Final Report

Proposed Economic Development Project
Pabst City

Submitted To:
City of Milwaukee

Submitted By:
C.H. Johnson Consulting

May 2005

JOHNSON CONSULTING

JOHNSON CONSULTING

TABLE OF CONTENTS

I. TRANSMITTAL LETTER

II. INTRODUCTION AND METHODOLOGY

III. COMPARABLE DEVELOPMENTS

IV. PROJECTED PERFORMANCE OF THE PROJECT

I. TRANSMITTAL LETTER

C.H. JOHNSON CONSULTING, INC.
EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

May 31, 2005

W. Martin Morics
City Comptroller
City of Milwaukee
City Hall, Room 404
200 East Wells Street
Milwaukee, WI 53202

Dear Mr. Morics:

Pursuant to our contract with the City of Milwaukee (City), C.H. Johnson Consulting, Inc. (Johnson Consulting) has provided real estate consulting services related to the proposed Pabst City development. The attached report explains the analysis used to draw the conclusions and recommendations we have made.

Johnson Consulting has no responsibility to update this report for events and circumstances that occur after the date of this report. The findings presented herein reflect analysis of primary and secondary sources of information. Johnson Consulting utilized sources deemed to be reliable but cannot guarantee their accuracy. Estimates and analysis presented in this study are based on trends and assumptions, which usually result in differences between the projected results and actual results. As events and circumstances often do not occur as expected, those differences may be material.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

C.H. Johnson Consulting, Inc.

C.H. JOHNSON CONSULTING, INC.

Attachment

CC: Richard Li, Public Debt Specialist, City of Milwaukee
Michael Daun, Deputy Comptroller, City of Milwaukee

Six East Monroe • Suite 500 • Chicago, Illinois 60603 • Phone: 312.444.1031 • Fax 312.444.1125
www.chjc.com • info@chjc.com

II. INTRODUCTION AND METHODOLOGY

INTRODUCTION

The City of Milwaukee Comptroller's Office engaged Johnson Consulting to provide a third-party review of the proposed Pabst City development as well as to review the results of the study of the consultant retained (S.B. Friedman & Company) to review the development by the Department of City Development (DCD). The scope provided to the DCD by their consultant consists of the following:

- Review and analysis of Developer's request for public assistance related to proposed development projects and their assumptions,
- Estimation of future values and tax increments generated by proposed developments,
- Analysis of the three Joint Review Board tests, and
- Documentation of recommendations on the structuring of City assistance, including the creation of, or amendment to, tax incremental districts in the form of written reports that will be available for public consumption.

Johnson Consulting's purpose in this assignment was to provide analysis and make recommendations that will ultimately result in a successful project and proper leveraging of city resources. ***This analysis should be viewed as a constructive prescription for success***. The methodology used in this report encompasses those items that were requested by the Client.

Methodology and Scope of Work

In order to complete its assessment and recommendations, Johnson Consulting performed the following tasks:

- Profiles of comparable developments around the US with the goal of determining product mix, tenant mix, location/site impact, source of utilization, history, life-cycle, and other factors.
- Implications for site, tenant mix, and other factors.
- Performance Projections/Utilization Analysis: includes analysis from tenant perspective (bottom-up) and market demographic perspective (top-down).
- Performance Projections/Tenant Analysis: Johnson Consulting conducted three scenarios for tenant choices. These flow into three distinct sales scenarios for the Project. We compared these to the market penetration results based on customer origin, number of annual trips, and spending per trip. These two processes provide a solid assessment of the results to be expected. The results of this analysis will determine the level of property and sales taxes, an important aspect to the City in this development.

This report presents the results of the evaluation and outlines our recommendations. In addition to this introduction and methodology review, this report contains the following sections:

Section 3 presents a number of national facilities examined with points relevant to the development of the proposed Pabst City in Milwaukee.

Section 4 presents the performance projections, regarding utilization and tenant analysis.

Summary and Conclusions

Our analysis of this proposal in conjunction with the success level of other such developments around the US has led us to several conclusions. From these, we have offered prescriptions for success based on the current format for Pabst City. The following are the critical factors:

- **Location.** In an urban setting, it is critical that such development be within easy walking distance (1,200 feet or less) of the critical mass of office, hotel and other CBD uses. This allows for casual use by downtown workers and visitors, in addition to purpose-built trips. Both are necessary for success. Downtown Milwaukee is quite large in terms of square blocks and the proposed location in the northwest corner is not in the center of the CBD. Alternately, it is well-located in respect to interstate traffic, which should help it with respect to visitation from outside the CBD. Yet overall, we are concerned about this location and how its lack of connectivity to the majority of downtown Milwaukee will impact sales. This will also have an impact on the types of tenants that will choose to locate at Pabst City. If the first crop of tenants do not perform well, then the mix will cycle down to lesser tenants over time, threatening to economics of the Project. We have offered ideas for mitigating this issue.

- **Concept.** Based on the factors leading to success or difficulty for such projects, the concept is critically important. The historic Pabst Brewery context is an attractive and novel concept for users, and a perfect fit within the fabric of Milwaukee. The more the historic nature of the existing buildings can be brought into the new project (without hurting the economics of the project), the more novelty it will provide for users. We generally believe the concept is sound, with a healthy mix of uses in a unique setting. However, we have recommended some specific tenant concept changes (more dining/restaurants/bars, fewer retailers, and

changes to the anchor tenants) that should help to make this novel and successful in the marketplace.

- **Tenant Mix.** This factor is closely associated with concept and is particularly critical to success. We have identified concerns and solutions related to some proposed anchor tenants as well as the mix of mainline tenants. Again, the prescription for success is focused on making Pabst City novel in the marketplace, as opposed to a development with similar tenants that can also be found in the suburbs. It also discusses the character of tenants that may do better than others. Specifically, we have concerns about the viability of the cinemas, Gameworks and the grocery. This report suggests adjustments that will alleviate some of the concerns.

- **Management/Promotion.** Proactive management and promotion of such projects is critical to public perception of a safe, clean, and an ever-changing, always entertaining environment. Successful urban entertainment districts secure their areas, have clear points of entry, dress-codes, and active security. This is all to keep a safe environment and just as importantly, the perception of safety for visitors (especially those from the suburbs who may not often come downtown). As will be shown in our financial and market analysis, loss of confidence in the project by local suburbanites will cost significant dollars. In addition, these developments must be kept in the minds of locals and constantly refreshed. We discuss this further in the report.

- **Leasing Evolution.** While the initial tenant mix is vital to success, the ability of management to continually refresh the mix and respond to market needs is just as important. As we show in the comparable development profiles, such evolution by some has led to continued success, while inability to keep such developments relevant critically wounded several of those profiled. It is imperative that a strong leasing and management company be utilized to keep Pabst City relevant. A special long-term tenant fund set aside for luring certain critical tenants is a way to hedge against long-term obsolescence.

As currently proposed, we believe the Project will face many challenges, most of which can be solved to a large extent. Our financial analysis shows that the current tenant mix and location combination hamstrings the project and as such the amount spent by consumers onsite will not be enough to sustain the level of tenant mix necessary for long-term success. By making adjustments to the Project as discussed, we believe it will have a much greater chance for success, attract more patrons, generate more spending from outside the city, and be sustainable as a long-term economic node for downtown.

III. COMPARABLE DEVELOPMENTS

COMPARABLE DEVELOPMENTS

Johnson Consulting has analyzed a set of similar developments in order to help demonstrate the potential for the planned Pabst City development. In the projects analyzed, usage is dependent upon location, uniqueness, accessibility, and concept appropriateness. Although these developments are located in various types of markets and have slightly different missions and orientations, each exhibits characteristics that are relevant to the planned development for Pabst City. For this analysis, the following facilities are analyzed:

- Laclede's Landing - Saint Louis, Missouri,
- Union Station - Saint Louis, Missouri,
- Power Plant and Power Plant Live! – Baltimore, Maryland,
- Arizona Center - Phoenix, Arizona, and
- Circle Centre – Indianapolis, Indiana.

Also briefly summarized are the following developments, for a further overview of past factors influencing success or failure for these types of developments:

- Tivoli Brewery - Denver, Colorado,
- 6th Street Market - Richmond, Virginia,
- Old Market - Omaha, Nebraska,
- Ybor City – Tampa, Florida,
- The Jacksonville Landing - Jacksonville, Florida, and
- The Block at Orange – Orange, California.

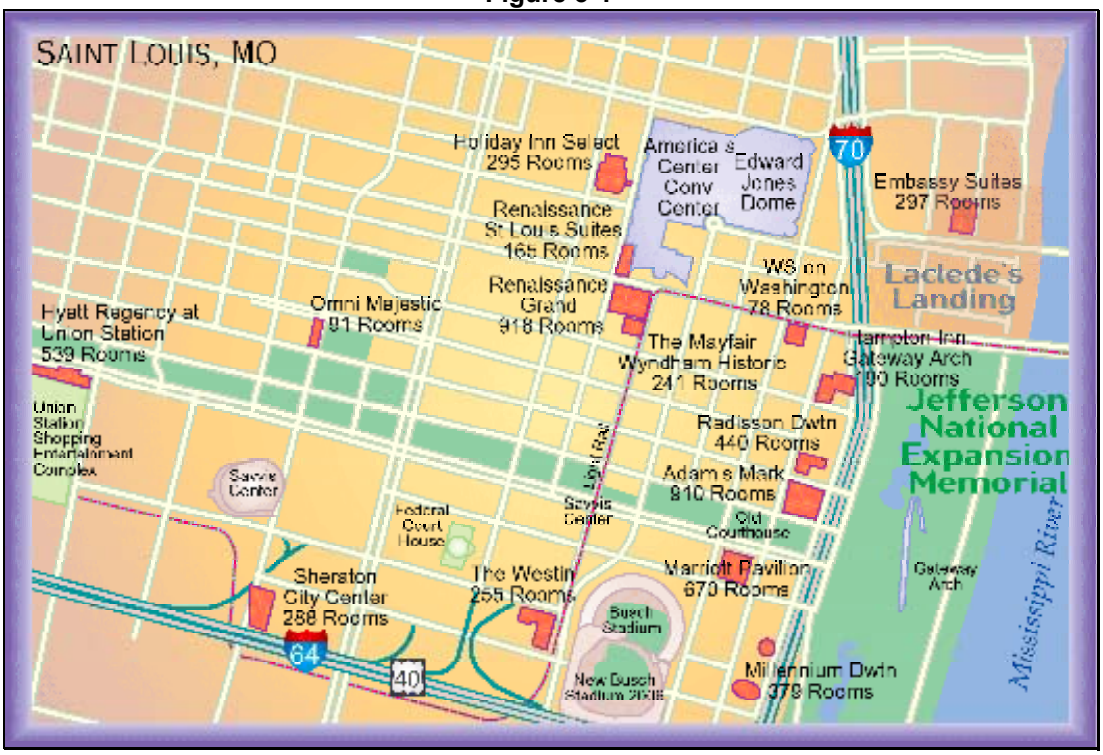
Laclede's Landing - Saint Louis, Missouri

Laclede's Landing (Landing) in Saint Louis, Missouri is located just north of the Gateway Arch along the Mississippi River. Saint Louis is a larger overall market than Milwaukee (three million versus 1.7 million, respectively), yet Milwaukee proper is more populous with 600,000 versus 350,000 for St. Louis. Both have their roots in manufacturing and have many similar characteristics, such as an expansive downtown. The Landing is listed in the National Register of Historic Places and was once the hub for the fur trade industry and steamboat river trade. The cobblestone streets in the nine-square block area of the Landing are in the same layout as originally done by Saint Louis' and the Landing's namesake, Pierre Laclede. Home to a number of historic mid- to late-19th century buildings, the area fell into disrepair

as the importance of the riverfront to trade continued to diminish with the advent of railroads, highways, and air transportation.

