesha County.

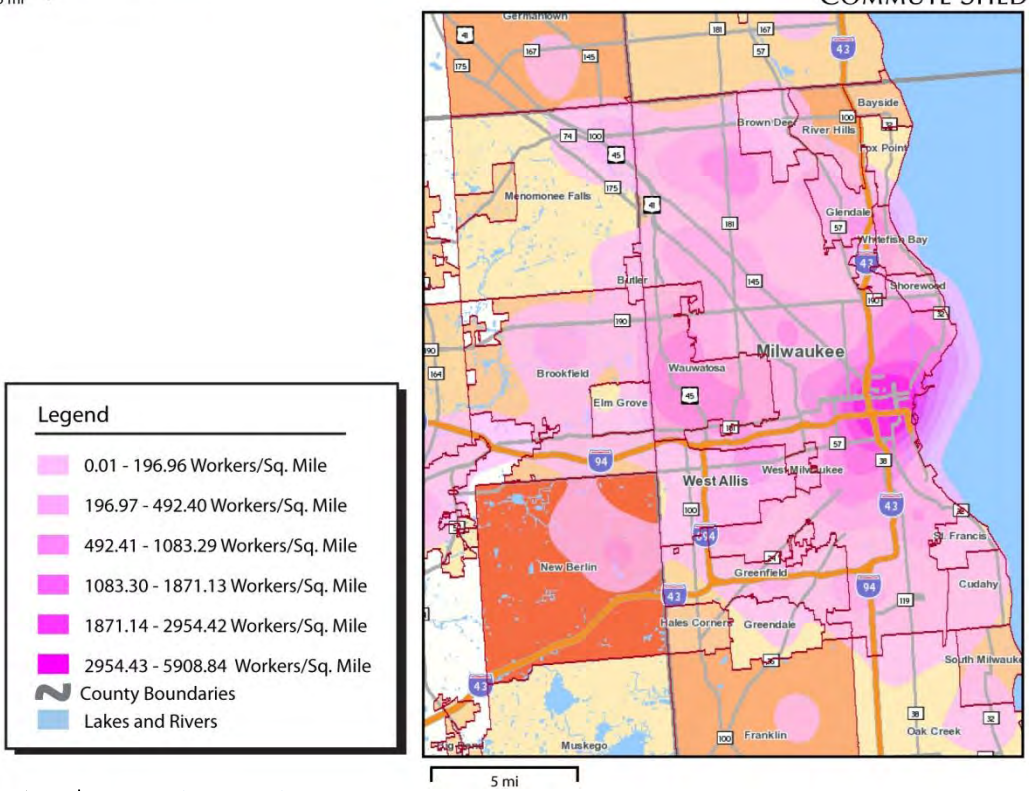
Figure 3 also highlights where residents of the City of Milwaukee work within the region as measured by the number of workers per square mile (See 'Commute Shed'). Approximately 51% of Milwaukee residents work within Milwaukee. Another 7% of Milwaukee residents are employed in the neighboring City of Wauwatosa. No other cities or towns have a significant proportion (greater than 4%) of Milwaukee residents working within their boundaries. It is estimated that approximately 74% of the City's residents have jobs located within Milwaukee County.

