



**COMMERCIAL PROPERTY**  

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**ASSOCIATES • INC**

**2015**

**Year in Review**

**Wisconsin Chapter of the  
Appraisal Institute**

# Tom Treder, CCIM

- Partner with Commercial Property Associates, Inc.
- Founded in 1989, we are a 10-broker boutique firm based in downtown Milwaukee specializing exclusively in retail real estate transactions in Wisconsin
- Specialize in landlord and tenant representation, land and building sales, and land assemblage.

# 2015 – Year In Review

- Milwaukee's vacancy fell slightly from 6.7% in Q2 to 6.6% in Q3. Virtually no change over the course of 2015
- Positive net absorption of 468,929 square feet, up from 107,437 in Q2 and 93,338 square feet in Q1

# 2015 – Year In Review

- Average quoted rental rate was \$10.52/sf. Virtually no change over the course of 2015
- Four retail buildings with 386,258 sf were delivered in Q3
- 824,389 square feet still under construction

# Major Retail Developments

- The Green at 84<sup>th</sup> and Layton in Greenfield – 42-acre mixed use development with 200,000 sf of mid-box space and many outlots. Proposed anchors include Steinhafels, Hobby Lobby, Dick's Sporting Goods, Fresh Thyme Farmer's Market, PetSmart, additional mid-box soft good retailers, and others. Opening planned in 2017.

# Major Retail Developments

- Whitestone Station in Menomonee Falls – mixed use development with 300,000 sf of retail space. Anchors are Costco, Ross Dress For Less, Sports Authority, Home Goods and Ulta, in addition to small shop space.



# Major Retail Developments

- Drexel Town Square in Oak Creek – anchored by Meijer, other retailers include Water Street Brewery, Chick Fil A, U.S. Bank, PetSmart, Panda Express, and more.



# Major Retail Developments

- Mayfair Collection in Wauwatosa – Phase 2 is anchored by Whole Foods, Home Goods and Osgood's, with another 35,000 sf available. Phase 3 will focus on additional restaurants, home furnishings and apparel retailers.
- Stamp Factory in Wauwatosa, across the street from Mayfair Collection, will be another adaptive reuse development of small shop retail space.

# Major Retail Developments

- The Corners in Brookfield – 410,000 sf “lifestyle center” anchored by area’s first Von Maur and Sendik’s, among other fashion retailers and restaurants
- The Corridor in Brookfield – 150,000 sf of retail anchored by Dick’s Sporting Goods and two additional junior box stores. Portillo’s will be opening first WI location here
- Calhoun Crossing in Brookfield – 112,000 sf redevelopment of Plaza 173 anchored by Fresh Thyme Farmer’s Market, DSW Shoes, Total Wine and others
- Brookfield Square - Additional 76,000 sf retail expansion in 2 Phases, including Blackfinn, Jason’s Deli, Mooyah Burgers and more

# Major Retail Developments

- Meijer – Opened 4 stores so far (Grafton, Kenosha, Oak Creek, Wauwatosa) with more to come in the region
- Costco – From two locations to five by the end of 2015 (Grafton, Pewaukee, New Berlin, Pleasant Prairie, Menomonee Falls)

# Grocery Wars

- Perhaps the biggest news of 2015 is Kroger's pending acquisition of Roundy's



- Kroger operates 2,623 stores in 34 states

# Grocery Wars

- Kroger is publicly traded on NYSE
- 2014 sales totaled \$108.5 billion
- Also operates 781 convenience stores
- How will this affect the local grocery market and will they close stores?

# Downtown Renaissance

- 833 E. Michigan, 350,000 sf, including Rare Steakhouse opening in 2016
- Northwestern Mutual's 32-story, \$450 million office tower, completion 2017
- Northwestern Mutual's new 33-story, 925,600 sf, \$100 million mixed-use development, including 14,000 sf of ground level retail on Jackson, Mason, and Van Buren street, opening in 2017

# Downtown Renaissance

- Couture – 44 stories, 294 apartments and several floors of retail space, projected to open in 2018
- Bucks Arena Project – \$500 million arena and \$500 million of ancillary development
- The North End phase 3 includes 168 apartments and the first Fresh Thyme Farmer's Market in Wisconsin

# Downtown Renaissance

- Kimpton, 158 rooms, at Chicago and Broadway in 3<sup>rd</sup> Ward, completion 2016
- Homewood Suites, 93 rooms, Button Block building at 500 N. Water St. Will displace Joey Buona's
- Marcus Corp renovating Intercontinental

# Investment is **RED HOT!**

- Net lease cap rates continue downward trend



- Retail has outpaced all other categories

# Investment is **RED HOT!**

- Retail cap rates for STNL assets have hit a historic low of 6.25%

NATIONAL ASKING CAP RATES			
Sector	Q2 2015 (Previous)	Q3 2015 (Current)	Basis Point Change
Retail	6.40%	6.25%	-15
Office	7.30%	7.25%	-5
Industrial	7.62%	7.59%	-3

# Major Sale Transactions

- Speedwagon Properties paid \$43.7m to purchase the 612,000 sf Southport Plaza and Indian Trail Plaza, Kenosha
- Phillips Edison acquired The Village Center in Mount Pleasant, a 240,000 sf center, for \$31.75m
- DRA Advisors purchased the 70,000 sf Pick N Save anchored center at 1717 N. Mayfair Rd for \$19.9m

# New Retailers to Area



The Container Store®

Jason's deli

pie five  
PIZZA CO.

THE JOINT  
...a chiropractic place®

west elm

OFF AISLE BY KOHL'S

at home  
The Home Décor Superstore

Binny's  
BEVERAGE DEPOT

VERSONA

carhartt

ROSS  
DRESS FOR LESS

HomeGoods

MOOYAH  
BURGERS • FRIES • SHAKES

Portillo's  
BEEF • BURGERS • SALADS

NORDSTROM

FRESH THYME  
FARMERS MARKET

Total Wine  
& MORE



BLACKFINN  
AMERIPUB  
Eat. Drink. Be Lively!

# 2015 Closings

- Pick N Save closed Waukesha, Saukville, West Allis, and Milwaukee
- Kmart closed at Mayfair Rd and Burleigh St, Wauwatosa
- Kmart closed at 5600 S. 108th St, Hales Corners

# 2015 Closings

- LA Fitness, which opened in 2007, closed 42,000 sf location at Bayshore
- Target is closing Brown Deer Rd. store end of January 2016
- Walgreens is closing Brown Deer Rd. store

# 2016 Outlook

- Rents will continue to climb for “A” locations
- “B” and “C” locations will continue to struggle
- New development sites will get absorbed
- Investment sales will remain strong as interest rates remain stable

Thank You!

Have a Happy and  
Prosperous New Year!

