

# THE EAST SIDE

## BUSINESS IMPROVEMENT DISTRICT

Market and Redevelopment Study | West of Oakland Avenue

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# The East Side\_East North Avenue | West of Oakland Avenue



Business Improvement District #20  
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# 1 BUILDING on THE EAST SIDE SUCCESS

Described as the **“creative crossroads of The East Side... original ‘lifestyle’ center that malls try to recreate,”** The East Side is a great mix of uses with recent investments throughout the district.

Uses vary from grocery, restaurants, bars, theaters, oriental rugs, institutional, and unique retail that serve area residents, UWM students, and regional visitors. Following recommendations from the local plans, infill projects are adding more than 180 new housing units, along with new restaurants, shops, and civic uses. Building on the past successes and the recent momentum east of Oakland Avenue, the Business Improvement District (BID) is focusing attention on the future of East North Avenue west of Oakland Avenue. How can the western section of the BID be better connected, create opportunities for investment, and enhance the image of the BID?

## Character Enhancement

Treated more like a “through street,” East North Avenue between the Milwaukee River and Oakland Avenue has

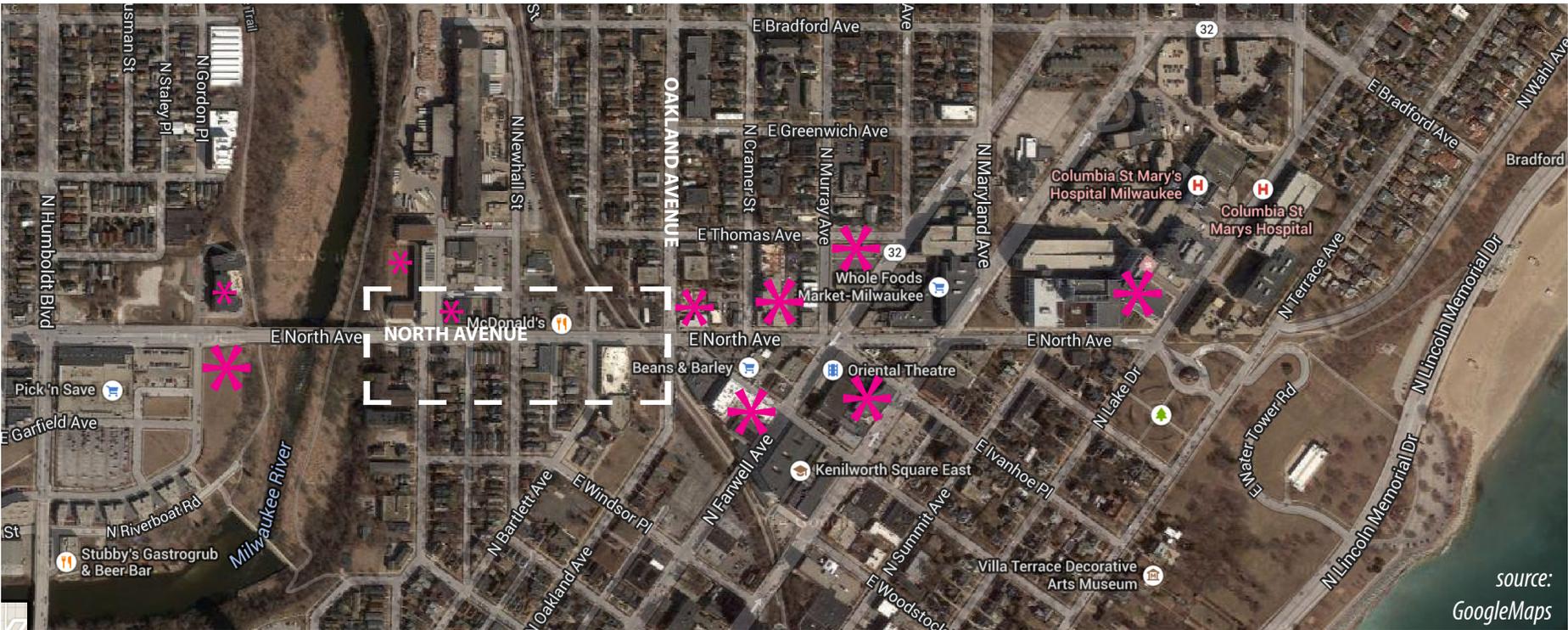
a different feeling and character than east of Oakland Avenue. A variety of uses, including residences, dormitory, convenience retail, restaurants, and service are located in the study area but do not engage the street or create a vibrant place for pedestrians. This study will explore how underutilized sites can be enhanced, new residential units can support proposed retail uses, and additional retail and employment opportunities can contribute to the overall economy of The East Side.

## Northeast Side Plan

Various plans and studies provided insight and recommendations for the continued investment and improvement of The East Side Business Improvement District. The Northeast Side Plan was based on the central idea that “there is no better place to live, study, work, play and celebrate than Milwaukee’s Northeast Side”. Obtaining this ideal is based on improving the overall quality of life for all citizens of the Northeast Side, balancing economic development with neighborhood enhancements, and respecting the environmental resources of the lakefront and Milwaukee River.



Figure 1.1: Study Area within the Business Improvement District



 recent or planned investment

Goals from the Northeast Side Plan include:

- Promote infill development that reinforces a more continuous building edge along North Avenue where gaps exist.
- As redevelopment occurs, identify opportunities for additional housing stock that may be incorporated.
- Implement catalytic projects that provide high value, enhance the quality of life and encourage additional development or other improvements.

Many residents are cautious of national chains and cookie cutter approaches to development and want to encourage opportunities for independent retailers to establish unique settings for shopping experiences and neighborhood amenities.

### Study Area

All of The East Side BID was studied as part of the economic analysis to provide a picture of recent investments and trends. Data was gathered for the walking market and convenience markets. The focus area for redevelopment

options is East North Avenue between Oakland Avenue and the river. Figures 1.1 and 1.2. Buildings and sites that provide the greatest opportunity for investment due to parcel size, land use, ownership, and location were selected. A third proposed bike ramp connecting the Oak Leaf Trail and East North Avenue, just east of Bartlett Street on the north side of East North Avenue, is proposed by the Urban Ecology Center. This linkage, along with trail access to the Milwaukee River, provides additional opportunities to connect this area with the environment and recreational assets.

Figure 1.2: Study Area, West of Oakland Avenue



Light industrial and commercial uses divide North Avenue from housing further north, while single-family, duplex units, and apartment buildings about the south edge of North Avenue.

Daily traffic counts are more than 9,000 vehicles per day on East North Avenue between Oakland and the river, and nearly 13,000 vehicles per day on Oakland Avenue. Traffic includes fair amount of trucks delivering to business and companies in the area. A median on East North Avenue requires north-bound traffic on Cambridge to turn east.

Others are full intersections with Bartlett ending at the Oak Leaf Trail.

**The existing uses, traffic, recent investment, and The East Side BID programs make this area ripe for redevelopment. The following economic and design concepts illustrate how the area can be transformed into a vibrant neighborhood and extend the identity of The East Side.**





## 2 Stakeholder Input Summary

Input about The East Side business district, recent improvements, desired uses and businesses, and future improvements was gathered from more than 15 stakeholders. Stakeholder participants included property owners, real estate brokers, elected officials, business owners, developers, residents, and City staff. A variety of techniques were used to gather input including phone calls, in-person meetings, and email questions.

Below is a summary of the input received and how it might influence development and redevelopment recommendations for the study area between Oakland Avenue and the Milwaukee River.

### East Side Perception and Image

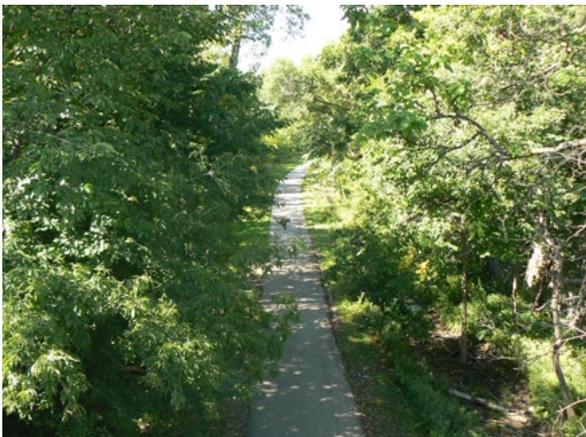
- o The majority of stakeholders support the new development, stating the additional residents will offer new customers and a lively environment. The new investment should help the overall image of The East Side.
- o Walkable character of the area, particularly between Oakland and Prospect, is a draw for developers and retail tenants.
- o Interviewees, particularly business owners, expressed concerns about the area's bar culture. East North Avenue was described as a different neighborhood after 8PM. Business owners pay for extra security and sanitation services to ensure the safety of their customers and to maintain a clean appearance near their stores. These same business owners also noted a recent increase in the corridor's homeless population.
- o Some stakeholders felt The East Side's west gateway was at Humboldt, while the majority felt the west gateway was the river. This perception could be impacted by future development on the west side of the river.
- o East North Avenue's commercial area, west of Oakland Avenue, was described as tired. Programs and strategies to improve building appearance and neighborhood infrastructure would address appearance issues.



- o Most interviewees described parking in the area as a perception issue versus a real need. Some state all public parking lots are filled after 8:00pm, Thursday through Saturday evenings.
- o Both business owners and employers stated distance to The East Side and access from I-43 and downtown is an issue.
- o Streetscape improvements west of Oakland are needed to provide a uniform identity and improve the character of the area.
- o Traffic west of Oakland is driving through the district, while traffic east of Oakland is slower and more destination focused. West of Oakland is not as pedestrian friendly due to the types and scales of the development, along with the speed of traffic.

#### **Development Opportunities | Perception & Image**

1. Improve streetscaping and development character.
2. Enhance gateway into the “East Side” BID from the west.
3. Include some parking on-site, not all on-street parking, to not negatively impact neighborhood.



#### **Real Estate**

- o Residential rental rates were described as particularly attractive, ranging from \$1.50-\$2.00 per square foot (PSF). Developer interest in future residential projects remains solid, and most believe that the market will absorb additional new units.
- o In the new mixed-use developments, residential is being successfully rented while ground floor retail spaces are slower to fill.
- o Some of the new ground floor retail spaces in the BID, in highly visible projects, have experienced minimal interest. Prospective national tenants and potential local business tenants are attracted elsewhere by better investment options, including incentives and better co-tenancies.
- o A disconnect exists between the market rents necessary to meet developer return for new retail space in the neighborhood’s recent mixed use projects (\$25-\$30 per square foot, or PSF, net) versus what interested tenants either can or are willing to pay in rents (generally \$15-\$20 PSF) for this same space.
- o Additional employers/offices would be a benefit to the area. Market study supports the need for office use.



#### **Development Opportunities | Real Estate**

1. Increase number of employees to support existing and proposed retail uses.
2. Provide additional housing units to support existing and proposed retail uses.

#### **Retail Commercial**

- o Corridor’s most successful retailers are regional destinations, regardless of business type. Interview subjects frequently mentioned the Oriental Theatre, Whole Foods Market, Beans & Barley, Colectivo, Kashou Carpets, and Divino as anchors and destination businesses attracting patrons from well-beyond East North Avenue’s neighborhoods.
- o Retail tenants, whether national, regional, or local, are choosing locations in Milwaukee’s other retail areas. The Third Ward was most frequently mentioned for City locations. The greatest interest, according to area brokers, is from restaurants, bars, and service-oriented retailers.
- o Neighborhood’s smaller daytime population, employment base, hinders some retail tenant interest in East Side storefronts.