Figure 3.
City of Milwaukee Labor Shed and Commute Shed, 2006

Labor Shed



Commute Shed

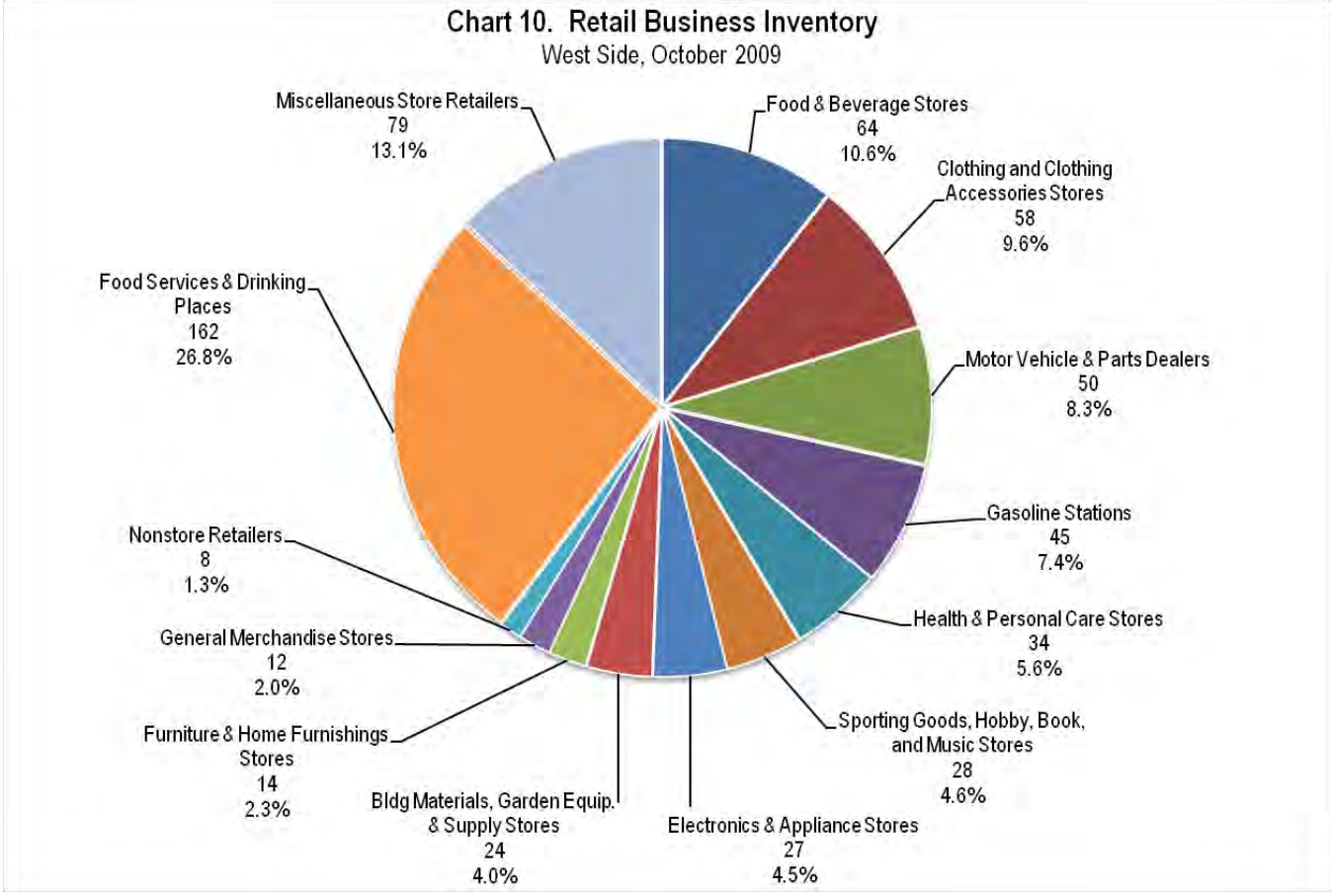


Commercial Market Assessment

The potential for retail development at any given location is influenced by several factors including local and regional retail demand, the physical limitations of available sites, the health of the local commercial districts, the location of surrounding commercial nodes, and the consumer expenditure patterns of the regional population.

West Side Retailers

In 2009, it is estimated that the West Side has over 605 retail businesses scattered throughout the area. There a variety of retailers present within the West Side including over 160 restaurants and drinking establishments (27%), 64 food and beverage stores (11%),and 58 clothing retailers (10%). The largest retailer in the area is a Walmart located in the 300,000 square foot Midtown Center shopping center at W. Capitol Drive and W. Fond du Lac Avenue.



Traffic Counts

Large national retailers outline a very specific set of standards when evaluating a potential site. One determining factor is a location's minimum Average Daily Traffic (ADT). The ADT figure measures the amount of traffic on a given street on any given day. Retailers typically look for an ADT count of between 20,000 and 30,000 when deciding if a particular site is good for future development. Based on these standards, there are several locations throughout the West Side Area which may be suitable sites for large national retailers to consider establishing a store.

- ***Silver Spring Drive*** forms the northern boundary of the West Side area. Silver Spring Drive has an ADT of between 21,000 and 27,000 as is passes through the West Side.
- ***West Capitol Drive*** is also a primary east-west thoroughfare through the West Side Area. ADT counts along Capitol Drive range from a low of 27,000 to the east of 60th Street and a high of 40,000 vehicles per day and a high of 35,000 vehicles per day near Fond du Lac Avenue.
- ***Burleigh Avenue*** is an east-west street with ADT counts ranging between 11,000 and 15,000 for the majority of its length. Traffic counts along Burleigh Avenue rise to nearly 20,000 as the corridor passes by Mt. Mary College and approaches a major intersection with Mayfair Road in the neighboring Wauwatosa.
- ***Fond du Lac Avenue*** is a diagonal thoroughfare which runs through the majority of the northern half of the West Side. Fond du Lac Avenue has ADT counts as it travels northwest between 20,000 and 26,000 between 35th and 62nd Streets. Traffic counts reach as high as 31,500 as Fond du Lac approaches Capitol Drive.
- ***Route 41 (Appleton Avenue)*** travels roughly parallel to Fond du Lac Avenue to the west. Near its intersection with Capitol Drive, Route 41 has an ADT count of between 23,000 and 24,000. Traffic counts are highest along Route 41 as it intersects with major east-west routes including Hampton Avenue, Capitol Drive, and Center Street. To the south of Center Street, Appleton Avenue merges with Lisbon Avenue and ADT counts increase significantly, reaching 37,000 as the corridor approaches North Avenue.
- The ***76th Street Corridor*** is a major north-south street in the West Side area, particularly to the north of Center Street. ADT along 76th street hovers between 17,500 and 25,000 vehicles, reaching its highest level at intersections with major east-west streets including Silver Spring Drive, Hampton Avenue, and Route 41.
- As it enters the West Side and intersects with Silver Spring Drive, 76th Street has an ADT 21,400. Moving southward the ADT drops to 17,600 but quickly recovers and rises to 24,900 at Hampton Avenue. Traveling further south, where 76th Street intersects Route 41, the ADT falls slightly to 19,600.
- ***Interstate 94*** forms the core of the southern portion of the West Side area. Average daily traffic along I-94 is between 140,000 and 170,000 vehicles. Commercial development along the corridor is dependent on access to the interstate. Interchanges currently exist at or near Hawley Road, 70th Street, 76th Street, and 84th Street.

