

Appendix 1

Southwest Side Area Plan Market Analysis

Milwaukee, Wisconsin

Table of Contents

Executive Summary 1

Demographic Overview..... 3

Residential Market..... 8

Labor & Employment 19

Commercial Market Assessment..... 25

Industrial Market..... 38

Executive Summary

Introduction

The City of Milwaukee's Southwest Side is located in the area located to the west of I-94/43 between Oklahoma and Howard Avenues. For purposes of this analysis, market and demographic data related to the Southwest Side is assessed independent of and in comparison to the larger City of Milwaukee and the neighboring communities of West Allis and Greenfield. In an effort to document anticipated demographic shifts within the Southwest Side and surrounding area, current figures, as of 2009, within both the Southwest Side and the City of Milwaukee will be contrasted with 2014 projections. Projections have not been made beyond this time frame as the degree of accuracy in which market potential can be assessed would be reduced. Market data for this analysis were obtained from *ESRI Business Analyst*, a nationally recognized provider of market and demographic data.

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

Demographic Overview

It is estimated that the Southwest Side and the City of Milwaukee have declined in population by approximately 1.2% since 2000. Over the next five years, however, both the Southwest Side and the larger city are projected to experience positive growth reaching a 2014 population of 56,454 and 592,648 respectively. It is estimated that households earning less than \$50,000 will decrease significantly while the number of households earning more than \$50,000 will increase significantly. Significant growth is also projected to occur among households aged 25 to 34 and 54 to 75. An increase in higher income households within these two age groups may indicate a **growing demand for multi-family rental and for-sale housing within the Southwest Side.**

Residential Market

Home Sales

The Southwest Side experienced its most significant period of population growth in the post-WWII era leading into the 1970's, and has a significant amount of housing from this time as a result. The majority of housing units in the Southwest Side area are **owner-occupied, single family homes with two to three bedrooms.** As evidenced by 2009 construction permits, the majority of new housing in the largely built out Southwest Side area has been **infill, single-family housing.**

Since 2005, home sales and prices in the Southwest Side have declined 34% and 20% respectively. This decline has been more significant than that of West Allis or Greenfield. Single family homes in the Southwest Side and West Allis are typically smaller and more affordable than homes in neighboring Greenfield. The sales prices and the number of sales for two-family homes, which includes townhomes, rowhomes, and condominiums, have dropped more precipitously than that of single family homes.

Rental Housing

Rental units comprise approximately 40% of the Southwest Side housing stock and are projected to remain a significant component of the local housing market. Lease rates, which range from between approximately \$0.65 and \$0.95 per square foot, are generally lower than in neighboring Greenfield, but on par with properties in West Allis. **Local rental housing is affordable to the majority of Southwest Side households.** Monthly rent for a typical two-bedroom unit requires a household to earn less than 80% of the market area median income.

Housing Demand

In 2014, given the income requirements and target age groups for each housing type, it is projected that there will be a demand for an additional **47 single family homes**; over **1,000 two-family units**; and a **surplus of over 370 apartment units**. For this demand to be met, adjustments will have to occur within the local, regional, and national housing markets.

Labor & Employment

An overview of the Southwest Side's large employers underscores the importance of health care and other service related industries to the market area economy. In addition to being a significant employer, the health care industry is one of the few industries that has grown over the last nine years. **Health care combined with other service related industries to add over 450 jobs to the local economy.** Growth in these sectors will likely represent the largest source of demand for commercial space in the Southwest Side.

Commercial Market Summary

The Southwest Side has a mix of retail development scattered throughout the area, the majority of which is concentrated along the 27th Street corridor. Opportunities for new retail development may be limited given the Southwest Side's proximity to surrounding retail concentrations in West Allis, Greenfield, and adjacent portions of the City. Although the Southwest Side retail market is fairly saturated, **the General Merchandise and Clothing and Clothing Accessories retail categories appear to have a significant unmet retail demand.** The ability to capture this demand will depend on the needs of individual retailers, the availability of development sites, and the physical characteristics of those sites. For example, the development of new retail in the *General Merchandise* category within the Southwest Side will likely require the development of a community level retail center on a site of at least 15 acres.

Office Market Summary

An assessment of local and regional labor and employment trends indicates that **the health care industry may represent a potential source of demand for new office space within the Southwest Side.** Office space in the Southwest Side is currently being offered at rates that are near or slightly below the larger Milwaukee office market average. Given the vacancy rate of neighboring submarkets, vacancies in the Southwest Side are at or slightly above the larger market average.

Industrial Market

The demand for industrial space within the Southwest Side has declined in recent years as users of industrial space have downsized or relocated to other areas. It is estimated that Southwest Side employment in the manufacturing sector decreased by over 1,900 (-36%) between 2000 and 2009. Though vacancy rates have increased over the last year and new construction has slowed, the Milwaukee industrial market appears to be stabilizing. **Given site availability and employment projections, new construction of industrial space is not likely to occur in the Southwest Side.**

Demographic Overview

Population and Households

Table 1 compares changes in population and number of households between the Southwest Side and the larger City of Milwaukee. *Population* is defined as the overall number of people within a specified geography. A *household* is defined as the group of individuals who live in the same dwelling unit.

- Over the period of nine years from 2000 to 2009 the City of Milwaukee will have experienced a decline in population of approximately 1.2% to reach a 2009 population of nearly 590,000.
- Over the same period, it is estimated that the Southwest Side will have experienced a slightly smaller decline of 1.1% to 55,743.
- Over the next five years, it is anticipated that growth in the Southwest Side will outpace the larger city at annual rates of 0.3% and 0.1% respectively.
- The number of households in both the Southwest Side and the City of Milwaukee has increased since the year 2000 at annual rates 0.4% and 0.2% respectively.
- The Southwest Side area is projected to grow by 711 individuals and 468 households between 2009 and 2014.

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

	<i>Southwest Side Area</i>			<i>City of Milwaukee</i>		
	2000	2009	2014	2000	2009	2014
Population	56,387	55,743	56,454	596,974	589,619	592,648
<i>Change in Population</i>	-	-644	711	-	-7,355	3,029
<i>Annual Rate of Population Growth</i>	-	-0.1%	0.3%	-	-0.1%	0.1%
Households	25,206	25,521	25,989	232,188	234,120	236,698
<i>Change in Households</i>	-	315	468	-	1,932	2,578
<i>Annual Rate of Household Growth</i>	-	0.1%	0.4%	-	0.1%	0.2%

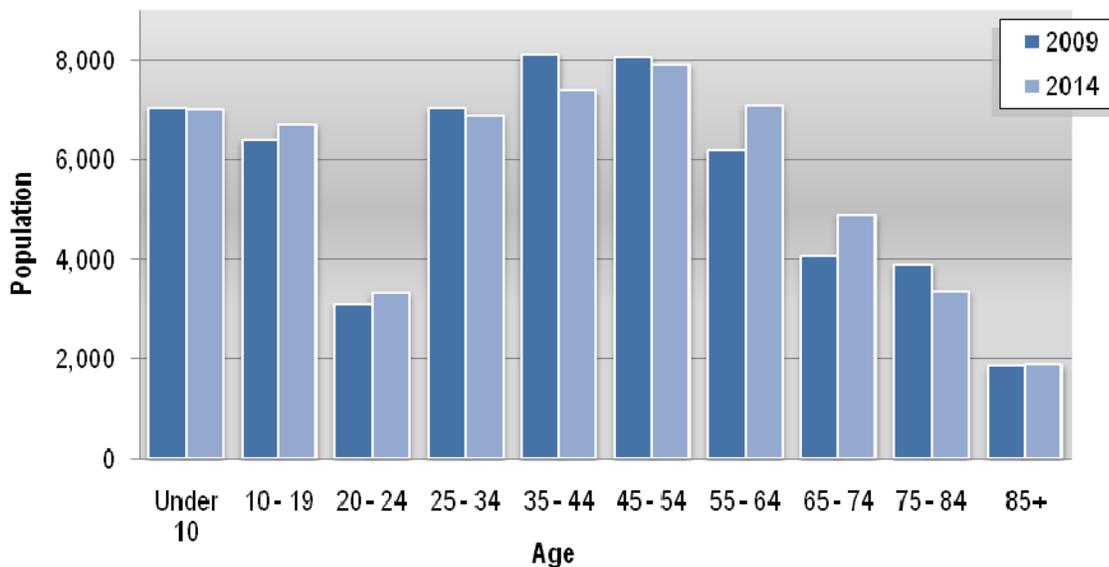
Source: ESRI Business Analyst

Age Characteristics

Chart 1 illustrates projected population change within age cohorts of the Southwest Side area over the five year period between 2009 and 2014.

- The population under the age of 20 is estimated to be relatively stable and is projected to grow by 255 individuals over the next five years.
- The number of individuals between the ages of 25 and 44 is anticipated to decrease by more than 1,050, or 4.5%, over the next five years.
- A significant increase of nearly 17% is projected to occur in the population aged 55 to 74 between 2009 and 2014.
- The estimated 2009 median age in the Southwest Side is 40.4 years which is nine years higher than that of the City of Milwaukee. This difference in median age is projected to increase through the year 2014, reaching 41.1 in the Southwest Side and 31.5 for the city of Milwaukee.

