Exhibit J

MARKET STUDY OF THE PROPOSED MIXED USE DEVELOPMENT KNOWN AS THE "BALLPARK COMMONS," LOCATED NEAR THE INTERSECTION OF WEST RAWSON AVENUE AND WEST LOOMIS ROAD, IN THE CITY OF FRANKLIN, MILWAUKEE COUNTY, WISCONSIN

Effective Date: January 22, 2016

Prepared For:

Mr. Mike Zimmerman
MKE Sports & Entertainment, LLC
510 W. Kilbourn Avenue
Milwaukee, WI 53202

Date Issued: March 11, 2016

Prepared By:

MOEGENBURG RESEARCH, INC.
REAL ESTATE APPRAISAL AND CONSULTING
155 South Executive Drive, Suite 212
Brookfield, Wisconsin 53005
(262) 782-0780
pete@moegenburg.com

MRI File #15.558

March 11, 2016

Mr. Mike Zimmerman
MKE Sports & Entertainment, LLC
510 W. Kilbourn Avenue
Milwaukee, WI 53202

Re: **<u>Market Study for:</u>**
Proposed Ballpark Commons Mixed-Use Development
Franklin, Wisconsin

Dear Mr. Zimmerman:

In accordance with your request, we are pleased to submit the following Market Study of the above referenced property. The referenced property serves as the basis for the Ballpark Commons Market Study. The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four season sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this Market Study is the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

This report presents a broad overview of the local apartment and commercial markets and presents information pertaining to the following:

- An overview of the neighborhood, the City of Franklin, and the region;
- A presentation of national, regional, and local apartment market data that was published by several nationally recognized third-party providers;
- A presentation of data sheets for many of the more prominent apartment developments from other competing areas wherein current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data is presented for each property;
- A summary and discussion of current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data;
- A discussion pertaining to the pending supply and current demand for multifamily housing within the City of Franklin;
- A discussion pertaining to absorption rates that we feel could be achieved by new developments occurring within the City of Franklin;
- A presentation of national, regional, and local retail market data that was published by several nationally recognized third-party providers;
- A discussion pertaining to financial feasibility of ancillary uses surrounding the proposed stadium.

For purposes of this analysis, the identified land is referred to as the "subject property."

Purpose and Function of the Report

The purpose of the assignment is to prepare a Market Study for the referenced property as of a current date. We made an inspection of the subject site on January 22, 2016, and conducted research relative to this study during January and February 2016. The function of the report is to assist MKE Sports & Entertainment (our client and intended user), with their internal decision making and discussions with the City of Franklin regarding the potential development opportunities which may exist at the property (the intended use). Moegenburg Research, Inc. has not provided consulting or valuation services regarding the referenced property during the past three years.

Appraisal Standards and Reporting Guidelines

The report is subject to the Code of Ethics and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The report was also prepared in accordance with the operative engagement letter, contained within our workpapers.

Limitations of Use and Applicability of Conclusions

Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the value conclusion(s) presented in this report is/are valid only for the date(s) of value stated herein.

General Conclusions

A summary of our general conclusions are included on the following page.

We have enjoyed serving you in this matter.

Sincerely,

Peter A. Moegenburg, MAI, ASA
Wisconsin Certified General Appraiser No. 296

F. Russell Rutter, Associate
Wisconsin Certified General Appraiser No. 2149

CONCLUSIONS

Our conclusions regarding the proposed multi-family component are included below:

- From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development.
- There has been little to no market rate, multi-family development (non-senior) within the City of Franklin in the most recent 10 to 15 years.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops, stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- Occupancy rates are strong and the submarket likely has substantial (pent-up) demand.
- We feel that attainable rental rates for a proposed high-end development at the subject property would range from $1.40 to $1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.
- Based on the marginal demand analysis there appears to be positive demand for new high-end multi-family product within the subject's PMA (5-mile radius) based on income qualified renter households with incomes of $50,000-plus.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

Our conclusions regarding the proposed ancillary commercial component are included below:

- It appears that a potential baseball stadium development would spur ancillary commercial uses. Additionally, the inclusion of a multi-family component to the stadium would help to enhance the population of permanent and transient consumers to the area.
- The residents of Franklin appear to desire more traditional retail and dining uses for the subject's immediate neighborhood. Such uses would complement the proposed baseball stadium and multi-family residential component.
- Ancillary commercial uses (including retail and restaurant) should focus on local users in order to reflect the broader community as these users are more closely aligned to the specific interests of the community.
- The proposed subject development would benefit from additional ancillary commercial uses (retail/restaurant) to service the needs of the potential consumers. The resulting overall development would be an all-encompassing community with a local identity.

CONCLUSIONS (Continued)

- Current market conditions support retail uses as a financially feasible use, while office and lodging uses are not currently financially feasible. However, given current market conditions, it is likely that any proposed ancillary use would have to be substantially pre-leased or have users in place (owner occupant), for any development to occur.
- While not currently financially feasible, if the RevPar (Average Daily Rate x Occupancy) were to increase at a rate that is currently being realized by the competitive set, a lodging use could be financially feasible within approximately two years. This assumes that the neighboring Hampton Inn stabilizes as projected and realizes a RevPar that is in line with or superior to the competitive set.
- It appears as though the proposed baseball stadium and indoor facility could generate enough overnight stays for an additional lodging facility in the immediate area, however, any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.
- Any of these potential development uses are tied to the proposed development of the baseball stadium (i.e. if the stadium is not constructed, the other uses would not be financially feasible given current market conditions).

TABLE OF CONTENTS

SECTION I: INTRODUCTION

SECTION II: APARTMENT MARKET ANALYSIS

SECTION III: COMMERCIAL MARKET ANALYSIS

SECTION IV: APPENDIX

SECTION I: INTRODUCTION

INTRODUCTION

In accordance with your request, we are pleased to submit the following Market Study of the above referenced property. The referenced property serves as the basis for the Ballpark Commons Market Study. The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four season sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this Market Study is the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

This report presents a broad overview of the local apartment and commercial markets and presents information pertaining to the following:

- An overview of the neighborhood, the City of Franklin, and the region;
- A presentation of national, regional, and local apartment market data that was published by several nationally recognized third-party providers;
- A presentation of data sheets for many of the more prominent apartment developments from other competing areas wherein current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data is presented for each property;
- A summary and discussion of current rental rates, unit sizes, unit mixes, occupancy rates, amenities, and other pertinent data;
- A discussion pertaining to the pending supply and current demand for multifamily housing within the City of Franklin;
- A discussion pertaining to absorption rates that we feel could be achieved by new developments occurring within the City of Franklin;
- A presentation of national, regional, and local retail market data that was published by several nationally recognized third-party providers;
- A discussion pertaining to financial feasibility of ancillary uses surrounding the proposed stadium.

For purposes of this analysis, the identified land is referred to as the “subject property.” **Photographs of the Subject Property** are contained within the **Appendix** of this report. In addition, other descriptive and illustrative materials are contained later in this report and within the **Appendix**. The property's location is identified within the **Regional Map** contained on the following page for reference.

REGIONAL MAP

Purpose and Function of the Report

The purpose of the assignment is to prepare a Market Study for the referenced property as of a current date. We made an inspection of the subject site on January 22, 2016, and conducted research relative to this study during January and February 2016. The function of the report is to assist MKE Sports & Entertainment, LLC (our client and intended user), with their internal decision making and discussions with the City of Franklin regarding the potential development opportunities which may exist at the property (the intended use). Moegenburg Research, Inc. has not provided consulting or valuation services regarding the referenced property during the past three years.

Appraisal Standards and Reporting Guidelines

The report is subject to the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The report was also prepared in accordance with the operative engagement letter, contained within our workpapers.

Limitations of Use and Applicability of Conclusions

Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the value conclusion(s) presented in this report is/are valid only for the date(s) of value stated herein.

Scope of Work

The scope of the market study consisted of conducting a physical inspection of the property, obtaining demographic and economic information about the immediate neighborhood and municipality, collecting and analyzing comparable data, developing the appropriate analyses, and developing a final opinion as to the feasibility of the current development. The scope of this analysis included providing an analysis of suggested rents, lease-up schedule, competition, demand, product offerings, amenity offerings, as well as area and market analytics. The scope did not include a full highest and best use analysis. Both primary and secondary research is included in this report. Secondary data consists of U.S. Census data and related projections, and was obtained from multiple government sources. Peter A. Moegenburg, MAI and F. Russell Rutter were each fully qualified at the time of engagement to provide an analysis of the referenced property. No additional steps were needed after this date to satisfy the Competency Rule under USPAP. Please refer to the appraiser qualifications that are included within the **Appendix**.

Market Feasibility

Market Feasibility is defined by the Appraisal of Real Estate, 12th Edition, 2010 as follows:

> *"An indication that a project has a reasonable likelihood of satisfying explicit objectives."*

Statement of Assumptions and Limiting Conditions

This market study has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plat plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- It is assumed that the property conforms to all applicable zoning and use regulation and restrictions unless a non-conformity has been identified, described, and considered in this appraisal.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
- The appraisal was prepared for the purpose stated and should not be used for any other purpose.
- The signatories shall not be required to give further consultation or testimony, or appear in court or at any public hearing with reference to the property appraised, unless prior arrangements have been made with the client.
- Possession of this report, or a copy thereof, or any part thereof, does not carry with it the right of publication, nor may it be used by anyone but the party for whom it has been prepared without the prior written consent and approval of Moegenburg Research, Inc.
- None of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which he is connected or any references to the Appraisal Institute or to the MAI designation)

shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without the prior written consent and approval of Moegenburg Research, Inc.

- This report is intended to be read and used as a whole and not in parts. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the report.

- Where the property being considered is part of a larger parcel or tract, any values reported relate only to the portion being considered and should not be construed as applying with equal validity to other portions of the larger portion or tract.

- Any projections of future rents, expenses, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, discount rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of Moegenburg Research, Inc. They represent only the judgment of the authors as to the assumptions likely to be used by purchasers and sellers active in the marketplace, and their accuracy is in no way guaranteed.

- In depth research of the develop-ability of the subject property, from a physical standpoint, was not studied within this appraisal – this goes beyond the focus of this report. Assumptions were made in regards to the physical develop-ability of the subject site. Sufficient reports to verify these assumptions were not made available. We have made the best possible projections based on the information that was available to Moegenburg Research, Inc. While it is believed that all of this information is relatively accurate, it may or may not be. If these assumptions are found to be incorrect, we would then reserve the right to revisit the assumptions and resulting conclusions made here-in. Any development plans without extensive physical research and testing is highly speculative. Nonetheless, based on the information available we have made our best estimates. If additional research were to turn up additional relevant information, then Moegenburg Research, Inc. would reserve the right to revisit the assumptions and related conclusions made herein.

- A Market Study for the subject property, which was completed by C.H. Johnson Consulting, Incorporated ("Franklin Baseball Stadium Market Feasibility Study"), was provided to us by our client. This report analyzes the market and financial feasibility of the proposed minor league baseball stadium at the Ballpark Commons site and quantifies the economic and fiscal impact the proposed stadium will have non the local community. The referenced third party report is separate from this report and goes beyond the scope of our assignment; however, we have relied on findings and conclusions within the third party report. *In the event that this information is not accurate, we reserve the right to alter our conclusions accordingly.*

PROJECT DESCRIPTION

The purpose of this market study is to determine whether sufficient potential demand exists for a proposed mixed-use development, comprised of a combination of multi-family, retail, office, and lodging type uses surrounding the proposed baseball stadium (and four seasons sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this market study will be on the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). It is understood that the proposed subject development is in the preliminary stages and is subject to zoning changes, City approvals, financing, etc. The planned development is located in the City of Franklin, Milwaukee County, Wisconsin.

The Rock, located at 7900 Crystal Ridge Drive in Franklin, is a sports complex that was constructed by and is currently managed by MKE Sports and Entertainment (Mike Zimmerman). The Rock is a multi-sport, multi-field outdoor facility that is located immediately west of South 76th Street, north of West Rawson Avenue and West Loomis Road, and south of the Root River. Mr. Zimmerman has plans to construct a 4,000-seat outdoor stadium for a professional baseball and the UW-Milwaukee Panther baseball team (Wisconsin's only Division I collegiate baseball team) along with an indoor sports complex with four youth size baseball fields and space for other sports. The stadium and indoor facility will serve as the main focal point for the area. Recently the City of Franklin Common Council has approved an agreement that requires Franklin city staff to help Mr. Zimmerman in seeking approvals for the proposed baseball stadium. The stadium proposal was originally rejected by Common Council in 2014; however, this proposal did not include the greater Ballpark Commons development that is being proposed at this time. The current $100 million Ballpark Commons proposal includes the stadium and indoor facility as well as surrounding commercial development such as multi-family, retail, office, and lodging type uses.

In March 2014, C.H. Johnson Consulting, Inc. completed a Market Feasibility Study for the proposed baseball stadium, which would anchor the subject's neighborhood. It should be noted that we have relied on findings and conclusions within the third party report (please see Statement of Assumptions and Limiting Conditions). This study analyzed the market viability of a proposed minor league stadium in Franklin and quantified the total economic and fiscal impact the proposed stadium would have on the local community. At the time of the study The Rock had an annual attendance of approximately 84,000 people, with projections anticipated to increase to just under 100,000 people annually. Under the best case scenario included within the study, average annual attendance with the proposed stadium in place was projected to total over 220,000 visitors, an increase of approximately 140,000 people to the immediate neighborhood annually. C.H. Johnson Consulting, Inc. ultimately concluded that *the development of a proposed Franklin stadium would be a successful investment on behalf of the City, which would serve as a catalyst to spur new development and entertainment in the City of Franklin.*


Ballpark Commons
Preliminary Development Concept
Franklin, Wisconsin
DRAFT
Four Season Sports Village
Oak Leaf Trail
Existing Bike Skills Course
Existing Ball Fields
Existing Umbrella Bar
Existing Lodge
Ski Hill
76TH STREET
Loomis Road/ Hwy 36 Off Ramp
Retail/ Restaurant
Restaurant
Bus Parking
Multi-purpose Fields
Stadium
Loading
Four Seasons Tournament Sports Complex
Vegetative Buffer
Hotel
LOOMIS ROAD
Restaurant
Hotel
RAWSON ROAD
Office
Mixed Use
Clubhouse
Garden Apartments
Revised: 10.21.15
VANDEWALLE & ASSOCIATES INC.
© 2015
0 200 400 800
Feet

SITE OVERVIEW

The Ballpark Commons is understood to constitute approximately 40 to 50 developable acres surrounding the proposed baseball stadium (and four seasons sports complex) located near the northwest corner of West Rawson Avenue and West Loomis Road. The focus of this market study will be on the triangular 34 +/- acre site located immediately south of West Rawson Avenue (on the west side of West Loomis Road) and the strip of land located on the north side of West Rawson Avenue (immediately adjacent to the west of West Loomis Road). These two sites will be the main focus of this report. It should be noted that the proposed baseball stadium and indoor facility, though anchors to the greater overall proposed development were not the focus of this report, rather the surrounding complimentary uses to these proposed facilities.

The southern site, which is located on the south side of West Rawson Avenue, immediately west of West Loomis Road (along West Old Loomis Road), is comprised of approximately 34 acres. The land is generally level and was the site of a former farm and is currently improved with a couple of single-family homes. The developer is seeking a potential rezone of this site, which is currently zoned for single-family residential uses, to Planned Development District (PDD) to allow for the larger proposed mixed-use development. The City of Franklin's 2025 Future Land Use Map indicates a residential use for this site. Preliminary plans call for approximately 250 to 300 units of multi-family residential on a majority of the site, with mixed-use commercial (retail/office) uses located along West Rawson Avenue. From discussions with the City of Franklin Economic Development director, it was indicated that if the project were to be approved the change of zoning to a PDD would likely be allowed.

The southern triangular site is comprised of five separate parcels that total approximately 34 acres or 1,477,555 square feet. It is our understanding that the subject developer is in the process of acquiring the parcels to assemble the larger 34 acre site. In total the southern site features approximately 1,120 feet of frontage along West Rawson Avenue. It is likely that primary access to the southern site would be from West Rawson Avenue.

The northern site is a narrow strip of land located immediately west North 76th Street, northwest of West Loomis Road, north of West Rawson Avenue, and southeast of the existing baseball fields at The Rock. This land is generally downward sloping from northwest to southeast (towards West Loomis Road). This site would abut the proposed baseball stadium to the east. The City of Franklin's 2025 Future Land Use Map indicates a mixed-use for this site. Preliminary plans call for a mix of commercial uses that would complement the proposed baseball stadium including retail (and restaurants) and lodging type uses.

Utilities, including electricity, natural gas, municipal water and sewer are available along West Rawson Avenue. The subject is not located within a flood plain hazard zone (FEMA Map Number55079C0142E, Effective Date of September 26, 2008). Per our site inspections no other nuisances or hazards were observed upon the subject property. Our research of public records and other available information show that public rights were identified such as limitations for controlled access to neighboring highways or roads. Further, certain recorded and unrecorded easements to a variety of utility companies were noted but these are not seen to be overly restrictive. ***Please refer to the Statement of Assumptions and Limiting Conditions within this report for further clarification concerning Moegenburg Research, Inc.'s position regarding the environmental status of the subject site.***

In depth research of the develop-ability of the subject property, from a physical standpoint, was not studied within this market study – this goes beyond the focus of this report. Assumptions were made in regards to the physical develop-ability of the subject site (please see Statement of Assumptions and Limiting Conditions).

The subject site is irregular in shape and sits on both the north and south sides of West Rawson Avenue, west of West Loomis Road. West Rawson Avenue (east-west) is a four-landed heavily traveled roadway through the City of Franklin and Milwaukee County. Rawson Avenue, nearest the subject, realizes average daily traffic counts of approximately 14,700 vehicles per day, while east of South 76th Street the traffic counts are much higher at approximately 30,200 vehicles per day.

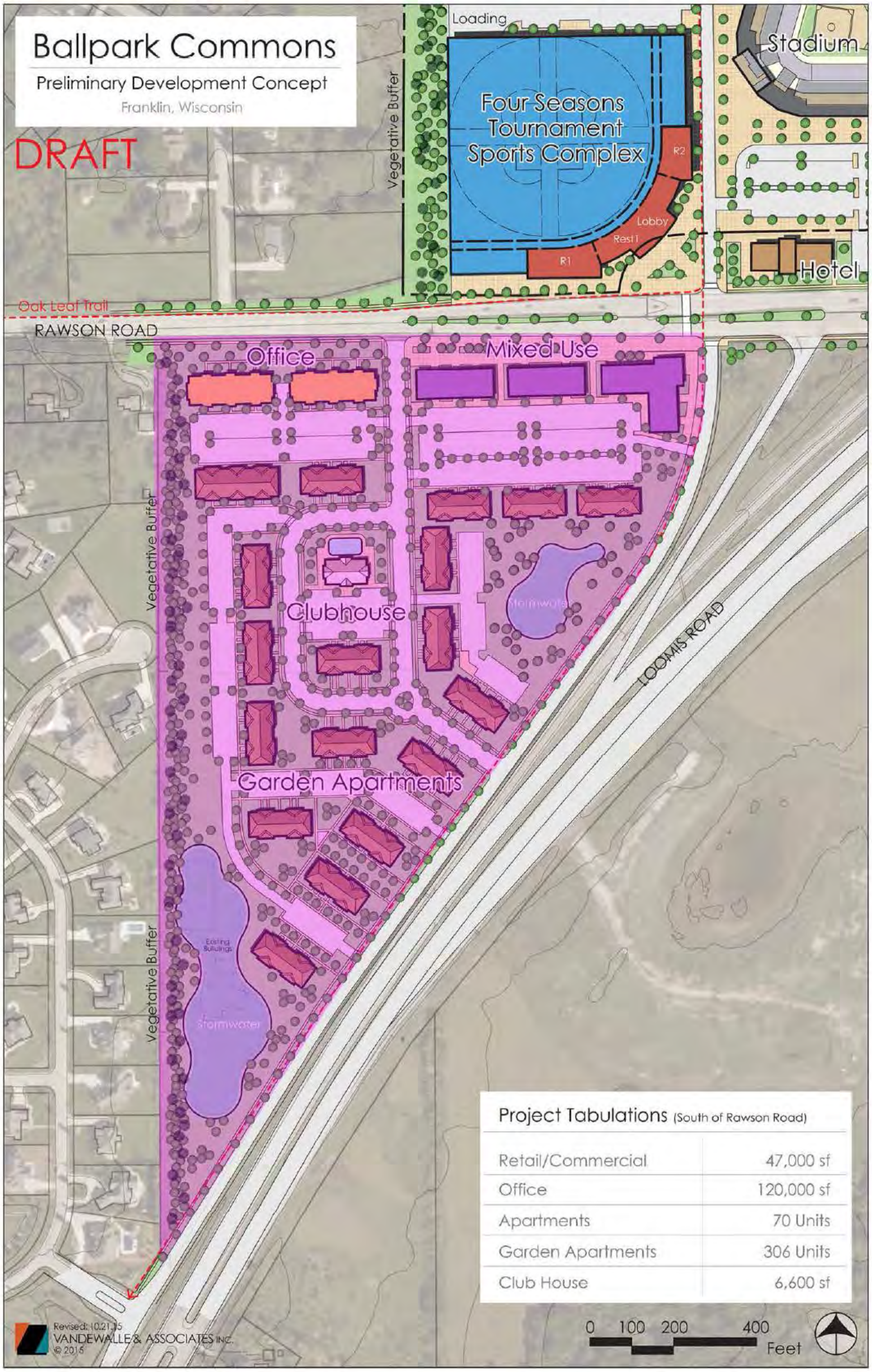
The subject is also located along West Loomis Road (Highway 36) and though not directly accessed from West Loomis Road, ingress and egress to this thoroughfare are located within close proximity to the subject (off of South 76th Street and West Rawson Avenue). West Loomis Road (Highway 36) is a major four-lane local highway that generally runs northeast to southwest through Milwaukee County. West Loomis Road provides convenient vehicular access to Interstate 43 approximately 3.5 miles northeast of the subject property. Milwaukee's CBD is located within a 15 minute drive (11 miles) of the subject property. West Loomis Road realizes traffic counts of approximately 15,000 to 18,000 vehicles per day near West Rawson Avenue.

Lastly, the subject site is located just west of South 76th Street (a portion of the northern site abuts South 76th Street). South 76th Street is a major north-south thoroughfare through the City of Franklin and southern Milwaukee County. South 76th Street also provides access to I-43 (just under three miles north of the subject). Overall, the subject property is conveniently located within close proximity to major highways and thoroughfares that service southern Milwaukee County and provide access to the nearby communities. These linkages, and others, are exhibited within the **Neighborhood Map** contained within the Neighborhood Overview section of this report. Additionally, a **Traffic Count Map** has been included within the **Appendix** for reference.

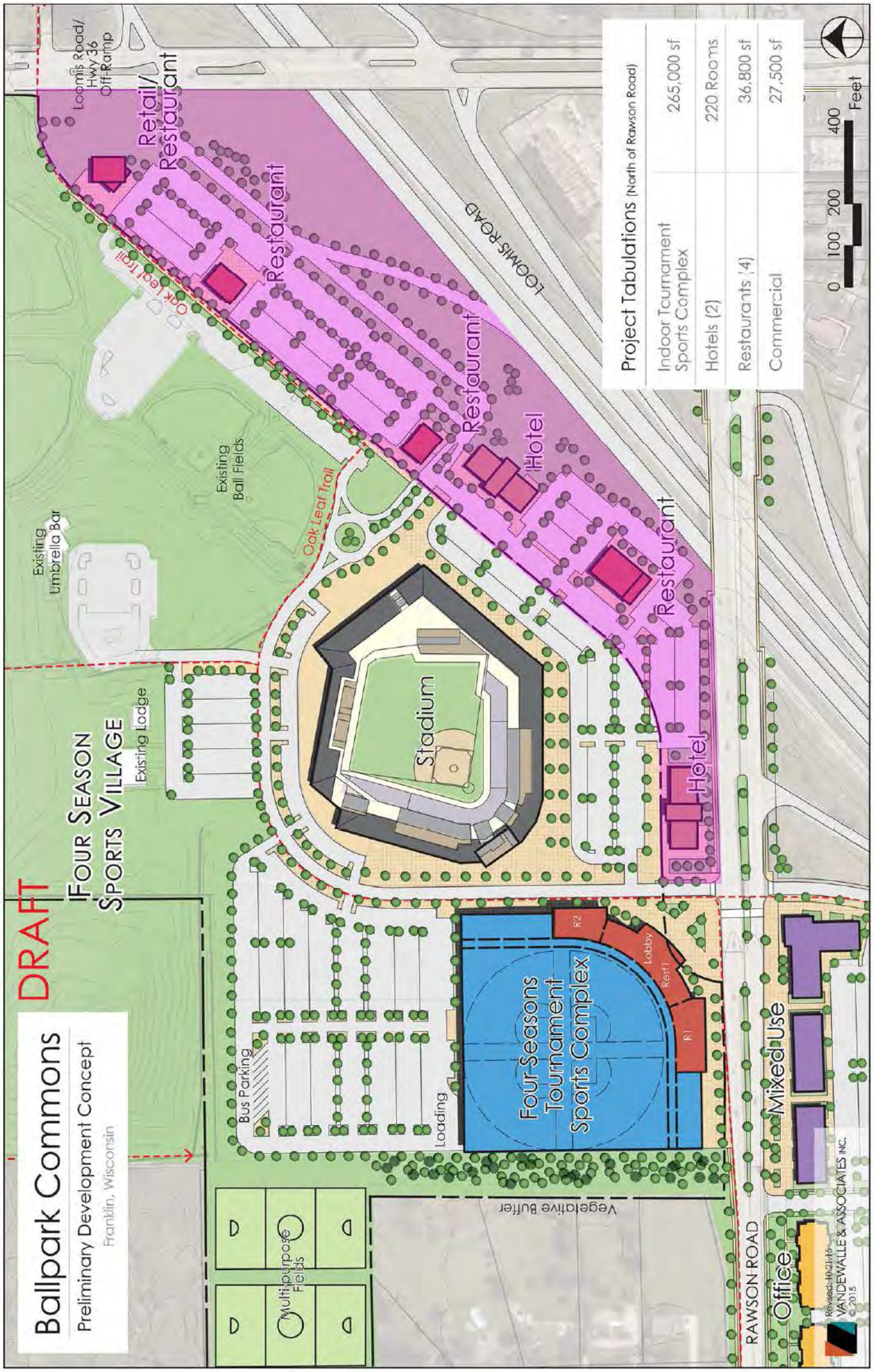
It should be noted that any existing site improvements would likely be razed to accommodate the proposed developments. Parcel identification maps are included on the following pages, while representative photographs of the subject site are included within the **Appendix**.

Included on the following pages are **Parcel Maps** that depict the general size, shape, and layout of the subject property.

PARCEL MAP – SOUTHERN SITE



PARCEL MAP – NORTHERN SITE



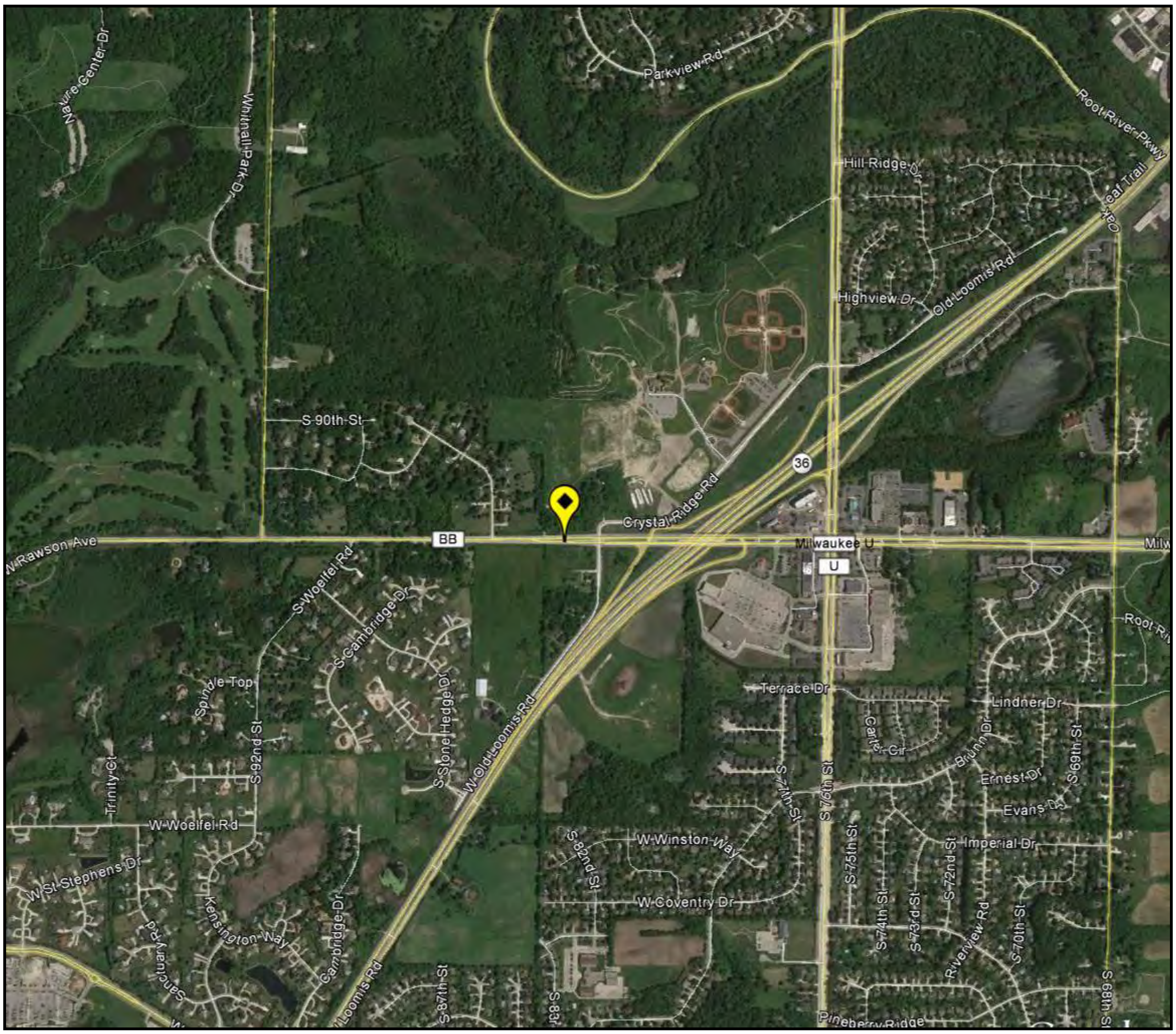
NEIGHBORHOOD OVERVIEW

A “Neighborhood” is defined in The Dictionary of Real Estate Appraisal, Fifth Edition (sponsored by the Appraisal Institute, 2010) as:

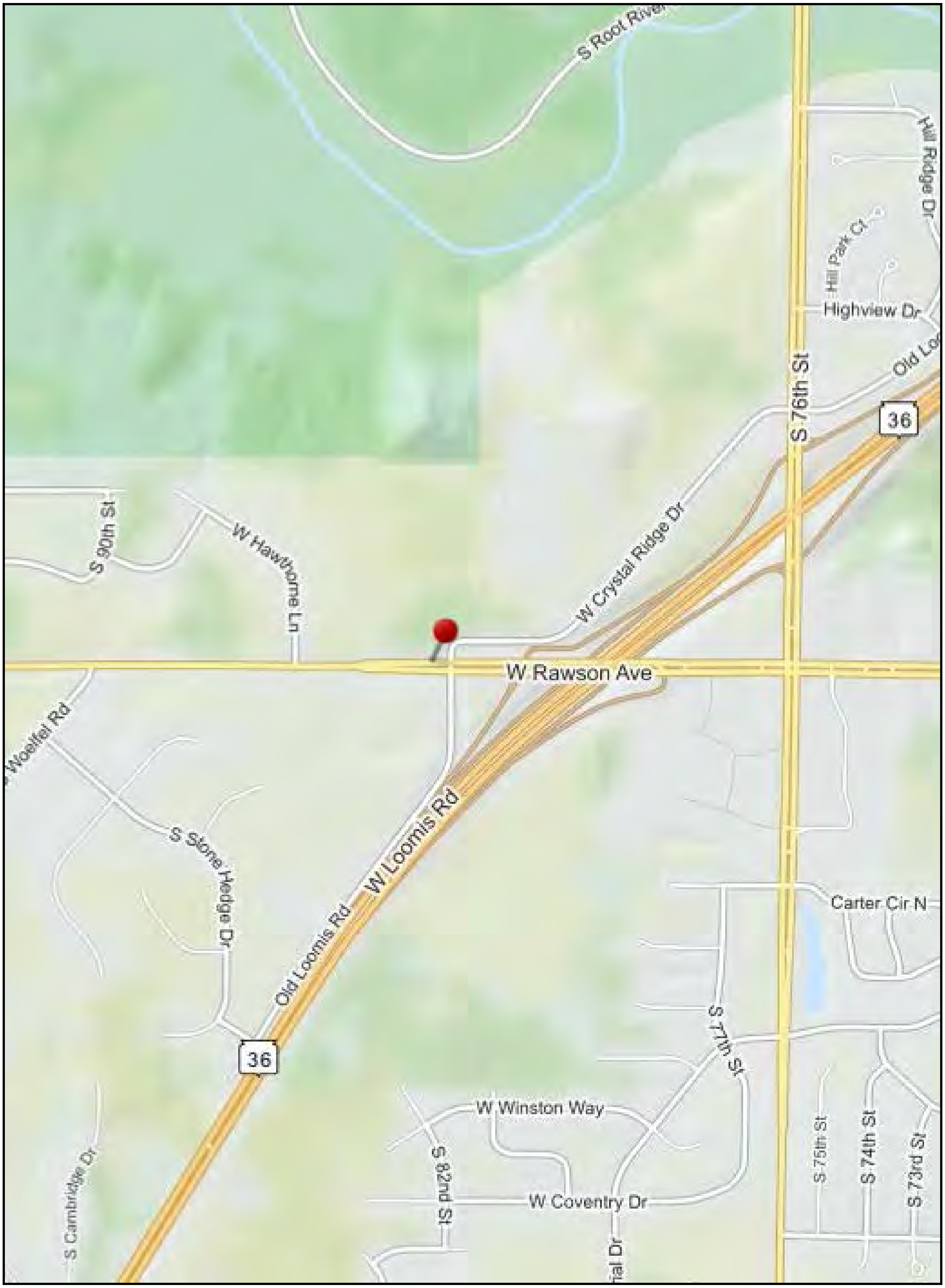
> *“1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.*
>
> *2. A developed residential super pad within a master planned community usually having a distinguishing name and entrance.”*

The subject is located along the north and south sides of West Rawson Avenue, just west of West Loomis Road (Highway 36), in the City of Franklin, Milwaukee County, Wisconsin. **Aerial Photographs** of the subject’s neighborhood are included below and on the following page while **Neighborhood Maps** follow.

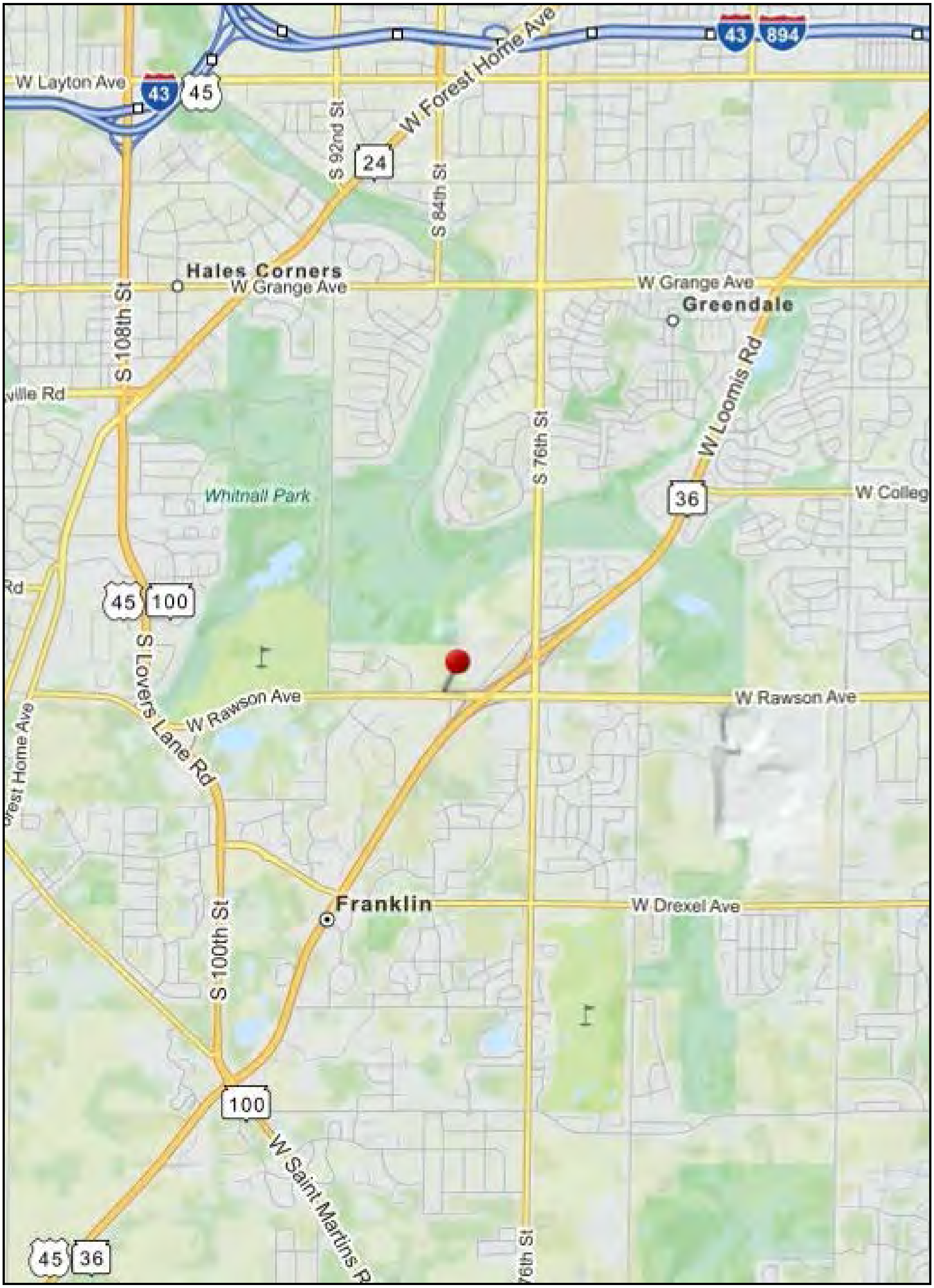
AERIAL PHOTOGRAPH



IMMEDIATE NEIGHBORHOOD MAP



EXPANDED NEIGHBORHOOD MAP



The following paragraph is the City of Franklin's mission statement:

"The City of Franklin's mission is to be a well-planned model community providing for a high quality of life for residents of all ages. The future of Franklin is founded on quality development that includes smaller and mixed-use commercial centers and corridors, that provides for new office parks that attract knowledge-workers and information industries to the community, while continuing to develop and maintain quality residential areas that provide a wide range of housing opportunities to support the needs of working professionals, seniors, and families. The residents of Franklin will have access to parks, open space, and a wide range of recreational programs and facilities that help to promote an active and healthy lifestyle. Franklin will be a community where modern conveniences, friendly people, and a small town atmosphere combine with low crime, a clean environment, and quality educational opportunities to make Franklin the primary destination to live and learn, work and play, and to do business."

The following data was taken from various municipal websites.

Geography

According to the United States Census Bureau, the city has a total area of 34.7 square miles, of which, 34.6 square miles of it is land and 0.1 square miles of it is water. The Root River runs south through Franklin, cutting the city in half.

Demographics

As of the census of 2010, there were 33,900 people, 10,602 households, and 7,697 families residing in the city. The population density was 851.8 people per square mile. There were 10,936 housing units at an average density of 315.8 per square mile. There were 10,602 households out of which 33.8% had children under the age of 18 living with them, 63.2% were married couples living together, 6.6% had a female householder with no husband present, and 27.4% were non-families. 22.5% of all households were made up of individuals, and 6.9% had someone living alone who was 65 years of age or older. The average household size was 2.58, and the average family size was 3.06.

In the city, the population was spread out with 23.4% under the age of 18, 8.4% from 18 to 24, 32.7% from 25 to 44, 25.6% from 45 to 64, and 9.9% who were 65 years of age or older. The median age was 38 years. For every 100 females there were 109.2 males. For every 100 females age 18 and over, there were 110.0 males. The median income for a household in the city was $75,315, and the median income for a family was $95,532. Males had a median income of $71,827 versus $64,737 for females. The per capita income for the city was $73,474. About 1.4% of families and 2.7% of the population were below the poverty line, including 2.7% of those under age 18 and 3.9% of those age 65 or over.

History

On December 20, 1839, the south portion of the Town of Kinnikennick was split off to form the town of Franklin. As of the 1840 census, the population of the Town of Franklin was 248. The name "Franklin" was given in homage to one of the Founding Fathers, Benjamin Franklin. Franklin was organized into a township in 1841. The township consisted of a thirty-six-mile area that was originally covered with heavy timber, which was mostly hardwoods such as hickory, walnut, and butternut. Most of the town's drainage was delivered by the Root River and there was an abundance of wildlife including bears, deer, and wolves.

By the 1950s, Franklin was known as a "City of homes" for its growing residential areas, which served as a suburb of the city of Milwaukee. In 1956, town officials were alarmed by the possibility that the City of Milwaukee might attempt to annex portions of Franklin. In response, the town was officially incorporated as a fourth-class city on August 15, 1956. Franklin is bounded by the City of Oak Creek to the east, the villages of Greendale and Hales Corners to the north, the county of Racine to the south, and the county of Waukesha to the west. The city of Milwaukee lies adjacent to the Franklin city limits in the northeast.

Education

The majority of Franklin students, grades kindergarten thru 12th grade, attend the Franklin Public School District. The Oak Creek-Franklin School District, primarily of Franklin's eastern neighbor, Oak Creek, is a separate school district from that of the Franklin Public School District and serves residents of the far eastern side of Franklin, along 27th street. In some places it can go as far as a mile and a half mile west into the Franklin City limits. The District also serves all of the City of Oak Creek. The Whitnall School District, which serves primarily the neighboring Village of Hales Corners and parts of the City of Greenfield, serves the City of Franklin residents residing on the city's far Northwest side.

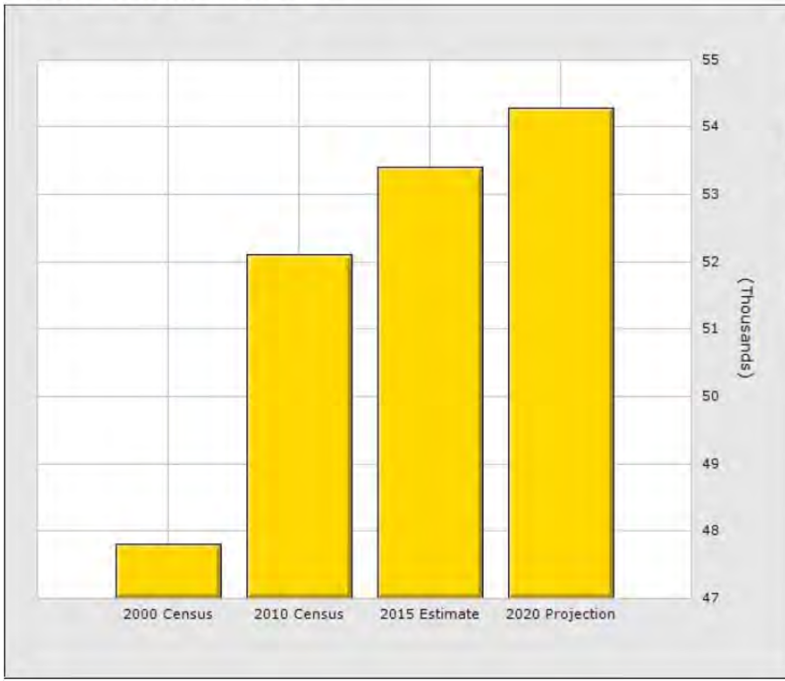
Even though some students who reside in the City of Franklin end up going to neighboring school districts, Franklin maintains a good community bond as most students do attend Franklin Public Schools. The Franklin Public School District was formed in 1962 as a K - 12 common school district. Franklin has five elementary schools, one middle school and one high school.

The Franklin Recreation Department is also operated by the school district. The district is governed by an annual meeting of electors and a seven member school board elected every three years with overlapping terms and election held every year in April. City government exercises no fiscal control over a common school district.

The following table depicts various demographic data within a one, three, and five mile radius of the subject with the graph depicting the historical and future projected population estimates within a three-mile radius of the subject.

Population for 3 Mile Radius

8201 W Rawson Ave, Franklin, WI 53132

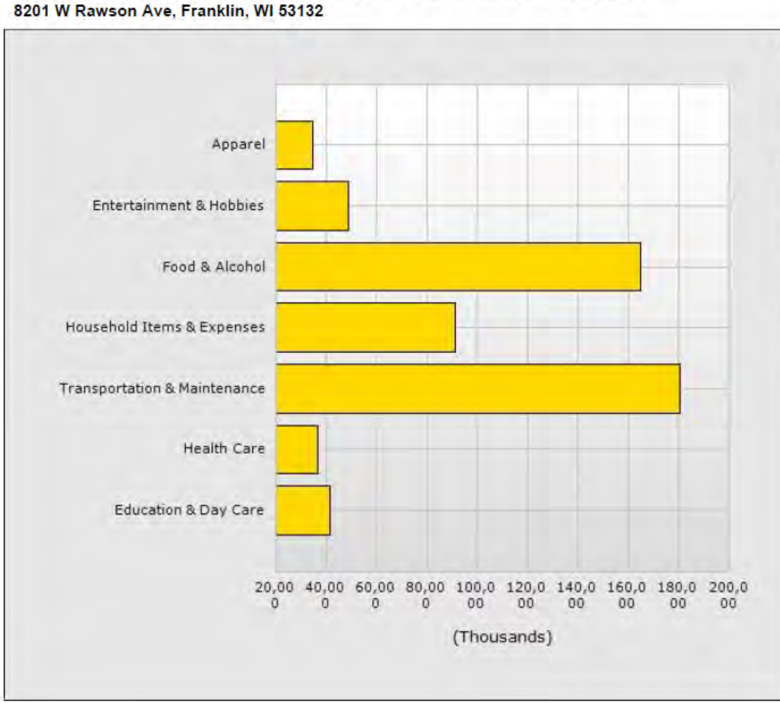


Population	1 Mile	3 Mile	5 Mile
2015 Total Population:	3,534	53,397	155,479
2020 Population:	3,579	54,274	158,024
Pop Growth 2015-2020:	1.27%	1.64%	1.64%
Average Age:	42.10	41.70	41.20
Households			
2015 Total Households:	1,399	21,903	65,176
HH Growth 2015-2020:	1.29%	1.66%	1.61%
Median Household Inc:	$77,845	$70,452	$60,576
Avg Household Size:	2.50	2.40	2.30
2015 Avg HH Vehicles:	2.00	2.00	2.00
Housing			
Median Home Value:	$252,282	$226,163	$191,863
Median Year Built:	1986	1977	1973

The following graph depicts consumer spending habits within a three-mile radius of the subject.

Consumer Spending Totals for 3 Mile Radius

8201 W Rawson Ave, Franklin, WI 53132

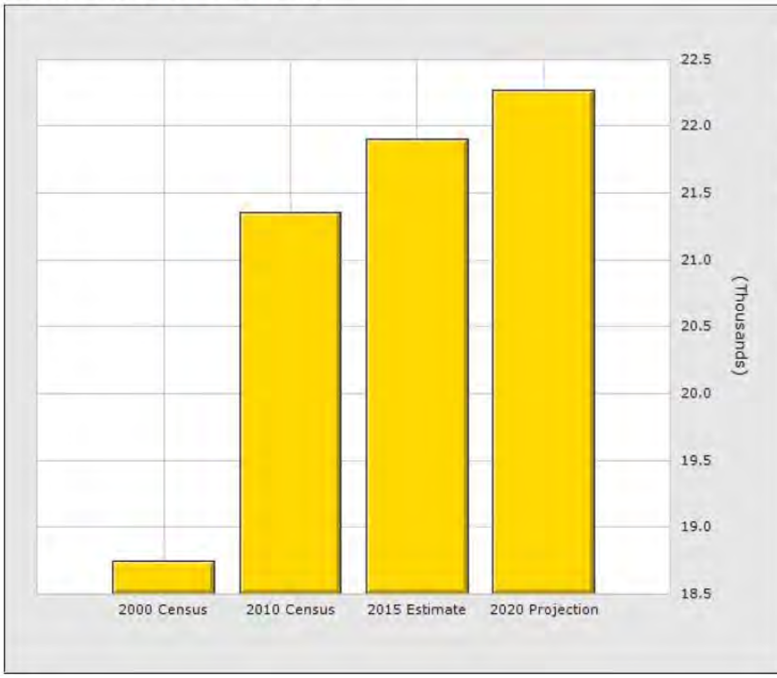


Population	1 Mile	3 Mile	5 Mile
2015 Total Population:	3,534	53,397	155,479
2020 Population:	3,579	54,274	158,024
Pop Growth 2015-2020:	1.27%	1.64%	1.64%
Average Age:	42.10	41.70	41.20
Households			
2015 Total Households:	1,399	21,903	65,176
HH Growth 2015-2020:	1.29%	1.66%	1.61%
Median Household Inc:	$77,845	$70,452	$60,576
Avg Household Size:	2.50	2.40	2.30
2015 Avg HH Vehicles:	2.00	2.00	2.00
Housing			
Median Home Value:	$252,282	$226,163	$191,863
Median Year Built:	1986	1977	1973

The following graph depicts historical and future projected household totals within a three-mile radius of the subject.

Households for 3 Mile Radius

8201 W Rawson Ave, Franklin, WI 53132



Population	1 Mile	3 Mile	5 Mile
2015 Total Population:	3,534	53,397	155,479
2020 Population:	3,579	54,274	158,024
Pop Growth 2015-2020:	1.27%	1.64%	1.64%
Average Age:	42.10	41.70	41.20
Households			
2015 Total Households:	1,399	21,903	65,176
HH Growth 2015-2020:	1.29%	1.66%	1.61%
Median Household Inc:	$77,845	$70,452	$60,576
Avg Household Size:	2.50	2.40	2.30
2015 Avg HH Vehicles:	2.00	2.00	2.00
Housing			
Median Home Value:	$252,282	$226,163	$191,863
Median Year Built:	1986	1977	1973

An Economic Profile for the City of Franklin, which was taking from the municipal website, is included within the **Appendix**. This profile further details the population, housing, income, transportation, labor, government services, utilities, etc. for the City of Franklin. Additional demographic information for the subject's defined PMA is included later within this report.

Neighborhood Conclusion

In July 2007, CNN/Money and Money magazine ranked Franklin the 90th best place to live in the United States. FD magazine honored Franklin in their April 2007 issue with awards for "Best Human Resources Runner-up", as well as "Best Infrastructure Top Five" for Micro Cities in the North American region. Franklin ranked 94th in the 2011 Money Magazine rankings. The subject is located just west of West Loomis Road / Highway 36 is a highly trafficked roadway stretching from Springfield, WI to Milwaukee (nearly 40 miles). Highway 45, Highway 100, and West Ryan Road are all located within approximately one mile of the subject property. The subject is situated in a portion of the City of Franklin that has experienced very limited development and features a large amount of vacant/agricultural land. The subject's neighborhood is in the growth stage of its life cycle. Overall, the future outlook of the subject's neighborhood is positive.

REGIONAL OVERVIEW

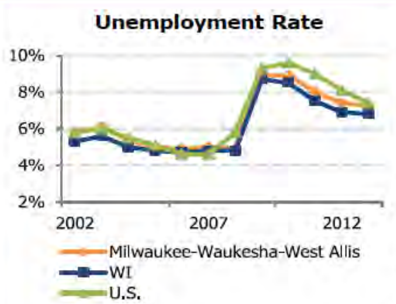
An overview of the regional and neighborhood area provides a basis for an understanding of the area dynamics insofar as they might affect the subject property. The property is located within the City of Franklin, in Milwaukee County, Wisconsin. Milwaukee County is located in the southeastern portion of Wisconsin along Lake Michigan. The county is part of the defined Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (MSA). Therefore, an overview of this MSA provides a basis for an understanding of the area dynamics insofar as they might affect the subject property. The information was provided by the Wisconsin Department of Revenue – Division of Research and Policy.

Milwaukee-Waukesha-West Allis MSA

Milwaukee, Ozaukee, Washington and Waukesha Counties

Source: U.S. Bureau of Labor Statistics

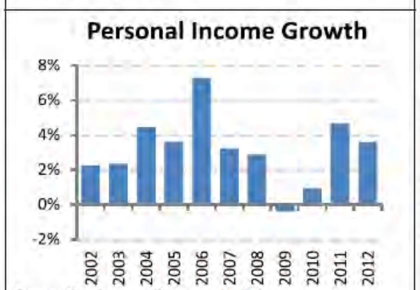
2009	2010	2011	2012	2013	Indicators	2014	2015	2016
815,933	808,642	815,500	821,358	826,742	Employment	839,306	852,526	866,383
-4.7%	-0.9%	0.8%	0.7%	0.7%	Percent Change	1.5%	1.6%	1.6%
8.9%	8.9%	8.0%	7.4%	7.3%	Unemployment Rate	6.1%	5.5%	5.0%
67,221.7	67,844.4	71,009.8	73,558.2	75,379.6	Personal Income ($ millions)	77,904.2	80,911.4	84,222.2
-0.4%	0.9%	4.7%	3.6%	2.5%	Percent Change	3.3%	3.9%	4.1%
43,380	43,582	45,477	46,943	48,044	Per Capita Personal Income ($)	49,610	51,489	53,572
74,798.0	76,126.0	77,307.0	77,299.0		Real GDP (millions of 2005 $)			
875	955	900	1,035	1,244	Housing Permits (Single Family)			



Unemployment Rate

	2012	2013
Milwaukee-Waukesha-West Allis MSA	7.4%	7.3%
Wisconsin	6.9%	6.8%
U.S.	8.1%	7.4%

Source: U.S. Bureau of Labor Statistics, WI Dept of Revenue and IHS Global Insight, Inc.



Source: U.S. Bureau of Economic Analysis

The **Milwaukee-Waukesha-West Allis MSA** is in the southeast corner of the state, just north of the Racine MSA and on the shores of Lake Michigan. It is made up of four counties: Milwaukee, Waukesha, Ozaukee and Washington. It is home to numerous colleges and universities: UW-Milwaukee, Marquette University, the Medical College of Wisconsin, Milwaukee School of Engineering, Alverno College, Mount Mary College, Wisconsin Lutheran College, Concordia University, Cardinal Stritch University, Carroll University, Milwaukee Institute of Art and Design, UW-Waukesha County, Milwauke Area Technical College, Waukesha Area Technial College, and UW-Washington County.

The Milwaukee MSA is the largest in the state, with 1.562 million residents in 2011. Its growth has been slower than that at the state level. Its population has risen 4.0% since 2000, compared to 6.4% growth for Wisconsin as a whole. The city of Milwaukee alone has 595,425 residents.