Figure 3-1 presents a map showing the relationship of the Landing to downtown Saint Louis, area attractions, and hotel offerings.

Figure 3-1



As shown by the map, the Landing is not centrally located to the downtown area and is further hampered by the physical and visual barrier of Interstate 70 on its west border.

Figure 3-2 presents a more detailed map of the Landing and surrounding development along Saint Louis' riverfront.

Figure 3-2

In addition to the current offerings of the Landing, an 18-acre land-based casino development is planned just north of the Landing by Pinnacle Entertainment.

Figure 3-3 displays a picture of the First Street Ironworks, typical of the Landing's architecture.

Figure 3-3

The redevelopment of the Landing was originally undertaken in 1975 by the Laclede's Landing Redevelopment Corporation, with the adoption of a redevelopment plan and the subsequent renovation of historic buildings.

Table 3-1 displays the existing dining, entertainment and retail offerings in the Landing.

Table 3-1

Laclede's Landing - Tenant List

Dining	Entertainment	Retail
Fat Tuesday	Big Bang	St. Louis Souvenirs
Hannegan's Restaurant & Pub	Carriage Rides	Gibbol's Novelties & Costumes
Joey B's on the Landing	Club Buca	Doctor John's
Morgan Street Brewery	Laughs on the Landing	
Old Spaghetti Factory	Mississippi Nights	
Show Me's on the Landing	Presidential Casino	
Skeeters Eatery	Royal Dumpe Dinner Theatre	
South Hunan 3	Study Hall	
Saint Louis Fish Market		
Subway		
Sundecker's Bar & Grill		
Trainwreck on the Landing		

Source: Laclede's Landing

The Landing balances a number of unique dining options with some family and cost-friendly chain dining options. There are several nightclub opportunities in the Landing, including the 1,000-person capacity Mississippi Nights, known for hosting music acts and Club Buca, a multi-level nightclub. There are also a limited number of tourist-oriented retail offerings. These are typical festival marketplace retailers and they provide little drawing power.

In addition, the Landings sponsors two annual music events:

- ***Big Muddy Blues Festival*** – A free, two-day event open to all ages, the event takes place over the Labor Day weekend with more than 30 national and local blues bands.

- ***Bud Light Rockin' on The Landing*** – Also a free, two-day event open to all ages, the event features national and local rock acts, and has included such past headliners as the Gin Blossoms and the Violent Femmes.

In order to increase the number of visitors to the Landing, several promotions are in place in conjunction with the Landing. The 'Lunch on the Landing' runs during the summer months and offers free MetroLink (light-rail) service Monday through Friday, during the lunch hour from the Landing to Union Station, with vehicular traffic also being closed on the main street through the Landing. In addition, parking is free for restaurant patrons during lunch hours, Monday through Friday. Clearly, the Landing is attempting to entice additional weekday business from downtown workers, who may be out of walking distance from the Landing.

Part of this need for connection to the downtown area is due to the elevated portion of Interstate 70, which separates the Landing neighborhood from downtown Saint Louis. The Landing also suffers from the lack of retail, restaurants and bars that appeal to those over the age of 30. Locals do not go out of their way to be there, unless a game or event prompts it. This development that started out strong has not been able to adapt to changing tastes or mitigate its separation from downtown due to the interstate barrier.

The Landing development holds several lessons for the Pabst City development. With an isolated location, transportation must be offered to bring visitors to the development. The Landing is trying to correct this by offering free transportation to the area. The Landing has taken additional steps to draw visitors by hosting its own events, an idea Pabst City must keep in mind given its location. However, the location of the Landing presents a permanent handicap to its performance and tenant mix.

Union Station - Saint Louis, Missouri

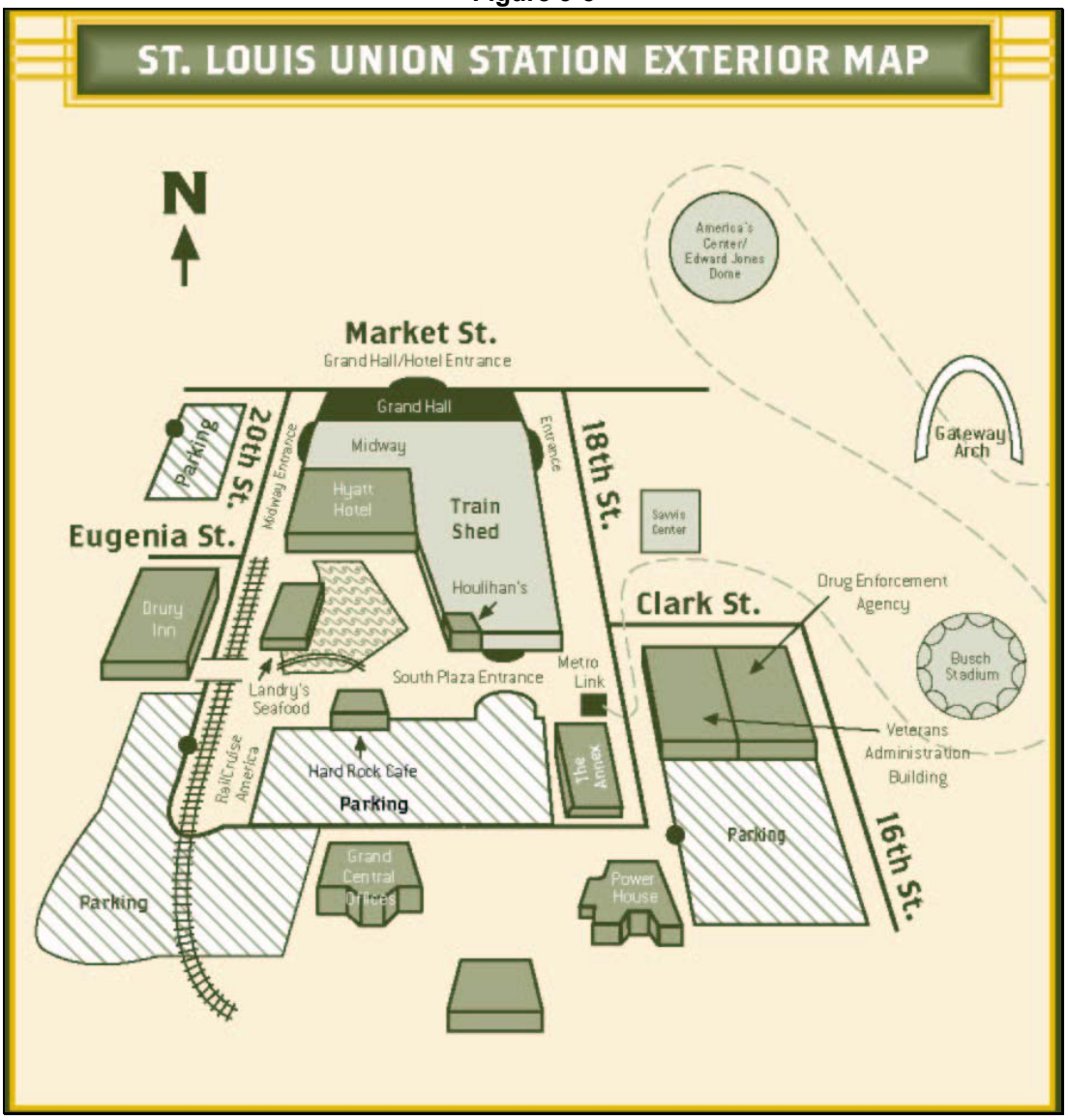
Union Station, also in Saint Louis, Missouri, is located in the western portion of downtown Saint Louis near the Savvis Center. As mentioned previously, Saint Louis is a larger market than Milwaukee, but has many similar characteristics, including the need for support and revitalization of numerous historic sites. Completed in 1894 and listed as a National Historic Landmark, Union Station underwent a $150 million renovation that was completed in 1985. The renovation converted the former train station into a dining and shopping venue with an integrated hotel.

Figure 3-4 displays an exterior picture of Union Station.

Figure 3-4

Figure 3-5 presents a map of Union Station and its proximity to other attractions in Saint Louis.

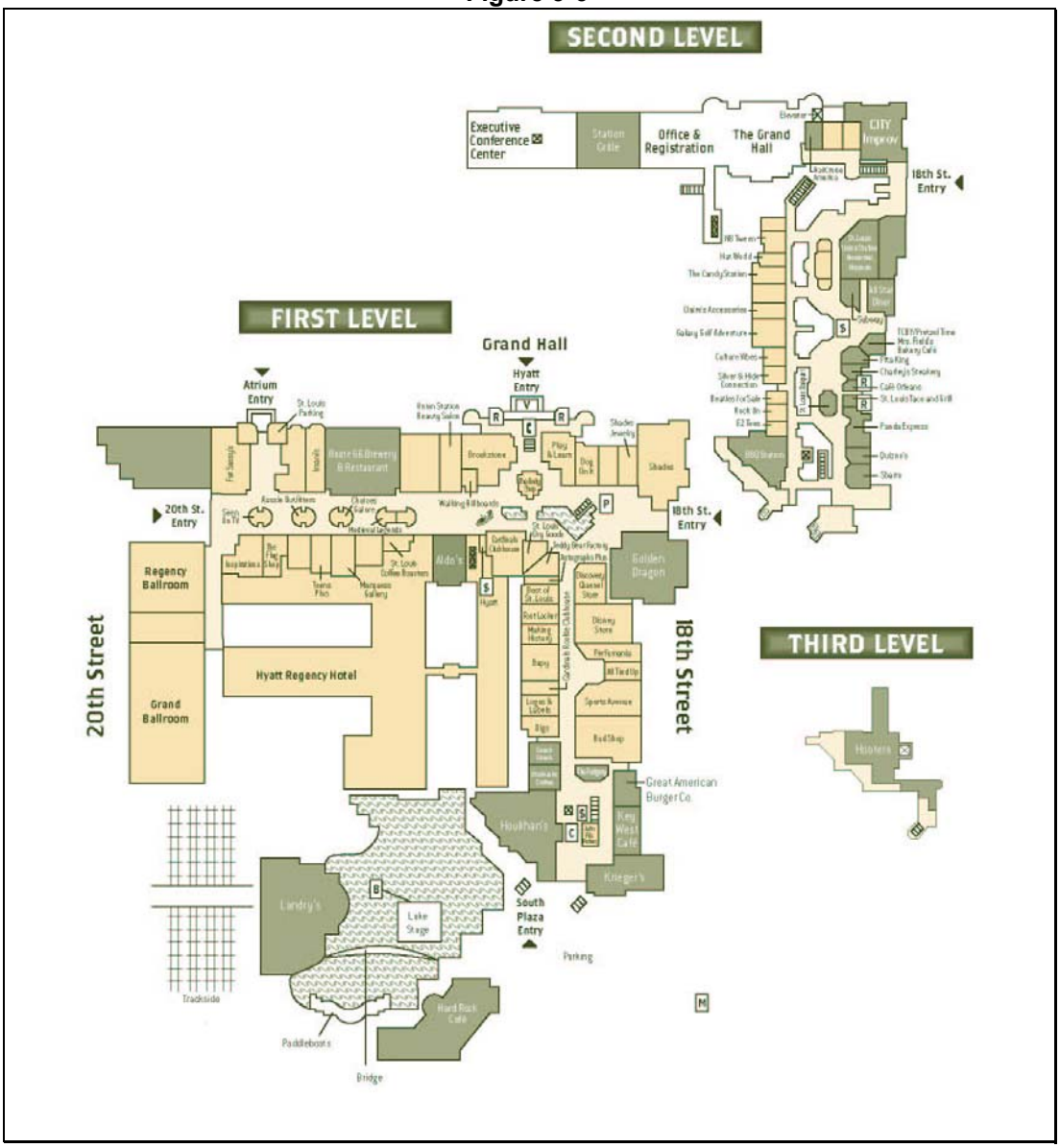
Figure 3-5



As shown by the map, Union Station is surrounded by ample parking, an ancillary hotel, and several government administration buildings. Union Station is located approximately one mile from the Mississippi River.

