



NEAR WEST SIDE MARKET ANALYSIS



CITY OF MILWAUKEE

ACKNOWLEDGEMENTS



CITY OF MILWAUKEE
Mayor Tom Barrett



NEAR WEST SIDE PARTNERS
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Lindsey St. Arnold Bell, Associate Director

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Department of City Development

Rocky Marcoux, Commissioner
Martha L. Brown, Deputy Commissioner
Vanessa Koster, Planning Manager
Samuel Leichtling, Long Range Planning Manager
Robert Harris, Project Manager
Monica Wauck, Project Manager



Prepared by:

PLACE DYNAMICS LLC
www.placedynamics.com



CROSS MANAGEMENT SERVICES
www.cross-management.com

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INTRODUCTION / SUMMARY

Milwaukee's Near West Side is rich in unrealized opportunity. Anchored by five of Wisconsin's most significant private or quasi-public organizations, its neighborhoods are centrally located and filled with desirable and affordable commercial, mixed-use, and residential buildings. Continued investment in the area can be led by demand from small businesses for affordable and good quality office and industrial space. There is also demand for eating and drinking places to meet the desires of area employees. Capturing these opportunities will help to sustain slow housing gains and eventual demand for retail.

Long term, the area has many qualities that should help to continue its revitalization as a desirable location for both businesses and residents. Getting to that point will take time and occur incrementally. The intersections of Wisconsin Avenue and 27th Street, and 35th Street and Vliet Street will be a good place to start both due to their potential and the impact their redevelopment will have on nearby districts.

Most of the businesses formed, relocated to, or expanded on the Near West Side will be locally-owned small establishments whose needs are often different from large businesses, and will benefit from business development programs to foster their growth.

Support for the Analysis

This market analysis was commissioned by the City of Milwaukee and the Near West Side Partners to determine and prioritize opportunities for investment in residential, mixed-use, commercial, office, and industrial development within the neighborhoods making up the study area. The analysis was conducted during the first half of 2017. In addition to the data analysis, a large number of business representatives, property owners, and service providers were interviewed for their qualitative insight into conditions in the area.

This initiative is the latest in a long list of studies and actions taken by the Near West Side's stakeholders. The area has had sustained support from its



NEAR WEST SIDE STUDY AREA BOUNDARY AND ANCHOR INSTITUTIONS

anchor institutions and major businesses or property owners, and formation of the Near West Side Partnership, and its accomplishments are a testament to renewed interest in revitalization.

Summary of the Findings

Any analysis of the area must acknowledge its challenges: the large number of one-bedroom and efficiency apartments, the high rate of absentee ownership, lack of property investment or maintenance, vacant and derelict commercial districts, pockets of crime, and negative perceptions in the broader region. It is particularly this last issue that creates a challenge. Most often, the perceptions of the area are far worse than the reality, and this deters investment, consideration of its neighborhoods as a place to live, or patronizing its businesses. The Near West Side offers opportunities and a quality of life that is better than often perceived by people unfamiliar with the area.

Small light industrial, service, and office uses can be attracted to some parts of the area. Often locally-owned and with only a few employees, they could

include a long list of businesses like building contractors, auto repair services, small wholesalers, bookkeeping services, health care services, or personal care services. They create a demand for 1,000 to 5,000 square foot flex spaces that could be provided by rehabilitating existing buildings or through new construction on redevelopment sites. This demand also supports plans for redevelopment of the former City Campus and adjacent properties with a focus on office uses.

Demand also exists for quality restaurants and other eating and drinking places to meet the desires of workers in the area. This market is largely untapped, particularly on the western end of the study area. Fast, fast casual, and full service restaurants might be supported.

Fewer immediate opportunities exist for retail development. For retailers, the Near West Side is a fragmented market. Residents include middle-income households, low-income households, and students, all of whom will have different shopping and service needs and preferences. Added to that are the area's workers, who also differ in their desires from residents. It is therefore difficult for any retailer to find a large segment of their preferred demographic, or to design a business capable of serving multiple different customer types. Conditions for retail should improve as change occurs within the Near West Side.

There currently is the potential to attract a limited-assortment grocer to the Near West Side, perhaps supplemented with a grocery co-op that could carry a wider selection of fresh and healthy options, and prepared foods. A

NEAR WEST SIDE MARKET-DRIVEN PRIORITIES

Priority Redevelopment Sites

- Wisconsin Avenue and 27th Street
- 35th Street and Vliet Street

Secondary Redevelopment Sites

- 2700-2500 Blocks of Clybourn Street
- 200-300 Blocks of 35th Street
- 2300-2500 Blocks of Vliet Street
- 2200-2300 Blocks of State Street
- 2600 Block of State Street

Recommended Initiatives

- Land banking to assemble and preserve sites for future redevelopment
- Review zoning and local codes for consistency with recommended uses
- Startup and small business development programs
- Active marketing of business sites
- Public relations to address perceptions
- Implement plans for Iconic Way
- Encourage infill housing, continued restoration, and de-densification

combination of the two could go a long way toward offering the variety of food products desired in the area. Although the community may want a full-line grocery store, industry and market forces, the locational patterns of exiting grocers, and limited demand do not support the use.

As general preferences shift, there is growing demand for housing in central parts of the metropolitan area. The Near West Side's proximity to downtown, excellent private and charter schools, affordable and attractive homes, and other features suggest that it could attract residents to new and restored homes. Rising costs in other neighborhoods can encourage some households to consider locations like the Near West Side, which are currently less fashionable to buyers or renters.

The most stable neighborhoods (The Valley-Pigsville, Miller Park, and Martin Drive) offer some opportunities for infill development. Concordia's Victorian-era housing also makes it a candidate for

continued restoration. An additional goal for that neighborhood, Merrill Park, and Avenues West will be to continue the process of de-densification by converting existing studio and one-bedroom apartments to two-bedroom or larger units. This will require City participation to make projects financially viable.

Report Organization

This document describes the area, the market opportunity, and priorities for redevelopment. The background section examines existing conditions with

the Near West Side neighborhoods, which help to shape the market. The following chapters quantify demand for retail, dining, service, office and industrial, and housing. The final chapters prioritize locations where the City, its partners, and private developers will have the greatest opportunity for market success.

PRIOR RESEARCH AND PLANNING

A great deal of analysis and planning has already gone into the Near West Side. This market analysis may be used to support or test assumptions made in those documents. Some of the more recent and relevant studies and plans are summarized here.

Near West Side Comprehensive Area Plan and Market Analysis

City of Milwaukee, 2004

This plan establishes goals for residential uses (improve neighborhood fabric and increase owner occupancy), commercial uses (create retail destinations and enhance the marketability of commercial nodes), institutions and public space (improve security and create gathering spaces), and transportation (recreate historic traffic patterns and improve alternative transportation).

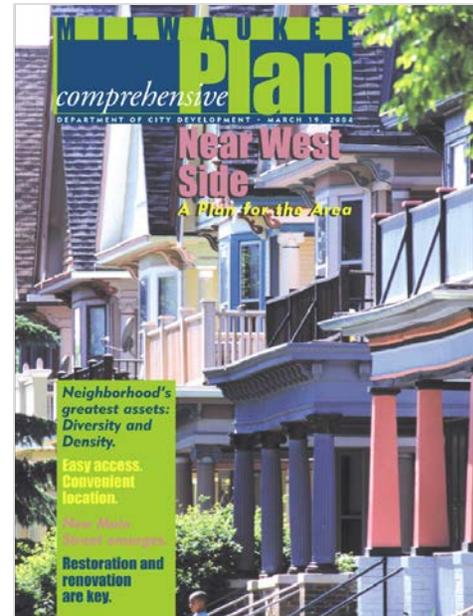
The analysis noted that the high percentage of studio and one-bedroom apartments was detrimental to the neighborhood. Vacancies were very high in some rental buildings. Stable neighborhoods with a higher percentage of owner-occupied units could be attractive to first-time home buyers due to their affordability.

Several commercial areas were considered in the report. 35th Street attracts users who arrive by car, but is spread out and has no recognizable identity. 27th Street (along with State Street) was thought to have the potential to attract specialty uses serving the neighborhood. Wells Street and Wisconsin Avenue were thought to be capable of supporting businesses serving Marquette University and Aurora Sinai Medical Center. The eastern stretch of Vliet Street was seen as benefitting from redevelopment east of Interstate 43. The study believed there to be sufficient demand to support a 40,000 square foot grocery at either 35th Street or 27th Street.

SOHI District Master Plan

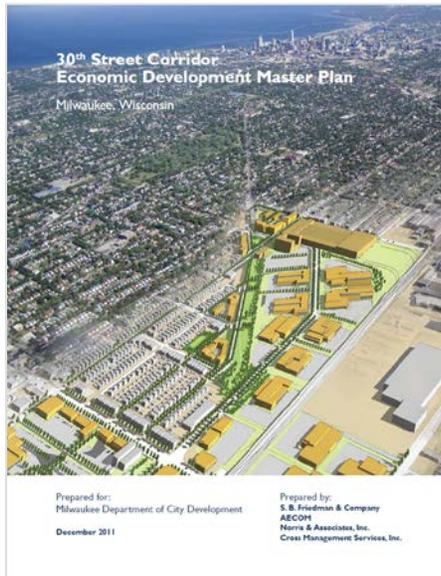
City of Milwaukee – Main Street Milwaukee Program, 2007

South of Highland – SOHI – was a part of Milwaukee’s short-lived Main Street initiative. The core of this district was 27th Street from Highland Street to St.



Paul Street. There were 53 commercial or mixed-use buildings in this seven-block stretch, many in need of repair, as was much of the public infrastructure. The vision for this area was to create a vibrant and pedestrian-friendly commercial corridor. It called for streetscaping, signage, building rehabilitation, and redevelopment.

LISC MetroEdge prepared a market analysis, noting that the area was accessible and heavily trafficked and had a large daytime population. It noted that while income was below county average, a third of households were middle income, and there were more of these households per square mile than average for the county. While the trade area population has been shrinking, the number of middle income households has been increasing.



[30th Street Corridor Economic Development Master Plan](#)

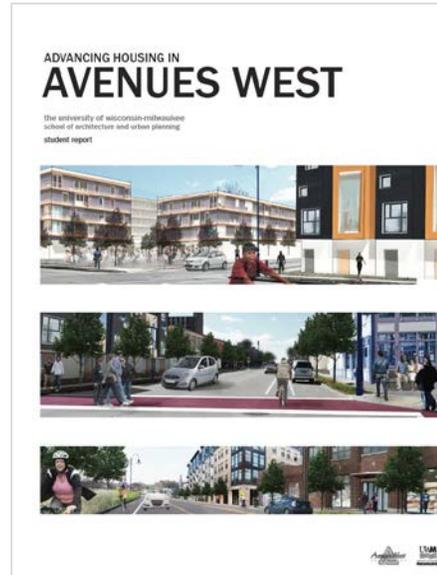
City of Milwaukee, 2011

The portion of the Near West Side south of Vliet Street and west of 35th Street is included in the planning area for 30th Street, a major concentration of industrial activity in Milwaukee. The plan calls for maintaining and enhancing this subzone as a corporate business center.

[Near West Side Housing Opportunities Agenda](#)

City of Milwaukee, 2014

This study examined data, including the City’s 2013 Market Value Analysis, to identify housing priorities for the area: promoting home ownership and addressing nuisance properties. It calls on the City and its partners to attract new homeowners, assist homeowners in maintaining their properties, and improve the neighborhood quality of life. Other recommendations in the plan relate to rental properties and activating vacant City-owned lots.



[Advancing Housing in Avenues West](#)

UW Milwaukee School of Architecture and Planning

This student planning project addressed the Avenues West, Concordia, and Merrill Park Neighborhoods. It concluded that there are opportunities for revitalization due to a concentration of favorable conditions. Working against that revitalization are poverty, foreclosures, vacant and poorly maintained properties, lack of shopping, crime, and perceptions. The report makes the observation that “housing investment in the Avenues West Neighborhood is significantly impeded by uneven market conditions and related lack of confidence or uncertainty about investment outcomes”.

The report proposes specific projects and strategies to address housing issues and opportunities. Programs seek to revitalize mixed-use buildings, increase home ownership, encourage homeowner renovation, and reduce density. Concepts were developed for sites on State Street and Clybourn Street.

[Near West Side Partners Strategic Plan](#)

Near West Side Partners, 2015

The mission of the Near West Side Partners is to revitalize and sustain the Near West Side as a thriving business and residential corridor through collaborative efforts to promote economic development, improve housing, unify neighborhood identity and branding, and provide greater safety for residents and businesses. The strategic plan enumerates several goals related to community engagement, safety, commercial corridors, housing, marketing and branding, transportation and infrastructure, and organizational stability.

Near West Side Multifamily Action Plan

Near West Side Partners, 2015

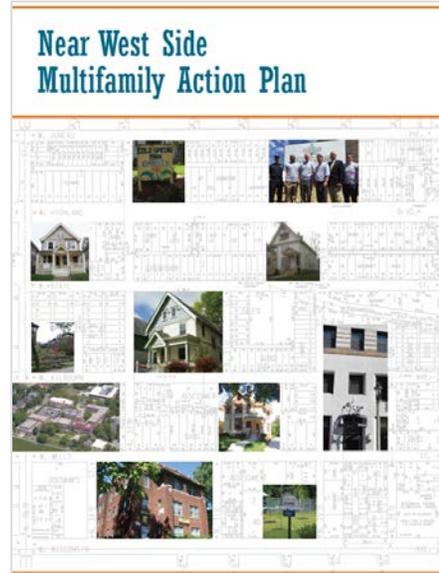
The disproportionately high number of studio and one-bedroom apartments on the Near West Side are thought to contribute to nuisance behavior and disinvestment. This plan tackles that and other problems, and helps to strategically channel where to apply limited resources. The focus area is defined by Michigan Street north to State Street, from 24th Street west to 34th Street.

Strategies include identifying priority properties and potential developers, stepping up intervention to address problem properties, and encouraging renovation or redevelopment as opportunities arise.

Near West Side Design Charrette Report

UW-Milwaukee Community Design Solutions, 2016

While documenting conditions on the Near West Side, the primary intent of this effort was to develop concepts for six key redevelopment sites, including: 1) the northeast corner of Wisconsin Avenue and 27th Street; 2) the northwest corner of 27th Street and Wells Street; 3) the southwest corner of Wisconsin Avenue and 27th Street; 4) the southwest corner of 35th Street and Vliet Street; 5) the west side of 35th Street at State Street; and 6) the southwest corner of Wisconsin Avenue and 35th Street. Concepts for each site visualized how the site might be developed with mixed-use buildings and uses corresponding to preferences of neighborhood stakeholders in attendance at the charrette.



West Side Employee Survey

Near West Side Partnership, 2015

The Near West Side Partners distributed a survey to employees of anchor institutions, and a handful of other organizations, in March and April of 2015. This survey asked questions concerning perceptions of the neighborhoods, housing considerations, and habits related to shopping and dining. Most employees do not live in the neighborhood, and only a small number would have an interest. Proximity to work and historic homes are the biggest draws. Safety and the lack of significant shopping and dining places are the greatest concerns. For the most part, workers are not often venturing into the neighborhoods to shop or eat lunch. Very few remain in the area after work.



BACKGROUND ANALYSIS

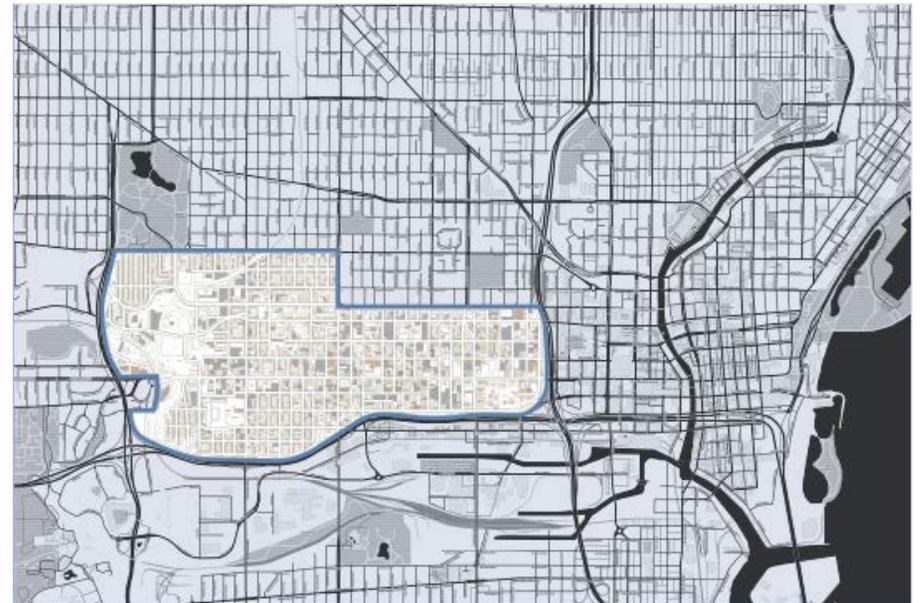
Milwaukee's Near West Side is an irregularly-shaped district with boundaries following Interstate 94 on the south, Interstate 43 on the east, Highway 175 on the west, and a combination of Vliet Street, 27th Street, and Highland Avenue on the north. This area is comprised of the Marquette, Avenues West, Merrill Park, Concordia, Cold Spring Park, The Valley-Pigsville, Miller Valley, and Martin Drive neighborhoods.

This area was largely developed from the mid-1800's through the early 1900's. Many of the original occupants were affluent, and although most of the grand mansions on Wisconsin Street have been replaced by larger mixed-use buildings, internal streets in neighborhoods like Concordia are still lined by impressive late 19th and early 20th century homes.

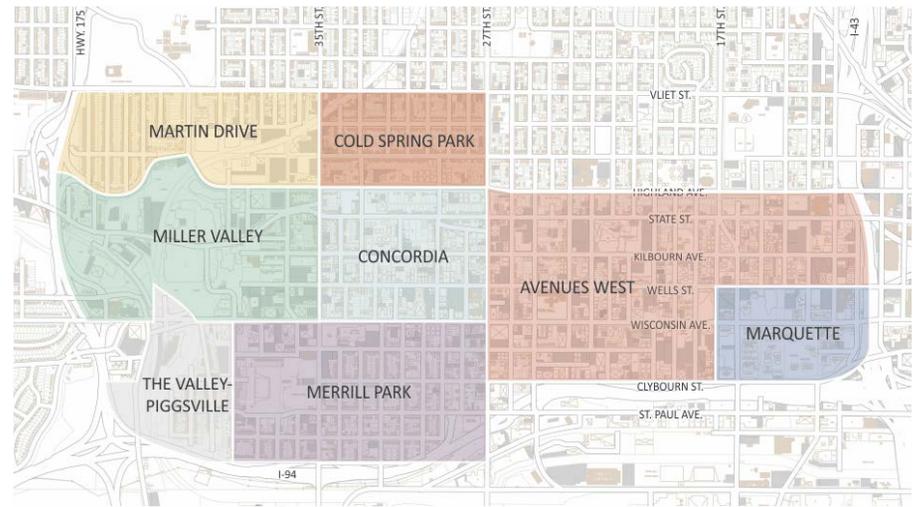
The neighborhoods eventually became centered around employment in the Menomonee Valley and Miller Valley. Along with the Miller Brewery, Harley-Davidson, and businesses in the Menomonee Valley, there were once several hospitals in these neighborhoods. This employment helped to create the demand for the apartment buildings that replaced mansions along the primary corridors. The majority of these contained efficiency and one-bedroom units which still dominate the local rental market.

A number of factors have shaped current conditions in the Near West Side, beginning in the second half of the 20th Century. Large areas were leveled in the 1960's, to enable construction of limited-access highways that restrict movement to the east, south, or west. Beginning in the 1970's many of the large companies that employed area residents pared employment or closed. This included most of the hospitals in the study area. New housing in the suburbs and elements of "white flight" from a growing African-American population helped to fuel an exodus of middle-income households. Formerly owner-occupied homes quickly transitioned to rentals, often with disinterested owners who did not adequately maintain their properties.

Commercial activity has also left the area, in part due to the configuration of buildings and lack of parking, along with competition, and the limited buying power of residents in the market area.



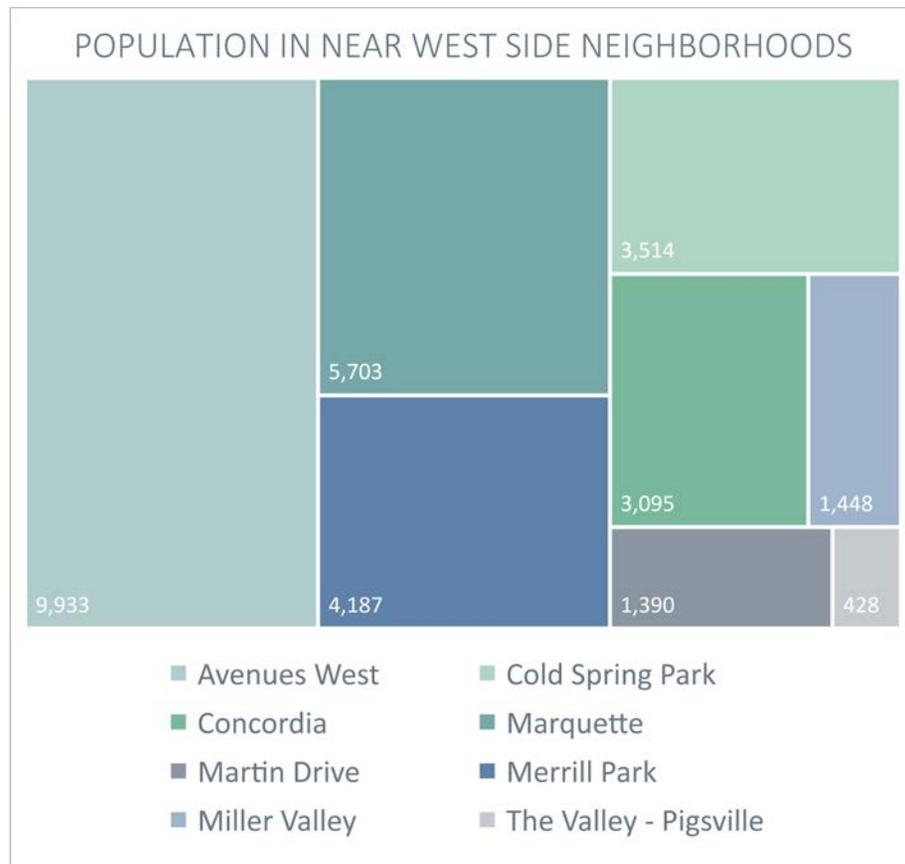
NEAR WEST SIDE STUDY AREA



NEAR WEST SIDE STUDY AREA

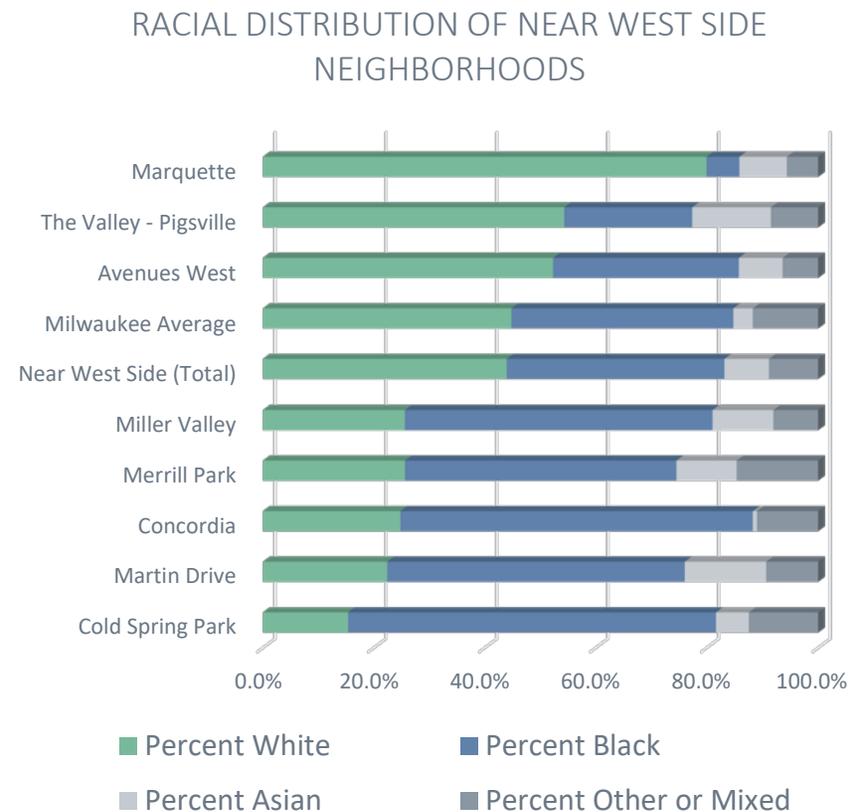
Population

Taken as a whole, the Near West Side has a diverse population that in many ways mirrors Milwaukee as a whole. In 2015 there were 29,698 residents of the eight neighborhood in the study area, with the largest number living in the Avenues West Neighborhood. Marquette followed in size, with its population almost entirely comprised of students living in group quarters. The Miller Valley, Martin Drive, and Valley-Pigsville neighborhoods, among the most economically secure in the area, also had the smallest population.



Racial Composition

The overall breakdown of races in the Near West Side is similar to that of the city, with a larger share of Asian residents. The races are not evenly distributed across the area, though, with a larger white population found in the student-dominated Marquette neighborhood, and to a lesser extent in Avenues West and The Valley-Pigsville. Black or African American residents are the majority in all other neighborhoods in the study area.



Student Population

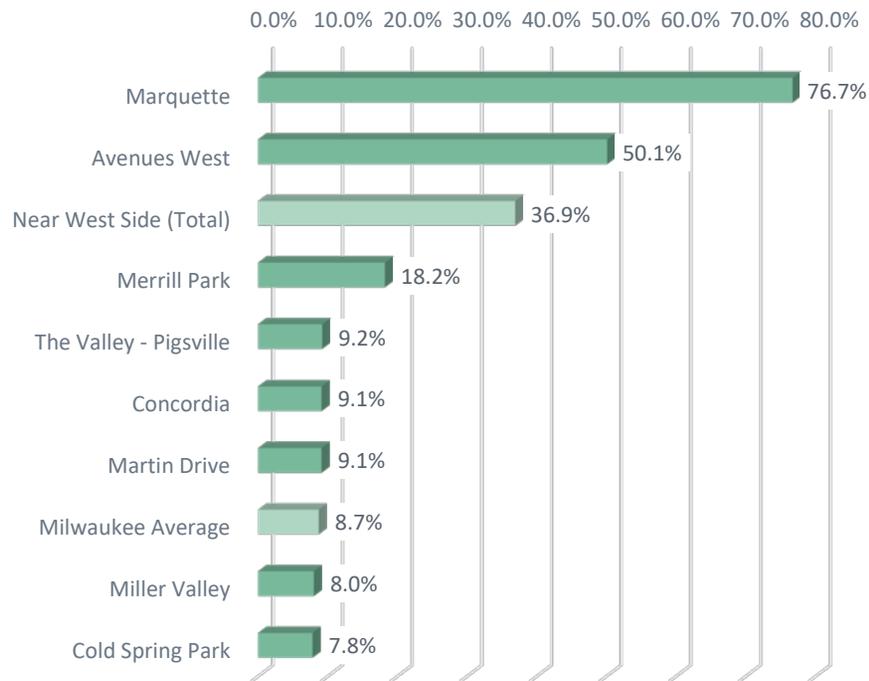
In 2016 there were 11,294 students enrolled at Marquette University. Roughly half of them live in dormitories or apartments on campus. A significant number of the remainder live in the Avenues West neighborhood, with an additional number in Merrill Park. College enrollment in all other parts of the study area is similar to that of Milwaukee overall.

The number of students living in the area has significant implications for the kinds of commercial uses that can be supported. Students tend to have constrained budgets and many only live in the area for a portion of the year. Their purchases are also more heavily dominated by leisure and education-related expenses, compared to the population at-large.