Chart 1. Projected Population Change by Age
Southwest Side: 2009, 2014



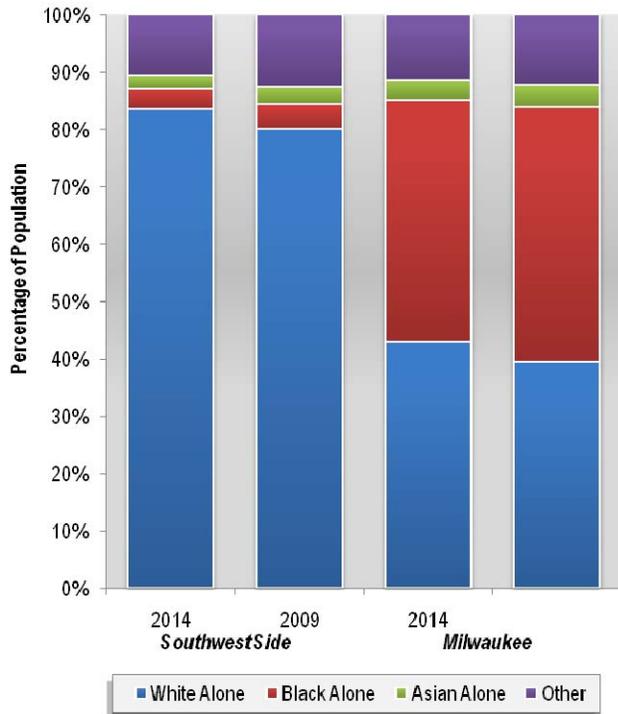
Source: ESRI Business Analyst

Racial and Ethnic Composition

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

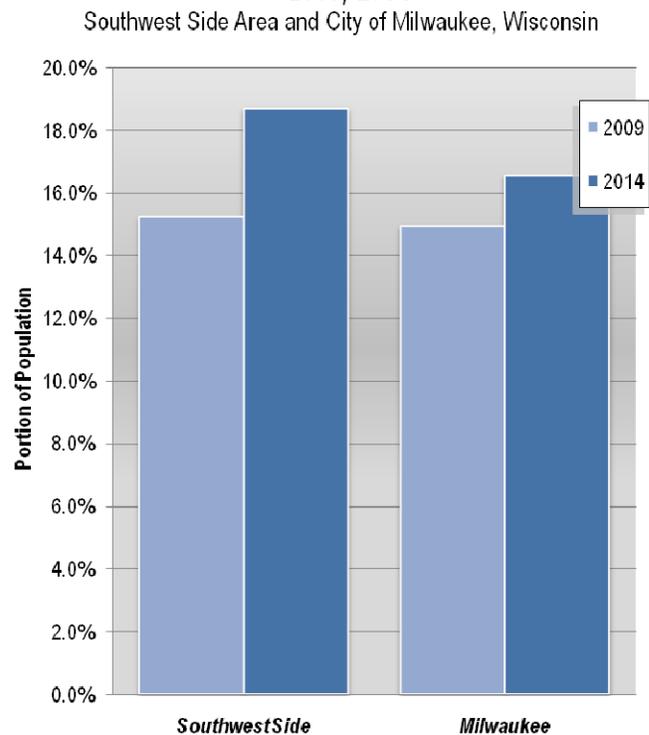
- In 2009, it is estimated that 43% of the City of Milwaukee’s population is comprised of individuals who are considered White Alone. At 84%, the White Alone population is estimated to be significantly higher in the Southwest Side area.
- The proportion of population considered White Alone is projected to decrease by approximately 3.5% during the five year period between 2009 to 2014 in both the City of Milwaukee and Southwest Side area.
- It is estimated that the Black Alone population comprises 3.4% of the 2009 Southwest Side population and this population is projected to grow by nearly 30% (560 individuals) over the next five years.
- It is estimated that in 2009, the Southwest Side area’s population was 15.2% Hispanic.
- The most significant increase in population for the Southwest Side area is projected to occur in the Hispanic population which is projected to gain over 2,000 individuals or 24.3% to 18.9% of the population.
- It is estimated that by the year 2014, the Black Alone population will grow to comprise the largest proportion of the City of Milwaukee’s population (44.5%).

Chart 2. Racial Composition - 2009, 2014
Southwest Side Area and City of Milwaukee, Wisconsin



Source: ESRI Business Analyst

Chart 3. Estimated Hispanic Population - 2009, 2014



Source: ESRI Business Analyst

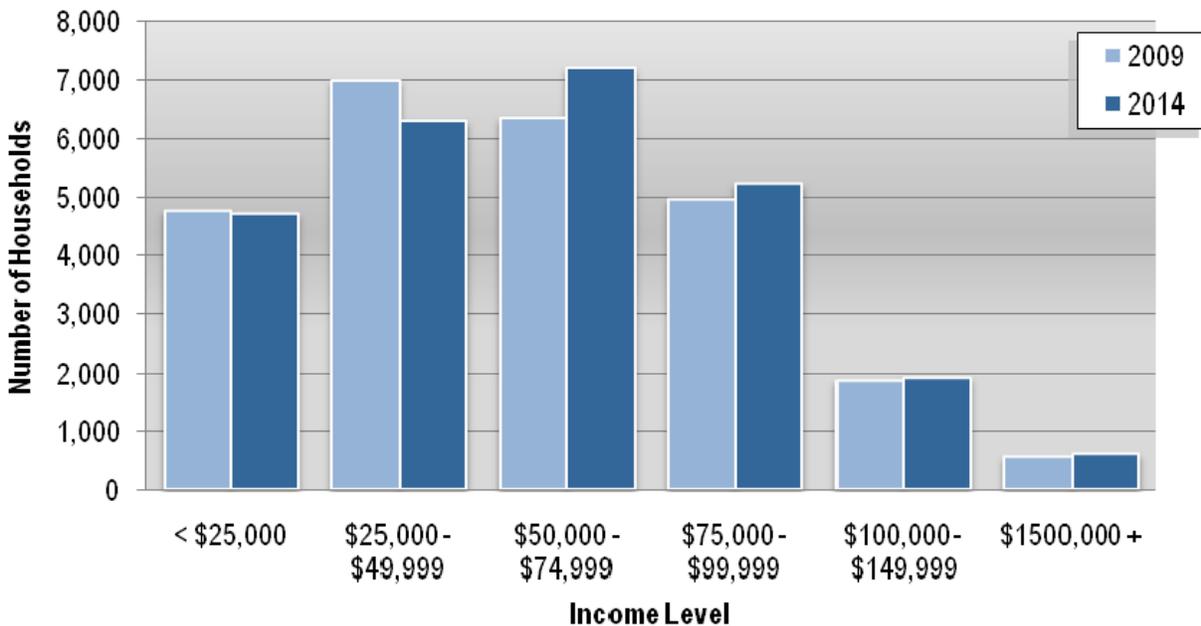
Households and Income

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

Southwest Side

- In 2009, the estimated median household income for the Southwest Side was approximately \$53,090.
- Over the next five years, median household income is projected to increase at an annual rate of 0.8% to reach \$55,155 by 2014.
- In 2009, approximately 46% of households have annual incomes of less than \$50,000.
- Between 2009 and 2014, the number of household earning less than \$50,000 per year is projected to decline by 734 households to comprise approximately 42% of total households by 2014.
- The greatest anticipated increase is expected to occur in households earning between \$50,000 and \$99,999. This population is projected to increase by 9.8%, or 1,112 households, and comprise nearly 48% of total households by 2014.
- Growth in the number of households earning over \$100,000 is anticipated to increase by 4% over the same five year period.

Chart 4. Households by Income
Southwest Side: 2009, 2014



Source: ESRI Business Analyst

Age by Income

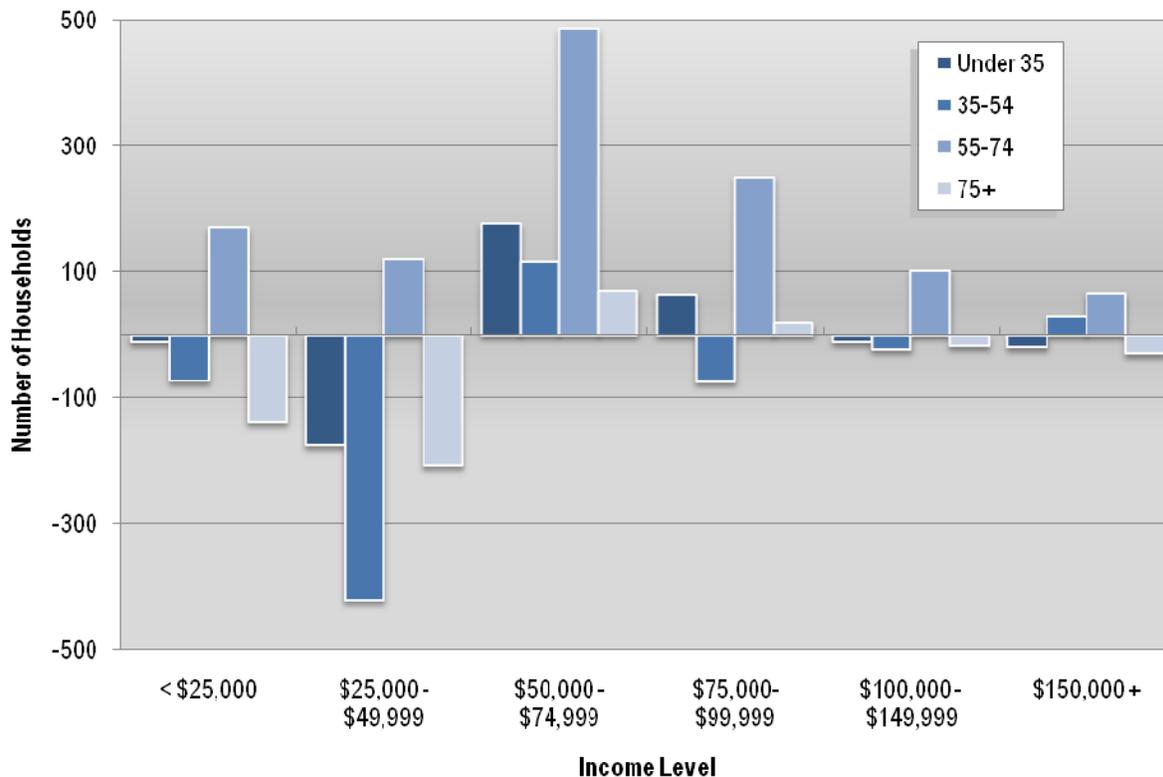
Charts 5 illustrates the projected change in household population according to the age of the head of household and household income. Changes projected to occur between 2009 and 2014 are shown as they pertain to each respective household age cohort in the Southwest Side Area.