- o Destination retail, unique to the region, was desired by some stakeholders as a way to bring more customers to The East Side. National stores that currently draw residents outside of the area, such as furniture or technology, would be good anchors.
- o Large national retailers are desired but stakeholders recognize the large footprint is difficult to site due to available land.
- o As the neighborhood's population and density continues to increase, additional tenants will begin to consider an East North Avenue area location.
- o University of Wisconsin-Milwaukee (UWM) continues to be perceived as a largely commuter university. These commuter students contribute less overall spending power to East North Avenue markets than a large residential student population in the neighborhood would. This perception remains despite new UWM dormitories nearby.
- o East Side residents more frequently patronize Downer Avenue businesses versus those on East North Avenue.
- o Neighborhood and Milwaukee residents have easy drive-time access to the entire region for shopping and dining alternatives.

- o Milwaukee area was described as a region where urban retail formats actually perform better in the suburbs than in the City.

### Development Opportunities | Retail

1. Provide opportunities for destination retail, as well as retail serving area residents.
2. Increase daytime population to support retail
3. Continue to survey area residents and BID shoppers to understand preferences.

### Housing

- o According to several developers, the farther east a residential development is located on The East Side, the greater the opportunity for development success.
- o Business owners support additional housing as long as parking is accommodated with the development and does not negatively impact customer parking.
- o Multi-family apartments that bring young professionals to the area is preferred.
- o Some concern about the transition of higher density housing into the single family neighborhoods surrounding the district. Building height and density

- o should be evaluated based on neighborhood impact.
- o Majority of new tenants in the library/housing project are single females.
- o Mixed opinion about preserving the existing single family units along the south side of East North Avenue, west of Oakland. Some felt it should be redeveloped, while others felt it serves as a transition to the adjacent housing.

### Development Opportunities | Housing

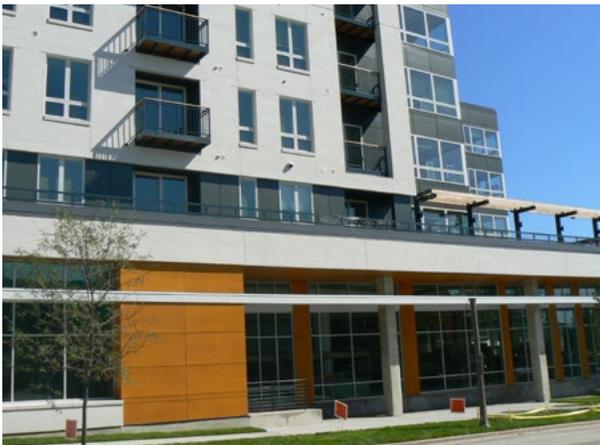
1. Include new multi-family redevelopment opportunities.
2. Integrate parking on-site to not negatively impact neighborhood.

### Redevelopment Opportunities

(Specific to East North Ave west of Oakland Ave)

- o Overall, interviewees were conflicted about the potential for the redevelopment of East North Avenue sites between Oakland and the Milwaukee River and the kinds of uses that could work economically in that area.





- o Stakeholders agreed that a mix of housing and commercial is needed since the market can only support a certain amount of retail.
  - o Both day and night parking need to be integrated into future developments.
  - o Greater engagement with the University of Wisconsin-Milwaukee was cited as an opportunity to potentially increase office and employee growth and possible new business growth, improve the integration of University facilities into the neighborhood.
  - o More restaurants and entertainment venues for adults and young families are needed to engage young families moving into or staying in The East Side neighborhood.
  - o Incentives were noted as an opportunity, though interviewees recognize that there are concerns about obtaining major incentives, such as Tax Incremental Financing, for the neighborhood's larger projects.
  - o The East Side BID includes great businesses with compelling success stories. To attract prospective tenants, the BID, its partners, and the corridor's businesses need to strongly communicate the successes that already exist in the East North Avenue commercial area.
  - o Average consumer age is 24-35, therefore businesses and restaurants that cater to this age group would provide more opportunities for them to spend their money in the district instead of other areas of the City.
- 3 Some noted that UWM has a key role to play in the corridor, given the university's real estate investments nearby.
  - 4 Some smaller parcels represent long-term retail or restaurant growth opportunities.
  - 5 Several blocks should be considered for new construction along the north side of East North Avenue. Western blocks along the south side of East North Avenue offer opportunities for redevelopment.

**Specific uses and sites:**

- 1 General support for additional housing as long as it's not student-focused housing.
- 2 New development needs to include on-site parking in order to not negatively impact the adjacent neighborhood.

# 3 Public Input

The team gathered public input via an online survey to gather information about consumer shopping, district use, residential use and preferences, and desired retail uses for the district. The results were overwhelmingly positive about The East Side BID area with the majority of respondents saying they would spend more on The East Side if there were more unique dining (ethnic and casual) establishments and certain retail stores. Physical appearance of the area is improving but there is concern about the area west of Oakland Avenue.



## Consumer Survey Purpose

As part of this East North Avenue study, a consumer behavior survey was designed and conducted. The goals of this survey were two-fold:

1. understand respondents' current shopping behaviors
2. solicit specific feedback about their satisfaction with the existing physical characteristics of East North Avenue, east and west of Oakland Avenue.

This survey represented an opportunity to learn about businesses or business categories, local policies or programs, emerging issues, and potential investment that would attract more of the respondents' time and dollars to the district. Finally, these consumer survey results identify how respondents behave, not why they behave the way that they do.

The following overview highlights consumer survey findings that inform the current study process and potentially suggest implementation strategies. The complete consumer survey results are provided in the Appendix, along with a list of stores and restaurants compiled from survey responses and currently patronized by the respondent pool.

## Survey Design

The consumer behavior survey was a web-based survey. Respondents could access the survey link via computers, mobile phones, and tablets from September 9 through October 24, 2014. The survey link was available on The East Side BID's website, Facebook page, and circulated via its electronic communications and social media. The link was also circulated by Alderman Kovac's office to district residents. Neighborhood groups, employers, and district businesses provided the link to their respective electronic communications lists. Some of these same entities also circulated the link via their social media or placed the link on their website.

The survey instrument was composed of 24 questions and took an estimated 10 minutes for respondents to complete. Fifteen (15) of the questions were multiple-choice, and six (6) asked respondents to provide a written response. All multiple-choice questions included an "Other" response box, allowing respondents to provide an answer not included among the answer choices. Questions 16, 18, and 19 were

included to engage respondents about specific East North Avenue traffic circulation and development-related issues. Question 23 was an open-ended question, permitting respondents to write any additional comments or observations about the East North Avenue corridor. Open-ended responses were collected from 211 respondents (28.4%).

743 responses (full sample) were collected. 743 survey responses were received, and not all of these 743 respondents answered every question. None of the questions in this consumer survey instrument required a mandatory response. Respondents were able to skip questions or parts of questions as they took the survey. Therefore, each survey question had a unique total of valid responses equal to or less than 743. In calculating percentages of respondents' satisfaction or inclination to spend, the "I don't know" responses were removed from the totals before response rankings were created. This adjustment eliminated any potential misinterpretation since an unusually high number of "I don't know" responses could reduce the favorable response percentage.

In addition to the full survey sample, three (3) subgroups were examined to identify any differences in their responses to questions about shopping and dining behaviors and about satisfaction factors.

1. Non-Residents (83)
2. Long-Term Residents (253) - those respondents having lived near East North Avenue for ten (10) or more years
3. Respondents Under 35 (196)

Most of the results presented in the following section are for the full survey sample. Any significant variations among subgroup responses regarding shopping and dining behaviors and satisfaction factors are highlighted.

Table 3.1: Satisfaction Factors Comparison

Please rate your overall satisfaction with these factors as they apply to the East North Avenue business district BETWEEN:				
Full Sample	Rated Above Average or Better		Rated Below Average or Awful	
	Oakland/Prospect	Oakland/River	Oakland/Prospect	Oakland/River
Pedestrian access	52.6%	23.5%	10.1%	22.8%
Bicycle access	52.4%	38.7%	14.8%	16.8%
Building appearance	41.7%	11.9%	14.4%	55.5%
General attractiveness	38.6%	12.4%	16.0%	56.7%
General safety	33.2%	12.3%	18.5%	38.7%
Street lighting	32.7%	14.2%	10.0%	23.3%
Cleanliness of streets and sidewalks	30.5%	12.1%	19.4%	42.8%
Pedestrian safety	28.4%	13.2%	27.7%	37.5%
Traffic flow on weekends	18.2%	12.8%	30.8%	28.9%
Traffic flow on weekdays	16.6%	12.5%	32.2%	30.8%

### Consumer Survey Findings

Two (2) questions examined respondent satisfaction with East North Avenue's physical characteristics. These types of characteristics enhance any commercial corridor's appeal and attraction power to residents and visitors. The results from the questions asking respondents to rate their satisfaction with specific factors is shown for East North Avenue locations between Oakland and Prospect Avenues and between Oakland Avenue and the Milwaukee River are noted in Table 3.1.

The above table uses the ranking from most to least favorable for the area between Oakland and Prospect Avenues for comparison, given the concentration of businesses and activities there. Rankings to the left are ratings of Above Average or Excellent. Respondents are significantly more dissatisfied about these same factors in the area west of Oakland Avenue, as shown by the Below Average and Awful ratings.

**Pedestrian safety is a major concern throughout The East North Avenue district.** This same concern was also strongly noted in respondent comments to these two questions. Related to the above question, large percentages of respondents in the full survey and among subgroups walk to East North Avenue to patronize businesses and special events. As shown in Table 3.2, respondents are accessing the corridor using all modes of transportation.

***Respondents are significantly more dissatisfied about these factors in the area west of Oakland Avenue, as shown by the Below Average and Awful ratings.***

Table 3.2: Modes of Access

Please choose the category that best describes how you usually travel to the East North Avenue business district to shop and dine.				
	Full Sample	Non-Residents	Long-Term Residents	Under 35
I walk	38.0%	8.5%	34.5%	52.8%
I bicycle	7.5%	6.1%	8.3%	6.7%
I take the bus	4.2%	7.3%	4.4%	5.1%
I drive in 5 minutes or less	32.4%	12.2%	45.2%	17.9%
I drive, but it takes more than 5-minutes	17.9%	65.9%	7.5%	17.4%

Table 3.3: Reasons for Visiting East North Avenue

From the list below, select the reasons for your visits during the past year to the East North Avenue business district? (Please select all that apply.)				
Answer Options	Full Sample	Non-Residents	Long-Term Residents	Under 35
Art Exhibit or Theater Performance	16.4%	17.1%	20.8%	15.3%
Dining	84.5%	82.9%	85.6%	88.8%
Bars/Taverns/Nightlife	62.5%	65.9%	43.6%	86.7%
Oriental Theater	65.4%	62.2%	73.6%	62.2%
Routine Shopping, such as Groceries	59.6%	37.8%	69.6%	54.6%
Leisurely Shopping	26.0%	24.4%	27.6%	27.6%
Religious Institutions	2.4%	0.0%	4.0%	0.5%
Hospital/Medical	39.1%	32.9%	58.0%	21.9%
UWM Facilities	11.5%	15.9%	12.0%	11.2%
Festivals/East Side Green Market	54.8%	47.6%	53.2%	66.8%
Work/Employment	11.4%	25.6%	10.0%	12.8%

Respondents in the full sample and in each survey subgroup come to East North Avenue for similar reasons – dining, events at the Oriental Theatre, bars and nightlife, routine shopping needs, and neighborhood festivals. Table 3.3 displays the reasons for visits to East North Avenue. Distinctions between the full sample and subgroups are highlighted within Table 3.3.