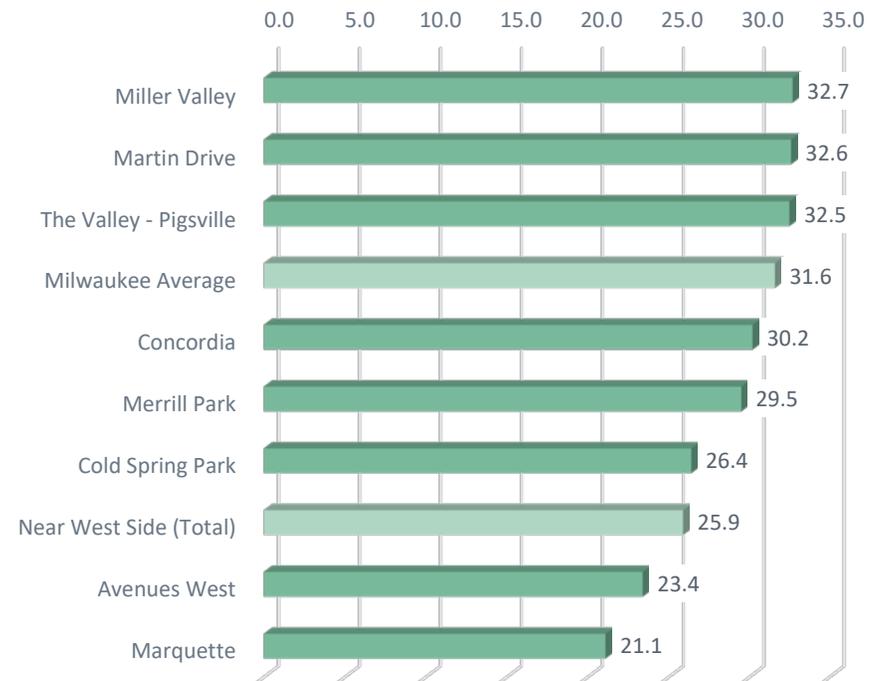
Median Age

With a large college student population, the median age of the Near West Side skews younger than Milwaukee, which is itself lower than the state average of 39.4 years. The area's more stable neighborhoods tend to be near the city average, as might be expected in places with higher levels of home ownership and a greater number of family households. The youngest residents are found in Marquette and Avenues West.

COLLEGE ENROLLMENT IN NEAR WEST SIDE NEIGHBORHOODS



MEDIAN AGE IN NEAR WEST SIDE NEIGHBORHOODS



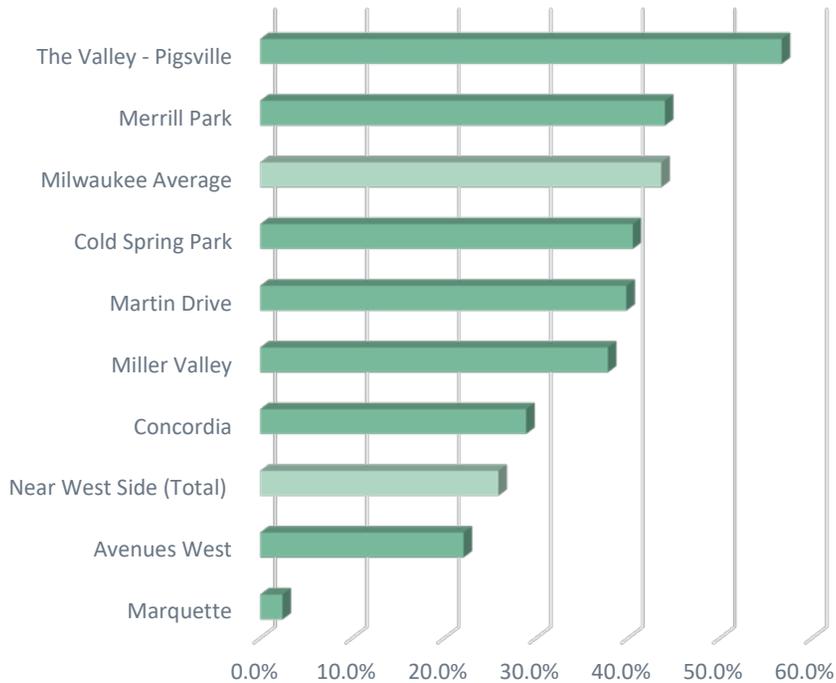
Family Households

A number of things may be reflected in the smaller percentages of family households found in most Near West Side neighborhoods. The large college student population is certainly a factor, particularly in the Marquette neighborhood, where nearly all housing is in dormitories. Elsewhere, there are many studio and one-bedroom apartments that are not amenable to families. It is also possible to question whether concerns about the area (such as its safety) may make families with children hesitant to move into some neighborhoods.

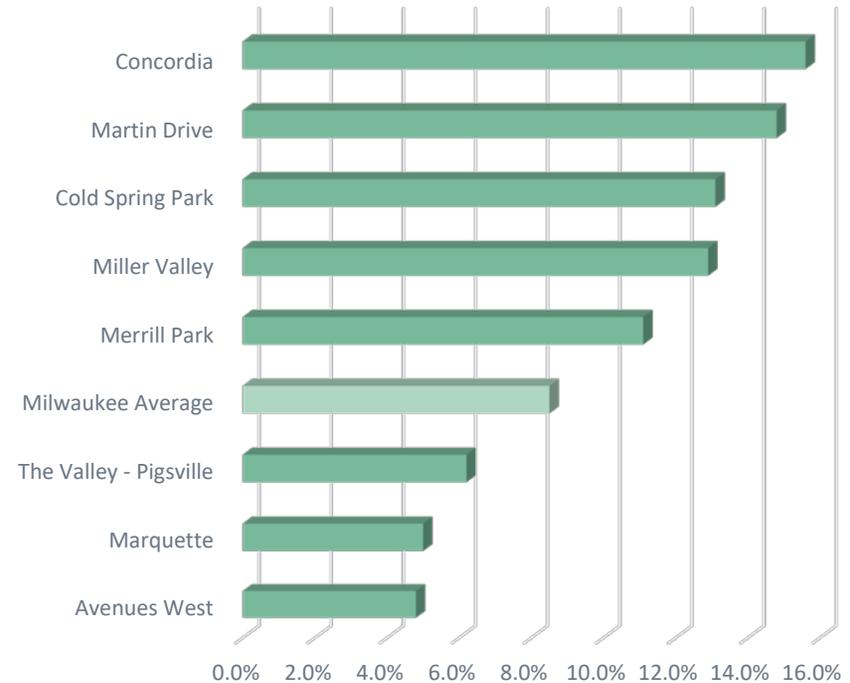
Unemployment

The estimates of unemployment are for those people actively looking for work. Groups such as students, retirees, and people choosing not to work would not be considered unemployed. This results in the low unemployment rates seen in student-heavy neighborhoods. Most other parts of the Near West Side have an unemployment rate that is higher than the city average, which is itself higher than the average for Wisconsin. The prevalence of affordable rental housing may encourage unemployed people to locate in the area.

PERCENT FAMILY HOUSEHOLDS IN NEAR WEST SIDE NEIGHBORHOODS



UNEMPLOYMENT IN NEAR WEST SIDE NEIGHBORHOODS

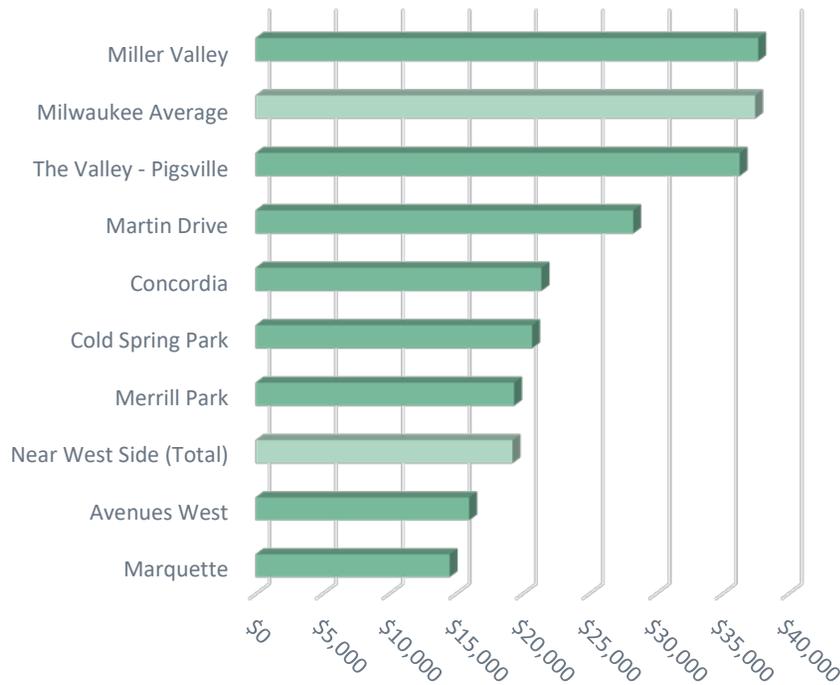


Income

The Near West Side has a lower income profile than Milwaukee, even outside of neighborhoods where college students make up a significant part of the population. Only Miller Valley and The Valley-Pigsville are near the median household income for all of Milwaukee. The majority of neighborhoods are closer to half of that figure. Generally speaking, household incomes decline northward through the Near West Side and beyond.

Extending the “low-income” designation to student households is somewhat misleading. Income figures do not include scholarships, parental contributions, and other funds that defray students’ costs. While their wage earnings are limited, a larger than normal share of those earnings can be devoted to purchases of goods and services.

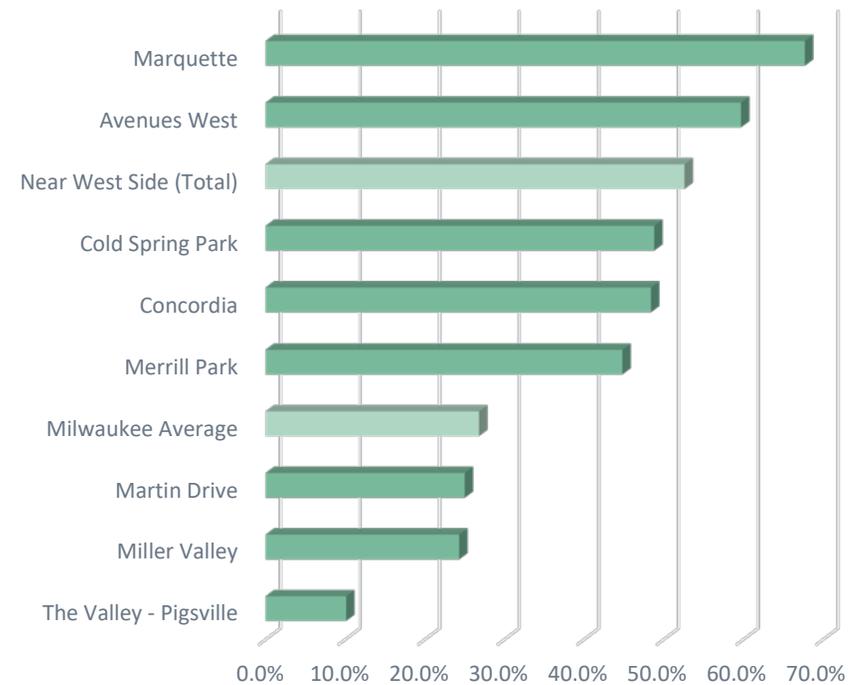
2015 MEDIAN HOUSEHOLD INCOME IN NEAR WEST SIDE NEIGHBORHOODS



Poverty

The percentage of area households meeting the definition for poverty is high throughout much of the Near West Side. The only area for which this is not true are the three western neighborhoods, where there are also a greater percentage of family and owner occupied households. The fact that Marquette and Avenues West have a higher percentage of poverty-level households is attributable to the large student population.

PERCENT BELOW POVERTY LEVEL IN NEAR WEST SIDE NEIGHBORHOODS



Setting and Transportation

The Near West Side has an advantageous location, with the central business district immediately east, Menomonee Valley to the south, and Miller Valley to the west. All three of these neighbors are significant regional employment centers, placing jobs in close proximity to residents of the area. Additionally, the Highway 45 and Mayfair Road corridors, just 2.5 miles west, contain another large concentration of mostly office employment, centered on the Milwaukee Regional Medical Center and Milwaukee County Research Park.

From a transportation standpoint, the study area is exceptionally well connected to the region through Interstate Highways 43 and 94, and Highway 175, though these have the deleterious impact of cutting the study area off from adjacent neighborhoods. Internally, the area is defined by a grid street pattern. Wisconsin Avenue is the primary east-west route, while 27th Street and 35th Street carry the most significant north-south traffic, and are the only two streets to cross the Menomonee Valley. The area is also well-served by public transit, and soon will have a bus rapid transit line on Wisconsin Avenue.

Traffic counts within the Near West Side are typically lighter than would be expected. The heaviest traffic is generally found at the east and west ends of the study area, where there have been some increases, while traffic through the center has been in decline.

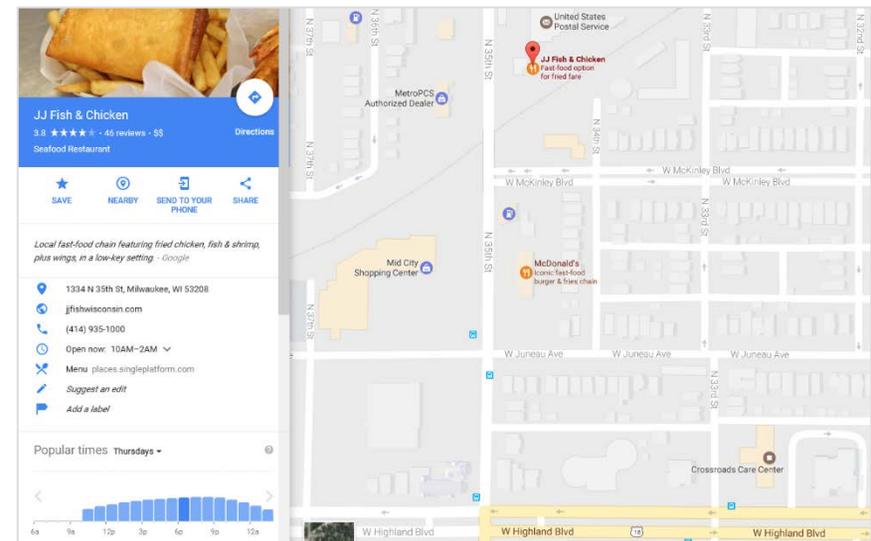
Wisconsin Avenue, 35th Street, and 27th Street carry the most traffic. The volume of cars traveling 27th Street has been in decline, particularly south of Wisconsin Avenue. There have also been declines on Wisconsin Avenue near the Marquette campus. Meanwhile, traffic volume has increased on 35th Street near the MillerCoors and Harley-Davidson facilities. Other areas seeing an increase are Highland Avenue and State Street, east of 17th Street.

These patterns suggest that there is not a great deal of traffic through the neighborhood, given that Interstates 94 and 43, and Highway 41 will tend to carry the majority of the traffic between origins and destinations outside of the neighborhood. Instead, most of the area's traffic will be comprised of trips originating in the neighborhood, or commuters to the area's larger employers.

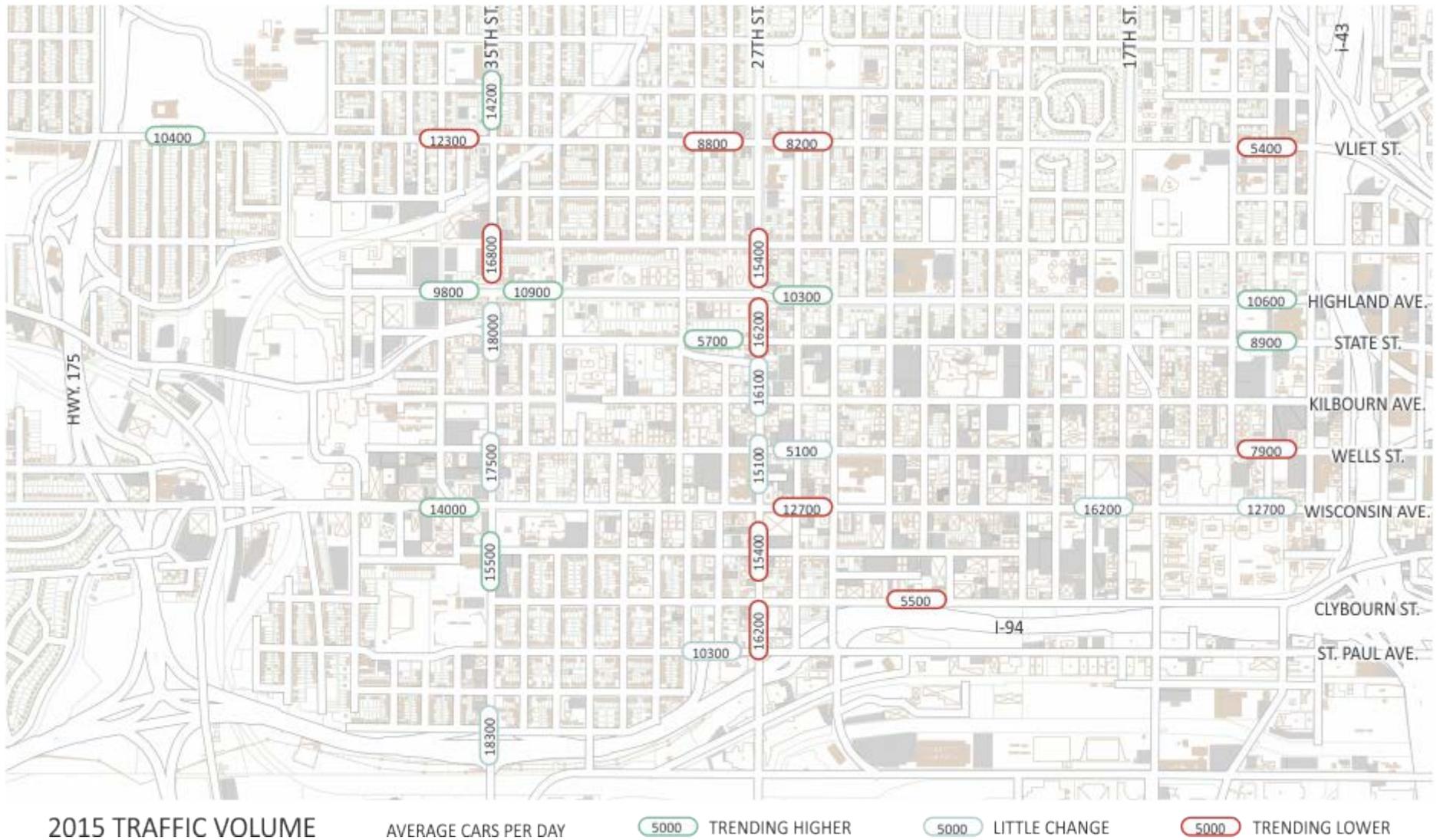
Patterns of Use

It is possible to draw some conclusions about how commercial areas are being used by examining the times at which businesses have the most traffic. Google's "popular times" feature tracks business visits by people who have opted into its location tracking on their mobile phone or tablet. Aggregated data are graphed in hourly increments for those businesses with sufficient data, which often include restaurants, chain retail stores, and auto-oriented businesses. The data is viewed online.

Three distinct patterns appear on the Near West Side. Businesses near the Marquette campus tend to see the greatest traffic in the morning and lunchtime hours. The hours around noon also appear to be when businesses on 27th Street, south of Wisconsin Avenue, see a spike. This might suggest that workers in the Menomonee Valley or elsewhere are visiting during lunch. Evening traffic generally falls off. 35th Street displays an unusual pattern in which the peak hours for its retail and dining businesses are in the later evening. There is no spike at noon, which should be expected if area workers were venturing out for lunch.



Screen shot of Google's "popular times" feature tracking customer visits.



Bus Rapid Transit

Milwaukee County is currently in the design stages of a bus rapid transit corridor that will be located on Wisconsin Avenue. A 2016 feasibility study estimates that 10,000 daily riders will use the corridor, which will stretch from downtown to the Milwaukee Regional Medical Center, with perhaps

five or six stops in the Near West Side study area. Service is not anticipated to begin until 2020, at the earliest.

It will not have any immediate impact on the study area. Over the long term, there may be some advantage to businesses whose employees use public transportation to get to and from work.

Anchor Institutions

Five large organizations located in the area are among the most important of the Near West Side's assets. These include Aurora Sinai Medical Center, Marquette University, Potawatomi Business Development, MillerCoors, and Harley-Davidson. Their presence helps to bring stability to the surrounding neighborhoods, while they create thousands of jobs and bring visitors into the area. All five organizations have committed to an active role in helping to transform the Near West Side.

Other organizations also play a significant role in the community and advocate for positive change. These include area churches, schools, and social service organizations.

Assets and Amenities

The Near West Side has a great many assets and amenities to help in its revitalization. A number of these have implications for housing within the area.

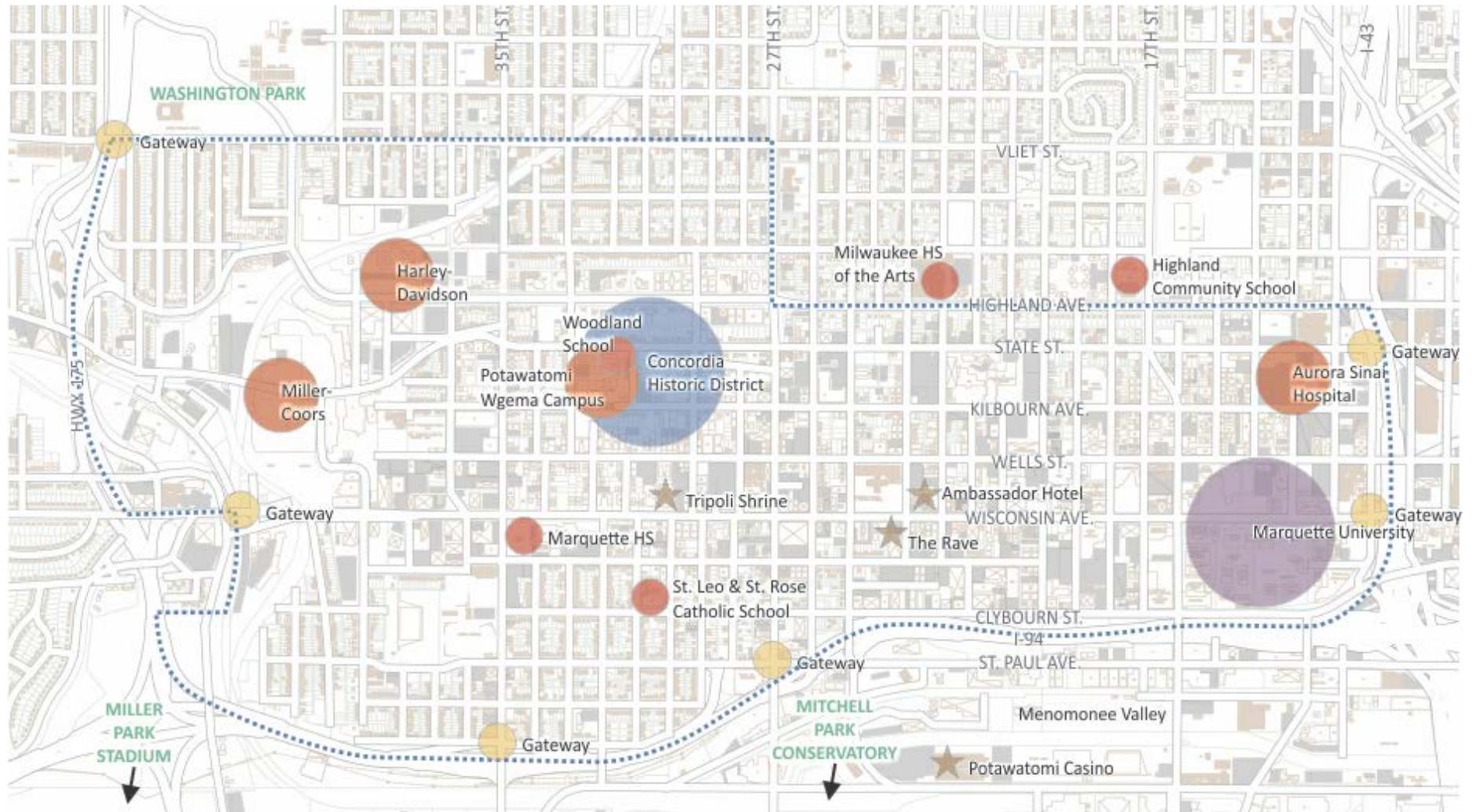
- Proximity to employment centers in the downtown, Menomonee Valley, Miller Valley, and 30th Street Corridor.
- Distinctive architecture, particularly in single family homes north of Wisconsin Avenue.
- Recreational amenities including the Hank Aaron Trail, Washington Park, and King Park.
- Quality schools, including Marquette University High School, St. Rose and St. Leo Catholic School, and Milwaukee Academy of Science.
- Cultural amenities, particularly on the Marquette University campus.

The Near West Side Partners and Near West Side Business Improvement District 10 are the leading organizational resources to encourage revitalization in the area. Along with coordinating the efforts of many public and private partners, these organizations provide direct assistance to business and property owners in the form of grants, loans, and technical assistance. These include:



Harley-Davidson's headquarters

- Promoting Assets, Reducing Crime (PARC) is a three-year effort to reduce crime through engagement with residents, employers, employees, students, and visitors in improved housing, commercial development and neighborhood branding.
- Rev-Up MKE is a business competition in which six finalists receive assistance from anchor institutions to prepare for a pitch event, with the ultimate winner receiving significant assistance in starting or expanding their business.
- Activities like the Near West Side Design Charrette and the Grocery Challenge leverage university resources to look at, and present concepts addressing specific issues within the area.



ASSETS IN AND ADJACENT TO THE NEAR WEST SIDE

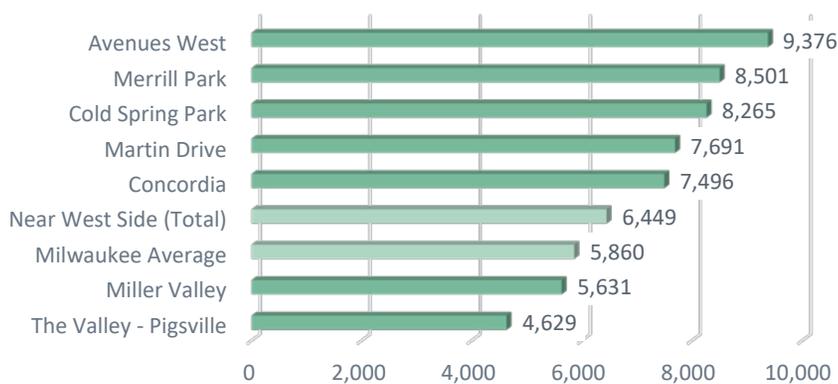
Crime

Overall rates of property and violent crime are higher on the Near West Side than in the city as a whole. This is true of all neighborhoods except Miller Valley and The Valley-Pigsville. Criminal activity is not evenly distributed, but particularly concentrated within two to four blocks of Wisconsin Avenue and 27th Street. Initiatives by Milwaukee’s Police Department and the five anchor institutions have helped to reduce overall crime in the area.



Trulia.com heat map of recent crime in the Near West Side.

TOTAL CRIME PER 100K PEOPLE IN NEAR WEST SIDE NEIGHBORHOODS



Perceptions

The impact of perception should not be underestimated. Justified or not, negative perceptions are a significant deterrent in choosing where to live, where to shop or seek services, and where to locate a business. These views are one reason that, at least until a critical mass can be achieved, investment on the Near West Side must be driven by the residents, property owners, small businesses, and anchors already familiar with the area.

Inaccurate perceptions are often created by media or outside organizations. A concerted effort needs to be made to counter these one-sided views. Continued leadership from the City and the five anchor institutions will be essential in this area.



The website areavibes.com is reflective of perceptions about the Near West Side. The site assesses a number of variables to rate the desirability of neighborhoods across the country, using a methodology that is certainly questionable. The result is a ranking of “barely livable” for most of the Near West Side. Online and other sources of information, such as this, shape public perceptions about the area, even when they do not accurately or fully reflect the true circumstances.