Southwest Side

- The pattern of household growth being experienced by the Southwest Side with respect to household age and income is similar to that which is occurring in the larger City of Milwaukee.
- The number of households expected to earn between \$50,000 and \$74,999 is expected to increase in all age ranges.
- The largest increase in number of households (486) is projected for the 55 to 64 age range, earning between \$50,000 and \$74,999.
- The number of households aged 55 to 75 is projected to increase in all income categories.
- The largest anticipated decline in households (-421) is projected to occur among households aged 35 to 44 earning between \$25,000 and \$49,999.

Chart 5. Households by Age by Income Level

Southwest Side: 2009, 2014



Source: ESRI Business Analyst

Residential Market

Age of Housing

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

- Over half of all housing units in the Southwest Side were constructed over the twenty year period between 1950 and 1969.
- The number of housing units in the Southwest Side increased slowly over the most recent thirty year period, growing by no more than 5% in a given decade.
- As evidenced by 2009 construction permits, the majority of new housing has been infill, single-family housing.

Table 2. Age of Southwest Side Housing Structures

Year Built	Number	Percent
Built Before 1940	3,700	14.2%
Built 1940 to 1949	3,726	14.3%
Built 1950 to 1959	9,546	36.7%
Built 1960 to 1969	4,329	16.7%
Built 1970 to 1979	2,136	8.2%
Built 1980 to 1989	1,084	4.2%
Built 1990 to 1999	818	3.1%
Built 2000 or After*	661	2.5%
Estimated 2009 Total Housing Units	26,000	100.0%
2009 New Construction Permits	52	100.0%
Single Family	51	98.1%
Two-Family	1	1.9%
Multi-Family	0	0.0%

* Based on estimated number of housing units in 2009.

Source: City of Milwaukee; Houseal Lavigne Associates

Housing Types

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

- Owner-occupancy in the Southwest Side (61%) is higher than in the larger City of Milwaukee.
- In the Southwest Side nearly 54% of units are single family detached and nearly 43% are in multi-family buildings with three or more units. There are few townhomes or duplexes (3.7%).
- Three-bedroom units are the most common within the Southwest Side, comprising nearly 42% of all units.

Table 3. Housing by Tenure, Type and Number of Bedrooms - Southwest Side, Milwaukee: 2000

	Southwest Side		Milwaukee	
Occupied Housing Units	24,588	100.0%	224,817	100.0%
Owner-occupied	15,002	61.0%	110,108	49.0%
Renter-occupied	9,586	39.0%	114,709	51.0%
Units in Structure - All Units	25,339	100.0%	249,843	100.0%
Single Family Detached	13,572	53.6%	103,258	41.3%
Single Family Attached	948	3.7%	12,173	4.9%
Multi-family	10,759	42.5%	133,530	53.4%
Other	60	0.2%	882	0.4%
Number of Bedrooms	25,339	100.0%	249,843	100.0%
Studio	249	1.0%	5,962	2.4%
1 Bedroom	2,997	11.8%	40,222	16.1%
2 Bedrooms	9,446	37.3%	87,994	35.2%
3 Bedrooms	10,629	41.9%	84,616	33.9%
4 Bedrooms	1,646	6.5%	23,459	9.4%
5+ Bedrooms	372	1.5%	7,590	3.0%

Source: City of Milwaukee; Houseal Lavigne Associates

Single Family Home Sales

The impact of the current downturn in the national housing market is made evident at the local level through decreases in both the number of home sales and the sales prices of those homes sold. Table 4 and Chart 6 illustrate change in single family home sales over the five year period between July 2004 and July 2009 in the Southwest Side, the City of West Allis, and the City of Greenfield. Overall, home sales and prices in the Southwest Side have dropped more significantly than have those of West Allis or Greenfield.

- In the Southwest Side, the number of homes sold in 2009 was 2.0% lower than in 2008 and 34.4% lower than in 2005. Over the same five year period, the number of single family home sold fell by 17% and 34% in Greenfield and West Allis respectively.
- The 2009 median sales price in the Southwest Side was 16.5% lower than in 2008 and 19.5% lower than in 2005. Over the same five year period, single family home prices fell by between 8% and 9% in Greenfield and West Allis respectively.
- Overall, single family homes in the Southwest Side and West Allis are more affordable than homes in neighboring Greenfield.
- The average market time for homes being sold in the Southwest Side increased 44 days (94%) to reach 91 days over the five year period between 2005 and 2009.
- Single family homes in both West Allis and the Southwest Side are typically smaller than homes in Greenfield by between 200 and 300 square feet.

Table 4. Single Family Home Sales

Southwest Side Milwaukee, West Allis, and Greenfield, Wisconsin: 2005 – 2009

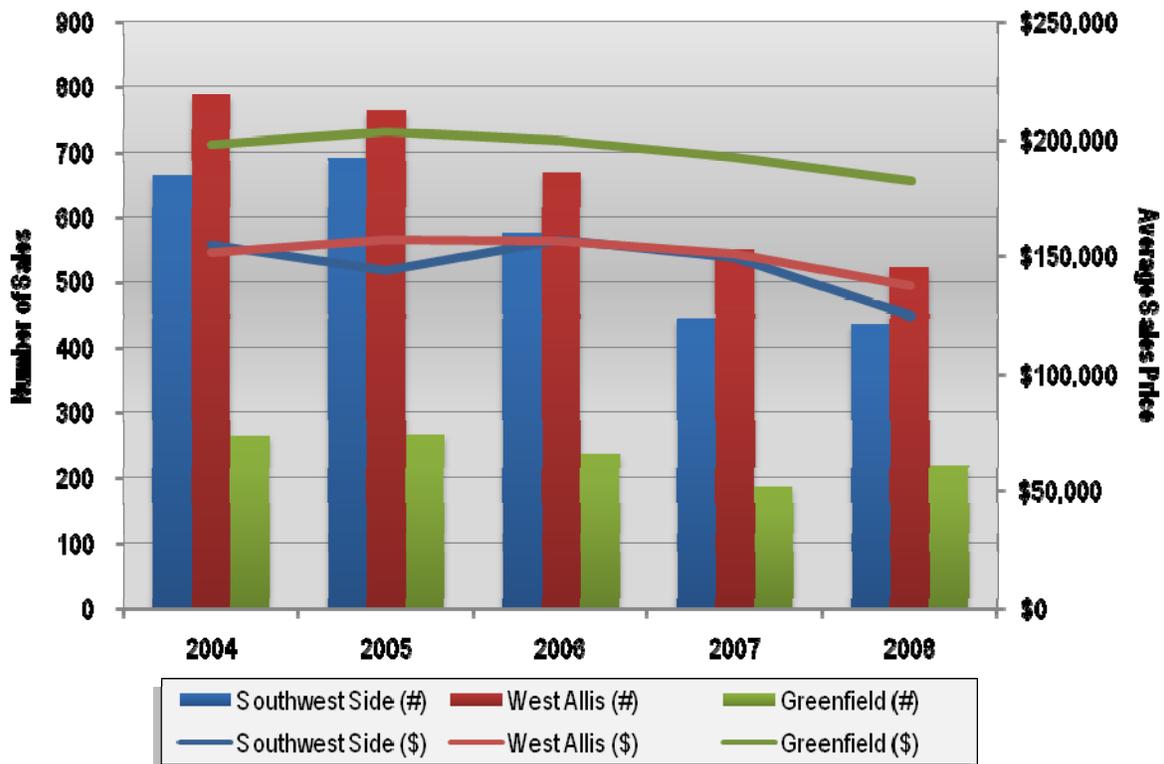
	Sales			Average Sales Price		
	Southwest Side	West Allis	Greenfield	Southwest Side	West Allis	Greenfield
2005	666	788	264	\$154,595	\$150,809	\$197,674
2006	692	764	266	\$143,323	\$156,498	\$203,244
2007	574	669	237	\$156,555	\$155,779	\$199,626
2008	446	550	186	\$149,135	\$150,336	\$192,200
2009	437	521	218	\$124,498	\$136,943	\$182,626

	Average Home Size (sf)			Average Market Time		
	Southwest Side	West Allis	Greenfield	Southwest Side	West Allis	Greenfield
2005	1,243	1,291	1,634	47	37	46

2006	1,225	1,270	1,580	37	47	51
2007	1,216	1,291	1,515	65	58	66
2008	1,219	1,309	1,551	74	77	72
2009	1,226	1,298	1,559	91	85	82

Source: Metro/MLS; Houseal Lavigne Associates

Chart 6. Single Family Home Sales
Southwest Side Milwaukee, West Allis, and Greenfield, Wisconsin: 2005 - 2009



Two-Family Home Sales

The category of two-family residential units includes both townhome and duplex condominium units. Duplex structures are common throughout the Milwaukee area. The sales price of two-family units in the Southwest Side and neighboring West Allis and Greenfield have decreased at levels similar to the single family market. The number of units sold, however, dropped more significantly in the five year period between July 2004 and July 2009. Table 5 and Chart 7 show home sales statistics for two-family units.

- In the Southwest Side, the number of two-family homes sold in 2009 was 18.8% higher than in 2008, but 57.4% lower than in 2005. Over the same five year period, the number of two-family units sold fell by 19% and 50% in Greenfield and West Allis respectively.
- Two-family units are not as common in Greenfield as they are in the Southwest Side or West Allis and between 200 and 300 square feet larger.
- The 2009 median sales price in the Southwest Side was 36.6% lower than in 2008 and 39.2% lower than in 2005. Over the same five year period, two-family unit prices fell by 7% and 17% in Greenfield and West Allis respectively.
- Prior to 2009, two-family homes in the Southwest Side and West Allis sold for between 25% and 30% less than in Greenfield. In 2009, the median sales price for a two-family unit in the Southwest Side was less than half that of Greenfield and two-thirds that of West Allis.
- The average market time for homes being sold in the Southwest Side nearly doubled from 40 days to reach 78 days over the five year period between 2005 and 2009.