Employment in the Milwaukee MSA rose 0.7% in 2013, the same increase as in 2012. The Milwaukee area has regained 35% of the jobs lost during the past recession. It is on pace to reach its pre-recession employment peak in 2016, with employment growth accelerating throughout the forecast period. Employment will rise 1.5% in 2014, 1.6% in 2015, and 1.6% in 2016.

Personal incomes in the Milwaukee MSA rose 3.6% in 2012. Wages and salaries, the largest component of income, increased 2.8%. Growth in personal incomes will slow to 2.5% in 2013 and 3.3% in 2014, before rising to growth of around 4.0% in 2015 and 2016.

Single-family housing permits in the Milwaukee MSA rose from 1,035 in 2012 to 1,244 in 2013, an increase of 20.2%. Going forward, housing permits will continue to rise as the housing market strengthens.

Occupational Employment

Most Concentrated Occupations in MSA, Relative to the Nation

Occupation Title	Employment Level	Location Quotient	Annual Average Salary
Computer Numerically Controlled Machine Tool Programmers, M&P	690	4.68	52,890
Shoe and Leather Workers and Repairers	150	4.34	22,660
Patternmakers, M&P	110	4.25	42,270
Foundry Mold and Coremakers	300	3.90	26,380
Computer-Controlled Machine Tool Operators, M&P	3,220	3.75	39,650
Coil Winders, Tapers, and Finishers	320	3.58	38,350
Tool and Die Makers	1,680	3.55	51,930
Electromechanical Equipment Assemblers	1,070	3.46	33,850
Engine and Other Machine Assemblers	860	3.41	36,020
Metal-Refining Furnace Operators and Tenders	420	3.30	35,630

Source: U.S. Bureau of Labor Statistics

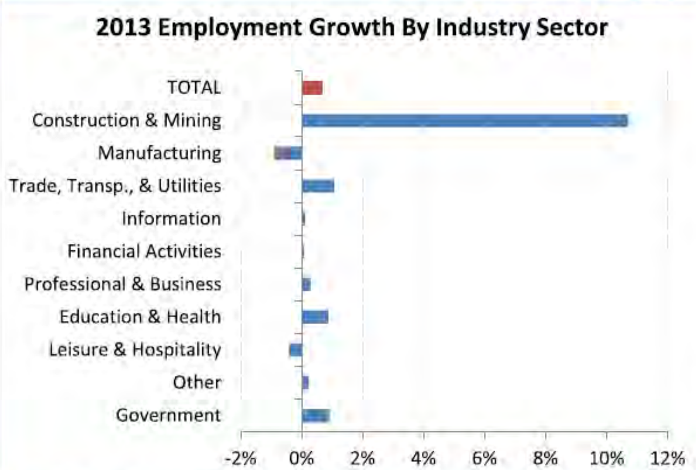
Per Capita Personal Income

Per Capita Personal Income, 2012

Milwaukee	$46,943
Wisconsin	$42,039
U.S.	$43,731

Source: U.S. Bureau of Economic Analysis

Industry Employment



Source: U.S. Bureau of Labor Statistics

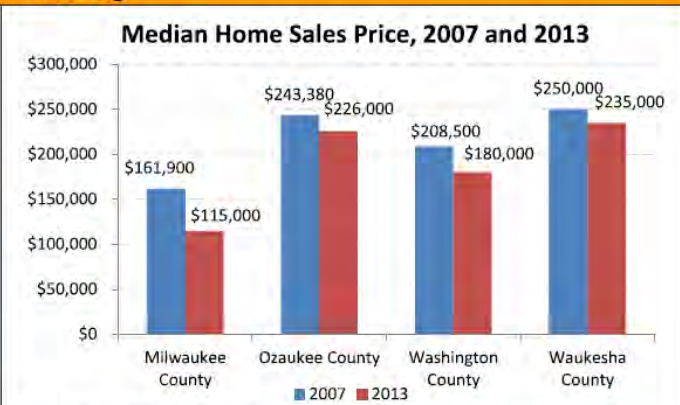
Industry Employment as Share of Total, 2013

Industry	MSA	WI	U.S.
Construction & Mining	3.2%	3.5%	4.9%
Manufacturing	14.3%	16.4%	8.8%
Trade, Transp. & Utilities	17.1%	18.1%	19.1%
Information	1.8%	1.7%	2.0%
Financial Activities	6.6%	5.8%	5.8%
Professional & Business	13.9%	10.5%	13.6%
Education & Health	18.6%	14.9%	15.2%
Leisure & Hospitality	8.5%	9.7%	10.4%
Other	5.2%	4.9%	4.0%
Government	10.9%	14.6%	16.1%

Source: U.S. Bureau of Labor Statistics

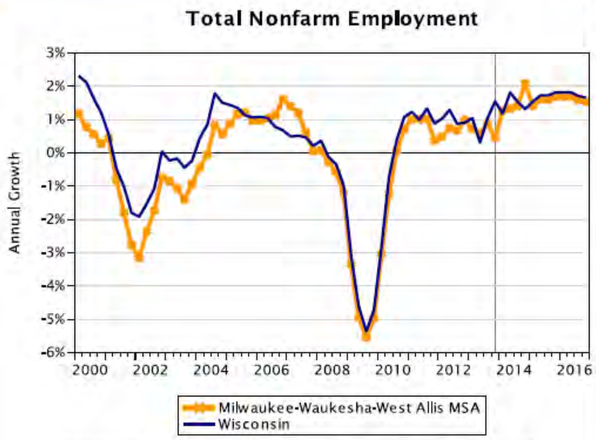
Housing

Source: U.S. Census Bureau

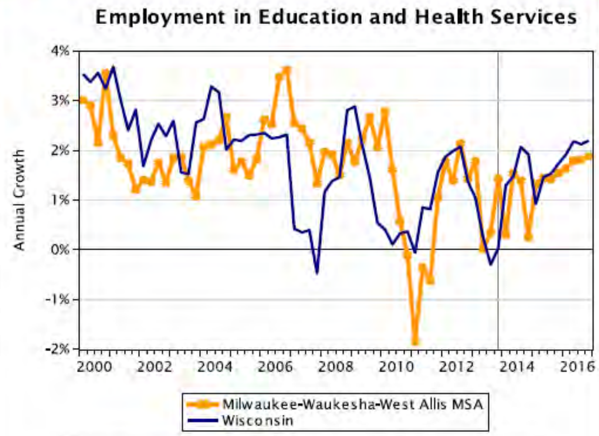


Source: Wisconsin REALTORS Association

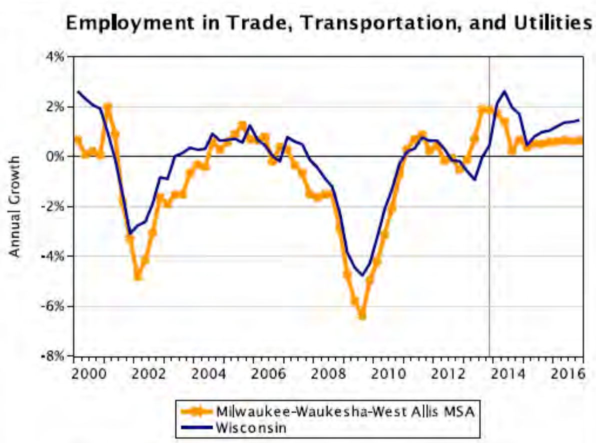
Forecast



Growth Forecast for Total Nonfarm Employment	Milwaukee-Waukesha-West Allis MSA	Wisconsin
2012 (actual)	0.7%	1.0%
2013 (actual)	0.7%	1.0%
2014	1.5%	1.5%
2015	1.6%	1.7%
2016	1.6%	1.7%



Growth Forecast for Employment in Education and Health Services	Milwaukee-Waukesha-West Allis MSA	Wisconsin
2012 (actual)	1.7%	1.8%
2013 (actual)	0.9%	0.3%
2014	0.9%	1.7%
2015	1.4%	1.4%
2016	1.8%	2.1%



Growth Forecast for Employment in Trade, Transportation, and Utilities	Milwaukee-Waukesha-West Allis MSA	Wisconsin
2012 (actual)	-0.1%	0.2%
2013 (actual)	1.1%	-0.3%
2014	1.0%	2.1%
2015	0.5%	0.8%
2016	0.6%	1.4%

Growth Forecast for Personal Income	Milwaukee-Waukesha-West Allis MSA	Wisconsin
2012 (actual)	3.6%	3.9%
2013	2.5%	2.9%
2014	3.3%	4.0%
2015	3.9%	4.5%
2016	4.1%	4.7%

SECTION II: APARTMENT MARKET ANALYSIS

MARKET AREA DEFINITION

Primary Market Area

The subject's market area is defined as the geographic area from which the subject will attract most of its tenants, and is the area from which the subject will compete with existing multi-family developments. In general, households within a particular geographical market area tend to retain their residence within that area, even when moving from one specific location to another. However, market rate, higher-end, mid-rise multi-family developments such as the proposed subject tend to attract tenants from a broader market area due to the above average appeal and amenities, as well as the fact that high-end developments are few and far between. Though high-end developments are certainly present within the market, there has not been any significant new development of high-end market rate multi-family product within the City of Franklin in over 10 years.

In order to determine the logical Primary Market Area (PMA), we researched housing and demographic patterns within the area. The subject property is located in the City of Franklin, in Milwaukee County, Wisconsin, which is a suburban community in southeastern Wisconsin. In general, drive times of 15 to 30 minutes are considered the maximum. In rural areas, this may be up to 30 miles. However, in suburban areas, with increased densities, the distance may be three to 10 miles. In densely developed urban areas, the distance may be one to two miles. In the case of the subject, the area is characterized as a suburban area.

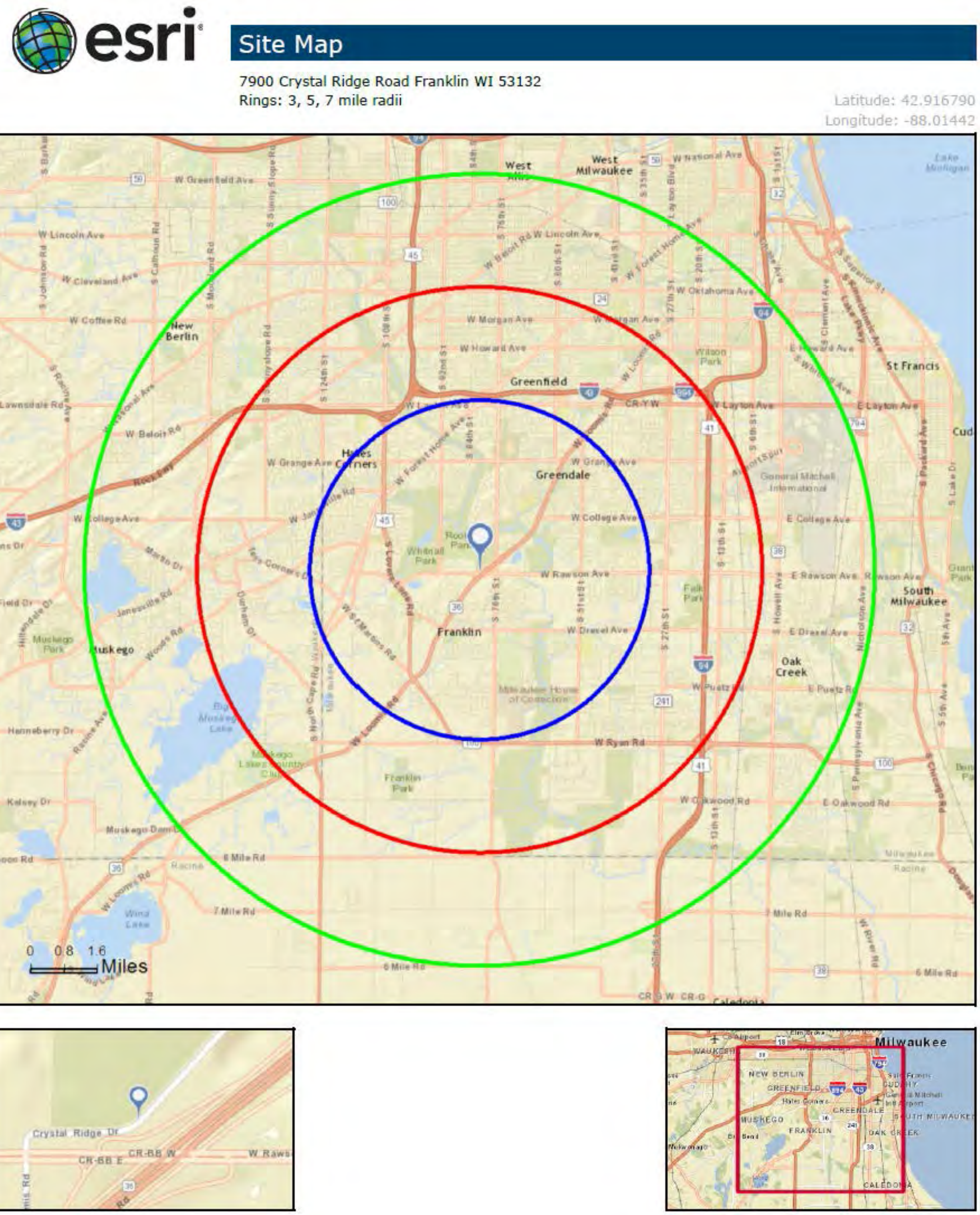
From a locational standpoint, the subject would compete with other suburban communities in southeastern Wisconsin and does not directly compete with properties located in downtown Milwaukee. The downtown and suburban lifestyles are different enough that prospective tenants usually do not find themselves considering suburban *and* downtown properties when choosing where to live; rather, the prospective tenants first decide if they wish to reside within a downtown *or* a suburban community, and then narrow the search from there.

While it is possible the subject could theoretically draw residents from a larger geographic area than what we have delineated as the subject's PMA (shown on the following page), *most* urban residents tend to stay close and do not commute long distances. The subject does feature good linkages to the local highways and interstate system and other major thoroughfares, such as West Loomis Road (Highway 36). The subject's proximity to Highway 36 could be an attractive attribute for a couple wherein one individual works in one location and the other works in the opposite direction (Milwaukee and Waukesha for example).

Please refer to the Primary Market Area Map on the following page for an illustration of our selected PMA. The survey of existing and proposed multi-family developments that constitutes the competitive supply is generally limited to the PMA.

A map of the Primary Market Area (PMA) is included below. Demographic information for the PMA is included on the following pages.

<u>Primary Market Area Map</u>



Demographic and Income Profile

7900 Crystal Ridge Road Franklin WI 53132
Ring: 5 mile radius

Latitude: 42.91679
Longitude: -88.01442

Summary	Census 2010	2015	2020
Population	156,547	157,193	158,596
Households	65,726	66,277	66,901
Families	41,372	41,631	41,974
Average Household Size	2.33	2.32	2.32
Owner Occupied Housing Units	42,974	42,227	42,684
Renter Occupied Housing Units	22,752	24,050	24,216
Median Age	41.8	42.6	43.3
Trends: 2015 - 2020 Annual Rate	**Area**	**State**	**National**
Population	0.18%	0.32%	0.75%
Households	0.19%	0.39%	0.77%
Families	0.16%	0.31%	0.69%
Owner HHs	0.22%	0.37%	0.70%
Median Household Income	3.76%	2.81%	2.66%

	2015		2020	
Households by Income	Number	Percent	Number	Percent
<$15,000	5,556	8.4%	4,993	7.5%
$15,000 - $24,999	6,604	10.0%	4,897	7.3%
$25,000 - $34,999	7,642	11.5%	6,320	9.4%
$35,000 - $49,999	8,924	13.5%	8,059	12.0%
$50,000 - $74,999	12,269	18.5%	11,511	17.2%
$75,000 - $99,999	9,441	14.2%	11,271	16.8%
$100,000 - $149,999	10,082	15.2%	12,264	18.3%
$150,000 - $199,999	3,386	5.1%	4,711	7.0%
$200,000+	2,372	3.6%	2,875	4.3%
Median Household Income	$56,834		$68,340	
Average Household Income	$74,353		$85,885	
Per Capita Income	$31,538		$36,419	

	Census 2010		2015		2020	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,836	5.6%	8,213	5.2%	8,161	5.1%
5 - 9	9,171	5.9%	8,876	5.6%	8,311	5.2%
10 - 14	9,398	6.0%	9,199	5.9%	9,178	5.8%
15 - 19	8,892	5.7%	8,907	5.7%	8,830	5.6%
20 - 24	8,760	5.6%	8,711	5.5%	8,214	5.2%
25 - 34	20,190	12.9%	20,351	12.9%	19,425	12.2%
35 - 44	19,636	12.5%	18,768	11.9%	20,415	12.9%
45 - 54	24,722	15.8%	21,681	13.8%	19,302	12.2%
55 - 64	20,567	13.1%	23,270	14.8%	23,085	14.6%
65 - 74	12,305	7.9%	14,959	9.5%	18,413	11.6%
75 - 84	9,779	6.2%	9,273	5.9%	9,917	6.3%
85+	4,290	2.7%	4,983	3.2%	5,343	3.4%
	Census 2010		**2015**		**2020**	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	138,305	88.3%	136,187	86.6%	134,528	84.8%
Black Alone	4,496	2.9%	4,863	3.1%	5,231	3.3%
American Indian Alone	948	0.6%	1,019	0.6%	1,089	0.7%
Asian Alone	6,205	4.0%	7,235	4.6%	8,413	5.3%
Pacific Islander Alone	63	0.0%	63	0.0%	63	0.0%
Some Other Race Alone	3,198	2.0%	3,895	2.5%	4,689	3.0%
Two or More Races	3,333	2.1%	3,931	2.5%	4,583	2.9%
Hispanic Origin (Any Race)	12,378	7.9%	14,983	9.5%	18,245	11.5%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

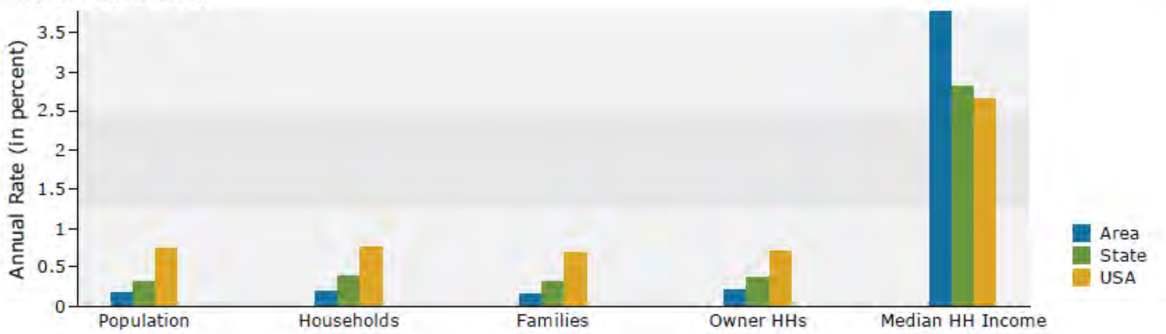
February 11, 2016

Demographic and Income Profile

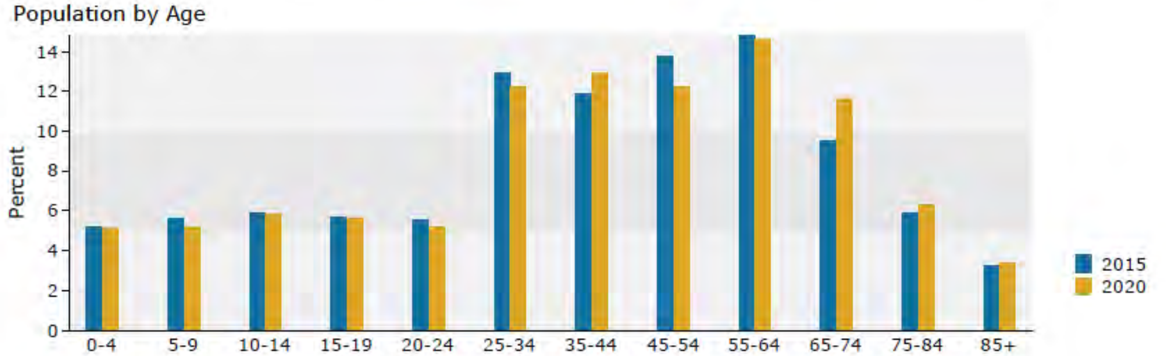
7900 Crystal Ridge Road Franklin WI 53132
Ring: 5 mile radius

Latitude: 42.91679
Longitude: -88.01442

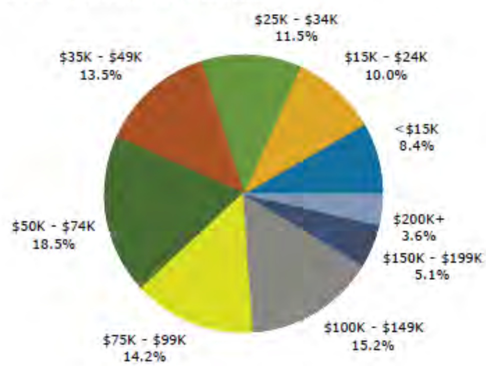
Trends 2015-2020



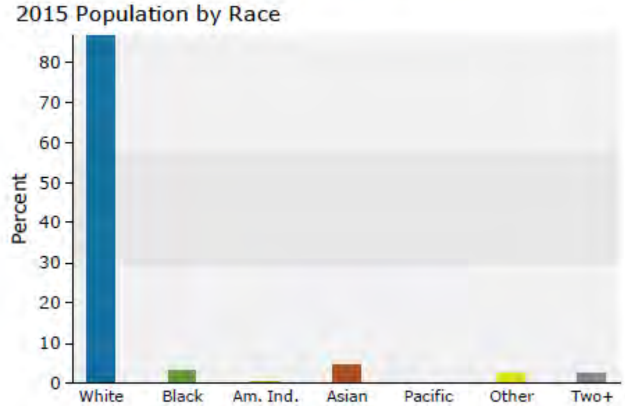
Population by Age



2015 Household Income



2015 Population by Race



2015 Percent Hispanic Origin: 9.5%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

February 11, 2016

OVERVIEW OF EXISTING RENTALS

In this next section, we will present data sheets for several of the more prominent developments within the market area. It should be noted that the properties included within this section is not an all-encompassing list as there is an abundance of smaller developments (i.e. two- to eight-unit developments, for example) located throughout the area. Obtaining rental information regarding these properties is often difficult to obtain given that these properties do not advertise to the same extent as larger properties (and contact information is therefore difficult to obtain). Furthermore, some property managers were unwilling to disclose information to us or did not return our phone calls.

The general market area lacks newer multifamily development. As such, we were unable to be overly selective with our selection of comparable rentals. The City of Franklin (and surrounding market area) does offer some existing, older multifamily developments; however, the proposed subject would have a distinct competitive advantage over these older (built in the 1970s / 1980's, or earlier) properties. Although these older properties will appeal to a different set of renters than what new construction (such as any development that would occur on the subject site) would appeal to, analyzing these older properties helps to set a floor for rental rates that the subject would be able to obtain (i.e. new developments will most certainly be able to achieve rental rates above what these older properties are achieving); however, they offer little benefit when attempting to establish the maximum achievable rents.

In order to find a sufficient data set of newer multifamily product, we had to expand our geographical parameters to include most of central and southern Milwaukee County and eastern Waukesha County. From a locational standpoint, the subject would compete with other suburban communities in southeastern Wisconsin and does not directly compete with properties located in downtown Milwaukee. Therefore, we have not included any of the newer downtown multi-family developments. Based on our discussions with local market professionals (these discussions are discussed in greater detail later within this report), the lack of new multifamily product in the subject's immediate area also tends to support the notion that there is a need for new multifamily product within the market.

Given the lack of existing and proposed multi-family developments within the subject's PMA we have analyzed recently completed and planned developments from the surrounding area. Nearby communities such as Brookfield and Wauwatosa have realized a significant amount of new multi-family development within recent years and it appears this trend will continue into the near future as more developments continue to come online. Additionally, the City of Oak Creek, which much like the City of Franklin had not realized much in terms of new multi-family development in recent years, will be adding two high-end market rate developments to the larger Drexel Town Square development.

From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development. The table on the following page summarizes and ranks the nearby communities in terms of population, income, and the amount of renter occupied households. It should be noted that this table does not include every municipality from the greater Milwaukee area, rather those that are located within close proximity to the subject and/or have realized a significant amount of multi-family development in recent years.

AREA MUNICIPAL DEMOGRAPHIC RANKINGS					
Municipality	**Population**	**Municipality**	**Med. HH Income**	**Municipality**	**% of Renters**
Wauwatosa	47,102	Brookfield	$91,485	Greenfield	42.1%
New Berlin	39,842	New Berlin	$74,203	Oak Creek	39.4%
Brookfield	37,982	Menomonee Falls	$73,936	Wauwatosa	35.7%
Greenfield	37,157	**Franklin**	**$73,122**	Greendale	34.5%
Franklin	**36,278**	Wauwatosa	$69,467	Menomonee Falls	24.8%
Menomonee Falls	35,974	Oak Creek	$64,570	New Berlin	24.0%
Oak Creek	35,053	Greendale	$63,480	**Franklin**	**22.4%**
Greendale	14,332	Greenfield	$50,311	Brookfield	11.6%

Note: Information is based on 2014 estimates provided by quickfacts.census.gov and varies slightly from the ESRI information presented earlier.

As shown above, in terms of population and income the City of Franklin is very comparable to the other area municipalities. The City of Franklin has a greater population than Menomonee Falls and Oak Creek and higher income levels than Wauwatosa and Oak Creek, each of which are realizing some of the highest volume of multi-family development outside of downtown Milwaukee. The City of Franklin's percent of renters is second lowest to only Brookfield, however, Brookfield has realized a significant amount of multi-family development in recent years and there are a number of projects in the pipeline. Additionally, the low percent of renters could be attributed to the lack of new product within Franklin.

Based on the foregoing, we have obtained detailed rental information for what we feel are the eight most comparable existing apartment developments within the general market area. As noted earlier, we were unable to be overly selective given that the immediate market area lacks newer multifamily product. It is recognized that some of the competitive rentals included herein are inferior from a quality / amenities standpoint but very comparable from a location standpoint, while others are very comparable from a quality / amenities standpoint but superior from a location standpoint. **Rent Comp Data Sheets** for these properties are included on the following pages. Within the data sheets we have included each property's Walk Score, which is a metric that is becoming more and more popular when analyzing a specific property's proximity to employment, dining, entertainment, shopping, etc. The subject's Walk Score is 10, which suggests that almost all errands require a vehicle. Properties with high Walk Scores will often rent for a premium over those with low Walk Scores, assuming each property is located within an equally desirable community, which is a key point to make note of considering that properties located within high crime areas are capable of having high Walk Scores.

RENT COMP DATA SHEET

Name:	Norhardt Crossing	**Year Built:**	2002
Address:	1930 Norhardt Drive - Brookfield	**Total # of Units:**	139
Contact:	262-649-4586	**Walk Score:**	51

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	40	29%	**Tenant:**	X	X	X
2 BR/2 BA	99	71%	**Landlord:**			
			Trash removal included.			

Current Occupancy:	**96%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR/1 BA	**837**	**$1,175 - $1,290**	**$1.40 - $1.54**
1 BR/1 BA	**977**	**$1,200 - $1,300**	**$1.23 - $1.33**
1 BR/1 BA	**1,022**	**$1,325 - $1,335**	**$1.30 - $1.31**
2 BR/2 BA	**1,119**	**$1,380 - $1,455**	**$1.23 - $1.30**
2 BR/2 BA Den	**1,319 – 1,383**	**$1,625 - $1,692**	**$1.22 - $1.23**
2 BR/2.5 BA Townhome	**1,340**	**$1,903 - $1,978**	**$1.42 - $1.48**
2 BR/2.5 BA Townhome	**1,545**	**$2,065 - $2,125**	**$1.34 - $1.38**

Amenities:				Community Features:			
X	W/D Hookups	X	W/D in Units	X	Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors		Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg. $50	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	/	Private Entrances	X	Internet

Additional Comments:

UG available for $50 per month, covered parking available for $25/mo., storage units available, on-site management, on-site maintenance. Within walking distance to Pick N' Save and other retailers. Some units are multi-level townhomes. Some units have stainless-steel appliances and quality flooring. Laminate countertops.

Concessions Offered: One free month's rent if move in within next two weeks in any vacant unit OR one month free on 2 BR unit measuring 1,319 SF if sign a minimum 12 month lease.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	Georgetown Square	**Year Built:**	2009-2013
Address:	16505 West Wisconsin Avenue - Brookfield	**Total # of Units:**	200
Contact:	262-641-1611	**Walk Score:**	43

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	46	35%	**Tenant:**	X	X	X
2 BR/2 BA	86	65%	**Landlord:**			
			Trash removal included.			

Current Occupancy:	**97%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR/1 BA	**772 – 856**	**$1,120 - $1,210**	**$1.41 - $1.45**
1 BR/1 BA	**910 – 1,037**	**$1,420 - $1,450**	**$1.40 - $1.56**
2 BR/2 BA	**1,105**	**$1,405 - $1,460**	**$1.27 - $1.32**
2 BR/2 BA	**1,243 – 1,259**	**$1,525**	**$1.21 - $1.23**
2 BR/2.5 BA Townhome	**1,402 – 1,800**	**$1,765 - $2,240**	**$1.24 - $1.26**

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking	X	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg.	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Entrances	X	Internet

Additional Comments:

Units have nine-foot ceilings, ceramic tile foyers, gas fireplaces, cherry stained maple kitchen cabinets, laminate kitchen countertops, Kohler plumbing fixtures. The townhome units feature an attached 2-car garage while the Georgian units include underground parking, a storage locker, elevator service, and intercom. The clubhouse features a clubroom with available catering, heated swimming pool and sundeck, fitness club, business center with free Wi-Fi and office equipment, concierge service desk.

Concessions Offered: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	The Club-Pinnacle and Lofts	**Year Built:**	2002
Address:	1200 Club Circle – Brookfield	**Total # of Units:**	176
Contact:	262-649-5159	**Walk Score:**	37

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR	57	32%	**Tenant:**	X	X	X
2 BR	119	68%	**Landlord:**			
			Trash removal included.			

Current Occupancy:	**100%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR/1 BA	**1,190**	**$1,400***	**$1.18**
1 BR/1 BA	**1,305 – 1,530**	**$1,303 - $1,535**	**$1.00**
1 BR/2 BA	**1,075**	**$1,392 - $1,827**	**$1.29 - $1.70**
2 BR/1 BA	**1,032**	**$1,421 - $1,891**	**$1.38 - $1.83**
2 BR/1 BA	**1,041 – 1,458**	**$1,445 - $1,915**	**$1.31 - $1.39**
2 BR/2 BA	**1,185 – 1,328**	**$1,490 - $1,528**	**$1.15 - $1.26**
2 BR/2 BA	**1,535 – 1,670**	**$1,489 - $1,833**	**$.97 - $1.10**
2 BR/3 BA	**1,985**	**$1,995**	**$1.00**

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking	X	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg.	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Entrances	X	Internet

Additional Comments:

Residents get golf privileges at the nearby Brookfield Hills golf course, heated underground parking included, there is a community atrium with sitting room and library, cherry cabinets, marble vanity tops, Kohler fixtures, a clubhouse with available catering, fitness center, free Wi-Fi, conference room, fax/copy machine, billiards room, swimming pool with sundeck, concierge service desk. Units have basic finishes.

Concessions Offered: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	Sutter Creek	**Year Built:**	2015
Address:	20315 Sutter Creek Drive - Brookfield	**Total # of Units:**	116
Contact:	844-652-6962	**Walk Score:**	7

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	49	42%	**Tenant:**	X	X	X
2 BR/2 BA	67	58%	**Landlord:**			
			Trash removal included.			

Current Occupancy:	**81% - Initial Lease-Up**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR/1 BA	**835 – 930**	**$1,170 - $1,315**	**$1.40 - $1.41**
2 BR/2 BA	**1,115 – 1,210**	**$1,520 - $1,820**	**$1.36 - $1.50**
2 BR/2 BA	**1,325**	**$1,885**	**$1.42**

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking	X	Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace - some		Spa/Hot Tub	X	Swimming Pool
X	Private Patio/Balcony		Hardwood Floors		Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg.	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Entrances	X	Internet

Additional Comments:

The development features a business center, clubhouse, fitness center, high speed internet, on-site management/maintenance, a pool with sundeck, and rooftop terrace. The units feature wood floors, solid surface countertops, and mostly stainless steel appliances.

Concessions Offered: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	1600 Tosa – Phase I	**Year Built:**	2013
Address:	1600 Rivers Bend Lane – Wauwatosa	**Total # of Units:**	102
Contact:	414-443-1600	**Walk Score:**	18

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	38	45%	**Tenant:**	X	Hot	X
2 BR/1-2 BA	64	55%	**Landlord:**		Cold	
			Heat/Type: Gas Forced Air			
			Cook/Type: Electric			

Current Occupancy:	**99%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR / 1 BA	**705**	**$995**	**$1.41**
1 BR / 1 BA	**850**	**$1,075 - $1,195**	**$1.26 - $1.41**
1 BR / 1 BA	**915 - 945**	**$1,150 – $1,325**	**$1.26 - $1.40**
2 BR / 1 BA	**1,003**	**$1,275 - $1,325**	**$1.27 - $1.32**
2 BR / 2 BA	**1,100**	**$1,315 - $1,395**	**$1.20 - $1.27**
2 BR / 2 BA	**1,195 – 1,220**	**$1,375 - $1,475**	**$1.15 - $1.21**

Amenities:				**Community Features:**			
	W/D Hookups	X	W/D in Units		Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access		Fireplace		Spa/Hot Tub		Swim Pool
X	Private Patio/Balcony	X	Hardwood Floors - Faux	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg $60	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Ent.- Some	X	Internet

Additional Comments:

Surface parking is included, underground parking is available for $60 per month. The property features a community building that offers a great room with fireplace, WIFI internet access, large screen high definition televisions, a community kitchen / bar, a media center, an aerobics area, a fitness center, an outdoor landscaped courtyard with barbecue area, and a business center. Units have quartz countertops, stainless-steel appliances, and a combination of wood, ceramic tile, and carpet flooring. This property opened for occupancy on January 1, 2013 and was stabilized by July 2013.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	1600 Tosa – Phase II	**Year Built:**	2015
Address:	1600 Rivers Bend Lane – Wauwatosa	**Total # of Units:**	102
Contact:	414-443-1600	**Walk Score:**	18

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	46	45%	**Tenant:**	X	Hot	X
2 BR/2 BA	56	55%	**Landlord:**		Cold	
			Heat/Type: Gas Forced Air			
			Cook/Type: Electric			

Current Occupancy:	**97%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR / 1 BA	**705**	**$1,045**	**$1.48**
1 BR / 1 BA	**844**	**$1,200 - $1,225**	**$1.42 - $1.45**
1 BR / 1 BA	**914 - 946**	**$1,275 - $1,430**	**$1.39 - $1.56**
1 BR / 1 BA	**1,003**	**$1,375 - $1,400**	**$1.37 - $1.40**
2 BR / 2 BA	**1,102**	**$1,430 - $1,505**	**$1.30 - $1.37**
2 BR / 2 BA	**1,194**	**$1,500**	**$1.26**
2 BR / 2 BA	**1,221**	**$1,500 - $1,525**	**$1.23 - $1.25**

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units		Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access		Fireplace		Spa/Hot Tub		Swim Pool
X	Private Patio/Balcony	X	Hardwood Floors - Faux	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg $60	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Ent.- Some	X	Internet

Additional Comments:

Surface parking is included, underground parking is available for $60 per month. The property features a community building that offers a great room with fireplace, WIFI internet access, large screen high definition televisions, a community kitchen / bar, a media center, an aerobics area, a fitness center, an outdoor landscaped courtyard with barbecue area, and a business center. The first building opened for occupancy on March 1, 2015 while the second building opened for occupancy on May 1, 2015 (51 units each building). The property was stabilized within approximately one month of the second building opening up. Units have quartz countertops, stainless-steel appliances, and a combination of wood, ceramic tile, and carpet flooring. Phase I opened for occupancy on January 1, 2013 and was stabilized by July 2013.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	The Reserve at Wauwatosa Village	**Year Built:**	2000/2001
Address:	6100 West State Street – Wauwatosa	**Total # of Units:**	231
Contact:	414-475-7700 (Jessica)	**Walk Score:**	52

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	80	35%	**Tenant:**	X	X	X
2 BR/1BA	40	17%	**Landlord:**			
2 BR/2 BA	80	35%				
3 BR/2 BA	31	13%				

Current Occupancy:	**96%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR/1 BA	**803**	**$1,300 - $1,370**	**$1.62 - $1.71**
2 BR/1 BA	**1,037**	**$1,520 - $1,570**	**$1.47 - $1.51**
2 BR/2 BA	**1,293**	**$1,315 - $1,785**	**$1.02 - $1.38**
3 BR/2 BA	**1,518**	**$2,015 - $2,115**	**$1.33 - $1.39**

Amenities:				**Community Features:**			
	W/D Hookups	X	W/D in Units		Covered Parking	X	Attached Garage
	A/C—Central	X	Dishwasher	X	Gated Entrance	X	Detached Garage
X	A/C—Sleeve/Wall		Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access	X	Fireplace – some	X	Spa/Hot Tub	X	Swim Pool (O/D)
X	Private Patio/Balcony	X	Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds		Underground Pkg $	X	Pets Allowed	X	Business Office
X	Crown Moldings		Elevator		Private Entrances	X	Internet

Additional Comments:

Development includes 3 story garden style apartment buildings with a mini theater and attached and detached garages. Attached single garages are $135.00 per month, attached 2 car garages are $175.00 per month, and detached 1 car garages are $125.00 per month. Additional storage is available for $25.00-$50.00 per month.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

RENT COMP DATA SHEET

Name:	The Enclave	**Year Built:**	2012
Address:	1200 North 62nd Street – Wauwatosa	**Total # of Units:**	192
Contact:	414-973-8315	**Walk Score:**	68

Unit Mix	# Units	% of Total	Utilities Paid By:	Heat	Water	Elect
1 BR/1 BA	118	62%	**Tenant:**	X	X	X
2 BR/2 BA	58	30%	**Landlord:**			
3 BR/2 BA	16	8%				

Current Occupancy:	**98%**

Unit Type	Unit Size/S.F.	Monthly Rent	$ Sq. Ft. Rent
1 BR/1 BA	**644 - 658**	**$990 - $1,075**	**$1.54 - $1.63**
1 BR/1 BA	**702 - 767**	**$1,095 - $1,455**	**$1.56 - $1.90**
1 BR/1 BA	**874 - 929**	**$1,400 - $1,505**	**$1.60 - $1.62**
2 BR/2 BA	**1,000**	**$1,565 - $1,610**	**$1.57 - $1.61**
2 BR/2 BA	**1,138 – 1,155**	**$1,645 - $1,715**	**$1.45 - $1.48**
2 BR/2 BA	**1,233 – 1,280**	**$1,890 - $2,015**	**$1.53 - $1.57**
3 BR/2 BA	**1,349 – 1,359**	**$2,115 - $2,190**	**$1.57 - $1.61**
3 BR/2 BA	**1,445 – 1,513**	**$2,215 - $2,310**	**$1.53**

Amenities:				Community Features:			
	W/D Hookups	X	W/D in Units	X	Covered Parking		Attached Garage
X	A/C—Central	X	Dishwasher		Gated Entrance		Detached Garage
	A/C—Sleeve/Wall	X	Wheelchair Access.	X	Public Trans.		Laundry Facilities
X	Microwave	X	Garbage Disposal	X	Fitness Center	X	Cable TV/Sat. TV
X	Controlled Access		Fireplace	X	Spa/Hot Tub	X	Swim Pool
X	Private Patio/Balcony	X	Hardwood Floors	X	Concierge	X	Clubhouse
X	Window Blinds	X	Underground Pkg $70/$95	X	Pets Allowed	X	Business Office
	Crown Moldings	X	Elevator	X	Private Ent.- Some	X	Internet

Additional Comments:

Units have stainless steel appliances, hardwood floors, and granite countertops. The property has a sundeck, pool, clubhouse, resident lounge, courtyard, business center, fitness center, concierge, on-site management/maintenance. Surface parking is included, underground parking is available for rent. Underground parking is available for $70 per month per space for the first car and $95 per month per space for each additional car (per unit). Surface parking is available for $35 per month.

Concessions: None offered at this time.

Source: Compiled by Moegenburg Research

Summary of Rentals

The following discussion will summarize and address several key points, including the following:

- Unit mixes;
- Unit sizes;
- Amenities offered;
- Overall monthly rental rates by unit type;
- Per-square-foot monthly rental rates by unit type;
- Occupancy rates.

Within our summary of rentals we have included information on under construction or pending developments from Oak Creek, Brookfield, and Wauwatosa. Additional details on these developments will be summarized later in the report. It should be noted that a majority of these developments, both existing and proposed, are located outside of the subject's PMA and may not directly compete with the proposed subject development. However, these developments are more representative of the current multi-family development cycle in terms of finishes, amenities, and price points in suburban Milwaukee.

Unit Mixes

The unit mixes for each of the existing competitive developments and the proposed / under construction developments (those which we were able to obtain information for) are summarized within the table below.

Unit Mix Summary

Property	# Studio Units	% of Total	# 1 BR Units	% of Total	# 2 BR Units	% of Total	# 3 BR Units	% of Total	Total # Units
Norhardt Crossing	0	0.0%	40	28.8%	99	71.2%	0	0.0%	139
Georgetown Square	0	0.0%	46	34.8%	86	65.2%	0	0.0%	132
The Club-Pinnacle and Lofts	0	0.0%	57	32.4%	119	67.6%	0	0.0%	176
Sutter Creek Phase I	0	0.0%	49	42.2%	67	57.8%	0	0.0%	116
1600 Tosa - Phase I	0	0.0%	38	37.3%	64	62.7%	0	0.0%	102
1600 Tosa - Phase II	0	0.0%	46	45.1%	56	54.9%	0	0.0%	102
The Reserve at Wauwatosa	0	0.0%	80	34.6%	120	51.9%	31	13.4%	231
The Enclave	0	0.0%	118	61.5%	58	30.2%	16	8.3%	192
Total	**0**	**0.0%**	**474**	**39.8%**	**669**	**56.2%**	**47**	**3.9%**	**1,190**
min	**0**	**0.0%**	**38**	**28.8%**	**56**	**30.2%**	**0**	**0.0%**	**102**
max	**0**	**0.0%**	**118**	**61.5%**	**120**	**71.2%**	**31**	**13.4%**	**231**
average	**0**	**0.0%**	**59**	**39.6%**	**84**	**57.7%**	**6**	**2.7%**	**149**

Proposed Developments									
Property	**# Studio Units**	**% of Total**	**# 1 BR Units**	**% of Total**	**# 2 BR Units**	**% of Total**	**# 3 BR Units**	**% of Total**	**Total # Units**
Emerald Row - Phase I	0	0.0%	110	65.9%	31	18.6%	26	15.6%	167
WIRED @ DTS	0	0.0%	14	22.6%	35	56.5%	13	21.0%	62
Sutter Creek - Phase II	1	1.8%	30	54.5%	24	43.6%	0	0.0%	55
PrairieWalk	0	0.0%	17	30.4%	39	69.6%	0	0.0%	56
The Corners - Brookfield	20	8.5%	106	45.1%	109	46.4%	0	0.0%	235
Lilly Preserve	0	0.0%	25	32.9%	51	67.1%	0	0.0%	76
Reserve at Brookfield	0	0.0%	117	60.3%	77	39.7%	0	0.0%	194
Reserve at Mayfair	0	0.0%	146	61.9%	90	38.1%	0	0.0%	236
State Street Station	15	10.1%	93	62.8%	37	25.0%	3	2.0%	148
The Reef	11	6.1%	127	70.6%	34	18.9%	8	4.4%	180
Echelon at Innovation Campus	36	16.1%	100	44.6%	88	39.3%	0	0.0%	224
Total	**83**	**5.1%**	**885**	**54.2%**	**615**	**37.7%**	**50**	**3.1%**	**1,633**
min	**0**	**0.0%**	**14**	**22.6%**	**24**	**18.6%**	**0**	**0.0%**	**55**
max	**36**	**16.1%**	**146**	**70.6%**	**109**	**69.6%**	**26**	**21.0%**	**236**
average	**8**	**3.9%**	**80**	**50.1%**	**56**	**42.1%**	**5**	**3.9%**	**148**

Regarding the existing developments, when considering the total number of units at each property, studio units were not present, 39.8 percent are one-bedroom units, 56.2 percent are two-bedroom units, and 3.9 percent are three-bedroom units. The bottom portion of the summary table shows the average unit mix percentages (i.e. a non-weighted average), which are shown to be 39.6 percent for one-bedroom units, 57.7 percent for two-bedroom units, and 2.7 percent for three-bedroom units. Six of the eight properties do not include three-bedroom units.

The four developments that were originally constructed after 2010 (Sutter Creek, The Enclave, 1600 Tosa Phase I, and 1600 Tosa Phase II) have an average unit mix that is approximately 49.0 percent one-bedroom units, 47.9 percent two-bedroom units, and 3.1 percent three-bedroom units. This suggests that developments are trending towards including a higher percentage of one-bedroom units than what has historically been brought to the market.

Regarding the proposed / under construction developments that we were able to obtain information for, when considering the total number of units at each property, 5.1 percent are studio units, 54.2 percent are one-bedroom units, 37.7 percent are two-bedroom units, and 3.1 percent are three-bedroom units. The bottom portion of the summary table shows the average unit mix percentages (i.e. a non-weighted average), which are shown to be 3.9 percent for studio units, 50.1 percent for one-bedroom units, 42.1 percent for two-bedroom units, and 3.9 percent for three-bedroom units. Only four of the developments are proposing three-bedroom units.

There is a definitive trend being observed in the sense that one-bedroom units are beginning to represent a higher percentage of the overall unit mix. Our discussions with local market professionals indicated that this is likely due to the fact that empty nesters and young professionals that do not yet have children are more prevalent within the renter market. Additionally, the increasing construction costs are forcing developers to try and maximize per-square-foot rental rates, and smaller units tend to rent for more on a per-square-foot basis.

All considered, we would recommend a unit mix consisting primarily of one-bedroom and two-bedroom units, with possibly a small percentage of three-bedroom units. It is our opinion that studio units would not be well-accepted by the market given the suburban location.

Unit Sizes

The unit sizes for the various apartment developments are summarized within the table below. *It should be noted that many of the properties offered numerous floor plans for which specific details were not provided. Instead, unit size ranges were commonly provided and the average unit sizes for each unit type were derived by taking the average of the minimum and maximum unit sizes – unless more detailed information was available. Overall average unit sizes were then derived by multiplying the total number of units for each unit type to the average unit sizes for each respective unit type, and then dividing the resulting figure by the total number of units.*

Unit Size Summary

	Studio Units (SF)			1 BR Units (SF)			2 BR Units (SF)			3 BR Units (SF)		
Property	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Norhardt Crossing	-	-	-	837	1,022	948	1,119	1,545	1,327	-	-	-
Georgetown Square	-	-	-	772	1,037	888	1,237	1,800	1,287	-	-	-
The Club-Pinnacle and Lofts	-	-	-	882	1,190	1,021	1,041	1,985	1,254	-	-	-
Sutter Creek	-	-	-	812	856	838	1,104	1,352	1,148	-	-	-
1600 Tosa - Phase I	-	-	-	705	945	888	1,003	1,220	1,145	-	-	-
1600 Tosa - Phase II	-	-	-	705	1,003	898	1,102	1,221	1,166	-	-	-
The Reserve at Wauwatosa	-	-	-	803	803	803	1,037	1,293	1,251	1,516	1,516	1,516
The Enclave	-	-	-	644	929	766	1,000	1,280	1,119	1,349	1,513	1,419
Total	**-**	**-**	**-**	**644**	**1,190**	**881**	**1,000**	**1,985**	**1,212**	**1,349**	**1,516**	**1,468**

Regarding the existing developments, studio units were not present, one-bedroom units range from 644 to 1,190 square feet, with an average of 881 square feet; two-bedroom units range from 1,000 to 1,985 square feet, with an average of 1,212 square feet; and three-bedroom units range from 1,349 to 1,516 square feet, with an average of 1,468 square feet. There is a definitive trend observed in the sense that average unit sizes are getting smaller in the newer developments.

Proposed Developments

	Studio Units (SF)			1 BR Units (SF)			2 BR Units (SF)			3 BR Units (SF)		
Property	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Emerald Row - Phase I	-	-	-	706	817	758	1,122	1,651	1,283	1,412	1,651	1,533
WIRED @ DTS	-	-	-	-	-	700	-	-	1,178	-	-	1,614
Sutter Creek - Phase II	612	612	612	843	972	895	1,166	1,325	1,186	-	-	-
PrairieWalk	-	-	-	830	830	830	1,085	1,377	1,220	-	-	-
The Corners - Brookfield	644	647	646	749	755	752	921	1,394	1,158	-	-	-
Lilly Preserve	-	-	-	700	1,000	808	1,070	1,965	1,309	-	-	-
Reserve at Brookfield	-	-	-	621	963	740	1,120	1,170	1,145	-	-	-
Reserve at Mayfair	-	-	-	621	760	719	1,100	1,189	1,114	-	-	-
State Street Station	569	569	569	661	1,046	735	978	1,376	1,088	1,452	1,452	1,452
The Reef	517	517	517	711	882	778	1,133	1,156	1,148	1,374	1,374	1,374
Echelon at Innovation Campus	562	562	562	619	813	716	860	1,179	1,020	-	-	-
Total	**517**	**647**	**581**	**619**	**1,046**	**766**	**860**	**1,965**	**1,168**	**1,374**	**1,651**	**1,493**

Regarding the proposed / under construction developments, studio units range from 517 to 647 square feet, with an average of 581 square feet; one-bedroom units range from 619 to 1,046 square feet, with an average of 766 square feet; two-bedroom units range from 860 to 1,965 square feet, with an average of 1,168 square feet; and three-bedroom units range from 1,374 to 1,651 square feet, with an average of 1,493 square feet. Continuing with the trend observed in the existing developments, unit sizes are definitely getting smaller. The proposed developments show average one-bedroom unit sizes as being 15.0 percent smaller than the existing product, while two-bedroom units are 3.7 percent smaller and three-bedroom units are slightly larger average. Additionally, a few developments are including studio units, which are not present within the existing supply.

It is recognized that for all unit types, there may be units that fall outside of these ranges due to a select few of the units including dens, lofts, or the units needing to be altered for architectural reasons (i.e. instead of having unused / wasted space, a den could be added to the adjacent unit, or a small one-bedroom unit / studio unit could be added to the unused / otherwise wasted space). These atypical units should be kept at a minimum wherever possible. Another point to keep in mind is that incorporating two-bedroom plus den units may be appealing to those tenants seeking a two-bedroom unit or a three-bedroom unit (the den is often times utilized as a third bedroom). Incorporating more two-bedroom plus den units as opposed to including three-bedroom units may be advantageous.

Property Attributes

This section will discuss the amenities, both individual unit and common area amenities, that are typically included within apartment developments in suburban Milwaukee.

Many of the older developments feature minimal common area amenities, and are essentially limited to common laundry facilities. Beginning in the late 1960's, many developments began incorporating underground parking; however, other common area amenities remained limited. The newer developments include some form of covered parking, whether it is underground or garage parking. Additional charges for covered parking vary from property to property. It is typically common for newer developments in urban locations to charge extra for underground parking, however, it is less consistent for suburban developments. Of the eight existing surveyed developments, four charged an additional $50 to $70 per month for underground parking; three included underground parking within the rent, and one offered garage parking at an additional charge. We would expect any development within Franklin containing over 100 units to incorporate covered parking, a fitness center, and a community room/building that offers a lounge, computer monitors, Wi-Fi, and HDTV's. Amenities such as swimming pools and hot tubs are not necessary and would not generate a substantial amount of additional rental income (likely not enough to offset the expenses associated with a swimming pool / hot tub). However, some of the under construction and proposed developments within Oak Creek plan to include an outdoor swimming pool within their set of common area amenities.

With regards to laundry, most new developments are including in-unit washers and dryers and we would expect any new development within Franklin to include this.

There are no prominent developments within Franklin to our knowledge that offer high-end unit finishes, such as granite/quartz countertops, stainless-steel appliances, wood flooring, etc. Given the lack of high-end developments within Franklin, it cannot be stated with certainty whether or not high-end finishes would command a premium. We have seen recent new developments within other suburban Milwaukee communities, such as Wauwatosa, Oak Creek, and some communities in Waukesha County, offer high-end finishes such as granite/quartz, stainless-steel, hardwood floors, etc. and premiums have certainly been realized. In our opinion, high-end finishes would be recommended in Franklin as incorporating *some* of these concepts, such as a granite breakfast bar, stainless-steel appliances, and / or quality vinyl plank (wood-look) flooring, could be a cost-effective way to be set apart from the competition.

For purposes of this analysis, we would assume that a new development (containing over 100 units) would include some form of covered parking (i.e. underground parking that could be rented for $50 per month per space), a fitness center, a community room/building, in-unit laundry, central air conditioning, nine-foot ceilings, a patio/balcony, and high-end unit finishes.

In summary, we believe the proposed high-end development is well-supported and will help fill a void that is currently being realized within the market (i.e. the lack of high-end rentals). High-end rentals have been introduced in several municipalities throughout the market area where they didn't previously exist and they have all been very well-accepted by the market.

Rental Rates

As discussed earlier, it should be noted that the utilities (i.e. landlord- versus tenant-paid utilities) are handled differently from property to property. The most common way that utilities are handled within newer developments is for the tenants to be responsible for heat and electricity with the landlord providing water, sewer, and trash removal. In order to provide an apples-to-apples comparison, within our summary tables included herein we have made adjustments in an attempt to have the rental rates for each property conform to this (tenants responsible for heat and electricity and landlords responsible for water, sewer, trash removal).

Properties wherein the landlord included heat in the rent were adjusted upward to account for the fact that tenants would be willing to pay a higher rental rate if they did not need to pay for heat ($30 per month for studio/one-bedroom units, $45 per month for two-bedroom units, and $60 per month for three-bedroom units). Properties wherein the tenants were responsible for water / sewer service were adjusted downward to account for the fact that tenants would be willing to pay a lower rental rate if they are responsible for water / sewer service ($25 per month for studio/one-bedroom units, $35 per month for two-bedroom units, and $45 per month for three-bedroom units). *Please note that the rental rates shown within the rent comp data sheets represent the actual, unadjusted rental rates.*

The tables below and on the following page summarize total/overall monthly rental rates by unit type. The per-square-foot rental rates will be discussed later.