Figure 3-6 displays a layout of the three levels of Union Station.

Figure 3-6



As shown by the layout, Union Station was reconfigured into a pedestrian-type mall, with numerous retail and restaurant offerings. In addition, a 539-room Hyatt Regency is part of Union Station, which recently completed a $7 million guest room renovation. The Hyatt Regency includes 35,000 of function space, including a 16,000 square foot grand ballroom and an 8,100 square foot junior ballroom.

Table 3-2 displays the existing dining and retail offerings in Union Station.

Table 3-2

Union Station - Tenant List

Restaurants	Fast Food/Snacks	Retail	
Aldos	Café Orleans	All Tied Up	Inspirations
All Star Diner	The Candy Station	Aussie Outfitters	Logo's & Labels
BBQ Station	Charley's Steakery	Beatles for Sale	Making History
Golden Dragon	The Fudgery	Best of St. Louis	Mark Anthony's Jewelry
Hard Rock Café	The Great American Burger Co.	Brookstone	Marquess Gallery
Hooters	Mrs. Field's Bakery Café	Bud Shop	Medieval Legends
Houlihan's	Panda Express	Cardinals Clubhouse	NB Tween
Key West Café	Pita King	Cardinals Rookie Clubhouse	Perfumania
Krieger's	Pretzel Time	Choice Galore 2	Play & Learn
Laundry's Seafood House	Quizno's	Choices Galore	Rock On
Route 66 Brewery & Restaurant	Sbarro	Claire's Accessories	Seen on TV
Station Grille	Snack Shack	Culture Vibes	Shades
	St. Louis Coffee Roasters	Dapy	Silver & Hide
Entertainment	St. Louis Daiquiris	Discovery Channel Store	Sports Avenue
CITY Improv	St. Louis Taco & Grill	Dog On It	St. Louis Dry Goods
Galaxy Golf Adventure	Starbucks	EZ Tees	Teens Plus
Paddleboats	Subway	Fat Sassy's	The Body Shop
RailCruise America	TCBY	Footlocker	The Flag Shop
		Hat World	The Teddy Bear Factory
		Imani's	Walking Billboards

Source: Saint Louis Union Station

Union Station mixes lower-end with higher-end tenants in both the restaurant and retail offerings. Several well-known, national-brand restaurants are offered, in addition to several unique offerings. Union Station offers a number of food court-type, fast-food restaurants as well. The same can be seen with its retail offerings, with stores such as the Discovery Channel Store intermingled with mall-kiosk type stores as such as "Seen on TV".

Union Station has been through numerous ups and downs since its renovation more than twenty years ago. Initially a shopping mall housed within a historic building, Union Station has suffered through a number of growing pains. The boom of suburban malls has affected Union Station, with such stores as Eddie Bauer and The Nature Company -- whose first Saint Louis' stores were located in Union Station -- opening locations in these new suburban malls. The quality of retail establishments in Union Station has continued to deteriorate, further hampering its overall ability to succeed as a retail center.

In 1998, Union Station sought national-themed restaurants and other entertainment oriented retailers in order to increase its annual number of visitors. Union Station has hosted several movie theaters, all which have been forced to close, including an 'indie' movie theater, due to low sales. A major factor in the closing of Union Station's first theater was Union Station's restrictions on unaccompanied minors in evening hours at Union Station, which would have served as the primary sources of business for a traditional movie theater. The trade-off between business and security was clearly identified in this case. Additionally, Union Station has had to compete with other entertainment destinations within Saint Louis, including

Laclede's Landing, to which it lost a Planet Hollywood restaurant in 1998. In 2003, due to default, the ownership of Union Station reverted to Regency Savings Bank.

As with Laclede's Landing, Union Station also suffers due to its location away from the heart of downtown Saint Louis. Free public transportation is offered to both areas, via downtown, to benefit the project. The absence of higher-end retail , and cutting-edge establishments has prevented Union Station from becoming a local draw. Attracting local residents from the suburbs is critical to the success of such facilities, as they cannot succeed based on visitors and downtown workers alone.

Power Plant and Power Plant Live! – Baltimore, Maryland

Baltimore (2003 city population 643,000; down from 939,000 in 1960) is also a larger market than Milwaukee (2.6 million in the Baltimore MSA vs. 1.7 million in Milwaukee), and is similar in that it is located near an even larger metropolitan area, Washington, D.C. In addition, Baltimore has been combating blighted former industrial and downtown areas. The Power Plant and Power Plant Live! developments are surrounded by the Inner Harbor area of downtown Baltimore, which has been undergoing redevelopment efforts for approximately 30 years. Power Plant was the first phase of the project and consists of a renovated waterfront power plant in the downtown Inner Harbor area of Baltimore that dates from the late 1800s. It had a history of failed urban entertainment uses until The Cordish Company (Cordish) redeveloped it into a mixed-use development funded through $50 million in Cordish and public sector funds. Primary tenants of Power Plant include the first ESPN Zone, Hard Rock Café, Barnes & Noble, Gold's Gym, and office space.

The project was so successful that it spawned Power Plant Live! approximately two blocks away, which was developed for a total of $40 million in private and public funds. Power Plant Live! is comprised of numerous bars, restaurants, and clubs, as well as some retail development. There is a large common area with outdoor bars and an outdoor stage for live music. Many of the tenants convert from restaurants to clubs later in the evening. Cordish estimates that in 2002, Power Plant Live! was drawing approximately 2,000 people per night on Friday and Saturday evenings. Power Plant Live! replaced another night spot attraction, the Brokerage, which suffered from a lack of the right mix of tenants.

Figure 3-7 displays a picture of Power Plant.

Figure 3-7

Figure 3-8 shows a picture of Power Plant Live!

Figure 3-8

There are built-in controls for public safety and security, such as dress codes and monitored entrances and exits. However, to allow for a free-flowing crowd, there is a single liquor license for alcohol that allows patrons to move from place to place without throwing away their drink. Additionally, there are age limits, typically 21

and up, although all ages are allowed at the restaurants within the attraction and at the summer concert series. The Power Plant Live! has been very successful, according to both the developer and downtown stakeholders, and has helped downtown Baltimore become an improved live/work/play district.

In 2001, Power Plant was ranked the third most popular tourist attraction in Baltimore with five million visitors and Power Plant Live! the sixth most popular tourist attraction with two million visitors. During the summer and holiday season, attendees at Power Plant are evenly split between local and out-of-town guests, with the off-season showing approximately 65 percent of its visitors from Baltimore. This is indicative of Power Plant being a family-oriented destination. Power Plant Live! caters more to a mid-20's to 30-something crowd and draws approximately 65 percent of its visitors from outside of Baltimore. The Baltimore Area Convention and Visitors Association estimate that 15 million people, both residents and tourists, visit the Inner Harbor area of Baltimore annually.

Figure 3-9 illustrates an aerial view of the locations of Power Plant and Power Plant Live!

Figure 3-9

The Inner Harbor region has been a hot spot for attraction and entertainment development in Baltimore since the implementation in the 1970's of the Inner Harbor Master Plan. Since the development of the Plan, numerous developments have been spurred within the area proximate to the Inner Harbor, including, but not limited to, the Baltimore Convention Center in 1979, the National Aquarium in 1981, and Harborplace, a festival marketplace, in 1980. A second Inner Harbor

renaissance occurred in the early to mid 1990's, with a number of new developments, the most prominent of which is Oriole Park at Camden Yards that opened in 1992. The Inner Harbor is now home to approximately 14 diverse attractions, 10 hotels, more than 15 restaurants, and two retail areas. The Power Plant in 1998 and Power Plant Live! in 2001 have benefited from the surrounding development, as the basis for the Inner Harbor as a local/regional attraction was already well established. In addition, the attention by the Cordish Company to create a 'sense of place' with the developments and the personal commitment of the Baltimore based company, whose offices are located within the Power Plant, influenced the area's success.

Figure 3-10 displays a map of the Inner Harbor area.

Figure 3-10

The Convention Center and Camden Yards are located approximately one and three blocks to the east, respectively.

The Power Plant projects have not been without controversy. With the Power Plant Live! project, Cordish entered into a 75-year lease agreement with the City for the property. The lease specified the City would share 25 percent of the profits, but only after Cordish had received a 16 percent return on its investment. Criticized by financial experts employed by the City as being too beneficial for Cordish, Cordish is still praised for doing an outstanding job on the project and the overall economic benefit of the project to the City.

Cordish has begun to replicate the success of the Power Plant Live! concept with several other projects across the U.S. Fourth Street Live!, located in downtown Louisville, Kentucky, is a $70 million development completed in 2004. Since opening in October 2004, Fourth Street Live! has had 3.5 million visits and more than $75 million in sales. The Kansas City Power and Light District is scheduled to open this year, encompassing many features which have made past Cordish developments successful.

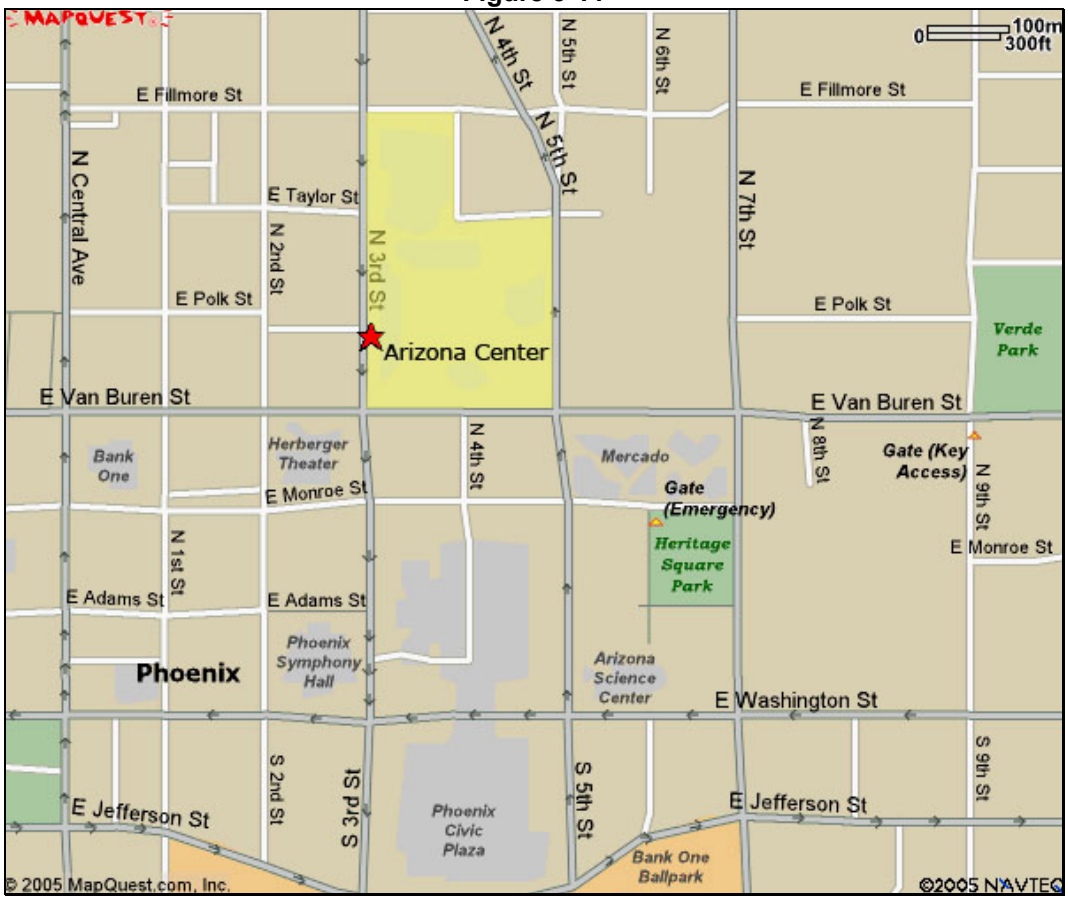
The Power Plant projects have been very successful, but much of this success is due to surrounding development that had taken considerable time to realize success. However, several other somewhat similar developments had failed in the same location as the Power Plant projects, showing that at least a portion of their success is due to their innovative concept. Pabst City must solicit an appropriate mix of restaurants, bars, and retail as is the case with the Power Plant development to draw a diverse mix of age groups and residents and non-residents to increase the overall viability of the project.