Table 5. Two-Family Home Sales

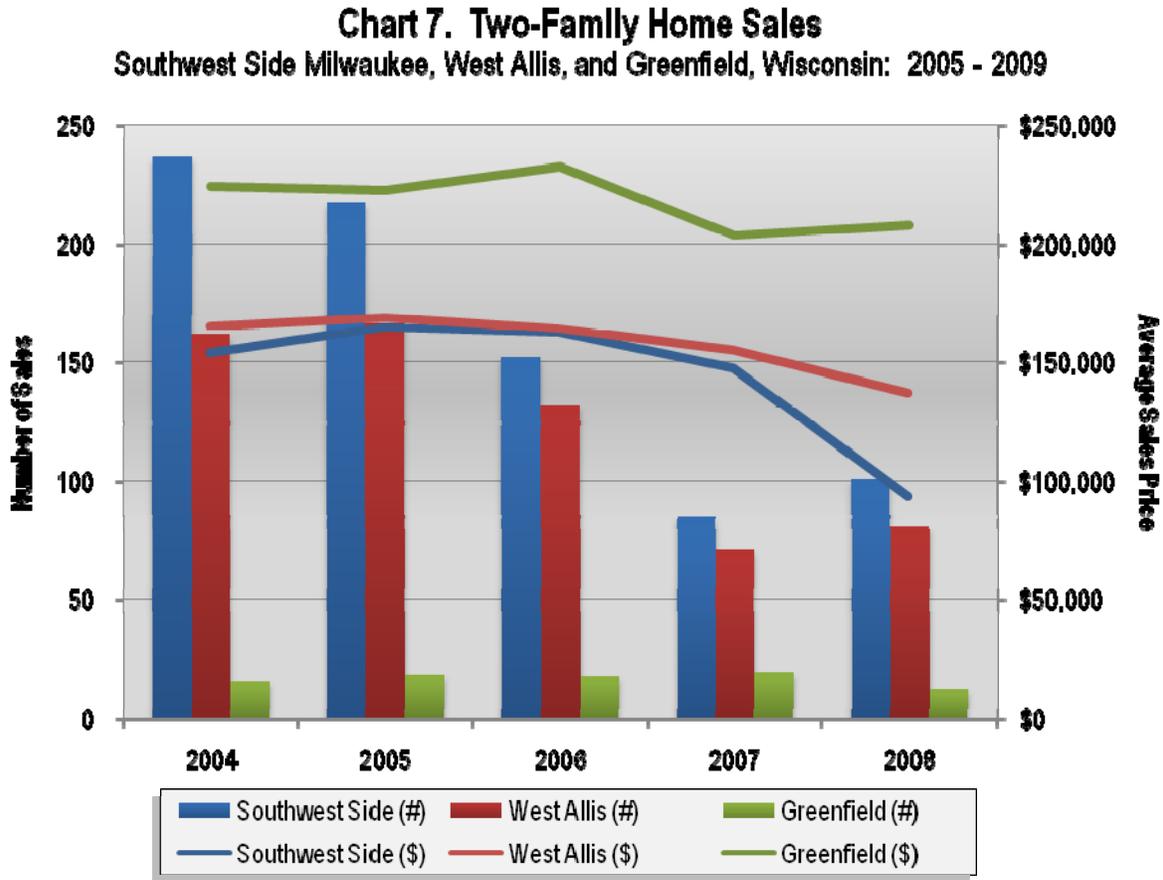
Southwest Side Milwaukee, West Allis, and Greenfield, Wisconsin: 2005 - 2009

	Sales			Average Sales Price		
	Southwest Side	West Allis	Greenfield	Southwest Side	West Allis	Greenfield
2005	237	162	16	\$154,060	\$165,628	\$224,521
2006	218	167	19	\$165,181	\$169,461	\$222,847
2007	152	132	18	\$163,246	\$164,801	\$232,939
2008	85	71	20	\$147,718	\$155,183	\$203,790
2009	101	81	13	\$93,667	\$137,328	\$208,144

	Average Unit Size (sf)			Average Market Time		
	Southwest Side	West Allis	Greenfield	Southwest Side	West Allis	Greenfield

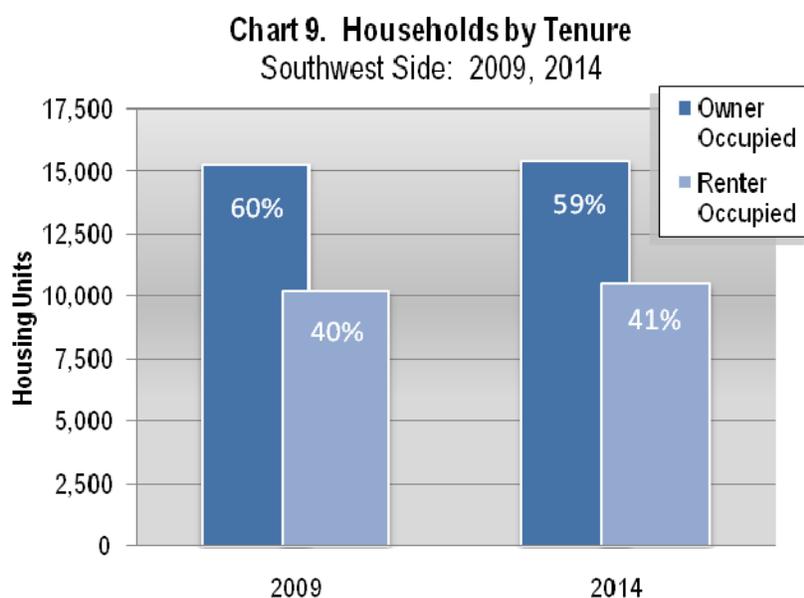
2005	1,123	984	1,361	40	41	62
2006	1,169	1,038	1,259	54	48	25
2007	1,191	1,148	1,342	78	77	65
2008	1,109	1,043	1,321	79	90	104
2009	1,194	1,099	1,332	78	98	103

Source: Metro/MLS; Houseal Lavigne Associates



Rental Housing

The Southwest Side has a significant amount of housing units that are renter occupied. In 2009, it is estimated that 40% of the area's 25,500 housing units were rental units (See Chart 9). This proportion is projected to increase slightly to 41% in 2014. The Southwest Side has a slightly higher proportion of owner-occupied units compared to the City of Milwaukee which is 45% owner-occupied.



Source: ESRI BusinessAnalyst

In 2009, rents in the Southwest Side (Table 6) range from as low as \$500 for a one-bedroom unit to \$935 for a 1,200 square foot two-bedroom unit. These rates are generally less than in neighboring Greenfield and on par with rental rates in West Allis. Given a median household income of \$53,000 for the Southwest Side, these rates appear to be relatively affordable. Housing is considered affordable if 30% or less of a household's gross annual income is spent on housing costs. With an income of \$53,000, the typical Southwest Side household could afford to pay an estimated \$1,325 for rent and utilities. The next section of the residential market assessment examines the issue of housing affordability more closely.

Table 6. Rental Properties:
Southwest Side, Greenfield, West Allis - September 2009

<i>Southwest Side</i>	<i>BR</i>	<i>BA</i>	<i>Rent Range*</i>	<i>Size (sf)</i>	<i>Rent Range PSF</i>
Briarwick Pool Apartments	1	1.0	\$730	750	\$0.97
	2	1.0	\$800	950	\$0.84
	2	2.0	\$850 - \$860	1,050	\$0.81 - \$0.82
Howard Garden Apartments	1	1.0	\$600 - \$635	-	-
	2	1.0	\$720 - \$780	-	-
Hunters Square**	1	1.0	\$735	800	\$0.92
	2	1.0	\$860 - \$935	1,155 - 1,200	\$0.74 - \$0.78
Loomis Hills	1	1.0	\$570 - \$575	850 - 900	\$0.63 - \$0.68
Oklahoma Gardens	1	1.0	\$545	-	-
	2	1.0	\$725	-	-
Oklahoma Manor	1	1.0	\$638	-	-
	2	2.0	\$693 - \$786	-	-
St. Gregory Apartments	1	1.0	\$505 - \$530	-	-
	2	1.0	\$635	-	-
Woodland Court Apartments	1	1.0	\$550	700	\$0.79
	2	1.0	\$660	850	\$0.78
	3	1.5	\$870	1,140	\$0.76

<i>Greenfield</i>	<i>BR</i>	<i>BA</i>	<i>Rent Range</i>	<i>Size (sf)</i>	<i>Rent Range PSF</i>
American Colony**	1	1.0	\$685 - \$765	-	-
	2	1.0	\$795 - \$840	1,000 - 1,100	\$0.74 - \$0.84
Ravinia Apartment Homes***	1	1.0	\$850 - \$1,065	942	\$0.90 - \$1.13
	2	2.0	\$865 - \$1,295	1,000 - 1,245	\$0.84 - \$1.10
Westfield Apartments***	2	1.0	\$830-\$840	1,000	\$0.83-\$0.84

<i>West Allis</i>	<i>BR</i>	<i>BA</i>	<i>Rent Range</i>	<i>Size (sf)</i>	<i>Rent Range PSF</i>
Cleveland	1	1.0	\$620	521	\$1.19
	2	1.0	\$690 - \$720	681	\$1.01-\$1.06
French Quarter Apartments****	1	1.0	\$630	735	\$0.86
	2	1.0	\$750 - \$765	946	\$0.79-\$0.81
Six Points Apartments	1	1.0	\$835 - \$990	-	-

	2	2.0	\$1,075 - \$1,275	1,143-1,289	\$0.94-\$0.99
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* Rent includes water, heat, and gas unless otherwise noted.