Dining was uniformly the highest rated reason for visiting East North Avenue by the full sample and by all subgroups. The Under 35 subgroup ranked Bars/Taverns/Nightlife nearly as high as Dining. Non-residents also ranked Bars/Taverns/Nightlife as second highest but at a significantly lower percentage (65.9% versus 86.7%). Long-Term Residents ranked this same reason much lower. Comparing the full sample and the subgroups, festivals represent an important

reason to visit for younger respondents. Non-residents are more likely to also work in the neighborhood. Two survey questions asked respondents to identify where they dine and shop during an average month, or at least monthly. These results are shown in Tables 3.4 and 3.5. The responses for the full sample are ranked and compared with subgroup responses for the alternate commercial districts. Overall, respondents are regularly patronizing dining options in all districts, with Shorewood slightly less than the other areas. Three (3) other commercial areas – Riverwest, Bayshore, and Wauwatosa– were listed in question comments as frequent alternatives for both dining and shopping.

As with dining, respondents routinely patronize East North Avenue and other nearby commercial districts. The Under 35 subgroup more frequently shops downtown or in the Third Ward. Long-term residents tend to shop to the north in Shorewood and on Downer Avenue.

***Strong support for casual dining formats was similar for the full sample and all subgroups.***

Respondents were also asked two (2) questions about those business types most likely to attract more of their spending dollars in East North Avenue businesses. Strong support for casual dining formats was similar for the full sample and all subgroups. Comments recognized local dining anchors, such as Beans & Barley, but indicated an interest in more varied options versus existing pub and bar formats.

The rankings for the ten highest categories above were similar in the full sample and subgroups. Certain categories, such as books, remain challenged due to industry changes

Table 3.4: Dining Options

In an average month, how many times do you dine in these commercial areas?				
At Least Monthly				
	Full Sample	Non-Resident	Long-Term Resident	Under 35
East North Avenue	66.5%	54.9%	63.3%	70.8%
Downtown Milwaukee	52.0%	50.6%	46.4%	58.8%
Brady Street	50.3%	30.0%	46.2%	58.9%
Downer Avenue	43.9%	22.5%	50.0%	43.9%
Third Ward	43.6%	35.4%	38.2%	51.3%
Walker's Point/Bay View	33.4%	38.0%	30.3%	33.9%
Shorewood	26.3%	19.7%	32.2%	22.2%

Table 3.5: Shopping Options

In an average month, how many times do you make a purchase in these commercial areas?				
At Least Monthly				
	Full Sample	Non-Resident	Long-Term Resident	Under 35
East North Avenue	68.10%	45.68%	68.57%	71.65%
Downtown Milwaukee	42.97%	37.35%	38.52%	48.72%
Brady Street	42.84%	24.05%	38.52%	47.69%
Downer Avenue	48.93%	20.99%	60.24%	40.00%
Third Ward	35.33%	31.71%	29.92%	40.82%
Walker's Point/Bay View	24.81%	24.69%	22.63%	26.67%
Shorewood	35.87%	20.99%	49.60%	22.05%

Table 3.6: Dining Spending

How would the addition of these restaurants affect the amount you spend in the East North Avenue business district?	
Format	I would spend more
Casual dining	75.1%
White table cloth restaurant	52.7%
Counter service restaurant	39.3%
Pub or Bar	29.1%
Quick service restaurant	23.3%

and pressures. Other categories shown, such as specialty foods and bakeries, typically find a successful niche in markets with both neighborhood and destination appeal, such as East North Avenue. Often, these kinds of businesses can emerge as entrepreneurial success stories from local farmers markets.

Table 3.7: Store Spending

How would either the addition of or more of the following stores affect the amount that you spend in the East North Avenue business district?	
Answer Options	I would spend more
Specialty Foods (Prepared or Ethnic)	67.9%
Bakery	66.5%
Books	48.6%
Home Accessories	47.3%
Grocer	46.6%
Fine Wine & Spirits	46.1%
Shoes	44.6%
Women's Apparel	41.6%
Ice Cream/Candy	40.1%
Pet Supplies	37.0%
Cards/Gifts/Collectibles	36.0%
Men's Apparel	33.8%
Pharmacy/Drug Store	31.1%
Gardening Supplies	30.1%
Hardware	29.5%
Antiques	26.6%
Sporting Goods	25.4%
Arts/Craft/Knitting/Sewing Supplies	25.2%
Art Gallery	21.9%
Furniture	20.5%
Make-up/Cosmetics	19.1%
Florist	17.5%
Appliances/Electronics	17.0%
Bicycle Shop	16.8%
Children's Apparel	7.4%
Fine Jewelry	2.4%

### Summary of Consumer Survey Results

Overall, five (5) primary themes emerge from these consumer survey findings:

- Survey respondents are uniformly positive in their view of the East North Avenue commercial corridor and its future. The interest in the corridor and its success is the best that BDI has observed in its survey work to date. One example is the Under 35 subgroup. Every member of that survey subgroup provided contact information to learn more about the survey results and the BID's work. The group represents an important future resource for the BID and the neighborhood.
- Unique dining, particularly ethnic restaurants, represents an important opportunity for the corridor. This opportunity can contribute to greater market differentiation for the corridor and expand the dining and entertainment offering.
- Respondents would be willing to spend more in multiple business categories, such as specialty foods or home accessories, that may represent business recruitment opportunities to fill existing vacancies. Area independent businesses in both categories are identified in the survey results.
- Respondents frequently access the many shopping and dining locations available throughout the Milwaukee region, in addition to East North Avenue.
- Access and safety to the district and its businesses were generally rated lower. In particular, pedestrian safety, based upon the high percentages of respondents routinely walking to the district, was a major respondent concern.



# 4 MARKET CHARACTERISTICS

This Market Characteristics section is intended to provide a set of 'common facts' to consider the district's future growth opportunities and to serve as the framework for market-supported site redevelopment concepts and implementation strategies.

Demographics for key East North Avenue markets are shown in Table 4.1 below. The center point for these geographies is the Oriental Theatre. This table includes data for East North Avenue's logical markets:

1. pedestrian markets (.5 mile and an extended 1 mile radii)
2. convenience market (a custom census tract market)
3. destination market (a 15 minute drive time).

For reference purposes, the City of Milwaukee's demographics are included. A map of the convenience market based upon census tracts is shown on the following page.

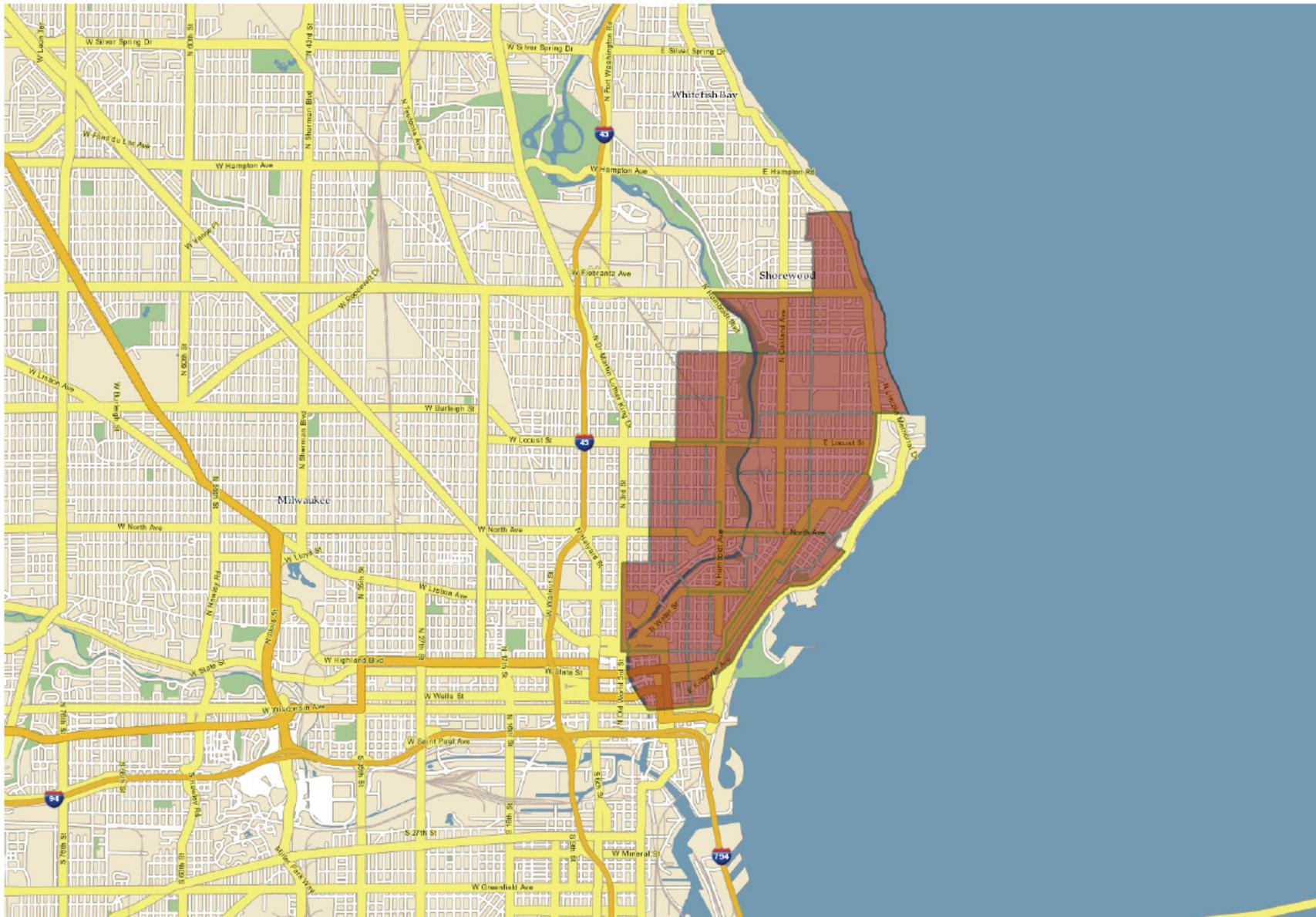
All markets are uniformly young, with the City's market as the eldest at 30.6 years. Differences between the

Table 4.1: East North Avenue Demographics

East North Avenue Demographics					
	Pedestrian		Convenience	Destination	City of Milwaukee
	.5 Mile	1 Mile	Extended Census Tracts	15-Minute	
<b>Total Population</b>	9,872	29,171	64,862	294,315	603,748
<b>Total Households</b>	5,765	16,344	33,171	116,975	235,154
<b>Household Size</b>	1.7	1.8	2.0	2.5	2.6
<b>Population Density (per Sq. Mi.)</b>	12,532.65	9,258.03	12,231.02	7,247.59	6,233.23
<b>Median Age</b>	28.3	28.7	28.5	29.2	30.6
<b>Renter Occupied Housing Units</b>	83.1%	78.3%	73.0%	65.5%	57.3%
<b>Employees</b>	7,494	11,428	45,809	161,589	243,956
<b>Average Household Income</b>	\$52,120	\$58,292	\$62,793	\$53,311	\$48,137
<b>Median Household Income</b>	\$32,973	\$35,216	\$38,392	\$32,348	\$34,931
<b>Per Capita Income</b>	\$31,354	\$33,445	\$33,216	\$21,846	\$19,133
<b>Bachelor's Degree or Higher</b>	58.6%	57.1%	58.2%	31.3%	22.1%
<b>Retail Demand</b>	\$91,384,735	\$269,274,128	\$573,473,457	\$1,901,800,076	\$3,858,775,941
<b>Employee Spending Estimate</b>	\$866,306	\$1,321,077	\$5,295,520	\$18,679,688	\$28,201,314

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## Convenience Market Boundaries



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median and average incomes in The East Side geographies (pedestrian and convenience) reflect a diversity of income levels. Educational attainment in these same geographies, meaning residents with a Bachelor’s Degree or an Advanced Degree, is high and about 2.5 times that of the City. Retail demand in the convenience market exceeds \$573 million, representing potential opportunities for The East Side businesses to capture greater market share. Employee direct spending estimates are based upon International Council of Shopping Center (ICSC) data detailing the amounts that office workers spend near their place of employment. For an urban area, like East North Avenue, the spending estimate per employee is \$115.60 excluding transportation costs and any online purchases. This additional spending power represents an important incremental source of business sales within these markets.