Total Monthly Rental Rate Summary												
	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**
Norhardt Crossing	-	-	-	$1,175	$1,335	$1,271	$1,380	$2,125	$1,778	-	-	-
Georgetown Square	-	-	-	$1,120	$1,450	$1,285	$1,405	$2,240	$1,823	-	-	-
The Club-Pinnacle and Lofts	-	-	-	$1,303	$1,827	$1,565	$1,421	$1,995	$1,708	-	-	-
Sutter Creek	-	-	-	$1,170	$1,315	$1,243	$1,520	$1,885	$1,703	-	-	-
1600 Tosa - Phase I	-	-	-	$995	$1,325	$1,183	$1,275	$1,475	$1,382	-	-	-
1600 Tosa - Phase II	-	-	-	$1,045	$1,400	$1,290	$1,430	$1,525	$1,476	-	-	-
The Reserve at Wauwatosa	-	-	-	$1,300	$1,370	$1,335	$1,315	$1,785	$1,550	$2,015	$2,115	$2,065
The Enclave	-	-	-	$990	$1,505	$1,248	$1,565	$2,015	$1,790	$2,115	$2,310	$2,208
Total	**-**	**-**	**-**	**$990**	**$1,827**	**$1,302**	**$1,275**	**$2,240**	**$1,651**	**$2,015**	**$2,310**	**$2,136**

**Avg.represents the average of the minimum and maximum rents unless true average is known.*

Proposed Developments												
	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**	**Min**	**Max**	**Avg**
Emerald Row - Phase I	-	-	-	$1,100	$1,195	$1,173	$1,595	$1,895	$1,739	$1,995	$2,595	$2,164
WIRED @ DTS	-	-	-	-	-	$1,029	-	-	$1,626	-	-	$2,373
Sutter Creek - Phase II	$950	$950	$950	$1,195	$1,425	$1,298	$1,575	$2,000	$1,718	-	-	-
PrairieWalk	-	-	-	$1,300	$1,350	$1,325	$1,575	$2,045	$1,615	-	-	-
The Corners - Brookfield	$1,250	$1,250	$1,250	$1,375	$1,550	$1,407	$1,721	$2,100	$1,807	-	-	-
Reserve at Brookfield	-	-	-	$1,295	$1,595	$1,459	$1,995	$2,095	$2,045	-	-	-
Reserve at Mayfair	-	-	-	$1,295	$1,425	$1,360	$1,995	$2,095	$2,045	-	-	-
State Street Station	$1,394	$1,394	$1,394	$1,454	$2,249	$1,588	$2,016	$2,198	$2,045	$2,904	$2,904	$2,904
The Reef	$1,020	$1,020	$1,020	$1,225	$1,380	$1,303	$1,695	$1,850	$1,773	$2,185	$2,185	$2,185
Echelon at Innovation Campus	$1,200	$1,200	$1,200	$1,300	$1,600	$1,450	$1,700	$2,000	$1,850	-	-	-
Total	**$950**	**$1,394**	**$1,163**	**$1,100**	**$2,249**	**$1,339**	**$1,575**	**$2,198**	**$1,826**	**$1,995**	**$2,904**	**$2,406**

**Avg.represents the average of the minimum and maximum rent unless true average is known.*

Regarding the existing developments, rents for one-bedroom units were shown to range from $990 per month to $1,827 per month, with an average of $1,302 per month, while rents for two-bedroom units were shown to range from $1,275 to $2,240 per month, with an average of $1,651 per month, and three-bedroom units were shown to range from $2,015 to $2,310 per month, with an average of $2,136 per month.

Regarding the proposed / under construction developments, rents for studio units were shown to range from $950 to $1,394 per month, with an average of $1,163 per month; rents for one-bedroom units were shown to range from $1,100 per month to $2,249 per month, with an average of $1,339 per month; rents for two-bedroom units were shown to range from $1,575 to $2,198 per month, with an average of $1,826 per month; and rents for three-bedroom units were shown to range from $1,995 to $2,904 per month, with an average of $2,406 per month.

The table above exhibits a definitive upward trend in rental rates when comparing the newer, high-end proposed or under construction developments to the existing high-end developments.

The following tables summarize the per-square-foot monthly rental rates for the competitive properties.

Per Square Foot Monthly Rental Rate Summary												
	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Norhardt Crossing	-	-	-	$1.23	$1.54	$1.39	$1.22	$1.48	$1.35	-	-	-
Georgetown Square	-	-	-	$1.40	$1.56	$1.48	$1.21	$1.32	$1.27	-	-	-
The Club-Pinnacle and Lofts	-	-	-	$1.00	$1.70	$1.35	$0.97	$1.83	$1.40	-	-	-
Sutter Creek	-	-	-	$1.40	$1.41	$1.41	$1.36	$1.50	$1.43	-	-	-
1600 Tosa - Phase I	-	-	-	$1.26	$1.41	$1.34	$1.15	$1.32	$1.24	-	-	-
1600 Tosa - Phase II	-	-	-	$1.37	$1.56	$1.47	$1.23	$1.40	$1.32	-	-	-
The Reserve at Wauwatosa	-	-	-	$1.62	$1.71	$1.67	$1.02	$1.51	$1.27	$1.33	$1.39	$1.36
The Enclave	-	-	-	$1.54	$1.90	$1.72	$1.45	$1.61	$1.53	$1.53	$1.61	$1.57
Total	**-**	**-**	**-**	**$1.00**	**$1.90**	**$1.48**	**$0.97**	**$1.83**	**$1.35**	**$1.33**	**$1.61**	**$1.47**

**Avg.represents the average of the minimum and maximum rent unless true average is known.*

Proposed Developments												
	Studio Units ($/Mo.)			1 BR Units ($/Mo.)			2 BR Units ($/Mo.)			3 BR Units ($/Mo.)		
Property	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Emerald Row - Phase I	-	-	-	$1.46	$1.69	$1.55	$1.15	$1.52	$1.36	$1.32	$1.63	$1.41
WIRED @ DTS	-	-	-	-	-	$1.47	-	-	$1.38	-	-	$1.47
Sutter Creek - Phase II	$1.55	$1.55	$1.55	$1.43	$1.46	$1.45	$1.40	$1.51	$1.45			
PrairieWalk	-	-	-	$1.57	$1.63	$1.60	$1.29	$1.55	$1.45	-	-	-
The Corners - Brookfield	$1.75	$1.75	$1.75	$1.66	$1.75	$1.73	$1.56	$1.58	$1.57	-	-	-
Lilly Preserve	-	-	-	-	-	$1.52	-	-	$1.52			
Reserve at Brookfield	-	-	-	$1.66	$2.09	$1.97	$1.78	$1.79	$1.79	-	-	-
Reserve at Mayfair	-	-	-	$1.88	$2.09	$1.99	$1.75	$1.81	$1.78	-	-	-
State Street Station	$2.45	$2.45	$2.45	$2.05	$2.20	$2.16	$1.75	$1.81	$1.78	$2.00	$2.00	$2.00
The Reef	$1.97	$1.97	$1.97	$1.56	$1.81	$1.69	$1.55	$1.60	$1.58	$1.59	$1.59	$1.59
Echelon at Innovation Campus	$2.14	$2.14	$2.14	$1.97	$2.10	$2.04	$1.70	$1.98	$1.84	-	-	-
Total	**$1.55**	**$2.45**	**$1.97**	**$1.43**	**$2.20**	**$1.74**	**$1.15**	**$1.98**	**$1.59**	**$1.32**	**$2.00**	**$1.62**

**Avg.represents the average of the minimum and maximum rent unless true average is known.*

Regarding the existing product, one-bedroom units rent for between $1.00 and $1.90 per square foot, with an average of $1.48 per square foot, while two-bedroom units rent for between $0.97 and $1.83 per square foot, with an average of $1.35 per square foot, and three-bedroom units rent for between $1.33 and $1.61 per square foot, with an average of $1.47 per square foot.

Regarding the proposed / under construction developments, studio units are proposed to rent for between $1.55 and $2.45 per square foot, with an average of $1.97 per square foot; one-bedroom units are proposed to rent for between $1.43 and $2.20 per square foot, with an average of $1.74 per square foot; two-bedroom units are proposed to rent for between $1.15 and $1.98 per square foot, with an average of $1.59 per square foot; and three-bedroom units are proposed to rent for between $1.32 and $2.00 per square foot, with an average of $1.62 per square foot.

On average smaller units will be able to achieve higher per-square-foot rental rates while larger units will achieve lower per-square-foot rental rates. However, some of the proposed developments are placing a premium on three-bedroom units, and are projecting per square foot rental rates that are actually higher than the smaller two-bedroom units.

The subject features a somewhat inferior location compared to some of the more walkable developments within Brookfield and Wauwatosa. However, it is likely the subject's Walk Score would improve if the surrounding area were to further be development with complimentary commercial uses such as retail, restaurants, and entertainment uses. With that being said, given the City of Franklin is untested to new high-end multi-family product, it is unlikely that any proposed development would achieve rental rates in the $1.80 to $2.00 per square foot, like some of the proposed Wauwatosa and Brookfield developments.

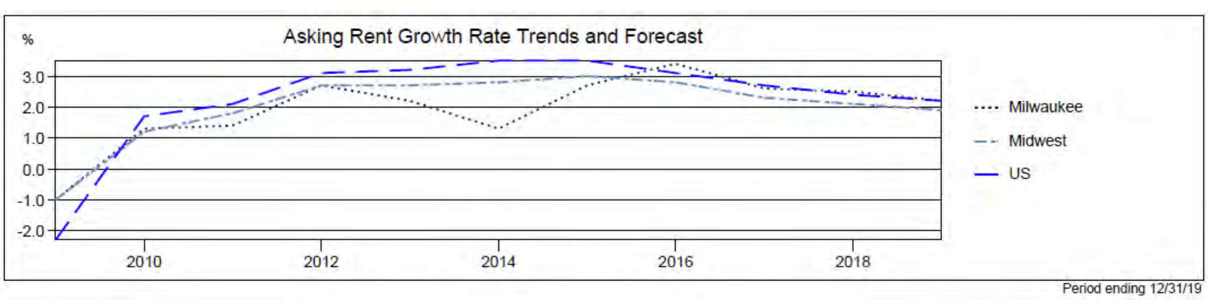
Given the proposed multi-family development at the subject property is currently in the preliminary stages and there are no set of plans that detail the unit mix, unit sizes, in-unit amenities/finishes, common area amenities, etc., a detailed projection of market rental rates is not applicable. However, given the demographics of the City of Franklin, which compare well with the area municipalities that have realized (and will continue to) multi-family development, we feel that attainable rental rates for a proposed high-end development would range from $1.40 to $1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.

Rent Growth Trends

Within the subject's competitive submarket, rents have certainly shown growth over the past few years and this growth is expected to continue. The following was taken from REIS report that projects through the Year 2019.

	Asking Rent Growth						
	Quarterly			Annualized			
	4Q14	3Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Milwaukee	0.4%	0.7%	0.3%	1.3%	2.1%	1.8%	2.7%
Midwest	0.4%	0.9%	0.7%	2.8%	2.7%	2.2%	2.4%
United States	0.6%	1.1%	0.9%	3.5%	3.2%	2.7%	2.8%
Period Ending:	12/31/14	09/30/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/19

Metro Rank Compared to:	Total Metros	Metro Ranks						
		4Q14	3Q14	YTD	1 Year	3 Year	5 Year	5 Yr Forecast
Midwest	13	8	8	13	13	11	12	3
United States	82	55	56	76	76	70	73	36



Over the past three years within metropolitan Milwaukee as a whole, rents have grown by an average rate of 2.1 percent per year. The average annual growth over the next five years is projected to be 2.7 percent per year, per the REIS report.

As touched upon earlier within this report, we have previously appraised several of the properties included within this report and we have access to historical rental rate information for many of the properties. We pulled our old reports and compared these historical rental rates to the current rental rates to determine an average annual change. Going back three years, the various properties we analyzed experienced an average annual rental rate increase of 2.01 percent per year (ranging from 1.15 to 3.10 percent per year).

In consideration of the foregoing, we would expect rents to increase by an average of 2.0 to 2.5 percent per year over the next three-to-five years. Our rental rate recommendations included earlier within this report were in *current* dollars, and given that it would likely be a minimum of two years before any new substantial developments are completed and stabilized, upward pressure should be placed on our rental rate recommendations.

Occupancy Rates

The following table depicts occupancy rates for the eight competitive rentals included herein.

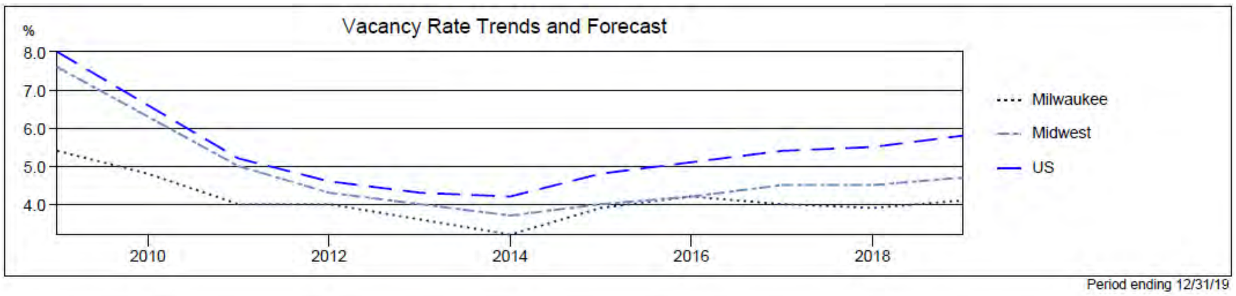
Existing Competitive Supply Summary			
Property	**Year Built**	**# of Units**	**Occupancy Rate**
Norhardt Crossing	2002	139	96%
Georgetown Square	2009	132	97%
The Club-Pinnacle and Lofts	2002	176	100%
Sutter Creek	2015	116	*81%*
1600 Tosa - Phase I	2013	102	99%
1600 Tosa - Phase II	2015	102	97%
The Reserve at Wauwatosa	2001	231	96%
The Enclave	2012	192	98%
Total / Weighted Avg.	**2009**	**1,190**	**98%**

**Initial Lease-Up Phase*

As shown, occupancy rates ranged from 96 percent to 100 percent, with a weighted average of 98 percent (rounded from 97.5 percent). Some of the property managers informed us that they have received several applications for many of their vacant units, as well. We specifically asked each property manager that was willing to talk to us about their general thoughts on the local apartment market. Most managers expressed that rental applications have been coming in at a much higher rate than in years past and there seems to be a greater demand for apartment units. Through our discussions with property managers, the general sentiment was that things were looking good and trending in a positive direction.

The information below was taken from the REIS referenced earlier. As shown, vacancy rates within the metropolitan Milwaukee apartment market are projected to average 4.0 percent over the next five years.

	Vacancy Rates						
	Quarterly			Annualized			
	4Q14	3Q14	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Milwaukee	3.2%	3.4%	3.3%	3.4%	3.7%	4.2%	4.0%
Midwest	3.7%	3.8%	3.8%	3.8%	4.2%	5.1%	4.4%
United States	4.2%	4.2%	4.2%	4.2%	4.6%	5.5%	5.3%
Period Ending:	12/31/14	09/30/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/19



Within the subject's competitive submarket, vacancy and collection loss deductions are commonly projected to be 4.0 to 5.0 percent of EGI. Based on our market research, this certainly seems like a reasonable projection and we have no reason to believe that new developments within the market area would struggle to achieve 95 percent occupancy.

PENDING SUPPLY

We will now present a discussion of some of the more prominent developments within the general market area that are either planned or under construction. Many of these properties are considered not to be competition to the subject as they are located outside of the market area, however, do feature suburban locations (for the most part) and will offer high-end finishes similar to the subject. Given that the subject's immediate area and surrounding areas lack new multifamily product, we expanded our geographical search parameters to include luxury developments planned / under construction within Oak Creek, Brookfield, and Wauwatosa.

Emerald Row Phase I – Oak Creek

Barrett Lo Visionary Development is currently constructing Phase I of the Emerald Row apartments within the larger Drexel Town Square development. Phase I will contain 167 units and 1,873 square feet of first floor retail located within a single four story building. The first phase is anticipated to be completed by Summer 2016. The luxury apartment development will include high-end unit amenities with common area amenities that will include a community room that offers a fitness center and stadium seating for movies and sports events as well as a swimming pool area that will consist of a pool, cabanas, and various landscape features. The development has a unit mix that features 110 one-bedroom units, 31 two-bedroom units, and 26 three-bedroom units with monthly rents ranging from $1,100 to $2,595. There are an additional two future phases planned for this development; however, it is unlikely work will begin until the first phase is complete and nearly stabilized.

WiRED Properties @ DTS – Oak Creek

WiRED Properties is also in the process of constructing a luxury apartment development at Drexel Town Square. The development includes two buildings with 62 luxury apartment units sitting above 33,000 square feet of retail. The first building is anticipated to open July 1, 2016 with the second building scheduled to open around August 2016. This development features a unit mix of 14 one-bedroom units (average of 700 square feet), 35 two-bedroom units (average of 1,178 square feet), and 13 three-bedroom units (average of 1,614 square feet). Per square foot rental rates a projected to range from $1.38 to $1.47 with an average of $1.42 per square foot, and include one underground parking stall. Units will feature high-end finishes and there will be no common area amenities. In-unit finishes and amenities include full luxury vinyl flooring throughout the living space, ceramic tile flooring within the bathrooms, kitchen islands, granite counter tops, and stainless steel appliances. The developer hopes to take advantage of the location within the Drexel Town Square and the neighboring commercial uses.

HSI – Oak Creek

HSI Properties, LLC is proposing a 288 unit luxury apartment development located near the northwest corner of South Pennsylvania Avenue and East Drexel Avenue, near the Life Creek Church. Common Council voted in early 2016 to change the City's comprehensive plan to allow apartments. The proposed development, which could begin construction as early as Summer 2016, will be split into two phases with the first apartments anticipated to be delivered by Late 2017. In total, the plans call for the construction of 21 two-story building with 288 townhouse style units on the 25 acre site. The proposed unit mix will include studios, one-bedroom units, and two-bedroom units with projected monthly rents ranging from $1,000 to $2,000. Common area amenities will include a clubhouse, outdoor swimming pool, and a walking path. The developer believes this project will complement the units that are under construction and proposed at the nearby Drexel Town Square.

84 South – Greenfield

Colbalt Partners, LLC is in the process of assembling land for a 50 acre site located in between I-894, South 84th Street, South 92nd Street, and West Layton Avenue. The mixed-use development, which is currently being marketed as "84 South," is planned to be developed with approximately 350 to 400 apartment units and 350,000 square feet of commercial space. Additional commercial uses include stores, restaurants, medical office, a fitness center, and hotel. The Steinhafels' building, which is currently located at 8400 West Layton Avenue, will be demolished and be relocated within the development as an anchor user. The proposed development is planned to be constructed in multiple phases between 2016 and 2020. Site work is already underway, with the former Chapman School and 10 homes being razed in early 2016 to ready the site for redevelopment. However, no plans have been submitted to the City for approval at this time.

Lilly Preserve – Brookfield

WiRED Properties is in the process of constructing the 76-unit Lilly Preserve. The first of the three-building development is anticipated to open by May 1, 2016, with the following two buildings staggered by about five weeks each. Lilly Preserve features a unit mix that contains one and two-bedroom units, however, there are one-bedroom with den and two-bedroom with den variations. The average projected rents are $1.52 per square foot, which includes one underground parking stall. The units will feature high-end finishes consistent with newer multi-family development within the Brookfield area. Common area amenities include a club room, fitness room, on-site leasing office, business office, and a central greenspace with grill and fire pit. Preleasing is just underway and there has been significant interest from potential tenants in this development. The developer believes this project will lease-up rapidly and there may be room to push the per square foot rental figures in the future.

PrairieWalk at Brookfield Towne Center - Brookfield

This is a 56-unit development that will be all market-rate units. The site is being developed by Mandel and is located within the Brookfield Towne Center at Capitol Drive and Brookfield Road in Brookfield. The first move-ins were available in early October 2015. The development will offer one- and two-bedroom units that will feature granite countertops, stainless-steel appliances, private patios/balconies, individual high efficiency furnaces, in-unit laundry, heated underground parking, and other quality finishes. Common area amenities will be limited. One-bedroom units (830 square feet) will rent from $1,300 per month, two-bedrooms (1,085 to 1,278 square feet) from $1,575 per month, and two-plus-dens (1,255 to 1,377 square feet) renting from $1,895 per month.

Sutter Creek Residences Phase II - Brookfield

This is Phase II of a development that will add 56 units to bring the total unit count at Sutter Creek to 171 units. The site is being developed by Ogden and is located at 1300 South Barker Road in Brookfield. Phase I, which was recently completed, includes one-bedroom units ranging from 588 to 930 square feet that rent for between $1,170 and $1,330 per month and two-bedroom units ranging from 1,125 to 1,350 square feet that rent for between $1,520 and $2,000 per month. The development features underground parking, fitness center, pool with sundeck, community room, resident lounge, Wi-Fi cafe, planned social events, barbeque area with grills, and business center. Units feature central air conditioning, patio/balcony, in-unit laundry, hardwood / tile floors, fireplaces (some), granite countertops, and stainless-steel appliances. Phase II is expected to contain the same unit finishes. Phase II is anticipated to be complete by Summer 2016.

The Corners – Brookfield

This is a 235 unit apartment development located within "The Corners" mixed-use development located near the intersection of West Bluemound Road and Barker Rad in Brookfield. Mandel will be developing the apartment component of The Corners. There will be 92 loft-style apartment units and 143 "typical" suburban apartment units. There will be 20 studio units (644-647 SF with monthly rents proposed at $1,250 per month), 106 one-bedroom units (749-755 SF with monthly rents proposed at $1,375 per month), and 109 two-bedroom units (921 to 1,394 square feet with monthly rents proposed at 1,500 to $2,100 per month). Finishes will be high-end in nature and consist of granite/solid surface countertops, stainless-steel appliances, nine-foot ceilings, in-unit laundry, and central air conditioning. The loft-style units will have higher ceilings, exposed ductwork, concrete floors, interior bedrooms, and other unique features. Construction is projected to begin in mid-April 2015 and be completed by November 2016. The Corners will be an open-air lifestyle luxury shopping, dining, entertainment, and living destination. The development will be anchored by Von Maur and will feature 400,000 square feet of retail and restaurant space in addition to the 235 apartment units.

The Reserve at Brookfield – Brookfield

The development site is a single parcel of land containing 4.5495 acres, or 198,178 square feet, located within the Bishop's Woods office park. Proposed development plans call for a single-phase development that will include 194 market-rate apartment units that will be located within a single, four-story building wrapped around a parking structure. The development will feature (117) one-bedroom units ranging in size from 621 to 963 square feet and (77) two-bedroom units ranging in size from 1,120 to 1,170 square feet. Individual unit finishes will be high-end in nature. Common area amenities will include a staffed leasing office, a fitness center, resident lounge, clubhouse, resort-style swimming pool, courtyard, outdoor entertainment cabana, landscaped entertainment / grilling zones, and various other recreational features. The units will be accessed via common hallways. There will be 353 structured parking spaces available to rent for $75 per month (26 surface parking spots will also be available) and storage units will be available to rent for $45 per month. The developer has projected that 97 of the units will receive an additional $50 per month view premium. The tenants will be responsible for all utilities (heat, water/sewer, trash removal, electricity). One-bedroom unit rents are projected to range from $1,295 to $1,595 ($1.66 to $2.09 per square foot) while two-bedroom unit rents are projected to range from $1,995 to $2,095 ($1.78 to $1.79 per square foot). Construction is anticipated to begin on September 1, 2015 and be completed by March 1, 2017.

The Reserve at Mayfair – Wauwatosa

This is a proposed 236 unit apartment development located near the southeast corner of West North Avenue and Highway 45 in Wauwatosa. This will replace a former Hall automotive dealership. Atlantic Realty Partners and Campbell Capital Group is developing this site. The development will feature (146) one-bedroom units ranging in size from 621 to 760 square feet and (90) two-bedroom units ranging in size from 1,100 to 1,189 square feet. Individual unit amenities will consist of a full stainless-steel appliance package (side-by-side refrigerator, dishwasher, microwave, range/oven, garbage disposal), quartz countertops in the kitchens and bathrooms, glass tile backsplashes, vinyl plank flooring, nine-foot ceilings, central air conditioning via individual split systems with rooftop condensers, a private patio/balcony, LED lighting, polished chrome hardware, and some technologically savvy features. Common area amenities will include a staffed leasing office, a fitness center, resident lounge, clubhouse, resort-style swimming pool, courtyard, outdoor entertainment cabana, landscaped entertainment / grilling zones, and various other recreational features. The units will be accessed via common hallways. There will be 327 structured parking spaces available to rent for $75 per month (16 surface parking spaces will also be available) and storage units will be available to rent for $45 per month. Construction is anticipated to begin on October 1, 2015 and be completed by July 1, 2017.

Echelon Apartments – Wauwatosa

This is a 188 unit apartment development that is under construction and the first building opened in October 2015. The developer is Mandel Group, Inc. The development is comprised of six, three-story buildings. There will be a leasing office, fitness center, community room, social room with internet and arcade style games, outdoor swimming pool, on-site management, and movie theatre. Interior unit finishes will be high-end in nature. The property is located on the Innovation Campus, which is an academic research park, at Hwy 45 and Watertown Plank in Wauwatosa. The development will offer one-bedroom and two-bedroom units.

The Reef – Wauwatosa

This is a 180 unit development located at 1215 North 62nd Street in Wauwatosa, known as The Reef, which is being developed by Wangard Partners. Construction began in August 2014 and the first building opened in October 2015. The development will include four buildings with attached garages and two, four-story buildings containing a total of 169 units. There will be a mix of one-, two-, and three-bedroom units. The development will feature a clubhouse, dog park, swimming pool, fire pit, and additional detached garages.

State Street Station - Wauwatosa

Proposed development plans call for the existing improvements to be razed and the construction of a four-story, mixed-use building that will feature 148 luxury, market-rate apartment units and 20,500 square feet of commercial space. The development, which will operate under the name "State Street Station," will feature

(15) studio units, (93) one-bedroom units, (37) two-bedroom units, and (3) three-bedroom units. Site work on the $42 million project is underway and the first phase is anticipated to be completed in May 2017. Indiviudal units will feature high end finishes and common areas will include a resident lounge, fitness center, courtyard, and first floor retail.

A table summarizing these developments is included below.

Planned / Under Construction Developments

Property Identification	Municipality	Developer	# of Units	# of Bldgs.	# of Floors	Est. Const. Start	Est. Const. Completion
Emerald Row Ph. I Drexel Town Square	Oak Creek	BLVD	167	1	4	UC	Mid-2016
WIRED @ DTS Drexel Town Square	Oak Creek	WIRED	62	2	3-4	UC	July 2016
Luxury Apartments S Pennsylvania Ave @ E Drexel Ave	Oak Creek	HSI	288	21	2	Summer 2016	Fall 2017
84 South W Layton Ave @ S 92nd St	Greenfield	Cobalt	400	-	-	2016	-
PrairieWalk at Brookfield Towne Center Capitol Dr & Brookfield Rd	Brookfield	Mandel	56	2	3	UC	Opened
Sutter Creek Residences Ph. II 1300 S Barker Rd	Brookfield	Ogden	55	1	3	UC	Late 2016
Lilly Preserve 3125 North Lilly Road (@ Burleigh Rd)	Brookfield	Phelan & WIRED	77	3	3	Early 2015	May 2016
The Corners W Bluemound Rd & Barker Rd	Brookfield	Mandel	235	2	4	April 2015	Nov 2016
The Reserve at Brookfield 13700 W Bluemound Rd	Brookfield	Atlantic Realty Campbell Capital	194	1	4	Sept. 2015	March 2017
The Reserve at Mayfair 11011 W North Ave	Wauwatosa	Atlantic Realty Campbell Capital	236	1	4	Oct. 2015	July 2017
Echelon Apartments Hwy 45 @ Watertown Plank	Wauwatosa	Mandel	188	6	3	Nov. 2014	Opened
The Reef 1215 N 62nd St (@ State St)	Wauwatosa	Wangard	169	6	4	Aug 2014	Opened
State Street Station W State St @ N Wauwatosa Ave	Wauwatosa	HSI	148	3	3-4	Winter 2015	Winter 2017
Total			**2,275**				

The table above totals 2,275 recently completed, under construction, or proposed units within the greater suburban Milwaukee area. It should be noted that this figure does not include every proposed or under construction development surrounding the City of Milwaukee, but rather the developments that are located closest to the subject property, feature a similar suburban location, or are consistent with the newer multi-family suburban developments recently delivered to the marketplace. Additionally, not all of the 2,275 units are located within the subject's PMA. In fact, only four of the developments included on the previous table are located within five miles of the subject property. Therefore, the total new pending supply within the market area that is considered to be competition to the subject is 917 units, summarized as follows:

- Emerald Row Phase I: 167 Units
- WiRED @ DTS: 62 Units
- HSI Oak Creek: 288 Units
- 84 South Greenfield: 400 Units
    - **Total: 917 Units**

Current Inventory

As previously mentioned there are no new constructed multi-family properties located within the subject's PMA that a proposed luxury subject development would compete with. Most of the direct competition in the PMA is still under construction with the first units anticipated to be available for rent during Summer 2016.

DEMAND ANALYSIS

The ESRI market data (included earlier within this report) analyzes current demographic statistics along with a five-year projection. For purposes of this analysis, we have determined that the five-mile ring is considered to be the area that is most comparable to the subject from a geographical standpoint. The five-mile ring will be the focus of our analysis. A snapshot of this report is included below. As shown, the population is expected to increase by 1,403 residents over the next five years.

Summary	Census 2010		2015		2020
Population	156,547		157,193		158,596
Households	65,726		66,277		66,901
Families	41,372		41,631		41,974
Average Household Size	2.33		2.32		2.32
Owner Occupied Housing Units	42,974		42,227		42,684
Renter Occupied Housing Units	22,752		24,050		24,216
Median Age	41.8		42.6		43.3
Trends: 2015 - 2020 Annual Rate	**Area**		**State**		**National**
Population	0.18%		0.32%		0.75%
Households	0.19%		0.39%		0.77%
Families	0.16%		0.31%		0.69%
Owner HHs	0.22%		0.37%		0.70%
Median Household Income	3.76%		2.81%		2.66%
		2015		**2020**	
Households by Income		Number	Percent	Number	Percent
<$15,000		5,556	8.4%	4,993	7.5%
$15,000 - $24,999		6,604	10.0%	4,897	7.3%
$25,000 - $34,999		7,642	11.5%	6,320	9.4%
$35,000 - $49,999		8,924	13.5%	8,059	12.0%
$50,000 - $74,999		12,269	18.5%	11,511	17.2%
$75,000 - $99,999		9,441	14.2%	11,271	16.8%
$100,000 - $149,999		10,082	15.2%	12,264	18.3%
$150,000 - $199,999		3,386	5.1%	4,711	7.0%
$200,000+		2,372	3.6%	2,875	4.3%
Median Household Income		$56,834		$68,340	
Average Household Income		$74,353		$85,885	
Per Capita Income		$31,538		$36,419	

One of the key statistics to take away from this report is the projection of change of households by income level. Over the next five years, the number of households within the lower-income brackets is projected to decrease while the number of households within the middle-to-upper income brackets is projected to increase rather dramatically. Considering that the subject will be attracting middle-to-higher income households (given the luxury apartment development type), this is a very important statistic to make note of.

Qualifying Households

The subject is a proposed 100 percent market rate proposed apartment development. Therefore, effective demand for the subject's proposed units must be determined on the basis of income qualifying households in the market area. The target market is the portion of renter households in the Primary Market Area that are able to afford the subject's proposed rents. Rents in excess of 35 percent of household income are generally not considered affordable for tenants. Therefore, the target market is limited to those households that earn above a lower limit that would allow payment of the proposed rents without exceeding 35 percent of household income. In this analysis, the lower limit is set by dividing the concluded market rent by 35 percent, and then multiplying this number by 12.

Given the foregoing, the income ranges analyzed for purposes of this report are $50,000 and above. The number of income qualified households is summarized below.

Income Eligible Renter Population Primary Market Area		
Year	**2015**	**2020**
Total Population	157,193	158,596
Households Total	66,277	66,901
Renter-Occupied Households	24,050	24,216
Income Brackets	Total Households	Total Households
$50,000 - $74,999	12,269	11,511
$75,000 - $99,999	9,441	11,271
$100,000 - $149,999	10,082	12,264
$150,000 - $199,999	3,386	4,711
$200,000+	2,372	2,875
Total # of Income-Eligible Households	Total Households **37,550**	Total Households **42,632**
# Income-Eligible Renter-Occupied Households	36.29% Renter-Occupied **13,627**	36.20% Renter-Occupied **15,433**

Source: Bureau of the Census, 2010 Census of Population and Housing, ESRI forecasts for 2015 and 2020

Marginal Demand Analysis

As shown on the following page, if all 917 units in the pipeline are constructed, there would still be a net positive demand of 925 units. In all likelihood, there will be some other developments that are planned / brought to the market that have not yet been conceived; however, it is also quite possible that some of the existing pending supply will not be constructed or unit counts may be reduced. There are future phases planned for the multi-family developments at the Drexel Town Square, however, construction on these development is not likely to occur until the under construction Phase I achieves stabilization. Nonetheless, the net positive demand figure of 925 units provides a comfortable buffer to protect against unforeseen changes. Therefore, based on the income levels used within our projection of income qualified renter households it appears that there is a positive demand for luxury apartment product within the subject’s PMA.

In addition, we have analyzed the three-mile radius surrounding the subject site. There are no pending or proposed developments within this area. Utilizing the same income levels for the income eligible renter households ($50,000-plus), the net demand for this area is approximately 656 units.

Marginal Demand Analysis	
Income Qualified Renter Households 2015	13,626
Income Qualified Renter Households 2020	15,431
Increase in Income Qualified Renter Households	**1,806**
# of Units in Pipeline	917
Total New Supply	**917**
New Units at Balanced Market (96%)	**880**
Net Demand	**925**

ABSORPTION EXPERIENCE

To estimate the probable rate at which the subject could be absorbed in its initial lease-up phase, we examined and observed trends in absorption at various properties throughout the market area. Below is a brief discussion regarding actual absorption rates realized at several properties in the general market area.

- LightHorse 4041 (Shorewood, Wisconsin) was completed in September 2014. This property features 84 luxury apartment units and was 100 percent leased within two months of opening. Assuming a three-month pre-marketing period, the indicated absorption rate is approximately 17 units per month.

- Beaumont Place (Whitefish Bay, WI), which contains 83 apartment units, was completed in April 2015 and was 80 percent leased within one month of opening. Assuming a three-month pre-marketing period, the indicated absorption rate to achieve 80 percent occupancy was 17 units per month. The property then achieved 90+ percent occupancy within one month thereafter.

- Hillside Estates (Grafton, Wisconsin) was completed in 2014. The property manager noted that there were five, 12-unit buildings that were made available for occupancy as they were completed and that each building was essentially 100 percent leased upon opening. While an absorption rate for this property is difficult to estimate given the staged lease-up, an absorption rate of approximately 12 units per month could be estimated.

- Sutter Creek Phase I (Brookfield, Wisconsin) was recently completed in March 2015 and contains 116 units. Lease-up began in November 2014 and after five months (as of April 2015) the development had 79 units leased, indicating an absorption rate of approximately 16 units per month.

- The Kendal Lofts apartments located in downtown Waukesha, Wisconsin were completed near the end of Summer 2013. Given a stabilized occupancy of 40 units (approximately 96 percent), the indicated absorption rate was eight units per month. The developer stated that if the units were delivered in spring or summer (as originally planned) the absorption rate would have been considerably better.

- The Mammoth Springs apartments in Sussex, Wisconsin is a higher-end development that was introduced in an area that lacked newer, high-end multifamily product. Phase I was completed in May 2014 and the project was fully leased within two months. Assuming a three month pre-marketing period, the indicated absorption rate is 12 units per month including pre-leasing. The units feature stainless-steel appliances, granite countertops, and other high-end finishes.

- According to the Building Inspector for the City of Delafield (Delafield, Wisconsin), the Cambridge Place apartments (28 units) were completed in April 2013 and were stabilized by October 2013. Assuming a stabilized occupancy of 26 units (approximately 94 percent) and as well as minimal preleasing time, this would equate to an absorption rate of approximately four to five units per month.

- Phase I of Delafield Woods (Delafield, Wisconsin), which opened in mid-September 2013, features 32 units. From discussions with management, they absorbed approximately nine to 10 units per month.

- The Preserve at Prairie Creek (Oconomowoc, Wisconsin) is stabilized. Construction on Phase I was reportedly completed in September 2011, with the property being fully occupied in July 2012, absorption was between three and 13 units per month. There were approximately 20 units preleased and assuming a three month preleasing period, this would equate to a total lease-up period of 12 months. Therefore, absorption at this property was approximately 8.5 units per month for Phase I. Phase II of the Preserve added an additional 126 units starting on April 1, 2013, with construction completed by September 1, 2013. Assuming a three month preleasing period, Phase II had an absorption rate of approximately 22 units per month.

- Rivermark Phase I: This development is located in Wauwatosa, Wisconsin. Much like the subject's market area, the general area lacks newer multifamily development. Rivermark Phase I was completed in January 2013 and contains 102 market-rate apartment units. Approximately 20 units were pre-leased and the developer indicated that 12 units per month were absorbed until a stabilized occupancy was achieved in July 2012.

While we attempted to obtain absorption information for many other developments, property managers were either unwilling to disclose the information or did not have the information available. Based on the preceding data as well as our discussions with local property managers and other local market professionals, it is reasonable to expect that 15 to 30 percent of the units could be pre-leased, and an absorption rate of 10 to 20 units per month thereafter could be expected.

INTERVIEWS WITH MARKET PARTICIPANTS

In addition to the previously presented analysis of the subject submarket, we have also had discussions with multiple professionals who are active in the subject's submarket from a development standpoint and who were familiar with the subject's market.

- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops (likely quality laminate countertops with a granite breakfast bar, granite kitchen islands, or other granite accents), stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- The interviewees generally agreed that there is ample demand for multi-family units within the subject's submarket. Occupancy rates are strong and the submarket likely has a lot of pent-up demand.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- Biggest concern of potential tenants is "Does this fit my needs?"
- Many suburban tenants complain about the lack of available storage space.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

Overall the discussions of a potential multi-family development at the subject property were positive as it was indicated there is demand for such higher-end units in the market area. Based on these discussions, a proposed multi-family development that is higher-end in nature would be generally well-accepted.

CONCLUSIONS – MULTI-FAMILY

Our conclusions regarding the proposed multi-family component are included below:

- From a locational and demographic standpoint the City of Franklin compares well to the neighboring communities and is very similar (if not superior) to these communities that have or are beginning to see a surge of multi-family development.
- There has been little to no market rate, multi-family development (non-senior) within the City of Franklin in the most recent 10 to 15 years.
- Given the subject's linkages to employment, shopping, entertainment, and highways – market rate multi-family development makes sense.
- Positive location for all age groups from young professionals and families to empty nesters.
- The market has a need for new, higher-end multifamily developments. There hasn't been much, if any, new construction in recent years in the subject's market area, and there is an abundance of empty nesters, divorcees, and young families seeking quality multifamily housing.
- The market would tend to support higher-end developments that would include granite countertops, stainless-steel appliances, quality flooring packages, in-unit laundry, central air conditioning, high ceilings, and a moderate level of common area amenities.
- Occupancy rates are strong and the submarket likely has substantial (pent-up) demand.
- We feel that attainable rental rates for a proposed high-end development at the subject property would range from $1.40 to $1.60 per square foot on average. It should be emphasized that these are in current dollars. We expect there to be growth in rents from now until the time any new development could be constructed.
- Based on the marginal demand analysis there appears to be positive demand for new high-end multi-family product within the subject's PMA (5-mile radius) based on income qualified renter households with incomes of $50,000-plus.
- Market-rate development would likely need some sort of government assistance given the dramatically increasing construction costs.

SECTION III: COMMERCIAL MARKET ANALYSIS

ANCILLARY USES

As previously mentioned, the proposed Ballpark Commons Development is centered around the proposed baseball stadium located near the existing Rock sports complex. C.H. Johnson Consulting, Inc. has already concluded that *the development of a proposed Franklin stadium would be a successful investment on behalf of the City, which would serve as a catalyst to spur new development and entertainment in the City of Franklin.* The Market Feasibility Study completed by C.H. Johnson Consulting, Inc. (March 2014) analyzed the market viability of a proposed minor league stadium in Franklin and quantified the total economic and fiscal impact the proposed stadium would have on the local community. At the time of the study The Rock had an annual attendance of approximately 84,000 people, with projections anticipated to increase to just under 100,000 people annually. Under the best case scenario included within the study, average annual attendance with the proposed stadium in place was projected to total over 220,000 visitors, an increase of approximately 140,000 people to the immediate neighborhood annually.

Given the amount of visitors anticipated to be generated by the development of the baseball stadium it appears likely that the adjacent subject sites could provide a viable location for complimentary commercial uses. These uses could potentially compliment any proposed multi-family development on the southern portion of the subject property. As shown previously within the report, the developer is proposing a mix of commercial uses along a strip of land immediately south of West Rawson Avenue (to the north of the proposed multi-family area) and along a to-be-acquired strip on land that is located in between West Loomis Road (to the southeast) and the existing Rock complex (to the northwest). Proposed complimentary uses include a mix of retail (including restaurant uses), office, and lodging type uses. Given the potential for a population increase, both permanent (with the proposed multi-family) and transient (with the proposed baseball stadium) it appears that the subject site could support such complimentary commercial uses.

The previously referenced Market Feasibility Study highlights details on five case studies of recently developed minor league stadiums throughout the country that spurred additional area development. Though each of these developments varied and are somewhat different from the City of Franklin, they still are examples of ancillary development as a result of the addition of a minor league baseball stadium to the area. Specific details on the five case studies can be found within the referenced report however, the concluded implications for the City of Franklin on a potential development by C.H. Johnson Consulting, Inc. were as follows:

Redevelopment projects can be tipping points for many communities. Through such catalyst developments, many communities find themselves with increased attractions and amenities that add to the quality of life for residents. Hence, the importance of the baseball stadium cannot be overlooked. It can change the course of Franklin and add vitality to attract visitors and residents. In the first year or two, the key is to make existing businesses do better. Our experiences in Pensacola, Greenville and other markets supports that they will.

Officials in Tulsa, Norfolk, and Birmingham were creative in transforming blighted areas through their baseball stadiums. Officials in Pearl and Pensacola worked collaboratively with private developers in an attempt to realize their area vision. The combination of the concepts seen in these other markets will occur in Franklin. Baseball stadiums drive ancillary development. Through proper planning, use of selected incentives, and community engagement that many of the cities described earlier in this section used, Franklin can position the baseball stadium to entice additional revitalization in the area.

General Market Conditions

The local office market is relatively soft and there has been minimal construction within recent years. Further, few developers would consider constructing such a property on a speculative basis. Given the current market conditions, it is likely that any proposed office use would have to be substantially pre-leased (if not fully pre-leased) for any development to occur.

New retail development has been realized on a slightly steadier pace within the greater Milwaukee area. Most of the new retail development is centered around these "town center" style developments that have been occurring in recent years. In areas like Wauwatosa, Brookfield, Mequon and Oak Creek, there has been construction of large scale mixed-use developments that include residential and commercial components. The subject is somewhat unique as it will be potentially anchored by a baseball stadium, however, retail development (including restaurant uses) appears to be reasonable. Similarly to the current office segment, current market conditions would not support purely speculative development. It is likely that any proposed retail use would have to be substantially pre-leased or have users in place (owner occupant), for any development to occur. Later within this section we will test the financial feasibility of the other proposed complimentary uses at the subject property. It should be noted that any of these potential development uses are tied to the proposed development of the baseball stadium (I.e. if the stadium is not constructed, the other uses may not make sense given current market conditions).

City Survey

In July 2005, the City of Franklin conducted a city-wide planning survey as a part of the initial involvement phase of the Comprehensive Master Plan Update. This survey asked residents open-ended questions to determine specific types of businesses that are desired or not desired within the City of Franklin. For the entire City, the respondents indicated that dining, specialty shops, and large format retail were the top three types of desired businesses. On a micro level, residents indicated the top three businesses for Planning Area D (where the subject is located) of dining, specialty shops, and large retail. Therefore, it appears what the residents desire from a commercial standpoint for the City as a whole, they would also like to see within the subject's specific neighborhood. At the time of the survey, the subject's neighborhood realized the highest average household income of the designated trade areas throughout the City.

What types of businesses would you like to see in Franklin?

Area D	Dining	23.3%
	Specialty shops	17.3%
	Large retail	16.5%

Survey respondents suggested a number of business uses for the City that included a wide variety of specific retail and restaurant type uses. Suggested retailers included a mix of large format retailers, specialty shops, and boutique retailers, while suggested restaurant uses including a mix of cafes, parlors, sit-down family-style, fast casual, casual, and fine dining. Based on the responses, there was no desire for additional fast food style restaurants in the neighborhood. From discussions with those who are active within the City of Franklin, it was generally indicated that the City lacked quality dining options. Residents often have to travel to nearby communities to fulfill these dining needs. Based on this survey it appears there is demand for new retail and/or restaurant developments within the subject's neighborhood.

Retail / Restaurant

In terms of the type of users of the ancillary commercial space, recent mixed-use developments have trended toward including more local community users versus national credit retailers. Local users reflect the broader community and are more closely aligned to the specific interests of the community. Whereas national grade users, though attractive investment components, may not represent the local community as a whole and can create a less cohesive environment. A lack of cohesion could potentially be a negative facet to the property from a marketing and leasing standpoint for both the residential and commercial tenants. With a greater focus on local users, the development as a whole tends to feel like one large mixed use development comprised of complimentary type uses and users.

For example, some of WiRED Properties, most recently completed (and under construction) mixed-use developments from the greater Milwaukee area have leased 75 to 100 percent of their commercial space to local users. These developments (located in Mequon and Shorewood) include local users such as Café Hollander, a chiropractor's office, a yoga studio, a physical therapy office, Collectivo coffee shop, women's and children's boutique clothing stores, the Ruby Tap, etc. Even some of the national branded tenants are owned and operated by local franchisees. Furthermore, the commercial space within the nearby Drexel Town Square (approximately half leased) includes a local mix of tenants including BelAire Cantina, a chocolate factory restaurant, and Performance Running Outfitters. The inclusion of the local users helps to ensure long term viability and value at each respective development. Similar types of uses and users would be appropriate for the proposed commercial space at the subject development.

The primary objective with the mix of residential and commercial uses that includes a focus on local users is to create an all-encompassing community with a local identity where residents and neighbors can live, eat, work, and be entertained all within walking distance or a short drive.

Given the proposed development will include a mix of consumers, both quasi-permanent (multi-family residents) and transient (attendees of the recreational complex), it would be appropriate to include a mix of users in regards to retail and restaurant types. In order to cater to the needs of the varying demographics (primarily age and income) of the consumers a variety of retail and dining options is recommended. For example, the proposed apartments are considered luxury in nature and appeal to a more affluent consumer that may prefer casual or fine dining versus the transient consumers that may have less disposable income (due to travel/recreational expenses at the stadium) and would prefer the less expensive fast-casual options. It is important to note, the overall development will appeal to a wide range of consumers, from the residents who live there year round within the luxury apartments to those who come to the area for the recreational facility or entertainment and are only there for a short period of time. Therefore, the ancillary commercial space should include a mix of uses and users that meets the needs of the different types of consumers that will be active in the neighborhood.

Some of the local uses that would be viewed as complementary fits to the proposed subject development include the following:

- Restaurants (Casual, Fast-Casual, Fine Dining)
- Smaller Café-Style Shops (i.e. coffee shop)
- Boutique Retail
- Health/Wellness
- Beauty
- Professional Services

The above referenced uses have been successfully integrated into newer mixed-use developments within suburban Milwaukee (see WiRED Properties) in recent years. Furthermore, the operators of these uses are primarily local and provide for a unique identity and sense of community for each of the respective developments. As a result the overall appeal and long term viability of these projects is strengthened. The subject's location, which is a desirable suburban Milwaukee location when compared to the areas that have realized these larger developments, appears to be compatible with the proposed mixed-use development anchored by a baseball stadium and luxury apartments. Such development would benefit from additional ancillary commercial uses (see above) to service the needs of the consumers. The resulting overall development would be an all-encompassing community with a local identity. Furthermore, the development would be a positive for the area that could spur additional development within the City of Franklin.

Lodging

The Market Feasibility Study performed by C.H. Johnson Consulting, Inc. projected annual visitors to total over 220,000 visitors with the inclusion of the baseball stadium. It should be noted that this report did not considered the impact of the proposed four seasons indoor stadium. From discussions with parties involved within the development of the subject property, current estimates are closer to 250,000 annual visitors once the proposed stadium and indoor facility are complete. The Market Feasibility Study projects there to be 16,200 visitors that would require room nights between the existing Rock complex and the proposed stadium. Again, this figure does not consider any visitors as a result of the proposed indoor facility. A total of 16,200 overnight visitors equates to approximately seven percent of the total anticipated annual visitors.

Located on the opposite side of West Loomis Road, across from The Rock, is the recently constructed five-story, 100-room Hampton Inn. From discussions with the property owner the hotel opened in August 2015, which was somewhat behind schedule. The hotel is currently in the process of stabilizing, a period that ownership believes will take approximately three years based on their experience in the hotel industry. The owner is fairly confident the hotel will reach stabilization within the projected three-year period and a full season of exposure to The Rock complex and planned events there should help increase average daily rates.

The owner of the Hampton Inn did indicate he would have an interest in developing a future hotel in the neighborhood if the baseball stadium and indoor facility were constructed. He believes these two facilities (with the indoor facility being the main year-round driver) would increase the demand for additional hotel space in the immediate area. He did indicate that though there may be demand for a second hotel, once the recreational facilities are completed, that there most likely would not be demand for a third hotel of a similar size (approximately 100 rooms). It was noted that there are too many other opportunities for hotels with superior locations (i.e. closer to the airport), where a third hotel in the subject’s immediate area would be desired.

Per the Market Feasibility Study, there are approximately 99 lodging facilities within a 20 mile radius of the subject offering a total of approximately 12,000 rooms. However, the only other chain hotel within the City of Franklin is the 114-room Staybridge Suites (constructed in 2009), which is located approximately seven miles southeast of the subject property. There are a number of chain hotels located within a pocket near the General Mitchell International Airport, approximately six miles east of the subject.

From discussions with the owner of the existing Hampton Inn, it was indicated that the Staybridge and the cluster of hotels located near the airport are the primary competition for this property. Any future hotel development at the subject property would likely have a similar competitive set. Per an Milwaukee Airport Monthly STAR Report (dated August 2015), the average occupancy of the competitive set for the trailing 12 months was 68.2 percent, while the ADR was $91.12, resulting in a RevPAR of $62.13 for the T12 period.

The competitive set is comprised of the LaQuinta Inn & Suites, Hampton Inn, Comfort Suites, Holiday Inn Express, and Fairfield Inn & Suites. The T12 occupancy and ADR figures, and resulting RevPar figures have each increased in the past three years. Therefore, given the amount of room nights to be generated the proposed baseball stadium, and lack of existing lodging facilities within the City of Franklin, a lodging use within close proximity to the facility could capture a majority of the overnight visitors along with the existing Hampton Inn facility.

Based on number of overnight rooms anticipated to be generated by the baseball stadium, a number that would increase with an indoor facility with year-round use, and the general discussions with the abutting Hampton Inn owner, it appears that there would be additional demand for hotel space if the Ballpark Commons were to be developed. Given, the lack of recent success at the neighboring Hampton Inn, which can somewhat be attributed to the delayed opening, it is difficult to forecast demand for a significant amount of hotel rooms within the immediate area. It appears there may be demand for an additional similarly sized hotel within the immediate area, however, the other area lodging facilities (located approximately seven miles from the subject property) help to satisfy the demand of current and proposed operations. Additionally, any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.

FINANCIAL FEASIBILITY

We have performed a financial feasibility test for retail, office, and lodging type uses. The retail analysis includes general restaurant type uses. For purposes of comparison we have analyzed each of the proposed uses on a per square foot basis. Each of the property types are subject to a set of assumptions. The bullet points below summarize the assumptions utilized within each property type. It should be noted that lease and sales comparables that provide insight into the per square foot market rates and overall capitalization rates utilized within our projections are included within our workpapers.

Retail

- In general, recently signed retail leases at suites within newly constructed multi-tenant facilities from the area have ranged from approximately $25 to $35 per square foot, with a midpoint of $30 per square foot, triple net. As a conservative estimate, we have utilized the low end of the range in our analysis.
- Per the CoStar report included within the **Appendix**, the Total Retail Market for the SW Outlying Milwaukee submarket, which includes the subject property, realized a Fourth Quarter 2015 vacancy of 7.5 percent. We have utilized a similar vacancy rate within our analysis.
- We have applied an overall capitalization rate of 7.00 percent, which is within range of many of the recent newly-constructed multi-tenant retail sales within southeastern Wisconsin.
- Restaurant leases are often a function of store sales as opposed to the more commonly used per square foot rates utilized in traditional retail developments. The most appropriate way to estimate an appropriate market rent for a successful restaurant property is to analyze historical sales of the property and apply a market supported rent factor. From our discussions with market professionals of restaurant leases, a rent of five to 10 percent of net sales, with six to nine percent being the more common range realized. Total occupancy costs, including real estate taxes, CAM, insurance, and relates property occupancy costs paid for directly by the tenant will add an additional approximately three to four percent on top of the six to nine percent of sales triple net rent. Total occupancy costs should be no more than 12 percent, while a more typical ceiling is 10 percent. Given the proposed status of the subject development and the lack of historical sales to analyze we have included the restaurant type uses within our general retail analysis.

Office

- Asking rates for newer office product within the subject's submarket tend to vary, but for the most part can range from $11 to $15 per square foot, triple net. The subject's location from a pure office standpoint is considered to be inferior to those suburban office parks located within nearby Brookfield or Wauwatosa, where rental rates tend to be in the mid-to-high teens on a per square foot basis (triple net). Our projections are based on a more traditional office user and we have utilized a market rental rate of $10.00 per square foot, triple net.

- Additionally, newly constructed medical office space (often on a built-to-suite basis) generally has realized lease rates ranging from $20 to $28 per square foot, triple net in the greater Milwaukee area.
- Per CoStar the Total Office Market for the SW Outlying Milwaukee submarket, which includes the subject property, realized a Fourth Quarter 2015 vacancy of 10.7 percent. We have utilized a similar vacancy rate within our analysis.
- We have applied an overall capitalization rate of 8.50 percent, which is within range of many of the recent office sales within southeastern Wisconsin.

Lodging

- The Competitive Set, which would most likely compete with any future subject lodging development realized a T12 RevPar of approximately $62.00 as of August 2015. It should be noted that the RevPar within the competitive set has increased approximately $4.00 in each of the past two years. However, this does not factor in the recently opened Hampton Inn, which is currently not stabilized. Therefore, while a total RevPar projection increase could be likely, given the status of the neighborhoods newest lodging facility we have utilized a RevPar of $62 within our projections.
- RevPar, which is the Average Daily Rate (ADR) multiplied by occupancy, directly considers a vacancy deduction.
- We have based our analysis on an average of 525 gross square feet per room, which is typical within the Milwaukee marketplace.
- Total operating expenses, which includes Undistributed Expenses, Departmental Expenses, and fixed expenses are projected to total 70 percent of revenue, which is near the average for the subject's region per the 2014 STR Host Study.
- An overall capitalization rate of 8.75 percent is near the average of the National Limited-Service Midscale Lodging Segment, as indicated by PwC within their Third Quarter 2015 report.