Arizona Center - Phoenix, Arizona

Completed in 1989, the Arizona Center (Center) offered a number of retail and restaurant establishments within one location. The Center was originally developed by the Rouse Company against the advice of advisors. The company has since merged with General Growth Properties, Inc. which now owns and manages the Center. An 18-acre, mixed-use development, the Center housed 1.5 million square feet of office space, 150,000 square feet of retail shops and restaurants, a 350-suite hotel, a 24-screen movie theater, and parking for 6,000 cars. When initially constructed, the Center was more of an "island" within the downtown, but as additional downtown development occurred throughout the mid 1990's, the Center has become more integrated into the overall downtown fabric. The construction of Bank One Ballpark and America West Arena have further sparked growth within Phoenix' downtown, benefiting the Center, which is located approximately three blocks north. In 2002, the Center attracted approximately 3.5 million visitors. While the Phoenix market is more than twice the size of Milwaukee's, Phoenix has encountered similar downtown redevelopment challenges, including lack of an active street life based in restaurants, retail and entertainment.

Figure 3-11 displays a map of the location of the Arizona Center in relation to other downtown Phoenix attractions.

Figure 3-11



The Center is located near many other downtown Phoenix destinations, including the aforementioned sports venues, the Phoenix Symphony Hall and Phoenix Civic Plaza (Phoenix's convention center), among others. Tenant mix, not location, was the challenge. The development never had anything novel enough to convince residents to come downtown. Like Laclede's Landing, it only saw real action during special events.

Figure 3-12 and Figure 3-13 display photographs of the Arizona Center.

Figure 3-12

Figure 3-13

Since its inception, the Center has undergone three major overhauls, shifting from a mixed-use retail and office space to a more entertainment-focused venue with the addition of better quality restaurants and a 24-screen movie theater in 1998. The addition of the movie theater attracted a number of new visitors for the Center, as 1.5 million tickets were sold in its first year of operation. However, as the novelty wore off, so did the crowds. Sales at the Center continued to decline.

The Center is currently in the midst of its third shift. Sales per square foot at the facility have decreased to $200 - $220 (sales above $400 per square foot are generally required for most branded tenants) and the owner has determined that conversion of many spaces to office use would be a better use of capital. This is ironic as the neighborhood has continued to develop around the Center, with a convention hotel development under construction to support the Phoenix Civic Plaza's current expansion.

Table 3-3 displays the current tenants of the Center.

Table 3-3

Arizona Center - Tenant List

Dining	Retail
Café Roma	Arizona Beach Company
Cold Stone Creamery	Cardware
Copper Square Grill	Cingular Wireless
Hooters	Flag World
Lobby Shop	Glory Bees
Lombardi's	Hassayampa Trading Post
Mi Amigo's Mexican Restaurant	Jayne's Marketplace
Pizzeria Uno	New York & Company
Sam's Café	Oak Creek
Starbucks Coffee	Smokin Cigar Co.
Subway	Sportsfan
	Sunglass Hut
	Thomas Reprographics
	UV Optics

Source: Arizona Center

Dining options at the Center are primarily national chains and other well-recognized fast food brands, with the exception of several unique restaurants. The retail selection at the Center is more local and is also limited in terms of the type of merchandise it offers, either everyday items or slightly higher end gifts.

While the Center is well-located, it is still not a true destination within downtown Phoenix. The physical beauty of the building has not been able to overcome the lack of quality tenants. Visitors are coming to downtown Phoenix, but any visit to the Center is likely an after-thought rather than the deciding factor.

Circle Centre – Indianapolis, Indiana

Circle Centre in Indianapolis is a successful urban shopping mall celebrating its tenth year. It is noteworthy for several reasons: Indianapolis is highly comparable to Milwaukee (however its downtown is much more compact), and was faced with

an unappealing and deserted downtown until the development of Circle Centre. Opened in 1995, Circle Centre includes 800,000 square feet of retail space in four levels located in the heart of downtown Indianapolis. Circle Centre incorporated nine historic facades and portions of two historic structures in the construction of the modern retail facility.

Figure 3-14 shows the relationship of Circle Centre to downtown Indianapolis, the State Capitol building, the Indiana Convention Center, and RCA Dome, among others.

Figure 3-14

The City of Indianapolis owns the facility, with exception of the building housing Nordstrom's, and the development was a joint venture of Simon Property Group and numerous other investors. Simon Property Group manages Circle Centre. The total project cost for the project was $307.5 million, with the City providing 60 percent of the funding through the sale of tax increment finance (TIF) bonds. The City is being reimbursed for its initial investment in the project through parking

revenues, rent from Simon Property Group, and a share of the total net operating income of the project.

Figure 3-15 displays a layout of the facility.

Figure 3-15

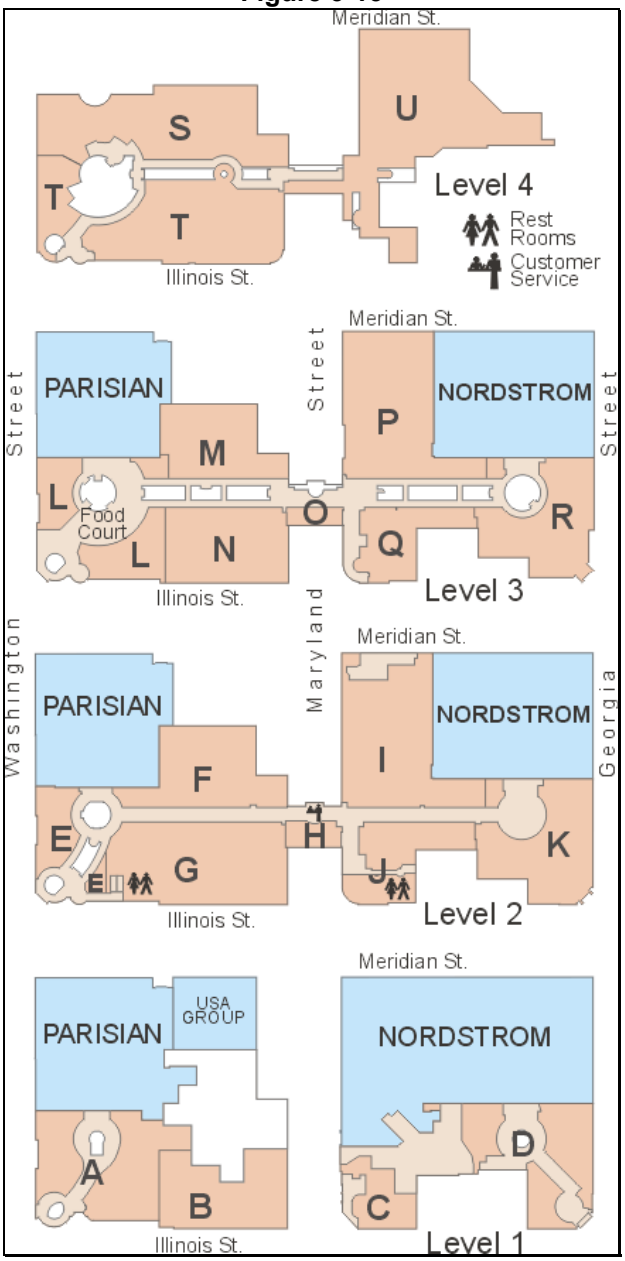


Figure 3-16 and Figure 3-17 present exterior and interior photographs of Circle Centre.

Figure 3-16

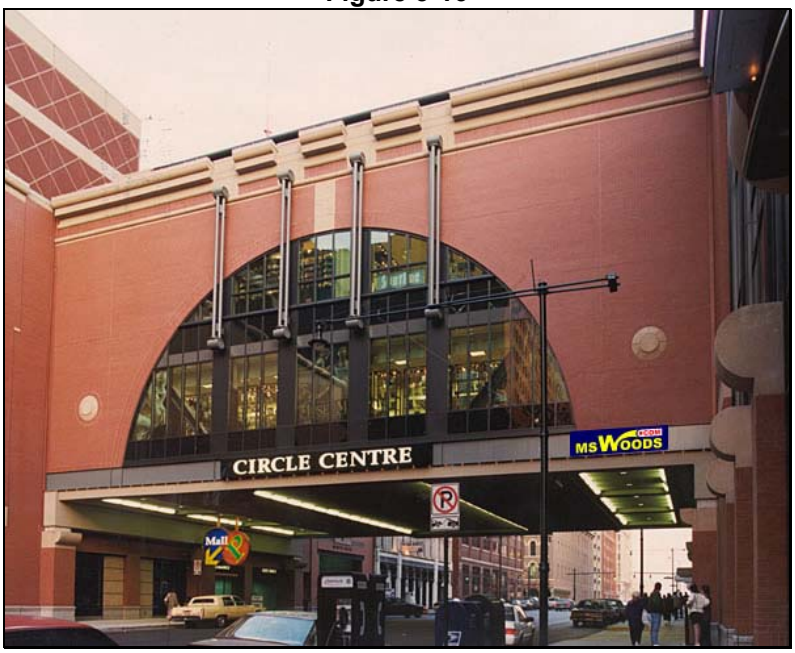


Figure 3-17

The exterior of Circle Centre has been blended into downtown Indianapolis through the use of the existing facades, with the interior providing the modern look and feel of a mall.

Table 3-4 presents the tenants for retail, fast food/snacks, and restaurants at Circle Centre.