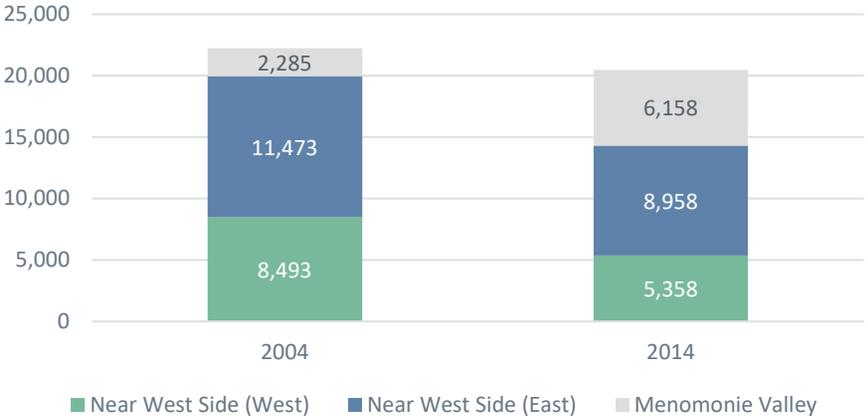
Workers in the Area

The presence of a large daytime population of workers will have implications for consumer expenditures. Secondly, it also contributes to the desirability of the neighborhood by offering jobs to people living nearby, either in primary industries or in the businesses that serve them and their employees. People working in area businesses make up about a third of the potential spending on retail goods and services, and 45 percent of the potential for dining out.

For the purpose of this analysis, the study area was divided along 27th Street into an eastern and western work zone. Because workers in the Menomonee Valley may also be inclined to shop or eat in the Near West Side, some figures for that area are also presented.

Analyzing data from the US Census Bureau (On the Map), fewer people were working in the Near West Side in 2014 (14,316) than did a decade earlier (19,966). This is a loss of 5,650 jobs in the study area, or about 28.3 percent of the total number of jobs in the Near West Side in 2004. Growth in employment within the Menomonee Valley helped to replace a large number of jobs lost elsewhere.

PRIMARY JOBS IN THE NEAR WEST SIDE AND MENOMONEE VALLEY



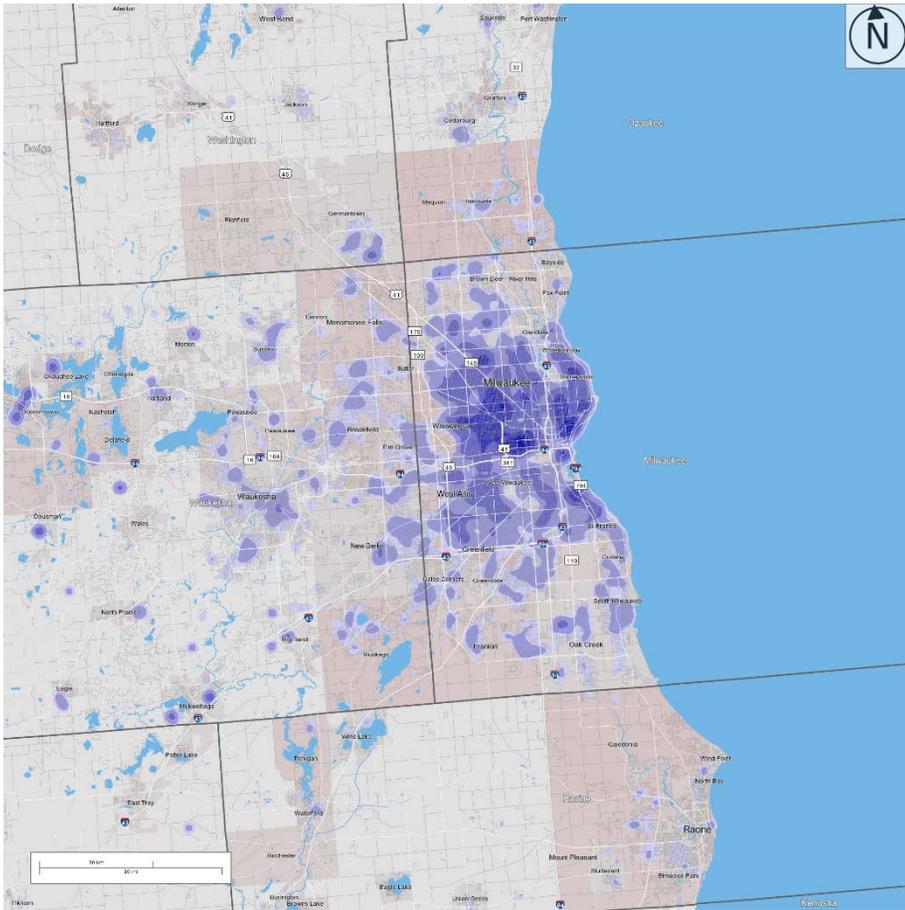
Job losses were more significant within the western portion of the study area. The jobs transferred from Milwaukee’s City Campus site and the Literacy Center of Wisconsin are part of this total, as are the closures of Wisconsin Avenue Elementary School and AT&T’s call center on 35th Street.

By industry, half of the job losses in this area were in manufacturing. There were no significant changes in the distribution of employment by wages or by age of the workforce. A smaller number of people both live and work in the area, declining from 3.5 percent to 2.5 percent of the total. Altogether, there are 4,227 employed persons living in the area, and 4,122 work elsewhere.

A close look at the data for the eastern part of the study area suggests that some of the changes may be attributable to reclassification of jobs to different industry sectors, or to the Menomonee Valley. Specifically, it appears that jobs at the Potawatomi Casino were included in the eastern portion of the study area in 2004, and in 2014 appear in the Menomonee Valley.

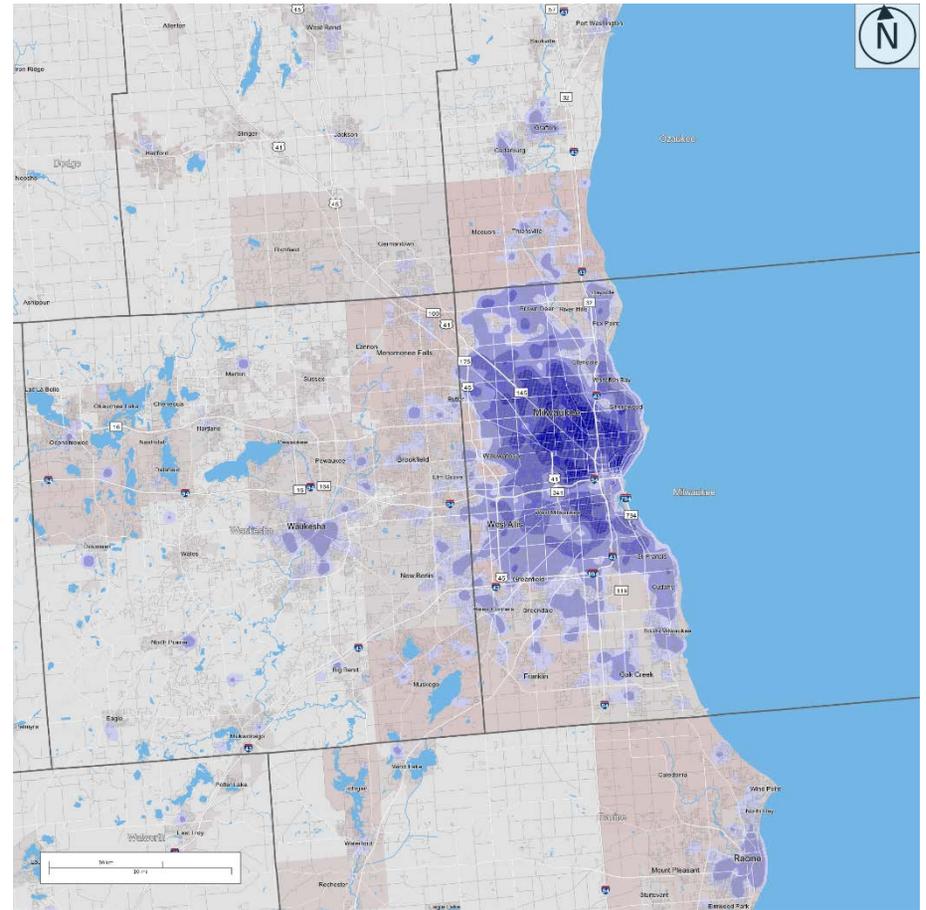
As with the western part of the study area, there has been a decline in the number of people both living and working in this part of the study area, from 5.7 percent to 3.1 percent. There are 2,303 employed persons in the area, and 2,232 commute to jobs elsewhere. A greater number of them commute further than in 2004, with the largest increase in people commuting to jobs to the south. People are also commuting a longer distance to jobs in the Near West Side, with more of them living to the northwest.

Demographically, there are larger percentages of workers who are younger (under 30) and older (55 and over) than in 2004. The number of jobs paying \$1,250 or less per month more than doubled, while jobs paying \$1,250 to \$3,333 and jobs paying over \$3,333 decreased.



Origins of workers employed in the western part of the Near West Side.

Source: US Census Bureau, Center for Economic Studies, On the Map



Origins of workers employed in the eastern part of the Near West Side.

Source: US Census Bureau, Center for Economic Studies, On the Map

RETAIL MARKET

Demand for retail goods is estimated for three separate groups: 1) residents of a trade area; 2) workers commuting into the study area; and 3) college students. Though often considered residents, the atypical and often seasonal living arrangements and spending patterns of students are significantly different to warrant treating them as a separate group.

Trade Area

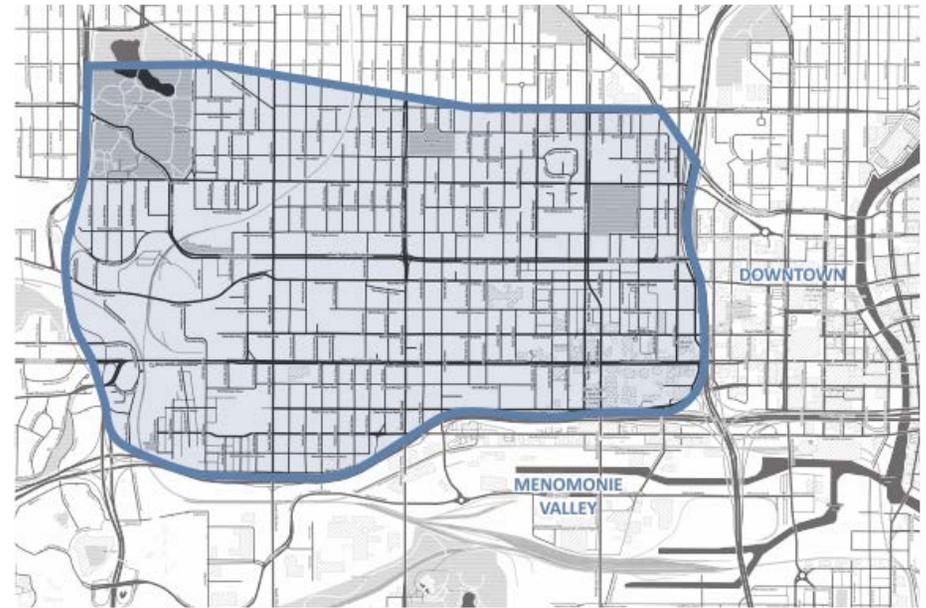
Several considerations went into defining a trade area from which businesses on the Near West Side will draw the majority of their customers. Demographics, street patterns that restrict access, and competition in other parts of the city are the most important of these. The resulting trade area includes all of the Near West Side, and continues north to Walnut Street.

The Menomonee Valley creates a barrier for neighborhoods to the south. Highway 175 and Interstate 43 are barriers, even though some streets cross them. The markedly different demographics of neighborhoods on either side of these highways is also a deterrent to crossing into the Near West Side to shop. Finally, larger retail concentrations in all directions will attract residents of these areas (and from the Near West Side) while there are fewer businesses in Near West Side commercial areas, which might draw people from surrounding neighborhoods.

There are an estimated 31,450 people living in 11,150 households within the trade area (exclusive of campus), which has a demographic composition similar to the Near West Side.

Market Potential

Slightly more than half of the \$333.4 million in retail market potential existing within the Near West Side is generated by the people living in the trade area. Marquette students and workers provide the remaining half. Very little of the retail market generated by these last two groups is captured in the area.



NEAR WEST SIDE PRIMARY TRADE AREA

Methodology

Estimates of retail market potential were derived from a variety of sources, using unique approaches for each market segment.

- Resident Market Potential. The market potential of a trade area is the expected amount that its residents would spend on various types of goods, or at specific types of retail businesses. That market potential is estimated by multiplying average expenditures (sourced from the annual Consumer Expenditure Survey) by the number of consumers in the market, adjusting for patterns of income, race, and age. The data for the trade area was further modified to remove Marquette University students, whose spending patterns were examined separately.

- Marquette University Student Market Potential. Spending by college students varies considerably based on factors such as whether they are living on campus (usually in dormitories) or off campus, and whether they are graduate or undergraduate students. Data for the trade area show that graduate students make up about 20 percent of the college student population living in the Near West Side neighborhoods. There are 11,300 students at Marquette University, of which, and estimated 8,700 live in the area. About half of them live in residence halls on campus, or in University-owned apartments.

College student spending differs from that of a typical household in several ways. The first is that, since students often receive parental support along with loans, grants, or scholarships, looking solely at earned income as a measure of disposable income can be misleading. The discretionary funds that are available are also spent differently, with greater sums going to entertainment, technology, clothing, and personal care. Restaurants are a significant beneficiary of student spending. Estimates of the student market potential are based on data drawn from several studies of the spending habits of students in comparable universities.

- Worker Market Potential. The amount of retail purchases typically made by workers, during the work day, has been documented through survey research conducted by the International Council of Shopping Centers. That data breaks out several categories of purchases made by different classes of workers. Data for the local workforce was drawn from the US Department of Labor. Spending on goods and services was estimated, then assigned to retail store type based on average shares reported in the Economic Census.

Market Potential and Market Share

Two tables on the following pages break out the estimated market potential by store types, and estimate the market share captured by businesses in retail classes represented in the Near West Side’s commercial districts.

An estimated \$333.4 million in market potential could be realized across 58 types of retail stores. There are, however, only 35 retail stores in the Near West Side’s eight commercial districts. The most significant of these are two Walgreen’s pharmacies, and two Family Dollar variety stores. The remainder are mostly independent businesses, including several small convenience stores. The largest is 6,000 square feet.

The estimates show a sales surplus (market share over 100 percent) for three retail store categories. These include furniture, pharmacies, and other general merchandise stores. While there are a handful of furniture stores in the study area, the numbers for this category are skewed by Wisconsin Kitchen Mart, which draws customers from across the metropolitan area. Both pharmacies and other general merchandise stores have large numbers because they are among the few retailers in the area, and therefore capture business in product lines such as food, hardware, office supplies, pet supplies, and others, which would normally be captured by other store types.

Targeted Opportunities

In the near term, market conditions dictate that the kinds of businesses most likely to find success on the Near West Side are going to be independently owned and operated. They include:

- Used car dealers
- Auto parts and tires stores
- Convenience stores or gas stations with convenience stores
- Health and personal care stores (home health care, bath and body care, cosmetics and beauty supplies, etc.)
- Family and women’s clothing stores
- Shoe stores
- Sporting goods stores
- Used merchandise stores

ESTIMATED MARKET POTENTIAL BY TYPE OF RETAIL STORE

INDUSTRY SUBSECTOR	ESTIMATED POTENTIAL BY MARKET SEGMENT			
	TRADE AREA	STUDENTS	WORKERS	TOTAL
New car dealers	\$26,417,100	\$4,473,200	\$0	\$30,890,300
Used car dealers	\$2,405,500	\$478,200	\$0	\$2,883,700
Recreational vehicle dealers	\$27,800	\$6,700	\$0	\$34,500
Motorcycle, boat, and other motor vehicle dealers	\$1,641,900	\$463,600	\$0	\$2,105,500
Automotive parts and accessories stores	\$6,833,200	\$49,900	\$3,302,700	\$10,185,800
Tire dealers	\$4,080,100	\$8,800	\$2,194,800	\$6,283,700
Furniture stores	\$2,030,800	\$169,200	\$0	\$2,200,000
Floor covering stores	\$66,100	\$5,100	\$0	\$71,200
Other home furnishings stores	\$1,252,200	\$175,800	\$0	\$1,428,000
Appliance, television, and other electronics stores	\$4,613,000	\$1,379,500	\$3,143,500	\$9,136,000
Computer and software stores	\$826,500	\$205,900	\$742,100	\$1,774,500
Camera and photographic supplies stores	\$58,600	\$6,800	\$139,700	\$205,100
Home centers	\$3,290,900	\$187,500	\$0	\$3,478,400
Paint and wallpaper stores	\$19,600	\$1,000	\$0	\$20,600
Hardware stores	\$899,900	\$39,100	\$0	\$939,000
Other building material dealers	\$1,998,800	\$126,200	\$0	\$2,125,000
Outdoor power equipment stores	\$19,900	\$4,600	\$0	\$24,500
Nursery, garden center, and farm supply stores	\$553,800	\$128,200	\$0	\$682,000
Supermarkets and other grocery stores	\$34,799,800	\$10,563,800	\$13,325,000	\$58,688,600
Meat markets	\$398,300	\$152,900	\$0	\$551,200
Fish and seafood markets	\$156,000	\$49,600	\$0	\$205,600
Fruit and vegetable markets	\$233,300	\$89,700	\$0	\$323,000
Other specialty food stores	\$486,500	\$146,500	\$0	\$633,000
Beer, wine, and liquor stores	\$1,697,700	\$745,700	\$0	\$2,443,400
Pharmacies and drug stores	\$3,756,100	\$718,400	\$5,135,800	\$9,610,300
Cosmetics, beauty supplies, and perfume stores	\$151,100	\$13,900	\$2,128,400	\$2,293,400
Optical goods stores	\$1,000	\$700	\$1,663,100	\$1,664,800
Other health and personal care stores	\$264,000	\$49,500	\$3,009,900	\$3,323,400
Gasoline service stations with convenience stores	\$21,684,400	\$3,210,400	\$24,900,200	\$49,795,000
Other gasoline stations	\$6,459,400	\$900,600	\$0	\$7,360,000
Men's clothing stores	\$246,700	\$466,800	\$136,600	\$850,100

ESTIMATED MARKET POTENTIAL BY TYPE OF RETAIL STORE (continued)

INDUSTRY SUBSECTOR	ESTIMATED POTENTIAL BY MARKET SEGMENT			
	TRADE AREA	STUDENTS	WORKERS	TOTAL
Women's clothing stores	\$1,261,100	\$1,052,400	\$644,800	\$2,958,300
Children's and infant's clothing stores	\$310,800	\$38,500	\$172,300	\$521,600
Family clothing stores	\$3,010,400	\$2,713,200	\$1,547,300	\$7,270,900
Clothing accessories stores	\$142,900	\$138,100	\$93,800	\$374,800
Other clothing stores	\$349,000	\$322,400	\$181,200	\$852,600
Shoe stores	\$930,300	\$452,000	\$2,082,000	\$3,464,300
Jewelry stores	\$41,600	\$9,000	\$3,331,300	\$3,381,900
Luggage and leather goods stores	\$62,400	\$21,900	\$0	\$84,300
Sporting goods stores	\$1,274,100	\$633,000	\$1,804,500	\$3,711,600
Hobby, toy, and game stores	\$502,100	\$278,200	\$320,000	\$1,100,300
Sewing, needlework, and piece goods stores	\$92,100	\$34,100	\$95,900	\$222,100
Musical instruments and supplies stores	\$626,500	\$1,200	\$102,600	\$730,300
Book stores and news dealers	\$1,224,100	\$1,134,300	\$351,000	\$2,709,400
Prerecorded tape, compact disc, and record stores	\$314,700	\$102,000	\$68,300	\$485,000
Department stores (excl. discount department stores)	\$2,672,700	\$1,657,700	\$5,413,300	\$9,743,700
Discount department stores	\$5,785,100	\$2,080,300	\$6,801,300	\$14,666,700
Warehouse clubs and supercenters	\$17,247,900	\$5,511,700	\$6,523,700	\$29,283,300
All other general merchandise stores	\$2,416,600	\$604,200	\$829,200	\$3,850,000
Florists	\$36,300	\$10,300	\$120,400	\$167,000
Office supplies and stationery stores	\$657,000	\$163,100	\$6,107,400	\$6,927,500
Gift, novelty, and souvenir stores	\$783,100	\$238,300	\$343,300	\$1,364,700
Used merchandise stores	\$383,500	\$193,900	\$188,600	\$766,000
Pet and pet supplies stores	\$1,336,100	\$293,900	\$212,400	\$1,842,400
Art dealers	\$274,600	\$93,100	\$298,900	\$666,600
Manufactured (mobile) home dealers	\$20,500	\$8,100	\$0	\$28,600
All other miscellaneous store retailers	\$1,049,700	\$202,200	\$400,800	\$1,652,700
Non-store retailer	\$7,740,400	\$2,968,400	\$11,659,400	\$22,368,200
TOTALS	\$177,915,600	\$45,973,300	\$109,515,500	\$333,404,400

ESTIMATED MARKET SHARE CAPTURED BY NEAR WEST SIDE BUSINESSES

INDUSTRY SUBSECTOR	MARKET POTENTIAL	NUMBER OF BUSINESSES	ESTIMATED EXISTING SALES	MARKET SHARE
Used car dealers	\$2,883,700	1	\$720,000	25%
Automotive parts and accessories stores	\$10,185,800	1	\$850,000	8%
Furniture stores	\$2,200,000	4	\$7,800,000	355%
Appliance, television, and other electronics stores	\$9,136,000	5	\$2,440,000	27%
Supermarkets and other grocery stores	\$58,688,600	9	\$9,350,000	16%
Other specialty food stores	\$633,000	1	\$300,000	47%
Beer, wine, and liquor stores	\$2,443,400	1	\$550,000	23%
Pharmacies and drug stores	\$9,610,300	2	\$12,200,000	127%
Cosmetics, beauty supplies, and perfume stores	\$2,293,400	1	\$250,000	11%
Gasoline service stations with convenience stores	\$49,795,000	5	\$10,200,000	20%
Women's clothing stores	\$2,958,300	1	\$350,000	12%
Clothing accessories stores	\$374,800	1	\$120,000	32%
Book stores and news dealers	\$2,709,400	1	\$1,500,000	55%
All other general merchandise stores	\$3,850,000	2	\$5,150,000	134%
TOTAL	\$333,404,400	35	\$51,780,000	16%

Despite an aggregate market potential of \$333.4 million, the estimated market size for many retail store types is insufficient to attract chain businesses. Two other factors work against the possibility of chain stores recognizing an opportunity on the Near West Side. The first is the demographic profile of area residents, which is overwhelmingly lower income. The second issue is that most retail real estate site selection professionals do not examine nearby employment as a potential contributor to the market potential. In the case of the Near West Side, daytime spending by workers accounts for about a third of the total market potential.

With limited prospects of attracting chain businesses, many similar places will have a large number of independent businesses (or franchises) filling voids in the market. Here, this is true for the convenience stores selling food,

and small electronics stores that mainly deal in cell phones, but not in other sectors.

Neighborhood entrepreneurs may be thwarted by insufficient capital as well as not having the knowledge of how to start and manage a successful retail business. Competition may also be a factor. People living on the Near West Side are accustomed to shopping in other places where it is possible to combine trips to different store types. It is more convenient to leave the neighborhood rather than make multiple, more local trips. Both of these impediments can be addressed through strong business development programs.

A note should also be made concerning the current condition of the retail industry as a whole. At a national level, income stagnation, shifting

consumer preferences, an oversupply of retail outlets, technology, and online sales are forcing a radical transformation of the industry. In aggregate, chain stores have been in contraction for a decade, and 2017 is poised to be a record year for bankruptcies and store closings. Markets are realigning to have fewer super-regional, regional, and community retail concentrations. It is becoming increasingly challenging for lower-tier centers and districts to attract or even retain chain businesses.

Potential for a Grocery Store

The question of whether a grocery store can be supported on the Near West Side has been of great interest to the Near West Side Partners. There are no traditional grocers in the area, leaving it to be served by several small convenience stores and other sellers of food such as Family Dollar or Walgreen's. Having a grocery store in the area is seen as potentially making its neighborhoods more attractive to prospective residents, and to meeting local needs for fresh food.

The trade area is thought to generate demand for \$34.8 million in annual grocery spending. Students and workers could contribute another \$23.9 million in spending. Existing businesses in the study area are believed to capture about 16 percent of this market, with the majority of residents instead shopping on North Avenue (Pick n' Save) or Miller Park Way (Cermak Fresh Market, Target, Walmart, Sendik's, Pick n' Save). Importantly, much of the demand is from lower-income households, which will impact how grocery businesses look at the area.

The Big Picture for Grocery

Most grocery shopping (about 88 percent of the total) is done at supermarkets, superstores, and club stores, though mass merchants (such as discount stores). Dollar stores, drug and convenience stores, and other venues also capture some food sales. Most of the focus on bringing a grocery store to the Near West Side has been on supermarkets, as smaller formats

are already represented, and there is little opportunity to attract a superstore or club store.

Supermarkets have been losing market share to other food retailers for a sustained period of time. Cost and convenience are two important reasons for the shift, and are particularly impactful in areas like the Near West Side. Low-income consumers are more likely to shop for groceries at supercenters, convenience stores, and dollar stores.

In the Milwaukee area, the grocery environment has seen major changes as Walmart and Target have converted discount stores to superstores, and Meijer entered the market. Woodman's, a regional grocery powerhouse, has also entered the market, along with Cermak Market's two Milwaukee stores, seven Piggly-Wiggly stores (operated under a franchise with Fox Brothers) and several smaller or specialty chains like El Rey, Trader Joe's, Aldi, Fresh Thyme, Whole Foods, and The Fresh Market.

These changes have had an impact, with the parent of Sentry declaring bankruptcy in 2000, and a handful of its stores continuing under individual ownership, and Kohl's selling to Roundy's in 2003. Roundy's has seen its market share decline from a peak of over 60 percent in the early 2000's to a current estimate of 39 percent, and was acquired by Kroger in 2015. Kroger has made plans to invest in some locations, while closing others that are less profitable. One of the stores to close was on 18th Street and National Avenue, which closed in 2016. Their store on Miller Park Way is also thought to be in danger of closing.

Grocery Formats

Technically, supermarkets are defined as having "greater than 9,000 square feet of selling space and at least \$2 million in annual sales", and less than 15 percent of sales from nonfood items.¹ As supermarkets have fought to remain competitive with other food retailers, several formats have emerged, defined by a combination of product mix, pricing strategy, and floor area. Three that might be considered for the Near West Side are:

¹ National Grocer's Association

- Conventional supermarkets. These are traditional grocers such as Roundy's that offer a full line of packaged items and specialty departments including meat and produce, and often a deli, bakery, and pharmacy.
- Fresh format stores. This emerging format combines elements of supermarkets and natural food stores in a space smaller than a conventional supermarket. While carrying a smaller assortment of packaged items – which may have a greater focus on ethnic or natural products – they place a greater emphasis on fresh meat and produce. Most will have specialty departments for meat, produce, and bakery.
- Limited-assortment grocers. These stores offer low prices on a small assortment of packaged goods (often private label) and some fresh items. They are often less than half the size of a conventional supermarket and rarely offer specialty departments.

Opportunity Analysis for Conventional Supermarkets

The National Grocer's Association reports average grocery store sales of about \$355,000 per week, or \$11 per square foot. Actual performance can range widely based on format, size, competition, and other factors. According to their annual report, the average Roundy's store has sales of \$26 million, but that includes rural, suburban, and urban locations with the largest stores twice the size of its smaller ones. Its Mariano's stores have sales over \$50 million.

Most new grocery stores are constructed at 50,000 to 60,000 square feet. A store of this size would be expected to require \$28 to \$34 million in sales, or 50 to 60 percent of the market potential in the Near West Side. There are several reasons why most grocers are unlikely to reach this level of market share.

- It is not a homogenous market. Even among residents, there are different ethnic and income segments that would need to be served under one roof. This challenge is compounded by the very different desires of a large student population and the workers who commute

into the area. Few grocers would be able to meet the needs of these divergent groups.