***Retail demand in the convenience market exceeds \$573 million***

### Business Mix

The East North Avenue business mix appears by business unit and square footage occupied (SF), Table 4.2. This data excludes industrial uses included in the original data. Institutional uses include the library and the Oriental Theatre. Office uses represent nearly 24% of the uses by SF. Most of this SF is the Columbia St. Mary’s Prospect Medical Commons (70,738 SF). Retail uses represent similar percentages of units and available square footage – 18.6% and 18.8%. The three (3) categories of restaurants and bars comprise 38.1% of total business units and 22.7% of total SF.

Vacancies exhibit an even greater difference when calculated by unit or by SF. An estimated 15% of total

Table 4.2: East North Avenue Business Mix

Business Category	Unit #	Unit %	SF	SF %
Bar	12	10.6%	63,628	9.3%
Financial	4	3.5%	29,422	4.3%
Office	6	5.3%	161,091	23.6%
Automotive	2	1.8%	23,136	3.4%
Institutional	1	0.9%	18,000	2.6%
Restaurant	24	21.2%	55,068	8.1%
Restaurant/Bar	7	6.2%	36,338	5.3%
Retail	21	18.6%	128,432	18.8%
Service	18	15.9%	76,937	11.3%
Oriental Theater	1	0.9%	30,668	4.5%
Vacant	17	15.0%	60,615	8.9%
<b>Total Units/Total SF</b>				
<b>Units</b>	<b>113</b>	<b>SF</b>	<b>683,335</b>	

Sources: East North Avenue BID Retail and Office Inventory; BDI.

Table 4.3: Vacancies by Business Category

Vacancies by Business Category	# Units	% Units	SF	% SF
Bar	2	11.8%	10,860	17.9%
Office	2	11.8%	8,873	14.6%
Restaurant	1	5.9%	2,029	3.3%
Restaurant/Bar	1	5.9%	3,513	5.8%
Retail	10	58.8%	33,689	55.6%
Service	1	5.9%	1,651	2.7%
	17		60,615	

units are identified as vacant, constituting 8.9% of total SF. As shown in Table 4.3, vacant leasable space identified as retail is 56% of total vacancies. Bars are about 18% of vacancies. Both disparities reinforce two perceptions about overall occupancy noted in the project interviews and in the consumer survey results (See Appendix) – that East North Avenue has long-standing vacancies, but not many vacant bars.

***East North Avenue has long-standing vacancies, but not many vacant bars***

### Comparison Commercial Districts

During the interview process, several nearby Milwaukee commercial districts were cited as areas sharing customers with East North Avenue. These districts included Third Ward, Downer Avenue, and Brady Street. In Table 4.4, the mix by unit for East North Avenue and each of these areas is shown. These mix numbers are based upon available data from each business organization or BID managing each district. Vacancies are not included, given the lack of available occupancy data from the comparison districts.

Downer Avenue, as the smallest district, has a traditional neighborhood business district mix of retail, dining and service businesses with some office uses. This district also benefits from destination businesses, including Sendik's and Café Hollander. Brady Street's retail and restaurant/bar percentages resemble those of East North Avenue, which has the largest percentage of restaurant/bars among the districts. Third Ward has by far the largest retail component at 37.3% of business units of all the districts. This area also has the lowest ground floor office mix percentage, given available upper story office space.

Table 4.4: Business Mix Comparison (by Business Units)

Mix Comparison	E. North Ave.	Brady Street	Third Ward	Downer Avenue
<b>Total Business Units</b>	96	91	118	26
<b>Category</b>				
Financial	4.2%	1.1%	0.8%	0.0%
Office	6.3%	9.9%	1.7%	19.2%
Automotive	2.1%	0.0%	0.8%	0.0%
Institutional	2.1%	3.3%	4.2%	11.5%
Restaurant/Bar	44.8%	38.5%	30.5%	19.2%
Retail	21.9%	22.0%	37.3%	30.8%
Service	18.8%	25.3%	24.6%	19.2%

Sources: East North Avenue BID Retail and Office Inventory, current website business listings/business directories for each district; BDI.

Table 4.5: Third Ward Comparison Demographics

Comparison Demographics	1 Mile Market		5-Minute Market		City of Milwaukee
	East North Avenue	Third Ward	East North Avenue	Third Ward	
<b>Total Population</b>	29,171	11,974	34,832	42,121	603,748
<b>Total Households</b>	16,344	6,773	20,094	18,835	235,154
<b>Household Size</b>	1.8	1.8	1.7	2.2	2.6
<b>Population Density (per Sq. Mi.)</b>	9,258.03	3,800.30	11,412.47	7,598.11	6,233.23
<b>Median Age</b>	28.7	29.2	28.8	28.1	30.6
<b>Renter Occupied Housing Units</b>	78.3%	78.2%	78.7%	81.4%	57.3%
<b>Employees</b>	11,428	62,324	17,313	79,461	243,956
<b>Average Household Income</b>	\$58,292	\$72,878	\$61,772	\$55,452	\$48,137
<b>Median Household Income</b>	\$35,216	\$45,433	\$36,996	\$31,962	\$34,931
<b>Per Capita Income</b>	\$33,445	\$44,512	\$36,824	\$27,111	\$19,133
<b>Bachelor's Degree or Higher</b>	57.1%	62.1%	60.5%	40.8%	22.1%
<b>Retail Demand</b>	\$269,274,128	\$124,421,389	\$339,222,179	\$300,660,860	\$3,858,775,941

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Multiple retail brokers interviewed for this study stated that national and regional retailers seeking ground floor lease space in Milwaukee's neighborhoods were selecting Third Ward space over available lease space in the The East Side. Table 4.5 indicates why that may be occurring.

The Third Ward center point is 217 North Broadway, and the Oriental Theatre remains the East North Avenue center point. Table 4.5 compares the 1 mile pedestrian market and a 5 minute convenience drive time market are compared for East North Avenue and Third Ward. The areas surrounding both commercial districts have similar percentages of rental housing and residents with a similar median age. Though East North Avenue is significantly denser with a larger residential population, Third Ward has over 62,000 employees within 1 mile and over 79,000 within 5 minutes. The access to this daytime population and its potential spending enhances the Third Ward's attraction power as a retail location.

***Office workers in urban areas typically spend \$115.60 weekly near their workplace***

As referenced above, the International Council of Shopping Center's Office Worker Retail Spending in a Digital Age (2013) documents the importance of nearby employees to any commercial district. Office workers in urban areas typically spend \$115.60 weekly near their workplace. (This \$115.60 is net of transportation costs and online purchases). In addition to access to this important daytime population, incomes within Third Ward's are about 20% higher than those of East North Avenue.

## Summary

East North Avenue has a legacy of business success stories. The Colectivo coffee group began in the area. Whole Foods Market selected East North Avenue for its first Wisconsin store, attracting shoppers from as far as Green Bay. The Oriental Theatre is not only an important landmark but also a regional cultural institution. Columbia St. Mary's Hospital and University of Wisconsin-Milwaukee are major employers and major investors in the neighborhood.

***East North Avenue has competitive markets, well-known destinations, and attracts consumers from throughout the region***

From a market perspective, East North Avenue has competitive markets, well-known destinations, and attracts consumers from throughout the region. The district is well positioned to incrementally strengthen the existing business mix and capitalize on emerging trends and development opportunities in all uses – retail, residential, and office.





# 5 ECONOMIC and REAL ESTATE FACTORS

Current market conditions are described by use below. In addition to these conditions, economic issues, identified during this study process and specific to East North Avenue/ The East Side BID, are considered. These issues are presented as examples within this section. The published sources for the real estate data described in this section include: CBRE, Cassidy Turley, and Colliers Investment and Sector Reports for 2nd and 3rd Quarter 2014; Reis Reports; and Milwaukee's BIZ JOURNAL.

## Retail

### Current Market Facts

- Rents for retail space located within the boundaries of the The East Side BID reflect a bifurcated market. Asking rents are typically \$25 – \$30 Per Square Foot (PSF) on a triple net basis for new lease space. Asking rents in older lease space are about \$15 PSF.
- Average retail triple net rents in the Milwaukee market are \$14.43 PSF for multi and single tenant properties of 20,000 SF or greater. In Milwaukee East (the market including East North Avenue), rents for this

same category are \$13.93 PSF. Vacancy rates for the Milwaukee market and the Milwaukee East sub-market are 8.6% and 4.3%, respectively.

- Construction costs for new retail space can range from \$185 - \$250 PSF, depending upon the project and type. Restaurant space is typically \$250 - \$300 PSF. These figures exclude any land acquisition costs and soft costs.
- Area cap rates, depending upon the project, have been hovering at 6.9 - 7% throughout 2014. They are projected to be in the high 6% range for the most desirable properties in the Milwaukee area.

### Market Considerations for East North Avenue

Most new retail or restaurant construction in the area has been part of larger mixed-use multi-family residential projects. Given Milwaukee's strong multi-family market, the ground floor space intended for retail or restaurant occupancy is often a minor piece of project financing and investment return. As a minor part of any development or even as a requirement for project approval, mixed-use ground floor space can work well, if the location has two (2)

attributes: serves a prospective business operator's need to be near other successful businesses, and provides access and visibility to substantial pedestrian and vehicular traffic.

Table 5.1 provides sample calculations for a new 5,000 SF space with a retail tenant and a restaurant tenant. The source for construction costs is RSMeans, an estimating service that continuously monitors construction costs by location and zip code. These costs should be considered a very preliminary cost estimate for any concept's proposed uses and parking. With detailed design, these kinds of development costs can change significantly. Lease rates are assumed to be negotiated net asking rents. Net operating income PSF is shown for both scenarios. The cap rates shown represent rates typically applied to smaller retail or restaurant projects versus the 6.9 - 7% for the best projects noted above.

In the Table 5.1 example, the value supported by rents in existing space at established rents are must less than the cost to build new space. The actual retail triple net rents need to be \$17 - \$20 PSF to justify the construction of

Table 5.1: Development Example

Retail Use: Estimate Example	Size	Net Operating Income (NOI)	Value at 7.5% cap rate	Value at 9% cap rate	Cost to Build Store (Source: RS Means)	
Existing Space (\$13 Triple Net Rent, \$10 Net Operating Income, or NOI)	5,000	\$50,000	\$666,667	\$555,556	\$784,500	
	Size	Cost to Build Store	NOI at 7.5% cap rate	NOI at 9% cap rate	Estimated Rent PSF at 7.5% cap rate	Estimated Rent PSF at 9% cap rate
New Space	5,000	\$784,500	\$58,838	\$70,605	\$17	\$20
Restaurant Use: Estimate Example	Size	Net Operating Income (NOI)	Value at 7.5% cap rate	Value at 9% cap rate	Cost to Build Restaurant (Source: RS Means)	
Existing Space (\$18 Triple Net Rent, \$15 Net Operating Income, or NOI)	5,000	\$75,000	\$1,000,000	\$833,333	\$1,109,500	
	Size	Cost to Build Restaurant	NOI at 7.5% cap rate	NOI at 9% cap rate	Estimated Rent PSF at 7.5% cap rate	Estimated Rent PSF at 9% cap rate
New Space	5,000	\$1,109,500	\$83,213	\$99,855	\$24	\$29

new space, depending upon the relevant market cap rate applied. For restaurants, that actual net rent range in this example needs to be \$24 - \$28 PSF. Since the cost to build or other project factors could vary significantly, the actual rents required may need to be higher on a net basis.