Table 3-4

Circle Centre - Tenant List

Retail		Fast Food/Snacks	Restaurants
Abercrombie & Fitch	J. Sterling	Asian Chao	Alcatraz Brewing Company
Aeropostale	Johnston & Murphy	Auntie Anne's Pretzels	Bertolini's Authentic Trattoria
Aldo Shoes	Journeys	Ben & Jerry's	Champps Americana
American Eagle Outfitters	Lane Bryant	Café Nordstrom	Johnny Rockets
American Greetings	LoveSac	Cajun & Grill	Nordstrom Grill
Andrews Jewelers	Man Alive	Chick-fil-A	P.F. Chang's China Bistro
Ann Taylor	Natural Choice	Cinnabon	Palomino Euro Bistro
Bag'n Baggage	New York and Company	Einstein Brothers Bagels	Ruth's Chris Steak House
Banana Republic	Nine West	Frullati Café	
Bath & Body Works	Nordstrom	Godiva Chocolatier	
Brickyard Authentics	Nordstrom Fine Jewelry	Great American Cookie Co.	
Cingular Wireless	Origins	Le Petit Bistro	
Claire's Accessories	Pacers Home Court II	Maggie Moos Ice Cream	
Clarks England/Bostonian	PacSun	Maki of Japan	
Coach	Parisian	Nick's Café	
Colts Pro Shop	Parisian Fine Jewelry	Nick's Gyros and Yogurt	
Dakota Watch Company	Piercing Pagoda	Nordstrom Espresso Bar	
Doubleday Book Shop	Sam Goody	Sbarro	
EB Games	Silverado	Subway	
Eddie Bauer	Sunglass Hut	Sweet Factory	
Express	T-Mobile		
Express Men	Talbots		
Eyes by India	The Children's Museum Store		
Feel the Bead	The Children's Place		
Field of Dreams	The Disney Store		
Finish Line	The Limited Too		
Flag World	The White Barn Candle Co.		
Forever 21	Things Remembered		
Franklin Covey	Thunder Alley Racing		
Gameworks Studio	Trade Secret		
Gap	Under the Sun		
GapKids	United Artists Theatre		
Gillani Perfumes	Verizon Wireless		
GNC Live Well	Victoria's Secret		
Gymboree	Watch Station		
Hat World	We're Charming		
Hollister & Co.	Wet Seal		
In Stitches	Wireless Dimensions		
Initials	Yankee Candle		

Source: Circle Centre, www.simon.com

As shown by the table, Circle Centre offers a wide-variety of retail establishments from its anchor tenants of Nordstrom and Parisian to all types of smaller retail

establishments. In addition, the types of express food court establishments are quite varied, with typical fast food establishments to higher-quality. Traditional restaurants also represent a range of offerings, with a greater focus on mid- to upper-level establishments. The overall measure of success of Circle Centre as a destination within downtown Indianapolis is sales per square foot and the percentage of sales from those living outside the metro area. In both regards it does well. Over 50 percent of its sales and visitors come from outside the Indianapolis metropolitan area. The non-anchor stores are estimated to generate $400 in sales per square foot. Destination restaurants in and around Circle Centre generate an estimated $4 million to $7 million in sales annually.

Circle Centre has sparked a redevelopment of areas directly surrounding it with an array of additional restaurants. Circle Centre has served as a catalyst for additional downtown development, which has further increased its economic value to the City.

While Circle Centre may not match what is envisioned for Pabst City, it does provide an outstanding example of how the appropriate mix of retail and restaurant establishments in a central location can serve as a local and regional draw for an area that was not previously a destination. Circle Centre adapted to the changing tastes of consumers by converting as much as possible to an outward-facing facility with restaurants at street level, as opposed to its original inward-facing retail character. It also indicates that providing a variety of dining options is critical in urban locations.

The following are brief descriptions of other urban developments that may provide some insight related to Pabst City.

Tivoli Brewery - Denver, Colorado

The Tivoli Brewery was developed from an empty brewery into a shopping center in 1984. Approximately ten years later, the facility was converted for use by a local community college as a student center, although several of the more popular bars and restaurants still utilize the facility. Tivoli Brewery was primarily impeded by its location on the fringes of downtown Denver, and its inability to attract tenants that would have helped it become a destination for visitors.

6th Street Market - Richmond, Virginia

6th Street Market was recently demolished to make way for a new development consisting of sidewalk cafes and other pedestrian attractions. The original plan was for the 6th Street Market to be utilized by attendees at the Greater Richmond Convention Center. The delay in the construction of the Convention Center was an obstacle that the 6th Street Market was unable to overcome, which outlines the potential dangers of too great of dependency on projected business from uncompleted projects.

Old Market - Omaha, Nebraska

The Old Market in Omaha has been able to survive, despite its distance from the office market within Omaha, due to its eclectic mix of retail and other tenants. Offering a number of coffee bars, pubs, restaurants, and eclectic retail establishments coupled with antique shops and art galleries, the modest Old Market fills a niche in Omaha that was not being served previously. In addition, several hotels are also located nearby, adding somewhat to the number of potential visitors to the Old Market. For Pabst City this shows how a development that fills a niche within the market can overcome location issues.

Ybor City – Tampa, Florida

Ybor City in Tampa focuses less on retail establishments and more on bars and nightlife. Originally the "Cigar Capital of the World," Ybor City is a National Historic Landmark District, with the area being revitalized in the 1990's to host shops, galleries, restaurants, and clubs. Although removed from the downtown office market, Ybor City has been able to successfully market itself as an evening destination as the Latin Quarter of Tampa.

The Jacksonville Landing - Jacksonville, Florida

While the Jacksonville Landing is situated along the waterfront near downtown Jacksonville, it has had mixed success in becoming a destination draw for local or regional visitors. The Jacksonville Landing is a mixed-used development with retail, restaurants and clubs; however, the quality of the retail is similar to that of the aforementioned less successful developments: lower end with few unique stores that bring people to the development. The Jacksonville Landing offers a variety of restaurants and clubs, but these are insufficient to boost the low quality retail of the development to help the Jacksonville Landing serve as a true destination within Jacksonville.

The Block at Orange – Orange, California

While located in a suburban setting and a completely new construction, the Block at Orange in Orange California, serves as an example of a successful mixed use development. The development includes a diverse mix of retail and restaurant establishments, and a 30-screen movie theater. The Block also promotes youth-oriented programs and offers packages with area hotels.

Conclusions

The above examples show the importance of location and the mix of tenants to the success of a project. Several comparable developments, at least initially, were impeded to some degree by their location. With the right mix of tenants, some of the developments were able to overcome location challenges and become true destinations. Without an optimal tenant mix, some have had to rely on increasing accessibility in order to induce visitors. Attracting the proper mix of tenants is crucial to the development of Pabst City. In order to do so, prospective tenants must be convinced that the project will be easily accessed by all market segments and that its location on the edge of downtown will not impede success. This may require shuttling from other downtown locations and inexpensive and plentiful parking.

Analog Overview

The overview of analog projects illustrates the importance of all three criteria. Conceptual appropriateness and locational benefits tend to yield strong co-tenancies. Projects with flawed concepts or weak locations seldom achieve high sales because they are hampered with mediocre tenants or low occupancy.

Table 3-5 shows the evaluation of the profiled facilities in regards to these criteria.

Table 3-5

Evaluation of Key Criteria Among All Analog Projects

Development	City	Sustainable Concept	Locational Advantage	Tenancy
Laclede's Landing	St. Louis	Yes	Fair	Weak
St. Louis Union Station	St. Louis	Yes	Weak	Weak
Power Plant Live	Baltimore	Yes	Excellent	Excellent
Arizona Center	Phoenix	Yes	Good	Weak
Circle Centre	Indianapolis	Yes	Excellent	Excellent
Tivoli Brewery	Denver	No	Weak	Weak
6th Street Market	Richmond	No	Good	Weak
Old Market	Omaha	Yes	Fair	Good
Ybor City	Tampa	Yes	Good	Good
Jacksonville Landing	Jacksonville	No	Good	Weak
Block at Orange	Orange, CA	Yes	Good	Good

Source: Johnson Consulting, H. Blount Hunter Research

Sales performance of the comparable projects is related to strength of tenancy which is a reflection of locational advantage and sustainability of the concept's appropriateness. Pabst City's ultimate performance will be determined by the line-up of tenants that can be attracted to the project and by the level of traffic drawn to the project by on-going marketing efforts.

IV. PROJECTED PERFORMANCE OF THE PROJECT

PROJECTED PERFORMANCE OF THE PROJECT

Johnson Consulting has undertaken a review of the proposed Project from a top-line revenue performance perspective. In light of the implications and conclusions reached in the previous section, the following factors affecting performance are noted:

- **Location.** Most successful urban entertainment/retail developments have a location at or near the center of both business and tourist activity, making it easy for all users to access and spend money at the development. Alternately, developments that are physically removed from the critical mass of demand generators downtown, even by a few blocks, have had difficulty luring cutting edge or even strong national tenants, as well as trouble generating sales. This situation can lead to percentage rent lease deals as opposed to more traditional leases.

  Pabst City's primary location advantage is its easy access from the regional highway network in the heart of the market. The project can serve regional residents and is well-positioned to penetrate the visitor market. While Pabst City is close to Downtown Milwaukee, it will be dependent upon destination visits because it does not have a central location in the urban core.

  The proposed Pabst City site is located in the northwest corner of downtown Milwaukee, and is not in the traditional walking or driving path of a good number of downtown users on a daily basis. This takes into account commuters from the western and southern suburbs and people who work in the Central Business District (CBD) that typically take I-794 into the downtown area and enter the CBD many blocks from the proposed project location. The Park East development and the completion of the Marquette interchange will provide some positive benefit in the years to come. The site is located just off of Interstate 43, which is traveled by more than 153,000 vehicles per day as of 2000, so it can be easily accessed by those traveling from outside the downtown. This reality leads us back to the same concern: any trip to Pabst City will have to be on purpose. It will not likely generate activity by those who just happen to be in the area, unlike if it were across from the Bradley Center.

  The addition of the Harley Museum south of I-794 at 6th Street and Canal will bring added visitation to downtown. With annual visitation expected to be 350,000, this is a positive for downtown and the Project. However, it is not expected to produce a large impact on the Project, especially due to its

somewhat isolated location. If either or both were better located, significant synergy between the two would be expected.

Figure 4-1 below shows Pabst City in relation to the balance of downtown Milwaukee.

Figure 4-1

Success will require many specific trips to the Project from most users. Incidental use will not occur on a regular basis, especially at night when walking any distance greater than a block or two, especially by women, is resisted, or in the winter months.

The location also presents a concern due to the lack of dense, successful surrounding development, although additional development is proposed. Again, if the Project were in the heart of the city center, amongst offices, other restaurants and shops, and government buildings, then the natural tendency of those in the neighborhood would be to gravitate to the Project for lunch or after work for a drink or dinner. This is not the case in Milwaukee. The nearest demand generators are the Midwest Airlines Center, which is primarily used for conventions, and the Bradley Center, which hosts NBA, NCAA, and AHL games, as well as concert and family entertainment events. While the Midwest Airlines Center generates some convention business (and 2005 is expected to be the strongest year yet with 29 conventions and 234,000 room nights generated), Milwaukee does not host a large-scale continuous convention scene, so spillover usage from this facility will happen on a case-by-case basis, not daily and nightly.

As a result of its location, utilization by downtown workers will be constrained, despite the addition of office space onsite. A danger exists that the location will limit the level of quality tenants attracted to the Project, making it less of a destination for all user demographics. Consequently, usage by local residents (most of whom live outside the city limits) could suffer, especially since similar retailers and restaurants are already found in the suburbs. Tourists, both those visiting for a day trip and those staying over in hotels, are expected to use the Project, but again, on a more limited basis than if it were located amongst the hotels and offices where most visitors have business or pleasure activities planned.

Prescription for success:

1) Initiating a continuously circulating, attractive shuttle bus bringing people to the Project from various points (such as hotels, Water Street, Brady Street, etc.) downtown will mitigate this to a great extent. This is similar to how Navy Pier in Chicago resolved their location issue. The project could be incorporated into the existing shuttle system, but service levels would need to increase substantially and continue year-round.

2) Upgrading the downtown way-finding system to enhance the notion that Pabst City is walkable from at least the northwest quadrant of downtown.

3) Induce development of the area around Pabst city to eliminate any open surface parking or other "dead zones."