- It is becoming ever more common for consumers to split their grocery shopping among multiple stores, and there is strong competition in the region. Walmart, Target, and Cermak Fresh Market are very attractive to many of the lower and moderate income households in the trade area, while specialty grocers like Whole Foods, Trader Joe's, and Outpost Natural Foods have a loyal following. Pick n' Save, Sendik's, Metcalfe's, and other grocers also draw customers from the trade area. Any conventional grocer opening on the Near West Side will have a hard time converting customers who favor these competitors for convenience, pricing, or selection that is different from what they would offer.
- Conventional supermarket operators are over-built, too close, or not expanding. There are only a handful of conventional supermarket operators in the Milwaukee area.

Through its own construction and acquisitions, Roundy's has more stores than are justified for a chain that has lost one third of its historic market share. It closed its store at 1818 National Avenue last year, and its store on 35th Street and North Avenue is too close for it to warrant putting a store on the Near West Side.

Sendik's and Cermak Fresh Market are also too close to the Near West Side to justify placing a store in the area. Doing so would shift a significant amount of sales from their existing locations. Sendik's also has a consumer target and pricing strategy that is significantly different from this market. In the summer of 2017 they announced plans for a 4,800 square foot store at 16th Street and Wells Street. Its small size will limit it to acting mostly as a convenience store for the nearby neighborhood.

Piggly-Wiggly is the only other chain with a presence in the Milwaukee area. Seven stores are operated under a franchise agreement. These are mostly suburban locations, and the chain has not been expanding locally.

- Location will impact who shops at a new store. The corner of Wisconsin Avenue and 27th Street, and a site on 35th Street have been suggested as potential locations for a grocery store. Each has advantages and disadvantages. The 27th Street location is centrally located, but suffers from negative perceptions of its surroundings. This may make it more challenging to draw workers to the store. The 35th Street site would still serve the neighborhood and would be convenient to workers in the western part of the study area, but would not be very convenient for students or workers further east.

Because of these challenges, it would be difficult to attract a conventional supermarket to the Near West Side.

Opportunity Analysis for Fresh Format Grocers

While a significant number of workers and students in the area have a demographic that fits the profile sought by these stores, most residents of the area do not. Whole Foods, Fresh Thyme, and The Fresh Market, along with other chains in this category, prefer a well-educated and higher-income market. Their product selection and pricing reinforces that preference.

Fresh format stores average around 30,000 square feet (ranging from 21,000 square feet at The Fresh Market to 38,000 square feet at Whole Foods) with higher sales per square foot than a conventional grocer. The difference between chains can be considerable, from about \$490 at The Fresh Market to \$930 at Whole Foods. This compares to about \$390 per square foot at Roundy's. Using these figures as a guide, \$10 million in annual sales would be a minimum threshold for this types of store, with a figure of \$15 to \$20 million being more realistic.

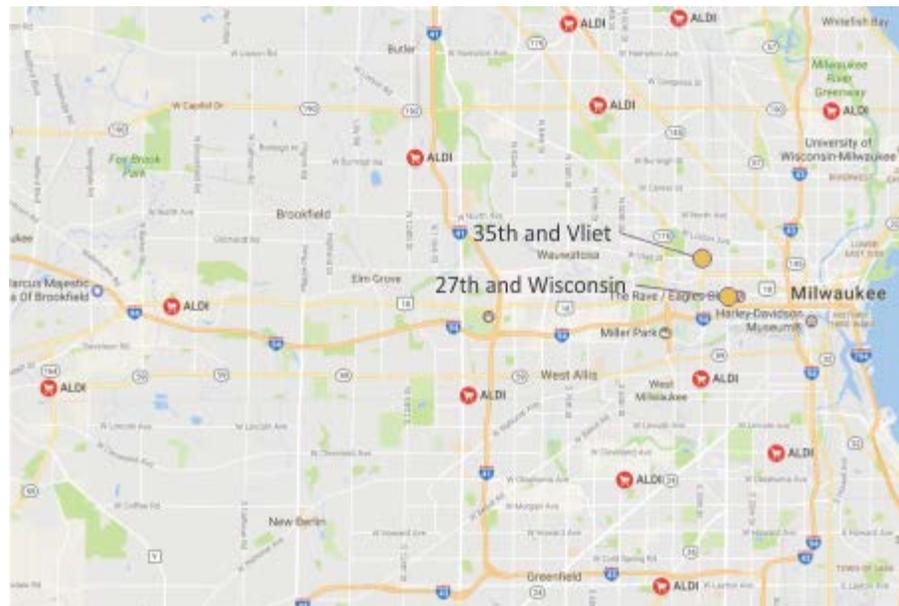
In order to reach its sales target, a fresh format grocer would need to capture at least half of the market potential attributed to students and workers, who would also be drawn to other food stores in the area or near their homes. Only a small portion of sales would be generated from households in the trade area. Under these conditions, it is unlikely that this type of store would consider a Near West Side location.

Opportunity Analysis for Limited-Assortment Grocers

Save-A-Lot and Aldi are the two limited-assortment chains with a presence in the Milwaukee market. Aldi has a store nearby at Greenfield Avenue and 35th Street, while the nearest Save-a-Lot locations are in the suburbs. Aldi's stores are corporately-owned while most Save-a-Lot locations are franchised. Save-a-Lot's corporate policy emphasizes a desire to serve low-income neighborhoods, while Aldi has moved away from its traditional low-to moderate-income base to try to appeal to middle-income households.

Save-a-Lot stores average 12 to 18,000 square feet, and the Near West Side fits its profile of a market with 35,000 people and traffic counts of 15,000 cars. Aldi has similar market criteria for its 18,000 square foot prototype, though preferring a traffic count of 20,000 cars per day.

Annual sales figures for the two chains are very different, despite being similar in size. Aldi averages about \$8 million per store, while Save-a-Lot averages 4.5 million.



Screen shot of Aldi locations from Google Maps, showing two potential grocery store locations on the Near West Side

Either of these chains would expect to find a sufficient market within the Near West Side, based on the trade area population. Students may also be attracted to either store, but it is unlikely that either chain would meet the needs of workers commuting into the area, who are often looking for items such as fresh produce, bakery goods, prepared foods, and a wider assortment of other products.

Given the current locations of Aldi stores in Milwaukee, the site at 35th Street and Vliet Street may be more desirable, as the 27th Street site is closer to its store on Greenfield Avenue. Save-a-Lot may consider either location.

Alternative Formats

Access to food in urban neighborhoods has received growing attention over the past decade or so. All across the country, neighborhoods similar to this one have the same difficulty attracting grocers to low and moderate income urban neighborhoods. Communities have responded with different strategies to help meet the food shopping needs of their residents. Some of these strategies, such as urban gardening, weekly food markets, and mobile food stores have been implemented in Milwaukee. They do help to improve access to quality food for some residents, but they do not have daily or year-round access, and do not have the same impact as a food store located in the neighborhood.

Another approach that has been widely used, and may best meet the needs of this area, is to consider establishing a food co-op. Less driven by corporate performance criteria, a locally-owned co-op could be designed to meet the needs of local residents for better-quality and affordable fresh meat, produce, and baked goods, and have the amenities more typically desired by workers and students, such as prepared foods and salad bars. This concept could be developed with support from anchor institutions. For example, Marquette University student volunteer hours or classroom instruction could contribute to the operation of the co-op.

The combination of a limited-assortment grocery store and food co-op would help to meet most food shopping needs in the neighborhood. The two formats have a minimal overlap in merchandise. The limited-assortment grocer will meet needs for basic food items at lower prices, while a co-op



Aldi's store on Greenfield Avenue and 35th Street

would expand the selection of fresh vegetable and fruit, meat, bakery items, and other specialty goods.

URBAN FOOD CO-OPS:

A growing number of communities have embraced the co-op model to address food deserts in urban neighborhoods.

- Opened in 2009, Mandela Marketplace serves up to 400 people daily in the community of West Oakland, California.
- New Orleans Food Coop has 3,700 members and partners with Goodwill to offer training, and a local university for education.
- Detroit Peoples' Food Co-op is still forming, but comes out a an established program to promote community gardening and a buying club.

In nearly all cases, the co-op was a community-driven effort with support from established organizations (food and nutrition, social service, ministries, etc.). They often work with local farmers or community gardens to source fresh foods, and offer tiered memberships to make it easier for lower-income households to join.

DINING MARKET

Neighborhood stakeholders widely agree that restaurants are a missed opportunity for the study area. Business leaders spoke of the lack of good lunch places; a view that was confirmed in prior surveys of employees. Others indicated a desire to attract restaurants to available spaces, and the Near West Side Partners has created a program to help foster restaurant startups. Estimates of the market potential and an analysis of conditions in the area confirm the validity of this target.

Market Potential

Attracting workers will be essential to the success of efforts to bring more restaurants to the Near West Side. Spending by this group is the largest share of market potential available to any business in the eating and drinking sector, making up nearly 45 percent of the \$49.9 million market.

The eating and drinking market has been broken out into three formats. Full service restaurants are those that provide table service. Limited service restaurants include fast and fast casual restaurants. The “other” category includes several different venues at which people can purchase prepared foods, such as school or business cafeterias, hotels, recreational venues, caterers, and stores selling prepared foods.

These estimates are based on “expected” patterns drawn from survey research by the International Council of Shopping Centers (ICSC) and the National Restaurant Association (NRA), along with data from the US Bureau of Economic Analysis (BEA) and other federal sources. Two important notes should be made:

- The aggregate expenditure may be more important, as the actual distribution by format can be influenced by many factors not accounted for in the ICSC analysis.
- Depending on the location, restaurants in the Near West Side may be able to draw on commuter traffic passing through the area, which is not included in the estimates of market potential. A Wisconsin Avenue location is best suited to commuter traffic.

MARKET POTENTIAL FOR DINING OUT

MARKET SEGMENT	FULL SERVICE	LIMITED SERVICE	OTHER	TOTAL
RESIDENTS	\$7,393,568	\$6,380,507	\$4,016,698	\$17,773,000
STUDENTS	\$1,384,605	\$5,076,885	\$2,086,138	\$9,230,700
WORKERS	\$9,123,171	\$7,873,121	\$4,956,338	\$21,930,700
TOTAL	\$17,901,344	\$19,330,513	\$11,059,174	\$48,934,400



Daddy's Subs is typical of the restaurants available outside of Campus Town.

Existing Eating and Drinking Establishments

The Near West Side, including areas outside of the eight identified commercial districts, has fewer restaurants than would be expected given its population and employment base. The only exception to this is the Campus Town commercial district, where there are several fast or fast casual

restaurant chains catering to the on-campus population. The prevalence of lower-income households, and concerns about safety that keep nearby workers from patronizing local businesses, factor heavily into the fewer number of restaurants found elsewhere.

There are 43 eating and drinking places in the study area's eight commercial districts, and two more (Five O'Clock Steakhouse and Miss Katie's Diner) located elsewhere. Additionally, there are several cafeterias located on the Marquette Campus, at Aurora Sinai, and at employers including Harley-Davidson and MillerCoors. These cafeterias were considered for the purpose of evaluating competition for restaurants that may locate in the area.

The area's 43 restaurants are estimated to make \$23.35 million in annual sales, capturing about 48 percent of the market potential from all sources.

The Potential for New Restaurants

Ranked by average store sales, the median figure for the top 50 fast (ex., Culver's, Hardee's, Arby's, etc.) and fast casual restaurants (ex., Panera, Steak N Shake, Chipotle, etc.) is just over \$1 million. Independent restaurants will typically have lower sales volumes. In Wisconsin, the average restaurant (including chains) earns about \$706,000. Using these as bounds, capturing an additional ten percent of the market – about \$10 million – would result in an additional 10 to 14 restaurants on the Near West Side.

Workers are the greatest source of untapped market potential. Few are venturing out of their workplace to eat in the neighborhood. The limited selection of restaurants, particularly outside of the Campus Town district, makes it difficult to stop for a bagel or donut on the way to work, to get out of the office for a coffee, to gather with coworkers at lunch, or to take a client out to a meal.

Wisconsin Avenue and the 35th Street corridor are the best locations for many of the fast and fast casual restaurants that might locate in the Near West Side. Wisconsin Avenue is particularly accessible to all parts of the area and carries a good volume of commuter traffic. 35th Street is a good location from which to serve employees in the western part of the study area.

Independent restaurants might be located in any of the area's commercial districts, although 35th Street and Wisconsin Avenue locations will provide the greatest visibility and accessibility. Given the importance of the lunch hour, available parking is an important site consideration. These businesses might also consider online ordering and delivery service, at least to the area's larger employers, as a way to increase business.

Food Halls

Food halls are an emerging approach to dining. These are spaces in which several restaurants are arranged around a common dining area, similar to the food court at an enclosed mall. This approach can be considered as a technique to help incubate new restaurant businesses.

As a food business incubator, a food hall would be in a position to externalize many of the costs and technical capabilities associated with marketing, managing the space, security, maintenance, and other activities, allowing the business owner to focus on products, service, and other aspects of running the business. Technical support would help the business grow and move into nearby stand-alone space.

SERVICES MARKET

Service businesses are important tenants of neighborhood business districts. These include things like business support, personal, repair, real estate, rental, financial, insurance, and educational services.

Methodology

A threshold approach was used to estimate demand for these types of businesses. The methodology involves determining the typical population required to support any given business type. Data for Milwaukee County was used to calculate these thresholds for 26 NAICS industry groups including businesses such as those listed in the table to the right.

Counts of the number of these businesses already located on the Near West Side were made through a windshield survey of the neighborhood commercial districts. This can lead to under-counting of the actual number of businesses in the area, as some activities – such as real estate or insurance agents, child care services, or personal care services – may occur in home-based businesses that are not readily apparent from the outside. An internet search was made to help identify these other businesses.

Demand and Supply

Except for vocational rehabilitation services and educational support services, the Near West Side has fewer service businesses than would be expected. Some of the NAICS industry groups that are most under-represented include:

- Child (or adult) day care services
- Agencies, brokerages, and other insurance related activities
- Banks and credit unions
- Employment services
- Services to buildings and dwellings (ex., maintenance, janitorial, and landscaping services)

EXAMPLES OF NEIGHBORHOOD SERVICE BUSINESSES

Real estate agents	Personal goods repair services
Real estate appraisers	Automotive repair services
Educational services	Automotive equipment rental
Vocational training services	Consumer goods rental stores
Employment services	Drycleaning and laundry services
Child day care services	Fitness centers
Death care services	Bowling alleys or pool halls
Banks and credit unions	Hair, nail, and beauty services
Check cashing services	Massage services
Pawn shops	Tattoo parlors
Insurance agents	Travel arrangement services



More services such as these would be expected in the Near West Side.

- Automotive repair and maintenance
- Personal care services (ex., barber shops, hair and nail salons, weight loss services)
- Activities related to real estate (ex., real estate management and appraisal services)
- Other personal services (ex., miscellaneous services like pet grooming and tattoo parlors)
- Other amusement and recreation industries (ex., fitness and sports recreation centers, bowling centers, pool halls)

Taken as a whole, the threshold analysis predicts that there would be 244 service businesses on the Near West Side, yet the analysis found only 66, leaving a gap of 178 businesses. As noted, there is some under-counting of the actual businesses in the study area. Additionally, economic conditions such as lower incomes, a large college student population, and low rates of home ownership suggest less demand for activities like insurance agents, banks, realtors, and fitness centers (which are provided on campus or at schools and community centers). Additionally, some activities such as banking and insurance are increasingly moving online, making them less attractive as targets for recruitment.

There should still be demand for additional service businesses to locate in the area's commercial districts. Locations such as the southern portion of 35th Street, the southern portion of 27th Street, and Vliet Street would be suited to activities like building services and automotive repair and maintenance, along with personal care services catering to adjacent neighborhoods. More desirable commercial districts such as the northern portion of 27th and 35th Streets, and Wisconsin Avenue, should be promoted for office-based activities, amusement and recreation activities, and personal care services.

SERVICE BUSINESSES IN THE NEAR WEST SIDE

NAICS INDUSTRY DESCRIPTION	NUMBER OF BUSINESSES	
	EXPECTED	OBSERVED
Child day care services	31	9
Automotive repair and maintenance	23	10
Employment services	23	8
Services to buildings and dwellings	22	8
Insurance agencies and brokerages	21	0
Personal care services	20	8
Depository credit intermediation	20	3
Activities related to real estate	10	0
Other amusement, recreation industries	9	2
Other personal services	9	0
Offices of real estate brokers and agents	7	3
Activities related to credit intermediation	6	0
Drycleaning and laundry services	6	4
Investigation and security services	5	1
Business support services	5	0
Travel arrangement, reservation services	4	0
Office administrative services	4	0
Nondepository credit intermediation	4	3
Death care services	4	1
Automotive equipment rental and leasing	3	1
Other support services	3	0
Vocational rehabilitation services	2	4
Consumer goods rental	2	0
Personal, household goods repair, maint.	2	0
Educational support services	1	1

OFFICE / INDUSTRIAL MARKET

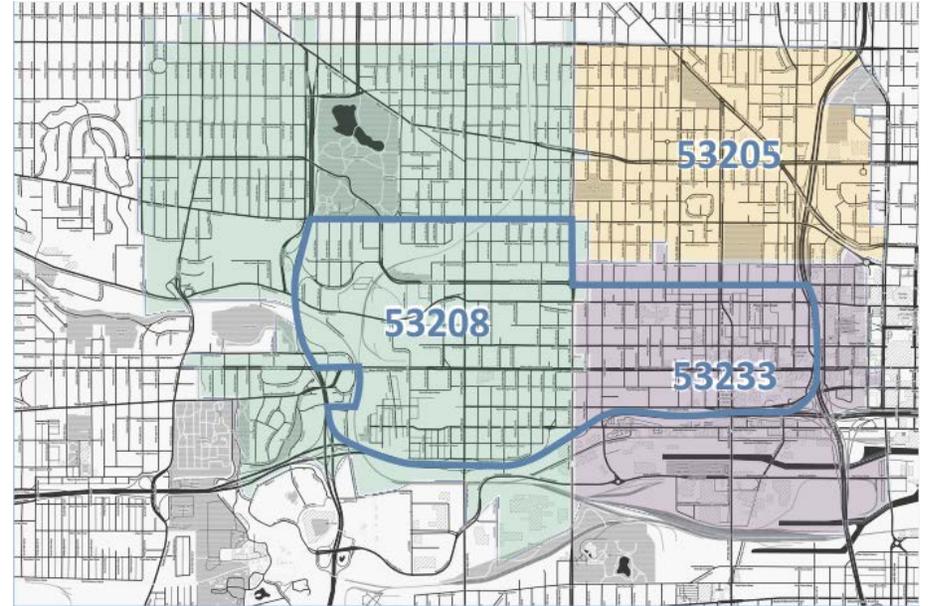
The Milwaukee area market for office and industrial uses has come back strong after the recession that began a decade ago. Economic success, however, has been somewhat unevenly distributed by industry sector and location. This analysis examines a 20-year trend (from 1994 to 2014) for three industry groupings: building trades and construction, manufacturing and wholesaling and distribution, and office-based businesses. Data was examined for three zip codes (53205, 53208, and 53233) covering the entire Near West Side and some adjacent areas, including the Menomonee Valley.

Metropolitan Area Market Conditions

In Milwaukee market reports for the first quarter of 2017, both JLL and Colliers International documented sustained net positive absorption in both the office and industrial real estate markets. Nearly 300,000 square feet of new office space, and 700,000 square feet of new industrial/distribution space is currently under construction. Downtown remains the preferred location for office leasing, while the south submarket (Racine and Kenosha Counties) are seeing significant new warehousing and manufacturing construction.

JLL reports a 4.2 percent vacancy rate in the industrial sector, up only slightly from 2016. Importantly, 70 percent of the speculative construction in 2016 has already been leased.

Colliers and JLL report a similar vacancy rate in the office sector, at 16.65 percent and 16.8 percent, respectively. Vacancy rates for the CBD and the central submarket, which includes the Near West Side, are comparable. Both companies note the sustained popularity of the downtown as an office location. In addition to companies or offices new to the market, several businesses have made high profile moves to the downtown from suburban locations.



Data for three zip codes was examined to document trends in demand for office, building trades, and industrial, wholesale, and warehouse and distribution uses.

Building Trades and Construction

In 2014 there were 34 business in this sector located in the three zip codes, with 130 employees. That may seem little changed from the 30 establishments and 134 businesses present in 1994, but there has been a good deal of fluctuation in those number over the years. After bottoming in 1999-2000, the numbers improved steadily to a peak of 41 establishments and 155 jobs in 2009, when many businesses came to grips with the housing crisis that began a year earlier. The trend in both jobs and businesses has again been upward since 2010.

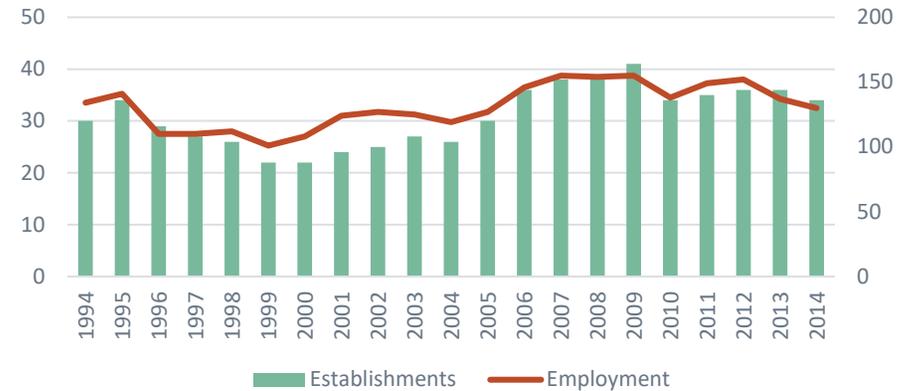
Over the past two decades there have been a total of 98 construction and trades businesses in this area. Eighteen of these moved to their current location from elsewhere, with three originating in the same three zip codes, three migrating from suburban locations, and the remaining 12 coming from another part of Milwaukee. All of these businesses were started locally.

The average business in these industries and within these zip codes has remained in operation for 6.6 years. Ten of the businesses present in 1994 are still in operation.

Businesses that have located in the area in the past twenty years have been in many industry groups, with the largest being plumbing and HVAC contractors (18), residential remodelers (16), land subdivision (16), and single family home construction (14). Average employment has decreased (as it has for all sectors), dropping from 4.5 to 3.8 employees. The largest employer (which is still in operation) has 23 employees, but 80 percent of the establishments have had fewer than five employees, twelve percent have had five to nine employees, and six percent have had ten to 19 employees.

The outlook for the industry is positive, with slow, but steady growth predicted by most industry organizations. New residential construction is not expected to hit the pace of the pre-recession years, and commercial construction is generally flat, but a growing number of households are investing in home improvements that create demand for skilled trades. One particular concern is the lack of workers in these trades, as many moved into other occupations when the industry shed jobs from 2007 to 2012.

CONSTRUCTION AND BUILDING TRADES
ESTABLISHMENTS AND EMPLOYMENT



One of a handful of building trade contractors operating in converted commercial space on the Near West Side.

The expected industry growth, small foot print requirements of potential businesses, and location of the Near West Side central to the metro area and close to gentrifying neighborhoods all help to make the area attractive as a location for establishments in the construction and building trades. These may find areas like Vliet Street, Clybourn Street, and the southern portions of 27th and 35th Streets an attractive location. Building conditions are one factor in why not more of these businesses have chosen to locate in the study area. Many would need extensive renovation.

There is some variability in the space requirements of these buildings based on their primary activity and their size. Larger businesses will have some office staff while smaller ones may only require a space in which to store tools and machinery, and perhaps do some fabrication. Most will conduct the majority of their work off-site. For general planning purposes, the minimum floor area required would be 1,000 square feet, with an average of an additional 250 square feet per employee.

Manufacturing and Wholesaling and Distribution

Establishments in manufacturing, wholesale trades, transportation, and warehousing and distribution were included in this industry grouping. In 2014 there were 209 of these establishments in the three zip codes, with a total of 8,083 employees. This is a decrease from the 259 establishments and 8,643 employees in 1994, though still an improvement from low points in the first decade of the 2000's. Of the original number, 73 are still located in the area. In this industry grouping, a total of 665 businesses have been located in the three zip codes over the past 20 year. The average business has a life span of 7.1 years.

Relocations from other parts of Milwaukee have been the source 87 of the businesses (13 percent of the total) that opened in the area. Only eight of them originated from these three zip codes, and none relocated from suburban parts of the metropolitan area.

Ninety-three of the establishments are branch facilities, and 45 of these have opened in the last 20 years. These represent the core of traditional “business attraction” in economic development. Only 17 of those establishments were still in operation by 2014, with a total of 315 employees. Nine of the original

MANUFACTURING, WHOLESALE, AND DISTRIBUTION ESTABLISHMENTS AND EMPLOYMENT



Space for small light industrial, wholesale, warehousing, and distribution establishments can be in demand on the Near West Side.

48 branch establishments in the area were still operating in 2014, with 2,427 employees among them. Wisconsin was the parent company location of 48 of the 95 branch establishments, and Milwaukee made up 38 of those. Other locations from which investment was drawn include Chicago, New York, Minneapolis, and Dallas.

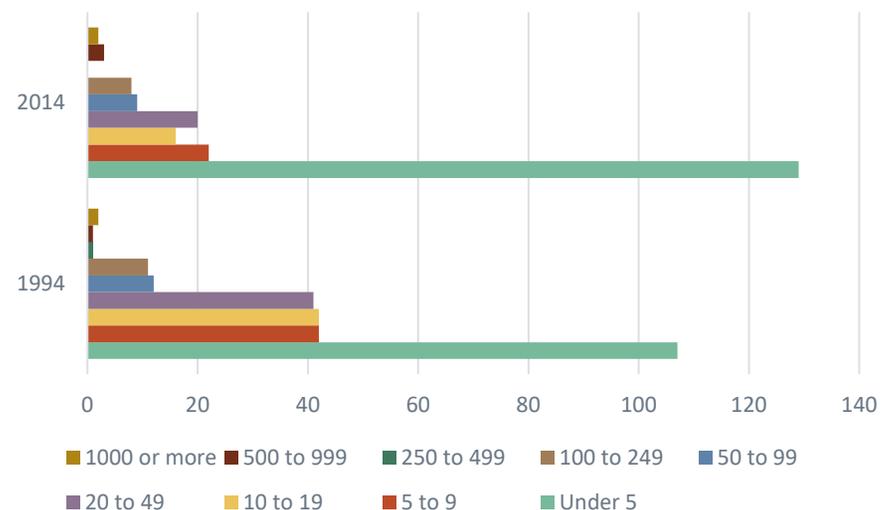
The average number of employees per establishment has increased from 33.4 to 38.7. Part of this has been due to increases at the largest employers. There has also been an increase in the number of the smallest businesses, while those in the middle – from five to 50 employees – have declined. This is troubling, as these businesses are often locally-owned and are often the source of future growth companies.

As a location for small businesses in these industries, the Near West Side has advantages similar to those valued by other industries. It is central, has good freeway access, is close to major employers such as those in the Menomonee Valley, and is more affordable than suburban office parks. Negative influences include congestion, older buildings and poorly designed sites, enhanced concerns for safety and security, and the lack of surrounding businesses that employees may seek (dining, services, and shopping).

The Near West Side can attract businesses in these industrial and related sectors. In particular, it can be positioned to accommodate the small users who prefer a central location near the Menomonee Valley. Clybourn Street, Vliet Street, 35th Street, and the southern portion of 27th Street, along with some adjacent areas, are well suited to the use. Some existing buildings can be renovated to accommodate these tenants, while other sites can be redeveloped with new buildings.

The majority of potential users will be companies with fewer than 20 employees. Based on an estimate of 500 square feet per employee, spaces from 1,000 to 10,000 square feet will be in demand. Larger “flex” buildings will support options for dividing space to house one or more tenants. Flex design will also enable owners to market the building to building trades and small office users. Quality site design will address building placement, circulation for trucks, adequate employee parking (which may include on-street parking) and security issues.