For experienced retail and restaurant tenants, occupancy costs represent less than 10% of total revenues and have less impact on profitability. The ability to generate higher sales and to control merchandise, or product, costs has a much greater impact on business profitability than rent-related expenses.

An experienced retailer or restaurateur’s interest in

any location, regardless of ownership or format, is fundamentally based on that location’s potential to generate their necessary revenues and profits and less about any negotiated rent-related expense. One often-ignored location advantage for urban corridors and some larger downtowns is their diversity of lease space – vintage, new, small, or large. Districts like East North Avenue have lease space that can appeal to a wide variety of tenants. This often translates into a more interesting district business mix. In these same districts, vintage properties often require somewhat lower rents (as the example notes) that can enable well-conceived new businesses to grow. Quality vintage space often serves as the location for these kind of new businesses.

## Residential Multi-Family

### Current Market Facts

- Developer interview comments indicate additional opportunity. Expansion trend likely to continue with rents in new projects approaching \$2 PSF. Typical asking rents exceed \$1.50 PSF. The Colliers International Investment Sales Market Report (2nd Quarter 2014) categorizes the next decade as a ‘bull run’ for developers and investors in Milwaukee properties. Milwaukee’s price points also reflect higher rental rates PSF throughout the Midwest
- Cap rates are ranging from 6.5 - 7% for 2014.
- Milwaukee has multi-family 3.3% vacancy rate, below 10-year average vacancy of 4.5%. As of 2nd Quarter 2014, 2,158 units were under construction.
- Depending upon the real estate source, rents are increasing up to 1% for 2014.
- The East Side Core Census Tracts are estimated to have modest population growth, about 2.4% by 2019. Rental housing units are projected to increase to 17,241, a 2.1% increase from 2014 estimates (16,882 units).

### Market Considerations for East North Avenue/The East Side BID

For this study’s redevelopment concepts, an estimate of potential new rental units was calculated and appears in Table 5.2. This estimate is based upon projected household growth for the East North Avenue core census tracts and for the City of Milwaukee. The Business Mix Map shows the area, including core census tracts, examined for household growth.

Overall, rental unit housing units in East North Avenue’s core neighborhood census tracts are projected to increase



Table 5.2: Rental Housing Unit Projections

2014 Estimate	16,882	
2019 Projection	17,241	
Projected Increase in Units	359	
Projected Growth		
	Projected %	Unit Estimate
Household Growth-City	1.0%	169
Household Growth-East North Avenue Census Tracts	2.4%	405
Household Growth-Highest for City	3.0%	506

Sources: U.S. Census Data, © 2014, by Experian, BDI.

by 359 units by 2019. Available census and real estate data indicates a 1 - 3% increase in Milwaukee's household growth during this same time period. These same sources predict a 2.4% household growth for East North Avenue's census tracts. The resulting estimates indicate this local market could absorb about 350 - 400 additional rental units. With the anticipated construction 184 new rental units either in process or approved, the net projection estimate, based upon projected household growth, is 175 - 220 additional units.

***estimates indicate this local market could absorb about 350 - 400 additional rental units***

According to local developers, rental rates are likely to remain strong with solid investment returns. While the growth of new rental options and the quality of East North Avenue's new projects is undeniable, maintaining the quality of older multi-family buildings will also be needed to ensure a diversity of quality housing options.

## Office

### Current Market Conditions

- Rents are currently averaging about \$15.75 PSF, a slight increase over 2013.

- Job growth is projected to increase about 1.8%, with office worker job sectors increasing by 1.9%. This growth is expected to increase demand.
- Milwaukee's office market just experienced positive absorption in 2nd Quarter 2014 with a slight reduction in overall vacancy. Vacancy rates declined by 100 basis points to 15.1% for the Milwaukee market.

### Market Considerations for East North Avenue/The East Side BID

The absorption of office space by small users, typically under 5,000 SF, has been a recent occurrence in East North Avenue's comparison districts and throughout the City. Typically, these users are smaller companies seeking office space in commercial areas offering amenities for owners and employers. Emerging office uses, such as co-working or maker spaces, represent two potential options – for lease space or business growth. For East North Avenue, facilitating small tenant growth and the expansion of existing tenants will incrementally grow the employment base.

Medical office uses, given Milwaukee's position as a healthcare center, have been an important economic driver for many commercial districts, even during the downturn. Once Columbia St. Mary's Commons building is fully occupied, additional medical office growth associated with the hospital presents another potential opportunity for employment growth.



### Strategic Implications for Implementation

The consumer survey results indicate an incredibly positive future for East North Avenue/The East Side BID. Survey respondents, particularly the large Under 35 cohort, were committed to the neighborhood and East North Avenue's businesses. Long-term residents have a similar commitment.

Vital to all districts, like East North Avenue and the The East Side BID, is their ability to provide a unique experience for all types of visitors, regardless of why they come to the area. Adapting to the local Millennial population and their shopping and lifestyle habits and to broader economic trends is one aspect of cultivating a unique experience. The challenge is how to do all of this in a way that merges the interests of investors, residents, and area employment.

***Adapting to the local Millennial population and their shopping and lifestyle habits and to broader economic trends is one aspect of cultivating a unique experience***

For East North Avenue, Milwaukee's overall consumer spending is just beginning to increase again. Local retail growth will initially require examining and identifying optimal potential co-tenancies and catalyst clusters. Independent retail is beginning to emerge post-recession, and there may be opportunities to enable the growth of new businesses and the expansion of established retailers interested in opening new stores. Filling existing vacancies that strengthen nearby businesses or an emerging business cluster will be an initial step. Temporary retail to activate long-standing vacancies may also be an interim step. Services, particularly personal services, may prove viable tenants for lease space categorized as retail but at less visible locations.

Restaurant and bar uses may require multiple approaches. Identifying new or expanded dining options for neighborhood residents is one opportunity. Regulatory changes and partnerships with entities, such as the Hospitality Institute, may be required to ensure that the positive aspects of the district's bar and entertainment image remain and that the less desirable results, affecting neighboring businesses, district appearance, and some residents, are addressed comprehensively.

Successful residential development in the East North Avenue area will likely continue and the addition of these new residents and their spending power can contribute to improved margins for nearby businesses. In addition to strategies to strengthen the corridor mix, identifying long-term strategies for increasing the local employment base will be useful. Small office users are already located in the neighborhood. Working with them to retain their business within the district and to aid their long-term growth represents one strategy for district growth.



# 6 MARKET OPPORTUNITY ANALYSIS

National and regional market trends specific to urban commercial districts will shape how areas like the East North Avenue corridor evolve over the next decade. They will affect what stores, services, or restaurants succeed, how the employment base changes, and why individuals and families choose where to live.

## Market Trends By Sector

### Retail

The retail sector experienced seismic changes as a result of the recent Great Recession. According to Urban Land Institute's Emerging Trends in Real Estate 2015, investment and development within the retail sector will likely remain the weak. Urban retail is identified as the sector's best opportunity, but slower overall sector growth is predicted over the next five years. Fewer national or regional retailers are expanding. Many major national retailers, often functioning as anchors in new development, now have a full complement of stores in larger markets. These same retailers limit the number of local stores in smaller metropolitan markets like Milwaukee. In contrast, many

independent retailers are now considering expansion, post-Great Recession.

Volatile consumer behaviors are another aspect of the minimal expectations for the sector. For example, the behavioral impact of the Millennial generation on the retail, housing, and employment sectors has been detailed during and post-Great Recession. This cohort represents a sizeable component (33.9% within the Core census tracts) of East North Avenue's residents. What remains unknown is whether Millennials will resume the pattern of previous generations by moving to the suburbs, once they gain stable careers and begin family formation.

Five (5) current market trends, with implications for urban commercial districts like East North Avenue, include:

1. **The 'Experience.'** Whether a shopping mall, commercial corridor, or traditional downtown, providing a consumer experience is key to sales performance and brand reinforcement. These districts strategically promote their unique and individual

character to their target consumers. For shopping malls, this trend is evident in recent changes in tenant mix, such as more restaurants, fitness, and entertainment options. For traditional districts, this means a stronger emphasis on community gatherings, event quality, and the combined attraction power of unique retailers and clusters and restaurateurs. These unique experiences also encompass temporary retail and food events. In turn, these events activate vacancies and showcase their opportunities. These factors have also resulted in a bifurcated retail market—upscale and unique retail as one market track and national and large regional discounters as the other.

2. **Smaller stores, long-term vacancies, and excess retail space.** The U. S.'s position as 'over-stored' when compared with other western nations has been well documented.\* Many commercial areas and communities suffer from long-term retail vacancies due to over-building in local markets, poor design,

\*Multiple publications have noted this trend since 2010. Recent data sources include: 'The Economics (and Nostalgia) of Dead Malls,' The New York Times, 3 January 2015 and <http://www.nbcnews.com/video/cnbc/56942276#56942276>.

or regulations requiring ground floor retail uses in newer development at inferior retail locations. The rise of e-commerce has also contributed to smaller store footprints. For many commercial locales, service or office uses represent the best options for tenancing long-standing vacancies or excess space. In certain commercial districts, service uses, particularly personal services, comprise the emerging clusters absorbing excess retail lease space, particularly at peripheral locations.

3. **E-commerce.** The growth of e-commerce continues to be exponential. Sales in 2014 exceeded \$262 Billion and are projected at over \$400 Billion by 2018. For current and future success, retailers of all sizes and formats must sell through multiple channels and continue to refine those channels for sales success. Those channels vary by business type or size, but an electronic, including mobile, and social media presence is now essential to revenue growth and better operating margins.
4. **'Localism.'** The 'local' movement has multiple facet – supporting small business owners, local foods and food systems, and shopper initiatives, as examples. The East Side BID's highly successful East Side Green Market is one example of these local activities. This broader movement now encompasses shared community 'experience' and recognizes tangible investment in any local community. 'Community retail' is one emerging aspect. For independent retailers, this means moving beyond selling merchandise to developing a relationship and communicating with their community of customers. The 'community' concept also applies to food and beverage businesses. Micro-restaurants in shared spaces allow new and experienced restaurateurs to test new operating

concepts to develop market support for these concepts. Temporary restaurants in equipped restaurant space again serve as a different kind of proving ground for an overall concept. 'Shop local' is becoming 'Shop Small,' as communities have learned that most businesses want both area residents and visitors from other communities to shop in their stores.

5. **Preference for 'known' markets.** Real estate professionals affiliated with major retailers seeking locations in any metropolitan area, including Milwaukee, prefer 'known' locations. The markets in these locations are understood, and the existing businesses are performing well financially. This preference is particularly true, after the downturn, and even extends to small retailers with the capacity to select the best locations for sales growth. For East North Avenue, the presence of businesses, such as Whole Foods Market and regional success stories, such as Colectivo, ensures that new market entrants and Milwaukee area retailers seeking new locations will consider East North Avenue.

#### **Retail Location Attributes**

Awareness of retail trends provides the context for what kinds of retailers or other ground floor uses can succeed in specific locations throughout the East North Avenue/ The East Side BID area. One question posed during this

*Community retail is one emerging aspect... moving beyond selling merchandise to developing a relationship and communicating with their community of customers.*

study, given current retail vacancies, was what are the characteristics of a good retail location? The East North Avenue Core market (neighborhood) has a spending power that exceeds \$227 million. Recent residential development only enhances this important attribute. Solid demographics are just one characteristic.