Presented on the following page is the **Financial Feasibility Test** for the potential general retail, office, and lodging uses at the subject property. It should be noted, based on the specific use and/or user the base construction costs could vary significantly, especially for a retail or restaurant type users. Supporting documents including rent comparables, sales comparables, and costs (provided by Marshall Valuation Services - MVS) are included within our workpapers.

FINANCIAL FEASIBILITY TEST

Front Door Analysis

Rent to Cost	Retail		Office		Lodging	
Market Rent / SF	$	25.00	$	10.00	$	43.10
Land Subtraction (15%)	15%		15%		15%	
Market Rent Pre-Land	$	21.25	$	8.50	$	36.64
SF / Unit		1.00		1.00		1.00
PGI	$	21.25	$	8.50	$	36.64
Market Vacancy		7.50%		10.00%	-	
EGI	$	19.66	$	7.65	$	36.64
Operating Expenses		3.00%		3.00%		70.00%
Annual NOI	$	19.07	$	7.42	$	10.99
Capitalization Rate		7.00%		8.50%		8.75%
Est. Stabilized Value	$	272	$	87	$	126
Justified Cost / SF	**$**	**272**	**$**	**87**	**$**	**126**

Back Door Analysis

Cost to Rent	Retail		Office		Lodging	
Cost / SF (MVS)**	$	200	$	175	$	150
Land Addition (15%)	$	230	$	201	$	173
SF / Unit		1.00		1.00		1.00
Total Cost / Unit	$	230	$	201	$	173
Capitalization Rate		7.00%		8.50%		8.75%
NOI	$	16.10	$	17.11	$	15.09
Operating Expenses		3.00%		3.00%		70.00%
EGI	$	16.60	$	17.64	$	50.31
Market Vacancy		7.50%		10.00%	-	
PGI	$	17.94	$	19.59	$	50.31
Justified Rent / SF	**$**	**17.94**	**$**	**19.59**	**$**	**50.31**

***Includes 15% Entrepreneurial Profit on top of base costs from Marshall Valuation Services.*

We have performed both a Front Door Analysis (from market rental rates to justified costs) as well as a Back Door Analysis (from costs to construct new to justified market rental rates) for the potential uses at the subject property utilizing the assumptions detailed previously. As shown in the table above retail type use is a financially feasible use for the subject property that would be supported by the marketplace. Given the current market condition, current rental rates achieved in the marketplace for office and lodging type properties, these rates do not justify costs of new construction. However, construction costs for an office user could be justified in a built-to-suite scenario where a lease rate would be a function of the total costs.

Though current market conditions do not indicate a lodging use to be financially feasible, it appears there could be future demand if the proposed baseball stadium and indoor facility are constructed. Based on current construction costs if a RevPar of approximately $70.00 (or $8.00 higher than the current competitive set) could be achieved, then the lodging use becomes financially feasible. An increase in RevPar could come from an increase in occupancy, an increase in ADR, or a combination of the two. If the baseball stadium and indoor facility are constructed, it is likely the occupancy variable could be the one to increase. As previously mentioned, the RevPar of the competitive set, which is comprised of a set of five hotels located near the airport, has increased by approximately $4.00 each of the past two years. It is likely that any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.

Based on the above analyses, current market conditions support retail uses as a financially feasible use, while office and lodging uses are not currently financially feasible.

CONCLUSIONS

Our conclusions regarding the proposed ancillary commercial component are included below:

- It appears that a potential baseball stadium development would spur ancillary commercial uses. Additionally, the inclusion of a multi-family component to the stadium would help to enhance the population of permanent and transient consumers to the area.
- The residents of Franklin appear to desire more traditional retail and dining uses for the subject's immediate neighborhood. Such uses would complement the proposed baseball stadium and multi-family residential component.
- Ancillary commercial uses (including retail and restaurant) should focus on local users in order to reflect the broader community as these users are more closely aligned to the specific interests of the community.
- The proposed subject development would benefit from additional ancillary commercial uses (retail/restaurant) to service the needs of the potential consumers. The resulting overall development would be an all-encompassing community with a local identity.
- Current market conditions support retail uses as a financially feasible use, while office and lodging uses are not currently financially feasible. However, given current market conditions, it is likely that any proposed ancillary use would have to be substantially pre-leased or have users in place (owner occupant), for any development to occur.
- While not currently financially feasible, if the RevPar (Average Daily Rate x Occupancy) were to increase at a rate that is currently being realized by the competitive set, a lodging use could be financially feasible within approximately two years. This assumes that the neighboring Hampton Inn stabilizes as projected and realizes a RevPar that is in line with or superior to the competitive set.
- It appears as though the proposed baseball stadium and indoor facility could generate enough overnight stays for an additional lodging facility in the immediate area, however, any future hotel development should potentially be phased in after the existing Hampton Inn facility nears a stabilized level of operations.
- Any of these potential development uses are tied to the proposed development of the baseball stadium (i.e. if the stadium is not constructed, the other uses would not be financially feasible given current market conditions).

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Peter A. Moegenburg, MAI, ASA and F. Russell Rutter have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- F. Russell Rutter made a personal inspection of the property that is the subject of this report on January 22, 2016. Peter A. Moegenburg, MAI, ASA did not inspect the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Peter A. Moegenburg, MAI, ASA has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, F. Russell Rutter has completed the Standards and Ethics Education Requirements for practicing affiliates of the Appraisal Institute.

Peter A. Moegenburg, MAI, ASA
Wisconsin Certified General Appraiser No. 296

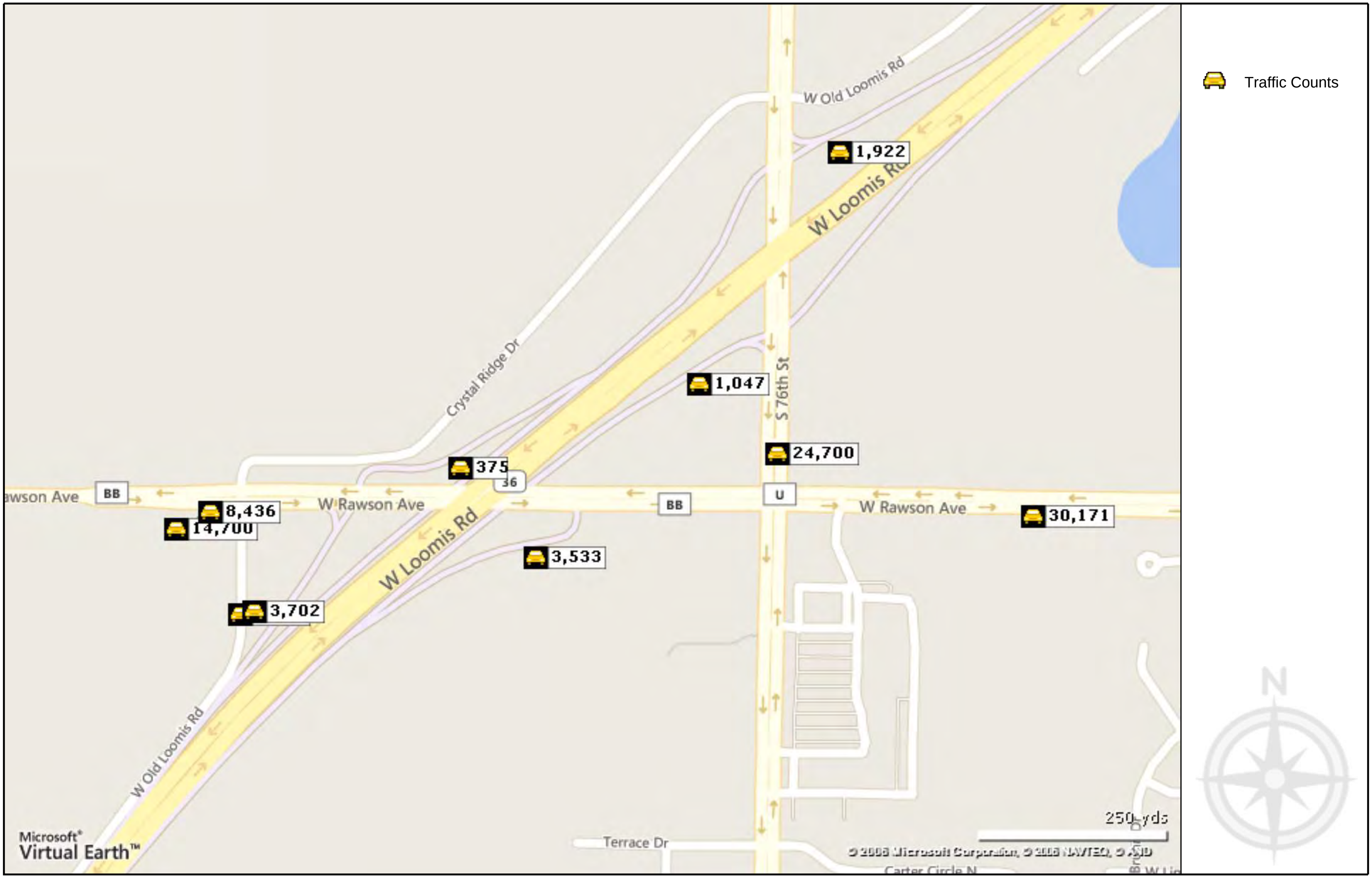
F. Russell Rutter, Associate
Wisconsin Certified General Appraiser No. 2149

SECTION IV: APPENDIX

ADDITIONAL PROPERTY INFORMATION

Traffic Count Map

8201 W Rawson Ave, Franklin, WI 53132
Lot A



Population

Year	Number	Percent Change
1980	6,871	--
1990	21,855	29.5
2000	29,494	35.0
2010	35,451	20.2
2011(est.)	35,504	0.1

Source: U.S. Bureau of the Census, and the Wisconsin Department of Administration.

Housing

Year	Number	Percent Change
1980	5,360	--
1990	7,753	44.6
2000	10,602	36.7
2010	13,642	28.7

Unit Information: 2010

Total Units………………..		14,356
Owner Occupied………..		10,485
Median Value…………..	(2006-2010)	$239,800
Renter Occupied………..		3,157
Median Rent……………	(2006-2010)	$841
Vacancy Rate…………..		7.1%

Units Authorized by Building Permits: 2011

Total Units………………..	91

Source: U.S. Bureau of the Census, City of Franklin Building Inspection Department

Income

2006-2010 Per Capita Personal Income

City of Franklin………………	$33,362
Milwaukee County…………	$23,740
Metro Milwaukee……………	$43,042
Wisconsin……………………	$26,624

Source: U.S. Bureau of the Census, and the Metropolitan Milwaukee Association of Commerce

Taxes

Local Property Taxes: 2011

Assessment Ratio:	0.992596108
Net Rate/$1,000:	
Franklin School District in MMSD:	$24.12
Franklin School District not in MMSD:	$22.60
Oak Creek School District in MMSD:	$21.34
Oak Creek School District not in MMSD:	$19.82
Whitnall School District in MMSD:	$22.06
Aggregate Full Equalized Value:	$3,676,379,700

Media

Local Newspapers
- Franklin Now, Weekly
- Franklin / Hales Corners Citizen, Weekly
- Milwaukee Journal-Sentinel, Daily

Transportation

Highways
- Interstate Highway I-94 located immediately east of the City; Interstate Highway 43 located immediately north of the City.
- United States Highways 41 and 45
- State Trunk Highways 36 and 100
- County Trunk Highways A, H, J, U, BB, MM, OO, and ZZ

Trucking
- 273 Trucking establishments located in Milwaukee County

Air Services
- General Mitchell International Airport, located 8 miles northeast of Franklin
- John H. Batten Field, located 10 miles southeast of Franklin
- Chicago's O'Hare International Airport, located 70 miles south of Franklin.

Water Transportation Facilities
- Port of Milwaukee located 12 miles northeast, with direct freeway connections to the City

Public Transit
- Northeastern portion of the City is served by one freeway flyer bus route
- Specialized transportation service available to the elderly and persons with disabilities through two special Milwaukee County Public Transit programs

Railway Service
- Accessible in nearby Oak Creek via the Canadian Pacific Railway and the Union Pacific Railroad.

Financial

Anchor Bank
7745 W. Rawson Ave.
(414) 525-0600

Bank Mutual
5170 W. Rawson Ave.
(414) 423-0363

Chase Bank
7100 S. 76th St.
(414) 425-3713

Guaranty Bank
7201 S. 76th St.
(414) 427-2300

Harris Bank
7000 S. 76th St.
(414) 529-2252 AND
9719 S. Franklin Dr.
(414) 423-4500

Johnson Bank
3001 W. Rawson Ave.
(414) 304-7000

Landmark Credit Union
7780 S. Lovers Lane Rd.
(414) 425-1339

Marine Bank
10068 W. Loomis Rd.
(414) 427-2740

North Shore Bank
7151 S. 76th St.
(414) 425-5959

Pyramax Bank
9000 W. Drexel Ave.
(414) 425-9000

US Bank
9109 W. Drexel Ave.
(414) 427-3000

WaterStone Bank
6555 S. 108th St.
(414) 425-4140

Labor and Wages

City of Franklin Average Employment: 2005-2009

Employment by Industry	Number of Persons Employed	Percent of Persons Employed
Construction……………………..	965	5.4
Education & Health……………..	4,337	24.2
Financial Activities………………	1,617	9.0
Information………………………	685	3.8
Leisure and Hospitality…………	1,174	6.6
Manufacturing…………………...	2,839	15.9
Natural Resources……………...	51	0.3
Other Services………………….	765	4.3
Prof. & Business Services……..	1,313	7.3
Public Administration…………...	493	2.8
Transportation & Utilities	935	5.2
Wholesale Trade	582	3.3
Retail Trade	2,146	11.9
Unclassified……………………..	0	0.0
Total………………………………	17,902	100.0

Median Hourly Wages For Selected Occupations: 2010

Milwaukee-Waukesha-West Allis MSA OEA Wage Survey
http://dwd.wisconsin.gov/oea/occupational_employment_and_wages/#occupational_employment_and_wages

Milwaukee/WOW Workforce Development Areas
Occupational Projections: 2008-2018

Milwaukee, Washington, Ozaukee, and Waukesha Counties
Occupational Projections Report
http://dwd.wisconsin.gov/oea/employment_projections/milwaukee_wow/

Milwaukee County Civilian Labor Force: December 2011

Total Civilian Labor Force….	463,328
Employed Labor Force……..	427,382
Unemployed Labor Force….	35,946

Major Private-Sector Employers

MANUFACTURING

Food
Strauss Veal & Lamb Int'l Inc.
Baptista's Bakery, Inc.

Wood Product
BTL Pallet Corp.

Paper
Proteus Packaging Corp of America
Packaging Corp of America

Printing and Support Activities
Repacorp Label Products
Pen & Inc. of Milwaukee, LLC
Precision Color Graphics, LTD
Troyk Screen Printing Corp.

Chemicals
Carma Laboratories, Inc.
Becton Dickson Medical Systems

Plastics and Rubber Products
Vesta, Inc.
Premier Plastics
EMP of Franklin, Inc.
Broker MFG, Inc.

Nonmetallic Mineral Product
All-Glass Aquarium Co., Inc.

Fabricated Metal Product
GAMFG Precision, LLC
Thermasys Corporation
Northern Gear, LLC
Allis Roller, LLC
Steele Solutions, Inc.
Hudapack Metal Treating, Inc.
The Howard G. Hinz Company, Inc.
Chromtech of Wisconsin, Inc.
Excel Tool & Fabrication, Inc.

Machinery
Krones, Inc.
Nova Coil, Inc.
Maybar Manufacturing, Inc.
Tooling Technologies, Inc.
Hypneumat, Inc.

Computer and Electronic Product
Electronic Cable Specialists, Inc.

Electrical Equipment
S & C Electric Co.
Meltric Corp.

Transportation Equipment
Rocore Industries, Inc.

SERVICES

Amusement and Recreation
Tuckaway Country Club
Innovative Health & Fitness LTD

Educational
Altius Gymnastics Academy, Inc.
Swimtastic Swim School

Transportation
Con-Way Freight
Fedex Freight, Inc.

Insurance
Northwestern Mutual Life

Source: Wisconsin Department of Workforce Development

Government Services

The City of Franklin has a mayor/council form of Government

Police and Fire
Police Department: 76 full-time personnel
Fire Department: 46 full-time firefighters/paramedics

Other
The City of Franklin provides or contracts with others to provide standard services such as street maintenance, snow removal, street lighting, trash pick-up, recycling facilities, and a park and recreation system.

Education

The City of Franklin is served by the Franklin School District; the Oak Creek/Franklin School District; and the Whitnall School District, the latter two of which also serve adjacent areas in Milwaukee County.

Public High School Graduates: 2009-2010	
Franklin Sch. Dist	305
Avg. Graduation Rate	97.7%

Average ACT Scores: 2010-2011	
Franklin…………………....	23.0
Oak Creek-Franklin……..	22.1
Whitnall…………………....	23.2
Wisconsin………………...	22.0
United States…………….	20.9

Source: Wisconsin Department of Public Instruction

The following post-secondary educational facilities are located within Milwaukee County:

Colleges and Universities
Alverno College
Cardinal Stritch University
Columbia College of Nursing
Lakeland College - Milwaukee
Marquette University
Medical College of Wisconsin
Milwaukee School of Engineering
Milwaukee Institute of Art & Design
Mount Mary College
Ottowa University
University of Wisconsin - Milwaukee
Wisconsin Lutheran College

Technical and Vocational Schools
ITT Technical Institute
Milwaukee Area Technical College,
Oak Creek-South campus

Library
The City of Franklin Library is a member of the Milwaukee County Federated Library System. The City of Franklin Library is located at 9151 W. Loomis Road.

Industrial Sites

Industrial Parks (2011)

	Acres		
Name	**Total**	**Available**	**Contact Person**
City of Franklin Phase I & II Industrial Parks	200	0	City of Franklin Dept. of City Development (414) 425-4024
Franklin Business Park	425	19.55	Barry Chavin NAI/MLG Commercial (262) 797-9400

Utilities

Electric Power

- We Energies
  Business Customer Service: 1 (800) 714-7777

Water

- City of Franklin Water Utility
  Source: Lake Michigan (via City of Oak Creek)
  Pumping Capacity:
  6.5 million gallons per day
  Average Daily Consumption:
  1.3 million gallons
  Adequate capacity for new industry.
  Rate Information: Engineering Department
  (414) 425-7510

Natural Gas

- We Energies
  Business Customer Service: 1 (800) 714-7777

Sanitary Sewerage

- Milwaukee Metropolitan Sewerage District (MMSD)
  South Shore Service Area
  Average Annual Hydraulic Loading:
  100 million gallons per day
  Average Hydraulic Design Capacity:
  250 million gallons per day
  Rate Information: Utility Manager (414) 272-5100

Telecommunication

- Telephone Service Providers include AT&T, Verizon, Charter, and Time Warner Cable among others. Internet Broadband service providers include AT&T, Sprint, U.S. Cellular, Cricket, and Time Warner Cable among others.

Solid Waste

- The City of Franklin contracts with John's Disposal Services, a private firm, to collect municipal wastes from houses and condominiums. Apartment owners and commercial/industrial uses hire their own private contractors to collect their wastes.
  General Information:
  Dept. of Public Works (414) 425-2592

Health

The mission of the Franklin Health Department is to protect and promote health and prevent disease and injury. Registered nurses and a registered sanitarian are available at the Franklin Health Department for information and referral Monday through Friday, from 8 a.m. until 4 p.m. The Health Department offers residents a wide range of programs, services, and educational resources.
General Information:
Health Department (414) 425-9101

Local Contacts

For industrial, commercial, and business information about the City of Franklin contact:

- Department of City Development
  9229 W. Loomis Road
  Franklin, WI 53132
  Telephone: (414) 425-4024
  Facsimile: (414) 427-7691
- Engineering Department
  9229 W. Loomis Road
  Franklin, WI 53132
  Telephone: (414) 425-7510
  Facsimile: (414) 425-3106
- South Suburban Chamber of Commerce
  8580 S. Howell Ave.
  Oak Creek, WI 53154
  Telephone: (414) 768-5845
  Facsimile: (414) 768-5848
- Director of Administration
  9229 W. Loomis Road
  Franklin, WI 53132
  Telephone: (414) 858-1100
  Facsimile: (414) 427-7527
- Building Inspection Department
  9229 W. Loomis Road
  Franklin, WI 53132
  Telephone: (414) 425-4024
  Facsimile: (414) 427-7513
- NAI MLG Commercial
  13400 Bishops Lane, Suite 100
  Brookfield, WI 53005
  Telephone: (262) 797-9400
  Facsimile: (262) 797-8940

City of Franklin
A Thriving Community in Southeastern Wisconsin

Franklin at a Glance

Location:
Milwaukee County, Wisconsin, 10 miles south of downtown Milwaukee, and 80 miles north of downtown Chicago.

Housing Units:
14,356 (2010 Census)

Education Level:
91.1% of population aged 25 and older are high school graduates, 33.7% have a bachelor's degree or higher
(2008-2010 Census)

Income:
$75,740 Median Household
(2008-2010 Census)

Median Equalized Home Value (Single-family):
$234,500 (2010 Franklin Assessor's Office)

Average Sale Price (based on 318 total sales):
$231,400 (2010 Franklin Assessor's Office)

Office and Industrial Parks:
425 acre Franklin Business Park
200 acre Franklin Industrial Park

Equalized Value:
$3,607,450,880 (2010 WI Dept. of Revenue)

2011 Local Property Tax Rates (Per/$1,000):

City of Franklin:	$ 5.79
Oak Creek/Franklin School District:	$ 8.83
Whitnall School District:	$ 9.56
Franklin School District:	$11.62

Population:
35,520 (2012 Wis. Dept. of Admin. Final Est.)

Median Age:
41.5 Years (2010 Census)

Schools:
The Franklin Public School District consists of five Elementary Schools, one Middle School, and one High School. Total public school enrollment is 4,143 (2010 WI DPI). There are also three private elementary schools in the City of Franklin.

Transportation:
With its strategic location between Milwaukee and Chicago, Franklin offers convenient access to Interstate Freeways I-94, I-894, and I-43. Franklin is directly served by U.S. Highways 45, and 241, as well as Wisconsin State Highways 36 and 100.

Local News:
Franklin Now, weekly
Franklin/Hales Corners Citizen, weekly
Milwaukee Journal-Sentinel, daily

Parks:
The City of Franklin has sixteen City parks, eleven Milwaukee County parks, and seven parks at school sites for a total of 3,881 acres of park, open space, and outdoor recreation sites.

Health Care:
Wheaton Franciscan Hospital – Franklin is located at 10101 S. 27th Street. Franklin also has six clinics and twenty-four group, assisted living, and retirement homes.

Places of Worship:
The City of Franklin is home to 15 churches which represent over five denominations.

Demographic and Income Profile

7900 Crystal Ridge Road Franklin WI 53132
Ring: 3 mile radius

Latitude: 42.91679
Longitude: -88.01442

Summary	Census 2010	2015	2020
Population	54,884	55,676	56,458
Households	22,407	22,901	23,253
Families	14,692	14,947	15,136
Average Household Size	2.36	2.34	2.34
Owner Occupied Housing Units	15,475	15,377	15,565
Renter Occupied Housing Units	6,932	7,524	7,687
Median Age	42.8	43.8	44.4
Trends: 2015 - 2020 Annual Rate	**Area**	**State**	**National**
Population	0.28%	0.32%	0.75%
Households	0.31%	0.39%	0.77%
Families	0.25%	0.31%	0.69%
Owner HHs	0.24%	0.37%	0.70%
Median Household Income	3.95%	2.81%	2.66%

	2015		2020	
Households by Income	Number	Percent	Number	Percent
<$15,000	1,779	7.8%	1,539	6.6%
$15,000 - $24,999	1,980	8.6%	1,393	6.0%
$25,000 - $34,999	2,443	10.7%	1,957	8.4%
$35,000 - $49,999	2,550	11.1%	2,317	10.0%
$50,000 - $74,999	4,088	17.9%	3,754	16.1%
$75,000 - $99,999	3,468	15.1%	4,058	17.5%
$100,000 - $149,999	4,244	18.5%	5,060	21.8%
$150,000 - $199,999	1,446	6.3%	2,082	9.0%
$200,000+	902	3.9%	1,092	4.7%
Median Household Income	$64,303		$78,060	
Average Household Income	$80,453		$93,098	
Per Capita Income	$33,538		$38,801	

	Census 2010		2015		2020	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	2,812	5.1%	2,663	4.8%	2,657	4.7%
5 - 9	3,099	5.6%	2,971	5.3%	2,822	5.0%
10 - 14	3,427	6.2%	3,197	5.7%	3,157	5.6%
15 - 19	3,399	6.2%	3,400	6.1%	3,209	5.7%
20 - 24	2,925	5.3%	3,272	5.9%	3,027	5.4%
25 - 34	6,555	11.9%	6,736	12.1%	6,753	12.0%
35 - 44	6,873	12.5%	6,392	11.5%	7,025	12.4%
45 - 54	8,866	16.2%	7,787	14.0%	6,885	12.2%
55 - 64	7,614	13.9%	8,616	15.5%	8,394	14.9%
65 - 74	4,509	8.2%	5,671	10.2%	6,968	12.3%
75 - 84	3,381	6.2%	3,293	5.9%	3,659	6.5%
85+	1,425	2.6%	1,678	3.0%	1,902	3.4%
	Census 2010		**2015**		**2020**	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	49,104	89.5%	48,947	87.9%	48,711	86.3%
Black Alone	1,995	3.6%	2,171	3.9%	2,340	4.1%
American Indian Alone	230	0.4%	254	0.5%	280	0.5%
Asian Alone	2,225	4.1%	2,661	4.8%	3,149	5.6%
Pacific Islander Alone	15	0.0%	18	0.0%	18	0.0%
Some Other Race Alone	500	0.9%	631	1.1%	780	1.4%
Two or More Races	815	1.5%	995	1.8%	1,180	2.1%
Hispanic Origin (Any Race)	2,637	4.8%	3,300	5.9%	4,139	7.3%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

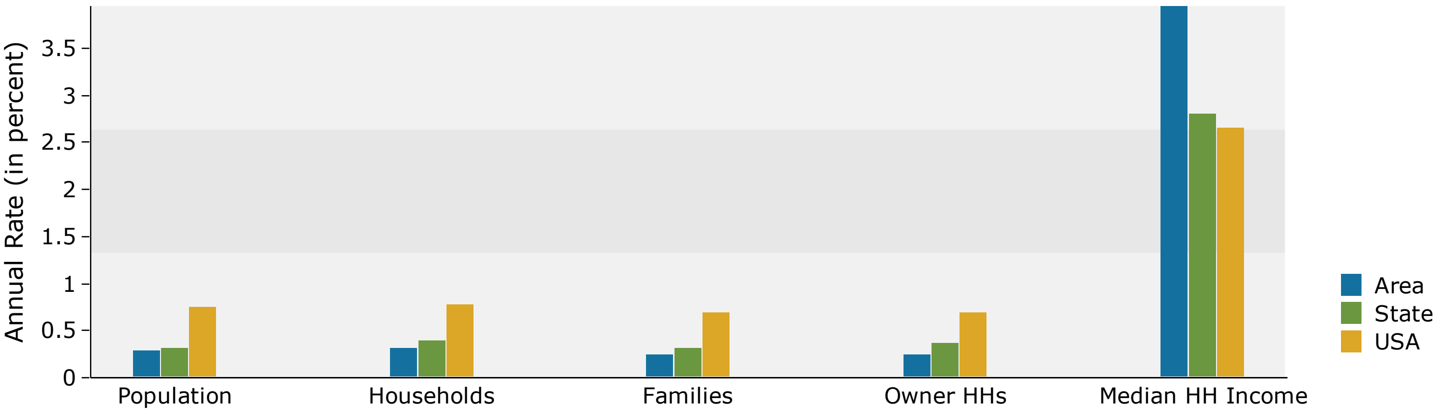
February 11, 2016

Demographic and Income Profile

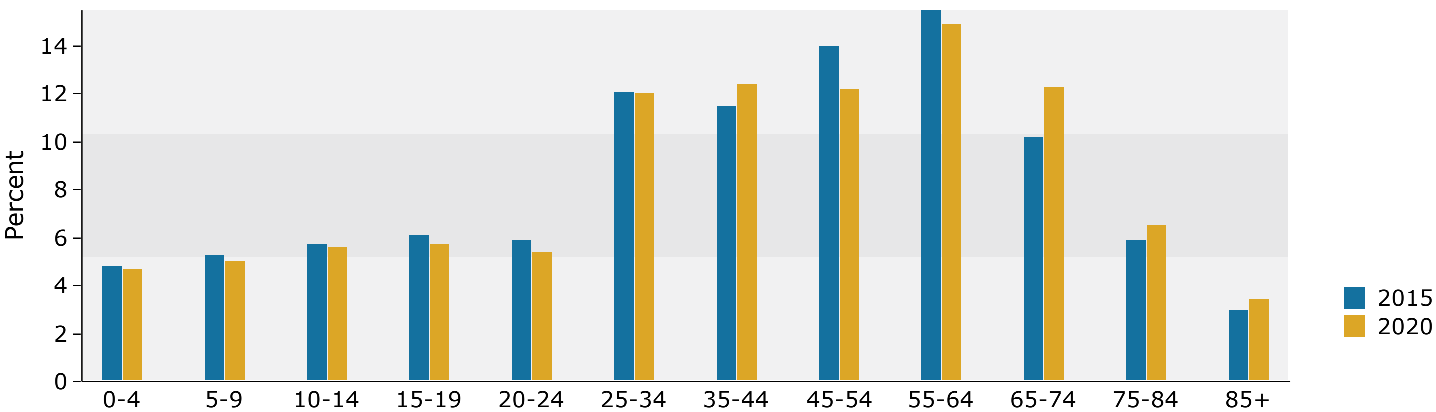
7900 Crystal Ridge Road Franklin WI 53132
Ring: 3 mile radius

Latitude: 42.91679
Longitude: -88.01442

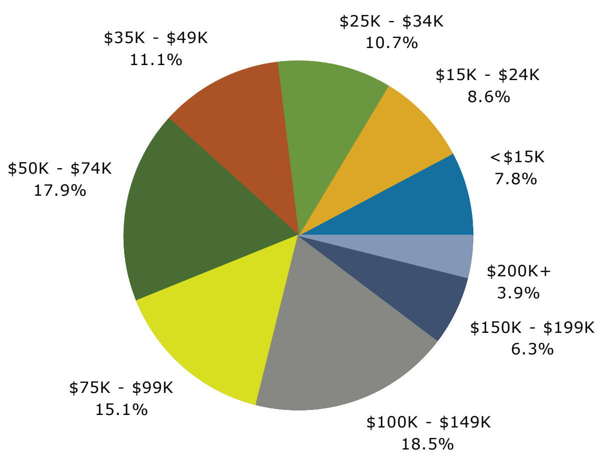
Trends 2015-2020



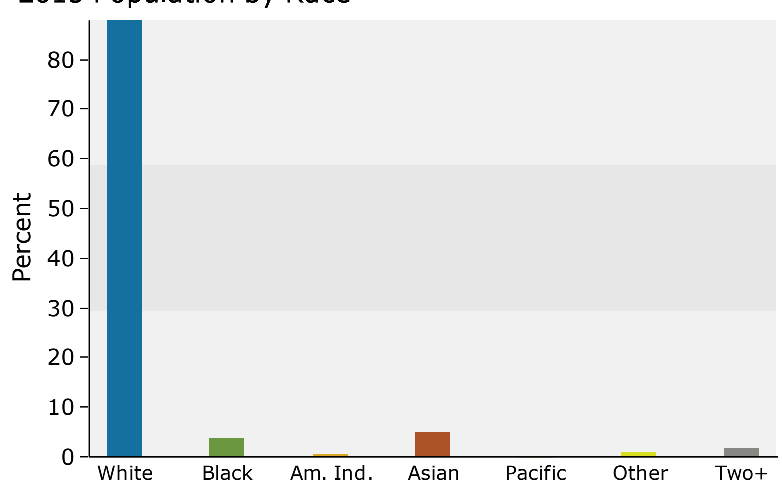
Population by Age



2015 Household Income



2015 Population by Race



2015 Percent Hispanic Origin: 5.9%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

Demographic and Income Profile

7900 Crystal Ridge Road Franklin WI 53132
Ring: 7 mile radius

Latitude: 42.91679
Longitude: -88.01442

Summary	Census 2010	2015	2020
Population	316,338	317,377	320,122
Households	132,258	132,939	134,080
Families	81,781	81,971	82,554
Average Household Size	2.36	2.35	2.35
Owner Occupied Housing Units	83,661	81,814	82,509
Renter Occupied Housing Units	48,597	51,125	51,571
Median Age	39.6	40.4	41.3
Trends: 2015 - 2020 Annual Rate	**Area**	**State**	**National**
Population	0.17%	0.32%	0.75%
Households	0.17%	0.39%	0.77%
Families	0.14%	0.31%	0.69%
Owner HHs	0.17%	0.37%	0.70%
Median Household Income	3.08%	2.81%	2.66%

	2015		2020	
Households by Income	Number	Percent	Number	Percent
<$15,000	13,557	10.2%	12,393	9.2%
$15,000 - $24,999	13,733	10.3%	10,297	7.7%
$25,000 - $34,999	15,765	11.9%	13,310	9.9%
$35,000 - $49,999	19,051	14.3%	17,429	13.0%
$50,000 - $74,999	25,246	19.0%	24,173	18.0%
$75,000 - $99,999	18,076	13.6%	21,695	16.2%
$100,000 - $149,999	18,496	13.9%	22,858	17.0%
$150,000 - $199,999	5,605	4.2%	7,819	5.8%
$200,000+	3,408	2.6%	4,107	3.1%
Median Household Income	$53,011		$61,707	
Average Household Income	$68,322		$78,559	
Per Capita Income	$28,743		$33,028	

	Census 2010		2015		2020	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	19,735	6.2%	18,403	5.8%	18,256	5.7%
5 - 9	19,604	6.2%	19,311	6.1%	18,119	5.7%
10 - 14	19,280	6.1%	19,244	6.1%	19,514	6.1%
15 - 19	18,245	5.8%	18,035	5.7%	18,148	5.7%
20 - 24	18,226	5.8%	18,055	5.7%	16,985	5.3%
25 - 34	44,856	14.2%	43,525	13.7%	40,760	12.7%
35 - 44	40,695	12.9%	40,192	12.7%	43,593	13.6%
45 - 54	48,549	15.3%	43,163	13.6%	38,910	12.2%
55 - 64	39,022	12.3%	44,303	14.0%	44,510	13.9%
65 - 74	22,008	7.0%	27,403	8.6%	34,050	10.6%
75 - 84	17,486	5.5%	16,255	5.1%	17,509	5.5%
85+	8,633	2.7%	9,488	3.0%	9,768	3.1%

	Census 2010		2015		2020	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	270,204	85.4%	265,056	83.5%	261,246	81.6%
Black Alone	9,827	3.1%	10,513	3.3%	11,169	3.5%
American Indian Alone	2,491	0.8%	2,663	0.8%	2,806	0.9%
Asian Alone	10,450	3.3%	12,062	3.8%	13,905	4.3%
Pacific Islander Alone	112	0.0%	113	0.0%	113	0.0%
Some Other Race Alone	15,410	4.9%	17,913	5.6%	20,505	6.4%
Two or More Races	7,844	2.5%	9,057	2.9%	10,378	3.2%
Hispanic Origin (Any Race)	41,956	13.3%	48,644	15.3%	56,608	17.7%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

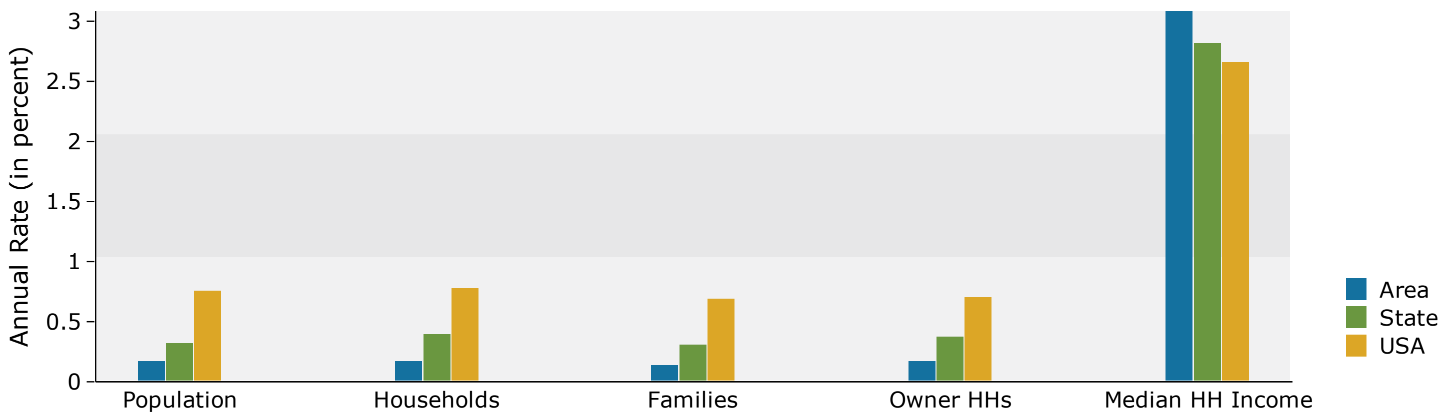
February 11, 2016

Demographic and Income Profile

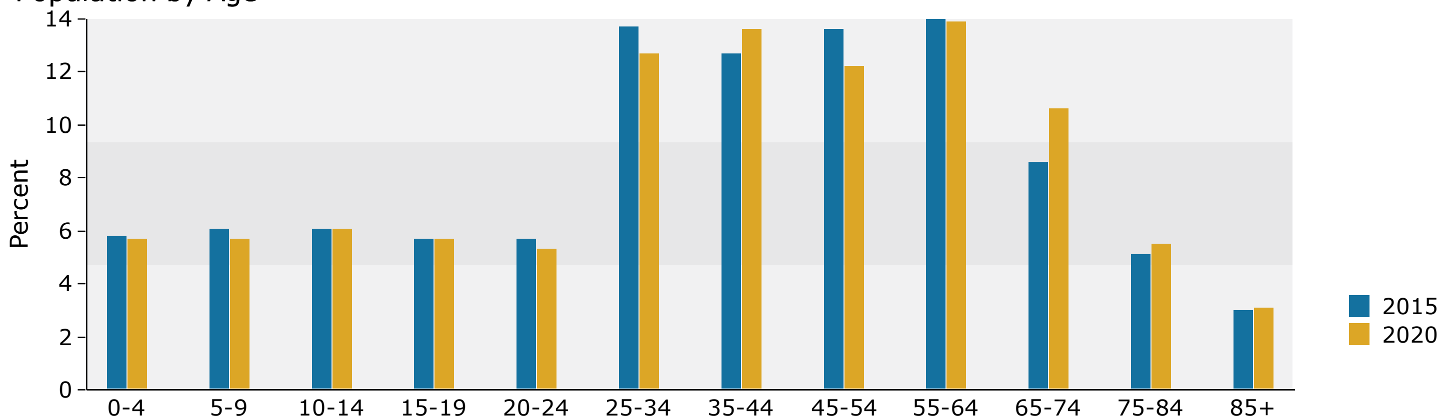
7900 Crystal Ridge Road Franklin WI 53132
Ring: 7 mile radius

Latitude: 42.91679
Longitude: -88.01442

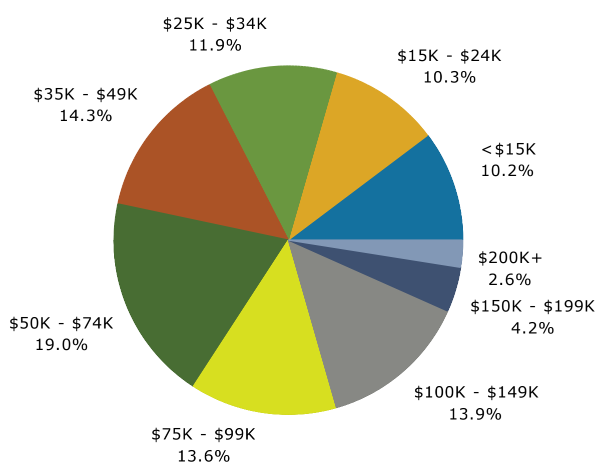
Trends 2015-2020



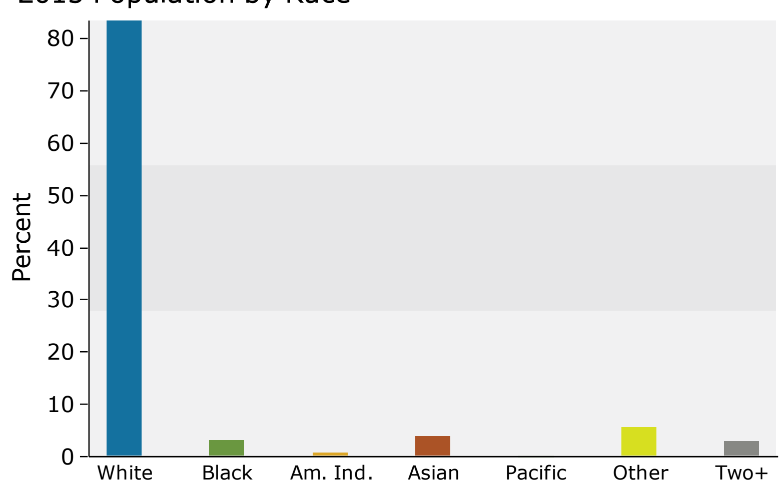
Population by Age



2015 Household Income



2015 Population by Race



2015 Percent Hispanic Origin: 15.3%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

February 11, 2016

MARKET INFORMATION

Franklin will explore possible baseball stadium

By Tom Daykin of the Journal Sentinel
Feb. 4, 2016 7:00 a.m.

An agreement that requires Franklin city staff to help developer Mike Zimmerman seek approvals for a proposed baseball stadium, and investigate public improvements needed for the project, has received Common Council approval.

That agreement, which received unanimous approval at the council's Tuesday night meeting, doesn't commit the city to any zoning and planning approvals. Nor does it provide any possible city financing for the project.

But it does outline the next steps for city officials and Zimmerman to consider the project's viability. That includes hiring a financial consultant for the city to review the development proposal, and to consider any possible city financing help.

Zimmerman envisions a 2,500-seat stadium for an independent professional baseball team; an indoor sports complex with four Little League-sized baseball fields and space for other sports; one or two hotels with up to 220 rooms; around 300 apartments; restaurants and other retail space, and an office building.

The project would be known as Ballpark Commons. It would be developed at The Rock, Zimmerman's sports complex near S. 76th St. and W. Loomis Road, and some adjacent vacant land.

The Common Council in April 2014 unanimously rejected a financing proposal for the baseball stadium.

Under the rejected proposal, Zimmerman would have provided the upfront costs for the stadium. He could then recover up to $10.5 million through property taxes generated by new commercial development at The Rock and nearby properties.

That rejected plan didn't include the additional projects Zimmerman is now proposing.

From the Milwaukee Business Journal:
http://www.bizjournals.com/milwaukee/print-edition/2016/01/15/therock-s-project-pitch-evolved-over-two-years.html

REPORTER SEAN RYAN

The Rock’s project pitch evolved over two years

SUBSCRIBER CONTENT: Jan 15, 2016, 5:00am CST

SCOTT PAULUS
Mike Zimmerman

Both Franklin Mayor Steve Olson and Mike Zimmerman said a lot has changed since 2014, when city officials rejected Zimmerman’s proposal for a baseball stadium and surrounding development at The Rock Sports Complex.

Franklin’s Common Council shot down the Rock owner’s 2014 proposal, saying there wasn’t enough evidence that more buildings would spring up around the stadium and not enough commitment from Zimmerman to move ahead.

Zimmerman is now pitching a more than $100 million Ballpark Commons project, anchored by the stadium, with retail, hotels and hundreds of apartments on land he owns or controls around The Rock.

“When I looked at what reasons they gave, they cited a number of unknowns,” Zimmerman said. “When you look at the unknowns at that time, we have all of those unknowns check-boxed.”

Olson agreed it is a more complete package. The city held a hearing on the proposal on Jan. 11, and is awaiting a proposal and funding request from

From the Milwaukee Business Journal:
http://www.bizjournals.com/milwaukee/blog/real_estate/2016/01/the-rock-owner-presents-stadium-plan-to-franklin.html

The Rock owner presents stadium plan to Franklin officials, hopes for summer start

Jan 11, 2016, 6:32pm CST **Updated: Jan 11, 2016, 6:45pm CST**

After months of meeting with residents around **The Rock Sports Complex** in Franklin, Mike Zimmerman is approaching the city for approvals to build a minor league baseball stadium to anchor a new development with apartments, retail and hotels.

A rendering of the proposed indoor sports complex and neighboring baseball stadium.

If the development secures Franklin approvals and city financing support, construction on the stadium could start in summer and could be followed later this year by other portions of the project, Zimmerman said. As pitched, the more than $100 million "Ballpark Commons" development would use the stadium at The Rock to stimulate development of a surrounding neighborhood.

It marks another attempt by The Rock's owner to move forward with the stadium development in a community where residents and some elected officials have been skeptical. Zimmerman unveiled plans for the commons development in October. However, he said negative reactions from a neighborhood meeting that month caused him to hold back on seeking city approval.

“Frankly it didn’t go well,” he said. “It signaled to us we needed to spend more time being respectful of our neighbors to solicit their input and thoughts.”

The project team in the past two months went door-to-door to meet with 133 residents and 48 businesses to hear about concerns. Common concerns were over building the stadium on The Rock, which is a former landfill, and the impact of apartments on surrounding residents and their property values.

Regarding the landfill, the project team will emphasize that nothing can be built without full environmental approvals, including clearance from the Wisconsin Department of Natural Resources, said Richard Lincoln, a Milwaukee developer who is consulting on the project.

“We won’t put a shovel in the ground until we’ve been through the process with the DNR, with the county and with the city and everybody has approved what we’re doing,” he said.

The project team on Monday night was to present their concept to Franklin elected officials, kicking off the process of gaining approval for the plan and request city financing to help build it. That team now includes Milwaukee developer **WiRED Properties**, which specializes in mixed-use community-building in the suburbs similar to what’s envisioned for the southern portion of Ballpark Commons.

Blair Williams, president of WiRED Properties, said Ballpark Commons could create momentum for additional development in Franklin, similar to the impact of the arena district or Northwestern Mutual’s tower in downtown Milwaukee.

“One of the things suburban communities often lack is that opportunity for big change,” Williams said. “The southern Milwaukee markets have all of the opportunity that all of the other municipalities around Milwaukee have been enjoying. This is, in one fell swoop, an opportunity for Franklin to take underutilized land, give it a dynamic new identity that is not only new for Franklin. This is the type of environment that doesn’t exist anywhere in metro Milwaukee.”

The Rock, a sports complex built and managed by Zimmerman’s MKE Sports & Entertainment, is at 76th Street and Rawson Road. The stadium would be built at The Rock property. It would host games for the University of Wisconsin-Milwaukee Panthers baseball program, the minor league American Association MKE Sports would operate, professional soccer and other events. If the project starts in summer, it could open for games in spring 2017, Zimmerman said.

Other planned buildings include an indoor sports complex next to the stadium and surrounding stores, restaurants or hotels north of Rawson Road. Between 200 and 250 apartments could be built south of Rawson Road on land Zimmerman owns with Greg Marso, president and CEO of Marso Construction and Carstensen Homes.

Those apartments would be built to the “top of the market” in southern Milwaukee County, Williams said. Most will be two-bedroom units. The main demographics of renters are young professionals and baby boomers, including potentially some who live in Franklin now, who want to move out of their long-time single-family houses, he said.

Ballpark Commons also could include office buildings facing the south side of Rawson Road that would include space for MKE Sports and other health care companies Zimmerman has founded. Next to those offices could be mixed-use buildings with apartments and first-floor retail or restaurant space.

The project team declined to comment in detail about city financial support. The city of Franklin has begun studies to create a tax incremental financing district around the area of 76th Street and Rawson Road to raise money to stimulate development. That TIF study began independent of the pending Ballparks Commons proposal.

“This thing will not happen unless we can all come together.” Zimmerman said. “What the financial stack is, I’m not sure. Definitely I’m coming in on the deal. We would expect that the city would offer a tool like a TIF in part because they are doing the study and they have signaled that might be something that is available.”

That TIF study and interest by city officials to see development in the area is among the things Zimmerman said prompted him to return to Franklin with the proposal. In spring 2014, Franklin officials rejected a proposal to help finance the stadium, saying they wanted more details and commitments on the envisioned surrounding development.

“We have all of those unknowns now,” Zimmerman said. “I think a lot has changed since we made a run at this two years ago.”

Sean Ryan
Reporter
Milwaukee Business Journal

Oak Creek apartment plan with nearly 300 units wins initial city approval

By Tom Daykin of the Journal Sentinel
Jan. 20, 2016

Construction will begin this summer on a higher-end Oak Creek apartment development with nearly 300 units following a preliminary city approval.

HSI Properties LLC plans to develop the apartments on 24.8 acres at 7721 S. Pennsylvania Ave. and 2100, 2200 and 2280 E. Drexel Ave., north and east of Life Creek Church. That site is vacant.

The Common Council voted 5-1 Tuesday night to change the city's comprehensive plan, allowing apartments on the site. It had been restricted to single-family homes.

HSI still needs separate council approval for its detailed development proposal. But the council vote "is a big step forward" for the project, said Tony DeRosa, executive vice president.

The firm plans to develop the apartment buildings in two phases, with the first units completed in spring 2017, DeRosa said Wednesday. HSI plans to complete the entire $40 million development by 2018, he said.

The council's vote came after HSI reduced the proposed total unit count to 288 from 396 after nearby residents raised objections to the project's size.

Those apartments, ranging from studios to two-bedrooms, will be in 21 two-story buildings, according to a city report. The target market will be younger residents who want townhome-style rentals, DeRosa said, with projected average monthly rents of $1,000 to $2,000.

The development will include a clubhouse, outdoor swimming pool and a walking path with a gazebo.

DeRosa said the project will complement apartments planned for Oak Creek's Drexel Town Square mixed-use development at S. Howell and W. Drexel avenues.

Facebook: facebook.com/JSBusiness

Twitter: twitter.com/TomDaykin

NEWS AND FEATURES

Oak Creek planners can live with modified apartment proposal

Oak Creek Plan Commission OKs amendment in comprehensive plan

By **John Rasche**
Nov. 17, 2015

Oak Creek — When HSI Properties garnered mixed reviews for a proposed, high-end apartment complex, the real estate developer went back to the drawing board.

HSI's new concept plan for the development includes fewer apartment units (now at 288), further setbacks from the main roads and more green space for potential park development. The development would incorporate two-story buildings, attached garages, a pool and a clubhouse.

Still, the project required a change in the city's comprehensive plan to even proceed.

In a 6-2 decision, the Oak Creek Plan Commission on Nov. 10 ultimately passed an amendment to change the proposed site from "single family residential" to "mixed residential," thus allowing HSI to further pursue the upscale development. Commission members Walter Dickmann and Fred Siepert opposed the motion.

HSI will pursue it.

"We feel this is an opportunity to provide a unique, luxury housing option in a growing community," said Tony DeRosa, executive vice president of HSI properties, at the commission's meeting last week.

At least one commissioner agreed that such an option is lacking in the city.

"I am part of a group that is looking for luxury apartments in Oak Creek and we can't find any, other than (in Drexel Town Square)," said plan commission member Dawn Carillo. "There aren't any in our city … and I think there's definitely a niche for them. I welcome (the proposed development) into our city."

Public concerns

When HSI first proposed a 396-unit apartment development along South Pennsylvania Avenue and East Drexel Avenue in September, the plan commission consideration of the comp plan amendment ended in a tie vote.

"At the last meeting, there was a lot of feedback from neighbors, plan commission members as well as city staff — and we listened, we took a step back," DeRosa said. "We believe in this great community and all the exciting things that are happening in Oak Creek and that's why we wanted … to find a way to make this work."

Residents neighboring the proposed development, however, argued the property would better serve single-family homes, which already surround the area.

"As single-family subdivision developments become increasingly scarce, it will be more important to think strategically about the mix of development types and densities within the community moving forward," said Oak Creek resident Dave Kubicek. "... I think we need to find out how many apartment buildings we really need in this community."

Some opponents also suggested the complex — which would include studio, one-bedroom and two-bedroom apartments — would be too costly for tenants. The average monthly rent for an apartment would range from $1,000 to $2,000, DeRosa said.

In addition, many of the residents in attendance feared the new apartments would result in more in traffic for the all-ready busy avenues. The plan commission agreed, emphasizing a need to conduct a traffic impact analysis.

More revenue

But most commissioners also agreed the development would benefit the city.

"In a situation like this, you have to look at what's going to benefit the entire community over the long run," said alderman Daniel Bukiewicz, who serves on the plan commission.

As a growing population, Oak Creek must find new ways to fund additional resources for the increase in services, Bukiewicz added.

"We're in a tax freeze, so we need to find a revenue source," he said. From a tax base, "I do believe this (apartment) development would benefit the community more than single-family homes."

In fact, the apartment complex would result in a significant tax increment, DeRosa said. The $34 million project would have a current assessment of $152,000 and produce an annual tax increment of $770,000 — or more than $8 million over the course of 10 years.

More from News and Features

- Oak Creek police report: Feb. 11, 2016 issue
- Oak Creek and Franklin primary: What's on the ballot
- Oak Creek Chick-fil-A announces March grand opening, 'First 100' promotion
- Former MLB player John Mallee to coach at Prospect Training Academy (1)
- Black Bear Bottling named 2015 Business of the Year by South Suburban Chamber of Commerce (1)
- Oak Creek denies police chief's request for 7.5 % raise
- Oak Creek police report: Feb. 4, 2016 issue
- Tickets now on sale for annual 'Taste of Oak Creek-Franklin' fundraiser
- Oak Creek's former city hall, library now demolished
- Oak Creek participates in national Water and Health Study

MOST POPULAR

VIEWED

BizTimes
MILWAUKEE BUSINESS NEWS

Cobalt Partners moving forward with Greenfield multi-use development

40-acre site has been on city's radar for redevelopment for 20 years

by Corrinne Hess | October 20, 2015, 11:56 AM

http://www.biztimes.com/2015/10/20/cobalt-partners-moving-forward-with-greenfield-multi-use-development/

Cobalt Partners closed on about 20 parcels of land this week in Greenfield for a mixed-use development along Interstate 894.

Scott Yauck

"We will be starting site work within the next month and are planning on spring construction," said Scott Yauck, president and CEO of Cobalt Partners said in an interview Monday night.

The name of the development will be released next week, Yauck said.

Plans for the 40-acre site at I-894 and South 84th Street include more than 300,000-square-feet of retail shops and restaurants, as well as a possible hotel and 350 market-rate apartments.

Steinhafels was the first retailer to announce it would build a new store within the development, which will replace the existing Steinhafels store at 8400 W. Layton Ave.

Yauck said he has gotten a lot of national retail interest, including tenants that would be new to the Milwaukee market and big-box retailers. A fitness facility could also be added, Yauck said.

The project will take about three years to complete and a hotel could be added in 2018, if market demand warrants it, Yauck said.

The project will be similar to the White Stone Station development in Menomonee Falls, Yauck said.