- **Concept.** Based on the factors leading to success or difficulty for such projects, the concept is critically important. The concept is shaped by the tenant mix, the theme, marketing/promotion, management, and associated entertainment. The historic Pabst Brewery context is an attractive and novel concept for users, and a perfect fit into the fabric of Milwaukee. The more the historic nature of the existing buildings can be brought into the new project (without hurting the economics of the project), the more novelty it will provide for users.

  At the same time, few if any tenants will make lease commitments at Pabst City based solely on the concept of an adaptive re-use of an old brewery. Converting a local landmark into a mixed-use destination may hold some appeal but the larger issue that potential tenants will consider is whether Pabst City can or will occupy a sustainable niche in the Milwaukee market. Each merchant will assess the market for projects and districts that are competing as destinations for dining, entertainment and recreational shopping.

- **Tenant Mix.** From the customer perspective, the tenant line-up establishes the Pabst City's destination drawing power. Earning repeat visitation is a function of the overall experience as well as the content. The anchors that have been proposed appear to be aimed at a number of different demographics. Several are very strong and should have a positive impact on the total project. These include the potential of House of Blues, which caters to a mixed crowd, mostly over age 18, and (generally) with disposable income to spend at other tenant locations. A top book store chain is also a solid major potential tenant, drawing an older, educated, and higher-income demographic. These also provide good locations (and hence, good tenants) for times between work and a show, etc.

  The high-end grocery concept is a wild-card. Groceries in this physical set-up will not likely induce demand to the other retailers, which are to be less daily retail and more novelty/destination-oriented. It is also unclear (a) what grocery chain would come to the site based on the limited number of households nearby and (b) how the store would perform based on the surrounding demographics. Locating grocery stores and determining performance is a complex process. This analysis has not occurred, so the best estimate based on experience is provided. Our firm recently completed an analysis for a high-end grocer at the KC Live! development in Kansas City. Urban residential is comparably successful and growing in Milwaukee and is estimated to include 13,000 residents by 2010. Whole Foods is going on the

east side of Milwaukee at North Avenue and Prospect and a new high-end Pick 'n Save has recently opened just about a mile away from the Pabst City site on the eastern edge of downtown. Therefore a definitive conclusion cannot be drawn on this tenant, but the environment appears competitive.

Anchor tenants of most concern include the cinemas and the Gameworks concept. Gameworks was recently purchased in bankruptcy by Sega, so there could be changes in the concept. It is reported that the company is considering more of an ESPN Zone concept, which is seen as a better fit for the Project. There is a concern that the traditional Gameworks concept does not work as well in Pabst City.

The cinemas as an anchor may also present risk. Cinemas, by their nature, produce low amounts of revenue per square foot. This is worsened, typically, in urban settings where parking is not perceived as being easy. There has been much experimentation with cinemas as anchors for these types of projects and the consensus is that they do not draw the optimal crowds to the project. Some developments have in fact suffered with cinemas as an anchor, as discussed in the previous section.

At one time, during the mid- to late-nineties, cinemas were used to anchor retail projects around the US. Their early success, however, was not due to their inherent nature as cinemas, but the novelty of the new stadium-seating concept. Their success buoyed other such proposed projects and soon theaters were anchoring many an urban or infill project. For several years, these new stadium-seat anchor theaters thrived, but soon, megaplexes were being built in every community, especially the suburbs, to replace the aging stock from the 1970s and 1980s. Once the market was saturated, the downtown cineplexes lost their novelty and occupancies suffered. This generally continues today.

Prescription for success:

1) Conduct an in-depth study of the grocery market. A Trader Joe's might be a better choice and would free-up additional space (their stores are much smaller than most groceries). Based on the results of the grocery analysis, better tenant choices can be made.

2) Limit the size and scope of the cinema as an anchor to perhaps 8 – 10 screens. This would allow the expansion of existing tenant space and/or replace this space with other large-format entertainment and hip restaurant/bar uses.

3) Fully analyze the Gameworks concept to ensure that it will provide a complement to the balance of the development. At this time, there are many unknowns.

- **Mainline stores.** In addition to the anchor tenants, there is concern about the mainline tenants. The spaces allotted for the tenants range mostly from 1,200 – 3,000 square feet for both retail and restaurant. These spaces are too small for many tenants and instead reflect the size of express food concepts and small retail stores. In additional, successful suburban malls and new retail/restaurant developments are poaching potential first-in-the-market tenants as this Pabst City process has endured (Whole Foods would be an example). Yet there does not seem to be recognition of putting only novel concepts in Pabst City. Instead, it appears from the lists provided that potential tenants would in many cases duplicate those already in the suburbs or being developed elsewhere in the market. While the tenants may not be identical to those in other local malls (i.e., Mayfair Mall) the tenant mix is similar and does not provide an original retail component that would actually sway a user to Pabst City over other more convenient choices in the market. Based on the location, it will not be easy to induce demand to Pabst City with stores and restaurants that can be found in the suburbs. Additionally, many tenants were either simply not appropriate or not possible for the location at this time.

  Prescription for success: A serious review of tenant choice is critical to the success of this Project. The Developer should employ an expert in these unique project types to understand best how to create an optimal tenant mix plan.

- **Management/Promotion Prescription for Success:** Proactive management and promotion of such projects is critical to public perception of a safe, clean, and an ever-changing, always entertaining environment. Successful urban entertainment districts secure their areas, have clear points of entry, dress-codes, and active security. This is all to keep a safe environment and just as importantly, the perception of safety for visitors (especially those from the suburbs who may not often come downtown). As will be shown in our financial and market analysis, loss of confidence in the project by local suburbanites will cost significant dollars. In addition, these developments must be kept in the minds of locals and constantly refreshed. Booking acts for open areas (such as a town square feel) and advertising in partnership with local radio will help keep the locals coming back, even during the week. Management will need to coordinate with House of Blues to avoid conflicts, but in general, these are festival-level bands, with occasional name-bands.

- **Leasing Evolution.** The worlds of retail, entertainment, and restaurants are constantly changing. Concepts become dated quickly and the public expects something new often. This expectation is more pronounced in downtowns, as they are often more of a drive than the local mall, so any extra effort expended by the consumer should be rewarded with novel and cutting edge experiences. As has been shown in the previous section, other urban projects continued to evolve as conditions changed around them or simply to maintain relevance in a sophisticated marketplace. While anchor tenants tend to be stable for decades, the remaining tenant mix should be expected to change significantly every seven to ten years. It is likely that even during the first four years, there will be significant tweaking of the product mix. This should be expected and encouraged in order to match the needs of the market.

Based on our inquiries to date regarding management and promotion and the responses provided, caution is recommended. The City should be assured that the Developer will work with experts in this type of development and hire proactive management. There is a sense amongst the consulting team members of naiveté by the Developer, not just about management/leasing of these types of facilities, but about the critical success and failure factors associated with this type of development. But this should not be taken as a suggestion that the Developer cannot be successful. It is a suggestion that lack of experience could hurt the Project if not mitigated. There are several groups and individuals, including those on the consulting team that have successfully developed or worked on such projects. They should be consulted regularly as the project proceeds.

Utilization Analysis

Based on the above factors, an analysis was conducted of the three primary demographics that would use the Project: MSA residents (broken down by city and suburban), downtown office workers (broken down similarly), and visitors. Visitors include day-trippers and those staying in hotels or with friends and family. They also include business men and women, leisure, and convention/group travelers. From these groups, an estimate of usage levels, spending levels, and the net new spending was made. These are based on a spectrum of usage levels for other similar projects across the country, but specifically for this concept and location. Net new spending includes not only increased spending by visitors over what they typically would spend, new visitors spending in the city, and recaptured spending by locals who were previously spending outside the city.

Comparable Project Utilization Rates

Johnson Consulting has identified several projects that can be used to gauge demand origins for the Project, which then will identify the quantity of sales the area can support. While expected actual sales should be slightly more than what this analysis projects, it provides support for our other analysis of sales per square foot.

Utilization rates for the projects in these cities vary widely, as shown below:

- Area residents: 30% to 300% (meaning the average resident will visit up to three times annually).
- Downtown workers: 50% to 1200% (meaning the average downtown worker will visit up to 12 times annually).
- Visitors: 5% to 80% (meaning that up to 80 percent of area visitors will use the project).

In the projects analyzed, use is dependent upon location, uniqueness, accessibility, and appropriateness. This Project may under-perform most of these benchmarks due to its secondary location. While it should provide its own critical mass and be an attraction unto itself, it will still struggle to induce purpose-built trips and will attract few casual trips.

Utilization Analysis

Table 4-1 shows the breakdown of our analysis for the most-likely utilization by the market based on the current Pabst City concept.

Table 4-1
Pabst City
Utilization Rate Model (Figures Rounded)
Stabilized Year -- MOST LIKELY

CUSTOMER SEGMENT	SEGMENT SIZE	ANNUAL UTILIZATION RATE	IMPLIED ANNUAL TRIPS	AVERAGE SPENDING PER VISIT	AGGREGATE ANNUAL SALES PER SEGMENT	PERCENT OF SALES	PERCENT NET NEW MILWAUKEE	NET NEW SALES MILWAUKEE*
MSA RESIDENTS (18+)	**1,156,000**	**1.28**	**1,475,600**	**$30.02**	**$44,300,000**	**42.6%**	**72.1%**	**$31,940,000**
Milwaukee Proper	408,000	1.60	652,800	$25.00	$16,320,000	15.7%	50.0%	$8,160,000
Suburbs	748,000	1.10	822,800	$34.00	$27,980,000	26.9%	85.0%	$23,780,000
DOWNTOWN WORKERS	**74,250**	**8.00**	**594,000**	**$11.00**	**$6,540,000**	**6.3%**	**5.0%**	**$330,000**
Milwaukee Residents	26,206	8.00	209,647	$11.00	$2,310,000	2.2%	5.2%	$120,000
Suburban Residents	48,044	8.00	384,353	$11.00	$4,230,000	4.1%	5.0%	$210,000
TOURISTS/MEETING DELEGATES	**13,249,000**	**0.16**	**2,143,810**	**$24.82**	**$53,220,000**	**51.1%**	**29.2%**	**$15,550,000**
Overnight Visitors--Milwaukee	5,480,000	0.20	1,096,000	$35.00	$38,360,000	36.9%	25.0%	$9,590,000
Overnight Visitors-Suburbs	1,144,000	0.10	114,400	$32.00	$3,660,000	3.5%	75.1%	$2,750,000
Day Visitors--Milwaukee	5,763,000	0.15	864,450	$12.00	$10,370,000	10.0%	25.0%	$2,590,000
Day Visitors--Suburbs	862,000	0.08	68,960	$12.00	$830,000	0.8%	74.7%	$620,000
TOTAL	**14,480,000**	**0.29**	**4,210,000**	**$24.72**	**$104,060,000**	**100.0%**	**46.0%**	**$47,820,000**

** Includes recaptured sales*
Source: Johnson Consulting, H. Blount Hunter Research

Of the nearly 1.2 million residents over the age of 18 in the market, it is projected that each will come to the project 1.28 times. This is based in the estimate that city residents will come 1.6 times per year (and includes much of House of Blues' attendance). Average spending is projected to be $30 per person per visit. Most (72 percent) of these dollars spent are assumed to be net new, as these are recaptured dollars that typically were leaving the city. Downtown workers are projected to come eight times per year for lunch or minor shopping. This amount is less than better located projects in Indianapolis, Louisville, and others. Average spending is projected at $11 per person per trip. Of the more than 13 million annual visitors, 20 percent of those staying overnight in the city are estimated to go to the Project and spend $35 on average. Only 15 percent of day visitors are expected to go to Pabst City. The percentages are less for those staying in the suburbs. While most tourists are not expected to come to Milwaukee for the Project, they are likely spending more than they would if such options did not readily exist.