*East North Avenue core market has a spending power that exceeds \$227 million*

In considering optimal retail locations, major retailers and savvy independent store operators understand both their customers and their opportunities to increase sales. For major retailers, the strategic use of internal metrics and 'big data' analysis provides insight into existing and potential customers and those market characteristics that affect their site selection process. Similar 'big data' applications now exist for smaller retailers, including independents.

Whether the decision is to locate in a new development, to satisfy an underserved market, or to reinforce brand image, identifying the best development site or store location also includes consideration of the following five (5) factors:

1. **Access, visibility, and traffic.** The ability of any site or location to intercept vehicular, pedestrian, and bicycle traffic must be adequate and meet retailer requirements. The site must be readily accessible with multiple points of egress and have the ability to easily intercept traffic. To enable easy access, these locations must be highly visible from the street with adequate signage.
2. **Co-tenancies and adjacencies.** Smaller retailers depend upon traffic generated by neighboring tenants

and from adjacent larger or destination retailers – both enhancing the opportunity to share customers. Major retailers depend upon the same traffic, visibility, and access noted above. In an urban corridor, such as East North Avenue, co-tenants in new developments and neighboring buildings and the surrounding adjacent businesses should form a critical mass of retailers accessible to pedestrians, transit riders, cyclists, and drivers. The combined attraction power of these adjacent and neighboring businesses broadens the area’s customer base and fosters the growth of clusters of all types – competitive, complementary, and comparison. For East North Avenue, building upon existing co-tenancies and adjacencies east of Oakland can strengthen the mix.

3. **Multiple anchors.** What constitutes an anchor in any commercial locale has evolved beyond the traditional idea of a department store anchor in a shopping mall. Anchors include major retailers, such as grocers, successful destination businesses, clusters of all types, cultural institutions like the Oriental Theatre, and

major intersections with strong businesses on each corner. Most urban commercial districts, like East North Avenue/The East Side BID, have multiple anchors that nearby spaces can benefit from.

4. **Market supported new development.** The connection between quality new development, mixed-use character, and local image is important to districts like East North Avenue. There is a similar connection between location attributes, ground floor commercial space, and attracting high quality retail or restaurant tenants. In their desire for mixed-use development, many communities have ‘over zoned’ for retail uses whether they are market supported, or not. In addition, mixed-use development can often increase project complexity for financial reasons – either upper-story uses require a specific configuration producing irregular ground floor spaces with leasing challenges, or the upper story uses drive the project’s financial success and recruiting ground floor tenants is a lower priority. New ground floor space, designated ‘retail,’ does not mean that it can serve the operating

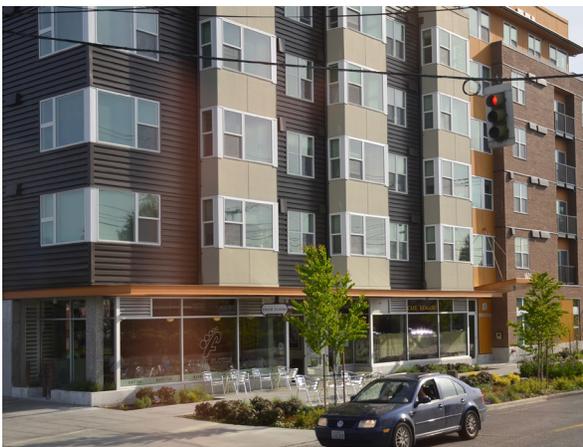
needs of a retailer or restaurant and that it can be successfully leased at rates justifying its construction. The marketability of any new space should be carefully balanced and addressed before the new commercial space is constructed.

5. **Operations and Occupancy Costs.** As noted in the Economic and Real Estate Factors section of this report, rent-related expenses typically represent no more than 10% of revenues. The ability and capacity to increase sales at a certain location have a much greater impact on store or restaurant profitability than do occupancy costs. While all tenants believe their rent is too high, an optimal location will yield greater sales and profits for store or restaurant owners, mitigating the impact of higher rents.

### Office/Service

The office and service sectors continue to be most affected by two related national workplace issues – reductions in the amount of office space required per employee, and the project based economy with workers’ ability to work in open environments and anywhere including the local coffee shop. For urban commercial districts, services and small offices locating in ground floor lease space is the result of two retail trends noted above. ‘Brick and mortar’ lease space, formerly occupied by retailers, is now being occupied by services, particularly personal services, and by small office uses.

Entrepreneurship represents the one important trend in overall office growth. ‘Growing your own’ employment base is one aspect of this entrepreneurial trend. Milwaukee’s small office user market has been described as particularly strong and competitive, as noted in the Economic and Real Estate Factors section. Milwaukee’s ongoing adaptation of



*Residential with ground floor retail.*



*Ground floor residential with landscape screening.*

former factory spaces for office uses has been an important factor in local office development. For East North Avenue, incremental growth in the employment base will provide additional customers and spending power for district retailers and restaurants. Attracting small users and helping them expand locally over time will solidify their commitment to the neighborhood.

Shared workspaces of all types are an emerging driver of this small user growth. Co-working and maker spaces remain as emerging shared-work cultures based in technology. Milwaukee has an active maker movement, with spaces focused on arts and artisans and on engineering and technological innovation. Directors of two (2) local maker spaces were interviewed for this project, both leaders indicated an interest in areas like East North Avenue. How the occupants of the existing maker spaces choose to grow their work or commercialize their innovations dictate future space needs. For those businesses with growth plans, employment growth is not their objective. These micro-businesses typically employ no more than ten (10) and they can fit anywhere, but locations with certain characteristics are most appealing:

- Areas accessible for bikes, to interstates, to residential options, and near where Millennials live. Basically, close to multiple urban conveniences.
- Authentic spaces, often in vintage buildings or lower cost Class B or C office space. These spaces can be repurposed, and the office furnishings reused.
- Small, functional spaces that can be readily shared and adapted to changing needs.

Most of these new businesses are inter-generational. While much of the focus is on the involvement of Millennials, industry experience, contacts, and knowledge are required

to start most technical businesses. Consequently, most businesses are actually started by ex-corporate employees with the requisite business expertise, and they engage Millennials in the process.

Medical offices may represent a longer-term opportunity for East North Avenue. Currently the Columbia-St. Mary's Hospital Commons office building is not fully occupied. Once fully occupied, additional space may be needed, but broader changes in the healthcare industry will determine how space is used in the future. Current trends dictate a lower hospital census and decentralized care delivery.

## Residential

Multi-family residential development, particularly urban in-fill housing projects, remains strong both nationally and regionally. Specialized student and senior housing, along with multi-family housing, has also experienced favorable returns. Milwaukee area developers continue to invest in the East North Avenue/The East Side BID area, based upon the favorable returns. This investment serves as an important platform for future growth in all of East North Avenue's sectors. Single family housing sales and starts continue to indicate a return to a normal market. The Case-Schiller index for the Milwaukee area forecasted a 7.3% increase in market housing prices in 2014, after a 2.9% increase in the prior three (3) years. In other Midwest markets, condominium projects or re-conversions of projects proposed, changed or stalled due to the Great Recession are starting.

For East North Avenue, investments in student housing represent another recent market trend. Any UWM plans for new housing will reflect this broader market interest. The post-secondary student population in the Convenience

market shown in the next section is 27,705, which includes areas around UWM. The numbers of students living in group quarters, specifically college dormitories, is 1,806 within 1-mile of the Oriental Theatre. This population is not projected to grow over the next five (5) years. (Sources: U. S. Census Data, American Community Survey, Alteryx, Inc.)

## East North Avenue's Market Opportunity Analysis

Businesses and business categories that thrive in an urban corridor, like East North Avenue, continue to change in response to the sector trends and emerging market conditions described above. Within these traditional commercial areas, the overall collection, or mix, of businesses is important for two (2) reasons – first, the district's businesses must attract consumers, both residents and visitors, to successfully compete and make money, and second, their cumulative attraction power can either enhance or impair the district's image and overall market position.

Similar urban districts also encompass a wide range of business formats. The East North Avenue commercial area includes national, regional, and locally owned businesses in its new and vintage spaces. Multi-location retailers and restaurants comprise 22.6% and 24.8% of their respective categories. This combination of formats creates synergy among the overall business mix and enables competitive strength through a differentiated offering.

This analysis of East North Avenue's market opportunities integrates four (4) types of data examined in the market-related sections of this report. This data are: the East North Avenue/The East Side BID business mix, the available ground floor lease space, the estimated market capture

Table 6.1: Business Mix by Percentage and Square Footage

<b>East North Avenue Business Mix</b>				
<b>Business Category</b>	<b>Unit #</b>	<b>Unit %</b>	<b>SF</b>	<b>SF %</b>
<b>Bar</b>	12	10.6%	63,628	9.3%
<b>Financial</b>	4	3.5%	29,422	4.3%
<b>Office</b>	6	5.3%	161,091	23.6%
<b>Automotive</b>	2	1.8%	23,136	3.4%
<b>Institutional</b>	2	1.8%	48,668	7.1%
<b>Restaurant</b>	24	21.2%	55,068	8.1%
<b>Restaurant/Bar</b>	7	6.2%	36,338	5.3%
<b>Retail</b>	21	18.6%	128,432	18.8%
<b>Service</b>	18	15.9%	76,937	11.3%
<b>Vacant</b>	17	15.0%	60,615	8.9%
<b>Total Units/Total SF</b>				
<b>Units</b>	<b>113</b>	<b>SF</b>	<b>683,335</b>	

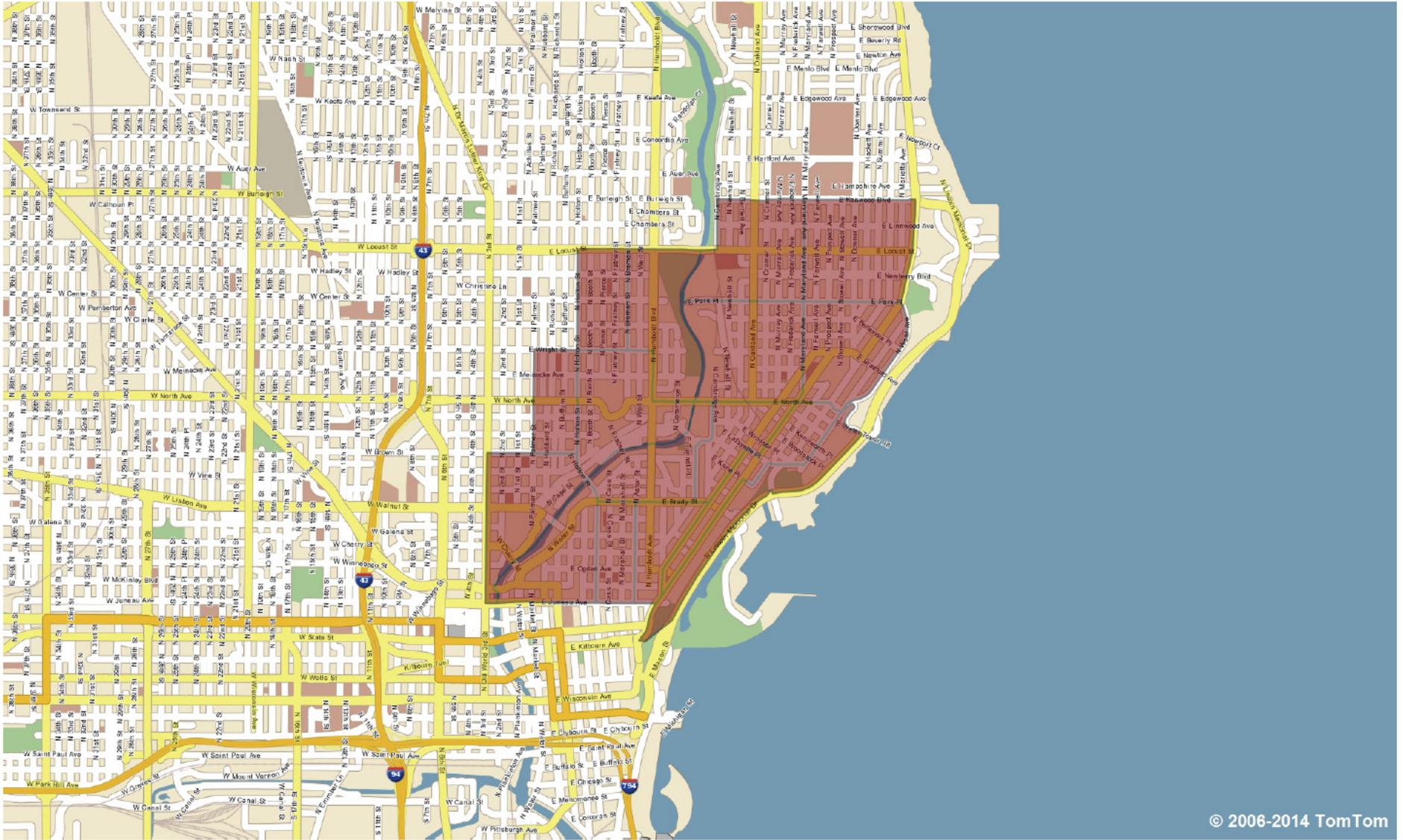
Sources: East North Avenue BID Retail and Office Inventory; BDI.