Sites located along these major roadways will represent some of those most likely to undergo commercial development. When assessing the potential for commercial development, other factors in addition to traffic counts must also be taken into consideration. While a site may have high traffic counts, site characteristics such as lot depth or size, existing structures, or adjacent uses may limit its potential to accommodate successful commercial development. Conversely, other advantages a site offers may make a site with less favorable traffic counts an attractive place for new commercial development.

Competitive Retail Context

The potential for retail demand is based on several factors, perhaps the most significant being travel time. Consumer decisions are motivated by the amount of time that it takes to get from point to point. A site located two miles from a heavily populated subdivision may take longer to get to than a site five miles away due to traffic, road infrastructure, highway access, at-grade train crossings and other influences. The relationship of retail concentrations is equally impacted by these influences. A particular retailer may have two stores located relatively close together in terms of mileage, but when measured in travel time, they are catering to entirely different market areas.

Exactly how far a consumer will travel and where retailers are located, is primarily dictated by store type and characteristics of a retail node. The International Council of Shopping Centers (ICSC) and The Urban Land Institute (ULI) categorize shopping centers utilizing several criteria. The following is an overview of shopping center classifications.

- ***Large regional and super regional malls*** containing department stores (Macys, Nordstrom), fashion and apparel (Talbots, Ann Taylor) and home furnishings (Restoration Hardware, Crate and Barrel) attract customers from a trade area that can extend up to 25 miles.
- ***Lifestyle Centers*** include some of the same users as Regional Malls, including large format bookstores (Borders, Barnes & Noble) but do not have anchors. The typical trade area is approximately 8 to 12 miles.
- ***Community Centers*** include big box discount stores (Target, Kmart), home improvement stores (Home Depot, Menards), Sporting Goods (Sports Authority, Dick's) and attract from a three to six mile trade area.
- ***Neighborhood Centers*** typically attract from within three miles or a drive of under 10 minutes and are anchored by a grocery store (Pick 'n Save, Jewel).

Table 11 provides additional information on retail center types and characteristics.

Table 11. Shopping Center Characteristics

Type of Shopping Center	Concept	Square Feet (including	Acreage	Typical Anchors		Anchor Ratio	Primary Trade Area	Approximate Drive Time
				Number	Type			
Convenience	Convenience	10,000 to 30,000	3 to 8	1	Convenience store, mini market, deli, coffee shop	30-50%	0-3 miles	Less than 5 minutes
Neighborhood	Convenience, Personal Services	30,000 - 150,000	3 to 15	1+	Supermarket	30-50%	3 miles	5-7 minutes
Community Center	General Merchandise, Convenience	100,000 - 350,000	10 to 40	2+	Discount department store, supermarket, drug store, home improvement, large specialty/ discount apparel	40-60%	3-6 miles	Up to 15 minutes
Regional Center	General Merchandise, Fashion (mall, typically enclosed)	400,000 - 800,000	40 to 100	2+	Full-line department store, junior department store, mass merchant, discount department store, fashion apparel	50-70%	5-15 miles	Up to 30 minutes
Superregional Center	Similar to regional center, but has more variety and assortment	800,000+	60 to 120	3+	Full-line department store, junior department store, mass merchant, fashion apparel	50-70%	5-25 miles	Up to 45 minutes
Fashion/Specialty Center	Higher end, fashion-oriented	80,000 - 250,000	5 to 25	N/A	Fashion	N/A	5-15 miles	Up to 30 minutes
Lifestyle Center	Upscale national chain specialty stores, dining and entertainment in outdoor setting	Typically 150,000 - 500,000 but can vary	10 to 40	0-2	Not usually anchored in the traditional sense but may include book store, large-format specialty retailers, multiplex cinema, small department store	0-50%	8-12 miles	Up to 30 minutes
Power Center	Category-dominant anchors, few small tenants	250,000 - 600,000	25 to 80	3+	Category killer, home improvement, discount department store, warehouse club, off-price	75-90%	5-10 miles	Up to 20 minutes
Outlet Center	Manufacturers' outlet stores	50,000 - 400,000	10 to 50	N/A	Manufacturers' outlet stores	N/A	25-75 miles	Up to 90 minutes