Cobalt Partners is developing White Stone Station within the 65-acre former industrial area west of the interchange of US 41/45 and Pilgrim Road. Retail tenants for the development include Costco, Ulta Beauty, Sports Authority, Ross Dress for Less and Home Goods. The development also includes 320 market-rate apartments.

The Greenfield development has only been in the works for one year, a timeline Yauck said is typically unheard of.

"Things have really lined up," Yauck said. "This project has been very exciting. We've been pleased with the level of support from the homeowners and all the stakeholders."

The site has been on the city of Greenfield's radar screen for redevelopment for 20 years and has been looked at by many developers, who were unable to put a deal together for a number of reasons, said Richard Sokol , director of neighborhood services, for the city.

"Cobalt Partners was able to use some of that experience and assemble a very exciting project for the future of Greenfield," Sokol said. "We think that this 40 acres is going to be a strong compliment to an already strong commercial development that surrounds the Southridge Mall area and will help provide new shopping, restaurant and commercial opportunities for people throughout the southwestern portion of the metropolitan area."

BizTimes Media LLC

Major development plans moving forward in Greenfield

City financing help proposed for large mixed-use project

By Tom Daykin of the Journal Sentinel
July 17, 2015

Journal Sentinel

Under a new proposal, a large, mixed-use development planned for Greenfield could include around $30 million in city financing help.

Cobalt Partners LLC in May unveiled plans to develop more than 350,000 square feet of commercial space, including stores, restaurants, a medical office building, a fitness center, a hotel and nearly 400 apartments.

Cobalt plans to develop those buildings on nearly 50 acres between I-894 and W. Layton Ave., west of S. 84th St. The value of the development, to be built in phases from 2016 through 2020, would total around $114 million, according to a city report.

City officials are proposing to spend $10 million to help Cobalt finance its land acquisition costs and $19.7 million on new streets, sewers, water mains and other public improvements at the site.

Greenfield would borrow $33 million to finance those costs, along with fees and capitalized interest, through a new tax incremental financing district at the development site, according to the proposal.

The new property taxes generated by the commercial development would pay back those funds, and interest, by 2037, according to the city's estimate. The total estimated city debt, including interest, would be $54.1 million.

Once that debt is paid off, the property taxes would go to the city, its school district and other local governments.

The Community Development Authority is to conduct a public hearing on the tax financing proposal at 6:30 p.m. Thursday at Greenfield City Hall, 7325 W. Forest Home Ave. The proposal will require Common Council approval, with the council to review the plan at its Aug. 11 meeting.

Cobalt has so far announced one anchor tenant for the project: Steinhafels Inc., which would replace its store at 8400 W. Layton Ave. That store would be demolished to help make way for the new development.

The project site includes the former Chapman Elementary School, 8500 W. Chapman Ave., and several single-family homes being sold to Cobalt.

The Community Development Authority on Thursday also will conduct public hearings on two other tax financing proposals:

■A 78.5-acre district centered at the intersection of W. Layton Ave. and S. 60th St., including the former Mount Carmel nursing home, 5700 W. Layton Ave. Meijer Inc. is developing a new supermarket and discount store at that site, which will generate property tax revenue to pay for nearby street improvements.

The Meijer store will have an estimated $18 million value, with additional expected nearby retail and apartment developments creating an additional $6.2 million in new property value, according to a city report.

The city would spend $4.5 million on street work within that tax financing district. The city's debt, totaling an estimated $10.9 million with interest, would be paid off by 2035.

■A 69-acre district centered at an underused park-and-ride lot north of I-894 and east of W. Loomis Road. The city is negotiating to buy the lot from the state Department of Transportation, with developers showing strong interest in the site, Mayor Mike Neitzke said.

If commercial development occurs, it would create an estimated $55 million in new property values, according to a city report.

The city would spend $10.3 million on items such as the parking lot purchase, new streets and other public improvements, and grants to developers. The city's debt, totaling an estimated $26.6 million with interest, would be paid off by 2035.

The three tax financing district proposals amount to an unprecedented wave of development in Greenfield, Neitzke said.

Drexel Town Square complex promises to transform Oak Creek

.leadmedia {margin-bottom:5px;} .leadmedia #brightcove-container {position: relative;} .leadmedia .BrightcoveExperience {z-index:1;} #leadmedia-cover {position:relative; max-height:372px; overflow:hidden;} #leadmedia-cover:hover {cursor:pointer;} #leadmedia-cover span {position: absolute; left: 0px; bottom: 0px; width: 100%; height: 100%; z-index: 2; background: transparent url(http://media.jsonline.com/designimages/BCplay4.gif) no-repeat center center; opacity:0.75;}

The $162 million Drexel Town Square is being built in Oak Creek. A Water Street Brewery brew pub, Meijer supermarket and discount store and City Hall and library are well on their way to being completed

By Tom Daykin of the Journal Sentinel
May 16, 2015

Oak Creek — One of the Milwaukee area's largest mixed-use developments is making its mark, with a brew pub, supermarket/discount store and new library all heading toward summer and fall openings.

The $162 million Drexel Town Square is being built on 85 acres south of W. Drexel Ave. and west of S. Howell Ave., in Oak Creek.

It will be a mix of stores, restaurants, a hotel, higher-end apartments, health care center and a new City Hall and Oak Creek Public Library when most of the development is completed by the end of 2016.

One year after its groundbreaking, three of Drexel Town Square's bigger projects are well on their way to being completed:

■Water Street Brewery is opening its fourth location this summer at the southwest corner of W. Drexel and S. Howell avenues.

The 12,000-square-foot restaurant will brew its beer on site and offer a menu of burgers, pizzas, entrées and other items similar to its locations in downtown Milwaukee, Delafield and Grafton. There also will be a covered patio for outdoor dining.

■Grand Rapids, Mich.-based Meijer Inc. is opening a 190,000-square-foot supermarket and discount store, facing W. Drexel Ave., in August, said Frank Guglielmi, senior director of communications.

It is among several area stores Meijer is opening with its entry this year into southeastern Wisconsin.

■The City Hall and library, marked by a bell tower, will be completed by October in the public square area west of the future Meijer store, said Gerald Peterson, Oak Creek city administrator.

The public square will provide a defined center for Oak Creek, which has around 35,000 residents and sprawls throughout 28.4 square miles south of College Ave. to the Racine County line, between Lake Michigan and S. 27th St.

Construction is to start this summer on a 108-room Four Points by Sheraton hotel once the internal roads connecting to that site are completed, said Jerry Franke, president of Wispark LLC, the site's master developer.

That four-story hotel, 7929 S. Howell Ave., is planning a September 2016 opening, according to the hotel chain's online directory.

Chicago-based Salita Development LLC was to start construction by May 30, but ran into delays in obtaining financing for the project, Peterson said.

Meanwhile, construction will soon begin on the apartments.

Wired Properties LLC plans to begin work this month on two apartment and retail buildings: a four-story building with 36 units and around 16,500 square feet of street-level retail space, and a three-story building with 26 units and a similar amount of retail space.

Those will be built on the future Main St., north of City Hall and the library. The commercial tenants will likely include such businesses as a restaurant, a beauty salon and a clothing store, said Blair Williams, Wired's owner.

Barrett Visionary Development LLC plans to begin work in June on the four-story, 167-unit Emerald Row Apartments, at 601 W. Drexel Ave., Franke said.

That will be the first phase of buildings totaling around 500 apartments that developer Rick Barrett plans for Drexel Town Square.

Also, Chicago-based HSA Commercial Real Estate Inc. is to begin construction this fall on Froedert Health's primary and specialty health care center that could be as large as 200,000 square feet, with a four-level parking structure.

It will be built near W. Drexel Ave. and S. 6th St.

Drexel Town Square's smaller buildings include a Panda Express fast-food restaurant, which opens this month; a U.S. Bank branch and a PetSmart store, with construction beginning this summer; and a Chick-fil-A restaurant, with construction likely to begin later this year.

Meanwhile, a 17-acre wetland area is being built on the site's western portion, with public walking paths that will connect to Emerald Row Apartments.

Along with Barrett's additional apartment buildings, there will be other future projects at Drexel Town Square.

Sites for more retail buildings are planned for an area on Main St. north of the Wired Properties buildings, Franke said.

Wispark also owns two Drexel Ave. parcels, in front of Meijer, that are being reserved for sit-down, casual dining restaurants.

"The city has spoken loud and clear: They want additional eating establishments," Franke said.

Combination project

Drexel Town Square is a combination of suburban development, with Meijer, Water Street Brewery, the hotel and other commercial buildings in the east and middle parts of the site, and a more urban-oriented town square development, with City Hall, the apartments and neighborhood-oriented retail on the site's western portion, Franke said.

Initially, Wispark planned to have stores no larger than 20,000 square feet. But that plan was dropped, drawing opposition from some residents, because Drexel Town Square was unable to attract commercial tenants without a large anchor store.

"We could have never developed this entire site as a town center," Franke said. "It would have failed miserably."

That's because Wispark, a division of Wisconsin Energy Corp., needed city cash through a tax incremental financing district to help pay for the site's roads, sewer and water lines and other public improvements, Franke said.

The Meijer store and other suburban-oriented buildings will play a key role in generating the property tax revenue to make the tax financing district work, Franke said.

The city is providing around $38 million to help finance the project, with Drexel Town Square's property taxes paying back those funds.

Once those funds are repaid, the new property taxes will go to the city's general fund, Oak Creek-Franklin Joint School District and other local governments.

Drexel Town Square will have an estimated value of $162 million when it's completed, with that expected to increase to $220 million by 2032, when the city's debt is scheduled to be paid off, Peterson said.

The Common Council approved spending $23.5 million through the tax financing district for the site improvements, which include the public square and wetlands, Peterson said.

Another $8.3 million is helping finance the apartments, he said.

Up to $6.4 million could be spent to help finance the Froedtert Health facility and the hotel, Peterson said, if the council approves those proposals.

Also, the Wisconsin Economic Development Corp. is providing a $1 million grant for Froedtert Health's parking structure.

In related projects, the city is spending $20.5 million on its new City Hall and library; $3.5 million for the I-94/Drexel Ave. interchange, which opened in 2012, and $8 million to rebuild and widen W. Drexel Ave. between S. 13th and S. 27th streets, Peterson said.

APARTMENT MARKET OVERVIEW

National Apartment Market

Although the national apartment market is moving into the latter stages of the expansion phase of the real estate cycle with some metros entering the contraction phase, the pace of transactions remains quite steady. Total sales volume through third quarter 2015 was 26.0% greater than the prior year, as per Real Capital Analytics.

While some surveyed investors indicate more aggressive underwriting strategies for apartment assets given current market conditions, others are more conservative than they were at the beginning of this year. "There is too much equity chasing too few deals, so we have to stay aggressive," states an investor. Another explains, "We are underwriting more conservatively and building a national economic downturn in the near future into our forecasts."

Two key cash flow assumptions reveal little movement this quarter, underscoring the varied views on the apartment sector's outlook. First, the average initial-year market rent change rate slips just five basis points to 3.18%. Second, the average overall cap rate dips only four basis points to 5.35%. Despite the small changes in these indicators, investors do foresee apartment property values increasing an average of 3.1% in the coming year. ✦

KEY 4Q15 SURVEY STATS*

Total Vacancy Assumption:		
Average	6.0%	=
Range	2.0% to 15.0%	
Months of Free Rent[1]:		
Average	0.8	=
Range	0 to 3	
% of participants using	50.0%	=
Market Conditions Favor:		
Buyers	0.0%	=
Sellers	70.0%	▼
Neither	30.0%	▲

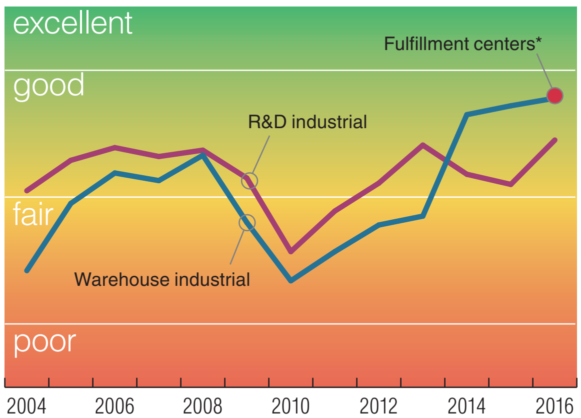
* ▼, ▲, = change from prior quarter
(1) on a one-year lease

Table 29
NATIONAL APARTMENT MARKET
Fourth Quarter 2015

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	5.00% – 10.00%	5.00% – 11.00%	5.50% – 10.00%	5.25% – 14.00%	5.50% – 14.00%
Average	7.26%	7.30%	7.34%	8.17%	8.91%
Change (Basis Points)		– 4	– 8	– 91	– 165
OVERALL CAP RATE (OAR)[a]					
Range	3.50% – 8.00%	3.50% – 8.00%	3.50% – 8.00%	3.75% – 10.00%	4.25% – 10.00%
Average	5.35%	5.39%	5.36%	5.72%	6.51%
Change (Basis Points)		– 4	– 1	– 37	– 116
RESIDUAL CAP RATE					
Range	4.25% – 8.50%	4.25% – 8.50%	4.25% – 9.00%	4.50% – 9.75%	5.00% – 9.75%
Average	5.84%	5.88%	6.03%	6.17%	7.03%
Change (Basis Points)		– 4	– 19	– 33	– 119
MARKET RENT CHANGE[b]					
Range	0.00% – 6.00%	0.00% – 8.00%	0.00% – 8.00%	(2.00%) – 6.00%	(2.00%) – 5.00%
Average	3.18%	3.23%	2.83%	2.57%	0.93%
Change (Basis Points)		– 5	+ 35	+ 61	+ 225
EXPENSE CHANGE[b]					
Range	1.00% – 4.00%	1.00% – 4.00%	1.00% – 4.00%	1.00% – 3.50%	0.00% – 4.00%
Average	2.81%	2.81%	2.74%	2.71%	2.42%
Change (Basis Points)		0	+ 7	+ 10	+ 39
MARKETING TIME[c]					
Range	1 – 9	1 – 9	1 – 9	0 – 18	0 – 18
Average	3.8	3.8	4.1	5.1	6.3
Change (▼, ▲, =)		=	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

Exhibit 4-7 **Industrial/Distribution Investment Prospect Trends**



Source: *Emerging Trends in Real Estate* surveys.

* First year in survey.

U.S. warehouse industrial

2016	Prospects	Ranking
Investment prospects	3.78	2
Development prospects	4.04	1

Buy	Hold	Sell
54.4%	26.9%	18.8%

Expected capitalization rate, December 2016 6.1%

U.S. R&D industrial

2016	Prospects	Ranking
Investment prospects	3.45	9
Development prospects	3.42	9

Buy	Hold	Sell
31.3%	42.4%	26.4%

Expected capitalization rate, December 2016 6.7%

U.S. fulfillment centers

2016	Prospects	Ranking
Investment prospects	3.80	1
Development prospects	3.92	2

Buy	Hold	Sell
44.2%	40.6%	15.2%

Expected capitalization rate, December 2016 6.1%

Source: *Emerging Trends in Real Estate 2016* survey.

Note: Based on U.S. respondents only.

property market. Those who are nervous about incipient oversupply seem to focus on the growth rate, absent a longer-term perspective, or are worried by past patterns to continue building past the cyclical peak in demand. Meanwhile, they observe the prior weighting toward build-to-suit industrial shifting toward the more familiar area of speculative construction.

The multiyear period of supply discipline should not breed complacency, though, especially for industrial assets where the development period is exceptionally short. As one institutional investment manager exclaimed, “Supply constraint? Really?” It is true that the past five years are not likely to be a good guide to the next five, and industrial construction is one area to watch vigilantly.

Two additional considerations should be highlighted: The first is the rotation forward of investor appetite for R&D/flex space, both by owner-users (particularly the big Silicon Valley brand names) and by traditional investors from the institutional and private equity sectors. The second is the targeting of industrial property portfolios as a way to put money to work at scale by sovereign wealth funds, real estate investment trusts (REITs), and pension funds.

In the more globalized, institutionalized real estate environment, size *does* matter, especially in the efficiency of capital deployment. However, we should have already learned that when the big guys concentrate on the biggest assets in the biggest markets, that opens up viable niches elsewhere. Entrepreneurs have often nimbly seized such opportunities, in the computer field, in transportation, and in finance as well. A niche-sensitive investment ecology will shape real estate trends over the foreseeable future.

Apartments

The highly favored multifamily rental sector has enjoyed a long run of success during this decade. Our *Emerging Trends* survey respondents still rate its prospects well, yet the extraordinarily high prices and low cap rates in many locations are giving quite a few of our interviewees pause as they contemplate the future. We may well be seeing the beginning of a shift in investment/development outlook as we go forward in 2016 and later. The executive vice president of a major national developer remarked, “I have never seen the apartment sector so good. That will change. There is too much building in some markets. High rent increases will have to come down.” A private equity manager observed, “This is a great market to sell. Investing is more challenging.”

Too often, issues in this sector are conflated in an attempt to draw a broadly sketched picture. The urban/suburban choice, for instance, is frequently identified with the rent/buy choice, and that’s just not the case. An investment banker told us, “The question is now: do people want to own a house, or do they want to live in the city and rent an apartment? Is property ownership still a main trend?" Many couch the discussion in such a framework. But, for residential investment, a huge range of options means that there are selections for investors and developers in all products. A fine-grained look in this sector is not only essential analytically, but also the key for those who need to pull the trigger on deals.

An analyst with one of the major housing data firms believes that the size of generation Y ("a very interesting cohort") should support expanding housing demand for both rentals and ownership housing. It is not an either/or proposition. "The demographic forces are very positive to support residential construction, support multifamily, while serving a growing need for additional single-family housing stock."

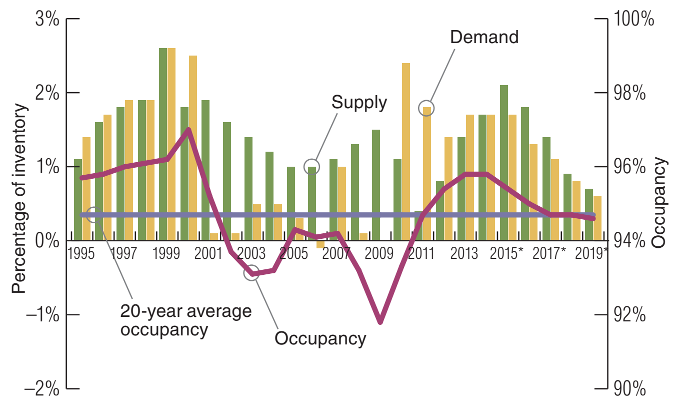
Garden apartments. Institutions have enjoyed a "golden era" in the apartment market. Robust leasing activity has continued in 2015, pushing occupancy and rent growth higher even as multifamily development accelerated swiftly. NCREIF has reported double-digit total returns continuing, with the garden apartment subsector moving ahead of higher-density residential, largely on the strength of superior net operating income (NOI) growth.

According to a midyear 2015 report by Real Capital Analytics, the garden apartment sector is also seeing stronger investment volume growth in the transaction data. While the pressure of institutional investment competition in this recovery has inexorably pushed cap rates lower for mid- and high-rise multifamily assets, garden apartments have maintained average cap rates above 6 percent, compared with mid-/high-rise going-in rates that average 4.9 percent.

Some adopt the Baseball Hall of Famer "Wee" Willy Keeler's advice: "Keep your eye on the ball and hit 'em where they ain't." A West Coast investment manager reported an investment program on Florida's Gulf Coast—still rebounding from the subprime mortgage crisis—where good-quality apartment complexes have been acquired at 7.5 percent cap rates at prices in the $50,000 to $75,000 per unit range. So with many echoing the financier who told us, "Values in New York and San Francisco are just ridiculous," we see a trend in finding multifamily housing opportunities where costs are more manageable, looking more favorably to the garden apartment subsector.

Urban multifamily. For some investors, the best tactical approach means taking profits in a market that will still be strong in 2016, and redeploying the capital into preferred assets. A Wall Street fund manager comments, "Our portfolio has very much evolved. We are selling out of the older-style apartments at very high prices and replacing them with newer and much more urban properties in the seven or eight target markets where we can create scale." A public pension fund investor calls luxury apartments in urban infill areas the "best bet" for 2016: "We love the big three [Manhattan, San Francisco, Los Angeles] and we also like the multifamily markets in Seattle, Dallas, and Atlanta."

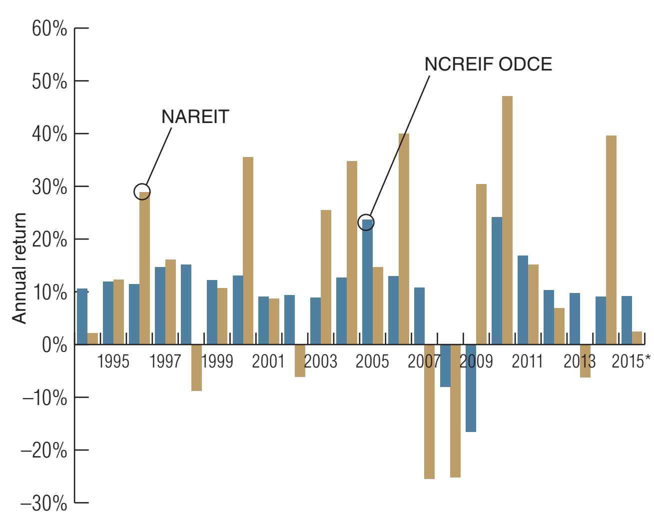
Exhibit 4-8 **Change in Supply and Demand—U.S. Multifamily Housing**



Source: REIS Inc.

* Forecast.

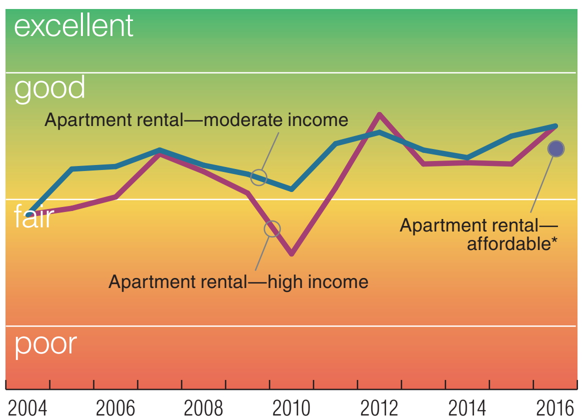
Exhibit 4-9 **U.S. Multifamily Property Total Returns**



Sources: NCREIF Fund Index Open-End Diversified Core (ODCE); NAREIT Equity REIT Index.

* Returns as of June 30, 2015.

Exhibit 4-10 **Apartment Investment Prospect Trends**



Source: *Emerging Trends in Real Estate* surveys.

* First year in survey.

U.S. high-income apartments

2016	Prospects	Ranking
Investment prospects	3.58	4 (tie)
Development prospects	3.66	4

Buy	Hold	Sell
21.0%	25.7%	53.4%

Expected capitalization rate, December 2016 4.9%

U.S. moderate-income apartments

2016	Prospects	Ranking
Investment prospects	3.58	4 (tie)
Development prospects	3.48	6

Buy	Hold	Sell
38.8%	37.4%	23.8%

Expected capitalization rate, December 2016 5.6%

U.S. affordable apartments

2016	Prospects	Ranking
Investment prospects	3.40	12
Development prospects	3.28	11

Buy	Hold	Sell
32.9%	45.2%	21.9%

Expected capitalization rate, December 2016 6.1%

Source: *Emerging Trends in Real Estate 2016* survey.

Note: Based on U.S. respondents only.

Others, such as the president of a Southeast brokerage, also encourage a close look at what is going on in the regional markets with which he is familiar. "Downtown housing has more of a boutique feel than in New York. Millennials here can rent affordably at incomes of $125,000." This interviewee went on to mention that this group's downtown experience has led to interest in close-in for-sale housing as a next step. And as for the proposition that educational choices will drive millennials to traditional suburbs eventually, he notes that charter schools and homeschooling have expanded educational choice: neither needs the traditional suburb to be successful.

While many other interviewees still view schools as the stumbling block to city living (as one institutional investor argued, "Unless you can fix the school system in urban areas, as much as millennials say they'll never go to the suburbs, when they have children they probably will"), others concur with the position stated in the previous paragraphs ("I definitely don't think you'll find [gen Y] moving for a school district; they might find a magnet school," as a seasoned appraiser-consultant said in her interview).

Infill and mixed-use development. With the evolution of 18-hour cities, more places around the country are benefiting from additional diversity and complexity in their populations and economic bases. A Tennessee developer lauds the planning trend to rethink "separation of uses" zoning. He believes that "it is smart to seek an environment where something is going on every night." Mixed-use development in such a context reinforces value across the varied uses. An executive with a retail REIT concurs, "Infill and MXD [mixed-use development] are megatrends, and horizontal MXD is easier than vertical. It is more efficient, too, since you have greater cross-use of the parking requirement over the course of the day."

A New York–based firm that intermediates cross-border investment has been doing ground-up apartment development in spots like Altamont Springs outside Orlando; Revere, Massachusetts, near Boston; and the Clayton suburb near St. Louis. "We see these as infill locations, too, not sprawl at the perimeter—and our projects have been exceeding pro-forma projections."

Residual impact of the bubble years. Quite a hangover remains from the U.S. housing market collapse, epitomized by the subprime mortgage–induced bubble a decade ago. More than 7.4 million homeowners are still seriously underwater as of mid-2015, with the market value of the homes 25 percent or more lower than the outstanding mortgage balance, according to Realty Trac. Based on such data, a Wall Street finance specialist sees a slow recovery in the suburban housing markets and a disincentive for homebuying for now.

Such conditions surely influence the buy/rent decision. Many have spoken of the trauma felt by millennials who saw their families' net worth evaporate in the housing debacle. Those scars, they feel, will be very slow to heal. Moreover, the tenuous situation they experience in terms of job security gives them pause when contemplating a long-term mortgage commitment. "Jobs are not 'sticky' anymore," declares an executive with a global investment and asset manager, "and this impacts on the home purchase and mortgage decision."

With such factors in mind, many long-term investors align with an institutional investor who concludes for the years ahead, "We are still bullish on the apartment sector, although there are certainly markets with emerging supply issues. Overall, we think that the **demographic tailwind for rental apartments and continued urbanization is a longer-term trend that will make multifamily a good sector for a long time."**

Design, price, and user preferences. A Chicago-based developer described the difference between product for millennials and baby boomers this way: "The gen Y product is a 700-square-foot apartment at $2,000 per month, but empty nesters need 1,500 square feet." This is another instance where granular market analysis is absolutely required.

Lest we think this is simply the case in the largest U.S. cities, listen to a Nashville housing investor/developer: "My key demographic is women in their 60s, whose social life centers on their jobs and their church affiliations. They need a low-maintenance home with enough size and community amenity to be happy at this stage in life. The micro unit is not the answer for this group." And a West Coast investor wonders about the durability of the market for such a product: "When people are successful, they don't want to be crammed into micro units."

So even as we see a push in demand coming from new household formation, as jobs become more plentiful and release "boomerang" kids into the housing market, there will be a need for a range of development—not just luxury. A challenge for the industry is making the economics of affordable housing work. As one investment manager noted, both ends of the income inequality spectrum need to be satisfied: "We need to ask where workers will be living."

One consultant from the Carolinas maintains, "We are going to have to deal with affordable housing in a more holistic way." A private developer in Florida defines the issue even more sharply: **"Affordable housing is much more than simply a real estate issue. It is a significant cultural issue. Products will be delivered that will accommodate millennials, small/young families, workforce housing—and how that housing changes . . . in size of home, style of home, where they are located, and how they're constructed."**

That challenge will not be going away in 2016, 2017, or 2018. It is safe to label it an "emerging trend."

Office

Mind the gap! That's the gap between CBD and suburban offices, the top and bottom lines respectively in Moody's/RCA Commercial Property Price Index in exhibit 4-2. One property type diverging on two separate tracks—and the gap has been widening.

The breadth of the U.S. office market is one of its greatest strengths. Having options provides value. Secondary office markets are experiencing higher levels of investment for just this reason, somewhat greater volatility priced by higher yields, and the ability to accommodate fast-growing companies with a volume of new construction at costs much lower than that available in the primary downtowns. Interviewees spoke of "pocket markets," conversions and redevelopments, and opportunities to reposition struggling suburban office parks with vast parking into more effective mixed use.

Where? Quite a few interviewees find themselves overweighted in office at this stage of the cycle. Almost universally, that concentration of investment has been in the downtowns of the largest cities. Research has validated the claims that 24-hour cities would provide superior returns over time. New studies of "vibrancy" have extended the connection between live/work/play locations and commercial real estate performance into the category of 18-hour cities introduced in *Emerging Trends 2015*.

Institutional investors with a long-range perspective have been looking past the high prices for core office assets in gateway markets, doubling down on offices in Boston, Chicago, D.C., New York, Los Angeles, and San Francisco. Even at higher prices, CBD has topped suburban office in total returns over the one-, three-, five-, ten-, and 20-year time horizons in the NCREIF Property Index. No wonder that one interviewee specializing in office investment sales said, **"Tenants want to be in urban locations, so investors want to be there, too.** There is a good degree of due diligence being done on deals, so we are not getting out over our skis."

It is not just the insurance companies and pension funds, though. A variety of buyer types is represented in the current wave of downtown office acquisitions. A private owner/investor told us, "Sell noncore assets; invest in quality office." One inter-

ApartmentResearch

MARKET REPORT

Marcus & Millichap

Milwaukee Metro Area *Fourth Quarter 2015*

Apartment Demand Brewing in Milwaukee

Employment gains bolster the Milwaukee apartment market, drawing new residents to the region and increasing the demand for housing. Approximately 6,100 households will be formed in the metro during 2015 and many of these will seek rental units, keeping vacancy below the traditional replacement level. The rise in tenant demand spurs robust multifamily construction activity. This year, apartment inventory will increase by the largest number of units since the recession. The impact of construction will be lessened as projects are most prevalent in areas with significant demand such as downtown Milwaukee or in neighborhoods just the north of the core. So far, many units have been absorbed; vacancy rests below 5 percent in all submarkets. Concessions, however, have begun to creep up in some regions to entice tenants to these new properties. Despite a surge in construction this year, vacancy will remain tight, pushing rent growth throughout the market and improving NOI.

The relatively steady Milwaukee economy continues to attract investors to the apartment market, many coming from Chicago, drawn by lower entry costs and higher yields. Even though owners have been bringing more inventory to market, buyer demand still remains well above supply, keeping capital waiting on the sidelines. Stabilized properties built since the 1980s with more than 100 units and established rent rolls are most sought after and will receive multiple bids in prime locations. The aggressive competition for these assets is driving prices upward and compressing cap rates. Best-of-class assets will list at initial yields that begin in the high-5 percent range if well located. A climb in apartment deliveries this year should provide additional buying opportunities. First-year returns for assets in secondary locations or quality will trade 100 to 200 basis points higher. Suburban properties near major employment hubs such as Waukesha or Dane County will receive significant investor attention.

2015 Annual Apartment Forecast

1.2% increase in total employment

Employment: In 2015, 10,000 positions will be added to payrolls, lifting employment by 1.2 percent. This is an increase from last year when 9,000 jobs were created, led by gains in the education and health services sector.

2,000 units will be completed

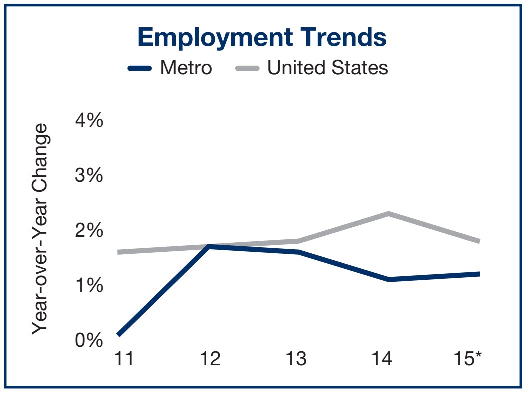
Construction: Approximately 2,000 rentals will be completed metrowide during 2015, the largest portion of which will be in the Near North/West Side/Wauwatosa submarket. Last year, 1,300 units were brought into service.

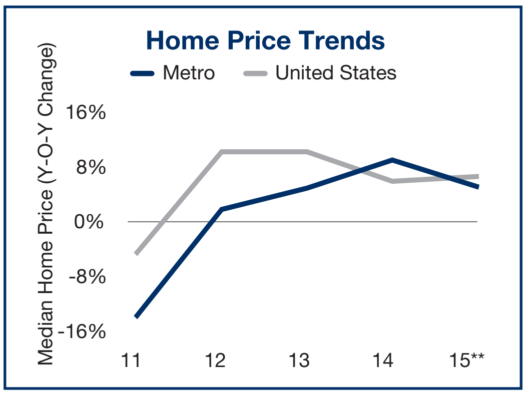
10 basis point increase in vacancy

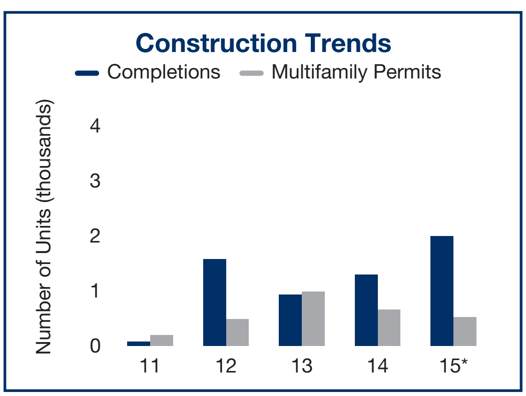
Vacancy: After vacancy tightened 110 basis points last year, the rate will inch upward as completions reach the highest level in seven years. During 2015 vacancy will tick up 10 basis points to 3.1 percent.

3.3% increase in effective rents

Rents: The addition of new luxury rentals will contribute to rents climbing. During 2015, the average effective rent in the metro will jump 3.3 percent to $968 per month, building on a 2.4 percent rise last year.







* Forecast
** Trailing 12-month period through 3Q

Economy

- In the past four quarters ending in September, employers in Milwaukee created 7,400 new positions, increasing total employment by 0.9 percent. This is down from the prior 12 months, when 7,700 positions were generated.
- The education and health services sector led job gains with nearly 6,800 new workers, followed by professional and business services with 3,900. The leisure and hospitality and financial activities sectors added approximately 1,000 slots each.
- Unemployment in the metro has tightened 90 basis points in the last 12 months to 4.8 percent in the third quarter. One year earlier, unemployment dropped 130 basis points.
- **Outlook:** Employers will lift payrolls 1.2 percent in 2015 with the addition of 10,000 positions. An increase in workers will boost household formation. This year 5,000 new households are expected, generating demand for rentals.

Housing and Demographics

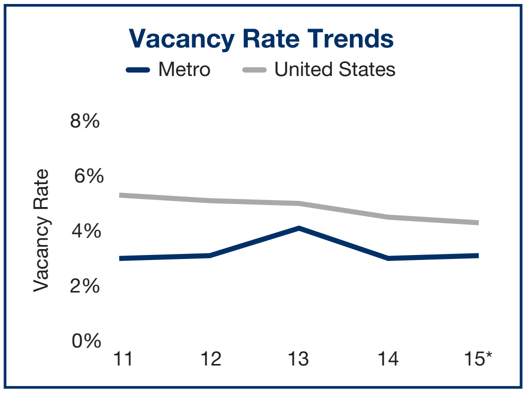
- In September, an annualized 1,500 single-family homes were permitted, a 15 percent advance from the same period last year. During the same time span, multifamily issuance fell 71 percent to 365 units.
- Over the past 12 months, home prices escalated 5.1 percent to a median of $218,300 in the third quarter. The median household income, meanwhile, ticked up 2.9 percent to $54,800 per year, which is $4,100 more than the minimum qualifying income needed to purchase a median-priced home in the metro.
- Using traditional financing, the difference between effective rents at 2000s-vintage apartments and the monthly mortgage obligation on a median-priced home is $85 per month in favor of homeownership.
- **Outlook:** Home prices that remain affordable to many Milwaukee area renters will limit the amount that apartment operators in some middle-class neighborhoods can push rent growth before tenants consider transitioning to homeownership.

Construction

- Developers finalized 377 apartments during the third quarter, raising the 12-month total to 1,100 units. The Near North/West Side/Wauwatosa submarket received the largest portion of these deliveries. Completions dipped from last year when 1,200 units were added to the metrowide inventory.
- Robust building activity features more than 3,300 apartments underway with deliveries scheduled into 2017. The bulk of completions will be in the Downtown/Shorewood and Near North/West Side/Wauwatosa submarkets. The planning pipeline contains 7,500 proposed rentals with due dates that extend into 2017.
- The largest project underway is the Corners at Brookfield, a 235-unit building. Part of a mixed-use development, the luxury apartments will be built above ground-floor retail and include concierge services, a health and fitness center, and a social-media center for residents.
- **Outlook:** Approximately 2,000 rentals will be completed during 2015, the highest level since 2008. Last year 1,300 apartments were brought into service marketwide.

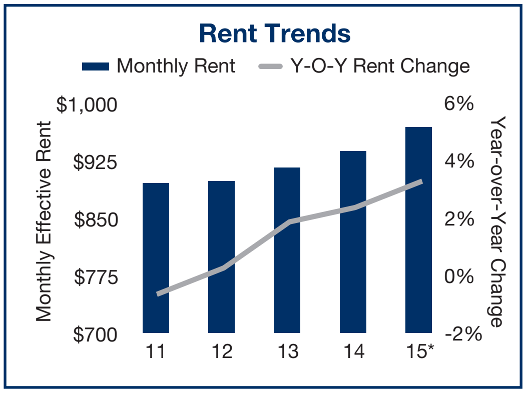
Vacancy

- The vacancy rate ticked up 30 basis points to 2.8 percent in the third quarter. The rate is down 80 basis points year over year and follows a 40-basis-point rise 12 months earlier.
- Renters have been steadily absorbing new units. Vacancy in properties built since 2000 fell 130 basis points year over year to 3.0 percent in the third quarter, after a 50-basis-point drop the prior period. Properties constructed in the 1990s have the lowest vacancy at 2.3 percent.
- Downtown/Shorewood has the highest vacancy among submarkets in the Milwaukee metro, at 4.1 percent in September. The rate has remained stable year over year even though 400 units were brought into service. This submarket also registers the most expensive average effective rent at $1,223 per month, down 3.4 percent during the period, due in part to an expansion in concessions.
- **Outlook:** Vacancy will end 2015 at 3.1 percent, up 10 basis points for the year mainly resulting from an escalation in completions. In 2014, vacancy tightened 110 basis points.



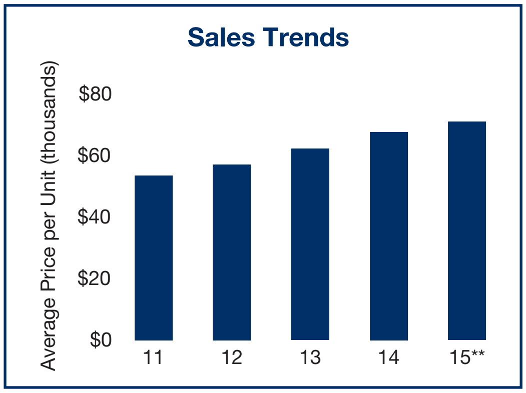
Rents

- Metrowide, effective rents advanced 2.1 percent to an average of $962 per month year over year in September. A 1.1 percent rise was recorded 12 months earlier.
- The most affordable rents among the metro's submarkets were registered in South Side/West Allis/Greenfield at an average of $809 per month in the third quarter. Rents here jumped 3.1 percent in the last 12 months following a 0.9 percent increase one year earlier.
- By vintage, properties constructed in the 1970s offered the lowest rents at an average of $845 per month. Here, rents hiked 3.7 percent in the past four quarters, the highest jump among vintages. Effective rents in properties built since 2000 declined 1.0 percent to $1,226 per month during this period as concessions expanded.
- **Outlook:** During 2015, the average effective rent in the metro will climb 3.3 percent to $968 per month, building on a 2.4 percent rise last year.



Sales Trends

- Transaction velocity remained relatively steady year over year. During this time, private buyers were active as indicated by the domination of trades of less than $5 million. Many local investors targeted Class C assets in the Avenues West, Jackson Park and Lower East Side neighborhoods in the city of Milwaukee.
- The average price of assets traded over the last 12 months was $70,900 per unit, an annual increase of 4.9 percent. Lower-tier assets sold at an average of $58,200 per unit.
- Cap rates for properties traded in the last 12-month period averaged in the low-7 percent range metrowide. First-year yields for institutional-grade assets averaged in the high-5 percent area.
- **Outlook:** Investors will remain focused on steady cash flows in stabilized assets. Properties with more than 100 units, near major employment hubs or in cities with lower tax rates will garner significant buyer attention.



* Forecast
** Trailing 12 months through 3Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Marcus & Millichap

NATIONAL MULTI HOUSING GROUP

Visit www.NationalMultiHousingGroup.com or call:
John Sebree
Director, National Multi Housing Group
Tel: (317) 327-5417
john.sebree@marcusmillichap.com

Capital Markets

By WILLIAM E. HUGHES, Senior Vice President, Marcus & Millichap Capital Corporation

- The Federal Reserve continues to weigh domestic economic trends against greater volatility and softer growth overseas to guide its course on interest rates. The central bank will deliberate again on the Fed Funds rate at two additional meetings this year but may withhold its first rate hike until 2016. Initial movements by the Fed on its overnight lending rate will likely be gradual and measured in order to minimize a potential disruption in U.S. economic growth.
- The yield on the 10-year U.S. Treasury, an important benchmark in real estate lending, has hovered in the low-2 percent range throughout 2015 in response to rising demand for low-risk, fixed-income assets. Long-term rates such as the 10-year U.S. Treasury are not directly tied to short-term rates, or the short end of the yield curve, and thus will be largely insulated from the Fed's actions.
- Agency lenders are underwriting 10-year apartment loans with LTVs at up to 80 percent in select markets and rates ranging from 4.3 percent to 4.7 percent. Portfolio lenders offer similar LTVs at rates from 3.85 to 4.5 percent. Floating bridge loans are issued at LTVs of 70 percent for stabilized assets, with a spread of 250 to 400 basis points above Libor. Value-add deals, meanwhile, attract a spread of 350 to 500 basis points with dollars capped at 60 to 65 percent of cost.
- Total CMBS issuance reached $77.6 billion for all commercial properties year to date through the third quarter and lenders remain on track to issue $100 billion to $125 billion in 2015, a sizable gain from last year. In the apartment sector, CMBS lenders will issue loans at terms of up to 10 years and as much as 80 percent leverage in specific circumstances. Interest rates for good-quality multifamily product start at 240 basis points over the 10-year U.S. Treasury, and have widened slightly recently.

Local Highlights

- Northwestern Mutual plans to construct a 33-story upscale apartment tower next to its downtown Milwaukee headquarters. The development will include 25 stories and 308 apartments, an eight-story parking garage and ground-floor retail space. Amenities include a rooftop swimming pool and fireplace, indoor golf simulator and fitness center. Northwestern Mutual has not yet released information on the expected completion date.
- Milwaukee received a $30 million grant to help fund the redevelopment of 708 mixed-income housing units and the neighborhood surrounding them on the city's northwest side. The redevelopment plan aims to help combat Milwaukee's foreclosure crisis, provide better access to retail and transportation and offer improved educational opportunities. Foreclosed homes will serve as temporary housing as units go under construction. City officials expect to break ground on homes in the spring of 2016.
- Land has been purchased in Greenfield for a massive mixed-use project with plans to break ground in midyear 2016. The development, located between Interstate 894 and West Layton Avenue, will include 400 apartments, a 120-room hotel, office space and several retail buildings.

Prepared and edited by
Nancy Olmsted
Market Research Analyst, Research Services

For information on national
apartment trends, contact
John Chang
First Vice President, Research Services
Tel: (602) 687-6700
john.chang@marcusmillichap.com

Milwaukee Office:
Matthew Fitzgerald
First Vice President, Regional Manager
matt.fitzgerald@marcusmillichap.com
13890 Bishops Drive, Suite 300
Brookfield, Wisconsin 53005

Tel: (262) 364-1900
Fax: (262) 364-1910

Price: $150

Apartment Demand Brewing in Milwaukee As Jobs and Amenities Lure Renters Downtown

Slow but relatively steady employment gains will draw new residents to Milwaukee, underpinning the need for rentals. Many of the jobs will be in office-using firms that are expanding or relocating into new office towers in the city. The increase in workers will generate demand for rentals in the core as many people seek housing nearby. Additional apartment leasing will come from downsizing households that seek a more walkable lifestyle proximate to cultural amenities. Metrowide, strong tenant demand has activated developers. For the second year in a row, deliveries will reach approximately 2,000 units, yet the vacancy rate will remain below the traditional level in most areas. Also, single-family home prices, especially in some of the most desired neighborhoods, are beyond the means of many tenants, keeping them in the renter pool longer. This will contribute to stable vacancies and higher rent growth this year.

Stable operations and the availability of low-cost financing are attracting investors to apartment assets in Milwaukee. Less intense competition for available properties than in nearby markets will likely draw regional buyers, especially from Chicago and Minneapolis, keeping investor demand ahead of listed assets. Many buyers will target properties built since the 1980s with more than 100 units and a consistent income stream. Cap rates for these assets typically start in the high-5 percent range but may dip below that for premium properties. The rise in construction should provide additional investment opportunities, although developers may need to offer concessions to quicken the pace of leasing to stabilize new buildings. Higher property tax rates in Milwaukee will move other buyers into surrounding counties. Assets with some upside potential near employment centers or along major transit routes in Waukesha County will be highly desired.

2016 Market Forecast

NMI Rank 25, down 2 places — Average operational improvement this year will keep Milwaukee near the middle of the ranking.

Employment up 0.8% — Approximately 7,000 jobs will be generated throughout the metro in 2016, a 0.8 percent expansion. This is down from the 10,000 workers added to payrolls last year.

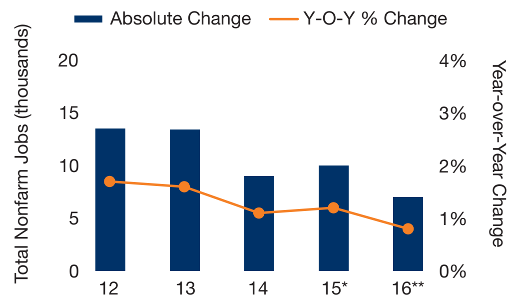
Construction 2,000 units — Developers will complete 2,000 rentals throughout the metro in 2016, a 1.4 percent increase in inventory. This is a slight decline from last year's 2,100 units. Builders will be most active in downtown Milwaukee.

Vacancy down 10 bps — During 2016, the vacancy rate will dip 10 basis points to 3.0 percent, a reversal from last year's 10-basis-point climb. The rate has stayed below 4.2 percent since 2010.

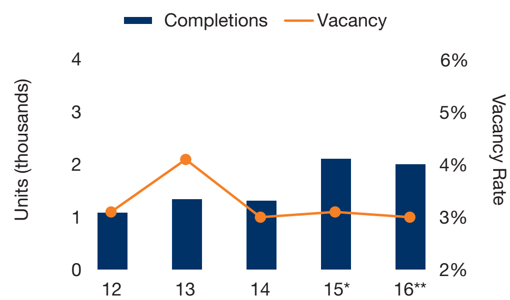
Rent up 3.5% — Strong tenant demand will contribute to the highest rent gain in five years. During 2016, effective rents will rise 3.5 percent to an average of $1,002 per month. Last year, a 3.3 percent advance was posted.

Investment — For buyers seeking value-add and redevelopment prospects, older properties in revitalizing neighborhoods surrounding downtown Milwaukee should provide investment opportunities.

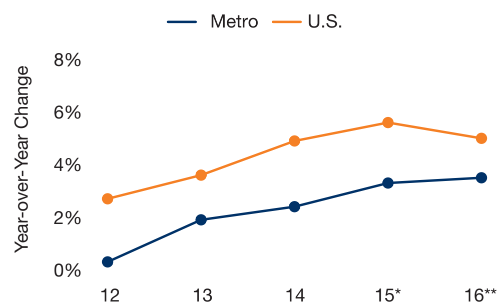
Employment Trends



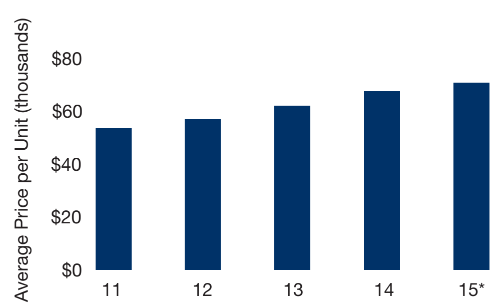
Supply and Demand



Effective Rent Trends



Sales Trends



* Estimate ** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

RETAIL MARKET OVERVIEW

National Strip Shopping Center Market

From an investment standpoint, buyer demand remains quite strong for strip shopping centers as this sector continues to perform well and recover – albeit at a slow pace. Even though the national vacancy rate held steady at 10.1% in the third quarter of 2015, it was down 20 basis points on a year-over-year basis, as per Reis. As a result, many surveyed investors are seeing increasing "net" rents and slightly more aggressive pricing on the part of sellers, especially for Class-A assets.

As shown in Table 3, the average overall cap rate for this market falls 43 basis points this quarter to 6.38% – the lowest average for this market since it debuted in 1991. In addition, the quarterly decrease marks the fourth consecutive quarterly decline for this key cash flow assumption. Even though rent growth expectations hold steady this quarter, fewer Survey participants are offering free rent. Specifically, 63.0% of participants are using free rent – down from 75.0% three months ago.

In the sales arena, investors note that "there aren't enough buying opportunities" as many owners are opting to hold not sell. In secondary locations, an increase in property offerings has occurred, but pricing is "too steep" for most private institutional buyers. ✦

KEY 4Q15 SURVEY STATS*

Tenant Retention Rate:		
Average	72.0%	=
Range	60.0% to 85.0%	
Months of Free Rent[1]:		
Average	2	=
Range	0 to 6	
% of participants using	63.0%	▼
Market Conditions Favor:		
Buyers	0.0%	▼
Sellers	75.0%	▲
Neither	25.0%	▼

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 3
NATIONAL STRIP SHOPPING CENTER MARKET
Fourth Quarter 2015

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	6.00% – 10.75%	6.00% – 10.75%	6.00% – 11.00%	6.50% – 12.50%	6.00% – 12.50%
Average	7.78%	7.80%	8.11%	8.43%	8.88%
Change (Basis Points)		– 2	– 33	– 65	– 110
OVERALL CAP RATE (OAR)[a]					
Range	4.50% – 9.50%	4.50% – 9.00%	5.00% – 10.00%	5.25% – 9.50%	5.50% – 9.50%
Average	6.38%	6.81%	7.05%	7.06%	7.63%
Change (Basis Points)		– 43	– 67	– 68	– 125
RESIDUAL CAP RATE					
Range	4.75% – 9.75%	4.75% – 9.75%	5.00% – 10.00%	6.00% – 12.00%	6.50% – 12.00%
Average	6.70%	6.97%	7.22%	7.66%	8.26%
Change (Basis Points)		– 27	– 52	– 99	– 156
MARKET RENT CHANGE[b]					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 5.00%	0.00% – 4.00%	0.00% – 3.00%
Average	1.88%	1.88%	1.97%	1.75%	0.61%
Change (Basis Points)		0	– 9	+ 13	+ 127
EXPENSE CHANGE[b]					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	2.50% – 4.00%	1.00% – 4.00%
Average	2.72%	2.72%	2.72%	3.03%	2.86%
Change (Basis Points)		0	0	– 31	– 14
MARKETING TIME[c]					
Range	2 – 12	2 – 12	2 – 12	2 – 18	2 – 18
Average	5.6	6.2	6.1	7.1	8.2
Change (▼, ▲, =)		▼	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

Milwaukee's Vacancy Decreases to 6.6%

Net Absorption Positive 487,549 SF in the Quarter

The Milwaukee retail market did not experience much change in market conditions in the fourth quarter 2015. The vacancy rate went from 6.7% in the previous quarter to 6.6% in the current quarter. Net absorption was positive 487,549 square feet, and vacant sublease space decreased by (3,200) square feet. Quoted rental rates increased from third quarter 2015 levels, ending at $10.71 per square foot per year. A total of 7 retail buildings with 516,816 square feet of retail space were delivered to the market in the quarter, with 1,178,815 square feet still under construction at the end of the quarter.

Net Absorption

Retail net absorption was strong in Milwaukee fourth quarter 2015, with positive 487,549 square feet absorbed in the quarter. In third quarter 2015, net absorption was positive 322,969 square feet, while in second quarter 2015, absorption came in at positive 113,407 square feet. In first quarter 2015, positive 113,612 square feet was absorbed in the market.

Tenants moving out of large blocks of space in 2015 include: JC Penney moving out of 146,196 square feet at 5900 Durand Avenue; Walmart moving out of 104,231 square feet at 15333 W National Avenue; and Ace Hardware moving out of 65,400 square feet at 1303 N 4th Street.

Tenants moving into large blocks of space in 2015 include: Costco moving into 156,000 square feet at 153000 W Grange Avenue; Walmart moving into 152,000 square feet at 15205 W Greenfield Avenue; and Costco moving into 150,000 square feet at N91W16262 Pershing Avenue.

Vacancy

Milwaukee's retail vacancy rate decreased in the fourth quarter 2015, ending the quarter at 6.6%. Over the past four quarters, the market has seen an overall decrease in the vacancy rate, with the rate going from 6.7% in the first quarter 2015, to 6.7% at the end of the second quarter 2015, 6.7% at the end of the third quarter 2015, to 6.6% in the current quarter.

The amount of vacant sublease space in the Milwaukee market has trended down over the past four quarters. At the end of the first quarter 2015, there were 388,131 square feet of vacant sublease space. Currently, there are 309,517 square feet vacant in the market.

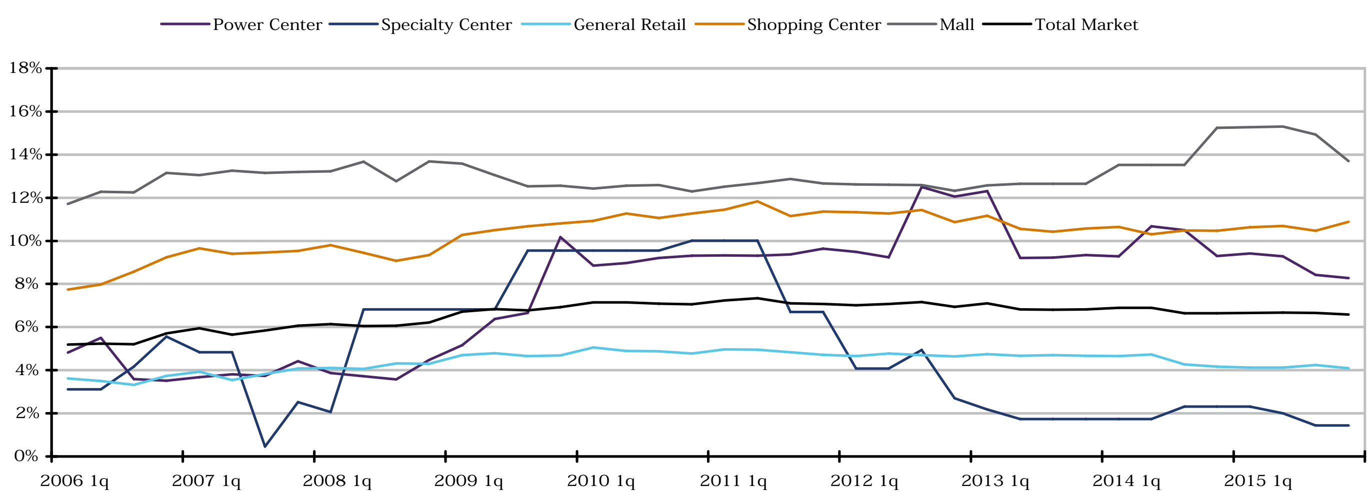
Largest Lease Signings

The largest lease signings occurring in 2015 included: the 218,705-square-foot-lease signed by Boston Store at 95 N Moorland Rd; the 210,714-square-foot-deal signed by Boston Store at 2400 N Mayfair Road; and the 160,000-square-foot-lease signed by Bon-Ton at 95 N Moorland Road.