Table 6.2: Vacancies by Business Category and Square Footage

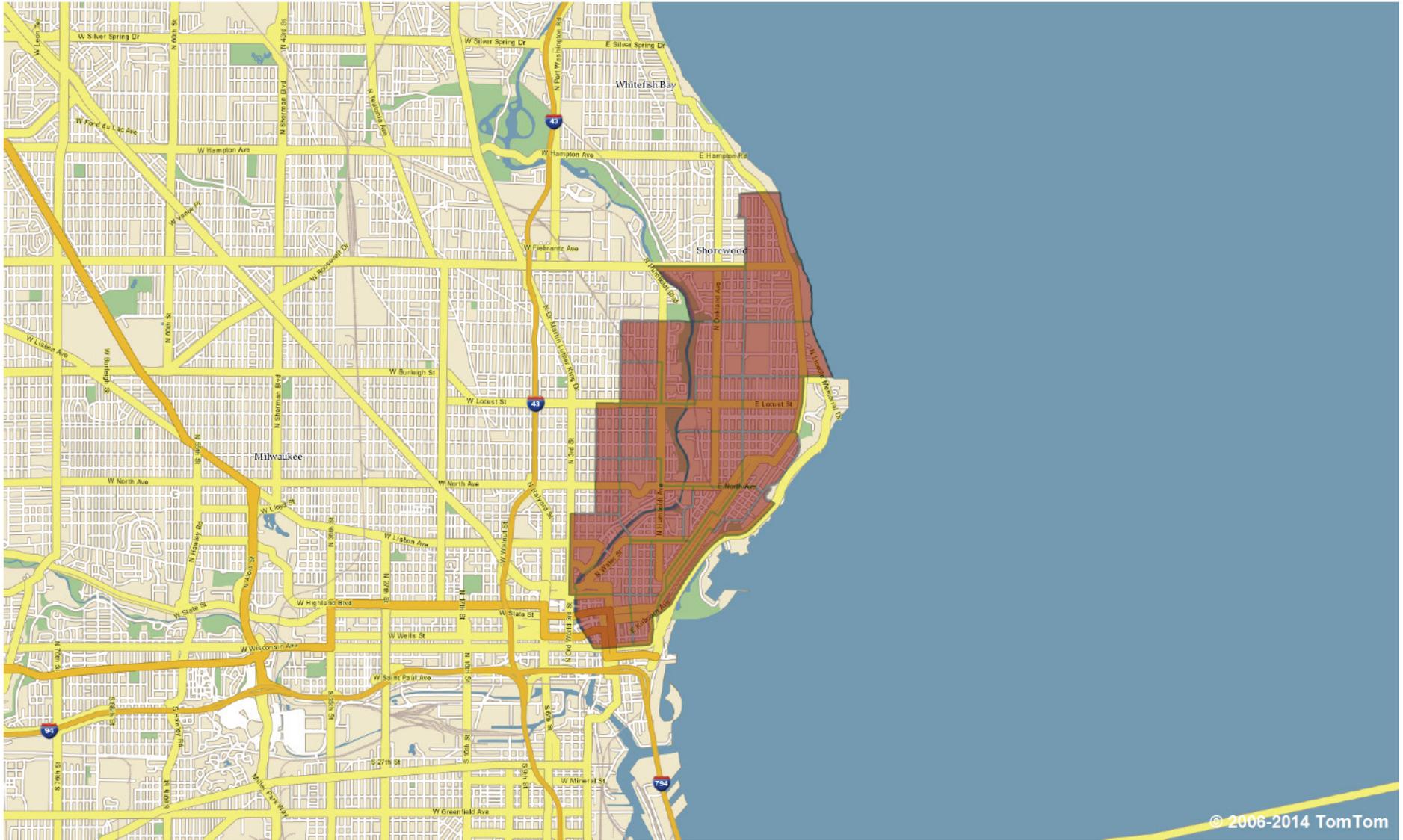
<b>Vacancies by Business Category</b>	<b># Units</b>	<b>% Units</b>	<b>SF</b>	<b>% SF</b>
<b>Bar</b>	2	11.8%	10,860	17.9%
<b>Office</b>	2	11.8%	8,873	14.6%
<b>Restaurant</b>	1	5.9%	2,029	3.3%
<b>Restaurant/Bar</b>	1	5.9%	3,513	5.8%
<b>Retail</b>	10	58.8%	33,689	55.6%
<b>Service</b>	1	5.9%	1,651	2.7%
	17		60,615	

Sources: East North Avenue BID Retail and Office Inventory; BDI.

# Core Market



# Convenience Market



opportunities for key mix categories, and the consumer survey results. By examining these conditions, the objective is to identify what opportunities exist to fill vacancies, strengthen the mix of uses over time, and most importantly, enhance East North Avenue's image and ability to attract and expand new businesses.

## Analysis Methodology

Calculating a market capture rate, or the percentage of total available sales earned by any business cluster or business category, reveals how much potential exists to grow the district's businesses by capturing additional sales. The following analysis examines and estimates existing retail, restaurant, and bar sales, using the information described in the Business Mix section of this report. For reference purposes, the East North Avenue business mix by category and total square footage is displayed below in Tables 6.1. Table 6.2 breaks out the East North Avenue's vacancies by use.

East North Avenue/The East Side BID's current retail mix is highly eclectic with few concentrations by business type. The restaurant mix is similarly varied, with only the district's bars functioning as a cluster. Service sector businesses primarily consist of personal services, including fitness clubs, salons and spas, and professional practices.

***current retail mix is highly eclectic with few concentrations...restaurant mix is similarly varied, with only the district's bars functioning as a cluster.***

The available sales within any category are limited by the retail demand within market geographies. For comparison purposes, the two custom markets identified for this project are examined. These markets are identified as the Core and

Table 6.3: Market Share Capture Rates

Category	Occupied SF	Average Sales PSF	Estimated Sales	Core Market Sales Potential	Capture Rate	Convenience Market Sales Potential	Capture Rate
Bar	63,628	\$175	\$11,134,900	\$2,370,588	469.71%	\$3,745,789	297.26%
Retail	128,432	\$300	\$38,529,600	\$227,191,226	16.96%	\$362,670,233	10.62%
Restaurant	91,406	\$350	\$31,992,100	\$48,659,194	65.75%	\$76,177,910	42.00%

Sources: East North Avenue BID Retail and Office Inventor; ICSC/Shopping Centers Today; ULI Multiple Sources; BDI.

Table 6.4: Market Share Goals

Category	Occupied SF	Average Sales PSF	Estimated Current Sales	Convenience Market Sales Potential	Capture Rate	Market Share Capture Goals	Sales Goal	Net New Sales
Bar	63,628	\$175	\$11,134,900	\$3,745,789	297.3%			
Retail	128,432	\$300	\$38,529,600	\$362,670,233	10.6%	Capture 15%	\$54,400,535	\$15,870,935
Restaurant	91,406	\$350	\$31,992,100	\$76,177,910	42.0%	Capture 50%	\$38,088,955	\$6,096,855

Table 6.5: Estimates for Market Share Goals and New Square Footage

Category	Estimated Current Sales	Convenience Market Sales Potential	Capture Rate	Market Share Capture Goals	Sales Goal	Net New Sales	SF for Net New Sales
Bar	\$11,134,900	\$3,745,789	297.3%				
Retail	\$38,529,600	\$362,670,233	10.6%	Capture 15%	\$54,400,535	\$15,870,935	52,903
Restaurant	\$31,992,100	\$76,177,910	42.0%	Capture 50%	\$38,088,955	\$6,096,855	17,420
<b>Total New Sales and SF</b>						\$21,967,790	70,323
<b>Existing Vacancies</b>							39,231
<b>Net Additional SF</b>							31,092

the Convenience markets. Both markets are custom markets based upon census tracts and developed for this study. These two geographies are shown on the following pages.

In considering these two markets, total category sales for East North Avenue's retailers, restaurants, and bars were estimated. These sales estimates apply the national average sales PSF for these major categories (Sources: ICSC, Shopping Centers Today) and multiply these sales PSF by the occupied

East North Avenue square footages for each of the three categories. The resulting annual sales estimates were then compared with the retail sales potential, or retail demand, for the three (3) categories. Alteryx, the data source for all demographics and market maps, is also the source for retail sales potential. This comparison, calculated as a percentage, indicates how much of the retail demand is currently being captured by East North Avenue businesses. This comparison is noted in Table 6.3.

For this analysis, the sales potential for bars was separated from the larger eating and drinking category. The lack of concentrations within the retail mix inhibits comparisons by more specific business category. Restaurant spending includes the full-service and limited-service restaurant categories. East North Avenue's bars capture 200 - 300% of the demand within the two markets. Not surprisingly, this reflects the district's reputation for nightlife and the power and impact of East North Avenue's bar cluster. Retail and restaurant spending have the opportunity to diversify through strategic new business growth, building upon the corridor's successful businesses.

Given current estimated sales levels, goals for overall sales growth in East North Avenue retailers, and restaurateurs are shown in Table 6.4.

The Convenience market was used to establish market share goals for the retail and restaurant categories. Achieving the estimated market capture goals with additional sales can support additional new square footage (SF) as shown in Table 6.5. While new space can be supported by sales growth to meet category sales goals, the initial priority for East North Avenue should be filling existing ground level vacancies with successful and viable businesses that complement the corridor's established businesses. Strengthening East North Avenue's ground floor mix can generate national and regional tenant interest in the district and enable easier recruitment to any future new space.

### Target Businesses and Business Categories

Retail currently represents about 19% of East North Avenue's business mix in unit numbers and SF. This mix component includes multiple retail options with a small numbers of businesses in typical categories, such as apparel. Restaurants represent another 29.4% of the mix by units.

For restaurants, increasing the range of options through expansion and recruitment is the opportunity. Potential retail recruitment targets, based upon the consumer survey results, are shown. In achieving the broader sales goals for retailers and restaurants, strengthening clusters near and around existing strong businesses and brands is important for enlarging East North Avenue's image beyond its bar cluster. This approach enables inherent flexibility in identifying and pursuing new businesses and new operating concepts.