Source: International Council of Shopping Centers; Houseal Lavigne Associates

Defining the retail market for the study area requires understanding the context in which development would reasonably occur. In addition to the commercial areas and businesses that currently exist within the West Side area, as indicated in Figure 4, several other commercial corridors and nodes of activity exist in neighboring areas. These competing retail market areas are highlighted in Figure 4 below.

FIGURE 4.
MARKET AREA RETAIL CONCENTRATIONS

West Side Retail

- The ***Capitol Drive Corridor*** is an east-west corridor bound by N. 76th Street to the east and Fond du Lac Avenue to the west. The corridor has several shopping centers including the Times Square Shopping Center, a 90,000 square foot neighborhood retail center at 76th Street and Capitol Drive. ***Midtown Center*** at 5500 W Capitol Drive is the West Side area's largest retail center. Major tenants at the 300,000 square foot center include AJ Wright, Pick 'n Save, Office Depot, and Walmart.

- Other neighborhood scale retail centers in the West Side include the ***Hampton Shopping Center***, an 85,000 square foot center with a Save-A-Lot and Family Dollar, as well as the 89,000 square foot ***Silver Spring Shopping Center*** which is anchored by Family Dollar.

- The ***Burleigh Street, Center Street, North Avenue, and Vliet Street Corridors*** are the location of several smaller scale and convenience oriented retailers. These corridors represent the "Main Street" corridors of the various neighborhoods located in the West Side. Portions of these corridors are contained in City of Milwaukee Business Development Districts (BIDs).

Surrounding Retail Locations

- Located on 2500 N Mayfair Drive, ***Mayfair Mall*** is a superregional shopping mall with over one million square feet of retail space. Mayfair is anchored by Boston Store, Macy's and an AMC Movie Theatre. It also holds a variety of apparel shops, as well as electronics, books, and other major chain retailers and sit-down restaurants. The ***Mayfair Road*** corridor stretching north from North Avenue to Burleigh Street is the location of several bog box retailers, including Kmart, and neighborhood retail centers as well.

- Wauwatosa is the location of several neighborhood retail centers including ***Wauwatosa Colony Shopping Center*** (38,482 sf) located near the intersection of 88th Street and North Avenue. The ***Promenade Shopping Center*** is another 36,000 sf neighborhood retail center located near the intersection of Mayfair Road and Potter Road. Other retail centers in Wauwatosa include ***Lefeber Square*** and ***Village Square***, both located near 76th Street and Watertown Plank Road.

- The ***Capitol Drive Corridor*** is located between Brookfield Drive and 124th Street in the City of Brookfield to the west. The corridor contains a series of neighborhood retail centers including The Stonewood Village Shops (34,000 sf), Capitol West Plaza (31,500 sf), Capitol Plaza (65,603 sf), Triangle Plaza, Brookfield Place, Capitol Plaza East, and several smaller shopping centers. Major tenants include Target, Jewel-Osco, Pick 'n Save, Marshalls, TJ Maxx, Office Max, Burlington Coat Factory, and Home Depot.

- The ***West Allis Towne Center***, located at Greenfield and 68th Street is a 329,000 square foot center anchored by Kohl's, Kmart, and Office Depot. Other nearby retailers include Big Lots and the 150,000 square foot ***Market Square*** which is anchored by Pick n' Save.

- Several community shopping centers, whose anchor tenants include Target and Walmart, are located along Brown Deer Road at 76th Street. This area is also the location of the ***vacant Northridge Mall***, a nearly 890,000 square foot complex that is currently for sale.

Retail Gap Analysis

The retail market area is roughly defined as the area bounded by Good Hope Road to the north, Hopkins Street and Canadian Pacific Railway right-of-way to the east, the Milwaukee city limit to the south, and US 45 to the west (See Figure 4). This incorporates not only the West Sides major commercial areas, but the retail concentrations found in others areas of Milwaukee and the adjacent communities of West Allis, Wauwatosa, and Brookfield. To assess the potential for retail development projected spending by market area households was compared to the existing supply of retail space.