Rental Rates

Average quoted asking rental rates in the Milwaukee retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the fourth quarter 2015 at $10.71 per square foot per year. That compares to $10.50 per square foot in the third quarter 2015, and $10.48 per square foot at the end of the first quarter 2015. This represents a 2.0% increase in rental rates in the current quarter, and a 2.15% increase from four quarters ago.

Vacancy Rates by Building Type 2006-2015



Source: CoStar Property®

Milwaukee Retail Market

Overview

Inventory & Construction

During the fourth quarter 2015, seven buildings totaling 516,816 square feet were completed in the Milwaukee retail market. Over the past four quarters, a total of 1,319,349 square feet of retail space has been built in Milwaukee. In addition to the current quarter, five buildings with 389,258 square feet were completed in third quarter 2015, four buildings totaling 221,675 square feet completed in second quarter 2015, and 191,600 square feet in six buildings completed in first quarter 2015.

There were 1,178,815 square feet of retail space under construction at the end of the fourth quarter 2015.

Some of the notable 2015 deliveries include: Meijer, a 192,000-square-foot facility that delivered in third quarter 2015 and is now 100% occupied, and Meijer, a 191,352-square-foot building that delivered in second quarter 2015 and is now 100% occupied.

Total retail inventory in the Milwaukee market area amounted to 140,610,481 square feet in 13,243 buildings and 727 centers as of the end of the fourth quarter 2015.

Shopping Center

The Shopping Center market in Milwaukee currently consists of 699 projects with 35,698,810 square feet of retail space in 1,172 buildings. In this report the Shopping Center market is comprised of all Community Center, Neighborhood Center, and Strip Centers.

After absorbing (145,843) square feet and delivering no new space in the current quarter, the Shopping Center sector saw the vacancy rate go from 10.5% at the end of the third quarter 2015 to 10.9% this quarter.

Over the past four quarters, the Shopping Center vacancy rate has gone from 10.6% at the end of the first quarter 2015, to 10.7% at the end of the second quarter 2015, to 10.5% at the end of the third quarter 2015, and finally to 10.9% at the end of the current quarter.

Rental rates ended the fourth quarter 2015 at $11.10 per square foot, up from the $10.94 they were at the end of third quarter 2015. Rental rates have trended down over the past year, going from $11.13 per square foot a year ago to their current levels.

Net absorption in the Shopping Center sector has totaled 50,765 square feet over the past four quarters. In addition to the negative (145,843) square feet absorbed this quarter, positive 77,498 square feet was absorbed in the third quarter 2015, positive 165,097 square feet was absorbed in the second quarter 2015, and negative (45,987) square feet was absorbed in the first quarter 2015.

Power Centers

The Power Center average vacancy rate was 8.3% in the fourth quarter 2015. With positive 6,514 square feet of net absorption and no new deliveries, the vacancy rate went from 8.4% at the end of last quarter to 8.3% at the end of the fourth quarter.

In the third quarter 2015, Power Centers absorbed positive 37,469 square feet, delivered no new space, and the vacancy rate went from 9.3% to 8.4% over the course of the quarter. Rental rates started the quarter at $5.37 per square foot and ended the quarter at $4.80 per square foot.

General Retail Properties

The General Retail sector of the market, which includes all freestanding retail buildings, except those contained within a center, reported a vacancy rate of 4.1% at the end of fourth quarter 2015. There was a total of 3,712,480 square feet vacant at that time. The General Retail sector in Milwaukee currently has average rental rates of $10.87 per square foot per year. There are 606,376 square feet of space under construction in this sector, with 376,816 square feet having been completed in the fourth quarter. In all, there are a total of 11,883 buildings with 90,692,519 square feet of General Retail space in Milwaukee.

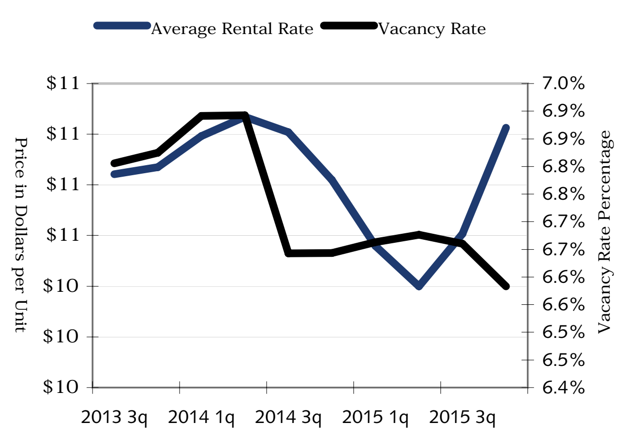
Specialty Centers

There are currently 3 Specialty Centers in the Milwaukee market, making up 438,127 square feet of retail space. In this report the Specialty Center market is comprised of Outlet Center, Airport Retail and Theme/Festival Centers.

Specialty Centers in the Milwaukee market have experienced positive 3,838 square feet of net absorption in 2015. The vacancy rate currently stands at 1.4%, and rental rates average $17.23 per square foot.

Vacancy & Rent

Past 10 Quarters



Source: CoStar Property®

Malls

Malls recorded net absorption of positive 235,744 square feet in the fourth quarter 2015. This net absorption number, combined with the 140,000 square feet that was built in the quarter, caused the vacancy rate to go from 14.9% a quarter ago to 13.7% at the end of the fourth quarter 2015. Rental rates went from $9.48 per square foot to $9.48 per square foot during that time. In this report the Mall market is comprised of 13 Lifestyle Center, Regional Mall and Super Regional Malls.

Sales Activity

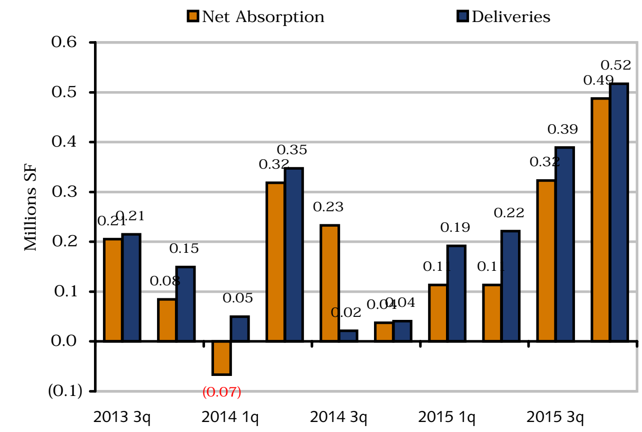
Tallying retail building sales of 15,000 square feet or larger, Milwaukee retail sales figures rose during the third quarter 2015 in terms of dollar volume compared to the second quarter of 2015.

In the third quarter, 15 retail transactions closed with a total volume of $48,188,598. The 15 buildings totaled 460,108 square feet and the average price per square foot equated to $104.73 per square foot. That compares to 12 transactions totaling $37,560,980 in the second quarter 2015. The total square footage in the second quarter was 564,623 square feet for an average price per square foot of $66.52.

Total retail center sales activity in 2015 was down compared to 2014. In the first nine months of 2015, the market saw 34 retail sales transactions with a total volume of $112,699,578. The price per square foot averaged $66.21. In the same first nine months of 2014, the market posted 45 transactions with a total volume of $154,128,772. The price per square foot averaged $70.67.

Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

Cap rates have been higher in 2015, averaging 8.02% compared to the same period in 2014 when they averaged 7.89%.

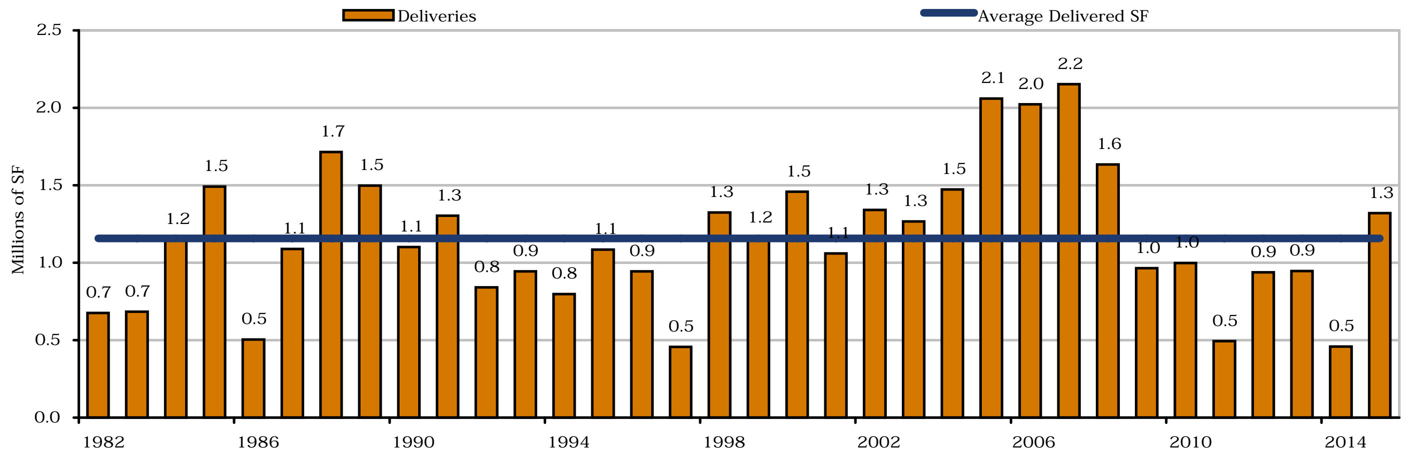
One of the largest transactions that has occurred within the last four quarters in the Milwaukee market is the sale of Village Center in Racine. This 241,074 square foot retail center sold for $31,750,000, or $131.70 per square foot. The property sold on 11/3/2015.

Report compiled by Research Manager, Ryan Forman, and the Wisconsin Research Team.

Milwaukee Retail Market

Inventory & development

Historical Deliveries 1982 - 2015



Source: CoStar Property® * Future deliveries based on current under construction buildings.

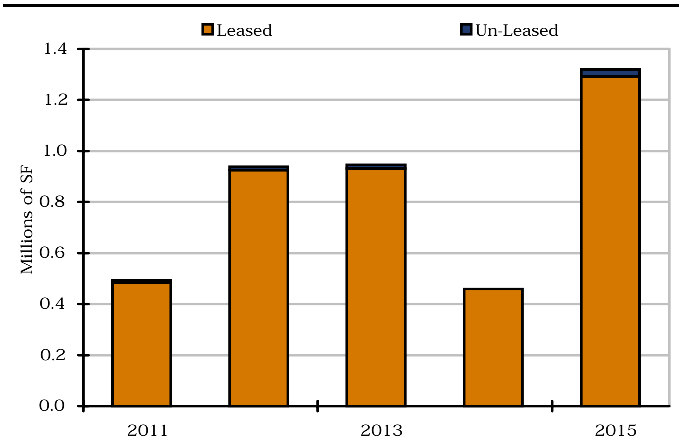
Construction Activity Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
Waukesha County	13	749,259	650,038	86.8%	14,926	57,635
Milwaukee County	8	356,556	249,070	69.9%	9,276	44,569
Downtown	3	73,000	44,614	61.1%	14,648	24,333
Dodge County	0	0	0	0.0%	10,039	0
Fond du Lac County	0	0	0	0.0%	11,624	0
Ozaukee County	0	0	0	0.0%	12,050	0
Racine County	0	0	0	0.0%	8,896	0
Sheboygan County	0	0	0	0.0%	12,475	0
Walworth County	0	0	0	0.0%	8,528	0
Washington County	0	0	0	0.0%	13,010	0
Totals	**24**	**1,178,815**	**943,722**	**80.1%**	**10,618**	**49,117**

Source: CoStar Property®

Recent Deliveries

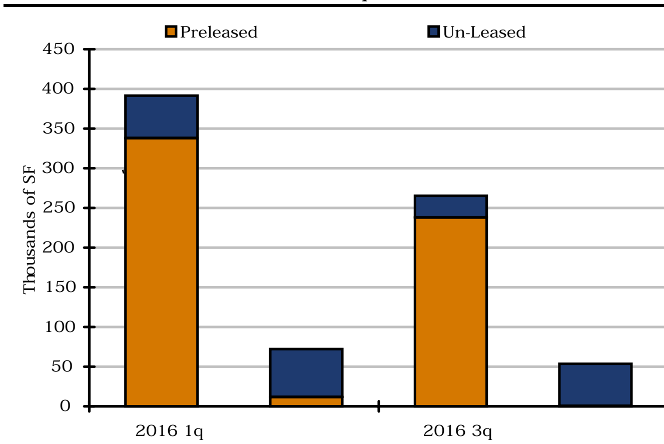
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

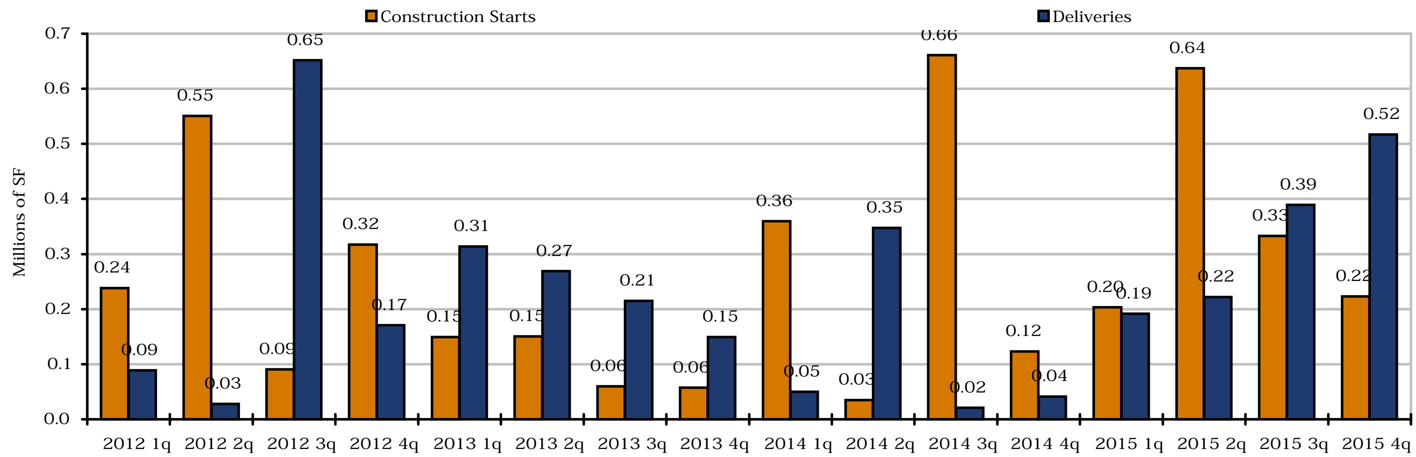
CoStar™

Milwaukee Retail Market

Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

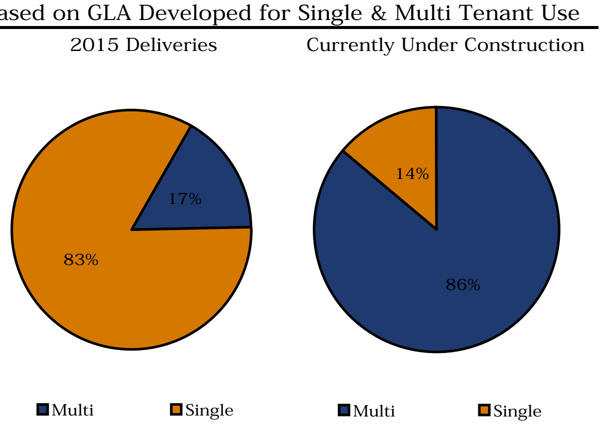
Recent Deliveries by Project Size of Year-to-Date Development

Building Size	# Bldgs	GLA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	15	180,645	153,630	85.0%	$19.52	114,932	65,713
50,000 SF - 99,999 SF	0	0	0	0.0%	$0.00	0	0
100,000 SF - 249,999 SF	7	1,138,704	1,138,704	100.0%	$0.00	986,704	152,000
250,000 SF - 499,999 SF	0	0	0	0.0%	$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

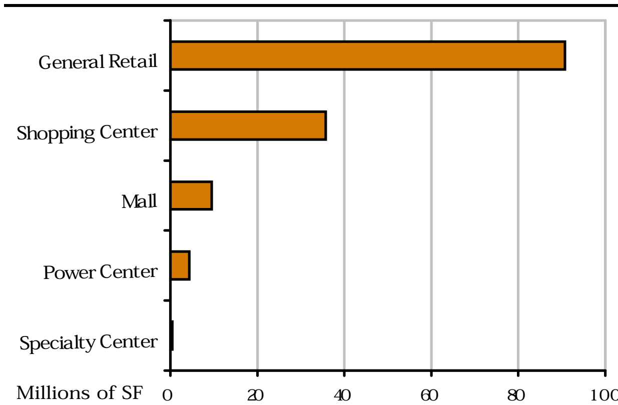
Based on GLA Developed for Single & Multi Tenant Use



Source: CoStar Property®

Existing Inventory Comparison

Based on Total GLA



Source: CoStar Property®

Milwaukee Retail Market

Figures at a Glance

General Retail Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Dodge County	358	3,044,271	166,519	166,519	5.5%	(44,389)	0	0	$7.03
Downtown	361	4,943,862	150,330	150,330	3.0%	69,101	0	73,000	$18.64
Fond du Lac County	420	3,544,213	355,231	355,231	10.0%	(127,409)	0	0	$9.21
Milwaukee County	5,766	37,241,058	1,521,269	1,521,269	4.1%	101,677	187,552	216,104	$11.17
Ozaukee County	376	3,090,623	160,682	160,682	5.2%	13,276	30,982	0	$10.46
Racine County	1,504	9,659,539	393,841	393,841	4.1%	(37,471)	7,000	0	$8.73
Sheboygan County	492	4,274,007	84,519	84,519	2.0%	(83,354)	0	0	$10.04
Walworth County	656	4,174,319	144,108	144,108	3.5%	(36,560)	0	0	$11.15
Washington County	463	4,492,062	122,769	122,769	2.7%	21,281	0	0	$8.55
Waukesha County	1,487	16,228,565	550,770	613,212	3.8%	633,722	539,145	317,272	$11.13
Totals	11,883	90,692,519	3,650,038	3,712,480	4.1%	509,874	764,679	606,376	$10.87

Source: CoStar Property®

Mall Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Dodge County	0	0	0	0	0.0%	0	0	0	$0.00
Downtown	1	293,596	36,086	36,086	12.3%	(5,000)	0	0	$0.00
Fond du Lac County	1	519,340	18,000	18,000	3.5%	0	0	0	$16.52
Milwaukee County	6	5,423,573	998,121	1,059,090	19.5%	318,905	334,118	34,352	$9.27
Ozaukee County	0	0	0	0	0.0%	0	0	0	$0.00
Racine County	1	892,950	106,954	106,954	12.0%	116,784	0	0	$0.00
Sheboygan County	1	367,147	60,014	60,014	16.3%	0	0	0	$0.00
Walworth County	0	0	0	0	0.0%	0	0	0	$0.00
Washington County	0	0	0	0	0.0%	0	0	0	$0.00
Waukesha County	3	1,967,708	16,890	16,890	0.9%	(1,767)	0	396,000	$18.50
Totals	13	9,464,314	1,236,065	1,297,034	13.7%	428,922	334,118	430,352	$9.48

Source: CoStar Property®

Power Center Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Dodge County	0	0	0	0	0.0%	0	0	0	$0.00
Downtown	0	0	0	0	0.0%	0	0	0	$0.00
Fond du Lac County	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee County	5	1,705,352	310,924	310,924	18.2%	(2,033)	0	0	$4.00
Ozaukee County	1	398,723	0	0	0.0%	0	0	0	$0.00
Racine County	1	308,060	22,312	22,312	7.2%	0	0	0	$0.00
Sheboygan County	1	438,554	2,267	2,267	0.5%	(2,267)	0	0	$0.00
Walworth County	1	525,917	2,346	2,346	0.4%	0	0	0	$14.00
Washington County	1	352,895	15,225	15,225	4.3%	0	0	0	$0.00
Waukesha County	2	587,210	3,814	3,814	0.6%	48,438	0	0	$18.00
Totals	12	4,316,711	356,888	356,888	8.3%	44,138	0	0	$4.80

Source: CoStar Property®

CoStar

Milwaukee Retail Market

Figures at a Glance

Shopping Center Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Dodge County	12	654,385	107,617	107,617	16.4%	(14,092)	0	0	$5.64
Downtown	3	123,532	1,098	1,098	0.9%	3,400	0	0	$11.00
Fond du Lac County	24	1,341,699	173,698	173,698	12.9%	18,057	0	0	$7.12
Milwaukee County	283	13,597,366	1,172,787	1,350,057	9.9%	66,490	19,200	106,100	$12.08
Ozaukee County	41	1,908,457	165,479	165,479	8.7%	184,878	191,352	0	$9.98
Racine County	48	3,560,605	487,918	487,918	13.7%	(27,207)	0	0	$8.93
Sheboygan County	29	1,843,740	380,089	380,089	20.6%	(45,477)	0	0	$8.37
Walworth County	28	1,362,890	86,833	86,833	6.4%	3,325	0	0	$9.59
Washington County	59	2,596,640	274,734	274,734	10.6%	16,539	0	0	$10.16
Waukesha County	172	8,709,496	847,722	856,558	9.8%	(155,148)	10,000	35,987	$13.42
Totals	699	35,698,810	3,697,975	3,884,081	10.9%	50,765	220,552	142,087	$11.10

Source: CoStar Property®

Specialty Center Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Dodge County	1	75,929	0	0	0.0%	1,338	0	0	$13.00
Downtown	0	0	0	0	0.0%	0	0	0	$0.00
Fond du Lac County	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee County	1	301,549	6,269	6,269	2.1%	2,500	0	0	$17.71
Ozaukee County	1	60,649	0	0	0.0%	0	0	0	$0.00
Racine County	0	0	0	0	0.0%	0	0	0	$0.00
Sheboygan County	0	0	0	0	0.0%	0	0	0	$0.00
Walworth County	0	0	0	0	0.0%	0	0	0	$0.00
Washington County	0	0	0	0	0.0%	0	0	0	$0.00
Waukesha County	0	0	0	0	0.0%	0	0	0	$0.00
Totals	3	438,127	6,269	6,269	1.4%	3,838	0	0	$17.23

Source: CoStar Property®

Total Retail Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Dodge County	376	3,774,585	274,136	274,136	7.3%	(57,143)	0	0	$6.30
Downtown	366	5,360,990	187,514	187,514	3.5%	67,501	0	73,000	$18.37
Fond du Lac County	465	5,405,252	546,929	546,929	10.1%	(109,352)	0	0	$8.88
Milwaukee County	6,282	58,268,898	4,009,370	4,247,609	7.3%	487,539	540,870	356,556	$10.76
Ozaukee County	453	5,458,452	326,161	326,161	6.0%	198,154	222,334	0	$10.18
Racine County	1,621	14,421,154	1,011,025	1,011,025	7.0%	52,106	7,000	0	$8.86
Sheboygan County	555	6,923,448	526,889	526,889	7.6%	(131,098)	0	0	$8.57
Walworth County	711	6,063,126	233,287	233,287	3.8%	(33,235)	0	0	$10.60
Washington County	572	7,441,597	412,728	412,728	5.5%	37,820	0	0	$9.91
Waukesha County	1,842	27,492,979	1,419,196	1,490,474	5.4%	525,245	549,145	749,259	$12.55
Totals	13,243	140,610,481	8,947,235	9,256,752	6.6%	1,037,537	1,319,349	1,178,815	$10.71

Source: CoStar Property®

Milwaukee Retail Market

Figures at a Glance

General Retail Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	283	2,969,654	137,128	137,128	4.6%	157,510	167,906	85,247	$12.27
Central Waukesha	516	6,719,156	194,168	256,610	3.8%	158,216	34,825	0	$11.06
Dodge East	84	458,087	23,908	23,908	5.2%	(16,788)	0	0	$4.80
Dodge West	274	2,586,184	142,611	142,611	5.5%	(27,601)	0	0	$7.19
Downtown East	94	2,132,564	48,488	48,488	2.3%	18,993	0	0	$20.04
Downtown West	56	727,854	19,932	19,932	2.7%	24,251	0	0	$15.54
Fond du Lac	420	3,544,213	355,231	355,231	10.0%	(127,409)	0	0	$9.21
Mayfair/Wauwatosa	280	2,347,538	87,155	87,155	3.7%	176,831	187,552	32,000	$20.95
Milwaukee East	681	4,250,559	201,345	201,345	4.7%	(69,826)	0	90,320	$17.73
Milwaukee Near SW	1,257	6,319,131	224,588	224,588	3.6%	(34,273)	0	0	$12.63
Milwaukee NW	906	6,492,425	308,373	308,373	4.7%	24,939	0	80,000	$5.45
Milwaukee SE	853	5,117,678	197,959	197,959	3.9%	(12,173)	0	13,784	$11.01
Milwaukee West	862	4,957,954	122,958	122,958	2.5%	5,769	0	0	$9.41
NE/Delafield	273	2,372,631	100,717	100,717	4.2%	(21,552)	0	0	$9.22
NE/Menomonee Falls	162	1,716,129	49,319	49,319	2.9%	161,716	150,000	2,100	$14.55
North Ozaukee	273	2,179,169	121,004	121,004	5.6%	(18,388)	0	0	$9.88
North Shore	90	911,260	19,426	19,426	2.1%	9,689	0	0	$17.19
North Washington	227	1,945,724	72,321	72,321	3.7%	(4,060)	0	0	$12.17
North/Sussex	45	318,454	33,091	33,091	10.4%	(6,149)	0	191,350	$12.62
Outlying Sheboygan	179	1,348,178	39,442	39,442	2.9%	4,542	0	0	$10.41
Racine East	1,083	7,103,111	322,025	322,025	4.5%	(56,438)	7,000	0	$7.73
Racine West	421	2,556,428	71,816	71,816	2.8%	18,967	0	0	$12.88
SE Ozaukee/I-43 Corr	43	487,721	18,118	18,118	3.7%	18,866	24,684	0	$17.21
SE/Muskego	115	1,293,751	18,566	18,566	1.4%	157,552	158,798	0	$12.00
Sheboygan	313	2,925,829	45,077	45,077	1.5%	(87,896)	0	0	$9.38
SW Outlying Milwauke.	274	3,071,066	169,645	169,645	5.5%	(41,073)	0	0	$14.54
SW Ozaukee	60	423,733	21,560	21,560	5.1%	12,798	6,298	0	$9.73
SW/Mukwonago	93	838,790	17,781	17,781	2.1%	26,429	27,616	38,575	$7.51
Third Ward/Walkers P.	211	2,083,444	81,910	81,910	3.9%	25,857	0	73,000	$18.75
Walworth East	249	1,808,704	63,589	63,589	3.5%	(14,457)	0	0	$13.15
Walworth West	407	2,365,615	80,519	80,519	3.4%	(22,103)	0	0	$9.12
Washington East	122	1,473,452	15,948	15,948	1.1%	4,371	0	0	$0.00
Washington West	114	1,072,886	34,500	34,500	3.2%	20,970	0	0	$4.63
West Allis	563	3,773,447	189,820	189,820	5.0%	41,794	0	0	$10.04
Totals	11,883	90,692,519	3,650,038	3,712,480	4.1%	509,874	764,679	606,376	$10.87

Source: CoStar Property®

CoStar™

Milwaukee Retail Market

Figures at a Glance

Shopping Center Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	53	3,250,764	334,782	334,782	10.3%	(164,095)	10,000	0	$15.54
Central Waukesha	43	1,742,430	231,776	231,776	13.3%	(13,869)	0	0	$12.67
Dodge East	3	110,734	0	0	0.0%	0	0	0	$0.00
Dodge West	9	543,651	107,617	107,617	19.8%	(14,092)	0	0	$5.64
Downtown East	2	109,700	1,098	1,098	1.0%	3,400	0	0	$11.00
Downtown West	0	0	0	0	0.0%	0	0	0	$0.00
Fond du Lac	24	1,341,699	173,698	173,698	12.9%	18,057	0	0	$7.12
Mayfair/Wauwatosa	18	894,246	40,237	40,237	4.5%	(18,075)	0	106,100	$19.81
Milwaukee East	15	453,875	36,429	36,429	8.0%	(4,038)	0	0	$16.39
Milwaukee Near SW	34	1,850,877	113,666	114,986	6.2%	(8,790)	0	0	$13.99
Milwaukee NW	58	2,119,135	302,922	307,922	14.5%	34,594	19,200	0	$8.98
Milwaukee SE	45	2,942,047	152,777	152,777	5.2%	40,044	0	0	$16.55
Milwaukee West	8	383,031	182,905	182,905	47.8%	(2,900)	0	0	$2.42
NE/Delafield	27	1,161,735	94,346	94,346	8.1%	1,439	0	6,687	$14.33
NE/Menomonee Falls	20	1,551,478	96,768	105,604	6.8%	21,682	0	0	$13.22
North Ozaukee	26	1,239,012	137,451	137,451	11.1%	188,352	191,352	0	$9.38
North Shore	14	494,998	15,299	15,299	3.1%	2,117	0	0	$21.19
North Washington	26	1,205,192	103,377	103,377	8.6%	996	0	0	$10.58
North/Sussex	6	361,782	27,850	27,850	7.7%	3,522	0	25,000	$13.66
Outlying Sheboygan	7	379,828	111,179	111,179	29.3%	(76,552)	0	0	$9.36
Racine East	40	2,800,641	363,334	363,334	13.0%	(36,633)	0	0	$8.34
Racine West	8	759,964	124,584	124,584	16.4%	9,426	0	0	$12.78
SE Ozaukee/I-43 Corr	8	439,971	20,154	20,154	4.6%	(3,080)	0	0	$17.90
SE/Muskego	9	366,695	18,999	18,999	5.2%	1,200	0	4,300	$13.03
Sheboygan	22	1,463,912	268,910	268,910	18.4%	31,075	0	0	$7.35
SW Outlying Milwauke.	43	2,205,844	225,649	311,092	14.1%	26,220	0	0	$14.91
SW Ozaukee	7	229,474	7,874	7,874	3.4%	(394)	0	0	$13.52
SW/Mukwonago	14	274,612	43,201	43,201	15.7%	(5,027)	0	0	$8.21
Third Ward/Walkers P.	1	13,832	0	0	0.0%	0	0	0	$0.00
Walworth East	12	676,248	14,961	14,961	2.2%	3,375	0	0	$12.94
Walworth West	16	686,642	71,872	71,872	10.5%	(50)	0	0	$8.79
Washington East	19	848,087	94,770	94,770	11.2%	14,850	0	0	$10.48
Washington West	14	543,361	76,587	76,587	14.1%	693	0	0	$9.22
West Allis	48	2,253,313	102,903	188,410	8.4%	(2,682)	0	0	$14.78
Totals	699	35,698,810	3,697,975	3,884,081	10.9%	50,765	220,552	142,087	$11.10

Source: CoStar Property®

Milwaukee Retail Market

Figures at a Glance

Specialty Center Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	0	0	0	0	0.0%	0	0	0	$0.00
Central Waukesha	0	0	0	0	0.0%	0	0	0	$0.00
Dodge East	0	0	0	0	0.0%	0	0	0	$0.00
Dodge West	1	75,929	0	0	0.0%	1,338	0	0	$13.00
Downtown East	0	0	0	0	0.0%	0	0	0	$0.00
Downtown West	0	0	0	0	0.0%	0	0	0	$0.00
Fond du Lac	0	0	0	0	0.0%	0	0	0	$0.00
Mayfair/Wauwatosa	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee East	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee Near SW	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee NW	1	301,549	6,269	6,269	2.1%	2,500	0	0	$17.71
Milwaukee SE	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee West	0	0	0	0	0.0%	0	0	0	$0.00
NE/Delafield	0	0	0	0	0.0%	0	0	0	$0.00
NE/Menomonee Falls	0	0	0	0	0.0%	0	0	0	$0.00
North Ozaukee	1	60,649	0	0	0.0%	0	0	0	$0.00
North Shore	0	0	0	0	0.0%	0	0	0	$0.00
North Washington	0	0	0	0	0.0%	0	0	0	$0.00
North/Sussex	0	0	0	0	0.0%	0	0	0	$0.00
Outlying Sheboygan	0	0	0	0	0.0%	0	0	0	$0.00
Racine East	0	0	0	0	0.0%	0	0	0	$0.00
Racine West	0	0	0	0	0.0%	0	0	0	$0.00
SE Ozaukee/I-43 Corr	0	0	0	0	0.0%	0	0	0	$0.00
SE/Muskego	0	0	0	0	0.0%	0	0	0	$0.00
Sheboygan	0	0	0	0	0.0%	0	0	0	$0.00
SW Outlying Milwauke.	0	0	0	0	0.0%	0	0	0	$0.00
SW Ozaukee	0	0	0	0	0.0%	0	0	0	$0.00
SW/Mukwonago	0	0	0	0	0.0%	0	0	0	$0.00
Third Ward/Walkers P.	0	0	0	0	0.0%	0	0	0	$0.00
Walworth East	0	0	0	0	0.0%	0	0	0	$0.00
Walworth West	0	0	0	0	0.0%	0	0	0	$0.00
Washington East	0	0	0	0	0.0%	0	0	0	$0.00
Washington West	0	0	0	0	0.0%	0	0	0	$0.00
West Allis	0	0	0	0	0.0%	0	0	0	$0.00
Totals	3	438,127	6,269	6,269	1.4%	3,838	0	0	$17.23

Source: CoStar Property®

CoStar

Milwaukee Retail Market

Figures at a Glance

Total Retail Submarket Statistics

Year-End 2015

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	403	7,826,480	488,800	488,800	6.2%	(8,352)	177,906	481,247	$14.08
Central Waukesha	608	8,791,046	425,944	488,386	5.6%	144,347	34,825	0	$12.09
Dodge East	87	568,821	23,908	23,908	4.2%	(16,788)	0	0	$4.80
Dodge West	289	3,205,764	250,228	250,228	7.8%	(40,355)	0	0	$6.34
Downtown East	97	2,242,264	49,586	49,586	2.2%	22,393	0	0	$18.18
Downtown West	57	1,021,450	56,018	56,018	5.5%	19,251	0	0	$15.54
Fond du Lac	465	5,405,252	546,929	546,929	10.1%	(109,352)	0	0	$8.88
Mayfair/Wauwatosa	320	4,963,226	160,540	160,540	3.2%	311,480	327,552	138,100	$20.62
Milwaukee East	699	4,704,434	237,774	237,774	5.1%	(73,864)	0	90,320	$17.28
Milwaukee Near SW	1,317	8,170,008	338,254	339,574	4.2%	(43,063)	0	0	$13.45
Milwaukee NW	1,022	11,302,493	1,809,215	1,875,184	16.6%	45,496	19,200	80,000	$7.70
Milwaukee SE	940	8,455,109	350,736	350,736	4.1%	221,989	194,118	48,136	$13.92
Milwaukee West	870	5,340,985	305,863	305,863	5.7%	2,869	0	0	$3.85
NE/Delafield	332	3,896,012	195,063	195,063	5.0%	(20,113)	0	6,687	$11.77
NE/Menomonee Falls	198	3,267,607	146,087	154,923	4.7%	183,398	150,000	2,100	$13.56
North Ozaukee	325	3,877,553	258,455	258,455	6.7%	169,964	191,352	0	$9.58
North Shore	122	2,209,161	68,525	68,525	3.1%	11,806	0	0	$19.35
North Washington	271	3,503,811	190,923	190,923	5.4%	(3,064)	0	0	$10.95
North/Sussex	55	680,236	60,941	60,941	9.0%	(2,627)	0	216,350	$13.27
Outlying Sheboygan	187	1,728,006	150,621	150,621	8.7%	(72,010)	0	0	$9.51
Racine East	1,188	11,104,762	814,625	814,625	7.3%	23,713	7,000	0	$8.14
Racine West	433	3,316,392	196,400	196,400	5.9%	28,393	0	0	$12.82
SE Ozaukee/I-43 Corr	58	927,692	38,272	38,272	4.1%	15,786	24,684	0	$17.47
SE/Muskego	132	1,918,196	41,379	41,379	2.2%	207,190	158,798	4,300	$13.63
Sheboygan	368	5,195,442	376,268	376,268	7.2%	(59,088)	0	0	$7.53
SW Outlying Milwauke.	352	7,096,722	445,740	531,183	7.5%	(28,286)	0	0	$16.08
SW Ozaukee	70	653,207	29,434	29,434	4.5%	12,404	6,298	0	$11.47
SW/Mukwonago	114	1,113,402	60,982	60,982	5.5%	21,402	27,616	38,575	$7.93
Third Ward/Walkers P.	212	2,097,276	81,910	81,910	3.9%	25,857	0	73,000	$18.75
Walworth East	272	2,484,952	78,550	78,550	3.2%	(11,082)	0	0	$13.11
Walworth West	439	3,578,174	154,737	154,737	4.3%	(22,153)	0	0	$9.03
Washington East	162	2,321,539	110,718	110,718	4.8%	19,221	0	0	$10.48
Washington West	139	1,616,247	111,087	111,087	6.9%	21,663	0	0	$8.10
West Allis	640	6,026,760	292,723	378,230	6.3%	39,112	0	0	$12.34
Totals	13,243	140,610,481	8,947,235	9,256,752	6.6%	1,037,537	1,319,349	1,178,815	$10.71

Source: CoStar Property®

Milwaukee Retail Market

Figures at a Glance

General Retail Market Statistics

Year-End 2015

Period	Existing Inventory # Blds	Existing Inventory Total GLA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	Net Absorption	Deliveries # Blds	Deliveries Total GLA	UC Inventory # Blds	UC Inventory Total GLA	Quoted Rates
2015 4q	11,883	90,692,519	3,650,038	3,712,480	4.1%	391,134	6	376,816	17	606,376	$10.87
2015 3q	11,879	90,425,703	3,771,156	3,836,798	4.2%	9,437	4	197,258	14	789,361	$10.50
2015 2q	11,877	90,296,447	3,651,337	3,716,979	4.1%	(56,577)	2	11,123	14	687,849	$10.40
2015 1q	11,877	90,365,121	3,660,434	3,729,076	4.1%	165,880	4	179,482	10	457,781	$10.38
2014 4q	11,875	90,226,234	3,687,427	3,756,069	4.2%	114,281	2	13,830	9	440,863	$10.73
2014 3q	11,873	90,212,404	3,787,878	3,856,520	4.3%	289,803	2	21,169	7	350,664	$10.70
2014 2q	11,874	90,337,133	4,200,290	4,271,052	4.7%	28,576	8	95,037	7	365,205	$10.87
2014 1q	11,867	90,245,616	4,094,874	4,208,111	4.7%	38,951	3	50,057	13	439,558	$10.75
2013	11,866	90,216,839	4,108,248	4,218,285	4.7%	585,533	29	768,474	10	130,274	$10.63
2012	11,847	89,566,840	4,021,268	4,153,819	4.6%	205,480	17	328,112	17	548,729	$10.59
2011	11,838	89,417,284	4,064,828	4,209,743	4.7%	255,827	13	354,022	6	186,094	$10.05
2010	11,831	89,211,847	4,036,853	4,260,133	4.8%	334,022	19	704,698	3	115,466	$10.51
2009	11,823	88,781,192	3,768,210	4,163,500	4.7%	1,551	16	454,621	11	556,466	$11.27
2008	11,818	88,422,340	3,524,823	3,806,199	4.3%	350,402	30	623,685	10	221,885	$11.49
2007	11,792	87,850,919	3,367,996	3,585,180	4.1%	60,889	43	594,589	19	497,469	$11.67
2006	11,763	87,479,032	3,243,470	3,274,182	3.7%	92,791	52	857,131	29	335,339	$10.70

Source: CoStar Property®

Mall Market Statistics

Year-End 2015

Period	Existing Inventory # Ctrs	Existing Inventory Total GLA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	Net Absorption	Deliveries # Blds	Deliveries Total GLA	UC Inventory # Blds	UC Inventory Total GLA	Quoted Rates
2015 4q	13	9,464,314	1,236,065	1,297,034	13.7%	235,744	1	140,000	3	430,352	$9.48
2015 3q	13	9,324,314	1,331,809	1,392,778	14.9%	196,065	1	192,000	4	570,352	$9.48
2015 2q	13	9,132,314	1,335,874	1,396,843	15.3%	(1,780)	0	0	3	728,000	$9.08
2015 1q	13	9,132,314	1,334,094	1,395,063	15.3%	(1,107)	1	2,118	2	332,000	$9.09
2014 4q	12	9,130,196	1,330,869	1,391,838	15.2%	(156,999)	0	0	3	334,118	$9.09
2014 3q	12	9,130,196	1,234,839	1,234,839	13.5%	0	0	0	3	334,118	$9.09
2014 2q	12	9,130,196	1,234,839	1,234,839	13.5%	0	0	0	0	0	$9.09
2014 1q	12	9,130,196	1,234,839	1,234,839	13.5%	(80,555)	0	0	0	0	$9.09
2013	12	9,130,196	1,154,284	1,154,284	12.6%	(29,559)	0	0	0	0	$9.09
2012	12	9,130,196	1,124,725	1,124,725	12.3%	31,754	0	0	0	0	$8.57
2011	12	9,130,196	1,156,479	1,156,479	12.7%	(33,962)	0	0	0	0	$8.72
2010	12	9,130,196	1,089,433	1,122,517	12.3%	24,647	0	0	0	0	$8.97
2009	12	9,130,196	1,099,130	1,147,164	12.6%	102,814	0	0	0	0	$8.76
2008	12	9,130,196	1,168,355	1,249,978	13.7%	146,682	5	221,014	0	0	$18.34
2007	11	8,909,182	1,160,696	1,175,646	13.2%	71,921	2	87,008	0	0	$15.47
2006	11	8,822,174	1,160,559	1,160,559	13.2%	(60,207)	7	132,768	2	87,008	$16.81

Source: CoStar Property®

Power Center Market Statistics

Year-End 2015

Period	Existing Inventory # Ctrs	Existing Inventory Total GLA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	Net Absorption	Deliveries # Blds	Deliveries Total GLA	UC Inventory # Blds	UC Inventory Total GLA	Quoted Rates
2015 4q	12	4,316,711	356,888	356,888	8.3%	6,514	0	0	0	0	$4.80
2015 3q	12	4,316,711	363,402	363,402	8.4%	37,469	0	0	0	0	$4.80
2015 2q	12	4,316,711	352,137	400,871	9.3%	5,329	0	0	0	0	$5.37
2015 1q	12	4,316,711	357,466	406,200	9.4%	(5,174)	0	0	0	0	$5.55
2014 4q	12	4,316,711	352,292	401,026	9.3%	52,250	0	0	0	0	$5.74
2014 3q	12	4,316,711	404,542	453,276	10.5%	7,389	0	0	0	0	$5.52
2014 2q	12	4,316,711	411,931	460,665	10.7%	169,087	1	252,249	0	0	$5.93
2014 1q	11	4,064,462	328,769	377,503	9.3%	2,000	0	0	1	252,249	$7.61
2013	11	4,064,462	330,769	379,503	9.3%	110,554	0	0	1	252,249	$8.29
2012	11	4,064,462	441,323	490,057	12.1%	(55,650)	1	47,000	1	252,249	$17.96
2011	11	4,017,462	333,511	387,407	9.6%	(13,226)	0	0	0	0	$16.77
2010	11	4,017,462	320,285	374,181	9.3%	54,572	3	22,667	0	0	$17.65
2009	11	3,994,795	357,352	406,086	10.2%	37,010	7	276,793	3	22,667	$19.08
2008	10	3,718,002	126,186	166,303	4.5%	206,316	3	218,197	8	276,460	$17.17
2007	10	3,499,805	114,305	154,422	4.4%	55,219	3	89,905	2	139,508	$17.53
2006	10	3,409,900	79,619	119,736	3.5%	59,132	10	452,905	1	18,404	$17.50

Source: CoStar Property®

CoStar™

Milwaukee Retail Market

Figures at a Glance

Shopping Center Market Statistics

Year-End 2015

	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
Period	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2015 4q	699	35,698,810	3,697,975	3,884,081	10.9%	(145,843)	0	0	4	142,087	$11.10
2015 3q	699	35,698,810	3,552,132	3,738,238	10.5%	77,498	0	0	2	112,787	$10.94
2015 2q	699	35,698,810	3,630,950	3,815,736	10.7%	165,097	2	210,552	2	112,787	$10.87
2015 1q	697	35,488,258	3,560,495	3,770,281	10.6%	(45,987)	1	10,000	4	323,339	$11.10
2014 4q	697	35,478,258	3,504,508	3,714,294	10.5%	27,912	2	27,129	4	326,652	$11.13
2014 3q	696	35,451,129	3,588,778	3,715,077	10.5%	(61,964)	0	0	5	334,581	$11.27
2014 2q	696	35,451,129	3,526,814	3,653,113	10.3%	120,726	0	0	2	14,000	$11.23
2014 1q	696	35,451,129	3,614,640	3,773,839	10.6%	(26,793)	0	0	0	0	$11.14
2013	696	35,451,129	3,585,585	3,747,046	10.6%	266,569	10	177,906	0	0	$11.06
2012	695	35,273,223	3,620,865	3,835,709	10.9%	537,776	15	415,698	4	111,558	$11.47
2011	690	34,857,525	3,747,036	3,957,787	11.4%	92,626	6	139,486	8	320,617	$11.46
2010	688	34,718,039	3,716,531	3,910,927	11.3%	85,299	4	270,733	1	12,167	$12.43
2009	685	34,447,306	3,403,353	3,725,493	10.8%	(296,260)	12	233,545	3	263,938	$12.99
2008	681	34,213,761	3,036,674	3,195,688	9.3%	583,449	21	571,514	8	185,008	$13.80
2007	675	33,642,247	3,093,656	3,207,623	9.5%	1,152,756	55	1,380,820	16	425,396	$13.13
2006	648	32,261,427	2,908,868	2,979,559	9.2%	(291,070)	33	580,789	39	945,191	$13.53

Source: CoStar Property®

Specialty Center Market Statistics

Year-End 2015

	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
Period	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2015 4q	3	438,127	6,269	6,269	1.4%	0	0	0	0	0	$17.23
2015 3q	3	438,127	6,269	6,269	1.4%	2,500	0	0	0	0	$16.71
2015 2q	3	438,127	8,769	8,769	2.0%	1,338	0	0	0	0	$16.71
2015 1q	3	438,127	10,107	10,107	2.3%	0	0	0	0	0	$16.40
2014 4q	3	438,127	10,107	10,107	2.3%	0	0	0	0	0	$16.40
2014 3q	3	438,127	10,107	10,107	2.3%	(2,500)	0	0	0	0	$16.40
2014 2q	3	438,127	7,607	7,607	1.7%	0	0	0	0	0	$16.80
2014 1q	3	438,127	7,607	7,607	1.7%	0	0	0	0	0	$16.80
2013	3	438,127	7,607	7,607	1.7%	4,231	0	0	0	0	$17.71
2012	3	438,127	11,838	11,838	2.7%	155,406	1	147,806	0	0	$20.12
2011	3	290,321	19,438	19,438	6.7%	9,631	0	0	1	147,806	$20.12
2010	3	290,321	29,069	29,069	10.0%	(1,338)	0	0	0	0	$12.03
2009	3	290,321	27,731	27,731	9.6%	(7,931)	0	0	0	0	$12.00
2008	3	290,321	19,800	19,800	6.8%	(12,462)	0	0	0	0	$12.00
2007	3	290,321	7,338	7,338	2.5%	8,784	0	0	0	0	$12.89
2006	3	290,321	16,122	16,122	5.6%	(7,100)	0	0	0	0	$13.50

Source: CoStar Property®

Total Retail Market Statistics

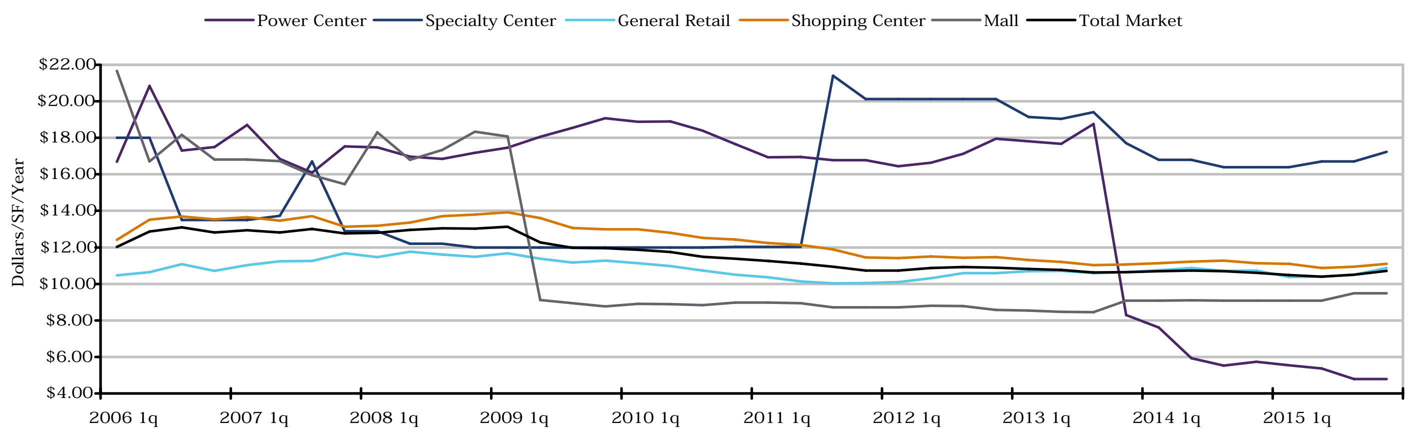
Year-End 2015

	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
Period	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2015 4q	13,243	140,610,481	8,947,235	9,256,752	6.6%	487,549	7	516,816	24	1,178,815	$10.71
2015 3q	13,238	140,203,665	9,024,768	9,337,485	6.7%	322,969	5	389,258	20	1,472,500	$10.50
2015 2q	13,235	139,882,409	8,979,067	9,339,198	6.7%	113,407	4	221,675	19	1,528,636	$10.40
2015 1q	13,233	139,740,531	8,922,596	9,310,727	6.7%	113,612	6	191,600	16	1,113,120	$10.48
2014 4q	13,229	139,589,526	8,885,203	9,273,334	6.6%	37,444	4	40,959	16	1,101,633	$10.61
2014 3q	13,225	139,548,567	9,026,144	9,269,819	6.6%	232,728	2	21,169	15	1,019,363	$10.70
2014 2q	13,226	139,673,296	9,381,481	9,627,276	6.9%	318,389	9	347,286	9	379,205	$10.73
2014 1q	13,218	139,329,530	9,280,729	9,601,899	6.9%	(66,397)	3	50,057	14	691,807	$10.70
2013	13,217	139,300,753	9,186,493	9,506,725	6.8%	937,328	39	946,380	11	382,523	$10.64
2012	13,188	138,472,848	9,220,019	9,616,148	6.9%	874,766	34	938,616	22	912,536	$10.88
2011	13,162	137,712,788	9,321,292	9,730,854	7.1%	310,896	19	493,508	15	654,517	$10.73
2010	13,149	137,367,865	9,192,171	9,696,827	7.1%	497,202	26	998,098	4	127,633	$11.37
2009	13,134	136,643,810	8,655,776	9,469,974	6.9%	(162,816)	35	964,959	17	843,071	$11.95
2008	13,110	135,774,620	7,875,838	8,437,968	6.2%	1,274,387	59	1,634,410	26	683,353	$13.02
2007	13,055	134,192,474	7,743,991	8,130,209	6.1%	1,349,569	103	2,152,322	37	1,062,373	$12.77
2006	12,966	132,262,854	7,408,638	7,550,158	5.7%	(206,454)	102	2,023,593	71	1,385,942	$12.82

Source: CoStar Property®

Historical Rental Rates

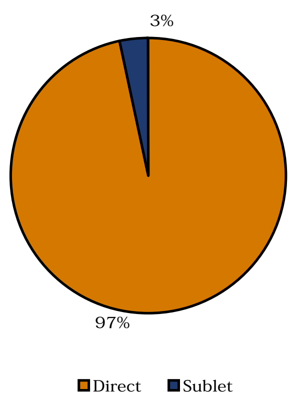
Based on NNN Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

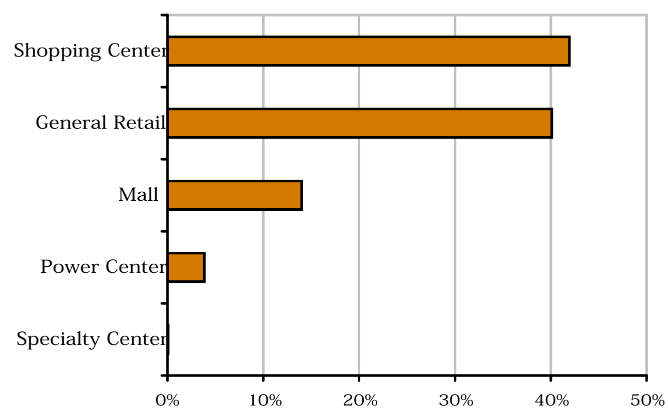
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Building Type

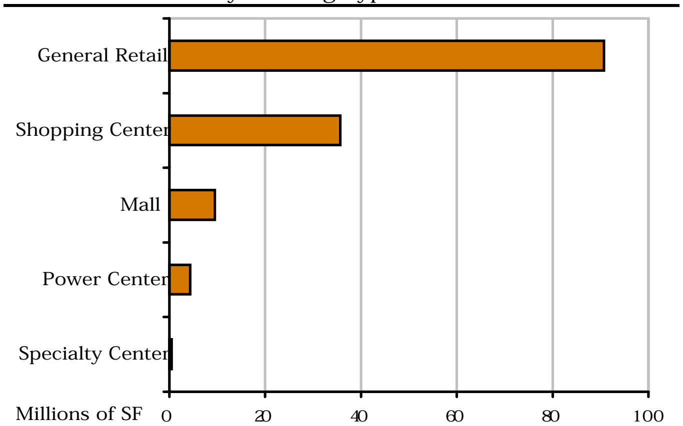
Percent of All Vacant Space by Building Type