DISTRIBUTION OF INDUSTRIAL ESTABLISHMENTS BY EMPLOYMENT SIZE



Office-Based Businesses

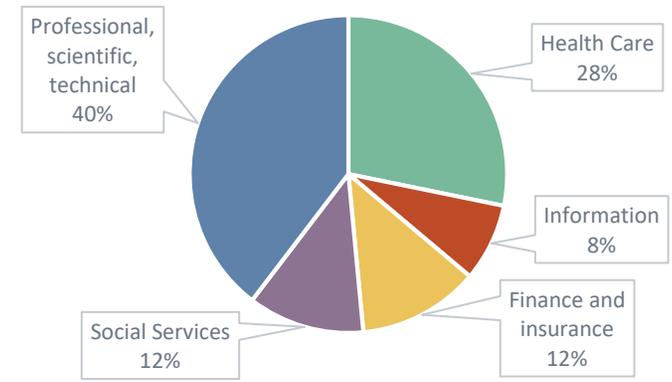
Activities generally occurring in an office environment include those in the information, finance and insurance, professional and scientific and technical, and medical sectors. These sectors have demonstrated clear growth within the three zip codes, increasing from 369 establishments with 6,663 employees, to 640 establishments with 8,405 employees between 1994 and 2014. As in other industry sectors, this area saw a decrease in establishments until around 2000 and 2001. Growth began and continued steadily through 2021, showing a downward trend in 2013 and 2014.

There have been 1,588 office establishments located in the three zip codes since 1994, with those 640 that are still open representing 40 percent of the total. Most are locally-owned businesses. Only ten are branch establishments of companies headquartered out-of-state. Twenty-six other branch establishments, owned out-of-state, have closed during the 20-year period. This is a pace faster than for locally-owned establishments.

OFFICE-BASED ESTABLISHMENTS AND EMPLOYMENT



DISTRIBUTION OF OFFICE EMPLOYMENT BY INDUSTRY GROUPING



There has been little change in the mix of establishments by industry grouping, with slight decreases in the share of health care and social services, and slight increases in information and finance and insurance. All five of the industry grouping saw an increase in the total number of establishments, led by professional and scientific and technical services, and finance and insurance.

Over time, the average establishment size shrank from 18.1 to 13.1 employees. Much of this can be attributed to growth in the number of businesses with fewer than five employees. They number increased by 88 percent, followed by businesses with five to nine employees, which saw a six percent increase. It is important to note that larger establishments have also located in the area, with an increase of nine businesses with 100 to 249 employees.

Many businesses relocated into the area over the two decade period. Of these 168 businesses, all but 24 started out in another part of Milwaukee. Sixteen of the 24 were from elsewhere in Wisconsin, and mostly the Milwaukee suburbs. Only eight relocated from another state. Of 144 businesses relocating within Milwaukee, 20 started out in the same three zip code area.

Using the US General Services Administration’s estimate of 215 square feet per office employee, in the years since having the lowest number of office employees (6,397 in 2004), the Near West Side and surrounding area have occupied an estimated 431,720 square feet of office space. A more conservative estimate will consider a portion of the new businesses being home based. If half of the employment in businesses with fewer than five employees is left out, the estimate drops to 328,090. With little new commercial space constructed, the majority of this will be vacant space or space converted from other uses.

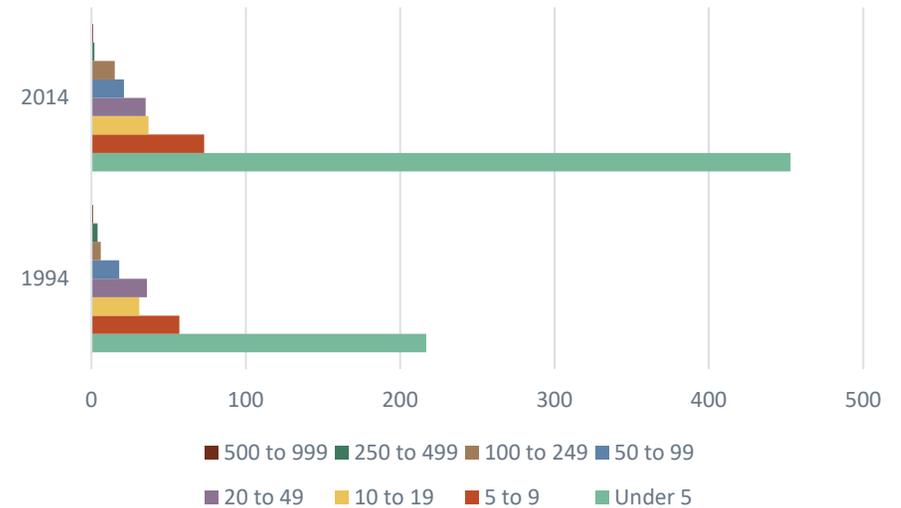
Looking forward, there should be continued demand for new office space within the Near West Side. Some of these businesses will require a visible location, while other can easily be accommodated in the sort of flex space recommended for industrial and building trade users, which may be located in secondary corridors.

There has been demand for larger establishments than can occupy a significant floor area, such as might be provided in the former City Campus, Wisconsin Avenue School, or at other sites. The majority of users, however, are small businesses that will need as little as a single office, up to two or three thousand square feet. This suggests the potential to rehabilitate many

of the commercial buildings in corridors throughout the area. Owners may consider the approach of dividing off single offices with a shared common space, such as has been successfully implemented in many other places.

Parking and safety will be the paramount considerations in attracting these businesses to the area. New and renovated space must provide adequate parking for employees and visitors to be competitive. Sites must be designed with personal and property security in mind. Questions about safety in the adjacent neighborhood will be more difficult to address. Having food and shopping in close proximity will help to make the neighborhood feel safer and will also be an amenity for people working at the business.

DISTRIBUTION OF OFFICE-BASED ESTABLISHMENTS BY EMPLOYMENT SIZE



HOUSING MARKET

The Near West Side was among Milwaukee’s most desirable neighborhoods when it developed with the mansions of wealthy business owners lining Wisconsin Avenue, and large homes of middle class families on streets north to Highland Avenue. Many of these homes were later redeveloped with higher density apartment buildings in the Avenues West neighborhood and portions of Concordia along Wisconsin Avenue and Wells Street, but other streets, especially in the Concordia Neighborhood, are still lined with attractive Victorian homes. In other neighborhoods, good housing was built for working families. It includes many single family and duplex homes, transitioning to bungalows in the Miller Valley and Martin Drive Neighborhoods.

In terms of the mix of housing stock, some products are missing from the market. There are few quality, mid-market apartment buildings. Additionally, there are no rowhouses or condominium flats, or new single family housing. Negative perceptions about crime, the lack of shopping, and poorly maintained properties serve as an obstacle to attracting middle-income households to the area..

Prior studies have described challenges and needs that still hold true for housing on the Near West Side. Comments from a stakeholder that “it all depends on who is your neighbor” are appropriate. Well-maintained houses often sit next to properties that can be in severe disrepair. Apartment complexes range in desirability, often linked to the quality of management and the mix of units. Buildings that may not be well managed and have high concentrations of efficiency and studio apartments were often cited as attracting nuisance behavior to the neighborhoods. The City has been pursuing strategies to encourage home ownership and renovation, and acquire and demolish derelict properties.

Very little new housing has been constructed in the vicinity of the study area. The economics of the area make it difficult to build at market rates. This also holds true for many renovation projects, for both owned and rental housing. Costs exceed the rents that households are currently willing to pay in the area.



Victorian-era housing in the Concordia Neighborhood

Overall market conditions should eventually favor improved housing conditions in the Near West Side. An increasing share of households in younger generations would prefer to live near the city center, in walkable and culturally diverse neighborhoods. The Near West Side can offer several styles of housing at a very affordable price. It is close to downtown and employment, and has good access to all of the metropolitan area. Several very good schools are located in its neighborhoods.

For the immediate future, it seems unlikely that significant market rate housing renovation or redevelopment will take place without a high level of subsidy. The costs to construct new units surpass prevailing sales or rental rates, would require substantial subsidies to overcome. Although it may be possible to construct low-income housing using Section 42 tax credits or

other subsidies, this works counter to the objective of increasing the percentage of middle income households in the area.

As the City Campus and Wisconsin Avenue School projects are completed, blighted properties are acquired and cleared or redeveloped, more retail and dining is introduced, and the ongoing efforts to reduce crime in the neighborhood continue to produce results, the opportunities for housing will expand. Until then, the City or its partners can acquire and hold properties where development is most likely to occur, support efforts to transition poorly managed rental properties into new ownership, and encourage ongoing investment into the existing single family and duplex homes in the neighborhood..

Existing Conditions

Based on data compiled from tax assessments, there are 14,154 housing units in 2,565 residential buildings on the Near West Side. Somewhat less than half of the buildings (1,082) are single family homes. Another 915 are duplexes with 1,830 total units. The greatest number of units, however, are the apartments in a small number of large structures. Buildings with 21 to 50 apartments make up 26 percent of the housing on the Near West Side, while apartments in buildings with more than 50 units contain 28 percent of the total.

The 2015 American Community Survey shows that the Near West Side contains a significant number of vacant units, estimated at 2,374, or 16.8 percent of the total. Of these, the largest number (53 percent) are simply unused and not listed for rent. There are 855 units available to rent, or 36 percent of the total. The remaining eleven percent are for sale, rented or sold but not occupied, or used seasonally. Within occupied housing, 14.2 percent of units are owner occupied and 85.8 percent are rented.

There are several potential explanations for the high vacancy rate reported.

- One possibility stems from the fact that the Census counts all housing units in a building, including those that are no longer considered rentable. In observations of the area, it was apparent that many units are no longer being actively rented, such as many of the upper floors



Many commercial buildings have vacant upper floor apartments

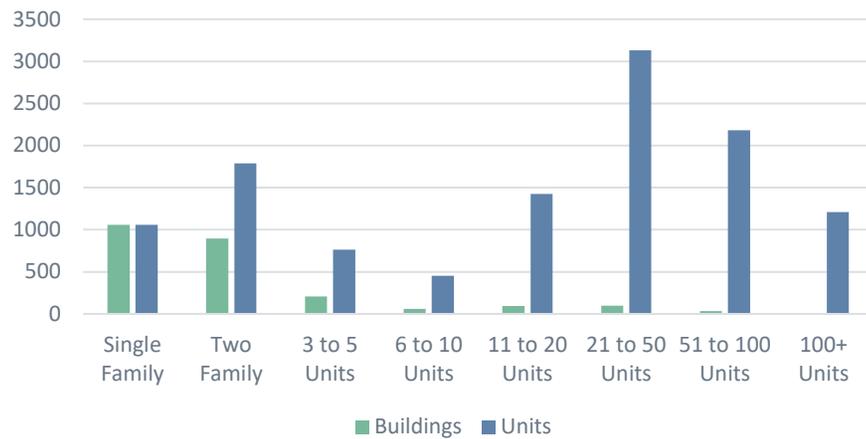
of neighborhood commercial buildings. In a small number of cases this may be deliberate, in anticipation of redevelopment.

- Student rentals are included in the total. The Census has consistently struggled with collecting and accurately reporting data on where students live, when many may consider their campus apartment as temporary and report their residence elsewhere. This can contribute to a higher number of reported vacancies.

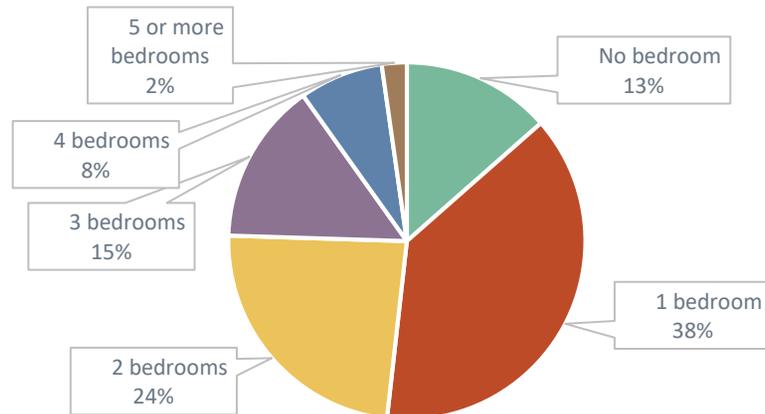
Vacancy data from commercial vendors, showing lower rates, is collected using a different methodology. REIS surveys apartment properties, but only those with 40 or more units. Rainmaker insights tracks online listings to get broader representation, but only of properties being actively marketed. In both cases, these do not include units that are not being actively marketed and omit most, or all, smaller apartment buildings. (While there are 58 apartment buildings on the Near West Side, REIS only surveys nine of these, reporting a vacancy rate of 7.1 percent and mean rent of \$717. Rents have been rising slowly, at 4.3 percent over the last five years.)

Small units dominate the area’s housing stock, with many of them being apartments. Units with no bedrooms (studios or efficiencies) make up 13.5 percent of the total, while 38.3 percent have one bedroom.

DISTRIBUTION OF HOUSING BY BUILDING SIZE



HOUSING UNITS BY NUMBER OF BEDROOMS



Single Family and Two Family Homes

The average size of a single family home on the Near West Side is 1,963 square feet, though the larger homes tend to be located to the east, and smaller homes dominate the western neighborhoods. Though ranging from \$10,500 to \$1,415,000, the average home is assessed at \$85,121. This is a 3.7 percent increase over the prior year. A little over a third (37.8 percent) of the single family homes are rentals, which is about double the national rate. Marquette and Avenues West have the greatest percentage of rental one and two-family homes.

Two-fifths (40.4 percent) of duplexes on the Near West Side have an owner living in one of the units. The average unit size is 1,283 square feet. The average assessed value of these units is \$75,375, and it has remained essentially unchanged since the prior year.

Very little new construction has occurred on the Near West Side, or even in adjacent areas. Including an area extending to North Avenue, six new homes have been constructed in the decade from 2007 to 2017. These have sold between \$63,000 and \$122,000. Outside of a few neighborhoods, new construction has been rare in the City of Milwaukee since the Great Recession. The housing market in the Near West Side reflects this trend.

At the start of July 2017, there were 30 single family homes for sale on the Near West Side. These were concentrated in the Cold Spring Park, Concordia, and Merrill Park neighborhoods. Fewer homes were for sale in the Martin Drive, Miller Valley, and Pigsville neighborhoods where there are higher rates of home ownership. Pricing is skewed by sales of distressed properties, which are often sold at cost of just a few thousand dollars. Most homes can be purchased for less than \$100,000.

Multifamily Housing

Buildings with three or more rental housing units may include small to large apartment buildings or mixed-use structures. The City’s assessment records report 568 such buildings, with 11,242 units on the Near West Side. Larger buildings, and the greatest number of rental units, tend to be concentrated in the Marquette, Avenues West, Concordia, and Merrill Park neighborhoods.

SINGLE FAMILY AND TWO FAMILY (DUPLEX) HOUSING ON THE NEAR WEST SIDE

NEIGHBORHOOD	TOTAL HOUSING UNITS	NUMBER OF BUILDINGS	SINGLE FAMILY HOUSING					
			TOTAL UNITS	AVERAGE VALUE	2015-16 CHANGE IN VALUE	AVERAGE UNIT SIZE	AVERAGE LOT AREA	OWNER OCCUPIED
Marquette	1,484	11	11	\$280,144	13.0%	3,907	4,151	11.1%
Avenues West	5,112	175	175	\$106,961	7.4%	2,147	4,912	40.6%
Cold Spring Park	1,286	130	130	\$88,162	3.4%	2,181	4,949	60.0%
Concordia	2,095	139	139	\$113,698	-1.7%	2,954	7,420	71.9%
Merrill Park	2,551	306	306	\$64,317	2.1%	1,809	4,354	60.1%
Martin Drive	886	175	175	\$79,953	4.1%	1,500	5,021	74.3%
Miller Valley	469	60	60	\$68,127	8.0%	1,414	4,408	61.7%
The Valley-Pigsville	271	86	86	\$63,849	7.2%	1,222	4,770	70.9%

NEIGHBORHOOD	TOTAL HOUSING UNITS	NUMBER OF BUILDINGS	TWO FAMILY HOUSING (DUPLEX)					
			TOTAL UNITS	AVERAGE VALUE	CHANGE IN VALUE	AVERAGE UNIT SIZE	AVERAGE LOT AREA	OWNER OCCUPIED
Marquette	1,484	2	4	\$233,800	5.8%	1,157	2,665	0.0%
Avenues West	5,112	108	216	\$125,427	9.1%	1,348	4,831	19.4%
Cold Spring Park	1,286	141	282	\$73,706	-1.2%	1,397	5,349	31.2%
Concordia	2,095	61	122	\$76,928	1.4%	1,545	5,661	44.3%
Merrill Park	2,551	264	528	\$57,852	3.1%	1,190	4,440	38.6%
Martin Drive	886	239	478	\$76,815	-9.7%	1,136	4,952	49.0%
Miller Valley	469	47	94	\$76,849	0.0%	1,102	5,527	42.6%
The Valley-Pigsville	271	53	106	\$61,126	3.3%	885	4,572	58.5%

They include buildings owned by Marquette University that are leased exclusively to college students.

Conditions of the area's apartment buildings vary greatly. Those near the Marquette campus, on the western end of the study area, and along Wisconsin Avenue appear to be maintained to a higher standard than some of the properties in the interior. Many of the units located above storefronts

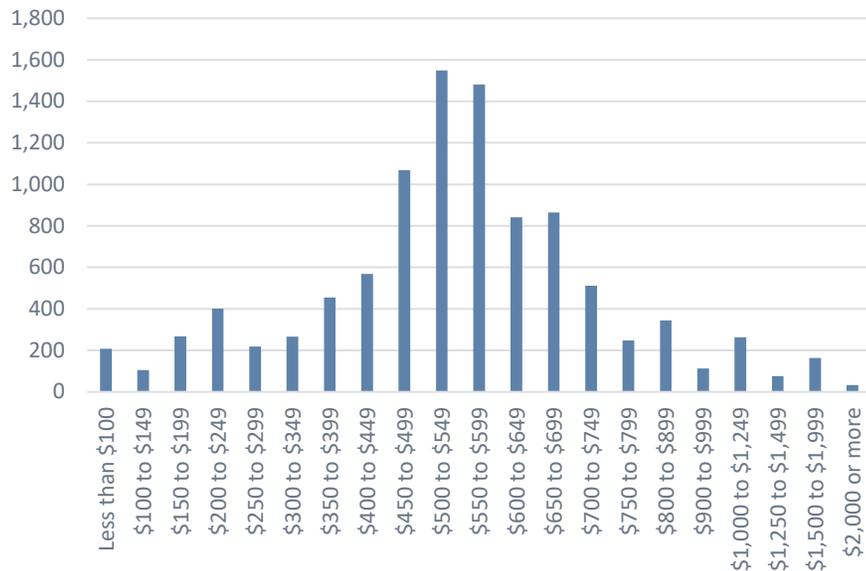
in the area's commercial districts appear to be unoccupied. Aside from smaller buildings in residential areas, and a few of the larger structure, most apartment buildings do not have private parking available for their residents.

Demographically, the majority (53.2 percent) of rental households consist of a single individual. Two-person households are 21.5 percent of the total, households with three or more persons make up a quarter (25.2 percent).

MULTIFAMILY BUILDINGS AND UNITS BY NEIGHBORHOOD

NEIGHBORHOOD	TOTAL HOUSING UNITS	MULTIFAMILY HOUSING (3+ UNITS)		
		NUMBER OF BUILDINGS	TOTAL UNITS	PERCENT OF TOTAL
Marquette	1,484	33	1,469	99.0%
Avenues West	5,112	199	4,721	92.4%
Cold Spring Park	1,286	64	874	68.0%
Concordia	2,095	79	1,834	87.5%
Merrill Park	2,551	123	1,717	67.3%
Martin Drive	886	30	233	26.3%
Miller Valley	469	23	315	67.2%
The Valley-Pigsville	271	17	79	29.2%
Near West Side Total	14,154	568	11,242	79.4%

APARTMENTS BY MONTHLY RENT



LOW-INCOME UNITS ON THE NEAR WEST SIDE

PROPERTY NAME	ADDRESS	UNITS	LI UNITS	YEAR*
Grand Avenue Lofts	2905 W Wisconsin	32	32	2011
Veterans Manor	3430 W Wisconsin Ave	52	52	2009
Boulevard Apts.	2830 W Highland Blvd	235	235	2007
William Passavant	2195 W State Street	51	51	2009
Grand Haven Apts.	520 N 20th Street	89	79	2006
Kilbourn Square	2200 W Kilbourn	99	79	2004
Corps House	2501 W Kilbourn	10	10	1999
YW Village West	2803 W Kilbourn Ave	71	64	1993
YW Village East II	808 N 24 th , 835 N 23rd	100	100	1992
20th Street SRO	836 N 20th St	26	26	1989
Waterford Place	936 N 20th St	16	16	1989
		791	744	

* Year is the year the tax credit was issued. Rent is restricted to affordable for 30 years under the Section 42 Low Income Housing Tax Credit Program.

Senior households, headed by a person 65 or older, make up only 7.2 percent of the total. A nearly equal number are headed by a person aged 15 to 34 (45.8 percent) or 35 to 64 (47.0 percent). Just over a quarter (26.4 percent) of the area's households include children under the age of 18.

Online sites list 80 units currently for rent on the Near West Side. This count is certain to underestimate the actual number of units available, as a great number will be listed by other means than through leasing companies that utilize online search engines. This will be particularly true of single family homes, duplexes, and smaller apartment buildings.

The average monthly rent, excepting units in the Marquette neighborhood) is estimated to be \$564. About two thirds of all units (67.4 percent) fall between \$400 and \$750 per month. Utilities are included in the rent of 16.4 percent of households. Some larger buildings are offering leasing incentives up to a month of free rent for new lessees.

Parking is a consideration for many renters, with 63.9 percent of households owning at least one car. Twenty of the apartments currently listed for rent (a quarter of the total) have onsite parking. The single family homes and duplexes most likely not to be listed online would also tend to have available parking. Larger buildings in neighborhoods like Avenues West and Concordia often do not have parking for tenants.

There are as many as 744 income restricted rental units in the study area. Properties receiving Section 42 Low-Income Housing Tax Credits are required to maintain affordable rents for 30 years. Some buildings in the study area received credits as early as 1989, and will no longer be under this restriction in two years.

Demand for New Housing Options

The market for housing in the Near West Side is not defined by the people already living in its neighborhoods, but by the people who can, and desire to live in the area. Affordability, the quality housing stock, proximity to downtown, and many other factors may be considered in that decision. Income and generational preferences lend some insight into the kind of units that are needed.

Despite growing interest in urban living, the majority of buyers – 83 percent according to Zillow – prefer a single family home. Twenty percent will consider a townhouse, 13 percent a condo, and nine percent a duplex or triplex. These numbers round to over 100 as some buyers will consider multiple housing types. About two in five buyers will consider purchasing a distressed home.

The National Association of Home Builders’ annual survey reports that today’s buyers want a home that is all on a single level, is energy-efficient, and has amenities such as a ground floor laundry and outdoor entertainment space. Move-in ready homes are preferred by 71 percent of buyers, and 44 percent of them would like homes that are smart technology enabled.

These desires are not altogether consistent with the housing stock in the near West Side, which often consists of two-story homes that may need renovations, or even substantial repairs. Buyers will make compromises to live in desirable neighborhoods, however, and buyers have shown a

willingness to purchase similar older, two-story homes in places like Washington Heights, Bay View, and Wauwatosa.

Millennials make up 56 percent of renters, followed by Generation X (29 percent). Nearly half of all renters (48 percent) would prefer to lease a single family home, and perhaps not coincidentally, about 40 percent have children in the household. Among those renting at apartment complexes, small buildings are preferred. Younger and older renters are more inclined to consider apartment buildings.

After affordability and a safe location, the most important considerations for renters are units that accept pets, have the right number of bedrooms, are close to work or schools, have air conditioning, have an in-unit laundry, and factors related to location (preferred neighborhood, close to family and friends, access to recreation, etc.).

Employee Demand for Housing

Two resources help to consider whether there may be significant demand from employees working on the Near West Side. Census Bureau data



The Martin Drive Neighborhood

demonstrates that over the last decade, the average commute for people working in the area has increased, and the employee survey conducted in 2015 showed limited interest in living in the area. Only 4.5 percent of employees already live on the Near West Side, and eight percent (11 percent in a 2017 survey) would consider it.

Though local employees may seem like an attractive market, the opportunity is not particularly large. On average, the Census Bureau reports that 11.5 percent of households move in any year. This would mean that the local workforce would generate 1,646 moves, of which eight percent would consider moving into the Near West Side. That number comes to 132 households annually, with about a third (43) being homebuyers and the remaining 89 being renters.

Workers have instead shown a desire to live northwest and northeast, in communities like Wauwatosa and Menomonee Falls, and Shorewood and Whitefish Bay, along with the northeastern part of Milwaukee. Households weigh the amenities and housing choices they find in places like these against the advantages of lower costs and a short commute, along with considerations such as where a spouse may be working.

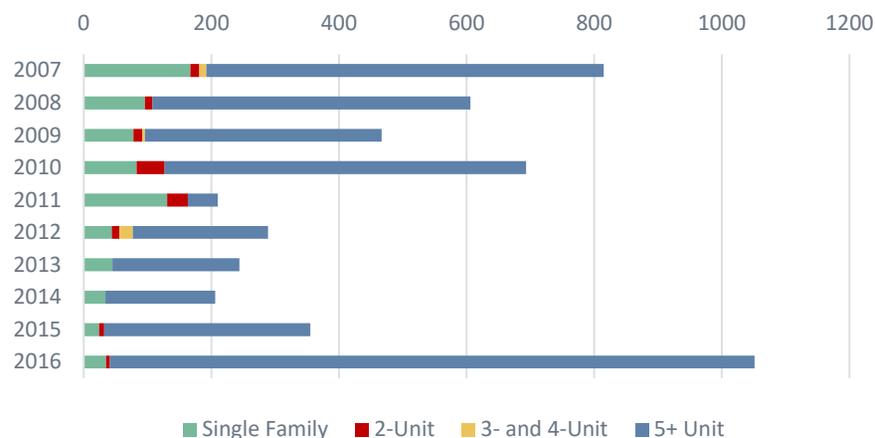
Employer-assisted housing programs to encourage people to live on the Near West Side can be implemented, but should be done with an understanding that few employees will take advantage of them. Employees living in the area will be a small piece of changing the current housing picture.

Recent Change in the Market

Milwaukee’s population grew by only 781 households between 2009 and 2015. What is more significant is how the characteristics of the population have changed. There are fewer families and households with children under 18 years, just as there are more households with people over 60 years. Surprisingly, though, people over 50 make up a smaller part of the total population. Residents under 25 also make up a smaller part of the population, while much of the growth has been between the ages of 25 and 50.

Income has declined over the period, with median income decreasing from \$37,089 to \$35,958. The percentage of households earning less than \$25,000 grew, as did the number earning more than \$100,000. The decreases were in

BUILDING PERMITS ISSUED BY UNIT TYPE



the middle, in households earning \$25,000 to \$100,000. An additional 4.5 percent of the population have a college education.

There has also been a change in the composition of housing in the city. The percent of households in multifamily housing grew, as did the percentage of renters. The reason for this can easily be seen in the number of housing units added, by type, over the past decade. Except in 2011, multifamily units in buildings with five or more units have made up 73 to 96 percent of the total new construction. Milwaukee is also similar to the nation in that many of the homes sold (or foreclosed) during the housing crisis were acquired as rentals.

The effects of the recession and housing crisis can be seen in construction numbers from 2011 to sometime in 2015, as the existing pipeline of units in large buildings was absorbed, and few new buildings were started. The multifamily market began to turn in 2015 and grew significantly in 2016, but numbers for single family and smaller multifamily buildings remain depressed.

Potential Demand for Owner Occupied Housing

Statewide, the Wisconsin Realtors Association continues to report an increase in home sales prices and a shrinking of supply to 5.3 months, creating a seller's market. Low rates of new construction are contributing to these conditions, under which some buyers will broaden their search to include neighborhoods such as those on the Near West Side, which they might be less inclined to consider if more properties were on the market.

There are locations where new single family homes could be constructed in the Near West Side. These are not large sites, but rather, isolated infill lots in neighborhoods like Merrill Park and The Valley-Pigsville, where a single home might be added.