** Rent does not include Heat or Gas.

*** No utilities included.

**** Rent does not include Gas.

Source: Various online apartment search engines; Houseal Lavigne Associates

Housing Demand & Affordability

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

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

- \$48,000 to afford a single family home in the Southwest Side in 2014
- \$45,000 to purchase a unit in a two-family building (e.g. townhome)

Lease rates for rental housing were also included in Table 7 to demonstrate demand for market rate rental units. The 2009 rent for a two-bedroom unit in the Southwest Side is near \$800 per month (See Table 6). Assuming an annual rent increase of 3%, the rent for a similar unit in 2014 will be approximately \$925. This indicates that renting an average sized two-bedroom apartment will require a household income of approximately \$40,000.

To put these estimates in perspective, it should be noted that the projected 2014 median household income for the Southwest Side is \$55,000. This means that, in general, approximately one out of every two households will be able to afford a single family home in 2016. The lower portion of Table 7 provides further detail regarding the number of new households locating in the Southwest Side within several age and income categories and related housing demand.

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

Product	Single Family	Two-Family		Rental - 2 BR
Asking Price	\$144,000	\$135,000		
Downpayment	10%	10%		
Interest Rate	6.50%	6.50%		
Monthly Mortgage Payment	\$819	\$768	Monthly Rent	\$925
Annual Mortgage Payment	\$9,830	\$9,216	Annual Rent	\$11,100
Annual PMI	\$674	\$632		
Annual Property Taxes	\$4,000	\$3,500		
Housing Costs as % of Income	30%	30%		30%
Minimum Income Required	\$48,346	\$44,491		\$40,083

Population Change - 2009, 2014

2014 Age & Income	< 25	25-34	35-44	45-54	55-64	65-74	75+
<\$15,000	12	2	-13	-8	18	66	-12
\$15,000 - \$24,999	-5	-21	-24	-28	14	72	-127
\$25,000 - \$34,999	-12	-49	-71	-57	4	62	-92
\$35,000 - \$49,999	-10	-104	-175	-118	15	41	-116
\$50,000 - \$74,999	31	145	20	95	300	186	71
\$75,000 - \$99,999	25	40	-101	27	143	109	19
\$100,000 - \$149,999	0	-12	-14	-9	55	48	-18
\$150,000 - \$199,999	-6	-10	13	8	38	17	-18
\$200,000 - \$249,999	-1	-1	0	4	3	4	-9
\$250,000 - \$499,999	-1	-1	0	5	0	2	-2
\$500,000 +	0	0	-1	0	3	0	-1

Income & Age Qualifying Households

Single Family Home	47
Two-Family Unit	1,065
2-Bedroom Rental Unit	(373)

Source: ESRI Business Analysts; Houseal Lavigne Associates

Target Age Groups

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

- **Single-family homes** are the predominant housing type within the Southwest Side. Middle-aged households (age 35 to 54) are the predominant buyer of single family homes. For the purposes of this analysis, it is assumed that all middle aged households who can afford to purchase a single family home, as well as those earning more than \$250,000 annually, will choose to do so.
- **Two-family units** (duplexes, condominiums, and townhomes) are also common within the Southwest Side. Traditionally, young professionals (under 35) and empty nester (age 55 and over) households are the predominant buyer of two-family units. For the purposes of this analysis, the households in these two age groups that can afford to do so will purchase a two-family unit.
- **Rental units** comprise an estimated 40% of the Southwest Side housing market with two-bedroom apartments being the most commonly offered unit type. The rental market is also comprised of a combination of younger households and senior households. For the purposes of this analysis, it is assumed that those households unable to afford a two-family unit, as well as very young (less than 25) and old (over 75) households, will rent their housing.

Projected Demand

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

- Demand for an additional **47 single family homes**;
- A need for over **1,000 two-family units**; and,
- A **surplus of over 370 apartment units**.

It should be noted that this housing demand projection does not equate with a projection for future housing development. For this demand to be met, many changes will have to occur within the local, regional, and national housing markets. Much of the demand for two-family units and rental units is derived from empty nester households downsizing from a single family home to a lower maintenance housing option. A slow housing market may hinder the ability to sell currently occupied units. This may, in turn, decrease demand for owner-occupied, two-family housing while simultaneously increasing demand for rental housing. Furthermore, in a harsh economic climate, household size tends to increase as families consolidate into fewer residences to reduce housing costs.

Labor & Employment

Employment by Industry

As shown in Table 8, it is estimated that at the time of this study (2009), the Southwest Side currently employs over 25,000 workers. Employment is concentrated in a handful of industries, namely manufacturing (18.4%), retail trade (11.0%), and services (45.8%), which includes the health care and educational services industries among others. These proportions are on par with employment by industry for the larger City of Milwaukee. The health care and social assistance industry is the largest single employer in the Southwest Side area, employing nearly 4,000, or 15.7%, of the 2009 workforce.

It is estimated that between 2000 and 2009, the City of Milwaukee lost nearly 20,000 jobs in the private sector, the majority of which were in manufacturing. This represents a decline in employment of approximately 7.8%. Over the same nine year period, total employment in the Southwest Side area decreased by approximately 10%, or 2,884 jobs. In addition to being a significant employer, the health care industry is one of the few industries that grew over this time period. Health care combined with other service related industries to add over 450 jobs to the local economy.

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

	2000		2009		Change	
	Number	Percent	Number	Percent	Number	Percent
Industry Total	28,167	100.0%	25,283	100.0%	-2,884	-10.2%
Industry						
Agriculture/Mining	141	0.5%	152	0.6%	11	7.7%
Construction	1,408	5.0%	1,087	4.3%	-321	-22.8%
Manufacturing	5,324	18.9%	3,388	13.4%	-1,936	-36.4%
Wholesale Trade	930	3.3%	834	3.3%	-95	-10.2%
Retail Trade	3,014	10.7%	2,781	11.0%	-233	-7.7%
Transportation/Utilities	1,718	6.1%	1,416	5.6%	-302	-17.6%
Information	648	2.3%	480	1.9%	-167	-25.8%
Finance/Insurance/Real Estate	1,915	6.8%	1,846	7.3%	-70	-3.6%
Services	11,126	39.5%	11,580	45.8%	454	4.1%
Public Administration	1,915	6.8%	1,745	6.9%	-171	-8.9%

Source: ESRI Business Analyst; Houseal Lavigne Associates

Major Employers

As illustrated in Table 9, the importance of health care and other service related industries to the Southwest Side economy is underscored by the number of the area's large employers within these industries.

- The largest employers in the Southwest Side area are Aurora St. Luke's Medical Center and St. Francis Hospital.
- There are two manufacturing firms with over 100 employees.
- The major department stores Wal-Mart, Kohl's, and Pick N Save employ nearly 500 people within the Southwest Side.
- Milwaukee Public Schools employs a large number of faculty and staff within the area.

Table 9. Businesses with Over 100 Employees, Southwest Side - August 2009

Business	Industry Sector	Employees
SAINT LUKE'S MEDICAL CENTER	Health Care & Social Assistance	5,340
SAINT FRANCIS HOSPITAL PAIN MGMT CENTER	Health Care & Social Assistance	941
MAYNARD STEEL CASTING CO	Manufacturing	245
HAMILTON HIGH SCHOOL	Educational Services	200
CROTHALL LAUNDRY SERVICES INC	Admin. & Support & Waste Mgmt. & Rem. Svcs.	167
SUNRISE CARE CENTER	Health Care & Social Assistance	153
PICK N SAVE	Retail Trade	150
WAL MART PHARMACY	Retail Trade	150
THE TERRACE SAINT FRANCIS	Health Care & Social Assistance	150
GI ASSOCIATES LLC	Health Care & Social Assistance	150
PULASKI HIGH SCHOOL	Educational Services	150
KOHL'S	Retail Trade	140
DELTROL CORP	Manufacturing	125
ZABLOCKI ELEMENTARY SCHOOL	Educational Services	120
MARTY MANLEY INSURANCE AGENCY	Finance & Insurance	107
WILLOW GLEN	Admin. & Support & Waste Mgmt. & Rem. Svcs.	103
PRO DRIVER LEASING SYSTEMS INC	Admin. & Support & Waste Mgmt. & Rem. Svcs.	100

Source: Experian; ESRI Business Analyst; Houseal Lavigne Associates

Regional Employment Projections

The regional employment projections, shown in Table 10, indicate that service related industries will have grown faster than any other industries between the year 2006 and 2016. While it is anticipated that the manufacturing industry will continue to shrink through the year 2016, all of the other industries are projected to increase by between 2% and 19%.

**Table 10. Industry Employment Projections -
Milwaukee-Waukesha-West Allis MSA: 2006-2016**

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

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

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

It is reasonable to assume that the proportion of the regional workforce employed within the Southwest Side will remain somewhat constant over the next seven years. For example, if the Southwest Side employs 5% of the region's retail jobs in 2009, it will likely employ slightly above or slightly below 5% of the region's retail jobs in 2016.

Table 11 indicates the estimated number of jobs that the Southwest Side area will have gained or lost within each industry between 2006 and 2016 given existing employment proportions. If the region grows by a projected 9.7% between 2006 and 2016, the Southwest Side employment base will grow by an estimated 2,825 jobs. The majority of these jobs will have been added to the service sector and the health care and social assistance industry in particular.

Table 11. Local Share of Employment Loss/Gain by Industry
Southwest Side Area: 2006 - 2016

	2009 Share of MSA Employment	Estimated Employment Loss/Gain: 2006 - 2016*
Total Employment	3.1%	2,475
Industry		
Construction, Mining & Natural Resources	3.9%	125
Manufacturing	2.9%	-75
Trade	3.1%	125
Transportation, Warehousing & Utilities	5.2%	175
Financial Activities	3.3%	275
Services	3.2%	1,775

* Rounded to the nearest 25.