This analysis provides an indication of "surplus" or "leakage" for each retail category. A surplus in any given category indicates that there is at least enough retail space in that category to accommodate demand from households in within the designated market area. Conversely, leakage (also known as a "gap") indicates that demand for goods in a given retail category have exceeded the supply and consumers are spending their dollars outside of the market area. In this context, leakage serves as a means of gauging retail competition and identifying potential opportunities for growth within the market area.

A determination as to whether there is enough leakage to support additional retail space is made by dividing the "gap" amount by an average sales-per-square-foot. While leakage is represented as a monetary loss, this calculation translates dollar amounts into the potential square feet of supportable retail space. If the resulting square footage is within the range of the typical retail format of a given type of retailer, a preliminary conclusion can be made that the market can support additional development in that particular category. For example, if it is determined that there is a "gap" in consumer expenditures of $1 million in a store type that averages $200 per square foot in sales revenue, then it can be estimated that the market is underserved by approximately 50,000 square feet in that particular category. If the average store for that category is 50,000 square feet, then the market indications are that there is support for one more store. If the average store size is 20,000 square feet, the market could potentially support two to three more stores. However, if the "gap" indicates support for an additional 20,000 square feet and the average store size is 50,000 square feet, there is not enough demand to support an additional store.

As such, figures relating to sales per square foot and typical store size can be utilized to equate consumer expenditures to a preliminary indication of development potential. Though sales-per-square-foot revenues vary by individual retailer, general assumptions of supportable square footage can be made by using benchmark averages for each respective retail category. Sales-per-square foot values of between $150 and $430 were derived from data published by the Urban Land Institute. As shown in Table 12, these per-square-foot sales values were used to translate uncaptured consumer expenditures to a potential number of square feet that could be supported within either the West Side or the greater City of Milwaukee.

NOTE: The *Motor Vehicles and Parts Dealers*, *Gasoline Stations*, and *Nonstore Retailers* retail categories are not addressed in the following discussion. While these two retail categories may demonstrate unmet demand, this demand cannot be easily converted to demand for retail space given the nature of the products sold in these categories. Opportunities for auto parts sales, automobile sales, or gas stations may exist within the West Side and should not be excluded from consideration as development opportunities arise.

Table 12. Consumer Spending Profile - West Side Area and City of Milwaukee

Summary	West Side Retail Gap ($M)	West Side Potential*	City of Milwaukee Retail Gap ($M)	City of Milwaukee Potential*
Total Retail Trade and Food & Drink	**$365.4**	**1,218,011**	**$209.80**	**699,344**
Total Retail Trade	$354.3	**1,181,086**	$467.00	1,556,752
Total Food & Drink	$11.1	**36,925**	($257.20)	(857,408)
Industry Group				
Motor Vehicle & Parts Dealers	$144.4	-	$352.6	-
Furniture & Home Furnishings Stores	($5.7)	(27,065)	$52.6	250,476
Electronics & Appliance Stores	$8.7	28,860	$3.5	11,667
Bldg Materials, Garden Equip. & Supply Stores	**$14.0**	**35,954**	**$8.1**	**20,761**
Building Material and Supplies Dealers	$10.2	26,094	$9.2	23,518
Lawn and Garden Equipment and Supplies Stores	$3.8	9,860	($1.1)	(2,757)
Food & Beverage Stores	($15.8)	(38,518)	($158.7)	(387,073)
Health & Personal Care Stores	($9.5)	(21,991)	($7.6)	(17,674)
Gasoline Stations	$73.5	-	$119.7	-
Clothing and Clothing Accessories Stores	($75.4)	(314,361)	$68.7	286,250
Sporting Goods, Hobby, Book, and Music Stores	($2.0)	1,840	($16.6)	(55,484)
General Merchandise Stores	**$148.5**	**993,004**	**$263.0**	**1,759,197**
Department Stores Excluding Leased Depts.	($25.7)	(172,059)	$18.0	120,401
Other General Merchandise Stores	$174.2	1,165,063	$245.0	1,638,796
Miscellaneous Store Retailers	($1.9)	(7,443)	($28.0)	(112,000)
Nonstore Retailers	$75.5	-	($190.2)	-
Food Services & Drinking Places	**$11.1**	**25,762**	**($257.2)**	**(598,140)**
Full-Service Restaurants	$32.3	72,569	($78.3)	(176,037)
Limited-Service Eating Places	($25.3)	(60,861)	$35.3	85,105
Special Food Services	$5.9	-	($26.2)	-
Drinking Places - Alcoholic Beverages	($1.9)	(4,720)	($188.0)	(470,118)

* Potential is based on average annual sales per square foot within each retail category as indicated in *Dollars & Cents of Shopping Centers®/ The SCORE® 2008* which is published by the Urban Land Institute and the International Council of Shopping Centers.