While there are fewer potential buyers of rowhouses and townhomes, there are also fewer locations in the City of Milwaukee where they can be developed. A search of current listings and sales over the past year turned up only a few examples of urban rowhouses elsewhere in Milwaukee, with pricing at about \$225,000 for a two bedroom, two bath, 1,200 square foot unit. Several examples of suburban attached units exist, starting at around \$120,000 for the same size unit. There are numerous distressed properties of this type.

Condominium flats are more common in the city. Locations near the lakefront or near downtown are currently very much in demand. A two bedroom, two bath, 1,200 square foot condominium in East Town or Yankee Hill will start around \$200,000, and rise in price quickly near the lake shore. The Historic Third Ward is priced about a third higher.

A total of 120 one- and two-family homes were identified through the Wisconsin MLS as having been sold in the Near West Side in the three years up through July of 2017. The average home was about 2,080 square feet and sold for \$67,228. This was a 14.3 percent discount off of the original listing price, and comes to about \$32.3 per square foot. It is about half of the 2016 city average selling price of \$139,900. Homes spent an average of 119 days on the market, which is significantly higher than the current average of 37 days.



Example of urban rowhouses in Milwaukee's Silver City neighborhood

There are notable differences when foreclosure sales are broken out of the total. In general, foreclosures in the eastern part of the study area remain on the market for longer periods of time and sell further below list price, while those in the Miller Valley and Merrill Park neighborhoods sell more quickly at prices closer to those listed. Foreclosed homes tend to have fewer bathrooms and garage spaces, which may be an indicator of lower levels of investment in rehabilitation. In other words, these may be properties that are in poorer condition than nearby homes.

Not including foreclosures, the average price of 82 homes sold over the last three years was \$84,558, ranging from \$13,500 to \$325,000, though only three sold for more than \$200,000. For foreclosures, the average of 44 homes was \$31,651, ranging from \$3,200 to \$119,000. This data is included in the chart on page 46.

Development Sites

Aside from the small number of lots that might be made available for single family infill, the bulk of new owner occupied housing that can be added on the Near West Side is likely to be in multifamily developments. The most readily-developed sites are on State Street at 24th Street, though other infill

SUMMARY OF ONE- AND TWO-FAMILY HOME SALES FOR THREE YEARS THROUGH JULY 2017 (NO FORECLOSURES)

Neighborhood	Number Sold	Days on Market	Original List Price	Sold Price	Difference From List Price	Percent Off List Price	Total Sq. Ft.	Price per Sq. Ft.	Year Built	Total Beds	Total Baths	Garage Spaces
Avenues West	9	125	\$94,477	\$86,833	\$7,644	8.1%	2,547	\$34.1	1904	4.3	2.0	0.8
Cold Spring Park	17	109	\$92,747	\$80,330	\$12,416	13.4%	1,945	\$41.3	1913	4.1	1.9	1.7
Concordia	20	101	\$94,284	\$83,232	\$11,052	11.7%	2,060	\$40.4	1902	3.9	1.9	1.2
Martin Drive	12	96	\$80,400	\$75,000	\$5,400	6.7%	1,867	\$40.2	1920	3.75	1.7	1.3
Merrill Park	12	78	\$76,732	\$71,110	\$5,621	7.3%	2,036	\$34.9	1914	4.4	1.8	1.1
Miller Valley	3	129	\$142,966	\$131,633	\$11,333	7.9%	3,281	\$40.1	1901	5.0	2.2	2.0
The Valley Pigsville	9	119	\$129,844	\$108,194	\$21,650	16.7%	2,358	\$45.9	1915	4.1	1.8	2.7
Near West Side												

SUMMARY OF ONE- AND TWO-FAMILY HOME SALES FOR THREE YEARS THROUGH JULY 2017 (FORECLOSURES)

Neighborhood	Number Sold	Days on Market	Original List Price	Sold Price	Difference From List Price	Percent Off List Price	Total Sq. Ft.	Price per Sq. Ft.	Year Built	Total Beds	Total Baths	Garage Spaces
Avenues West	7	310	\$41,271	\$19,124	\$22,147	53.7%	1,846	\$10.4	1904	3.6	1.4	1.4
Cold Spring Park	8	122	\$42,929	\$29,508	\$13,421	31.3%	2,048	\$14.4	1905	4.5	1.8	0.7
Concordia	8	215	\$38,313	\$21,969	\$16,344	42.7%	2,635	\$8.3	1896	4.4	1.9	0.6
Martin Drive	0	-	-	-	-	-	-	-	-	-	-	-
Merrill Park	14	63	\$37,205	\$34,139	\$3,066	8.2%	1,886	\$18.1	1907	4.0	1.4	0.9
Miller Valley	1	25	\$54,900	\$54,900	\$0	0%	1,544	\$35.6	1927	3.0	1.0	0.0
The Valley Pigsville	6	121	\$61,050	\$52,350	\$8,700	14.3%	1,349	\$38.8	1919	3.2	1.6	1.4
Near West Side												

or small redevelopment locations can potentially be assembled in the Avenues West, Concordia, or Merrill Park neighborhoods. This would also be a good use to replace aging apartment buildings, such as those in the Concordia neighborhood, although significant subsidies would be required to make the projects financially feasible.

Cost is a challenge for new single family construction in the area. A modest, 1,500 square foot home may have a construction cost of \$100 per square foot. With the cost of a lot, site preparation, and utilities, the total cost may

be \$180,000 to \$200,000. This would be about 20 percent higher than much of the current housing stock in many of the Near West Side neighborhoods, and may deter the investment.

Given the plentiful supply of condominiums in areas near the downtown, and their still-affordable pricing, there does not appear to be strong demand for the use in the Near West Side. Condominium development on the Near West Side is not likely to be possible until neighborhood conditions improve and sites closer to downtown become more difficult to acquire.

AVERAGE RENT AND SIZE WITHIN ONE MILE OF 27TH STREET AND WISCONSIN AVENUE

	1 Bedroom	2 Bedroom	3 Bedroom
Average Rent (Jan 16-Jan 17)	\$549	\$688	\$885
Maximum Rent	\$1,145	\$2,040	\$1,935
Minimum Rent	\$100	\$460	\$495
Change 2016-2017	\$23	\$63	\$115
Change 2015-2016	\$1	\$28	\$13
Average Size (NWS Area)	465	834	1,110
Average Size (Milwaukee)	689	999	1,258

AVERAGE RENT FOR LISTED APARTMENTS IN MILWAUKEE



Potential Demand for New or Improved Rental Units

Rainmaker Insights tracks rents nationwide through units listed at online rental search engines. Their reporting for Milwaukee shows a steady increase since 2014, when rents dropped sharply after a spike the previous year. This was due at least in part to the completion of over a 1,300 new units that year. Marcus & Millichap tracked absorption greater than completions in 2014 and

2015, but more units were delivered than leased in 2016. In the metropolitan area, there is a current pipeline of 6,200 new units under construction, with 2,300 in the downtown submarket. The vacancy rate of 3.4 percent is still below a 5.0 percent threshold that is usually considered balanced.

Pricing is not even through the area. Data was obtained for apartments within a one mile ring centered on Wisconsin Avenue and 27th Street. The average one bedroom apartment rented for \$549 per month, while a two bedroom apartment averaged \$688 per month. Apartments currently listed in the Historic Third Ward start around \$1,000 for a one bedroom, with most clustered around \$1,500 per month. Two bedroom apartments start around \$1,200 per month and most are closer to \$1,800 per month. Pricing is only slightly less in the East Town neighborhood.

It should be noted that the character of these units differs, with many of the Historic Third Ward and East Town apartments being new or newly renovated, and featuring higher quality finishes and character than found in most apartment buildings on the Near West Side. Apartment size, quality, and neighborhood concerns are some of the factors that keep renters east of the river from considering the Near West Side.

Near-term prospects for new apartment development on the Near West Side are dimmed by the large inventory of units that will be added in the next two years. With the market expected to become more competitive, rents will stabilize or even decline, while vacancies may increase. Older buildings that have not had significant updates will be the most impacted by these trends. To remain competitive, owners may be forced to lower rents or invest in upgrades.

This would be an advantageous time for the City or its partners to approach the owners of targeted buildings for acquisition, or to provide incentives to update or convert market rate apartments. Additionally, landlord education, targeted to smaller owners, will help to improve the quality of tenants by screening out problematic renters. This will have an impact on the neighborhood overall, and some current landlords have noted a movement in this direction.

Impact of De-Densifying Rental Housing

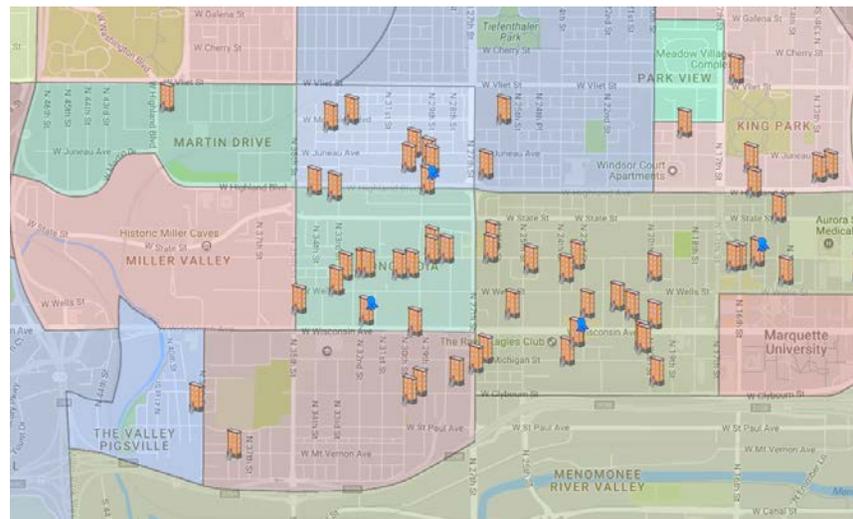
The City has had a longstanding goal to reduce the density of rental housing by converting studio and one-bedroom apartments to larger units. Larger units will be more attractive to families while reducing the negative impacts of higher densities on the neighborhood. One of the questions regarding this goal is whether it may make financial sense for the owner, or if the City should consider financial support to close a gap.

Many factors can affect a cost analysis, such as the number and size of studio and one-bedroom units compared to the new units created, amenities, redevelopment costs, and intangibles such as changes to turnover rates or the length of time it takes to fill vacant units. Additionally, rents in this area are continuing to increase while remaining stable to dropping in other parts of the city and state. This scenario is, therefore, very much a “ballpark” estimate.

Some assumptions used in the analysis include:

- Most of the buildings considered for conversion will already be in need of renovation. There is a 15 percent rent differential between class A and class B apartments, which increases to 33 percent for class C apartments. If a 20 percent difference is used, the current one-bedroom units will be renting for \$439 per month.
- The average one-bedroom apartment in the area is 465 square feet, while the average two-bedroom apartment is 843 square feet. Both of these figures are below average for Milwaukee, and may be explained by the early age of their construction. New units may replace existing ones at a ratio of one new unit for two existing ones, resulting in a 930 square foot, two-bedroom apartment.
- Based on size as well as the fact that units will be newly renovated, they should be able to command a rate above the market average. At 25 percent above the average, these units would rent at \$860 per month.

Using these assumptions, a two one-bedroom apartment renting at \$439 per month (\$878 total) could be replaced by a single two-bedroom unit renting for \$860 per month. This leaves a deficit even before the costs of renovation



Studio and one bedroom apartments listed on Rent Jungle in June 2017

are factored in. This suggests the need for City financial participation in order to close a redevelopment cost gap.

Targeted Areas for Acquisition and/or Demolition

Several areas may be targeted for investment by the City or Near West Side Partners to improve residential property conditions. Objectives of this investment should include eliminating blight, de-densifying rental housing, and assembling larger sites where investment may later occur. In most cases, these are strategic and long-term acquisitions where unsubsidized redevelopment may not be supported for many years. Some of the locations that may be considered include:

- State Street east of 27th Street, and particularly the 2300, 2400, and 2600 blocks.

These are large expanses of parking, or vacant land, reducing the cost of site preparation. If a redevelopment were supported with tax incremental financing it would start from a low base, producing more

increment to apply to the project. Proximity to the Marquette campus and Aurora-Sinai is an advantage.

- The block bounded by 25th and 26th Street, Wells Street, and Kilbourn Street.

About half of the lots on this block have been cleared, and acquisition of some of the remaining rentals would result in a large development site. Urban rowhouses would fit with the remaining, restored Victorian homes and set a tone for the desired lower density.

- Wells Street between 27th Street and 35th Street, along with adjacent multifamily properties, with the goal of de-densification.

This segment of Wells Street has high density, along with some vacant land, and is the center of criminal activity in the study area. Redevelopment may not be possible until these conditions change. One way to encourage them to change is to acquire and demolish the properties that attract criminal activity. The vacant land can be held until viable sites are assembled and market conditions will support better quality development. Alternatively, the City may deploy strategies to transition the properties to responsible ownership.

- Scattered sites where vacant or poorly maintained property is impacting nearby home owners.

There are no specific locations, and this is also likely to evolve over time as some properties are rehabbed and others are allowed to decay. The goal is to protect nearby property owners from the impacts of having vacant and/or deteriorating buildings in the area.

Summary

Housing development on the Near West Side faces challenges. There is minimal demand for new housing in the area due to neighborhood conditions, there is a significant pipeline of new construction in parts of the city that the market finds to be more desirable, and the costs of new construction or extensive renovation exceed what the market will pay. Over time, the possibilities for housing will improve as costs continue to rise elsewhere and neighborhood conditions improve.

As an interim strategy, the City and its partners can take actions to improve neighborhoods by promoting home renovation, acquiring and holding selected sites where redevelopment can occur, and continuing to address the issues that are concerns to prospective residents. Completion of the City Campus and Wisconsin Avenue School projects, developing a retail center at 35th Street and Vliet Street, and other actions will also help to make future housing development possible.

COMMERCIAL DISTRICT ANALYSIS

The City of Milwaukee has identified eight distinct commercial districts within the Near West Side. These have a distinct character based on factors such as the time of their construction, traffic patterns, surrounding uses, and other conditions. The following pages offer an assessment of each area in the context of the market research findings, and recommend market-driven approaches for redevelopment and reuse within each district.

Market-Based Opportunities

The Near West Side can support many different business types that do not rely on the buying power of nearby residents as their chief source of sales. In particular, many parts of the study area could be positioned as a location for small businesses requiring affordable office or shop space. Existing buildings can be remodeled, and new buildings constructed as “flex space” that might be built out to meet the needs of multiple user types. Most will range from 1,000 to 5,000 square feet, up to 20,000 square feet. These uses include:

- Manufacturing or light industrial, wholesale, warehouse and distribution, transportation, and related businesses
- Construction and building trades
- Offices of businesses in the information, finance and insurance, professional and scientific and technical, and medical industries

Opportunities within the retail and dining segments are more constrained. The presence of students and the large worker population more than double the potential generated by residents for eating and drinking places. Little of this market potential is being captured currently. Quality restaurants catering to the lunch and quick breakfast needs of workers could be successful if conveniently located near workers, and include:

- Full-service restaurants
- Fast and fast-casual restaurants

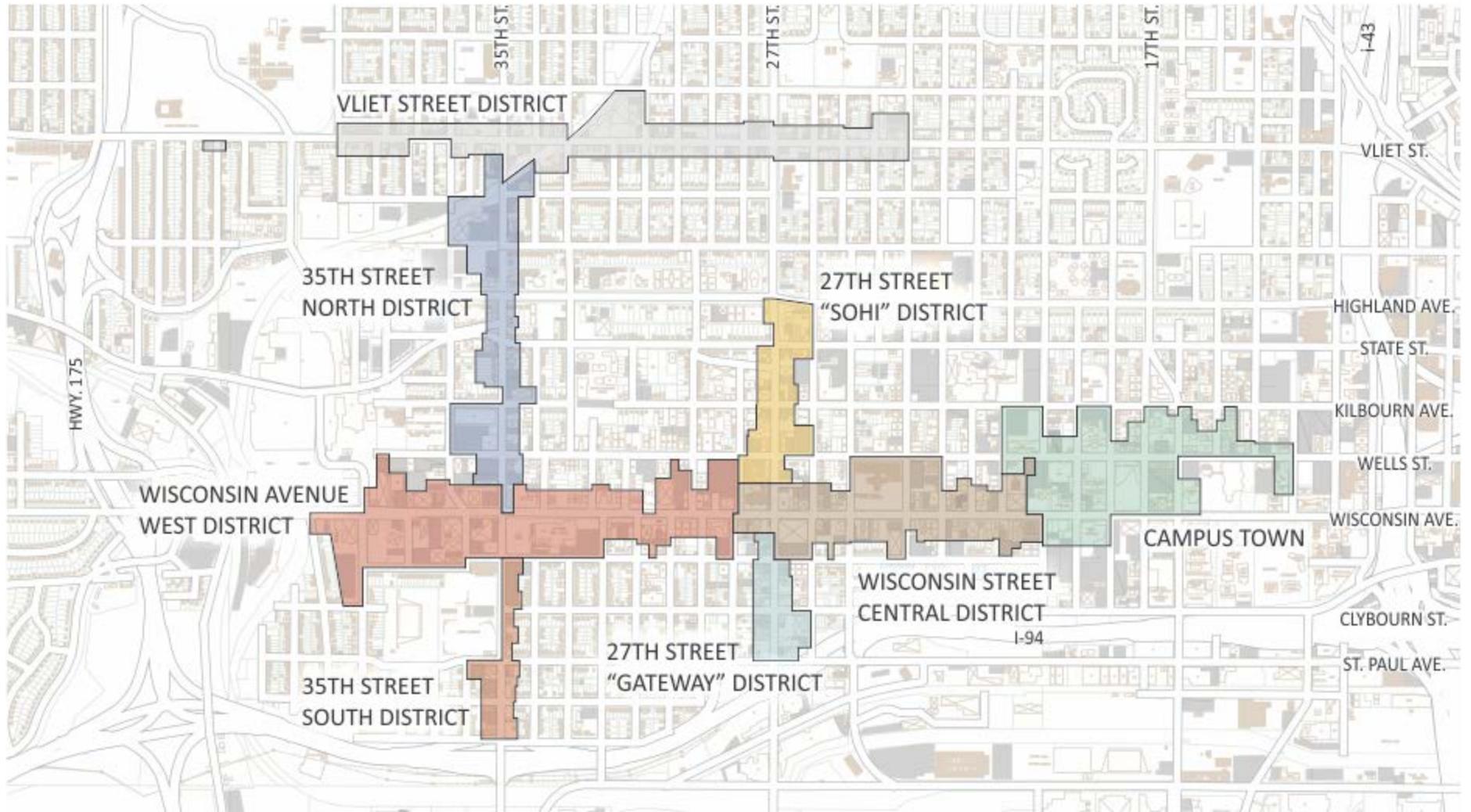
The somewhat low number of people living in the trade area, and limited market potential, will make it very difficult to attract chain retailers into the study area. Some opportunities exist for independent retailers who can

operate on lower sales volumes. While a full-line grocery cannot be supported, the Near West Side could appeal to a limited-assortment grocer, or there would be sufficient demand for a food co-op that would offer fresh and prepared foods. Retailers that might be attracted to the area would be:

- Used car dealers
- Auto parts and tires stores
- Convenience stores or gas stations with convenience stores
- Health and personal care stores
- Family and women’s clothing stores
- Shoe stores
- Sporting goods stores
- Used merchandise stores
- Limited-assortment grocery store

The service sector is also under-represented on the Near West Side. These businesses are often independently-owned, and some may already be conducted in-home, with the potential to move into commercial space. They include:

- Child (or adult) day care services
- Agencies, brokerages, and other insurance related activities
- Employment services
- Services to buildings and dwellings (ex., maintenance, janitorial, and landscaping services)
- Automotive repair and maintenance
- Personal care services (ex., barber shops, hair and nail salons, weight loss services)
- Activities related to real estate (ex., real estate management and appraisal services)
- Other personal services (ex., miscellaneous services like pet grooming and tattoo parlors)
- Other amusement and recreation industries (ex., fitness and sports recreation centers, bowling centers, pool halls)



NEAR WEST SIDE COMMERCIAL DISTRICTS

Vliet Street

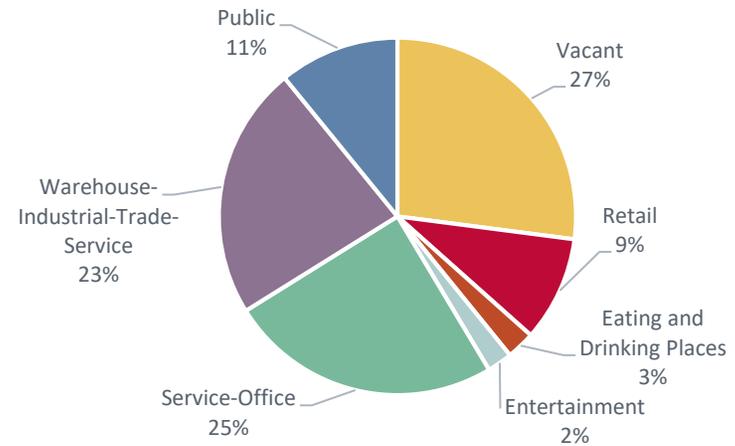
This district extends approximately from 26th Street west to 40th Street, and is in many ways the most challenged commercial corridor in the Near West Side study area. Commercial uses are not continuous, but mixed with residential, public, and other activities. The portion of the district east of 35th Street tends to have a greater concentration of trades, repair, and industrial uses, while these are mostly missing from the eastern stretch of the corridor.

Conditions along the street improve within the Martin Drive Neighborhood, where there is also a greater concentration of residential uses along the street. The transformation is very abrupt west of Highway 175, where several desirable retail and dining businesses are located in very attractive, well-maintained buildings.

There are 72 commercial or mixed-use buildings in these 14 blocks of Vliet Street, with a total of about 325,000 square feet of first floor space. A majority of the upper floors, where present, are either vacant or apartments. A majority of the buildings were constructed from 1900 to 1930. Overall building conditions are average to poor. Many buildings have not been adequately maintained and/or may have been the subject of unsympathetic remodeling that has covered or removed original character.

About 30 percent of the commercial floor area in the district is vacant. This is the largest category of use, although it may include some space that is

COMMERCIAL USES - VLIET STREET



underutilized as storage. Although vacancies occur throughout the corridor, they are concentrated from 37th Street to 39th Street. Notably, the two blocks from 37th Street to 35th Street are mostly undeveloped (cleared) except for a vacant commercial building, two abandoned homes, and a commercial building on the corner of 35th Street. A second area of concentrated vacancies occurs east of 27th Street.



Services and office uses occupy about 28 percent of the commercial floor area in the district. These include things like hair salons, check cashing, and personal service providers.

Several light industrial or “service commercial” uses have taken over space in the corridor. These include warehousing, a small number of light industrial uses, construction trades, and repair services such as auto repair. It is likely that many of these are small businesses owned by people living in the vicinity.

Retail uses make up about eleven percent of the available space. A newly-opened, 6,000 square foot grocery store at Vliet Street and 37th Street is significant among these. A cake bakery and an accessories store are located in a small, attractive commercial pocket at 43rd Street. The remainder tend to be convenience stores with or without gas, and cell phone stores.

Four eating and drinking places make up just three percent of the total commercial space. A bowling alley is the single entertainment business in the district.

Assessment and Recommendations

The western stretch of Vliet Street is close to stable residential neighborhoods and large employers south along 35th Street. The availability of land for redevelopment at 35th Street presents an opportunity to relocate uses such as those that have been moved out of the Mid-City Shopping Center. Opportunities for commercial development east of 35th Street are limited.

- The intersection of 35th Street and Vliet Street is one of two sites on the Near West Side to be prioritized for commercial development. This would include improving some existing buildings and redeveloping other properties, particularly in the first block west on Vliet Street. The existing Family Dollar might be relocated to this site as Harley-Davidson redevelops the Mid-City Shopping Center. This might also be the site for a food hall. Retail, personal service, dining, and office uses can also locate in the area. Concepts for this area are further detailed in the Priority Opportunities chapter of this document.



An attractive and moderately successful commercial pocket at 43rd Street



Northeast corner of 27th Street and Vliet Street

- There is an attractive pocket of commercial uses at 43rd Street. Façade enhancements and landscaping will help to maintain it as a stable commercial node.
- Several office and light industrial uses are located between 35th Street and 27th Street, mixed with residential. No significant changes are anticipated to occur.
- The intersection of 27th Street and Vliet Street is a secondary commercial node. As neighborhood conditions improve, there will be opportunities for redevelopment and revitalization of existing space. Market conditions will not enable this for several years. The City should pursue a strategy of acquiring and land banking properties to assemble future redevelopment sites. High-quality existing buildings, such as the City-owned property at 2717 West Vliet Street, should be preserved.
- From 27th Street east to 24th Street, Vliet Street is lined by a large number of vacant lots and unoccupied buildings. It is unlikely that there will ever be demand for retail, dining, office, or similar commercial uses on these blocks. The City's efforts should focus on transitioning many of these properties to residential uses. Alternatively, this could be a good location in which to develop live-work units targeting trades and craft production.

Design Charrette Site 4

The southeastern corner of 35th Street and Vliet Street comprises Site 4 from the 2016 Design Charrette. This site extend along Vliet Street to 38th Street. The uses proposed for this site include a 15,000 square foot grocery store, farmer's market, commercial kitchen, and senior housing.

This intersection is one of two priority redevelopment sites identified in this market analysis, where there are immediate opportunities to redevelop property with new commercial uses. The small format grocery store is viable as either a limited-assortment grocery chain or a food co-op selling fresh and specialty goods. The latter approach will draw workers from nearby large employers.



The City-owned building at 2717 West Vliet Street



Typical conditions on Vliet Street between 24th Street and 27th Street

While all of these uses are viable, this market analysis actually recommends that they be developed on the north side of the street where most of the block between 35th Street and 37th Street is vacant and several parcels are city-owned. This site would accommodate the grocery and a relocated Family Dollar, or other use. Additionally, there are several early 20th Century storefront buildings between 37th Street and 38th Street that can be restored for small businesses.

The recommendation for a commercial kitchen at this site has merit. This location would be a desirable site for a food entrepreneurship facility with a focus on Hmong and African-American cultures. One concept may be to develop such a facility as a food hall, similar to the food court at a mall, where individual businesses would share dining space and some food preparation resources. This type of dining experience, with multiple, interesting food choices, could become a destination attracting workers and people from other neighborhoods.

The proposal for a small park and senior housing along Vliet Street is also consistent with the market. A park would provide space for small events and serve as a transition between the commercial district and residential uses further west.

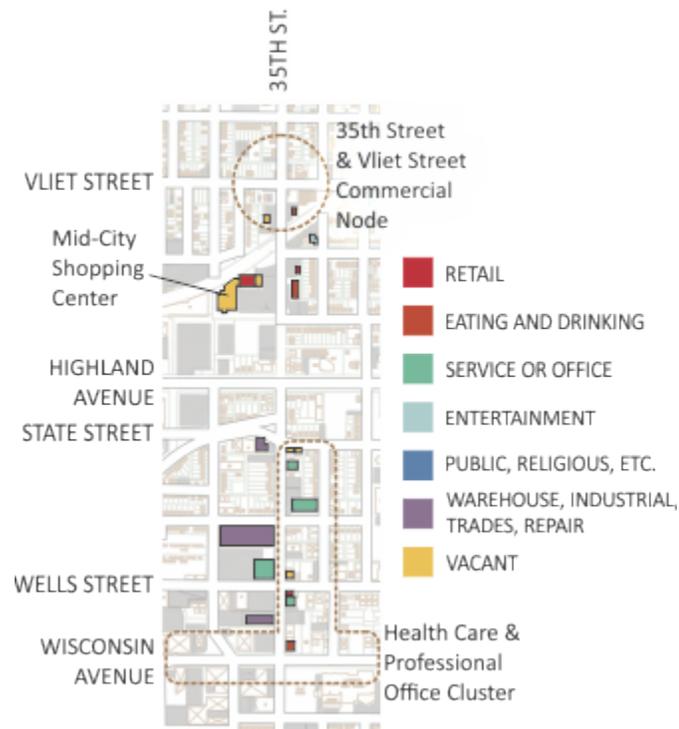
In the near term, there are operating businesses on Site 4. If the recommended uses are developed on the north side of Vliet Street, and the senior housing is developed as shown, the commercial portions of the site would be suitable for other uses. In particular, there is demand for eating and drinking places which might be housed in single-purpose or mixed-use buildings. Because much of the business will derive from workers with limited time to eat, adequate parking is essential.