Source: Houseal Lavigne Associates

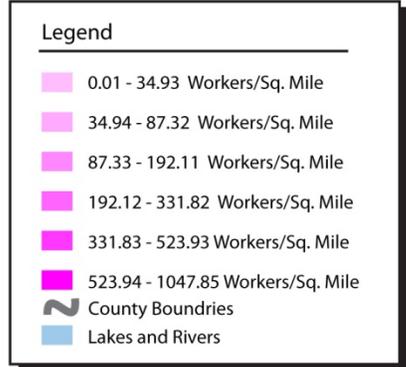
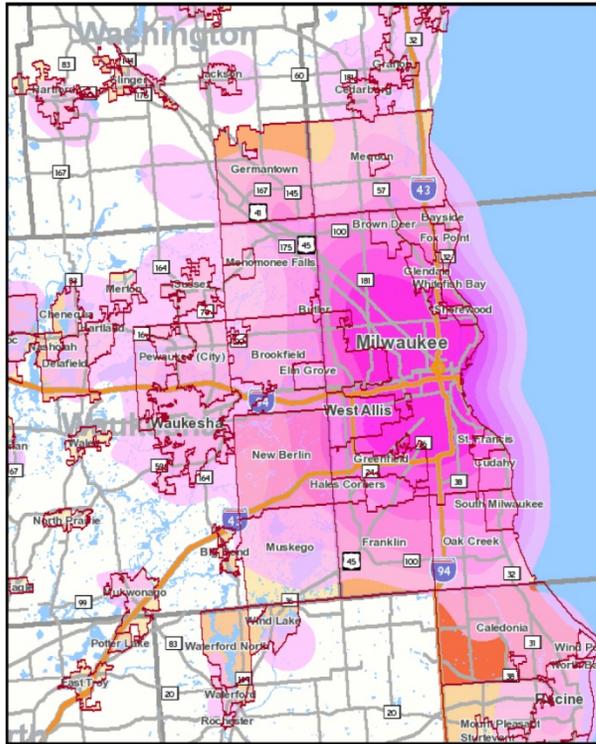
Employment Shed

Figure 1 depicts where people who work in the City of Milwaukee live within the region as measured by the number of workers per square mile (See 'Labor Shed'). Nearly half (45%) of the jobs offered in Milwaukee are performed by workers who also live in Milwaukee. No other communities within the region comprise more than 3% of Milwaukee's workforce population. It is estimated that approximately 67% of Milwaukee's workforce resides in Milwaukee County and an additional 12% resides in neighboring Waukesha County.

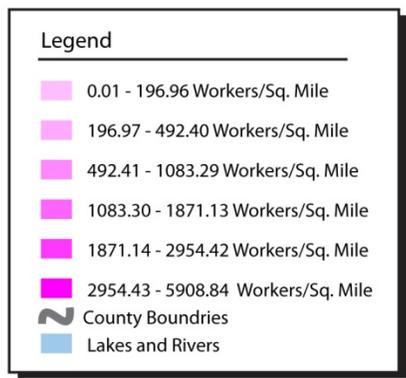
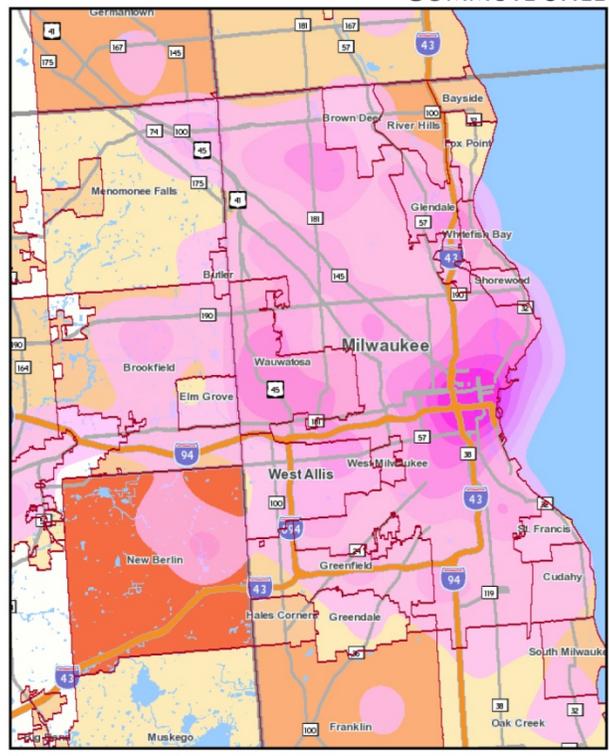
Figure 1 also highlights where residents of the City of Milwaukee work within the region as measured by the number of workers per square mile (See 'Commute Shed'). Approximately 51% of Milwaukee residents work within Milwaukee. Another 7% of Milwaukee residents are employed in the neighboring City of Wauwatosa. No other cities or towns have a significant proportion (greater than 4%) of Milwaukee residents working within their boundaries. It is estimated that approximately 74% of the City's residents have jobs located within Milwaukee County.

FIGURE 1.
CITY OF MILWAUKEE LABOR SHED AND COMMUTE SHED, 2006

LABOR SHED



COMMUTE SHED



Commercial Market Assessment

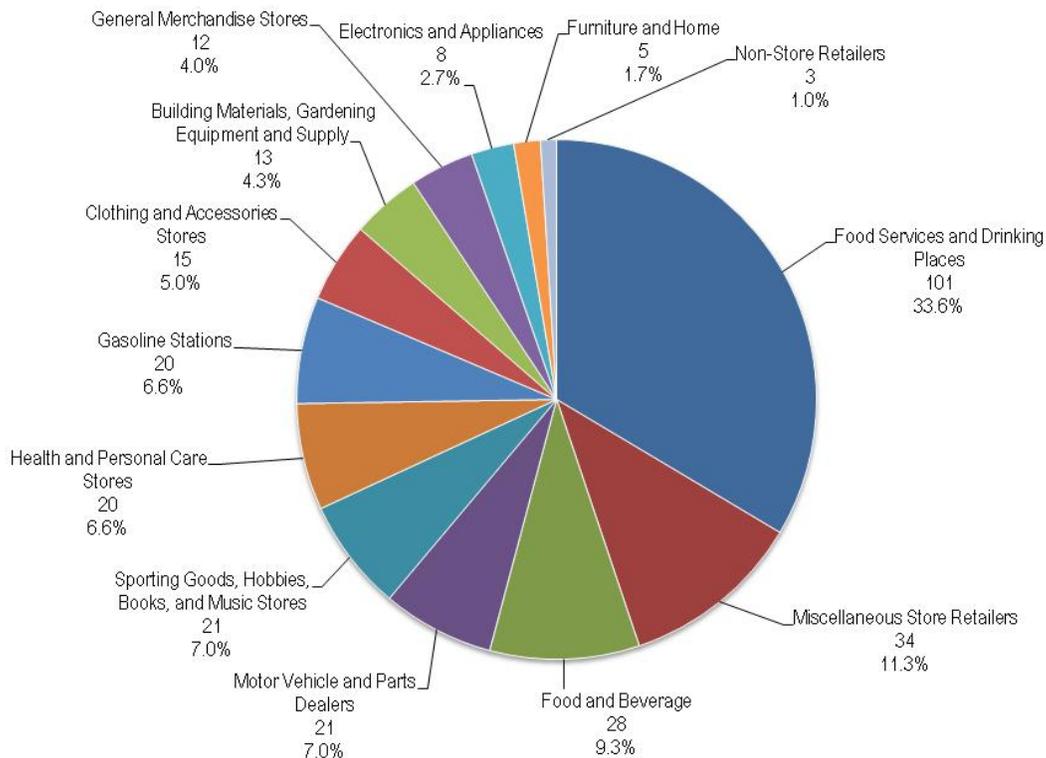
The potential for retail development at any given location is influenced by several factors including local and regional retail demand, the physical limitations of available sites, the health of the local commercial districts, the location of surrounding commercial nodes, and the consumer expenditure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

Southwest Side Retailers

The Southwest Side has a mix of retail development scattered throughout the area, the majority of which is concentrated along the 27th Street corridor. While there a variety of retailers present within the Southwest Side, restaurants and drinking establishments comprise over one-third of all retail businesses in the area. Nearly one-in-five stores in the Southwest Side are grocery or liquor stores. The largest retailers in the area include general merchandise stores such as Walmart and Target, which comprise approximately 4% of all Southwest Side businesses.

Chart 10. Retail Business Inventory

Southwest Side, August 2009



Traffic Counts

Traffic counts play a significant role in the placement and eventual success of any given retail location. Large national retail tenants typically require a minimum average daily traffic (ADT) count of between 20,000 and 30,000 vehicles per day, whenever considering a new location. Based on these standards, there are several locations in the Southwest Side where new commercial development could be successful, the foremost location being the 27th Street (Route 41) corridor which bisects the entire area. Traffic counts along Miller Parkway (43rd Street) as well as Oklahoma Avenue, which bisects the site in the east-west direction, are also significant.

- **27th Street/Route 41** is a major north-south highway connecting I-94 and I-43. As 27th Street enters the Southwest Side from the north, the road has an ADT of 22,600 and increases to 25,500 as it reaches Oklahoma Avenue. The ADT for 27th Street increases to 30,200 as it approaches Loomis Road.
- **43rd Street/Miller Parkway** enters the Southwest Side from nearby West Allis in the north with an ADT of 28,700 before decreasing to an ADT count of 21,400 as it passes over the railroad tracks that form part the study area's northern boundary. The ADT decreases further to 16,000 as 43rd Street approaches Oklahoma Avenue. South of Oklahoma Avenue traffic counts along 43rd Street decrease to between 8,000 and 10,000 vehicles per day.
- **Oklahoma Avenue** is a primary east-west thoroughfare bisecting the Southwest Site. As Oklahoma Avenue enters the area from the west it reaches an ADT of 21,300 at 95th Street. As it reaches 75th Street, ADT along Oklahoma Avenue increases to 21,600 vehicles. Travelling east from 75th Street, ADT average more the 20,000 vehicles until Oklahoma Avenue approaches Forest Home Avenue (Highway 24) where traffic counts decrease to 17,900. ADT along Oklahoma Avenue reaches 19,600 as it intersects with 27th Street/Route 41 and then decreases to 16,800. Traffic counts remain near 17,000 until Oklahoma reaches I-94 outside the eastern edge of the Southwest Side area.
- **Forest Home Avenue/Wisconsin Highway 24** serves as a main thoroughfare running diagonally through the Southwest Side. It maintains an ADT count of between nearly 15,000 and 19,000 throughout the area.