Source: ESRI Business Analyst ; ULI; and Houseal Lavigne Associates

As indicated in Table 12, there is a gap of approximately $365 million within the local market while the larger market for the City of Milwaukee has an estimated retail gap of $210 million. This means, overall, there are retail dollars leaving that could otherwise be spent in the market area and City. Although the majority of retail categories within the West Side are fairly saturated, there are a couple of key retail categories that have a significant shortage of supply.

- The ***Building Materials, Garden Equipment & Supply Stores*** retail category is under supplied within the West Side market area by an estimated 36,000 square feet. The majority of leakage is in the Building Material and Supplies Dealers subcategory. While large users such as Lowe's or Home Depot comprise a significant portion of sales within this category, smaller users such as hardware stores and lighting fixture suppliers are also contained within this category.
- The ***General Merchandise*** retail category has the most unmet retail demand within both the West Side market area and the City of Milwaukee. This retail category is comprised of two subcategories, only one of which (Non-Department Store General Merchandise Stores) is underrepresented within the West Side market. This retail category is represented by stores such as supercenters, warehouse clubs, or general stores and may represent a good fit for new commercial development within the West Side.
- ***Food Services & Drinking Places*** category exhibits a significant amount of leakage of local spending potential to restaurants and drinking places outside of the West Side market area. While this retail category is comprised of four subcategories, Full Service Restaurants are the only users that demonstrate a significant level of unmet retail demand. The market area may be able to support several additional sit-down restaurants.

Retail Development Potential

While there is significant demand for new places to shop within the West Side, the ability to capture this demand will depend on the needs of individual retailers, the availability of development sites, and the physical characteristics of those sites. Table 13 shows the median size and sales per square foot for tenants typically found in community shopping centers. It also highlights the typical size of neighborhood and community centers and the typical acreage of the site upon which they are developed.

Table 13. Typical Community Shopping Center Tenant Characteristics

Tenant Classification	Median GLA (sf)	Median Sales PSF
Motor Vehicle & Parts Dealers	6,000	$240
Furniture & Home Furnishings Stores	6,700	$210
Electronics & Appliance Stores	2,600	$300
Bldg Materials, Garden Equip. & Supply Stores	8,100	$390
Food & Beverage Stores	39,000	$410
Health & Personal Care Stores	10,000	$430
Gasoline Stations	-	-
Clothing and Clothing Accessories Stores	3,200	$240
Sporting Goods, Hobby, Book, and Music Stores	3,200	$220
General Merchandise Stores	20,000	$150
Miscellaneous Store Retailers	2,000	$250
Nonstore Retailers	-	-
Food Services & Drinking Places	4,000	$430

Shopping Center Type	Average GLA (sf)	Median GLA (sf)	Typical Site (ac.)*
Typical Neighborhood Center	60,000	54,000	5 - 6
Typical Community Center	216,000	156,000	16 - 22

* Based on a typical yield of 10,000 sf or retail per acre

Source: ULI; Houseal Lavigne Associates

NOTE: The store sizes and median sales per square foot estimates provided in Table 13 are based on community shopping centers nationwide. These estimates are not necessarily indicative of what is typical for stores located in the market area and do not necessarily represent benchmarks required to capture market potential.

Given existing estimated demand within both the local market and the larger city, the West Side could likely support several general merchandise stores. These stores range in size from 5,000 sf for a small local general store to nearly 150,000 sf for a large warehouse club. While some retailers may develop a general merchandise store as a standalone location, these stores are frequently anchor tenants of community or regional shopping center. The development of new retail in the ***General Merchandise*** category within the West Side will likely require a site of at least 15 acres.

The demand estimated for the ***Building Materials, Garden Equipment & Supply Stores*** category indicates the West Side could likely support one or two additional small scale stores. There is currently not significant demand within the retail market area to support a large format home center. There is an estimated demand for an additional 36,000 square feet of space in this retail category; however, Lowe's and Home Depot stores are typically between 105,000 and 115,000 square feet in size. This may provide some indication as to why the Lowe's located at the Midtown Center recently closed.

Smaller users within the *Building Materials, Garden Equipment & Supply Stores* category include paint and wallpaper stores, hardware stores, and specialty home improvement stores. The median store size for these retailers is between 3,700 and 6,500 square feet. Retailers in this category typically occupy small spaces within neighborhood centers or independent storefronts within urban retail environments. The development of new retail in this category within the West Side could take place as a component of larger scale development or as new leases within existing retail space. New retail development accommodating the needs of building material and supplies dealers will likely require a site of at least 5 acres.

Full-service restaurants have a typical footprint of between 3,000 and 8,000 square feet typically require frontage along main thoroughfares. Restaurants also require a significant capital investment related to outfitting a space with necessary equipment, a factor that may influence the ability to accommodate restaurant uses in existing commercial spaces. A sit-down restaurant is a relatively flexible use with regard to size requirements in that they located in a multitude of settings from regional malls, to community centers, to neighborhood main street storefronts. The West Side is a large area with numerous commercial areas and commercial spaces, some of which can be more readily adapted to meet the needs of a full service restaurant than others.