### Restaurants

Dining, even among the survey's Under Age 35 responses, represented the primary reason that all survey respondents visited East North Avenue/The East Side BID. Casual, sit-down dining was identified as the preferred option among all respondents. (A full list of restaurants patronized by survey respondents is provided in the Appendix to this report.)

A typical restaurant has 2,500 - 6,000 SF, depending upon the formal – fast food, fast casual, or sit-down. Based upon the Table 6.5 analysis, the market exists to support net

Table 6.6: Potential Recruitment Targets

Anmol Restaurant (Pakistani)
Cielito Lindo
Cranky Al's, Wauwatosa
El Beso Mexican
Green Kitchen
Lala's Place
Michael's
Pho 42
Public Market (multiple concepts)
Shawarma House
Tuk's Thai Kitchen

new space for 4 - 5 new units. This assumes a pro-active approach to achieving sales goals and ongoing residential growth in the study area. Given survey preferences, potential targets are noted in Table 6.6.

### Retailers

Retail store square footages range in size from 500 SF to 10,000 SF, with an average store footprint of about 2,200 SF nationally. This calculation excludes any immediate possibility for larger format national or regional retailers interested in spaces exceeding 10,000 SF. Current retailer interest in Third Ward locations and available footprints indicate that Milwaukee-based independent retailers are the most likely tenant prospects. In identifying suitable East North Avenue tenants, these prospects should exhibit strong operating characteristics. The survey responses indicate the top business types where respondents would spend more. (Table 6.7.)

Table 6.7: Top Survey Spending Categories

How would the addition of or more of these stores affect the amount that you spend in the East North Avenue business district?	
Answer Options	I would spend more
Specialty Foods (Prepared or Ethnic)	67.9%
Bakery	66.5%
Books	48.6%
Home Accessories	47.3%
Grocer	46.6%
Fine Wine & Spirits	46.1%
Shoes	44.6%
Women's Apparel	41.6%
Ice Cream/Candy	40.1%
Pet Supplies	37.0%

Within these spending categories, certain categories are challenged or existing lease space does not support an East North Avenue location. For example, bookstores are a highly challenged retail category, and footprints may not be suitable for another grocer. Specialty foods, home accessories, pet supplies, and complementary retailers near Urban Outfitters and American Apparel represent likely target categories. Unique retail concepts should

Table 6.8: Potential Targets

Bangles and Bags
Bark n Scratch
Catherine's
Cook's Specialities
Deb
e-collectique
Empire Fish
Free People
Indian Grocery & Spices, Wauwatosa
Lush
Natural Pet
Penzey's
Spice House
Swanky Seconds
Uncommon Items
Urban Sense

be considered. Several businesses identified by survey respondents represent potential recruitment targets and are suggested below, Table 6.8.

Milwaukee's consumers have easy access to multiple shopping and dining options. This access almost requires that the region's commercial districts truly differentiate themselves from the others. The East Side BID has initiated important programs to expand the district's image beyond its bar scene. The BID and its partners have been active in

ensuring developer investment in the area, and regional developers remain interested in multi-family residential projects. To supplement this investment, pro-active tenanting of the ground floors, what residents and visitors see at the street, will facilitate even greater investment in the area by new businesses, whether they sell goods or provide employment.

The target business categories noted above apply to the study area east of Oakland Avenue. Filling vacancies in this eastern segment of the study area is most important for two (2) reasons:

1. fewer vacancies will enhance market confidence in the area's vitality as a retail and restaurant location
2. successful eastern area can serve as a catalyst for any future ground level uses west of Oakland Avenue.

With a few exceptions, such as McDonald's, East North Avenue west of Oakland Avenue currently functions as an auto-oriented corridor. Currently, likely ground level tenants west of Oakland will include office or service uses, including personal or wellness services, or destination restaurants. With few retailers in that segment of the study area, only established unique or destination retailers not requiring an optimal location would select a location west of Oakland Avenue.

# 7 IMPLEMENTATION STRATEGIES

From an implementation perspective, East North Avenue/ The East Side BID, has residents committed to the area's future and to its businesses. The district includes important destinations – major retailers such as Whole Foods Market, Milwaukee institutions including the Oriental Theatre and Columbia St. Mary's Hospital, and signature businesses, such as Colectivo and Beans & Barley.

The East Side BID area has experienced significant investment over the last decade, particularly in housing, and this is projected to continue. All of these attributes are important. In addition to the recommended Redevelopment Scenarios, various programming and marketing initiatives will help the district to grow, thrive, and gain market interest.

The following five (5) recommendations will help to increase customer base and attract new businesses:

- Tenanting at street level, or filling vacancies, as a priority.
- Growing the daytime population incrementally over time.
- Creating an expanded 'experience' for residents and visitors.
- Balancing East North Avenue's overall business mix.
- Maintain current collaborative relationships with Milwaukee's real estate community.

## Action Strategies

The following action plans outline key initiatives and steps to implement this study's results. For implementation purposes, the above recommendations should be considered as comprehensive and integrated. The following action plans should be considered flexible, with adjustable timetables and priorities, as market conditions evolve and new business opportunities emerge.

### Tenanting at street level, or filling vacancies as a first priority.

Objective: Recruit sustainable businesses to the study area to fill vacancies and to create clusters or catalyst areas.



Rationale: Filling visible vacancies will aid in future recruitment and foster sales growth in nearby businesses. Over the longer term, this strategic approach will create strong clusters, and ultimately, attract investment by larger ground floor tenants.

#### Action Steps

- Prioritize existing vacancies by proximity to strongest district businesses and visibility initially, then moving to vacancies at more challenging locations.
- Identify recruitment targets, applying survey results, to strengthen co-tenancies and adjacencies near key businesses. This includes independently owned, Milwaukee-based retailers and restaurateurs.
- Identify any East North Avenue businesses interested in expansion or developing new business concepts into available lease space.
- Activate the priority vacancies with temporary uses in partnership with property owners/managers. Depending upon the space, these actions can include retail pop-ups, temporary galleries, special events for market vendors, or micro--restaurants.
- Develop a retail/restaurant broker tour for existing vacancies.
- Establish links with local and regional crowd funding organizations, such as Fund Milwaukee, to ensure that expanding businesses consider East North Avenue locations.

- Based upon developer relationships, solicit feedback from area retail/restaurant brokers about the viability of ground floor space proposed in new developments.

### **Growing the daytime population incrementally over time.**

Objective: Increase local employee numbers to support sales growth in East North Avenue businesses.

Rationale: The employee numbers in East North Avenue's Core and Convenience markets are low when compared to similar Milwaukee districts. Increasing employment will add sales to district businesses over time. As employment increases over time, it can help broaden the area's reputation as a more complete community versus a place to visit on weekends.

#### Action Steps

- Prioritize available upper story or peripheral ground floor space, and work with property owners seeking tenants.
- Develop partnerships with local maker and innovation spaces, including Bucket Works, Maker Space, and Milwaukee Maker Space.
- Form partnerships with business development/entrepreneurial, such as BizStarts Milwaukee, working to identify locations for Class B and C office tenants. Also, identify and maintain contact with office brokers specializing in small office users.

- Work with new office tenants within the BID boundaries, and ask for their assistance in identifying potential new office tenants.
- Consider additional new uses, such as health and wellness-related, for upper story office uses.
- Monitor the needs for medical office space. As noted, the office needs for the Columbia St. Mary's Hospital are likely long-term. Trends and emerging uses over time may alter the current situation.
- Identify any potential office needs or plans for UWM in the district, particularly for new proposals west of Oakland Avenue.

### **Creating an expanded 'experience' for residents and visitors.**

Objective: Improve how East North Avenue appears to consumers and investors to support ongoing business growth.

Rationale: Consumers want to visit a unique place. Neighborhood residents want to affiliate with their local commercial district. They want these places to be attractive and compelling. This recommendation is intended as comprehensive and integrates physical and urban design issues noted in the survey, such as pedestrian access and appearance, additional image enhancement, and future cluster promotions.



### Action Steps

- Continue the BID's high quality marketing and special event programming. As tenancies improve, organize cluster promotions.
- Use suggested ways of activating vacancies to emphasize promote the East North Avenue/The East Side BID's market position.
- Continue to engage new residents with East North Avenue and its business community.
- Over the long-term, consider using TIF to fund improvements to East North Avenue's western sector and to support incentive use, primarily for small to mid-size projects.
- Include a BublR bikeshare station within The East Side district.
- Expand ZipCar or other carshare programs that allow reduced dependence on vehicles and encourage the use of the Oak Leaf Trail or transit modes to reach the University, downtown, and other destinations.

### Balancing East North Avenue's overall business mix.

Objective: Diversify the types of businesses located on and near East North Avenue.

Rationale: Commercial districts of all types and sizes succeed based upon the diversity of businesses and business types. Bars currently represent the largest proportion of the

overall mix. While East North Avenue's bars attract patrons, based upon the market share estimate, this district's reputation has become one-dimensional. This has affected the perceptions of consumers, the views of outsiders looking for locations, and the success of other business owners. For the area east of Oakland Avenue, strengthening the mix will enable an ever-improving consumer experience and serve as a catalyst for the area west of Oakland Avenue. This western segment has several potential redevelopment sites with likely developer interest. Suitable tenants in any ground floor space will initiate market confidence in that area and incrementally ensure both areas become part of a larger district over time.

### Action Steps

- Continue ongoing BID work with bar and property owners to mitigate negative behaviors affecting residents and other business owners.
- Work with the Hospitality Institute to develop joint strategies with bar and restaurant/bar owners to educate bar employees and address problem establishments and patrons.
- Identify any regulatory measures, successfully applied elsewhere, that balance the interests of bar owners with those of other community stakeholders.
- Work with developers of sites west of Oakland Avenue to ensure market-supported tenancies.
- Continue ongoing efforts, in partnership with the

local real estate community, to identify new tenants, through recruitment or expansion, which foster cluster development.

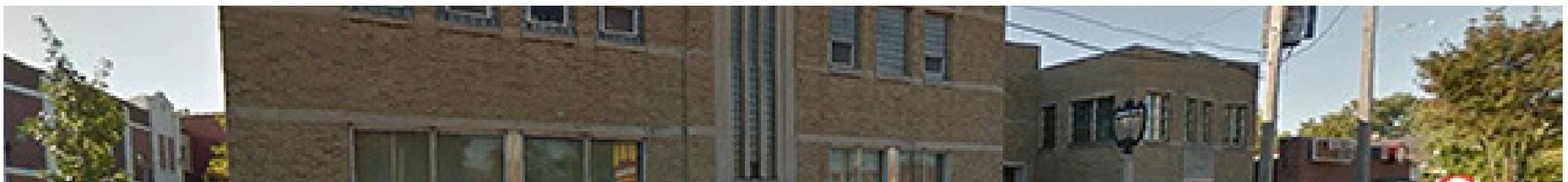
### Maintain current collaborative relationships with Milwaukee's real estate community.

Objective: Maintain these current relationships with an additional emphasis on tenancing.

Rationale: The East Side BID continues to work well with local developers and represents an important 'seat at the table' in all new development discussions. Based upon past successes and strong relationships, the BID can leverage these experiences to enable a diverse and more engaging mix.

### Action Steps

- Work with developers of mixed use projects to: o Understand their priorities and plans for ground level lease space and the likely uses.
- Understand how market trends and location attributes may affect tenant prospects.
- Continue to collaborate in identifying likely tenants and business categories.
- Document lease rates and terms as part of the existing property database.
- Monitor changes in business mix, particularly west of Oakland Avenue, as development continues.





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