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

Competitive Retail Context

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

close together in terms of mileage, but when measured in travel time, they are catering to entirely different market areas.

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

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

Table 12 provides additional information on retail center types and characteristics.

Table 12: Shopping Center Characteristics

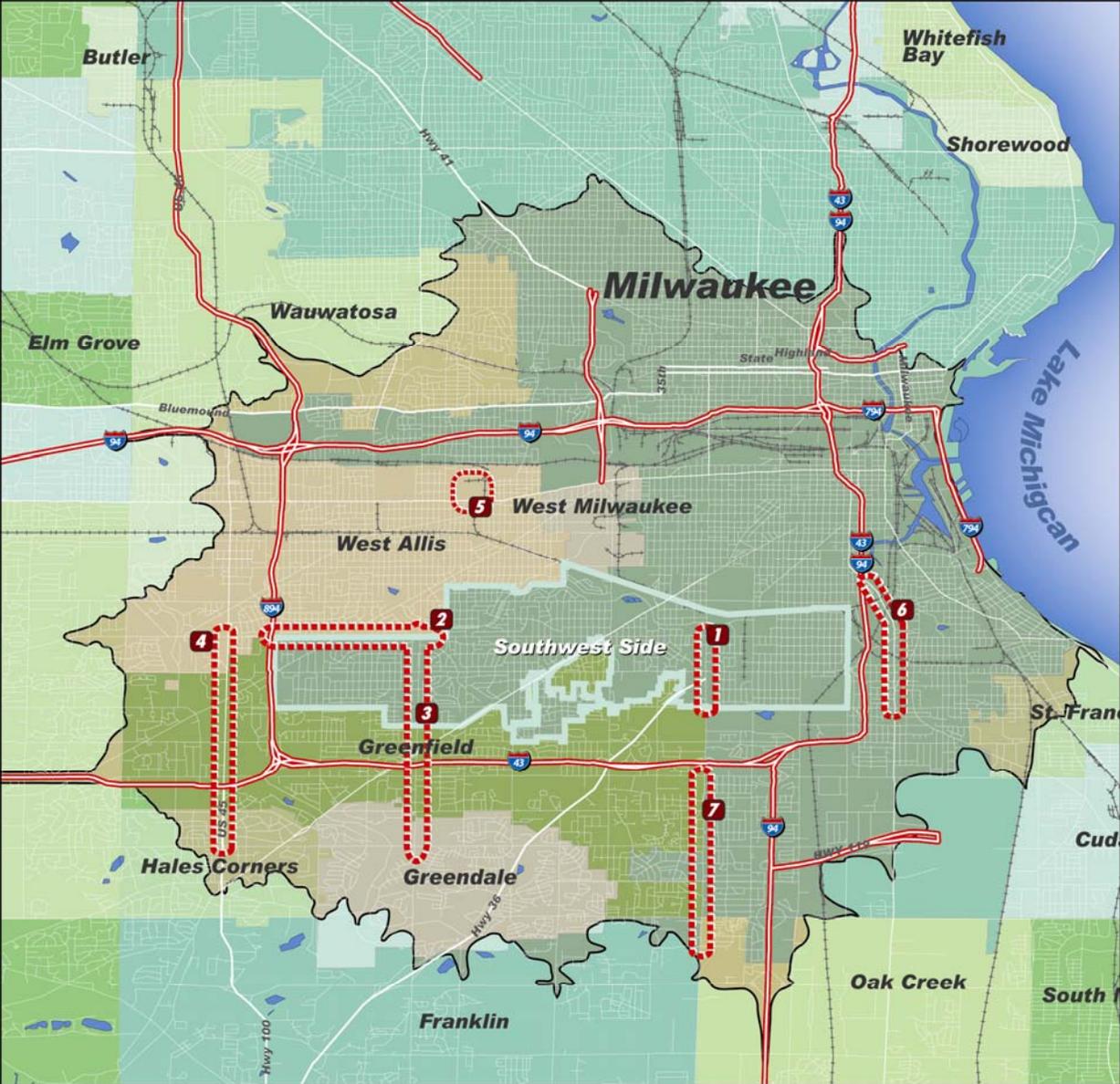
Shopping Center Characteristics								
Type of Shopping Center	Concept	Square Feet (Including Anchors)	Acreage	Number	Typical Anchor(s)		Primary Trade Area Mileage	Approx Drive Time
					Type	Anchor Ratio		
Convenience	Convenience	10,000 to 30,000	3 to 8	1	Convenience store, mini market, deli, coffee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

Source: International Council of Shopping Centers (ICSC); Houseal Lavigne Associates

Defining the retail market for the study area requires understanding the context in which development would reasonably occur. In addition to the commercial areas and businesses that currently exist within the Southwest

Side area, as indicated in Figure 2, several other commercial corridors and nodes of activity exist in neighboring areas. These competing retail market areas are described below.

**FIGURE 2.
MARKET AREA RETAIL CONCENTRATIONS**



RETAIL CONCENTRATIONS	
	Retail Market Area
1	27th Street - Southwest Side
2	Oklahoma Avenue - Southwest Side
3	76th Street - Southwest Side/Greenfield
4	108th Avenue - Greenfield
5	West Allis Towne Center - West Allis
6	Chase Avenue - Milwaukee
7	27th Street - Greenfield/Milwaukee

Southwest Side Retail

- **Oklahoma Avenue** is a primary east-west corridor within the Southwest Side area and is the location of several neighborhood shopping centers. The most significant center along this corridor is the 47,000 square foot River Bend Shopping Center. Major tenants include Blockbuster Video, Checker Auto Parts, and Snap Fitness.
- The **76th Street and Forest Home Avenue corridors** are also the location of several neighborhood shopping centers within the Southwest Side. Larger centers include Woodland Court (30,000 sf) and the Old Grove Shopping Center (50,000 sf).
- The **27th Street/Route 41 Corridor** is the Southwest Side's primary commercial corridor. Several shopping community shopping centers and 'big box' retailers are located along 27th Street between Oklahoma Avenue and Howard Avenue. The most significant centers and tenants include:
 - Southgate Marketplace (239,000 sf) - Walmart, Walgreens, Always 99 Cents, Movies 10
 - Loomis Centre Mall (230,000 sf) - HOB0, AJ Wright, Michaels, Office Max, Blockbuster, Radioshack
 - Point Loomis (161,000 sf) - Kohl's, Pick 'n Save
 - South Towne Center (75,000 sf) - DOTS Fashions, Dollar Tree, Save a Lot

Surrounding Retail Locations

- The **27th Street/Route 41 Corridor** continues to function as a significant commercial corridor for the areas to the south of the Southwest Side. Major tenants include Kmart, Target, Value City Furniture and discount stores such as Dollar General, Big Lots, and Family Dollar Store. Walmart, Sam's Club, Home Depot, and Pick 'n Save are also clustered near the intersection of 27th Street and College Avenue approximately four miles south of the Southwest Side.
- **76th Street and Layton Avenue** represents a regional commercial node within the market area and surrounding communities. There are several retail centers near this intersection with major tenants including Sports Authority and Jo-Ann Fabrics. In addition, this area is also the location of the **Southridge Shopping Mall**, 1.25 million square foot regional mall anchored by JCPenney, Sears, Boston's, and Kohl's.
- The **West Allis Towne Center**, located at Greenfield and 68th Street is a 329,000 square foot center anchored by Kohl's, Kmart, and Office Depot. Other nearby retailers include Big Lots.
- The **108th Avenue Corridor** is a north-south commercial corridor in the neighboring community of Greenfield approximately a half mile from the western edge of the Southwest Side. Community centers and big box retailers are located throughout the corridor from Cleveland Avenue south to Forest Home Avenue. Major tenants include Kohls, Target, Big Lots, and Walmart.
- The **Chase Avenue Corridor** is located approximately two miles to the east of 27th Avenue. Retail in the area between Holt and Lincoln Avenues includes Holt Plaza (222,000 sf), which is anchored by Home depot and Pick 'n Save, as well as a Target, a 100,000 sf retail center, and several other smaller retailers.

Retail Gap Analysis

The retail market area is defined as the area within a 10 minute drive of the intersection of Oklahoma and Forest Home Avenues. This incorporates not only the 27th Street commercial corridor, but the retail concentrations found in others areas of Milwaukee to the north, east, and south as well as the adjacent communities of West Allis and Greenfield. To assess the potential for retail development projected spending by market area households was compared to the existing supply of retail space.

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

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

As such, figures relating to sales per square foot and typical store size can be utilized to equate consumer expenditures to a preliminary indication of development potential. Though sales-per-square-foot revenues vary by individual retailer, general assumptions of supportable square footage can be made by using benchmark averages for each respective retail category. Sales-per-square foot values of between \$150 and \$430 were derived from data published by the Urban Land Institute. As shown in Table 13, these per-square-foot sales values were used to translate uncaptured consumer expenditures to a potential number of square feet that could be supported within either the Southwest Side or the greater City of Milwaukee.