In total, it is projected that $104 million would be spent at such a facility, of which 46 percent is expected to be net new to the city. Of the total, tourists/visitors are estimated to represent 51 percent of sales, while area residents will make up 43 percent and downtown works six percent. Overall, it is expected that 4.2 million visits will be made to the Project with average spending of nearly $25 per visit.

As a comparison, 4th Street Live! in Louisville, a project of half the size, recorded 3.5 million visitors in its first six months of operation, with average spending of

approximately $24 per visit. Yet as described, its location is much better in that market.

The total sales figure is important as the tenant analysis is conducted later in this section.

Table 4-2 shows the breakdown of our analysis for the optimistic utilization of Pabst City by the market.

Table 4-2
Pabst City
Utilization Rate Model (Figures Rounded)
Stabilized Year -- OPTIMISTIC

CUSTOMER SEGMENT	SEGMENT SIZE	ANNUAL UTILIZATION RATE	IMPLIED ANNUAL TRIPS	AVERAGE SPENDING PER VISIT	AGGREGATE ANNUAL SALES PER SEGMENT	PERCENT OF SALES	PERCENT NET NEW MILWAUKEE	NET NEW SALES MILWAUKEE*
MSA RESIDENTS (18+)	**1,156,000**	**1.36**	**1,570,800**	**$31.14**	**$48,920,000**	**36.0%**	**72.5%**	**$35,460,000**
Milwaukee Proper	408,000	1.65	673,200	$26.00	$17,500,000	12.9%	50.0%	$8,750,000
Suburbs	748,000	1.20	897,600	$35.00	$31,420,000	23.1%	85.0%	$26,710,000
DOWNTOWN WORKERS	**74,250**	**10.00**	**742,500**	**$11.50**	**$8,540,000**	**6.3%**	**5.0%**	**$430,000**
Milwaukee Residents	26,206	10.00	262,059	$11.50	$3,010,000	2.2%	5.0%	$150,000
Suburban Residents	48,044	10.00	480,441	$11.50	$5,530,000	4.1%	5.1%	$280,000
TOURISTS/MEETING DELEGATES	**13,249,000**	**0.22**	**2,904,820**	**$26.96**	**$78,320,000**	**57.7%**	**28.6%**	**$22,410,000**
Overnight Visitors--Milwaukee	5,480,000	0.30	1,644,000	$36.00	$59,180,000	43.6%	25.0%	$14,800,000
Overnight Visitors-Suburbs	1,144,000	0.12	137,280	$33.00	$4,530,000	3.3%	75.1%	$3,400,000
Day Visitors--Milwaukee	5,763,000	0.18	1,037,340	$13.00	$13,490,000	9.9%	25.0%	$3,370,000
Day Visitors--Suburbs	862,000	0.10	86,200	$13.00	$1,120,000	0.8%	75.0%	$840,000
TOTAL	**14,480,000**	**0.36**	**5,220,000**	**$26.01**	**$135,780,000**	**100.0%**	**42.9%**	**$58,300,000**

** Includes recaptured sales*
Source: Johnson Consulting, H. Blount Hunter Research

In the optimistic scenario, it is projected that MSA residents will come to the project 1.36 times annually, resulting in nearly 1.6 million visits. Downtown workers are projected to come ten times per year for lunch or minor shopping, still less than the 12 - 18 times per year estimated in better-located projects. In this scenario, it is projected that 30 percent of those staying overnight in the city will go to the Project and spend $36 on average. Eighteen percent of day visitors are expected to go to Pabst City. The percentages are less for those staying in the suburbs.

At best, it is projected that $136 million would be spent at the Project, of which 43 percent is expected to be net new to the city. Of the total, tourists/visitors are estimated to represent 58 percent of sales, while area residents will make up 36 percent and downtown works six percent. Overall, it is expected that 5.2 million visits will be made to the Project with average spending of $26 per visit.

Table 4-3 shows the breakdown of our analysis for the pessimistic utilization by the market.

Table 4-3
Pabst City
Utilization Rate Model (Figures Rounded)
Stabilized Year -- Pessimistic

CUSTOMER SEGMENT	SEGMENT SIZE	ANNUAL UTILIZATION RATE	IMPLIED ANNUAL TRIPS	AVERAGE SPENDING PER VISIT	AGGREGATE ANNUAL SALES PER SEGMENT	PERCENT OF SALES	PERCENT NET NEW MILWAUKEE	NET NEW SALES MILWAUKEE*
MSA RESIDENTS (18+)	**1,156,000**	**0.84**	**969,000**	**$28.63**	**$27,740,000**	**36.1%**	**72.7%**	**$20,160,000**
Milwaukee Proper	408,000	1.00	408,000	$24.00	$9,790,000	12.7%	50.1%	$4,900,000
Suburbs	748,000	0.75	561,000	$32.00	$17,950,000	23.3%	85.0%	$15,260,000
DOWNTOWN WORKERS	**74,250**	**6.00**	**445,500**	**$10.50**	**$4,680,000**	**6.1%**	**4.9%**	**$230,000**
Milwaukee Residents	26,206	6.00	157,235	$10.50	$1,650,000	2.1%	4.8%	$80,000
Suburban Residents	48,044	6.00	288,265	$10.50	$3,030,000	3.9%	5.0%	$150,000
TOURISTS/MEETING DELEGATES	**13,249,000**	**0.14**	**1,812,580**	**$24.53**	**$44,460,000**	**57.8%**	**28.7%**	**$12,770,000**
Overnight Visitors--Milwaukee	5,480,000	0.18	986,400	$34.00	$33,540,000	43.6%	25.0%	$8,390,000
Overnight Visitors-Suburbs	1,144,000	0.08	91,520	$31.00	$2,840,000	3.7%	75.0%	$2,130,000
Day Visitors--Milwaukee	5,763,000	0.12	691,560	$11.00	$7,610,000	9.9%	25.0%	$1,900,000
Day Visitors--Suburbs	862,000	0.05	43,100	$11.00	$470,000	0.6%	74.5%	$350,000
TOTAL	**14,480,000**	**0.22**	**3,230,000**	**$23.80**	**$76,880,000**	**100.0%**	**43.1%**	**$33,160,000**

** Includes recaptured sales*
Source: Johnson Consulting, H. Blount Hunter Research

In the pessimistic scenario, it is projected that MSA residents will come to the project 0.84 times annually, resulting in nearly 1.0 million visits. Downtown workers are projected to come six times per year. In this scenario, it is projected that 18 percent of those staying overnight in the city will go to the Project and spend $34 on average. Twelve percent of day visitors are expected to go to Pabst City. The percentages are less for those staying in the suburbs.

At worst, it is projected that $77 million would be spent at the Project, of which 43 percent is expected to be net new to the city. Of the total, tourists/visitors are estimated to represent 58 percent of sales, while area residents will make up 36 percent and downtown works six percent. Overall, it is expected that 3.2 million visits will be made to the Project with average spending of $24 per visit.

Tenant-By-Tenant Analysis

This section summarizes Johnson Consulting's estimate of the proposed Project's performance under three scenarios and considering the following assumptions:

- **Scenario One – Most Likely:** The Project is completed as proposed, opens in January of 2008 and achieves tenants proposed by the developer at typical

sales levels (with a the percent reduction for location), either on a per-square-foot basis or total store basis.

- **Scenario Two - Optimistic:** The Project is completed as proposed, opens in January of 2008 and signs the best possible mix of tenants who outperform their comparable peers in terms of sales.
- **Scenario Three – Pessimistic:** The Project is completed as proposed, opens in January of 2008 and signs moderately-rated tenants or non-unique tenants, which have lower sales.

In order to accurately reflect the sales of some desired mainline store tenants, some units have been combined in the tenant projects so as to provide the larger space some tenants require.

Scenario One: Most Likely

Johnson Consulting reviewed the tenant mix proposed by the developer and applied sales for the most-likely tenants that reflected a typical sales volume for either those tenants or for like tenants, less a ten percent discount for the location. Not shown are the actual tenants considered for this Project, to ensure potential lease negotiations not be influenced if this report is made public.

Table 4-4 shows the expected total tenant sales in this scenario.

Table 4-4

Pabst City Tenant Sales Projection

BLDG #	Tenant Name	Category	Most Likely Sales PSF	Most Likely Total Sales
Block 1				
ANCHOR	HOUSE OF BLUES	Anchor	$ 333	$ 15,000,000
NEW RET	Restaurant	Specialty Food	$ 425	$ 1,190,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 500	$ 1,200,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 500	$ 800,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 764	$ 1,833,600
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 600	$ 1,920,000
NEW RET	Theme Restaurant - Wedge	Theme Restaurant	$ 550	$ 5,500,000
Block 2				
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 500	$ 2,400,000
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 376	$ 1,353,600
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 450	$ 1,620,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 350	$ 1,925,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 350	$ 420,000
NEW RET	Books & Music	Books & Music	$ 213	$ 7,455,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 400	$ 480,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 350	$ 525,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 350	$ 525,000
NEW RET	Specialty Food	Specialty Food	$ 305	$ 549,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 600	$ 1,080,000
Block 3				
BLDG 29	County Administration Office			
Block 4				
1	Specialty Retail - 9th Street	Specialty Retail	$ 340	$ 408,000
1	Specialty Retail - 9th Street	Specialty Retail	$ 350	$ 420,000
1	Specialty Retail - 9th Street	Specialty Retail	$ 350	$ 1,050,000
1	Specialty Retail - 9th Street	Specialty Retail		
1	Specialty Retail - 9th Street	Specialty Retail		
2	Specialty Retail - 9th Street	Specialty Retail	$ 350	$ 2,835,000
2	Specialty Retail - 9th Street	Specialty Retail	$ 348	$ 2,296,800
3	Specialty Retail - 9th Street	Specialty Retail	$ 257	$ 771,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 655	$ 1,965,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 400	$ 840,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 550	$ 990,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 575	$ 1,265,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 585	$ 2,047,500
3	Specialty Retail - 10th Street	Specialty Retail	$ 350	$ 1,400,000
3	Specialty Retail - 10th Street	Specialty Retail		
3	Specialty Retail - 10th Street	Specialty Retail	$ 350	$ 2,100,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 350	$ 525,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 350	$ 490,000
4	Specialty Food	Specialty Food	$ 350	$ 700,000
4	Specialty Food	Specialty Food	$ 450	$ 1,125,000
4	Specialty Food	Specialty Food	$ 400	$ 1,080,000
4	Specialty Food	Specialty Food	$ 375	$ 900,000
4	Specialty Food	Specialty Food	$ 400	$ 1,120,000
9	3 Story Major Active Outdoor Retailer	Anchor	$ 173	$ 15,570,000
9	Restaurant - Building 9	Specialty Food	$ 436	$ 1,569,600
9	GAMEWORKS	Anchor	$ 475	$ 19,950,000
Block 5				
ANCHOR	PabstCity Cinema 16	Anchor	$ 90	$ 6,480,000
Block 6				
10	Specialty Food - McKinley Ave.	Specialty Food	$ 518	$ 621,600
10	Specialty Food - McKinley Ave.	Specialty Food		
10	Specialty Food - McKinley Ave.	Specialty Food	$ 405	$ 810,000
10	Specialty Food - 10th Street	Specialty Food	$ 350	$ 280,000
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 475	$ 6,460,000
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 425	$ 1,700,000
1	Specialty Retail - 10th Ave.	Specialty Retail		
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 201	$ 1,206,000
20	Brew Pub	Theme Restaurant	$ 400	$ 4,000,000
21	White Table Cloth Restaurant - Juneau	Theme Restaurant	$ 350	$ 1,960,000
21	Specialty Retail - Juneau Ave.	Specialty Retail	$ 342	$ 820,800
2	Specialty Retail - 10th Ave.	Specialty Retail	$ 500	$ 1,200,000
2	Specialty Retail - 10th Ave.	Specialty Retail	$ 284	$ 852,000
Block 7				
1	Gourment Food Store	Grocery	$ 423	$ 8,460,000
	KIOSK 10 UNITS			
	TOTAL			**142,044,500**

Source: Johnson Consulting, H. Blount Hunter Research

Each tenant category was reviewed and prospective tenants proposed. Comparable same-store sales and sales per square foot were reviewed for these tenants and like tenants across the U.S. Based on this bottom-up analysis; an average sales per square foot of $293 and total annual sales in Year 1 to be $142 million was calculated.