New retail development will require significant amounts of land along the primary arterials that pass through the West Side. While much of the West Side is built out, there may be sites available that meet the space requirements discussed above, in the form of underutilized sites or outmoded existing development. Site assembly may also be required to accommodate larger users. Development strategies and opportunity sites within the West Side are discussed in further detail in Chapter 5 of the West Side Area Plan.

Although other retail categories shown in Table 12 may have potential for expansion within the West Side market area or the City of Milwaukee, the level of unmet demand in most categories is either negative or small in comparison to average sales-per-square-foot and average store size within that category. Growth in these categories is possible and likely to occur in small, locally-owned or niche retailers. Retailers in these categories may represent good tenants for small vacant spaces within existing community and neighborhood centers throughout the West Side or as small users in new centers to be anchored by larger tenants in other retail categories.

Office Market Summary

While portions of the West Side area are located in several different submarkets, the majority of the West Side is located in the Milwaukee Northwest suburban submarket of the Milwaukee office market as defined by CB Richard Ellis, a nationally recognized provider of commercial real estate research. The Milwaukee Northwest submarket is roughly defined as the portion of the City of Milwaukee that lies to the north of Capitol Drive and to the west of Interstate 90/43 and does not include any neighboring suburban areas. Table 14 summarizes key office market statistics for the Northwest Milwaukee submarket, adjacent submarkets within the region, and the Milwaukee region as a whole.

Office space is typically classified into three categories:

- Class A - Characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally. Building materials are high quality and rents are competitive with other new buildings.
- Class B - Characterized by good location, management, and construction with high tenant standards. Minimal functional obsolescence and deterioration.
- Class C - Characterized by aging buildings (15 to 25 years old), but maintaining steady occupancy.

Table 14 provides inventory and vacancy information for office space in all three classes. Rental information is also provided for Class A properties within each submarket. Leasing rates are one indicator of relative demand for office space in a given area compared to neighboring submarkets.

Table 14. Milwaukee Office Market Statistics, Q3 2009

Sub-Market	Rentable Area (sf)	Direct Vacancy	Class A Asking Lease Rates (Gross/sf)
Milwaukee Northwest	***2,332,682***	***22.8%***	***$20.22***
Adjacent Suburban			
Brookfield	5,881,709	14.7%	$21.15
Mayfair / Wauwatosa	3,571,174	19.9%	$23.25
Milwaukee East	1,141,763	26.5%	-
Milwaukee North Shore	1,831,848	16.6%	$21.92
Milwaukee West	1,062,397	23.9%	$23.60
Waukesha North	1,104,269	5.3%	$22.39
West Allis	1,988,821	23.2%	$18.00
Total Suburban	***28,740,388***	***16.2%***	***$20.77***
CBD	***16,219,855***	***18.3%***	***$21.27***
Downtown East	2,803,802	26.5%	$24.00
Downtown West	4,743,880	22.8%	$16.47
Third Ward / Walker's Point	8,672,173	13.2%	$17.91
Milwaukee Office Market	***44,960,243***	***16.9%***	***$20.97***

Source: CB Richard Ellis; Houseal Lavigne Associates

Office space located in the West Side's office submarket is commanding rents that are slightly below the regional average. Office space located in the I-94 corridor that forms the West Side area's southern extent may be more in line with the Mayfair/Wauwatosa submarket with regard to vacancy and lease rates.

- Office space in the Milwaukee Northwest submarket (2.3 million sf) comprised 8.1% of all space in the Suburban Milwaukee market and 5.2% of the total Milwaukee office market.
- In the second quarter of 2009, the average gross asking lease rate for Class A office space in the West Side was $20.22 per square foot which is(3.6%) lower than the average asking rent among all properties of the greater Milwaukee office market ($20.97).
- With the exception of West Allis, asking lease rates are $1 to $3 higher in submarkets neighboring the West Side area.
- In third quarter 2009, the vacancy rate among Northwest Milwaukee properties was nearly 23%, a moderate figure compared to surrounding submarkets wherein the vacancy rate ranged from 5.3% to 26.5%.
- The Northwest Milwaukee vacancy rate is significantly higher than the 16.2% vacancy rate among all suburban submarkets and 16.9% vacancy rate of the overall Milwaukee office market.