Concept for the grocery store at 35th Street and Vliet Street

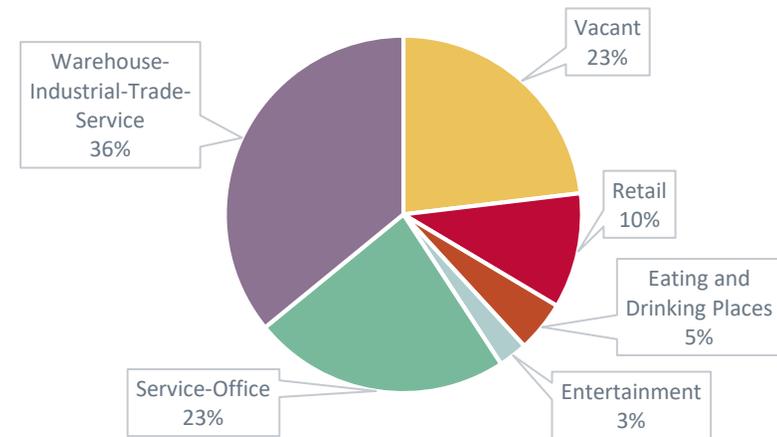
35th Street (North of Wisconsin Avenue)

This is a commercial district in transition. Harley-Davidson has been one of the forces of change, in response to concerns about safety near their headquarters building. Along with proposing “Iconic Way” to connect the headquarters and museum, the company has acquired the Mid-City Shopping Center with plans to redevelop the site. This has led it to terminate leases with most former tenants, and left the center vacant except for Family Dollar. The loss of these businesses may be influencing others in the area.



Several residential buildings, including single family homes, duplexes, and larger apartment buildings, are located between Wells Street and Juneau Street, particularly on the east side of 35th Street. These keep the district from being an entirely commercial street.

COMMERCIAL USES - 35TH STREET NORTH



There are 18 commercial or mixed-use buildings with a total of about 191,000 square feet of first floor space in this district. Warehousing, industrial, trades, and services comprise the largest use by floor area, and include the AT&T communications facility.

Office uses, including significant medical offices, follow. It is worth noting that additional health care and professional offices (including Walgreen’s) are found on Wisconsin Avenue in close proximity, so that they can be said to cluster around the intersection of 35th Street and Wisconsin Avenue.

The large percentage of vacant space in the district is mostly a function of the Mid-City Shopping Center, and would likely be much lower if not for the intention of terminating leases to redevelop the property. The remaining tenant, Family Dollar, is one of few chain retailers in the Near West Side, and helps to anchor the district. One possibility for retaining it may be to relocate the store to the northwest corner of 35th Street and Vliet Street.

There are only a few other uses in the district, including McDonald’s and two independent restaurants. One of these, Troop Café, is a non-profit providing training in food services to veterans. It is only open through the lunch hours.

Assessment and Recommendations

Stable or growing traffic on 35th Street, the presence of three anchor businesses (Harley-Davidson, MillerCoors, and Potawatomi Business Development), and proximity to the more stable Pigsville, Miller Valley, Merrill Park, and Martin Drive neighborhoods contribute to the viability of 35th Street as a commercial district. While there are some opportunities for redevelopment in the corridor, the nucleus of retail and dining should be encouraged to coalesce at 35th Street and Vliet Street. It is not yet known what Harley-Davidson intends to do with the Mid-City Shopping Center site.

- At one time, an additional 33,000 square feet of retail, dining, or service uses were located in the Mid-City Shopping Center. The district can still support these small users, but lacks suitable locations. A viable commercial node can be developed at 35th Street and Vliet Street. This may be anchored by a relocated Family Dollar. Concepts for that area are further detailed in the Priority Opportunities chapter of this document.
- Several small manufacturing, distribution, and service businesses have located around Harley-Davidson and MillerCoors, west of 35th Street. Some front on 35th Street, where there are also several office uses, including health care services. Additional professional offices are located on Wisconsin Avenue within a couple blocks of 35th Street. There is additional demand for these small footprint spaces, which should be encouraged in the blocks south of Highland Avenue. This would be consistent with the 30th Street Corridor Plan.
- Harley-Davidson has proposed a route connecting its headquarters with the museum on 6th Street. This should accomplish three things: 1) it will develop a recognizable identity for the corridor, also helping to mitigate negative perceptions; 2) it will encourage additional traffic through the corridor; and 3) it will spark investment in property along the corridor.



Troop Café in the newly-constructed Veteran's Manor at 35th Street and Wisconsin Avenue



McDonald's on 35th Street

Design Charrette Site 5

Both western corners of 35th Street and State Street, along with a single property on the southeast corner, were designated in the Design Charrette as Site 5. This is an important gateway to the area's major employers and a prominent node along the proposed Iconic Way.

The comparatively modest proposal for this site is also very workable. It proposes aesthetic improvements to the auto repair business, improved pedestrian facilities with a small plaza, fountain, and gateway arch, and converting the house on the southeast corner to a coffee shop. Original thoughts included a makerspace which would also be very much in keeping with the themes for Iconic Way and the existing market for small business throughout the Near West Side.



Concept for Design Charrette Site 5



South 35th Street at Clybourn Street



Used car lot on South 35th Street

35th Street (South of Wisconsin Avenue)

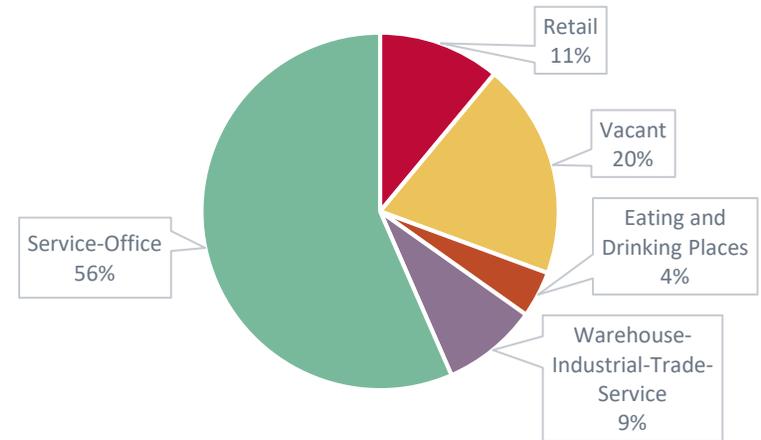
The southern section of 35th Street, from the Miller Valley to Wisconsin Avenue, is mostly commercial, with only a small number of residential units. Most uses are transitional to the Menomonee Valley or similar to the mix of light industrial, distribution and warehouse, trades, and office uses found along Clybourn Avenue to the east of 27th Street.

There is a great deal of under-utilized space in parking lots and vacant lots within this corridor. As a result, there is a total of only 46,000 square feet of commercial floor area. Over half of this is occupied by office or service uses, such as Concentra’s urgent care facility, credit union, and union offices. These are a legacy of manufacturing jobs in the Menomonee Valley.

A gas station with convenience store, another convenience store without gas, and a used car dealership are the only retail activities, taking up eleven percent of the district’s commercial space. There is a single tavern, a roofing contractor, and an auto repair business. About 20 percent of the district’s space is vacant, and could be characterized as obsolete.



COMMERCIAL USES - 35TH STREET SOUTH



35th Street has been characterized as a gateway to the Near West Side. In some sense, it does fill the role with on and off ramps to Interstate 94, and the viaduct connecting to neighborhood to the south. It is not an area easily accessible to workers in the Menomonee Valley. Furthermore, the Valley serves as a barrier to potential customers in neighborhoods further south, so that businesses along this stretch of 35th Street only pull from a small number of households in the immediate vicinity. It is not a location where retail can thrive, though it may be suited to other uses.

Assessment and Recommendations

Vacant lots, under-utilized properties, and obsolete buildings should encourage redevelopment from Park Hill Avenue north to Clybourn Street. The ideal product for this area would be a form of “flex commercial” space that will accommodate a range of uses such as offices, warehousing and distribution, light manufacturing, building trades, personal services, and similar uses.

Wisconsin Avenue (West of 27th Street)

Wisconsin Avenue is the most important corridor through the Near West Side, carrying its heaviest traffic and functioning as the principal connection between internal anchors and downtown Milwaukee. It is the area's "front door" and its commercial areas are largely successful, at least in comparison to other corridors on the Near West Side.

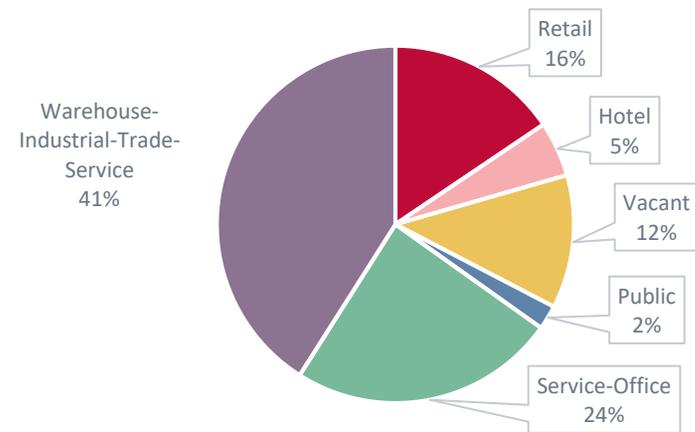
The western segment of Wisconsin Avenue extends from the Miller Valley east to 28th Street. The western end has a somewhat industrial character, transitioning to mostly residential uses further east. There are a several large public or religious institutions taking up a significant part of the street frontage, including Marquette High School, the Tripoli Shrine, and churches. These, and large apartment buildings, are unlikely to be redeveloped. With most of the street frontage built out, and few vacancies, there are limited opportunities to introduce new uses into the corridor. This lack of space will encourage potential uses to look at locations nearby, particularly along 35th Street north and south.

Commercial uses along West Wisconsin Street occupy approximately 363,000 square feet of first floor space. The larger public and religious uses are not included in this total. Warehousing and light industrial uses take up 41 percent of the available space. These tend to be located in larger builds and are all on the most western part of the corridor. Offices follow with 24 percent of the floor area, and include several medical and legal professions that take up the largest spaces.

While only three retail uses are located in this area, they include two of the largest ones in the Near West Side. Wisconsin Kitchen Mart is a large kitchen design center that draws heavily from all over the metropolitan area. Walgreen's anchors the intersection with 35th Street and Wisconsin, where it compliments nearby medical offices and is also among the most important food and general merchandise stores in the area.

The lack of fast food or other restaurants in the district (Troop Café is included with 35th Street North) is notable, given the volume of commuter traffic and number of nearby employees. The lack of available space in which to locate these businesses is likely a factor.

COMMERCIAL USES - WISCONSIN STREET WEST



There are fewer vacant properties in this area than in most of the commercial districts on the Near West Side. Most of the space is within the former school building or a vacant warehouse. Unlike in other districts, the vacant space in this area is being actively marketed and is listed with commercial brokers.



The Village Inn is an economy hotel with mixed online reviews. It is the lowest-priced option within a short distance from the downtown or Marquette campus.

Assessment and Recommendations

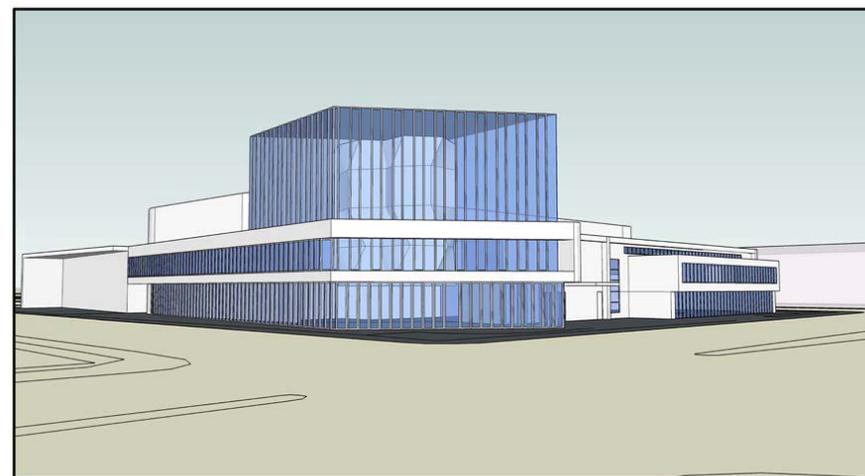
This district is healthy overall, with a mix of strong retail and office uses anchoring commercial activities on the west end of the district. As noted in the discussion of 35th Street, there is a concentration of medical and professional offices at the intersection of these streets. Traffic, proximity to more stable neighborhoods, and nearby employees make this an attractive area for retail and dining uses, however, there are few sites that could potentially be redeveloped to accommodate them.

- The Midas at the corner of Wisconsin Avenue and 37th Street presents a long-term opportunity for redevelopment, and the site could be suitable for a fast food restaurant.
- The vacant building (former school) at the southwest corner of Wisconsin Avenue and 28th Street has the potential to be converted to an office building. Alternatively, if the building were removed, the most likely use to replace it would be two or three restaurants. Because these would draw heavily on commuter and lunch traffic, drive-through windows would be required, perhaps making it difficult to develop a mixed-use building.
- The Village Inn is a potentially problematic property. Although not now the source of trouble, without good management, small economy hotels can become sites for illegal or undesirable activity to occur.

Design Charrette Site 6

The entire block on the southeast corner of Wisconsin Avenue and 35th Street was designated at Site 6 in the Design Charrette. The site was planned for a recreational facility that would emphasize ice skating and hockey, along with other indoor sports. This would need to be developed as a public or non-profit facility.

This corner is perhaps the most viable commercial location in the entire Near West Side. It can support several different office, retail, or dining uses. It is worthwhile to question whether another public facility should be favored over existing or potential commercial uses that could occupy the site. Additionally, it is not clear that there is demand for the ice skating and hockey facility, especially given the proximity of the Petit Center.



35th Street and Wisconsin Avenue - Street Corner View
Near West Side Site #6
04.21.2016

Concept for the recreation center at Wisconsin Avenue and 35th Street



The industrial, west end of the Wisconsin Avenue West commercial district



Wisconsin Avenue looking east toward the Marquette Campus



Former school at Wisconsin Avenue and 28th Street

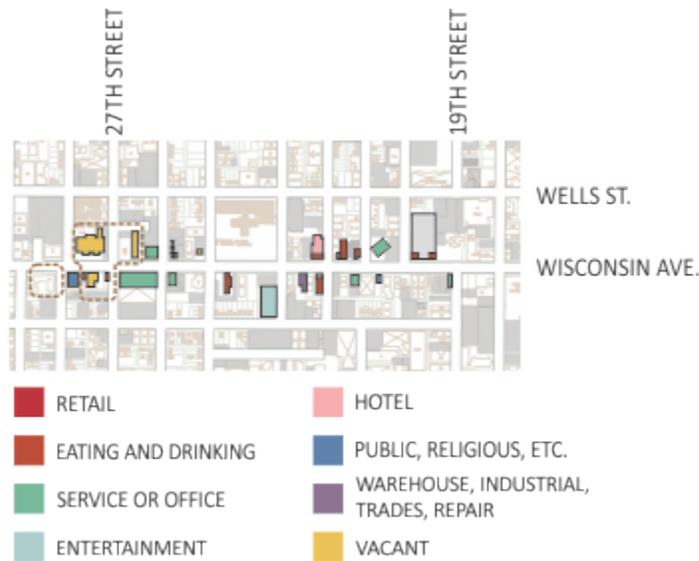


The state office building between 26th Street and 27th Street on Wisconsin Avenue

Wisconsin Avenue (27th Street to the Marquette Campus)

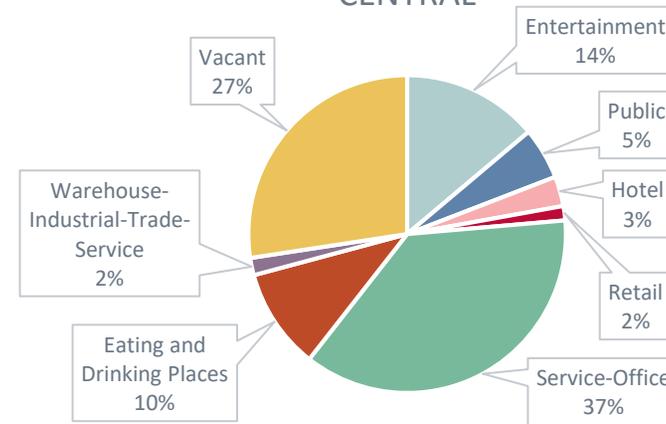
This district picks up from where the western stretch of Wisconsin Avenue left off. That district performed best on its western side, growing weaker as it continued east to 27th street. This district starts at its weakest at 27th street, and becomes stronger as it approaches the Marquette campus. Some of the weakness at 27th Street is due to the City of Milwaukee having vacated its campus, so that there are vacant buildings and fewer workers in the immediate vicinity.

23rd Street is somewhat a demarcation point between the area influenced by the Marquette campus, and the area serving the local population. Eating establishments and student apartments are found more frequently to the east.



There are 25 commercial buildings along the corridor. Offices are the most prevalent use in the district, occupying 37 percent of the total ground floor area. The state office building at Wisconsin Avenue and 27th Street is a significant portion of the total, and helps to demonstrate demand for the use

COMMERCIAL USES - WISCONSIN AVENUE CENTRAL



in the area, which is central, close to downtown, and yet more affordable than a downtown location.

Although there are not many vacant buildings in the district, they are large. With 27 percent of the total district floor area unoccupied, vacancies are the second-largest use category. These the City Campus site, Wisconsin Avenue School, and the former billiard parlor that is now owned by the City of Milwaukee.

The Rave is the only entertainment use in the corridor. Due to its size, it makes entertainment the next-largest use.

With nine businesses, this district has one of the largest concentrations of eating and drinking businesses in the Near West Side. These include a mix of full-service restaurants and fast food establishments, although the latter dominate. Along with the restaurants in Campus Town, this use is clearly concentrated around the Marquette campus, and caters heavily to the student population.

Other uses in the area are minor, and include a single auto-oriented use, two convenience stores, religious offices (churches are not included in the square footage totals) and the two Ambassador Hotel buildings.



Design Charrette concept for Site 1 at the northeast corner of 27th Street and Wisconsin Avenue



Design Charrette concept for Site 3 at the southwest corner of 27th Street and Wisconsin Avenue

Assessment and Recommendations

The intersection of Wisconsin Avenue and 27th Street is one of two priority redevelopment areas identified in this analysis. Wisconsin Avenue is, on the whole, the most viable commercial corridor on the Near West Side. Office uses would be viable for the vacant City Campus and Wisconsin Avenue School buildings. The south side of Wisconsin Avenue, from 27th Street to 28th Street, could support dining uses. Concepts for this area are further detailed in the Priority Opportunities chapter of this document.

Design Charrette Sites 1 and 3

The Near West Side Design Charrette identified the northeastern (1) and southwestern (3) corners of 27th Street and Wisconsin Avenue as possible redevelopment sites. Recommended uses for Site 1 were first floor commercial with offices or housing above. A combination of uses were proposed for Site 3, including public spaces, rowhouse and live-work housing, office or retail, and a cinema with housing above.

Conceptually, the recommended uses for Site 1 are consistent with the market. From a practical perspective, there is only so much office space that can be absorbed at any time. The first priority should be the City Campus redevelopment plan, followed by the Wisconsin Avenue Elementary School, before moving on to this site.

The more ambitious plans for Site 3 are not as well supported by existing market conditions. It would be difficult for a cinema to be successful in this configuration, even under much better market conditions. Market conditions also do not favor the rowhouse and live-work housing, and this may not be the best location for these uses. Public space somewhere in the vicinity of this corner would be a welcome addition.

This market analysis suggests the potential to use a portion of Site 3 for a limited-assortment grocery store.

Campus Town

Campus Town is in many ways the most successful of the Near West Side's commercial areas, however, it is designed to meet only a part of the needs of one particular market segment; the students and staff of Marquette University. The district contains a large number of chain and independent restaurants in the fast and fast-casual segments. The market population is not large enough to attract more than the most basic retail uses.

There is 142,500 square feet of commercial space in this district, although half of this is made up of the offices of WISN-TV, on Wells Street. Other office and service uses include a print shop, a spa, a recruiting office, and a medical office building.

Much of the remaining commercial space is owned by Marquette University, which has leased out storefronts mostly to chain restaurants like Qdoba, Burger King, Jimmy John's, Starbucks, Cousin's Subs, and Subway. Additionally, there are cafeterias in buildings on campus. There are a total of 12 restaurants in the district.

The Marq (the campus bookstore), 7-11, and Walgreen's are the only retailers in the district. Only one commercial space is currently vacant.

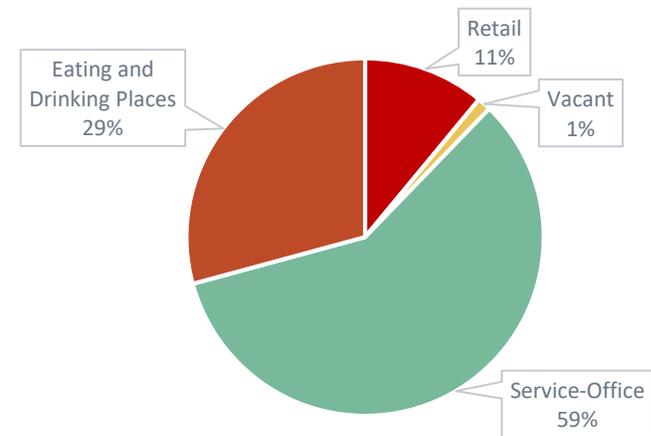
Overall conditions within the district are very good. Properties are well maintained and in the case of the University-owned storefronts, are often newer in construction. The district is attractive and meant to be walkable. In this regard, it serves the students, staff, and visitors of the University well. People who might want to visit for a short time, such as during a lunch break, can find it more challenging. There is limited on-street parking and none of the businesses have private parking.

The frontage of Wisconsin Avenue and Wells Streets is fully built-out. Aside from some University buildings, the frontage of Kilbourn Street is residential in character, without the traffic to support commercial uses.

Assessment and Recommendations

The Campus Town district meets the dining and basic shopping needs of people on the Marquette campus. For people arriving by car, such as workers

COMMERCIAL USES - CAMPUS TOWN



on the Near West Side, the difficulties of parking and walking to a destination may make it difficult to visit for a short period, such as during lunch.



27th Street (South of Wisconsin Avenue)

The portion of 27th Street south of Wisconsin Avenue is often described as a gateway to the Near West Side, but the role it fills is largely as an extension or buffer to the Menomonee Valley. The majority of uses in the corridor occupy office or industrial space. They are single-purpose destination uses such as a dry cleaners, veterinary clinic, or attorney's office, that do not contribute to making a retail district.

There has been some recent evolution of the role of this district. In the past this corridor included fast food restaurants that have now closed. As Miller Park Way has developed, it has attracted a much larger selection of newer quick-service restaurants that has likely made it difficult for those businesses to compete in this corridor.

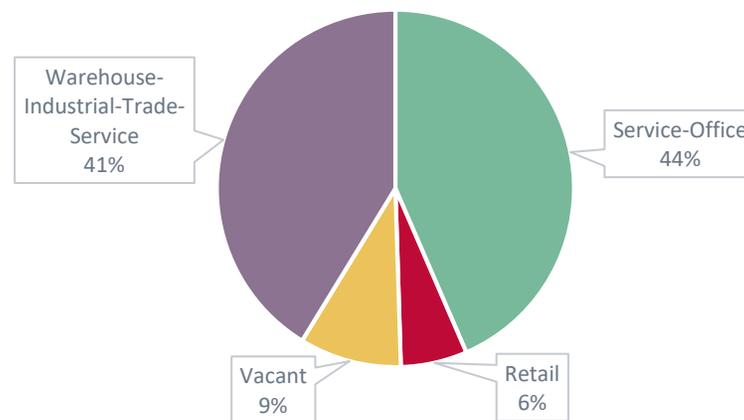
The one retail use is a newly-constructed gas station and convenience store. It is conveniently situated where it is accessible to both the Menomonee Valley and the Interstate 94 entrance/exit ramps.

Assessment and Recommendations

Vacant buildings and lots along 27th Street and Clybourn Street can offer an opportunity to redevelop. The commercial uses that will find this district attractive are much like those that dominate the area. They are not consumer-oriented, but small businesses in manufacturing, wholesale, distribution, building trades, and personal or repair or business services.

Their space needs are generally in a range from 1,000 to 5,000 square feet, and they can easily be accommodated in flexibly-designed buildings that can be subdivided to the needs of the tenant. The first two blocks of Clybourn Street, east of 27th Street, have several vacant buildings and lots that can be repurposed to this use.

COMMERCIAL USES - 27TH STREET SOUTH





27th Street at Clybourn Street



27th Street in the SoHi District



New BP gas station on 27th Street at St. Paul Avenue



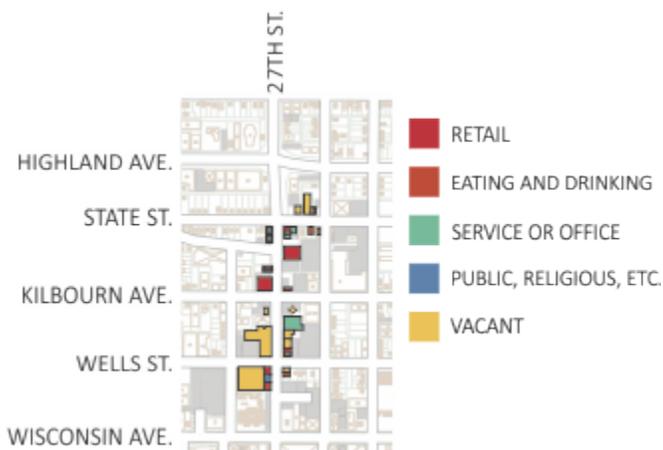
27th Street in the SoHi District

27th Street (North of Wisconsin Avenue) - SOHI

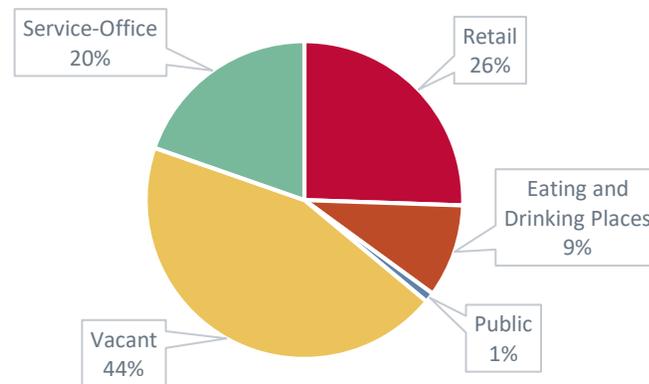
This segment of 27th Street was historically the primary commercial corridor serving several nearby neighborhoods. Recent branding efforts have named it "SOHI", short for South of Highland (Avenue). The district retains some of its historic character, with large mixed-use buildings having commercial storefronts on the sidewalk, especially between Wells and Kilbourn Streets. Elsewhere, the original buildings have been replaced by single-story commercial buildings and surface parking lots.

Many people have expressed the desire for a traditional mixed-use, pedestrian commercial district along 27th Street in the SOHI district. At least in the near term, this does not appear to be attainable. Adjacent neighborhoods do not have the purchasing potential necessary to support stable specialty businesses, and the district lacks two critical characteristics that would enable it to draw area workers or visitors.

The first issue is the perception of the area as unsafe and not having desirable businesses at which to shop or dine. The second issue is that the district's design does not easily support visitor traffic, in that parking is limited, and the design of the district is not conducive to walking due to significant gaps in the street frontage, along with the current appearance of buildings.



COMMERCIAL USES - 27TH STREET NORTH "SOHI" DISTRICT



The SOHI district has the highest percentage of vacant space (44 percent) of any commercial district on the Near West Side. These vacancies are found throughout the district, but are concentrated around Wells Street and State Street. They include two city-owned buildings on State Street (including the fire-damaged State Theater) and a tax delinquent property on 27th Street.