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

Table 13. Consumer Spending Profile - Southwest Side Area and City of Milwaukee

Summary	Southwest Side		City of Milwaukee	
	Retail Gap (\$M)	Potential*	Retail Gap (\$M)	Potential*
Total Retail Trade and Food & Drink	\$268.7	895,551	\$209.80	699,344**
Total Retail Trade	\$247.6	825,390	\$467.00	1,556,752
Total Food & Drink	\$21.0	70,161	(\$257.20)	(857,408)
Industry Group				
Motor Vehicle & Parts Dealers	(\$191.1)	-	\$352.6	-
Furniture & Home Furnishings Stores	\$0.5	2,425	\$52.6	250,476
Electronics & Appliance Stores	(\$10.7)	(35,518)	\$3.5	11,667
Bldg Materials, Garden Equip. & Supply Stores	(\$27.5)	(70,437)	\$8.1	20,769
Food & Beverage Stores	(\$172.5)	(420,816)	(\$158.7)	(387,073)
Health & Personal Care Stores	(\$4.9)	(11,463)	(\$7.6)	(17,674)
Gasoline Stations	\$106.5	-	\$119.7	-
Clothing and Clothing Accessories Stores	\$36.8	153,495	\$68.7	286,250
Clothing Stores	\$35.1	146,274	\$55.2	230,000
Shoe Stores	\$0.2	636	\$0.6	2,500
Jewelry, Luggage, and Leather Goods Stores	\$1.6	6,585	\$12.9	53,750
Sporting Goods, Hobby, Book, and Music Stores	(\$43.2)	1,840	(\$16.6)	(55,484)
General Merchandise Stores	\$274.2	1,834,429	\$263.0	1,759,197
Department Stores Excluding Leased Depts.	(\$62.6)	(418,571)	\$18.0	120,401
Other General Merchandise Stores	\$336.8	2,253,001	\$245.0	1,638,796
Miscellaneous Store Retailers	(\$30.5)	(122,143)	(\$28.0)	(112,000)
Nonstore Retailers	(\$314.3)	-	(\$190.2)	-
Food Services & Drinking Places	(\$330.2)	(1,065,001)	(\$257.2)	(829,677)

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

** Total potential is based on average annual sales per square foot of \$300.

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

As indicated in Table 13, there is a surplus of approximately \$269 million within the local market while the larger market for the City of Milwaukee has an estimated retail gap of \$210 million. Although the Southwest Side retail market if fairly saturated, there are a couple of key retail categories that have significant shortage of supply.

- The **General Merchandise** retail category has the most unmet retail demand both locally and within the larger region. This retail category is comprised of two subcategories, only one of which (non-Department Store General Merchandise Stores) are underrepresented within the local Southwest Side market. This retail category is represented by stores such as supercenters, warehouse clubs, or general stores and may represent a good fit for new commercial development within the Southwest Side.
- The **Clothing and Clothing Accessories Stores** category also exhibits a significant amount of leakage local spending potential to retailers outside of the Southwest Side. This retail category is comprised of three subcategories, all of which demonstrate some level of unmet retail demand. Clothing stores may offer significant potential within the Southwest Side.

Retail Development Potential

While there is significant demand for new places to shop within the Southwest Side, the ability to capture this demand will depend on the needs of individual retailers, the availability of development sites, and the physical characteristics of those sites. Table 14 shows the median size and sales per square foot for tenants typically found in community shopping centers. It also highlights the typical size of neighborhood and community centers and the typical acreage of the site upon which they are developed.

Table 14. Typical Community Shopping Center Tenant Characteristics

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

Nonstore Retailers	-	-
Food Services & Drinking Places	2,400	\$310

Table 14 Cont'd. Typical Community Shopping Center Tenant Characteristics

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

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

Source: ULI; Houseal Lavigne Associates

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

The significant demand estimated for the *Clothing and Clothing Accessories* category indicates the Southwest Side could likely support several clothing stores. Clothing and clothing accessory stores typically range in size from 1,000 sf to 12,000 sf with an average store size of 5,000 sf. Retailers in this category typically occupy small spaces within neighborhood and community centers or independent storefronts within urban retail environments. The development of new retail in the *Clothing and Clothing Accessories* category within the Southwest Side could take place as a component of larger scale development or as new leases within existing retail space. New retail development accommodating the needs of clothing retailers will likely require a site of at least 5 acres.

New retail development will require significant amounts of land along the primary roadways that pass through the Southwest Side area. While some sites that meet the space requirements discussed above may currently exist, site assembly will likely be required. Development strategies and opportunity sites within the Southwest Side will be discussed in further detail later on within this report.

Although other retail categories shown in Table 13 may have potential for expansion within the Southwest Side market area or the City of Milwaukee, the level of unmet demand in most categories is small in comparison to average sales-per-square-foot and average store size within that category. Growth in these categories is likely to occur in small, locally-owned or niche retailers. Retailers in these categories may represent good tenants for small vacant spaces within existing community and neighborhood centers throughout the Southwest Side or as small users in new centers to be anchored by larger tenants in other retail categories.

Office Market Summary

The Southwest Side area is located in the Milwaukee West suburban submarket of the Milwaukee office market. The Milwaukee West submarket is roughly defined as the portion of the City of Milwaukee that lies to the west of Interstate 90/43. Table 15 summarizes key office market statistics for the Milwaukee West submarket, adjacent submarkets within the region, and the Milwaukee region as a whole.

Office space is typically classified into three categories:

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

Table 15 provides inventory and vacancy information for office space in all three classes. Rental information is also provided for Class A properties within each submarket. Leasing rates are one indicator of relative demand for office space in a given area compared to neighboring submarkets.

Table 15. Milwaukee Office Market Statistics, Q2 2009

Submarket	Rentable Area (sf)	Direct Vacancy	Class A Asking Lease Rates (Gross/sf)
Milwaukee West	1,062,397	23.90%	\$20.60
Adjacent Suburban			
West Allis	1,988,821	17.30%	\$18.00
Mayfair / Wauwatosa	3,571,174	18.40%	\$23.07
Milwaukee Southwest	874,139	18.90%	\$18.50
Milwaukee East	1,141,763	25.80%	-
Milwaukee Southeast	821,082	12.6%	\$16.50
Total Suburban	28,579,180	16.30%	\$20.11
CBD			
Downtown East	8,672,173	13.50%	\$24.58
Downtown West	4,743,880	23.30%	\$16.11
Third Ward / Walker's Point	2,803,802	26.90%	\$17.94
Milwaukee Office Market	44,799,035	17.20%	\$20.59

Office space located in the Southwest Side's office submarket is commanding rents that are equivalent to the regional average. Given the size of Milwaukee West submarket and the Southwest Side area's outward position within that market, activity in the West Allis and Milwaukee Southwest submarkets may be more representative of vacancy and lease rates in the Southwest Side area.

- In the second quarter of 2009, the average gross asking lease rate for Class A office space in the Milwaukee West submarket was \$20.60 per square foot which is the same as the average asking rent among all properties of the greater Milwaukee office market (\$20.59).
- On average, asking lease rates are \$4 higher Milwaukee West than in the two submarkets bordering the Southwest Side area to the north (West Allis) and south (Milwaukee Southwest).
- The vacancy rate among Milwaukee West properties was nearly 24% in second quarter 2009.
- The local vacancy rate is significantly higher than the 16.3% vacancy rate among all suburban submarkets and 17.2% vacancy rate of the overall Milwaukee office market.

- Vacancy rates in the West Allis and Milwaukee Southwest submarkets were between 17% and 19% which indicate that Southwest Side vacancies may be more in line with the regional average.

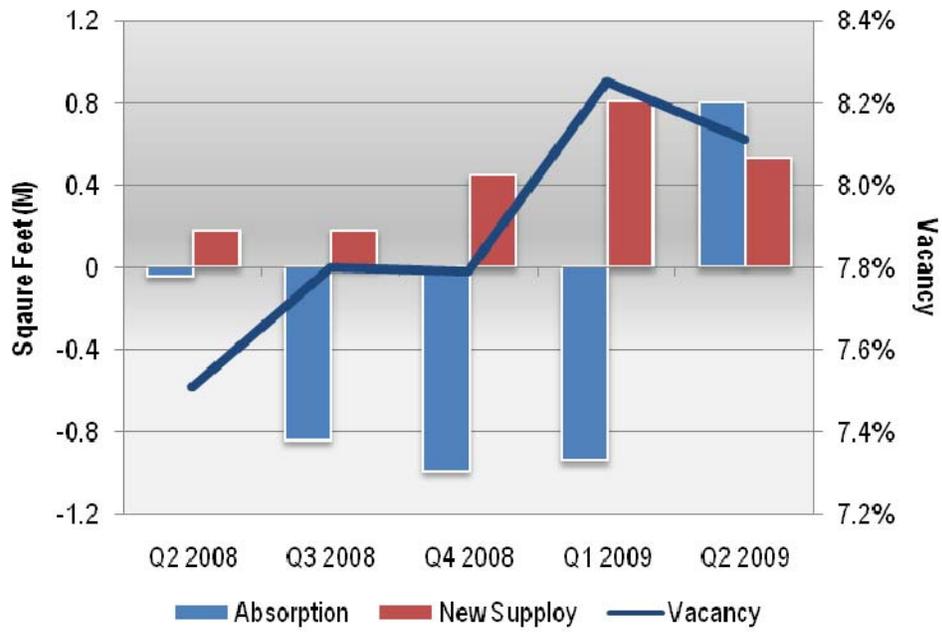
Industrial Market

The demand for industrial space within the Southwest Side has declined in recent years as users of industrial space have downsized or relocated to other areas. The manufacturing sector is a significant user of industrial space and the need for new industrial development within the Southwest Side will be correlated with demand within this and related sectors. It is estimated that Southwest Side employment in the manufacturing sector decreased by over 1,900 (-36%) between 2000 and 2009. Regional employment projections indicate that the decline in manufacturing will continue into the year 2016. Growth in other industries that utilize industrial space (e.g. wholesale trade) is also projected to be minimal in the near future.

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

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

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



Source: Colliers-Barry; House of Lavigne Associates.