Honey Creek Corporate Center

The Honey Creek Corporate Center, located at the northwest corner of the I-94 S 84th Street interchange, is comprised of three four-story and one three-story Class A office buildings. Honey Creek has a total gross leasable area of 427,000 square feet. Significant tenants include Baker Tilly Virchow Krause, GRAEF, and CH2M Hill. In October 2009, asking lease rates at the office park were between $14.00 and $20.00 per square foot. Over 111,000 square feet of the center was being marketed indicating that nearly one-quarter of the space in the 22-acre office park was vacant or available for lease in the near future. Given the amount of space currently on the market, Honey Creek will likely absorb any near term demand for Class A office space within the West Side.

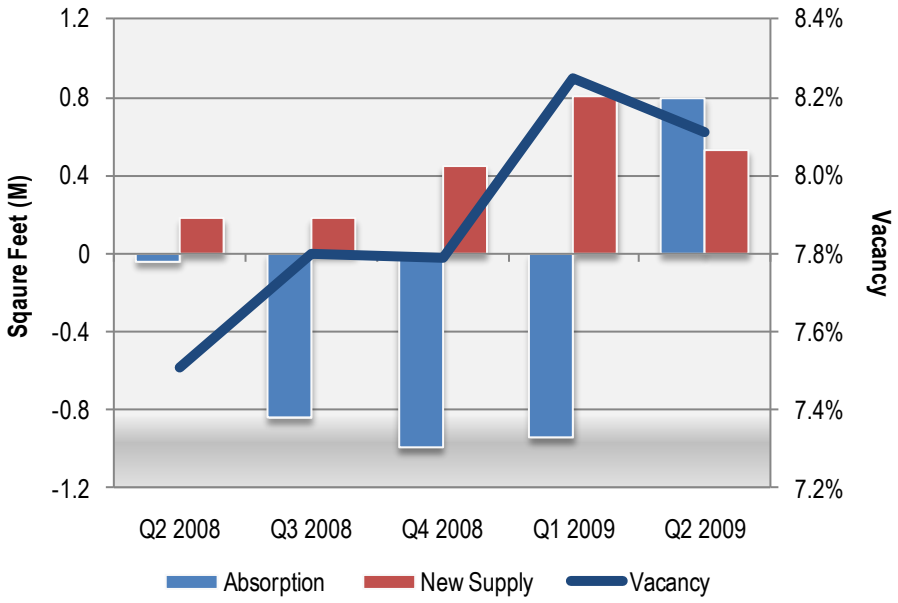
Industrial Market

As in many urbanized areas, the demand for industrial space within the West Side has declined in recent years as users of industrial space have downsized or relocated to other areas. The manufacturing sector is a significant user of industrial space and the need for new industrial development within the West Side will correlated with demand within this and related sectors. It is estimated that West Side employment in the manufacturing sector decreased by over 3,600 (-36%) between 2000 and 2009. Regional employment projections indicate that the decline in manufacturing will continue into the year 2016. Growth in other industries that utilize industrial space (e.g. wholesale trade) is also projected to be minimal in the near future.

Chart 11 illustrates vacancy, absorption, and new construction within the regional industrial market over 15-month period between the second quarter of 2008 and second quarter of 2009.

- The vacancy rate in the Milwaukee industrial market has increased from 7.5% in the spring of 2008 to over 8% in the spring of 2009.
- The second quarter of 2009 witnessed the first decline in vacancy in five quarters, with over 0.5 million square feet of new construction and approximately 0.8 million square feet of space being absorbed.
- While new construction may occur, any growth in the industrial market is not likely to occur within the West Side given local site availability and employment projections.

Chart 11. Milwaukee Industrial Market Statistics
Q2 2008 - Q2 2009



Source: Colliers-Barry; Houseal Lavigne Associates.

In the second quarter of 2009, there was an estimated 220 million square feet of industrial space and over 17 million square feet of vacant space in the Milwaukee market. Speculative construction has largely given way to the reuse and subleasing of existing space. As such, the vacancy rate has remained somewhat stable, despite lessened demand due to the fact that new space is not being added to the competitive supply. Build-to-suit projects have essentially been the sole source of recent construction starts.

Given the West Side's competitive position within the context of the larger market area, the potential for mid- to long-term development is limited. There are several well located industrial areas, such as the 30th Street corridor and areas near the interstate, with newer existing vacant space and/or room for expansion. Any industrial development within the West Side, is likely to be a build-to-suit project where the unique needs and preferences of the end user drive the decision to locate to the area. Demand for space by others will be accommodated within the existing inventory.

In light of the above, it may be possible for industrial property owners, brokers and West Side representatives to position the area as an attractive alternative for smaller businesses that do not have stringent space or locational requirements. Being competitive does not always relate to having the newest or best available (Class A) space. In a down market, higher end spaces often have a higher rate of vacancy than lesser rated properties. There will continue to be a market for end users that are more price-driven with site and building attributes being secondary. As long as available space meets the needs of a particular segment of the market, the West Side will be in a position to compete for those tenants and buyers.