There are nine retail businesses taking up just over a quarter of the ground level floor space. Family Dollar accounts for nearly a third of this total. The remaining uses cater to lower-income consumers and are not the kinds of businesses that will attract people from outside of adjacent neighborhoods. These include a mattress shop, and independent clothing store, a beauty supply store, a convenience store, and cell phone shops.

Eight eating and drinking places are found in the district, including three taverns. Local stakeholders are making an effort to bring in good independent restaurants such as Daddy's Soul Food.

Penfield Clinic is the largest office use in the district, making up two-thirds of the total floor area committed to office and service uses. It is somewhat surprising to see few small offices and service businesses such as hair salons, health and fitness services, tattoo parlors, realtors, and similar uses. Similarly, there are very few public or quasi-public uses in the district.

Assessment and Recommendations

Current market conditions on the Near West Side do not support significant public investment in revitalization efforts for the more northern blocks of the SOHI district in the near term. The goal should be to stabilize the area, strategically acquire and hold future redevelopment sites, and invest in redevelopment or adaptive re-use at the corner of Wisconsin Avenue and 27th Street. Restoring vitality to that key node will help to create the conditions necessary for broader change in the blocks to the north.

- Concentrate efforts on restoring vitality to the intersection of 27th Street and Wisconsin Avenue. Repurposing these buildings and attracting new office workers to the area will help to change perceptions of 27th Street and help to create a market for restaurants or other businesses locating nearby.
- As an interim measure, the City and its partners should seek to acquire, clear, and hold parcels until conditions mature enough to support redevelopment. Examples are the City-owned southwest corner of 27th Street and Richardson Place, and the northeast corner of 27th Street and State Street, including the former theater.
- From a design perspective, the SOHI district is currently fighting to determine if it is a pedestrian-oriented urban shopping district, or an auto-oriented commercial strip. There is a mix of both building types, so that the needs of neither approach are met. Most stakeholders have expressed the desire for a pedestrian environment. It is necessary to plan for that transition. While future redevelopment sites should be identified, the focus of planning should be on developing the parking, sidewalk environments, and other “infrastructure” of a pedestrian district. It is imperative that parking be adequate and conveniently located so that area workers will see the district as a viable location to visit during the lunch hour.
- Most, if not all new business investment will come from independent businesses started by people living in the area.

Design Charrette Site 2

The northwest corner of 27th Street and Wells Street was identified as Site 2 in the 2016 Design Charrette. The entire block is included in the redevelopment concept, which proposes adaptive reuse of the two large buildings on 27th Street, and the addition of a new building at 27th and Kilbourn.



Concept for Design Charrette Site 2

The site was programmed for a teen center and neighborhood community space with a farmer’s market. Office or retail, with upper level housing, is shown on both corners of 27th Street, with a café at 27th Street and Wells Street. Demand for the café, office, and retail space is expected to develop over the long term as the corner of 27th Street and Wisconsin Avenue redevelops, though immediate prospects are limited. The teen center and market are public or non-profit uses, and would require a separate feasibility study to determine whether they are viable.

PRIORITY OPPORTUNITIES

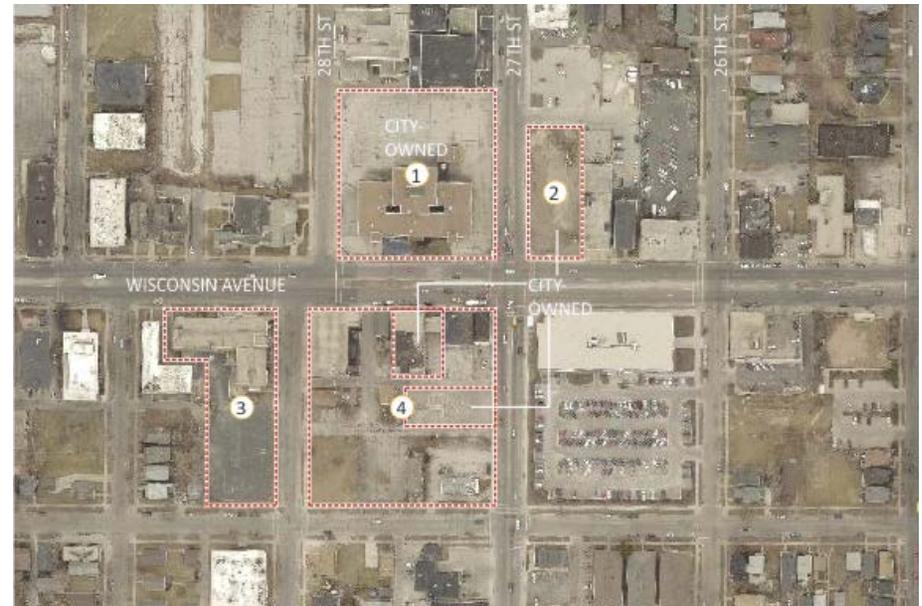
Commercial market conditions suggest that there are several sites that can be targeted for redevelopment. Two nodes need to be prioritized: 1) the intersection of Wisconsin Avenue and 27th Street; and 2) the intersection of 35th Street and Vliet Street. Their locations, traffic patterns, and availability of sites for redevelopment best position these nodes to capture the available market. Additional sites on Vliet Street, 35th Street, and 27th Street are secondary sites where commercial development may be encouraged.

There is a market for new or renovated housing on the Near West Side. In executing a housing strategy for the area, the goals should be to increase home ownership, and reduce density by adding two bedroom or larger rentals, while reducing the number of studio and one bedroom units. Merrill Park has many vacant lots that might be targeted for infill housing, and efforts should continue to restore Victorian homes in the Concordia neighborhood. Just outside the boundaries of the study area, there are potential redevelopment sites along State Street, where mixed use or multifamily housing might be constructed.

The map on the following page helps to identify the areas in which development would be most likely to occur. Concepts for these areas are spelled out in additional detail on the following pages.

Priority Commercial Redevelopment Nodes

While there are several sites that might be considered for redevelopment, two of these should be designated as priorities, both for their ability to capture the available market opportunity, and for the impact their redevelopment would have on the Near West Side. Their development will establish centers of activity that can encourage additional private investment radiating outward from them. Initially, City investment will be required to start the transformation. This can include providing financial support for renovation and redevelopment, property assembly, public infrastructure upgrades, or public relations to improve the image of the area.

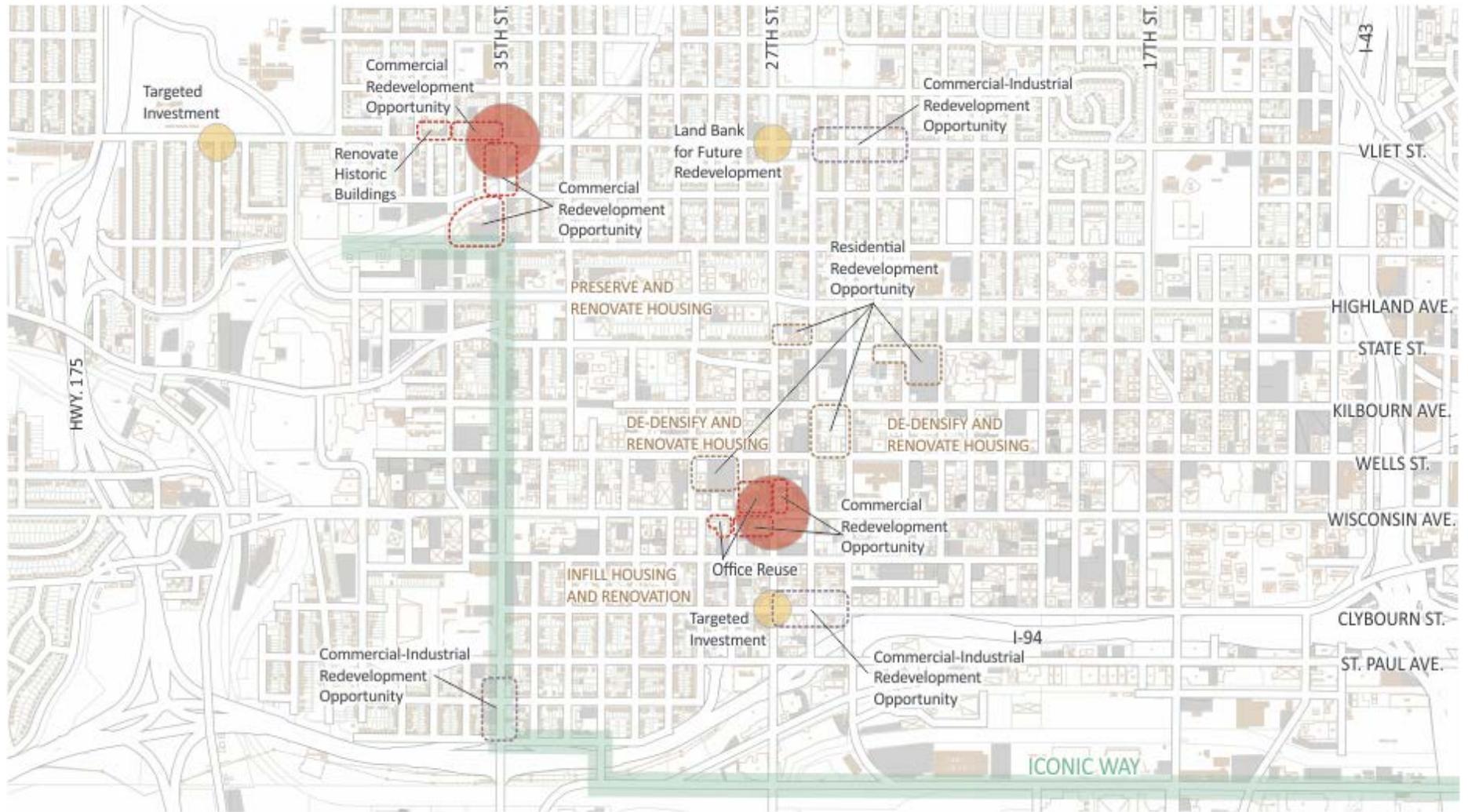


Redevelopment sites at the intersection of Wisconsin Avenue and 27th Street.

Wisconsin Avenue and 27th Street

Several vacant buildings occupy this prominent corner that many view as the “Main and Main” of the Near West Side. The City of Milwaukee owns four of the parcels in this area. With development plans already in place, the former City Campus site has not been included.

1. The former Wisconsin Avenue School is the largest site available for redevelopment, and is currently owned by the City of Milwaukee. It is an attractive brick building with four levels, which would be suited to development for office uses requiring a larger floor area. Parking can be provided onsite, either at the surface level or in a structure, if more stalls are required. Unique characteristics of the building may enable it to be positioned as a Class A office building once it has been renovated.



NEAR WEST SIDE MARKET-SUPPORTED LAND USE CONCEPTS

2. The northeast corner of Wisconsin Avenue and 27th Street is also owned by the City of Milwaukee. It is about one-half acre in size, although narrow and long. This will pose some challenges for most of the uses that might consider the site. Ideally, this site would be developed with a mixed-use building and three or four upper floors to maintain consistency with the remainder of the block. Little demand currently exists for retail, although a restaurant could be viable at the site. Redevelopment will be hampered by a lack of parking for either residential tenants or patrons of a business that may locate at the site.
3. Site 3 also had its start as a school. The site consists of the three level building and a parking lot. Like the Wisconsin Avenue School, this building has the ability to offer a relatively large office space all on a single floor, and would be suited to larger tenants seeking Class B space, after renovation.
4. All or a portion of the block Wisconsin Avenue, Michigan Avenue, 27th Street, and 28th Street could be considered for commercial redevelopment. There are several owners of the parcels making up this block, though most of the commercial buildings are vacant and two parcels are owned by the City of Milwaukee. A portion of this block could be considered as a site for a limited-assortment grocery store (Save-a-Lot). Fast and fast-casual restaurants could also be considered on the Wisconsin Avenue frontage. These would be single-story buildings with surface parking, and a drive-through.

It is important to note that successful redevelopment of the City Campus site will help to catalyze all other potential investment in the area of this intersection. Redevelopment of the City Campus site will help to secure and re-activate the corner, bringing additional people into the district. This stabilizing effect should also help to reduce criminal activity that spikes in the vicinity.



Redevelopment opportunities on 35th Street and Vliet Street.

35th Street and Vliet Street

This is a second area with sites that can be redeveloped, and market conditions that support commercial uses. Proximity to large employers and stable neighborhoods make it attractive for restaurants and some retail and services. The intersection could offer a relocation site for the Family Dollar in the Mid-City Shopping Center, and could also support a limited-assortment grocery store such as Aldi or Save-a-Lot.

1. The 3700 block of Vliet Street has a largely-intact wall of early 20th Century commercial buildings. While all in need of renovation, they could form the nucleus of an attractive retail and service business strip. Realigning Vliet Street's driving lanes to add angled parking in front of these shops would help to make it more viable.

2. Most of this block has been cleared, as properties have fallen into decay and been acquired by the City of Milwaukee. Only five lots are not City-owned. If all of the property could be assembled, it would offer a large redevelopment site with highway frontage. The site might be a location to which Family Dollar could relocate, from its current location in the Mid-City Shopping Center. It could also accommodate a limited-assortment grocer, or a food co-op providing good fresh foods and prepared foods that would appeal to workers as well as neighborhood residents.
3. The two buildings on the southwest corner of 35th Street and Vliet Street were once fast food restaurants. One is now a Chinese restaurant and the other is a mobile phone store. If redevelopment occurs on the north side of Vliet Street and if employees can feel safe coming to the area, restaurants should be a viable use for the site. Alternatively, it would also be suitable as a location for a gas station and convenience store.
4. The southwest corner of 35th Street and Vliet Street can support the same uses as the southwest corner.
5. The Mid-City Shopping Center is owned by Harley-Davidson. At present there have been no announced plans for its redevelopment. The uses going into the site will help to shape what happens further north, at the corner.

Secondary Commercial Redevelopment Areas

A handful of additional sites have been identified as secondary redevelopment opportunities, as they may not support retail and dining, or may not have as catalytic an impact on the Near West Side. Executing projects at these sites can help to remove blight, improve neighborhoods, and introduce new businesses into the area.

2500-2700 Blocks of Clybourn Street

Along with some existing buildings, there are vacant lots and a vacant building that could be redeveloped in these two blocks. Large portions of



Redevelopment sites at 27th Street and Clybourn Street.

both the north and south frontage, in the 2500 block of West Clybourn Street, are already City-owned vacant lots.

Uses might vary from office to light industrial, continuing a similar pattern of uses found immediately to the east of these blocks. Services such as auto repair would also be a viable use. The appropriate building product for the area would be designed with the flexibility to adapt to any of these potential tenants.

1. The most viable site consists of several City-owned parcels on the north side of Clybourn Street. Flex commercial buildings at this site could continue the pattern of light industrial and related uses on blocks to the east, and transition to office and service uses more common on 27th Street.

2. This lot contains two small rental properties that could be acquired to assemble a larger redevelopment site, with the existing City-owned properties on the block.
3. The City of Milwaukee owns two sites, split by a row of three homes. Two of these are rentals. Either site can be developed with flex commercial units similar to those recommended for the site to the north.
4. The northeast corner of 27th Street and Clybourn Avenue has been cleared and would be a candidate for redevelopment. The relatively small size of the parcel limits what could be developed.
5. A small office and two rental properties could be acquired to assemble a larger redevelopment site on the northeast corner of 27th Street and Clybourn Avenue. This would enable construction of one or two larger buildings with private parking.
6. The building on the southeast corner of 27th Street and Clybourn Street is vacant. Due to the constraints posed by the small site, renovation is the most likely course to take, reusing the property for office or service business.

200-300 Blocks of 35th Street

Like 27th Street, the southern portion of 35th Street serves as a gateway to the Near West Side. 35th Street crosses the Menomonee Valley, and there are on and off ramps to Interstate 94. This corridor is not favorable for retail and dining uses, but it can support a diverse mix of other businesses.

1. The used car lot is an eyesore and underutilizes the site. Cleared, this site would be large enough to house a single user comparable in size to the adjacent credit union, or a building with two or three smaller tenants spaces.
2. The former gas station site can be redeveloped for a single tenant. The site could be expanded by including adjacent properties. Office and service uses are suited to the area, although other activities, such as contractor's shops or small wholesale or industrial uses could be considered.



Redevelopment sites in the 35th Street south corridor.

3. The southwest corner of 35th Street and Mt. Vernon Avenue is similar in size to the previous redevelopment site, and would be suited to similar uses.
4. The fact that 35th Street carries significant commuter traffic, and the on and off ramps to Interstate 94 will make the corner of 35th Street and Park Hill Avenue a good location for a gas station. The current station could be redeveloped to a modern standard, with an expanded convenience store to better serve the needs of its customers.

2300-2500 Blocks of Vliet Street

While technically outside of the boundaries of the Near West Side study Area, these three blocks have many vacant lots or vacant or underutilized buildings. It is an area that will not support most retail or dining uses. It has attracted some small offices, and especially, shop space used by construction and trade contractors, and related businesses. These uses can be encouraged to locate in this part of the corridor.

1. Two of three buildings on this block are vacant, and there is a vacant lot. These might be candidates for redevelopment or adaptive reuse. The office building at the corner of 26th Street and Vliet Street can be marketed for another office use.
2. The 2400 block of Vliet Street has some redevelopment, with two new homes constructed by Milwaukee’s housing authority. The remaining lots can be considered for a live/work housing product designed to meet the needs of people working or owning small businesses in construction or the building trades.
3. This undeveloped part of the parcel can be developed with a larger building for one or more tenants.
4. Milwaukee’s redevelopment authority owns significant parts of this block, while the other uses are an auto repair shop run from a former gas station, and a plumbing business in an attractive commercial building. The plumbing business is a good model for other businesses in the sector, which may locate in the area.
5. The City of Milwaukee owns three of nine parcels on this block. The remaining five buildings date from the early 20th Century and are in generally poor condition. A combination of infill and renovation can be encouraged.

Other Future Redevelopment Areas

Three additional areas in the Near West Side should be considered for public investment. The small number of commercial buildings on Vliet Street at 43rd Street are an attractive pocket of buildings that can contribute to the quality of the neighborhood, and the southern stretch of 27th Street is an important gateway to the area. The City can provide assistance to private property owners to rehabilitate facades and signage, and invest in public improvements to enhance the appearance of these areas.

The intersection of 27th Street and Vliet Street offers few commercial development options at the moment. As neighborhood conditions improve there may be the opportunity to redevelop with quality



Redevelopment sites along Vliet Street, east of the study area.

commercial or mixed uses. With an eye to the future potential, the City’s strategy should be to acquire and land bank properties that may be assembled into larger redevelopment sites. Steps should be taken to preserve architecturally-significant buildings, such as the Moorish-revival commercial building on the southwestern corner. This can be achieved by either selling them with conditions for their restoration, or holding and leasing them with the City (or non-profit land bank) as the owner until conditions improve to allow their restoration and incorporation into larger redevelopment projects.

The Design Charrette site at 35th Street and State Street, with the concept developed in the Charrette, will require minimal investment in order to have a significant impact on the surrounding area. Minimal acquisition is required.

Grocery Store Development Options

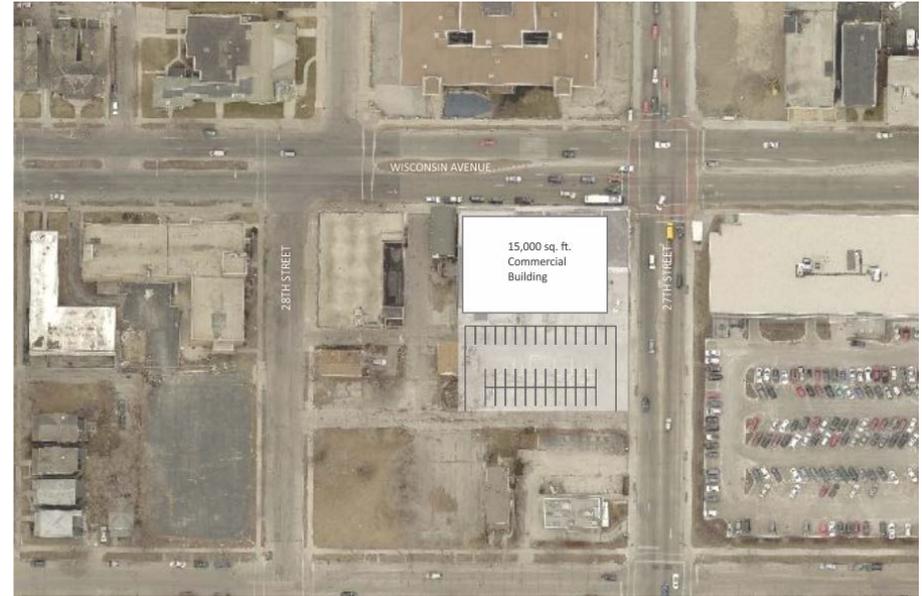
While the Near West Side cannot support a full-line grocery store, there are two options that can improve access to food for residents and workers. A limited-assortment grocery can find an adequate market among residents, or a grocery co-op might earn the support of both residents and workers.

Site requirements for either option are alike. The buildings will have a floor area of 15,000 to 20,000 square feet with a single entrance and adequate parking. Additionally, the store will seek to be located on a visible corner with good traffic, and central to the population that it will serve. Of three possible sites, two would have an adequate redevelopment area. The intersection of 35th Street and Wisconsin Avenue does not present the opportunity to assemble a suitable site.

The location at 35th Street and Vliet Street would be acceptable to either Aldi or Save-a-Lot, or for a food co-op. If Family Dollar were relocated to the site as well, the drawing power of the district would be further enhanced. The site is central to underserved residential neighborhoods, and to the more economically stable Pigsville, Miller Park, and Martin Drive Neighborhoods. A food co-op at this site, selling fresh products and prepared foods, would appeal to workers in the vicinity (though a limited-assortment grocery would not draw many). The site's primary disadvantage is that it is not close to the student population.

Conceptually, the site could be laid out with two buildings sharing a central parking lot. Additional parking can be provided as angled parking on the street (back-in parking is depicted) or on an additional lot that could be acquired in the interior of the block.

The Wisconsin Avenue site would serve the resident population and college students. This site has more visibility than on 35th Street, and is situated closer to higher-density apartment buildings where car ownership is less than in neighborhoods of single-family homes and duplexes. Its negative features lie in negative perceptions of the area and in that the neighborhoods surrounding it have a lower income profile than at 35th



Concept for a grocery store at 27th Street and Wisconsin Avenue.



Concept for a grocery store and Family Dollar on 35th Street at Vliet Street.

Street and Vliet Street. Additionally, Aldi's nearby stores makes it less likely that they would consider this location.

A 15,000 square foot store is shown situated on the two City-owned lots and adjacent properties, although other configurations might take additional properties. The volume of traffic on the two cross streets would not permit angled parking, so that more onsite parking will need to be provided.

Housing Development Opportunities

Several sites, and different housing products could be considered for development on the Near West Side. Additionally, the City should continue its effort to de-densify larger buildings through renovation that converts studio and one-bedroom units to two-bedroom units.

The current mix of housing in the area consists of single family homes, duplexes (usually upper-lower units or "two flats"), units over traditional storefronts, and small and large apartment buildings. Rowhouses and condominium flats are missing from the area. Both products might be considered to diversify the housing options for buyers. Live-work units, especially those with shop space, also fit the market. The need for single family homes can partially be met by developing "pocket neighborhoods" of small detached homes clustered around a central courtyard.

Merrill Park Infill

While there are vacant lots throughout the Near West Side, the Merrill Park neighborhood has the greatest number. These lots might easily be redeveloped with owner occupied single-family and duplex homes. Adding new housing will help to revitalize the neighborhood by attracting investment, raising property values, and increasing home ownership.

Neighborhood Preservation and Restoration

The Concordia and Cold Spring Park neighborhoods contain many outstanding Victorian Era homes. While some have been converted to rentals and some have been allowed to deteriorate, there is a longstanding interest on the part of some buyer to purchase and renovate these homes.

Especially when City-owned, they can be acquired at a very low cost, enabling new buyers to invest in restoration and upgrades. Most City-owned properties are sold with a requirement for owner occupancy during the first three years.

The efforts currently being made to encourage home restoration in these and adjoining neighborhoods are having an impact and should continue. The opportunity to buy and renovate these homes should be promoted as part of a public relations campaign to build awareness and improve perceptions of the Near West Side.

De-Densification

The concentration of studio and one-bedroom apartments – over half of the total – has long been recognized as a challenge for the surrounding neighborhoods. The City's goal has been to reduce their number through renovations that combine units to create fewer, larger ones. These policies should continue.

State Street at 27th Street

The north side of State Street, between 26th Street and 27th Street, presents a potential large redevelopment site. Portions of the site are already City-owned, including the former State Theater, which was severely damaged in a fire in February of 2017. If cleared, the frontage would enable construction of a new mixed use buildings. While there is demand for residential units, there is presently low demand for the commercial elements of a project.

State Street at 24th Street

The two sites, one on each of the southern corners of this intersection, have been discussed in prior studies of housing in the Near West Side. The larger site, on the southeast corner, is a surface parking lot. The other site is a block of State Street frontage that has been cleared except for one building. These sites would be suited to owner occupied housing, such as rowhouses.

Wells Street Sites

Two additional sites can be targeted for future residential redevelopment. These are the block bounded by Wells and Kilbourn Streets, between 25th and 26th Streets, and the south side of Wells Street on either side of 28th Street. These sites may be suited to rowhouse style owner occupied units.

2300-2500 Blocks of Vliet Street

This site was previously mentioned as a location where small construction and trades, wholesale, light industrial, service, and office uses might locate. These can be developed as live-work units that add owner housing in front of, behind, or above the work space.

Neighborhood Redevelopment Strategies

Several additional actions or considerations, not specific to any site, will help to bring about the revitalization of these neighborhoods.

■ Business Development

Research into 20 years of business history in the Near West Side and adjacent areas clearly demonstrated that local businesses are the source of growth and change. This is true across all industry sectors, but especially among consumer-oriented activities like retail, dining, and personal services. Even where businesses have been attracted to relocate or open branch establishments on the Near West Side, they have overwhelmingly been drawn from elsewhere in the City of Milwaukee. This suggests several strategies for business development.

- Continue to invest in programs to support business startups in the retail, dining, and personal services sectors, targeting local entrepreneurs. Technical assistance (marketing and business management) and financial assistance can be part of the package of programs.
- Market the redevelopment sites on 27th Street, 35th Street, and Vliet Street for existing and startup businesses from

Milwaukee and close-in suburbs. Vliet Street should be positioned for businesses in construction and the building trades. The central location, easy interstate access, and low site costs are important advantages. The City should consider developing a program to offer financial incentives for businesses in construction and trades to rehabilitate or redevelop properties in these areas, where they will occupy the site.

- The City's economic development efforts should more actively market available buildings and sites in the Near West Side, such as on Clybourn Street generally, or the redevelopment sites that have been identified.

■ Public Perceptions of the Near West Side

Perceptions of the Near West Side, centered on 27th Street, are one of the greatest obstacles to new investment. A public relations strategy can be executed to help turn around general impressions of the area. In addition to the City and Near West Side Partners, WISN (located at Wells and 19th Streets) should be recruited to participate in this initiative.

■ Iconic Way

Harley-Davidson has laid out conceptual plans for "Iconic Way", a route connecting its headquarters to the museum on Canal Street. Branding this route will help to raise its profile and improve perceptions, as well as draw additional visitors into the Near West Side.

■ Property Acquisition and Regulatory Environment

The City or County of Milwaukee are acquiring property through tax foreclosure and other methods, but there is not always much strategic consideration given to how it is disposed. In some parts of the Near West Side or elsewhere, the City would benefit from a strategy of holding property to assemble larger parcels, and/or selling it with conditions related to its renovation, redevelopment, or future use.

Many communities have developed land banks to assemble and hold these properties until conditions are right for their sales and redevelopment. A land bank can act strategically to acquire properties through purchase, tax foreclosure, or donation (when established as a 501(c)3, tax-exempt organization). While waiting to transfer the property, the land bank acts as the landlord, responsible for maintenance or leasing the property to interim users.

Several of the sites identified for redevelopment have zoning that is inconsistent with the uses recommended in this market analysis. The City should proactively rezone these properties as the sites are assembled.