Source: CoStar Property®

GLA By Building Type

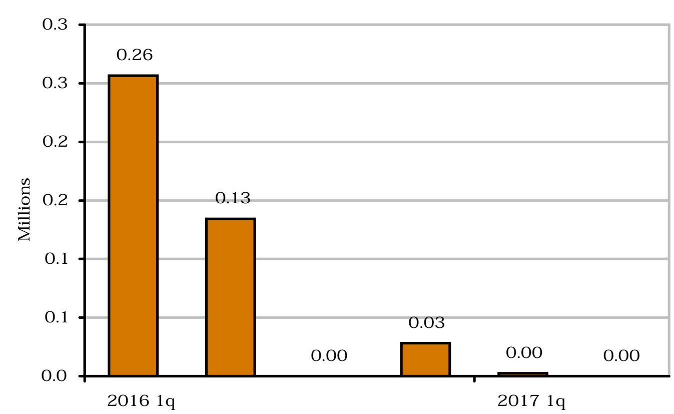
Ratio of Total GLA by Building Type



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

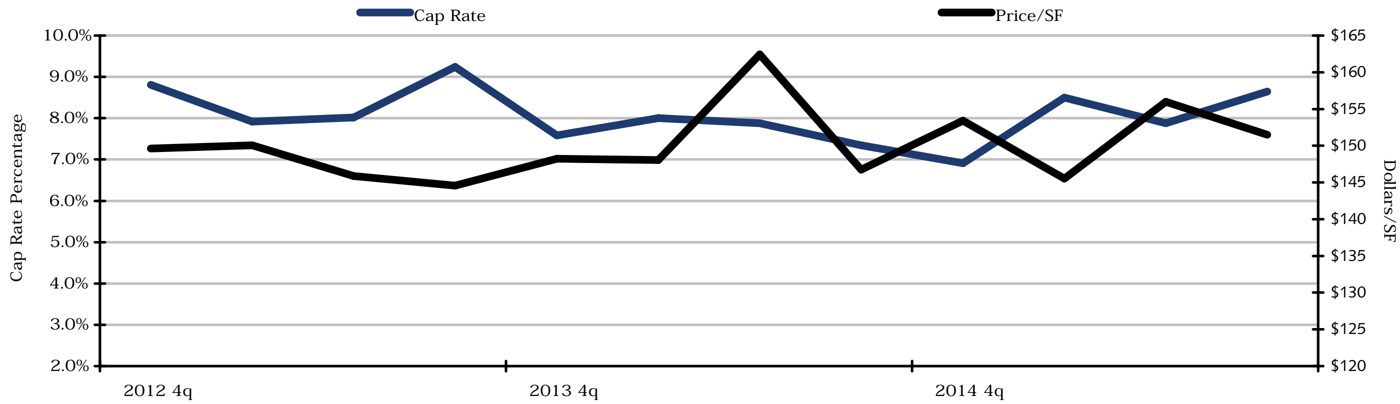
Source: CoStar Property®

Milwaukee Retail Market

Sales Activity

The Optimist Sales Index

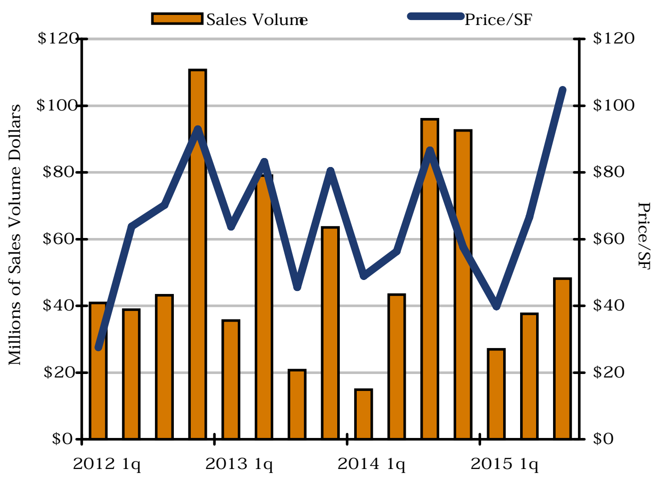
Average of Two Highest Price/SF's and Two Lowest Cap Rates



Source: CoStar COMPS®

Sales Volume & Price

Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

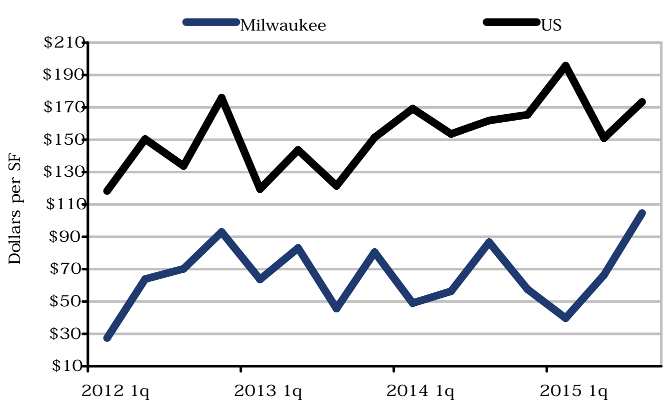
Based on Retail Building Sales From Oct. 2014 - Sept. 2015

Bldg Size	#	RBA	$ Volume	Price/SF	Cap Rate
< 25,000 SF	128	1,083,752	$196,531,744	$ 181.34	7.20%
25K-99K SF	24	1,257,478	$75,346,378	$ 59.92	8.43%
100K-249K SF	7	1,004,733	$54,414,000	$ 54.16	6.86%
>250K SF	2	660,743	$27,250,000	$ 41.24	6.03%

Source: CoStar COMPS®

U.S. Price/SF Comparison

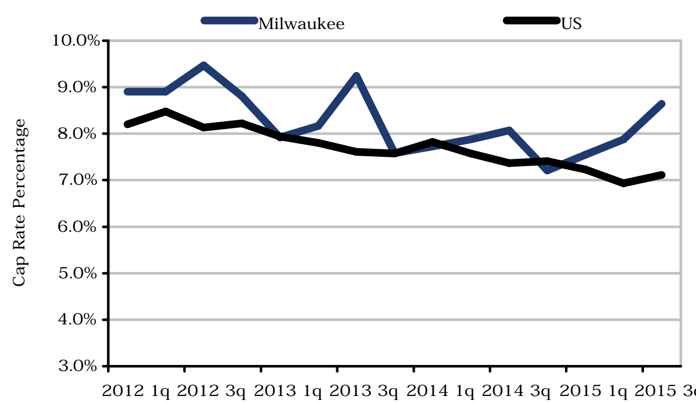
Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

CoStar™

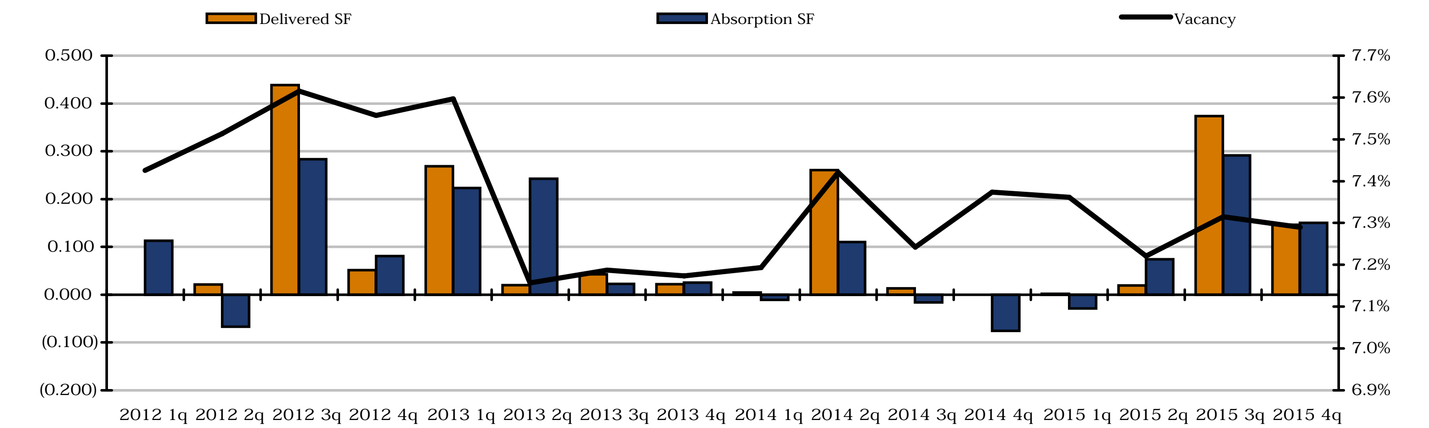
Milwaukee Retail Market

Milwaukee County Market

Market Highlights – Class "A, B & C"

Deliveries, Absorption & Vacancy

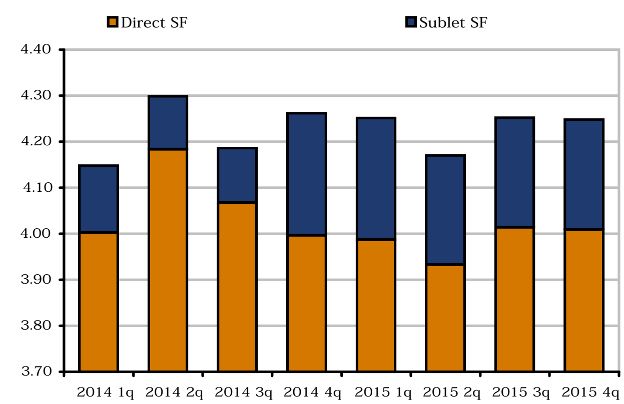
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

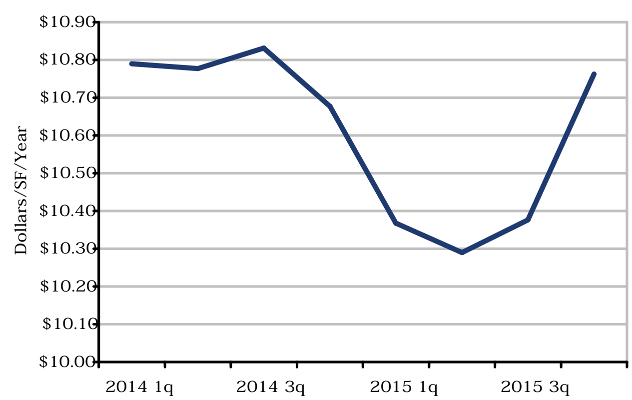
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2015 4q	6,282	58,268,898	4,247,609	7.3%	150,419	2	146,200	8	356,556	$10.76
2015 3q	6,280	58,122,698	4,251,828	7.3%	291,408	3	373,352	8	459,972	$10.38
2015 2q	6,277	57,749,346	4,169,884	7.2%	74,388	1	19,200	8	708,652	$10.29
2015 1q	6,277	57,756,757	4,251,683	7.4%	(28,676)	1	2,118	8	724,852	$10.37
2014 4q	6,278	57,795,234	4,261,484	7.4%	(75,685)	0	0	7	696,770	$10.68
2014 3q	6,278	57,795,234	4,185,799	7.2%	(16,132)	1	13,440	5	597,570	$10.83
2014 2q	6,279	57,924,292	4,298,725	7.4%	110,026	2	260,859	2	170,792	$10.78
2014 1q	6,277	57,663,433	4,147,892	7.2%	(10,615)	1	4,500	4	431,651	$10.79
2013 4q	6,277	57,662,805	4,136,649	7.2%	25,318	1	22,000	3	265,359	$10.59
2013 3q	6,277	57,643,658	4,142,820	7.2%	22,411	4	42,810	4	287,359	$10.70
2013 2q	6,273	57,600,848	4,122,421	7.2%	242,751	3	19,704	8	330,169	$10.88
2013 1q	6,272	57,612,174	4,376,498	7.6%	223,096	7	268,517	7	299,043	$11.02
2012 4q	6,266	57,346,297	4,333,717	7.6%	80,590	6	51,397	13	561,560	$11.12
2012 3q	6,260	57,294,900	4,362,910	7.6%	283,713	8	438,609	15	595,569	$11.17
2012 2q	6,253	56,925,291	4,277,014	7.5%	(66,816)	2	21,000	20	973,394	$11.11
2012 1q	6,253	56,943,521	4,228,428	7.4%	113,140	0	0	12	571,920	$10.83

Source: CoStar Property®

OFFICE MARKET OVERVIEW

National Suburban Office Market

Consistent quarterly declines in the national suburban office market's overall vacancy rate continue to inspire investors to search for investment opportunities despite a belief among many investors that investment prospects are better for center city office buildings than for suburban ones in the near term. In *Emerging Trends in Real Estate®* 2016, suburban office investing ranked as the 13th preferred investment prospect out of 16 property types included in the publication. By comparison, center city office building investing placed eighth.

When analyzing potential acquisitions in this office market, some Survey participants are being more aggressive with their underwriting assumptions than they were at the start of the year in certain instances. "Cash flow assumptions have been mainly steady, but more aggressive in select top cities," shares a participant. "Our assumptions have been about the same for the past year for investing in suburban office," reveals another.

A "consistent" outlook for this market is evident when looking at the key indicators in Table 5, where the average overall cap rate posts the largest shift – a mere decline of six basis points. "Outside of top-performing suburbs, like San Francisco, there are few changes for this sector," adds an investor. ✦

KEY 4Q15 SURVEY STATS*

Tenant Retention Rate:		
Average	64.0%	=
Range	50.0% to 75.0%	
Months of Free Rent[(1)]:		
Average	5	=
Range	0 to 12	
% of participants using	88.0%	=
Market Conditions Favor:		
Buyers	13.0%	▲
Sellers	25.0%	=
Neither	62.0%	▼

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 5
NATIONAL SUBURBAN OFFICE MARKET
Fourth Quarter 2015

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	5.75% – 10.00%	5.75% – 10.00%	6.25% – 10.50%	6.00% – 12.50%	6.50% – 12.50%
Average	7.61%	7.64%	7.92%	8.49%	9.14%
Change (Basis Points)		– 3	– 31	– 88	– 153
OVERALL CAP RATE (OAR)[a]					
Range	4.25% – 9.00%	4.25% – 9.00%	5.00% – 9.00%	5.00% – 10.50%	6.00% – 11.50%
Average	6.36%	6.42%	6.66%	7.42%	8.17%
Change (Basis Points)		– 6	– 30	– 106	– 181
RESIDUAL CAP RATE					
Range	5.50% – 9.75%	5.50% – 9.75%	6.00% – 9.50%	6.00% – 11.00%	6.50% – 11.50%
Average	7.20%	7.25%	7.27%	7.89%	8.38%
Change (Basis Points)		– 5	– 7	– 69	– 118
MARKET RENT CHANGE[b]					
Range	0.00% – 5.00%	0.00% – 5.00%	0.00% – 5.00%	(3.00%) – 4.00%	(10.00%) – 4.00%
Average	2.88%	2.88%	2.63%	1.55%	(0.17%)
Change (Basis Points)		0	+ 25	+ 133	+ 305
EXPENSE CHANGE[b]					
Range	1.00% – 4.00%	1.00% – 4.00%	1.00% – 3.50%	2.00% – 4.00%	2.00% – 4.00%
Average	2.81%	2.81%	2.75%	2.73%	2.77%
Change (Basis Points)		0	+ 6	+ 8	+ 4
MARKETING TIME[c]					
Range	3 – 12	3 – 12	3 – 12	2 – 18	2 – 24
Average	6.3	6.6	7.1	9.0	9.0
Change (▼, ▲, =)		▼	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

Milwaukee's Vacancy Increases to 9.9%

Net Absorption Negative (191,885) SF in the Quarter

The Milwaukee Office market ended the fourth quarter 2015 with a vacancy rate of 9.9%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (191,885) square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 206,563 square feet. Rental rates ended the fourth quarter at $16.00, an increase over the previous quarter. There was 2,462,572 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Milwaukee office market was negative (191,885) square feet in the fourth quarter 2015. That compares to negative (75,080) square feet in the third quarter 2015, positive 329,840 square feet in the second quarter 2015, and positive 185,888 square feet in the first quarter 2015.

Tenants moving out of large blocks of space in 2015 include: Wells Fargo Bank, N.A. moving out of 240,675 square feet at 11200 W Parkland Avenue; Minacs Marketing Solutions. moving out of 29,444 square feet at 310 W Wisconsin Avenue; and Airgas Safety, Inc. moving out of 13,113 square feet at 12000 W Park Place.

Tenants moving into large blocks of space in 2015 include: Kohls Corporate moving into 80,569 square feet at 7800 N 113th Street; Northwestern Mutual moving into 54,594 square feet at 411 East Wisconsin Center; and Seeds of Health Inc. moving into 30,520 square feet at 2745 S 13th Street.

The Class-A office market recorded net absorption of negative (173,260) square feet in the fourth quarter 2015, compared to negative (70,637) square feet in the third quarter 2015, positive 274,554 in the second quarter 2015, and positive 2,846 in the first quarter 2015.

The Class-B office market recorded net absorption of negative (15,749) square feet in the fourth quarter 2015, compared to positive 57,849 square feet in the third quarter 2015, positive 33,682 in the second quarter 2015, and positive 33,346 in the first quarter 2015.

The Class-C office market recorded net absorption of negative (2,876) square feet in the fourth quarter 2015 compared to negative (62,292) square feet in the third quarter 2015, positive 21,604 in the second quarter 2015, and positive 149,696 in the first quarter 2015.

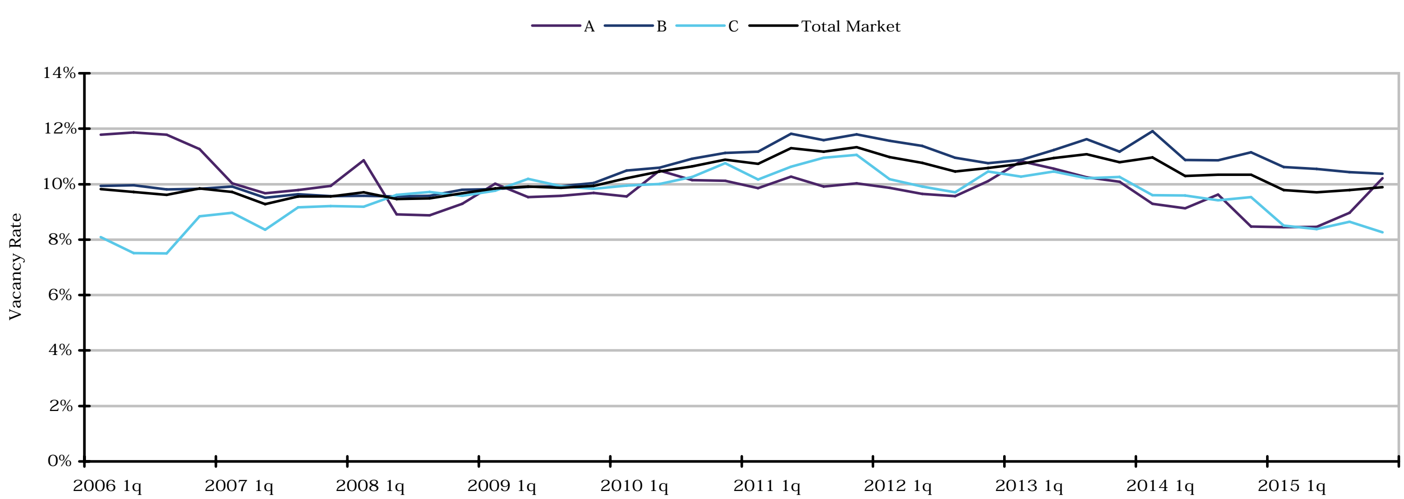
Net absorption for Milwaukee's central business district was negative (56,059) square feet in the fourth quarter 2015. That compares to negative (1,927) square feet in the third quarter 2015, positive 12,464 in the second quarter 2015, and positive 103,891 in the first quarter 2015.

Net absorption for the suburban markets was negative (135,826) square feet in the fourth quarter 2015. That compares to negative (73,153) square feet in third quarter 2015, positive 317,376 in the second quarter 2015, and positive 81,997 in the first quarter 2015.

Vacancy

The office vacancy rate in the Milwaukee market arean increased to 9.9% at the end of the fourth quarter 2015. The vacancy rate was 9.8% at the end of the third quarter 2015, 9.7% at the end of the second quarter 2015, and 9.8% at the end of the first quarter 2015.

Vacancy Rates by Class 2006-2015



Source: CoStar Property®

CoStar

Milwaukee Office Market

Overview

Class-A projects reported a vacancy rate of 10.2% at the end of the fourth quarter 2015, 9.0% at the end of the third quarter 2015, 8.5% at the end of the second quarter 2015, and 8.5% at the end of the first quarter 2015.

Class-B projects reported a vacancy rate of 10.4% at the end of the fourth quarter 2015, 10.4% at the end of the third quarter 2015, 10.5% at the end of the second quarter 2015, and 10.6% at the end of the first quarter 2015.

Class-C projects reported a vacancy rate of 8.3% at the end of the fourth quarter 2015, 8.6% at the end of third quarter 2015, 8.4% at the end of the second quarter 2015, and 8.5% at the end of the first quarter 2015.

The overall vacancy rate in Milwaukee's central business district at the end of the fourth quarter 2015 increased to 8.4%. The vacancy rate was 8.0% at the end of the third quarter 2015, 8.0% at the end of the second quarter 2015, and 8.1% at the end of the first quarter 2015.

The vacancy rate in the suburban markets changed to 10.3% in the fourth quarter 2015. The vacancy rate was 10.3% at the end of the third quarter 2015, 10.2% at the end of the second quarter 2015, and 10.3% at the end of the first quarter 2015.

Largest Lease Signings

The largest lease signings occurring in 2015 included: the 124,550-square-foot lease signed by Molina at 11200 W Parkland Ave in the Milwaukee County market; the 80,569-square-foot deal signed by Kohls Corporate at 7800 N 113th St in the Milwaukee County market; and the 78,082-square-foot lease signed by Zywave at 10100 W Innovation Drive in the Milwaukee County market.

Sublease Vacancy

The amount of vacant sublease space in the Milwaukee market decreased to 206,563 square feet by the end of the fourth quarter 2015, from 227,480 square feet at the end of the third quarter 2015. There was 233,006 square feet vacant at the end of the second quarter 2015 and 261,299 square feet at the end of the first quarter 2015.

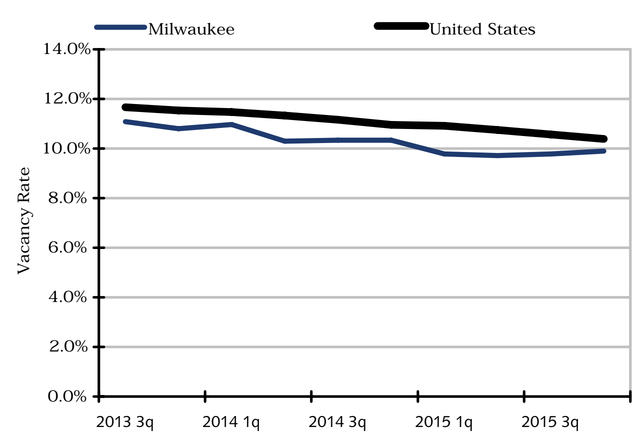
Milwaukee's Class-A projects reported vacant sublease space of 57,265 square feet at the end of fourth quarter 2015, down from the 68,650 square feet reported at the end of the third quarter 2015. There were 50,298 square feet of sublease space vacant at the end of the second quarter 2015, and 53,264 square feet at the end of the first quarter 2015.

Class-B projects reported vacant sublease space of 144,986 square feet at the end of the fourth quarter 2015, down from the 158,530 square feet reported at the end of the third quarter 2015. At the end of the second quarter 2015 there were 182,408 square feet, and at the end of the first quarter 2015 there were 206,435 square feet vacant.

Class-C projects reported increased vacant sublease space from the third quarter 2015 to the fourth quarter 2015. Sublease vacancy went from 300 square feet to 4,312 square feet during that time. There was 300 square feet at the end of the second quarter 2015, and 1,600 square feet at the end of the first quarter 2015.

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

Rental Rates

The average quoted asking rental rate for available office space, all classes, was $16.00 per square foot per year at the end of the fourth quarter 2015 in the Milwaukee market area. This represented a 2.0% increase in quoted rental rates from the end of the third quarter 2015, when rents were reported at $15.68 per square foot.

The average quoted rate within the Class-A sector was $19.56 at the end of the fourth quarter 2015, while Class-B rates stood at $15.58, and Class-C rates at $11.93. At the end of the third quarter 2015, Class-A rates were $18.61 per square foot, Class-B rates were $15.49, and Class-C rates were $11.64.

The average quoted asking rental rate in Milwaukee's CBD was $19.62 at the end of the fourth quarter 2015, and $15.13 in the suburban markets. In the third quarter 2015, quoted rates were $18.29 in the CBD and $14.88 in the suburbs.

Deliveries and Construction

During the fourth quarter 2015, no new space was completed in the Milwaukee market area. This compares to nothing completed in the third quarter 2015, one building totaling 300,200 square feet completed in the second quarter 2015, and nothing completed in the first quarter 2015.

There were 2,462,572 square feet of office space under construction at the end of the fourth quarter 2015.

The only delivery in 2015 has been Kohl's Innovation Center, a 300,200-square-foot facility that delivered in second quarter 2015 and is now 100% occupied.

The largest projects underway at the end of fourth quarter 2015 were Northwestern Mutual Tower and Commons, a

1,100,000-square-foot building with 100% of its space pre-leased, and Corporate & Technology Park, a 500,000-square-foot facility that is 0% pre-leased.

Inventory

Total office inventory in the Milwaukee market area amounted to 78,721,863 square feet in 3,654 buildings as of the end of the fourth quarter 2015. The Class-A office sector consisted of 13,832,417 square feet in 91 projects. There were 1,471 Class-B buildings totaling 47,889,295 square feet, and the Class-C sector consisted of 17,000,151 square feet in 2,092 buildings. Within the Office market there were 188 owner-occupied buildings accounting for 8,580,215 square feet of office space.

Sales Activity

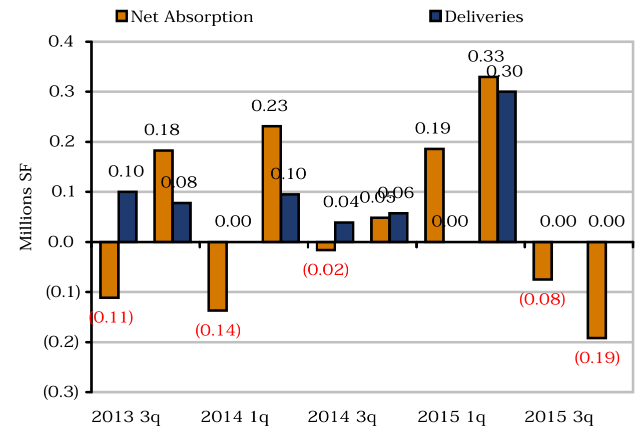
Tallying office building sales of 15,000 square feet or larger, Milwaukee office sales figures rose during the third quarter 2015 in terms of dollar volume compared to the second quarter of 2015.

In the third quarter, nine office transactions closed with a total volume of $40,564,000. The nine buildings totaled 522,301 square feet and the average price per square foot equated to $77.66 per square foot. That compares to seven transactions totaling $33,761,800 in the second quarter 2015. The total square footage in the second quarter was 341,288 square feet for an average price per square foot of $98.92.

Total office building sales activity in 2015 was down compared to 2014. In the first nine months of 2015, the market saw 26 office sales transactions with a total volume of $169,585,800. The price per square foot averaged $110.08. In the same first nine months of 2014, the market posted 23 transactions with a total volume of $176,218,698. The price per square foot averaged $95.17.

Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

Cap rates have been higher in 2015, averaging 8.85% compared to the same period in 2014 when they averaged 8.07%.

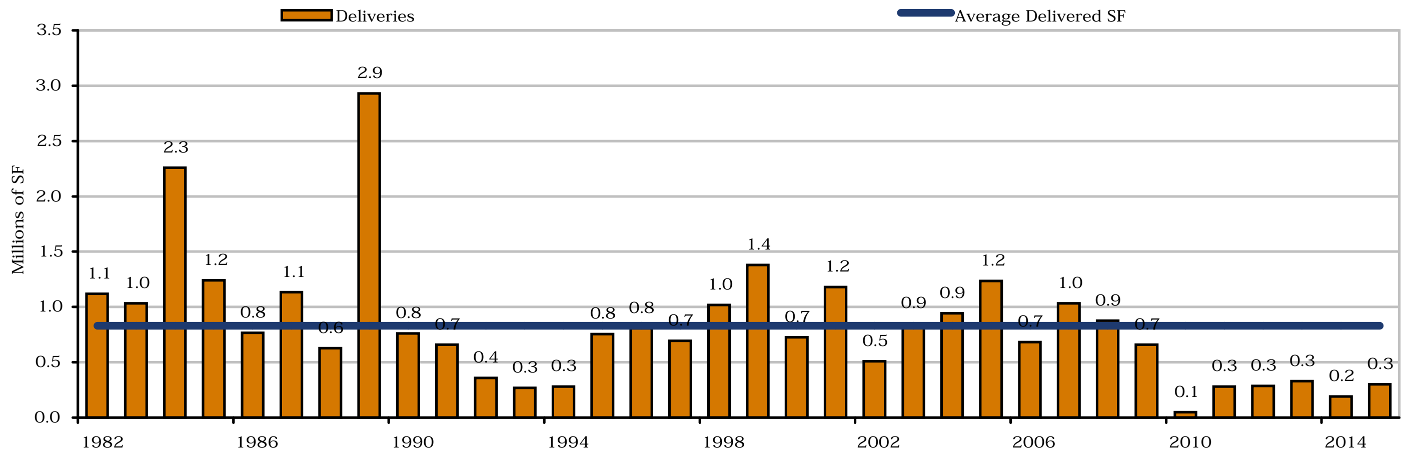
One of the largest transactions that has occurred within the last four quarters in the Milwaukee market is the sale of Riverwood Corporate Center in Pewaukee. This 205,646-square-foot office building sold for $26,026,800, or $126.56 per square foot. The property sold on 4/14/2015, at a 10.02% cap rate.

Report compiled by Research Manager, Ryan Forman, and the Wisconsin Research Team.

Milwaukee Office Market

Inventory & development

Historical Deliveries 1982 - 2015



Source: CoStar Property® * Future deliveries based on current under construction buildings.

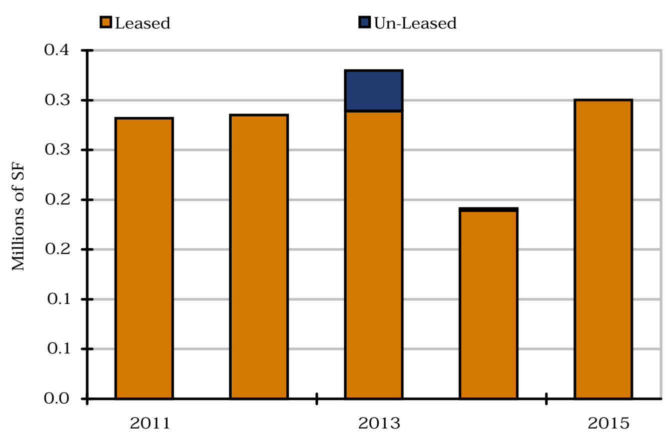
Construction Activity **Markets Ranked by Under Construction Square Footage**

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Downtown	4	1,555,767	1,358,858	87.3%	81,264	388,942
Waukesha County	2	511,141	11,141	2.2%	22,661	255,570
Milwaukee County	2	196,164	130,575	66.6%	18,936	98,082
Sheboygan County	1	100,000	100,000	100.0%	14,035	100,000
Fond du Lac County	1	87,000	87,000	100.0%	10,738	87,000
Washington County	2	12,500	12,500	100.0%	14,541	6,250
Ozaukee County	0	0	0	0.0%	10,623	0
Dodge County	0	0	0	0.0%	8,266	0
Walworth County	0	0	0	0.0%	5,196	0
Racine County	0	0	0	0.0%	12,757	0
Totals	12	2,462,572	1,700,074	69.0%	21,544	205,214

Source: CoStar Property®

Recent Deliveries

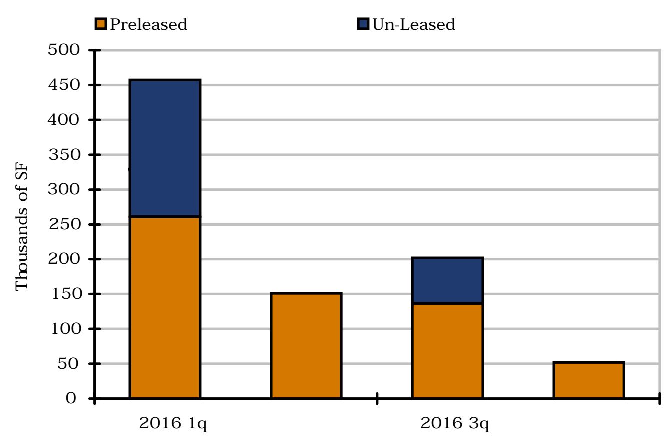
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



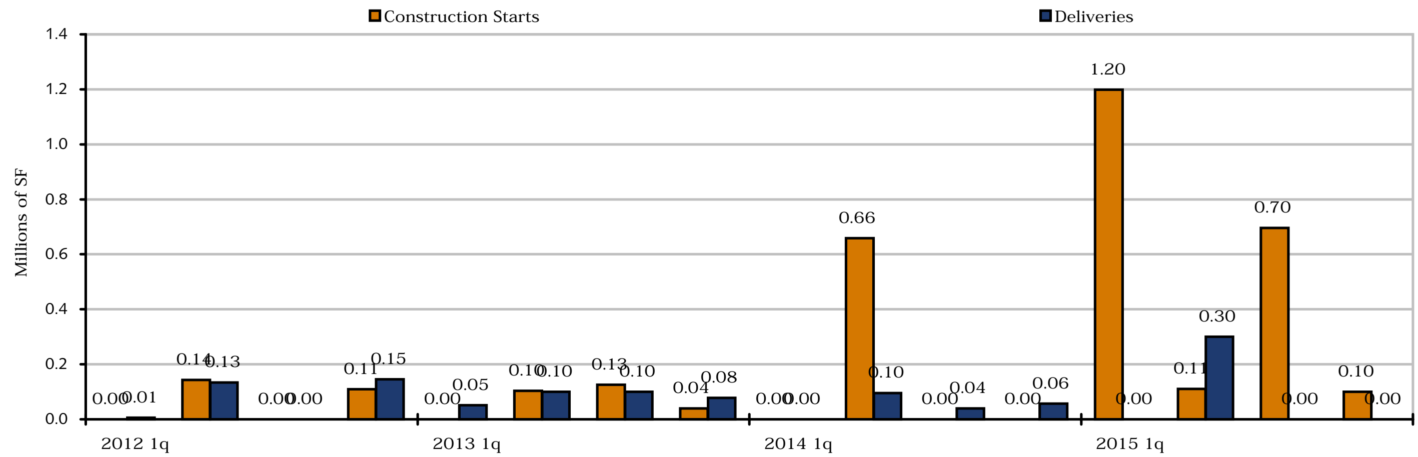
Source: CoStar Property®

Milwaukee Office Market

Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

Recent Deliveries by Project Size

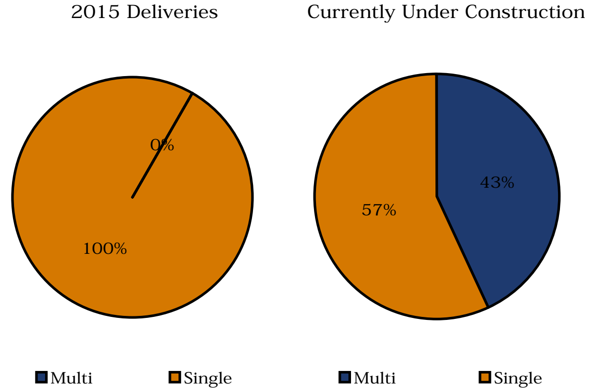
Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	$0.00	0	0
50,000 SF - 99,999 SF	0	0	0	0.0%	$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	$0.00	0	0
250,000 SF - 499,999 SF	1	300,200	300,200	100.0%	$0.00	300,200	0
>= 500,000 SF	0	0	0	0.0%	$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

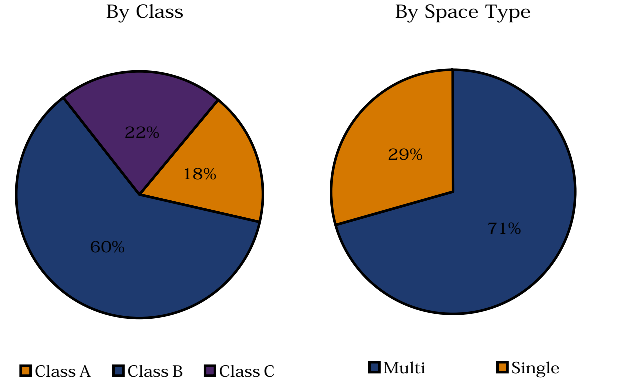
Based on RBA Developed for Single & Multi Tenant Use



Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA



Source: CoStar Property®

CoStar™

Milwaukee Office Market

Figures at a Glance

Class A Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Dodge County	1	20,024	0	0	0.0%	0	0	0	$0.00
Downtown	13	5,334,393	505,492	507,634	9.5%	(9,622)	0	1,555,767	$21.76
Fond du Lac County	0	0	0	0	0.0%	0	0	87,000	$0.00
Milwaukee County	21	3,188,967	419,510	434,432	13.6%	(191,101)	0	196,164	$16.06
Ozaukee County	2	110,279	16,858	16,858	15.3%	8,700	0	0	$0.00
Racine County	1	277,440	0	0	0.0%	0	0	0	$0.00
Sheboygan County	1	89,781	12,559	12,559	14.0%	259	0	100,000	$14.32
Walworth County	0	0	0	0	0.0%	0	0	0	$0.00
Washington County	0	0	0	0	0.0%	0	0	0	$0.00
Waukesha County	52	4,811,533	401,875	442,076	9.2%	225,267	300,200	500,000	$19.65
Totals	91	13,832,417	1,356,294	1,413,559	10.2%	33,503	300,200	2,438,931	$19.56

Source: CoStar Property®

Class B Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Dodge County	26	444,388	42,045	42,045	9.5%	1,134	0	0	$11.93
Downtown	151	13,522,574	1,156,731	1,175,631	8.7%	95,561	0	0	$17.46
Fond du Lac County	41	705,856	74,767	74,767	10.6%	(16,137)	0	0	$10.88
Milwaukee County	488	15,366,169	1,894,202	1,972,582	12.8%	(105,488)	0	0	$15.30
Ozaukee County	113	1,647,135	152,470	157,554	9.6%	(26,426)	0	0	$15.68
Racine County	61	2,120,030	86,157	86,157	4.1%	(4,707)	0	0	$14.83
Sheboygan County	82	1,681,944	87,245	87,245	5.2%	41,880	0	0	$17.22
Walworth County	36	294,221	29,516	29,516	10.0%	3,595	0	0	$10.04
Washington County	76	1,704,210	130,777	150,887	8.9%	17,512	0	12,500	$14.50
Waukesha County	397	10,402,768	1,171,868	1,194,380	11.5%	102,204	0	11,141	$15.45
Totals	1,471	47,889,295	4,825,778	4,970,764	10.4%	109,128	0	23,641	$15.58

Source: CoStar Property®

Milwaukee Office Market

Figures at a Glance

Class C Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Dodge County	49	163,805	14,752	14,752	9.0%	(2,673)	0	0	$13.27
Downtown	96	2,271,579	116,167	119,879	5.3%	(39,323)	0	0	$14.73
Fond du Lac County	68	464,632	56,208	56,808	12.2%	(11,589)	0	0	$10.34
Milwaukee County	840	6,989,584	625,689	625,689	9.0%	87,454	0	0	$12.03
Ozaukee County	95	473,337	74,125	74,125	15.7%	(14,998)	0	0	$9.85
Racine County	321	2,488,615	267,050	267,050	10.7%	53,018	0	0	$8.55
Sheboygan County	83	558,105	9,970	9,970	1.8%	10,642	0	0	$11.75
Walworth County	134	589,146	56,375	56,375	9.6%	1,716	0	0	$11.14
Washington County	69	404,207	19,348	19,348	4.8%	3,799	0	0	$10.89
Waukesha County	337	2,597,141	160,591	160,591	6.2%	18,086	0	0	$12.57
Totals	2,092	17,000,151	1,400,275	1,404,587	8.3%	106,132	0	0	$11.93

Source: CoStar Property®

Total Office Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Dodge County	76	628,217	56,797	56,797	9.0%	(1,539)	0	0	$12.13
Downtown	260	21,128,546	1,778,390	1,803,144	8.5%	46,616	0	1,555,767	$19.27
Fond du Lac County	109	1,170,488	130,975	131,575	11.2%	(27,726)	0	87,000	$10.68
Milwaukee County	1,349	25,544,720	2,939,401	3,032,703	11.9%	(209,135)	0	196,164	$14.80
Ozaukee County	210	2,230,751	243,453	248,537	11.1%	(32,724)	0	0	$13.76
Racine County	383	4,886,085	353,207	353,207	7.2%	48,311	0	0	$11.92
Sheboygan County	166	2,329,830	109,774	109,774	4.7%	52,781	0	100,000	$15.88
Walworth County	170	883,367	85,891	85,891	9.7%	5,311	0	0	$10.47
Washington County	145	2,108,417	150,125	170,235	8.1%	21,311	0	12,500	$14.07
Waukesha County	786	17,811,442	1,734,334	1,797,047	10.1%	345,557	300,200	511,141	$16.20
Totals	3,654	78,721,863	7,582,347	7,788,910	9.9%	248,763	300,200	2,462,572	$16.00

Source: CoStar Property®

Class A Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	22	1,539,017	204,606	234,606	15.2%	(57,139)	0	500,000	$20.28
Central Waukesha	18	1,471,517	143,336	146,570	10.0%	(20,746)	0	0	$18.00
Dodge East	1	20,024	0	0	0.0%	0	0	0	$0.00
Dodge West	0	0	0	0	0.0%	0	0	0	$0.00
Downtown East	9	4,395,232	349,896	352,038	8.0%	(25,707)	0	1,458,017	$23.90
Downtown West	4	939,161	155,596	155,596	16.6%	16,085	0	0	$16.24
Fond du Lac	0	0	0	0	0.0%	0	0	87,000	$0.00
Mayfair/Wauwatosa	10	1,568,583	113,437	128,359	8.2%	12,765	0	196,164	$17.20
Milwaukee East	2	196,740	36,236	36,236	18.4%	(15,302)	0	0	$16.10
Milwaukee Near SW	0	0	0	0	0.0%	0	0	0	$0.00
Milwaukee NW	5	767,751	269,837	269,837	35.1%	(188,564)	0	0	$15.57
Milwaukee SE	2	364,146	0	0	0.0%	0	0	0	$0.00
Milwaukee West	0	0	0	0	0.0%	0	0	0	$0.00
NE/Delafield	2	114,682	6,787	6,787	5.9%	0	0	0	$0.00
NE/Menomonee Falls	9	1,630,303	47,146	54,113	3.3%	303,152	300,200	0	$22.75
North Ozaukee	2	110,279	16,858	16,858	15.3%	8,700	0	0	$0.00
North Shore	0	0	0	0	0.0%	0	0	0	$0.00
North Washington	0	0	0	0	0.0%	0	0	0	$0.00
North/Sussex	0	0	0	0	0.0%	0	0	0	$0.00
Outlying Sheboygan	0	0	0	0	0.0%	0	0	0	$0.00
Racine East	1	277,440	0	0	0.0%	0	0	0	$0.00
Racine West	0	0	0	0	0.0%	0	0	0	$0.00
SE Ozaukee/I-43 Corr	0	0	0	0	0.0%	0	0	0	$0.00
SE/Muskego	1	56,014	0	0	0.0%	0	0	0	$0.00
Sheboygan	1	89,781	12,559	12,559	14.0%	259	0	100,000	$14.32
SW Outlying Milwauke.	0	0	0	0	0.0%	0	0	0	$0.00
SW Ozaukee	0	0	0	0	0.0%	0	0	0	$0.00
SW/Mukwonago	0	0	0	0	0.0%	0	0	0	$0.00
Third Ward/Walkers P.	0	0	0	0	0.0%	0	0	97,750	$0.00
Walworth East	0	0	0	0	0.0%	0	0	0	$0.00
Walworth West	0	0	0	0	0.0%	0	0	0	$0.00
Washington East	0	0	0	0	0.0%	0	0	0	$0.00
Washington West	0	0	0	0	0.0%	0	0	0	$0.00
West Allis	2	291,747	0	0	0.0%	0	0	0	$0.00
Totals	91	13,832,417	1,356,294	1,413,559	10.2%	33,503	300,200	2,438,931	$19.56

Source: CoStar Property®

Milwaukee Office Market

Figures at a Glance

Class B Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	158	4,511,705	604,183	606,059	13.4%	121,146	0	0	$15.63
Central Waukesha	128	3,514,741	369,670	390,306	11.1%	(11,280)	0	11,141	$16.65
Dodge East	2	46,156	0	0	0.0%	0	0	0	$0.00
Dodge West	24	398,232	42,045	42,045	10.6%	1,134	0	0	$11.93
Downtown East	85	6,489,396	617,840	630,840	9.7%	(11,946)	0	0	$17.92
Downtown West	32	4,992,062	293,854	293,854	5.9%	39,286	0	0	$16.27
Fond du Lac	41	705,856	74,767	74,767	10.6%	(16,137)	0	0	$10.88
Mayfair/Wauwatosa	86	2,961,773	447,598	447,598	15.1%	(3,052)	0	0	$16.70
Milwaukee East	66	2,114,518	328,033	328,033	15.5%	6,455	0	0	$12.76
Milwaukee Near SW	17	520,772	29,000	29,000	5.6%	(20)	0	0	$11.12
Milwaukee NW	122	3,608,377	477,729	543,672	15.1%	(176,812)	0	0	$15.34
Milwaukee SE	37	1,094,891	175,654	175,654	16.0%	1,469	0	0	$14.09
Milwaukee West	33	1,202,264	19,591	19,591	1.6%	(440)	0	0	$12.00
NE/Delafield	46	889,761	73,824	73,824	8.3%	(17,286)	0	0	$16.81
NE/Menomonee Falls	36	959,354	84,816	84,816	8.8%	3,511	0	0	$10.27
North Ozaukee	43	574,950	67,206	70,551	12.3%	(22,663)	0	0	$15.59
North Shore	44	966,171	109,282	109,282	11.3%	(7,040)	0	0	$17.53
North Washington	31	864,893	68,743	68,743	7.9%	(4,021)	0	2,500	$13.98
North/Sussex	7	84,875	10,129	10,129	11.9%	3,248	0	0	$11.64
Outlying Sheboygan	17	292,921	0	0	0.0%	27,390	0	0	$0.00
Racine East	53	1,965,518	83,657	83,657	4.3%	(4,707)	0	0	$14.80
Racine West	8	154,512	2,500	2,500	1.6%	0	0	0	$16.80
SE Ozaukee/I-43 Corr	64	986,500	83,591	85,330	8.6%	(3,763)	0	0	$15.68
SE/Muskego	13	351,531	2,000	2,000	0.6%	0	0	0	$0.00
Sheboygan	65	1,389,023	87,245	87,245	6.3%	14,490	0	0	$17.22
SW Outlying Milwauke.	41	782,929	79,132	79,132	10.1%	(10,589)	0	0	$18.60
SW Ozaukee	6	85,685	1,673	1,673	2.0%	0	0	0	$16.99
SW/Mukwonago	9	90,801	27,246	27,246	30.0%	2,865	0	0	$13.71
Third Ward/Walkers P.	34	2,041,116	245,037	250,937	12.3%	68,221	0	0	$18.58
Walworth East	25	198,497	22,085	22,085	11.1%	3,595	0	0	$11.74
Walworth West	11	95,724	7,431	7,431	7.8%	0	0	0	$7.04
Washington East	30	486,796	43,186	63,296	13.0%	23,693	0	10,000	$15.32
Washington West	15	352,521	18,848	18,848	5.3%	(2,160)	0	0	$0.00
West Allis	42	2,114,474	228,183	240,620	11.4%	84,541	0	0	$14.83
Totals	1,471	47,889,295	4,825,778	4,970,764	10.4%	109,128	0	23,641	$15.58

Source: CoStar Property®

CoStar™ **Milwaukee Office Market**

Figures at a Glance

Class C Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	92	904,980	19,892	19,892	2.2%	21,780	0	0	$15.35
Central Waukesha	117	931,827	67,115	67,115	7.2%	(401)	0	0	$11.39
Dodge East	10	25,094	0	0	0.0%	0	0	0	$0.00
Dodge West	39	138,711	14,752	14,752	10.6%	(2,673)	0	0	$13.27
Downtown East	31	537,901	46,708	50,420	9.4%	14,651	0	0	$8.69
Downtown West	20	593,068	17,796	17,796	3.0%	26,000	0	0	$12.37
Fond du Lac	68	464,632	56,208	56,808	12.2%	(11,589)	0	0	$10.34
Mayfair/Wauwatosa	74	558,005	28,252	28,252	5.1%	(17,217)	0	0	$12.04
Milwaukee East	88	846,658	46,650	46,650	5.5%	9,400	0	0	$14.08
Milwaukee Near SW	105	1,089,884	69,054	69,054	6.3%	33,685	0	0	$11.78
Milwaukee NW	122	817,862	116,103	116,103	14.2%	12,046	0	0	$13.42
Milwaukee SE	125	862,017	104,712	104,712	12.1%	8,416	0	0	$7.87
Milwaukee West	106	1,062,637	82,572	82,572	7.8%	4,449	0	0	$8.33
NE/Delafield	66	434,967	50,420	50,420	11.6%	(3,293)	0	0	$11.19
NE/Menomonee Falls	17	63,748	13,170	13,170	20.7%	0	0	0	$8.50
North Ozaukee	57	261,750	48,780	48,780	18.6%	(1,000)	0	0	$9.40
North Shore	24	114,172	21,601	21,601	18.9%	498	0	0	$12.00
North Washington	36	205,367	19,348	19,348	9.4%	(301)	0	0	$11.23
North/Sussex	6	17,244	0	0	0.0%	0	0	0	$0.00
Outlying Sheboygan	27	117,652	6,570	6,570	5.6%	2,654	0	0	$12.00
Racine East	233	1,918,363	259,847	259,847	13.5%	52,706	0	0	$8.55
Racine West	88	570,252	7,203	7,203	1.3%	312	0	0	$0.00
SE Ozaukee/I-43 Corr	17	118,536	22,145	22,145	18.7%	(14,667)	0	0	$10.76
SE/Muskego	17	118,788	3,880	3,880	3.3%	0	0	0	$0.00
Sheboygan	56	440,453	3,400	3,400	0.8%	7,988	0	0	$11.72
SW Outlying Milwauke.	83	564,202	65,333	65,333	11.6%	(1,390)	0	0	$14.81
SW Ozaukee	21	93,051	3,200	3,200	3.4%	669	0	0	$13.12
SW/Mukwonago	22	125,587	6,114	6,114	4.9%	0	0	0	$11.64
Third Ward/Walkers P.	45	1,140,610	51,663	51,663	4.5%	(79,974)	0	0	$15.77
Walworth East	58	286,853	49,475	49,475	17.2%	(1,300)	0	0	$11.59
Walworth West	76	302,293	6,900	6,900	2.3%	3,016	0	0	$10.10
Washington East	20	142,665	0	0	0.0%	2,700	0	0	$0.00
Washington West	13	56,175	0	0	0.0%	1,400	0	0	$7.44
West Allis	113	1,074,147	91,412	91,412	8.5%	37,567	0	0	$13.79
Totals	2,092	17,000,151	1,400,275	1,404,587	8.3%	106,132	0	0	$11.93

Source: CoStar Property®

Milwaukee Office Market

Figures at a Glance

Total Office Submarket Statistics

Year-End 2015

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Brookfield/New Berli.	272	6,955,702	828,681	860,557	12.4%	85,787	0	500,000	$16.67
Central Waukesha	263	5,918,085	580,121	603,991	10.2%	(32,427)	0	11,141	$16.60
Dodge East	13	91,274	0	0	0.0%	0	0	0	$0.00
Dodge West	63	536,943	56,797	56,797	10.6%	(1,539)	0	0	$12.13
Downtown East	125	11,422,529	1,014,444	1,033,298	9.0%	(23,002)	0	1,458,017	$21.68
Downtown West	56	6,524,291	467,246	467,246	7.2%	81,371	0	0	$16.02
Fond du Lac	109	1,170,488	130,975	131,575	11.2%	(27,726)	0	87,000	$10.68
Mayfair/Wauwatosa	170	5,088,361	589,287	604,209	11.9%	(7,504)	0	196,164	$16.62
Milwaukee East	156	3,157,916	410,919	410,919	13.0%	553	0	0	$13.35
Milwaukee Near SW	122	1,610,656	98,054	98,054	6.1%	33,665	0	0	$11.53
Milwaukee NW	249	5,193,990	863,669	929,612	17.9%	(353,330)	0	0	$15.22
Milwaukee SE	164	2,321,054	280,366	280,366	12.1%	9,885	0	0	$11.18
Milwaukee West	139	2,264,901	102,163	102,163	4.5%	4,009	0	0	$8.85
NE/Delafield	114	1,439,410	131,031	131,031	9.1%	(20,579)	0	0	$14.61
NE/Menomonee Falls	62	2,653,405	145,132	152,099	5.7%	306,663	300,200	0	$13.85
North Ozaukee	102	946,979	132,844	136,189	14.4%	(14,963)	0	0	$11.46
North Shore	68	1,080,343	130,883	130,883	12.1%	(6,542)	0	0	$16.70
North Washington	67	1,070,260	88,091	88,091	8.2%	(4,322)	0	2,500	$13.52
North/Sussex	13	102,119	10,129	10,129	9.9%	3,248	0	0	$11.64
Outlying Sheboygan	44	410,573	6,570	6,570	1.6%	30,044	0	0	$12.00
Racine East	287	4,161,321	343,504	343,504	8.3%	47,999	0	0	$11.87
Racine West	96	724,764	9,703	9,703	1.3%	312	0	0	$16.80
SE Ozaukee/I-43 Corr	81	1,105,036	105,736	107,475	9.7%	(18,430)	0	0	$15.12
SE/Muskego	31	526,333	5,880	5,880	1.1%	0	0	0	$0.00
Sheboygan	122	1,919,257	103,204	103,204	5.4%	22,737	0	100,000	$15.94
SW Outlying Milwauke.	124	1,347,131	144,465	144,465	10.7%	(11,979)	0	0	$16.49
SW Ozaukee	27	178,736	4,873	4,873	2.7%	669	0	0	$14.61
SW/Mukwonago	31	216,388	33,360	33,360	15.4%	2,865	0	0	$13.32
Third Ward/Walkers P.	79	3,181,726	296,700	302,600	9.5%	(11,753)	0	97,750	$17.36
Walworth East	83	485,350	71,560	71,560	14.7%	2,295	0	0	$11.68
Walworth West	87	398,017	14,331	14,331	3.6%	3,016	0	0	$8.11
Washington East	50	629,461	43,186	63,296	10.1%	26,393	0	10,000	$15.32
Washington West	28	408,696	18,848	18,848	4.6%	(760)	0	0	$7.44
West Allis	157	3,480,368	319,595	332,032	9.5%	122,108	0	0	$14.36
Totals	3,654	78,721,863	7,582,347	7,788,910	9.9%	248,763	300,200	2,462,572	$16.00