This presents a problem when compared with the utilization model because the market will likely only support $104 in sales. Yet to be successful, these tenants will need to generate an additional $38 million. Therefore, some or all tenants will likely have sales levels below their expectations. Even if the optimal utilization rates are used, there is still a $6 million gap between what the market will support and the sales this tenant set needs to generate.

Table 4-5 shows the optimistic projection of tenants and sales.

Table 4-5

Pabst City Tenant Sales Projection

BLDG #	Tenant Name	Category	High Sales PSF	High Total Sales
Block 1				
ANCHOR	HOUSE OF BLUES	Anchor	$ 378	$ 17,000,000
NEW RET	Restaurant	Specialty Food	$ 450	$ 1,260,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 564	$ 1,353,600
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 600	$ 960,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 764	$ 1,833,600
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 750	$ 2,400,000
NEW RET	Theme Restaurant - Wedge	Theme Restaurant	$ 550	$ 5,500,000
Block 2				
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 600	$ 2,880,000
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 376	$ 1,353,600
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 550	$ 1,980,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 375	$ 2,062,500
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 475	$ 570,000
NEW RET	Books & Music	Books & Music	$ 219	$ 7,665,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 425	$ 510,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 400	$ 600,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 400	$ 600,000
NEW RET	Specialty Food	Specialty Food	$ 355	$ 639,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 800	$ 1,440,000
Block 3				
BLDG 29	County Administration Office			
Block 4				
1	Specialty Retail - 9th Street	Specialty Retail	$ 420	$ 504,000
1	Specialty Retail - 9th Street	Specialty Retail	$ 400	$ 480,000
1	Specialty Retail - 9th Street	Specialty Retail	$ 400	$ 1,200,000
1	Specialty Retail - 9th Street	Specialty Retail		
1	Specialty Retail - 9th Street	Specialty Retail		
2	Specialty Retail - 9th Street	Specialty Retail	$ 423	$ 3,426,300
2	Specialty Retail - 9th Street	Specialty Retail	$ 369	$ 2,435,400
3	Specialty Retail - 9th Street	Specialty Retail	$ 282	$ 846,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 1,898	$ 5,694,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 450	$ 945,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 650	$ 1,170,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 694	$ 1,526,800
3	Specialty Retail - 9th Street	Specialty Retail	$ 650	$ 2,275,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 425	$ 1,700,000
3	Specialty Retail - 10th Street	Specialty Retail		
3	Specialty Retail - 10th Street	Specialty Retail	$ 400	$ 2,400,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 400	$ 600,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 400	$ 560,000
4	Specialty Food	Specialty Food	$ 400	$ 800,000
4	Specialty Food	Specialty Food	$ 469	$ 1,172,500
4	Specialty Food	Specialty Food	$ 773	$ 2,087,100
4	Specialty Food	Specialty Food	$ 400	$ 960,000
4	Specialty Food	Specialty Food	$ 425	$ 1,190,000
9	3 Story Major Active Outdoor Retailer	Anchor	$ 200	$ 18,000,000
9	Restaurant - Building 9	Specialty Food	$ 487	$ 1,753,200
9	GAMEWORKS	Anchor	$ 525	$ 22,050,000
Block 5				
ANCHOR	PabstCity Cinema 16	Anchor	$ 105	$ 7,560,000
Block 6				
10	Specialty Food - McKinley Ave.	Specialty Food	$ 550	$ 660,000
10	Specialty Food - McKinley Ave.	Specialty Food		
10	Specialty Food - McKinley Ave.	Specialty Food	$ 495	$ 990,000
10	Specialty Food - 10th Street	Specialty Food	$ 400	$ 320,000
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 541	$ 7,357,600
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 450	$ 1,800,000
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 424	$ 2,544,000
1	Specialty Retail - 10th Ave.	Specialty Retail		
20	Brew Pub	Theme Restaurant	$ 500	$ 5,000,000
21	White Table Cloth Restaurant - Juneau	Theme Restaurant	$ 450	$ 2,520,000
21	Specialty Retail - Juneau Ave.	Specialty Retail	$ 400	$ 960,000
2	Specialty Retail - 10th Ave.	Specialty Retail	$ 558	$ 1,339,200
2	Specialty Retail - 10th Ave.	Specialty Retail	$ 350	$ 1,050,000
Block 7				
1	Gourment Food Store	Grocery	$ 606	$ 12,120,000
	KIOSK 10 UNITS			
	TOTAL			**$ 168,603,400**

Source: Johnson Consulting, H. Blount Hunter Research

This model is even more problematic as the likely scenario, because this set of tenants now needs to generate more than $168.6 million in sales, with an average of $348 per square foot.

Table 4-6 shows the pessimistic projection for tenants and sales.

Table 4-6

Pabst City Tenant Sales Projection

BLDG #	Tenant Name	Category	Low Sales PSF	Low Total Sales
Block 1				
ANCHOR	HOUSE OF BLUES	Anchor	$ 289	$ 13,000,000
NEW RET	Restaurant	Specialty Food	$ 400	$ 1,120,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 425	$ 1,020,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 350	$ 560,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 342	$ 820,800
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 450	$ 1,440,000
NEW RET	Theme Restaurant - Wedge	Theme Restaurant	$ 400	$ 4,000,000
Block 2				
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 400	$ 1,920,000
NEW RET	Restaurant - Juneau Ave.	Specialty Food	$ 400	$ 1,440,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 350	$ 1,260,000
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 325	$ 1,787,500
NEW RET	Specialty Retail - Juneau Ave.	Specialty Retail	$ 300	$ 360,000
NEW RET	Books & Music	Books & Music	$ 210	$ 7,350,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 355	$ 426,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 300	$ 450,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 300	$ 450,000
NEW RET	Specialty Food	Specialty Food	$ 250	$ 450,000
NEW RET	Service Retail - 9th Street	Specialty Retail	$ 400	$ 720,000
Block 3				
BLDG 29	County Administration Office			
Block 4				
1	Specialty Retail - 9th Street	Specialty Retail	$ 305	$ 366,000
1	Specialty Retail - 9th Street	Specialty Retail	$ 300	$ 360,000
1	Specialty Retail - 9th Street	Specialty Retail	$ 300	$ 900,000
1	Specialty Retail - 9th Street	Specialty Retail		
1	Specialty Retail - 9th Street	Specialty Retail		
2	Specialty Retail - 9th Street	Specialty Retail	$ 300	$ 2,430,000
2	Specialty Retail - 9th Street	Specialty Retail	$ 164	$ 1,082,400
3	Specialty Retail - 9th Street	Specialty Retail	$ 237	$ 711,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 755	$ 2,265,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 350	$ 735,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 436	$ 784,800
3	Specialty Retail - 9th Street	Specialty Retail	$ 500	$ 1,100,000
3	Specialty Retail - 9th Street	Specialty Retail	$ 450	$ 1,575,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 300	$ 1,200,000
3	Specialty Retail - 10th Street	Specialty Retail		
3	Specialty Retail - 10th Street	Specialty Retail	$ 314	$ 1,884,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 300	$ 450,000
3	Specialty Retail - 10th Street	Specialty Retail	$ 300	$ 420,000
4	Specialty Food	Specialty Food	$ 300	$ 600,000
4	Specialty Food	Specialty Food	$ 400	$ 1,000,000
4	Specialty Food	Specialty Food	$ 375	$ 1,012,500
4	Specialty Food	Specialty Food	$ 350	$ 840,000
4	Specialty Food	Specialty Food	$ 489	$ 1,369,200
9	3 Story Major Active Outdoor Retailer	Anchor	$ 148	$ 13,320,000
9	Restaurant - Building 9	Specialty Food	$ 360	$ 1,296,000
9	GAMEWORKS	Anchor	$ 428	$ 17,976,000
Block 5				
ANCHOR	PabstCity Cinema 16	Anchor	$ 75	$ 5,400,000
Block 6				
10	Specialty Food - McKinley Ave.	Specialty Food	$ 475	$ 570,000
10	Specialty Food - McKinley Ave.	Specialty Food		
10	Specialty Food - McKinley Ave.	Specialty Food	$ 310	$ 620,000
10	Specialty Food - 10th Street	Specialty Food	$ 300	$ 240,000
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
10	Specialty Retail - 10th Ave.	Specialty Retail		
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 450	$ 6,120,000
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 300	$ 1,200,000
1	Specialty Retail - 10th Ave.	Specialty Retail		
1	Specialty Retail - 10th Ave.	Specialty Retail	$ 126	$ 756,000
20	Brew Pub	Theme Restaurant	$ 300	$ 3,000,000
21	White Table Cloth Restaurant - Juneau	Theme Restaurant	$ 300	$ 1,680,000
21	Specialty Retail - Juneau Ave.	Specialty Retail	$ 300	$ 720,000
2	Specialty Retail - 10th Ave.	Specialty Retail	$ 400	$ 960,000
2	Specialty Retail - 10th Ave.	Specialty Retail	$ 163	$ 489,000
Block 7				
1	Gourment Food Store	Grocery	$ 225	$ 4,500,000
	KIOSK 10 UNITS			
	TOTAL			**$ 118,506,200**

Source: Johnson Consulting, H. Blount Hunter Research

The pessimistic projection requires $118.5 million in total sales, with an average of $244 per square foot. ***This projection matches most closely with the utilization analysis. Therefore, rather than being pessimistic, this is the most likely scenario in the stabilized year (constant dollars), after the novelty effect has worn off.*** What this means is that in order to sustain a good tenant mix, the level of sales necessary is much higher than this site, as currently contemplated, can support. With the suggested changes to the Project, the utilization rates would improve and the supply of dollars to the Project from the market would meet the demand necessary by the tenants for success.

Conclusions

Based on the developer's plan and their responses to questions, it is expected that the market will react very favorably to the project, but that its concept and location, as currently proposed, will hamper performance over the long-term. The lack of a detailed management, leasing and marketing plan underscores the concerns above. The majority of tenants may not be new to the market, and unlike other such developments, will not significantly expand Milwaukee's offerings or create significant social and economic connections between office workers, residents, other downtown attractions, and visitors. It is believed that the market cannot support, as contemplated, the spending that will need to occur in order to support strong tenanting. Again, this results primarily from location. As a result, the attractiveness of the project will suffer and it will have difficulty tenanting long-term. Substitution spending is expected to account for half of total spending in the project, meaning net new spending will occur at about $50 million per year.

There are ways to improve this project that could help it to succeed long-term and our goal is to see this project succeed over the long term. These suggestions have been discussed. These include stronger development plans and density surrounding the project, constant shuttling, proactive and expert management and promotion, and an improved tenant concept.