Source: CoStar Property®

CoStar™

Milwaukee Office Market

Figures at a Glance

Class A Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
CBD	13	5,334,393	505,492	507,634	9.5%	(9,622)	0	1,458,017	$21.76
Suburban	78	8,498,024	850,802	905,925	10.7%	43,125	300,200	980,914	$17.79
Totals	91	13,832,417	1,356,294	1,413,559	10.2%	33,503	300,200	2,438,931	$19.56

Source: CoStar Property®

Class B Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
CBD	117	11,481,458	911,694	924,694	8.1%	27,340	0	0	$17.17
Suburban	1,354	36,407,837	3,914,084	4,046,070	11.1%	81,788	0	23,641	$15.34
Totals	1,471	47,889,295	4,825,778	4,970,764	10.4%	109,128	0	23,641	$15.58

Source: CoStar Property®

Class C Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
CBD	51	1,130,969	64,504	68,216	6.0%	40,651	0	0	$11.68
Suburban	2,041	15,869,182	1,335,771	1,336,371	8.4%	65,481	0	0	$11.94
Totals	2,092	17,000,151	1,400,275	1,404,587	8.3%	106,132	0	0	$11.93

Source: CoStar Property®

Class A & B Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
CBD	130	16,815,851	1,417,186	1,432,328	8.5%	17,718	0	1,458,017	$19.85
Suburban	1,432	44,905,861	4,764,886	4,951,995	11.0%	124,913	300,200	1,004,555	$15.84
Totals	1,562	61,721,712	6,182,072	6,384,323	10.3%	142,631	300,200	2,462,572	$16.73

Source: CoStar Property®

Total Office Market Statistics

Year-End 2015

Market	Existing Inventory # Blds	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Total SF	Vacancy Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
CBD	181	17,946,820	1,481,690	1,500,544	8.4%	58,369	0	1,458,017	$19.62
Suburban	3,473	60,775,043	6,100,657	6,288,366	10.3%	190,394	300,200	1,004,555	$15.13
Totals	3,654	78,721,863	7,582,347	7,788,910	9.9%	248,763	300,200	2,462,572	$16.00

Source: CoStar Property®

Milwaukee Office Market

Figures at a Glance

Class A Market Statistics

Year-End 2015

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2015 4q	91	13,832,417	1,356,294	1,413,559	10.2%	(173,260)	0	0	9	2,438,931	$19.56
2015 3q	91	13,832,417	1,171,649	1,240,299	9.0%	(70,637)	0	0	7	2,341,181	$18.61
2015 2q	91	13,832,417	1,119,364	1,169,662	8.5%	274,554	1	300,200	4	1,645,017	$18.93
2015 1q	90	13,532,217	1,090,752	1,144,016	8.5%	2,846	0	0	4	1,845,217	$19.19
2014 4q	90	13,532,217	1,093,361	1,146,862	8.5%	156,403	0	0	2	658,217	$19.92
2014 3q	90	13,532,217	1,231,220	1,303,265	9.6%	(32,991)	1	38,992	2	658,217	$19.53
2014 2q	89	13,493,225	1,189,081	1,231,282	9.1%	108,456	1	95,000	3	697,209	$19.39
2014 1q	88	13,398,225	1,205,559	1,244,738	9.3%	106,849	0	0	2	133,992	$20.24
2013	88	13,398,225	1,313,532	1,351,587	10.1%	41,487	1	43,279	2	133,992	$21.97
2012	87	13,354,946	1,337,616	1,349,795	10.1%	120,253	1	145,000	1	43,279	$22.05
2011	86	13,209,946	1,303,544	1,325,048	10.0%	140,698	2	142,303	1	145,000	$20.88
2010	84	13,067,643	1,288,486	1,323,443	10.1%	(57,694)	0	0	2	142,303	$20.94
2009	84	13,067,643	1,223,424	1,265,749	9.7%	137,531	2	208,014	0	0	$20.41
2008	82	12,859,629	1,075,598	1,195,266	9.3%	254,186	2	189,800	1	152,000	$17.62
2007	80	12,669,829	1,232,428	1,259,652	9.9%	586,413	5	471,550	1	163,500	$16.49
2006	75	12,198,279	1,296,811	1,374,515	11.3%	91,631	1	33,081	4	191,550	$16.39

Source: CoStar Property®

Class B Market Statistics

Year-End 2015

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2015 4q	1,471	47,889,295	4,825,778	4,970,764	10.4%	(15,749)	0	0	3	23,641	$15.58
2015 3q	1,473	47,932,815	4,840,005	4,998,535	10.4%	57,849	0	0	2	21,141	$15.49
2015 2q	1,473	47,932,815	4,873,976	5,056,384	10.5%	33,682	0	0	2	21,141	$15.29
2015 1q	1,473	47,932,815	4,883,631	5,090,066	10.6%	33,346	0	0	1	11,141	$15.56
2014 4q	1,474	48,182,149	5,178,135	5,372,746	11.2%	(88,471)	1	57,079	0	0	$15.10
2014 3q	1,473	48,125,070	5,035,190	5,227,196	10.9%	6,422	0	0	1	57,079	$15.31
2014 2q	1,473	48,125,070	5,089,637	5,233,618	10.9%	122,059	0	0	1	57,079	$15.22
2014 1q	1,475	48,553,450	5,599,096	5,784,057	11.9%	(356,845)	0	0	1	57,079	$15.53
2013	1,475	48,553,450	5,262,551	5,427,212	11.2%	(61,547)	8	286,615	1	57,079	$15.10
2012	1,469	48,395,119	5,073,974	5,207,334	10.8%	452,202	4	140,195	5	209,068	$15.34
2011	1,467	48,451,058	5,565,646	5,715,475	11.8%	(357,376)	6	139,701	4	140,195	$15.81
2010	1,465	48,489,894	5,233,108	5,396,935	11.1%	(480,422)	4	50,471	3	93,509	$15.86
2009	1,461	48,439,423	4,714,088	4,866,042	10.0%	276,324	11	438,581	2	28,312	$15.96
2008	1,450	48,000,842	4,629,972	4,703,785	9.8%	454,356	18	623,278	10	400,385	$15.25
2007	1,432	47,377,564	4,449,782	4,534,863	9.6%	578,349	24	503,604	15	626,241	$15.18
2006	1,408	46,873,960	4,501,612	4,609,608	9.8%	356,518	23	564,085	17	725,333	$15.06

Source: CoStar Property®

Total Office Market Statistics

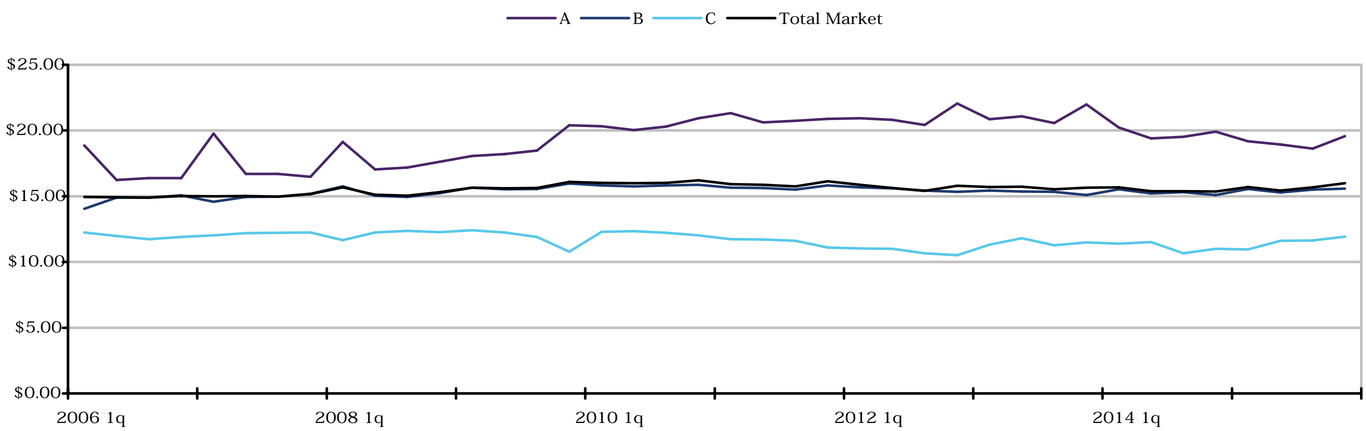
Year-End 2015

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2015 4q	3,654	78,721,863	7,582,347	7,788,910	9.9%	(191,885)	0	0	12	2,462,572	$16.00
2015 3q	3,657	78,840,203	7,487,885	7,715,365	9.8%	(75,080)	0	0	9	2,362,322	$15.68
2015 2q	3,658	78,858,704	7,425,780	7,658,786	9.7%	329,840	1	300,200	6	1,666,158	$15.44
2015 1q	3,657	78,558,504	7,427,127	7,688,426	9.8%	185,888	0	0	5	1,856,358	$15.70
2014 4q	3,659	78,836,638	7,902,736	8,152,448	10.3%	48,113	1	57,079	2	658,217	$15.35
2014 3q	3,658	78,779,559	7,877,831	8,143,482	10.3%	(16,136)	1	38,992	3	715,296	$15.38
2014 2q	3,658	78,761,967	7,921,972	8,109,754	10.3%	231,116	1	95,000	4	754,288	$15.38
2014 1q	3,659	79,095,347	8,450,110	8,674,250	11.0%	(136,868)	0	0	3	191,071	$15.68
2013	3,659	79,095,347	8,334,666	8,537,382	10.8%	(82,177)	9	329,894	3	191,071	$15.65
2012	3,655	79,000,417	8,212,857	8,360,275	10.6%	676,827	5	285,195	6	252,347	$15.80
2011	3,652	78,911,356	8,774,108	8,948,041	11.3%	(268,857)	8	282,004	5	285,195	$16.13
2010	3,648	78,807,889	8,376,933	8,575,717	10.9%	(701,546)	4	50,471	5	235,812	$16.21
2009	3,646	78,762,760	7,632,539	7,829,042	9.9%	380,227	14	660,595	2	28,312	$16.09
2008	3,633	78,104,168	7,354,622	7,550,677	9.7%	694,846	22	877,372	12	566,385	$15.30
2007	3,612	77,235,337	7,257,325	7,376,692	9.6%	1,153,751	31	1,031,986	18	854,035	$15.16
2006	3,581	76,203,351	7,297,502	7,498,457	9.8%	352,269	27	683,900	22	968,251	$15.01

Source: CoStar Property®

Historical Rental Rates

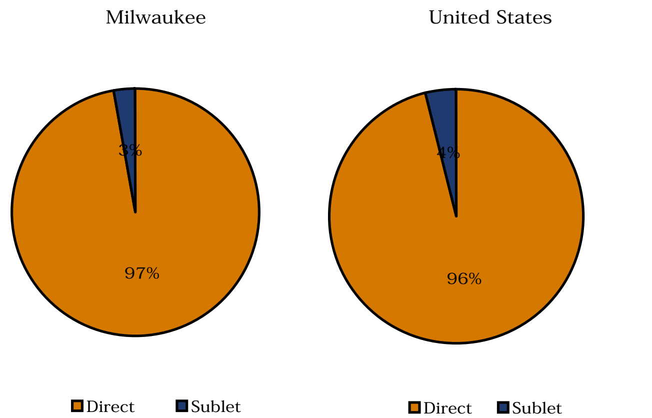
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

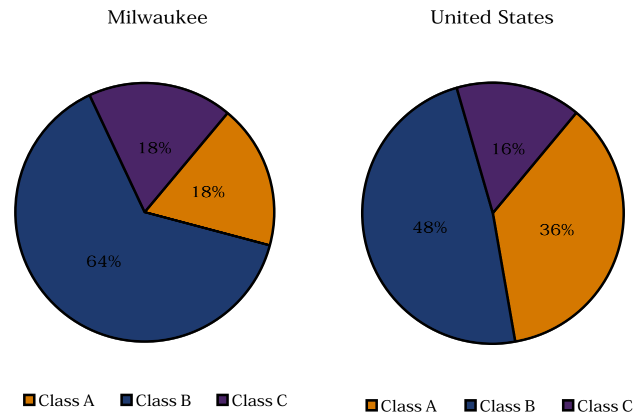
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Class

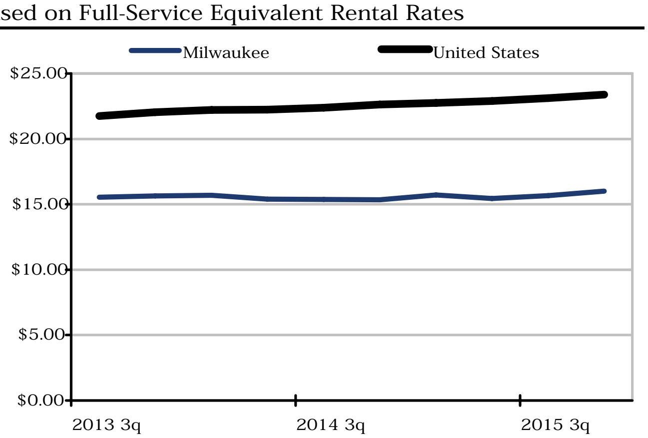
Percent of All Vacant Space by Class



Source: CoStar Property®

U.S. Rental Rate Comparison

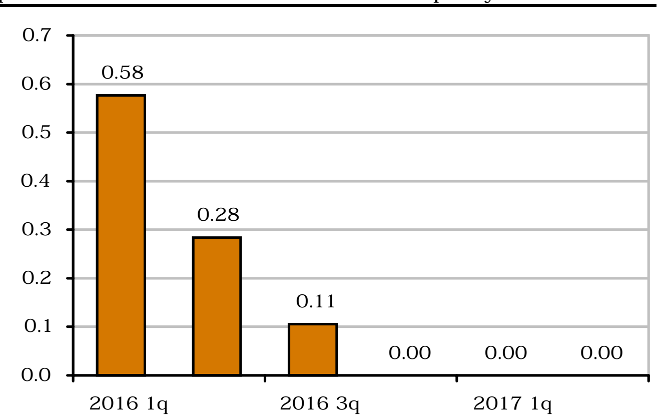
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces Source: CoStar Property®

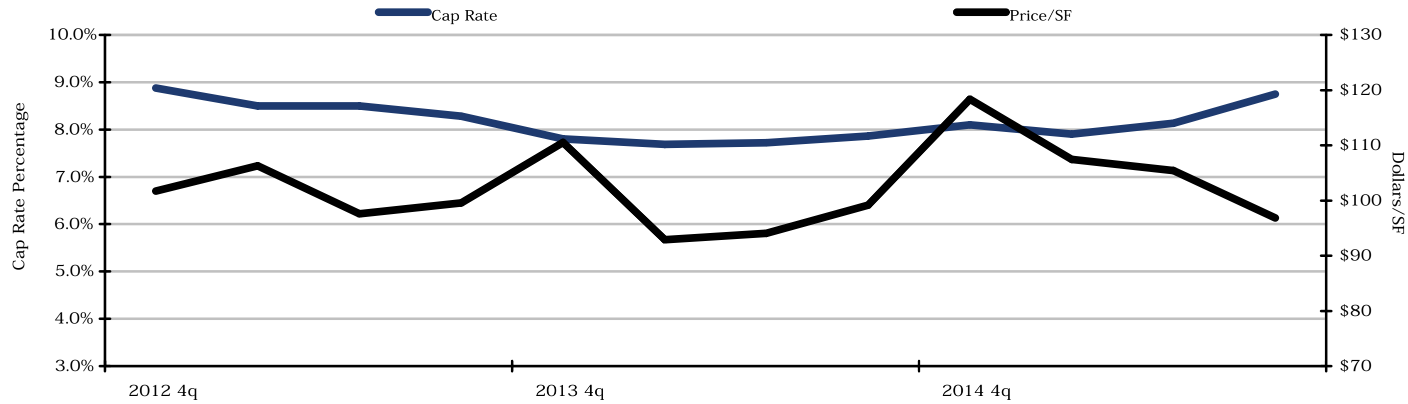
CoStar™

Milwaukee Office Market

Sales Activity

The Optimist Sales Index

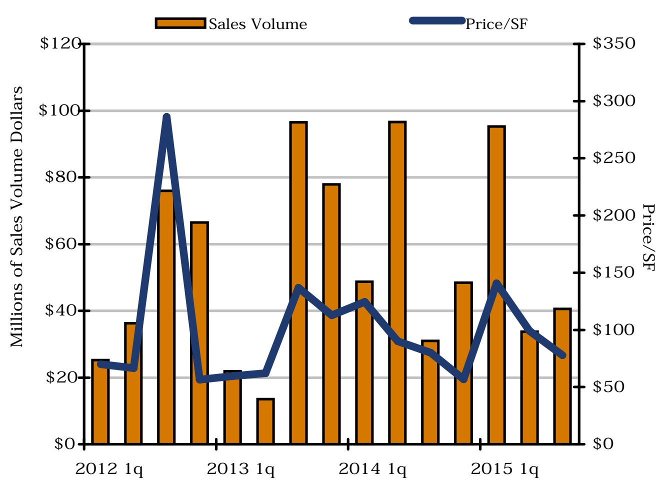
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

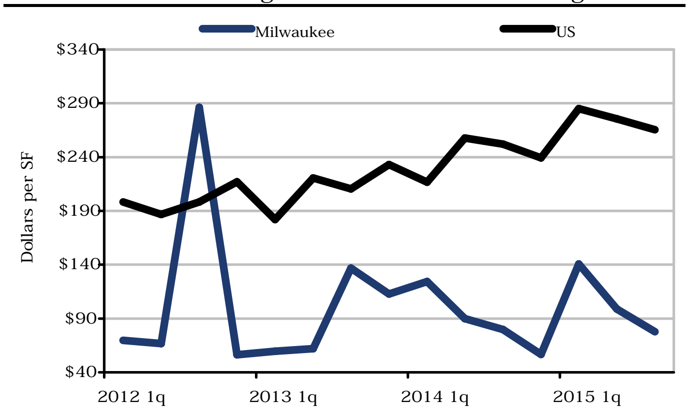
Based on Office Building Sales From Oct. 2014 - Sept. 2015

Bldg Size	#	RBA	$ Volume	Price/SF	Cap Rate
< 50,000 SF	43	785,437	$66,744,400	$ 84.98	9.39%
50K-249K SF	17	1,776,393	$166,876,800	$ 93.94	8.17%
250K-499K SF	-	-	-	$ -	-
>500K SF	-	-	-	$ -	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

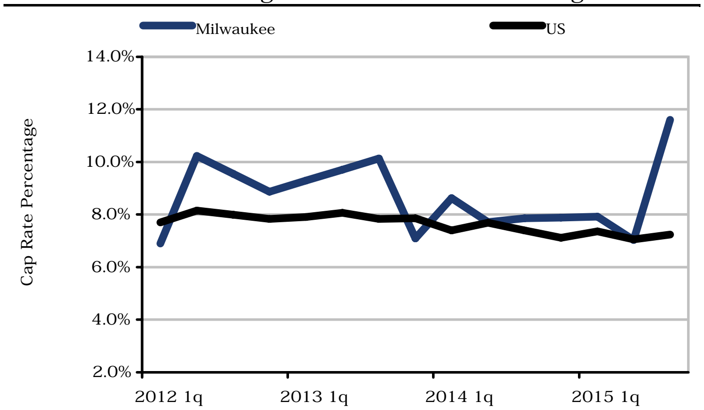
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

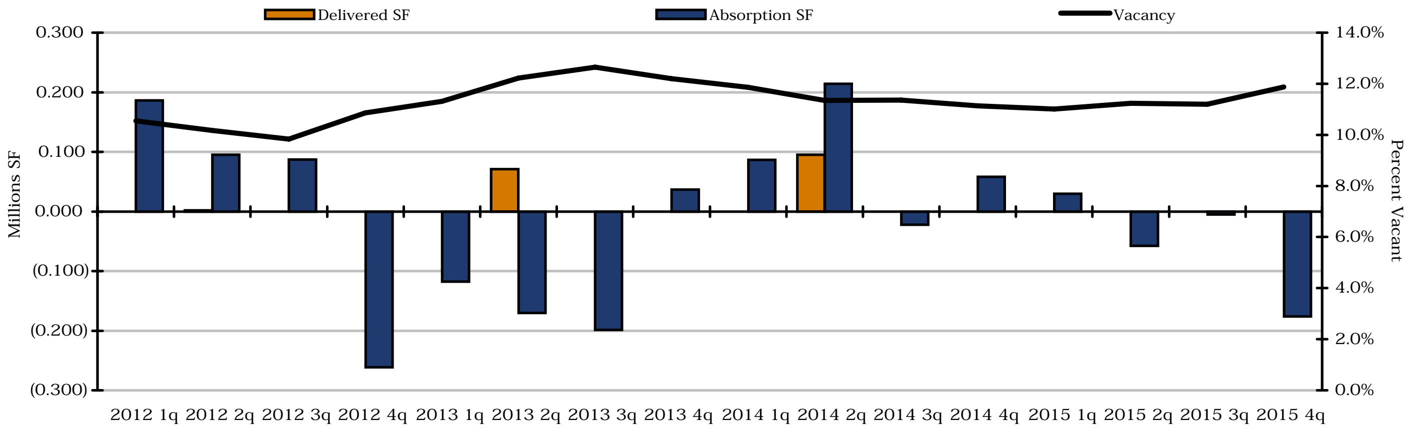
Milwaukee Office Market

Milwaukee County Market

Market Highlights – Class "A, B & C"

Deliveries, Absorption & Vacancy

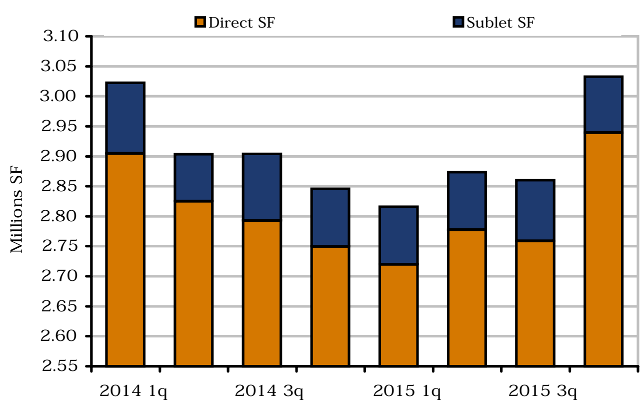
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

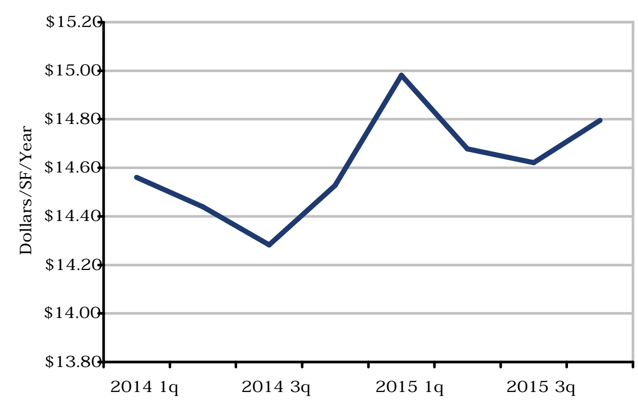
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2015 4q	1,349	25,544,720	3,032,703	11.9%	(176,144)	0	0	2	196,164	$14.80
2015 3q	1,350	25,548,240	2,860,079	11.2%	(4,901)	0	0	2	196,164	$14.62
2015 2q	1,351	25,566,741	2,873,679	11.2%	(57,705)	0	0	0	0	$14.68
2015 1q	1,351	25,566,741	2,815,974	11.0%	29,615	0	0	0	0	$14.98
2014 4q	1,351	25,566,741	2,845,589	11.1%	58,415	0	0	0	0	$14.53
2014 3q	1,351	25,566,741	2,904,004	11.4%	(22,031)	0	0	0	0	$14.28
2014 2q	1,352	25,588,141	2,903,373	11.3%	214,373	1	95,000	0	0	$14.44
2014 1q	1,351	25,493,141	3,022,746	11.9%	86,696	0	0	1	95,000	$14.56
2013 4q	1,351	25,493,141	3,109,442	12.2%	36,722	0	0	1	95,000	$14.60
2013 3q	1,352	25,581,425	3,234,448	12.6%	(198,561)	0	0	1	95,000	$14.55
2013 2q	1,353	25,684,425	3,138,887	12.2%	(170,380)	1	71,262	1	95,000	$14.72
2013 1q	1,353	25,614,323	2,898,405	11.3%	(117,663)	0	0	1	71,262	$14.29
2012 4q	1,353	25,614,323	2,780,742	10.9%	(261,459)	0	0	1	71,262	$14.35
2012 3q	1,353	25,614,323	2,519,283	9.8%	87,352	0	0	0	0	$14.51
2012 2q	1,353	25,614,323	2,606,635	10.2%	95,282	1	1,900	0	0	$15.01
2012 1q	1,352	25,612,423	2,700,017	10.5%	186,560	0	0	1	1,900	$15.09

Source: CoStar Property®

LODGING MARKET OVERVIEW

National Lodging Highlights

The following is extracted from "Hospitality Directions US" updated August 2015, published by PwC Hospitality & Leisure.

As the U.S. economy rebounded from a first-quarter slump driven by the absence of transitory factors, performance of the U.S. lodging sector in the second quarter of 2015 generally met expectations with a year-over-year RevPAR increase of 6.5%. During that time, average daily rate (ADR) growth drove RevPAR increases to a larger degree than in prior quarters with a 4.8% year-over-year increase. Demand trends also remained robust with both transient and group demand showing strong momentum and year-over-year occupancy growth of 1.4% and 1.5%, respectively, during the first half of 2015.

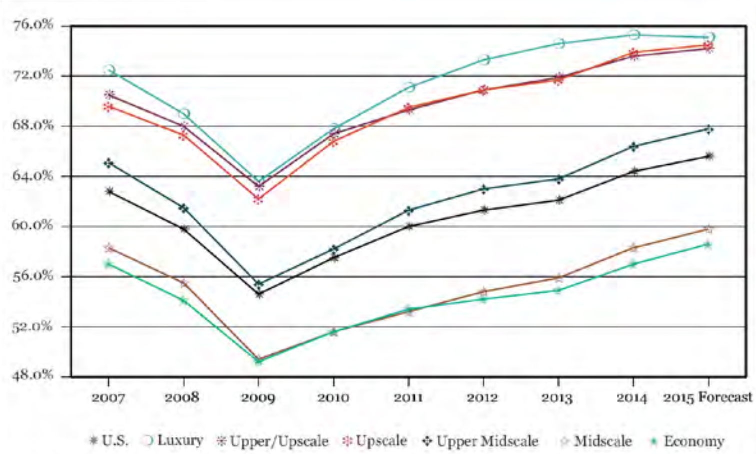
Overall, occupancy levels in the first half of 2015 were at the highest since 1987, giving many operators the confidence to test price increases in many markets. Overall, PwC's outlook for 2015 remains optimistic with a RevPAR increase of 6.9%, driven mainly by a forecast annual ADR growth of 5.0%. The combination of strong demand trends and low supply growth is expected to drive peak occupancy levels, pushing U.S. lodging occupancy to 65.6% in 2015 – the highest level since 1981.

As occupancy peaks in the U.S. lodging industry, ADR growth is expected to become more meaningful, as the effects of the rise in the value of the U.S. dollar wane, giving many hotel operators more pricing power, especially in certain gateway cities. In 2016, ADR growth of 5.8% is forecast for the U.S. lodging industry with the luxury and upper-upscale chain-scale segments both outperforming the industry with ADR growth of 6.3% and 5.9%, respectively, as per the August 2015 issue of PwC Hospitality & Leisure US.

Demand

As a whole, demand for the lodging industry is expected to increase 2.9% in 2015 – below the level of demand reported for 2014 (+4.3%). While each chain-scale segment is expected to see growing demand in 2015, year-over-year increases are each below 2014 levels. For 2015, PwC forecasts lodging demand growth to be the strongest for the upscale lodging segment, increasing 5.5%, followed by the upper-midscale chain-scale segment at 3.9%.

Exhibit L-1
OCCUPANCY



Source: Smith Travel Research (2007 thru 2014); PwC (2015 Forecast)

Supply

The supply pipeline continues to expand throughout much of the lodging industry with hotel additions for 2015 and 2016 expected to be well above prior years. As a result, PwC's outlook anticipates supply growth to increase 1.1% for the industry in 2015 and 2.0% for 2016 – above the 0.8% recorded for 2014 and the long-term average annual increase of 1.9%.

For 2015 and 2016, the upscale chain-scale segment is forecast to see the greatest increase in supply, growing at 4.5% and 5.7%, respectively. On the other hand, the economy segment is expected to see a 0.0% increase in supply in 2015 and a 0.5% decrease in supply in 2016.

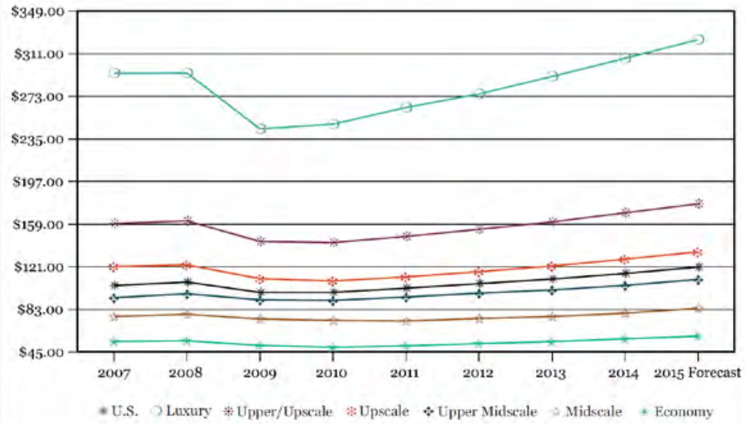
Occupancy

Occupancy for the U.S. lodging industry was 65.2% for the first half of 2015, a 2.3% increase from the same period in 2014, according to Smith Travel Research (STR). Occupancy improved in each chain-scale segment during this period with the midscale segment posting the largest gain of 2.9%.

For 2015, the U.S. lodging industry's occupancy is forecast to increase 1.8%. As shown in Exhibit L-1, occu-

Exhibit L-2

AVERAGE DAILY RATE (ADR)



Source: Smith Travel Research (2007 thru 2014); PwC (2015 Forecast)

pancy gains are forecast for each chain-scale segment in 2015 with upper-upscale, midscale, and economy hotels outperforming the industry.

Average Daily Rate (ADR)

ADR for the U.S. lodging industry was $119.02 for the first half of 2015, a 4.8% increase from the same period in 2014, as per STR. ADR grew in each chain-scale segment over this period with the luxury (+5.3%), upscale (+5.2%), and economy (+5.4%) chain-scale segments each surpassing the industry average.

For 2015, ADR for the U.S. lodging industry is forecast to increase 5.0%. As shown in Exhibit L-2, ADR growth is forecast for each chain-scale segment in 2015.

Manhattan

Manhattan hotels performed inconsistently in the first six months of this year with consecutive periods of RevPAR decline interspersed with modest increases. After a meaningful decline in the first quarter of 2015, RevPAR decreased 6.1% in April. As the second quarter progressed, this downward trend was less pronounced with RevPAR decreasing 2.5% in May and increasing 1.8% in June for an overall decline of 2.2% for the quarter.

Manhattan's quarterly RevPAR decline was driven by downward shifts in both occupancy and ADR, which decreased 1.0% and 1.3%, respectively, compared to a year ago. In addition, RevPAR declined across all hotel classes in Manhattan in the second quarter with the upscale segment experiencing the largest decline in RevPAR levels, declining 4.3% year over year.

The luxury segment outperformed the other segments by being able to trade a decline in occupancy for growth in ADR, resulting in a flat RevPAR level, while the upper-midscale and upper-upscale segments experienced RevPAR decreases of 3.4% and 2.4%, respectively. The declines in RevPAR were driven by a combination of losses in occupancy and ADR in these local segments.

Investment Activity

U.S. hotel investment volume totaled $26.9 billion for the first half of 2015 – up 67.5% from the same time in 2014, according to Real Capital Analytics. Full-service hotels accounted for a larger portion of this volume, totaling $19.0 billion, compared to limited-service hotels, which totaled $7.9 billion. Furthermore, single-property hotel sales accounted for $16.6 billion of the total sales volume during the first half of 2015 while portfolio sales made up the balance.

The top-five markets in terms of sales volume for the first half of 2015 are shown in Table NLH-1. While three of the five metros had the distinction of also being in the top ten at year-end 2014, Orlando and Phoenix have both made impressive leaps during the past six months. ✦

Table NLH-1

2015 HOTEL SALES VOLUME*

Top U.S. Metros

Metro	Total Volume ($M)	Rank 2014
Manhattan	$4,080	2
Orlando	$2,086	22
San Francisco	$1,352	4
Miami	$1,262	6
Phoenix	$873	12

*first half of 2015

Source: Real Capital Analytics, Inc.

Trends and forecasts have been extracted from *Hospitality Directions US*, published by PwC Hospitality & Leisure. Released August 2015, this report provides historical data and forecasts for the U.S. lodging industry and seven chain-scale segments with respect to ADR, supply, demand, occupancy, RevPAR, and revenue. For more information, email contact.hospitality@us.pwc.com.

National Limited-Service Midscale & Economy Lodging Segment

Optimism prevails among surveyed investors for the national limited-service midscale & economy lodging segment due to restricted additions to supply and an improved near-term performance outlook. In fact, annual growth in ADR, occupancy, and RevPAR for both the midscale and economy chain-scale segments is forecasted above that of the industry for 2015.

As shown in Table ELM-1, the combined impact of strong occupancy and ADR growth for the midscale segment is expected to result in RevPAR growth of 7.7% – well above the national figure of 6.9% and the highest among the seven chain-scale segments analyzed in *Hospitality Directions US*. With an annual rate of 7.3%, the economy chain-scale segment's RevPAR forecast represents the second-highest growth estimate.

Investors' confidence in this lodging segment is also displayed by the 17-basis-point decline in its average overall cap rate this quarter, as well as the ten-basis-point increase in its average ADR change rate (see Table 35). ✦

Table ELM-1

LODGING FORECASTS

Segment	2015	Annual Change
Midscale		
Occupancy	59.8%	+ 2.4%
ADR	$83.98	+ 5.2%
Nominal RevPAR	$50.18	+ 7.7%
Economy		
Occupancy	58.6%	+ 2.0%
ADR	$59.09	+ 5.2%
Nominal RevPAR	$34.65	+ 7.3%

Source: *Hospitality Directions US, August 2015;* published by PwC

Table 35

NATIONAL LIMITED-SERVICE MIDSCALE & ECONOMY LODGING SEGMENT

Third Quarter 2015

	CURRENT	FIRST QUARTER 2015	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	8.50% – 12.00%	8.50% – 12.00%	9.00% – 12.00%	9.00% – 13.00%	10.00% – 14.00%
Average	10.53%	10.55%	10.70%	10.94%	12.31%
Change (Basis Points)		– 2	– 17	– 41	– 178
OVERALL CAP RATE (OAR)[a]					
Range	7.50% – 10.00%	7.50% – 10.00%	8.00% – 10.00%	8.00% – 12.00%	8.00% – 12.00%
Average	8.78%	8.95%	9.00%	9.70%	10.20%
Change (Basis Points)		– 17	– 22	– 92	– 142
RESIDUAL CAP RATE					
Range	7.75% – 10.50%	7.75% – 11.00%	8.00% – 11.00%	8.00% – 12.00%	9.00% – 12.00%
Average	9.50%	9.63%	9.55%	9.85%	10.43%
Change (Basis Points)		– 13	– 5	– 35	– 93
AVERAGE DAILY RATE[b]					
Range	2.00% – 5.00%	2.00% – 5.00%	2.00% – 5.00%	0.00% – 7.00%	(4.00%) – 3.00%
Average	3.50%	3.40%	3.30%	3.60%	(0.25%)
Change (Basis Points)		+ 10	+ 20	– 10	+ 375
OPERATING EXPENSE[b]					
Range	2.50% – 3.00%	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%	1.00% – 3.00%
Average	2.95%	2.75%	2.75%	2.75%	2.55%
Change (Basis Points)		+ 20	+ 20	+ 20	+ 40
MARKETING TIME[c]					
Range	2 – 12	2 – 12	2 – 12	2 – 12	4 – 12
Average	7.0	7.0	7.0	7.6	7.6
Change (▼, ▲, =)		=	=	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

HospitalityResearch
MARKET UPDATE
Marcus & Millichap

Midwest Region *Third Quarter 2015*

Investors Target Limited-Service, Select-Service Hotels

Increases in travel volume will lift primary performance measures this year in the Midwest, a region encompassing Illinois, Indiana, Michigan, Ohio and Wisconsin. Results in the first half were particularly solid, mostly reflecting strengthening transient business demand and a modestly greater contribution from group events. The economies of major markets Chicago, Cincinnati, Cleveland, Detroit and Indianapolis are clearly stronger than they were in the first half of 2014. Employers are expanding payrolls, spending on business trips, and generating inbound travel by contractors and vendors, trends that were evident in consistently higher occupancy and gains in other performance gauges throughout the first half. Hotel operations in July remained strong, with only Cleveland among the major markets posting a drop in occupancy to a still-respectable 72.7 percent. While demand will likely continue to rise in the region as business-related occupancy grows and additional consumers spend on leisure trips, the delivery of new rooms over the next two years will affect occupancy and RevPAR growth. The size and potential impact of statewide pipelines vary, but the greatest pressures on performance will occur in Illinois and Ohio.

Broad brand representation, markets with varied demand drivers, improving property performance and reasonable asset pricing continue to draw investors to the Midwest region. Transactions and dollar volume increased in the first half of this year compared with the corresponding period in 2014. Small private investors are active, spurring deal flow in the economy and midscale segments. These assets accounted for about 45 percent of all flagged hotels changing hands, a marked advance from the prior year. On a national level, brands occupying the lower rungs of the chain-scale ladder are posting solid performance, including rate-driven gains in RevPAR that surpass other chain scales. Additional owners are able to sell and will continue to test the market in the Midwest in attempts to monetize the value appreciation that has occurred through stronger operations. Select-service properties also frequently trade in the region, and investors can realize potential upsides by raising property performance to market levels or performing PIPs that can provide a lift to RevPAR.

2015 Forecast

	2014	2015*
Occupancy	60.6%	61.7%
Demand Growth	3.5%	3.0%
Supply Growth	0.8%	1.2%
Average Daily Rate	$99.15	$104.60
Annual Change	4.1%	5.5%
RevPAR	$60.04	$64.53
Annual Change	6.8%	7.5%
Revenue Growth	7.5%	8.3%

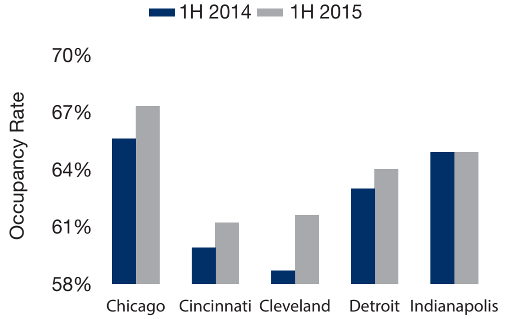
** Forecast*
Sources: Marcus & Millichap Research Services; STR, Inc.

- **All Metrics Poised to Rise.** Room demand growth of 3.0 percent will outpace an increase in available rooms this year to raise full-year regional occupancy 110 basis points to 61.7 percent. Fueled by an rise in the largest market, Chicago, the ADR will climb 5.5 percent during 2015 and drive most of the gain in RevPAR.

- **Buildup in Select-Service Stock.** Approximately 30 percent of the rooms under construction in the region are in Detroit and Chicago, with the much greater contribution to the total occurring in Chicago. Of the more than 2,700 rooms underway in Chicago, nearly 2,000 are select-service brands. An additional 1,900 select-service rooms are planned in the market.

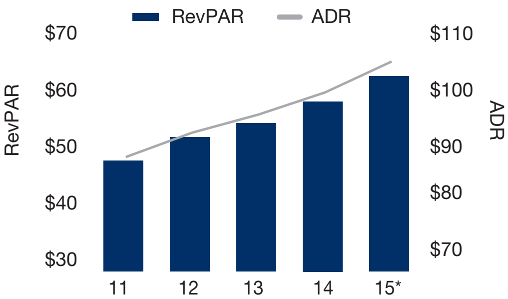
- **Occupancy Gain in Cincinnati.** The city posted overall strong results in the first half, when room nights grew 3.6 percent to spark a 120-basis-point rise in occupancy to 61.2 percent. ADR growth was tepid, however, coming in at 2.5 percent in the first half, though an increase of 9 percent was recorded in July, when the city hosted the Major League Baseball All-Star Game.

Occupancy in Select Major Markets



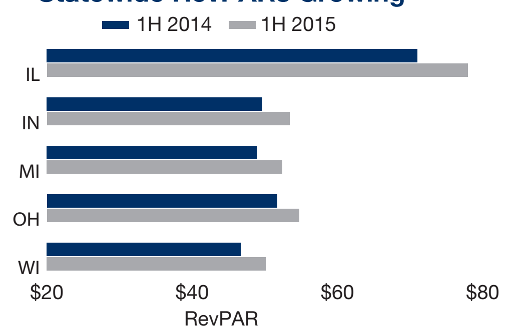
Sources: Marcus & Millichap Research Services; STR, Inc.

Annual Revenue Measures in Midwest



* Forecast
Sources: Marcus & Millichap Research Services; STR, Inc.

Statewide RevPARs Growing



Sources: Marcus & Millichap Research Services; STR, Inc.

Occupancy Trends

- Hotels in the Midwest performed well in the first half. Year to date through the second quarter, regional occupancy rose 100 basis points to 58.9 percent. Room nights grew 3.1 percent during the period to nearly match the national rate of growth, and supply rose 1.2 percent, exceeding the nationwide gain.

- The Chicago market posted a 170-basis-point jump in occupancy during the first half to 67.3 percent behind a 3.7 percent rise in room nights. Demand in the entire state rose by an identical amount in the first half, but higher supply growth underpinned an slightly lower increase in occupancy in Illinois of 140 basis points, to 63.5 percent.

- Available rooms rose 2.4 percent year to date in Ohio, but new stock has been well absorbed. Statewide occupancy climbed 90 basis points thus far in 2015 to 59.0 percent. Cleveland and Cincinnati each posted gains in the first half, with a nearly 300-basis-point rise in Cleveland attributable to an outsize 8.1 percent climb in occupied rooms. Supply in the market also grew 3.1 percent as developers prepared for the Republican National Convention next year.

Revenue Trends

- ADR in the Midwest rose 5.7 percent in this year's first half, accounting for most of the 7.7 percent jump in RevPAR during that stretch. The results surpass the pace set in the first half of 2014, when ADR advanced 3.1 percent and RevPAR grew 5.5 percent.

- Illinois led statewide markets in RevPAR growth, notching a 9.7 percent rise that reflects the robust 11.2 percent gain in Chicago. RevPAR in Chicago grew only 2.6 percent during the first six months of 2014. Elsewhere in the region, a 10.8 percent RevPAR increase in Cleveland was nearly two times the rate of growth statewide, while RevPAR in Michigan jumped 7.1 percent.

- In Indiana, 5.7 percent growth in the daily rate drove most of the state's 7.5 percent jump in RevPAR year to date. Excluding the elevated April results that were influenced by visitor volume for the NCAA Men's Final Four in Indianapolis, RevPAR grew approximately 5 percent in this year's opening half.

Sales Trends

- Sales of independent hotels fell in the first half of this year, while more flagged assets changed hands compared with the first six months of 2014. The gain in branded property deals occurred in the limited-service segment comprising economy and midscale brands.

- By state, the number of transactions were little changed in Illinois and Ohio during the first half of this year but rose significantly in Michigan and Indiana. Volume in Indiana was heaviest in the upper midscale tier, and all of the transactions occurred outside of the Indianapolis metro in highway locations or college markets. Select-service hotels in secondary markets were also a common target of investors in Michigan.

- In Illinois, sales of economy and midscale properties accounted for about half of all transactions in the first half of 2015. Economy prices varied by age and location but were around $30,000 per key at the upper end of the range.

Marcus & Millichap

NATIONAL HOSPITALITY GROUP

For information on hospitality trends, contact
Peter Nichols
National Director, National Hospitality Group
Tel: (212) 430-5100
Cell: (678) 772-6561
peter.nichols@marcusmillichap.com

Prepared and edited by
Art Gering
Senior Hospitality Analyst
Research Services

QUALIFICATIONS

PETER A. MOEGENBURG, MAI
MOEGENBURG RESEARCH, INC.
REAL ESTATE APPRAISAL AND CONSULTING
www.moegenburg.com

AREAS OF SPECIAL COMPETENCE

Valuation of institutional quality real estate including office buildings, hotels, shopping centers, industrial property, multi-family residential complexes, condominiums, vacant land, and commercial mixed-use complexes; feasibility, financial and valuation analysis for development properties and real estate counseling for financial institutions; analysis of portfolio assignments; financial planning and projection, and economic and demographic analysis for municipal clients; business plan creation with corporate and real estate finance application; computer applications to real estate research and valuation analysis.

PROFESSIONAL HISTORY

1994 - Present	President, Moegenburg Research, Inc., Milwaukee, WI
1988 - 1994	Managing Director, Gloodt Associates, Inc., Milwaukee, WI President, Moegenburg Holdings, Milwaukee, WI
1987	Administrator, Commercial Loan Administration Aetna Realty Investors, Hartford, CT
1986	Associate, Aldrich, Eastman & Waltch, Inc. Boston, MA
Prior	Acquisition management and disposition of commercial property in Wisconsin and selected sites nationally.

ACADEMIC BACKGROUND

University of Wisconsin - Madison 1985
MS, Real Estate Appraisal and Investment Analysis

University of Wisconsin - Madison 1982
BBA, Real Estate and Urban Land Economics

INSTRUCTION

"Real Property Appraisal Principles," United States Department of Veterans Affairs, 2011.
"The Valuation of Real Estate," School of Business, University of Wisconsin – Milwaukee, 1990.
"Appraisal Theory/Valuation Methodology," American Institute of Banking, 1994.
"Appraisal Methodology and the Valuation Process," Milwaukee Legal Bar Association, 1997.
"Appraisal Methodology and the Valuation Process," Metropolitan Builders Assoc. of Greater Milwaukee, 1997.

PUBLICATIONS

Peter A. Moegenburg, *"Distressed Real Estate: Returning to the Fundamentals Between the Source and Use of Funds,"* Real Estate Outlook, Warren, Gorham and Lament, Inc., Volume 13, No. 1, Spring 1990.

155 South Executive Drive | Suite 212
Brookfield, Wisconsin 53005

TEL: (262) 782-0780
FAX: (262) 782-0794
pete@moegenburg.com

CLIENTS SERVED

Commercial Banks/Trust Departments/Special Servicers

PNC Bank (Pittsburgh, Pennsylvania)
US Bank (Milwaukee, Wisconsin, Illinois and Minnesota systems)
MB Financial (Chicago, Illinois)
JPMorgan Chase Bank (Chicago, Illinois; Cleveland, Ohio)
BMO Harris Bank (Milwaukee, Wisconsin & Chicago, Illinois)
CIB Marine Bank (Milwaukee, Wisconsin)
Anchor Bank (Madison, Wisconsin)
Southport Bank (Kenosha, Wisconsin)
Johnson Bank (Milwaukee and Madison, Wisconsin)
Citigroup Real Estate, Inc. (Chicago, Illinois)
Bank of America (Chicago, Illinois and San Francisco, California)
Wells Fargo Bank (Milwaukee, Wisconsin, Minneapolis, Minnesota & Chicago, Illinois)
Bank First National (Sheboygan, Wisconsin)
Cole-Taylor Bank (Chicago, Illinois)
Waukesha State Bank (Waukesha, Wisconsin)
Associated Bank (Milwaukee, Wisconsin)
First Internet Bank (Indianapolis, Indiana)
Layton State Bank (Milwaukee, Wisconsin)
The Private Bank (Chicago, Illinois)
Hometown Bank (Fond du Lac, Wisconsin)
First Merit Bank (Chicago, Illinois)
Key Bank (Cleveland, Ohio)
First National Bank (Waupaca, Wisconsin)
Wintrust Financial (Chicago, Illinois)
Seaway Bank (Milwaukee, Wisconsin)
Cornerstone Community Bank (Milwaukee, Wisconsin)
First Bank Financial Center (Oconomowoc, Wisconsin)

Savings Banks

Waterstone Bank (Wauwatosa, California)
Bank Mutual Savings Bank (Milwaukee, Wisconsin)
TCF Banking and Savings (Minneapolis, Minnesota)

Insurance Companies

Allstate Insurance Company (Northbrook, Illinois)
Allianz Insurance Company of North America (Westport, Connecticut)
Nationwide Insurance Company (Columbus, Ohio)
Jackson National Life Insurance Company (Indianapolis, Indiana)
Sun Life Insurance Company (Los Angeles, California)
Thrivant Financial (Appleton, Wisconsin)
American United Life Insurance Company (Indianapolis, Indiana)
Lincoln National Life Insurance Company (Ft. Wayne, Indiana)
Lutheran Brotherhood Insurance Company (Minneapolis, Minnesota)
Northwestern Mutual Life Insurance Company (Milwaukee, Wisconsin
Prudential Insurance Company (Newark, New Jersey)
American Family Insurance Company (Madison, Wisconsin)
Ohio National Life (Columbus, Ohio)

Credit Unions

Landmark Credit Union (Milwaukee, Wisconsin)
CoVantage Credit Union (Antigo, Wisconsin)
Business Lending Group (Appleton, Wisconsin)

Government Agencies

WHEDA (Madison, Wisconsin)
HUD (Milwaukee, Wisconsin & Washington, D.C.)
GSA (Chicago, Illinois & Washington, D.C.)
Numerous local Wisconsin, State of Wisconsin and Federal Agencies

Law Firms
Foley and Lardner (Milwaukee, Wisconsin)
Cannon & Dunphy, S.C. (Brookfield, WI)
Reinhart, Boerner, Van Deuren, Norris and Reiselbach, S.C. (Milwaukee, Wisconsin)
Godfrey & Kahn, S.C. (Milwaukee, Wisconsin)
Michael, Best & Friedrich (Milwaukee, Wisconsin)
Davis & Kuelthau (Milwaukee, Wisconsin)
von Briesen and Roper, S.C. (Milwaukee, Wisconsin)
Peckerman, Klein & Van Kirk S.C. (Milwaukee, Wisconsin)
Quarles and Brady (Milwaukee, Wisconsin)
Whyte, Hirschboeck, Dudek, S.C. (Milwaukee, WI)
Weiss, Berzowski (Milwaukee, Wisconsin)

Litigation Support and Expert Witness Testimony
United States Bankruptcy Court (Milwaukee, Wisconsin)
State of Wisconsin Circuit Court (Milwaukee, Milwaukee County, Wisconsin)
Various municipalities in Wisconsin, Illinois and Minnesota

Corporations
General Electric Company (Stamford, Connecticut)
Kohler Corporation (Kohler, Wisconsin)
Millard Refrigerated Services (Omaha, Nebraska)
WISPARK Corporation (Milwaukee, Wisconsin)
Target Stores, Inc. (Minneapolis, Minnesota)

Investment Advisors/Pension Fund Managers/Capital Corporations
AEW Capital Management, Inc. (Boston, Massachusetts)
Walker & Dunlop (Milwaukee & Madison, Wisconsin; Bethesda, Maryland)
Greystone Funding Corporation (New York, New York)
Grandbridge Real Estate Capital, LLC (Dallas, Texas)
RED Capital Group (Columbus, Ohio)
Love Funding Corporation (Washington, D.C.)
Northmarq Capital (Milwaukee, Wisconsin)
State of Wisconsin Investment Board (Madison, Wisconsin)
Oak Grove Capital (Minneapolis, MN)
Berkadia Capital Advisors (Chicago, Illinois)
Cohen Financial Corporation (Chicago, Illinois)
Cushman & Wakefield Advisors (Chicago, Illinois)
CBRE (Chicago, Illinois)
TIAA/CREF (New York, New York)
Fiduciary Partners (Appleton, Wisconsin)

Investment Banks/Merchant Banks/Conduit Facilitators
UBS Warburg (New York, New York)
Amalgamated Bank (New York, New York)
JP Morgan Chase (New York, New York)
Goldman Sachs Group (New York, New York)
Morgan Stanley Realty Group (New York, New York)
Credit Suisse First Boston (New York, New York)
PSAM (New York, New York)

PROFESSIONAL MEMBERSHIPS/AFFILIATIONS

- Appraisal Institute, MAI Member — 1992-Present
- American Society of Appraisers, ASA Member — 2015-Present
- University of Wisconsin Real Estate Alumni Association — 1982-Present
  Board of Directors (1995 - 2001)
- Certified General Appraiser — WI, IL, IN, MI, MN, OH, IA
- Real Estate Appraisers Application Advisory Committee
  (Wisconsin Department of Safety and Professional Services) — 2014 - Present

4/15

F. RUSSELL RUTTER
MOEGENBURG RESEARCH, INC.
REAL ESTATE APPRAISAL AND CONSULTING

PROFESSIONAL FOCUS

Employed as an Analyst and involved in the valuation of institutional quality real estate including: Industrial, Retail, Multi-Use, Special-Use, Office, Multi-Family / Residential, Vacant Land (Commercial, Agricultural).

PROFESSIONAL HISTORY

June 2011 – Current   Associate; Moegenburg Research, Inc.: Milwaukee, Wisconsin

PROFESSIONAL MEMBERSHIPS & INDUSTRY INVOLVEMENT

2011 – Current   Associate Member of the Appraisal Institute

ACADEMIC BACKGROUND

University of Wisconsin Milwaukee – Milwaukee, Wisconsin

Bachelor of Business Administration in Finance and Real Estate Certification (Class of 2011)

- Course work included: Real Estate Markets, Real Estate Law, Real Estate Development, Valuation of Real Estate, Principles of Finance, Intermediate Finance, Financial Institutions, Investment Finance, Business Law, and numerous other business and non-business courses.
- Other achievements included: Dean's List Spring of 2010 and 2011.

CONTINUING EDUCATION

- Appraisal Institute *(the following courses, which are required to earn the general appraiser license have been satisfied)*:
  Basic Appraisal Procedures; Basic Appraisal Principles; National USPAP Course; Business Practices and Ethics; General Appraiser Sales Comparison Approach; General Appraiser Income Approach I; General Appraiser Income Approach II, Real Estate Finance Statistics and Valuation Modeling, General Appraiser Site Valuation and Cost Approach, General Appraiser Market Analysis and Highest & Best Use, General Appraiser Report Writing.
- Multiple real estate seminars in the most recent year.

PROFESSIONAL DESIGNATIONS

Certified General Appraiser, State of Wisconsin (Credential #2149-010), 2015 to Present.

CLIENTS SERVED

Clients include: commercial banks, savings banks, investment banks, merchant banks, credit unions, conduit facilitators, mortgage brokers, insurance companies, law firms, corporations, investment advisors, government bodies/agencies, school districts, non-profit organizations, and individuals.

155 South Executive Drive, Suite 212
Brookfield, Wisconsin 53005

Tel: 262-782-2580
Fax: 262-782-0794
E-mail: rrutter@moegenburg.com