



11333 N. Cedarburg Road
Mequon, WI 53092
Phone: 262-236-2902
Fax: 262-242-9655

www.ci.mequon.wi.us

ECONOMIC DEVELOPMENT BOARD
Tuesday, November 19, 2024
8:00 AM
North Conference Room

Agenda

- 1) **Call to Order, Roll Call**
- 2) **Approval of Meeting Minutes from September 24, 2024**
Action requested: review and approve
- 3) **Port Washington Road Market Analysis - Final Report**
- 4) **2025 Work Program**
- 5) **Staff Updates**
- 6) **Announcements**
2025 Meeting Calendar
- 7) **Adjourn**

Dated: November 15, 2024

/s/ Tim Carr, Chairman

.....
Notice is hereby given that a quorum of other governmental bodies may be present at this meeting to present, discuss and / or gather information about a subject over which they have decision making responsibility, although they will not take formal action thereto at this meeting.

Any questions regarding this agenda may be directed to the Dept. of Community Development office at 262-236-2903, Monday through Friday, 8:00 a.m. – 4:30 p.m.



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ECONOMIC DEVELOPMENT BOARD
Tuesday, September 24, 2024
8:00 AM
North Conference Room

Minutes

1) Call to Order, Roll Call

Present:

- Chair Timothy Carr
- Alderman William Gebhardt
- Board Member Colin Boyd
- Board Member Daniel Gannon
- Board Member Michael Kramer
- Board Member Tracy Johnson
- Board Member Jeff McLean
- Board Member Inge Plautz
- Alt. Board Member Dennis Engel -- **Absent**

Chairman Carr called the meeting to order at 8:00 a.m.

2) Approval of Meeting Minutes from June 25, 2024

Action

Board member Gannon made a motion to approve the June 25, 2024, meeting minutes.
Board member McLean seconded the motion.
A voice vote was taken; vote passed (8-0)

RESULT:	Approved [Unanimous]
MOVED BY:	Board Member Gannon
SECONDED BY:	Board Member McLean
AYES:	Carr, Gebhardt, Boyd, Gannon, Kramer, Johnson, McLean, Plautz
ABSENT:	Engel

3) Approving a Development Agreement Amendment

Approving a Development Agreement Amendment related to ownership from Blue Ribbon Storage to Extra Space Properties Two LLC for the TID No. 5 incentive for the Life Storage development located at 10448 N. Port Washington Road.

Attachment: EDB Minutes_09.24.24_DRAFT (9867 : Meeting Minutes from September 24, 2024)

Director Kim Tollefson stated that because the development agreement (“DA”) is tied specifically to the owners it needs to be amended to reflect the new ownership. The project as well as the development team is in compliance with all the regulations of the DA. The first full incentive payment was issued this year. Staff recommends the DA Amendment.

The applicant, Michael Kelly from Blue Ribbon Storage explained that they are selling the property to Extra Space (formally Life Storage). They are the current manager of the property and they are the largest storage company in the country.

Action

Board member Johnson made a motion to approve the modification to the DA.

Board member Kramer seconded the motion.

A voice vote was taken; vote passed (8-0)

RESULT:	Approved[Unanimous]
MOVED BY:	Board Member Johnson
SECONDED BY:	Board Member Kramer
AYES:	Carr, Gebhardt, Boyd, Gannon, Kramer, Johnson, McLean, Plautz
ABSENT:	Engel

4) SW Industrial sewer analysis

Director of Public Works/City Engineer Kristen Lundeen stated that the analysis was structured to have various stop points so that the city could review and make policy decisions as needed before moving forward. This is a stop point as two steps have been completed to date and the next steps would include:

1. Define how the area could be served with sewer or identify areas that could not be served by sewer.
2. Go through the various options of constructing the infrastructure and paying for it.
 - Structure of the policy of how it would be served. The city operates on a build and contribute basis where each developer is responsible for installing the utilities and on acceptance dedicating those utilities back to the city.

She explained that at this location, the upstream properties are at a disadvantage because they would have a significantly higher cost than the rest of the properties.

She stated that the study indicates that there is a portion of the area that can only be serviced by a lift station, which also puts those properties at a disadvantage from a cost perspective. This leads to a policy discussion as to whether there would be an equal cost distribution across all the properties in the area.

The technical memo included in the packet does conclude that there is sufficient planned capacity in the city sewer service area. There is limitation of the flow, so expansion of the flow would consume some of the capacity to service other areas, so the policy decisions

would be regarding whether this is the area of the city to dedicate that flow capacity.

Dir. Lundeen explained that the map included in the packet shows that the majority of the study area can be served by gravity, which is usually more economical than serving with a lift station and forced main.

She commented that the next conversation would focus on the varying options of the physical path of the sewer. Connection points were identified and confirmed that the connection point can be met. Additionally, further steps can be taken in the analysis as it relates to zoning decisions and to how public sewer would be served.

There was discussion amongst the Board regarding the technical findings. Dir. Lundeen offered that it does not need to be an all or nothing decision as a smaller subset could be the only area included as there are capital fees and real costs to the property owners whether they connect to sewer or not if they are included in a designated sewer service area.

Director Tollefson agreed that it would be a good opportunity to check in with the property owners in the study area to see whether anything has changed in interest or plans for their properties since her conversations with them a year ago. She commented that the property owner feedback does not need to be the whole basis driving the decision going forward. She stated that the next steps of the analysis are related to cost estimates and these findings as well as property owner interest will be considered; multiple variables will be evaluated and included in the decision making.

Dir. Tollefson answered that the next steps would be:

- To look at the master plan for the facilities.
- Do some cost estimates of both the infrastructure and the potential value of what development might be.
- The sizing of the pipe, the depth of the pipe and the route need to be decided.
- The Common Council would decide about the mechanism to best serve the area. They would need all the data before making a decision.

There was consensus among the Board to move forward with the next steps of the analysis under the scope of services.

Action

Board member Plautz made a motion to move forward with the next steps of the analysis.

Board member Kramer seconded the motion.

A voice vote was taken; vote passed (8-0)

RESULT: **Approved [Unanimous]**
MOVED BY: Board member Plautz
SEONDED BY: Board member Kramer
AYES: Carr, Gebhardt, Boyd, Gannon, Kramer, Johnson, McLean, Plautz
ABSENT: Engel

5) Port Washington Road Market Analysis Update

Assistant Director Jac Zader stated that the market analysis is getting close to completion. The Phase 2 report was included in the Board packet. The final report will be presented to the Common Council in either October or November. He explained that there is a lot of data provided; much of it was anticipated, but there are a few surprises. One example is the total number of visits (packet page 51). The Gap Analysis was not a surprise as many of the services/industries listed have not been a desired/allowed use in the city. He concluded that Staff are reviewing the recommendations.

Dir. Tollefson stated that Staff does not want to sway the consultant's recommendations but want to ensure that the analysis addresses as many options as possible. She talked about some of the areas that the consultant has been directed to look at and Staff hope to best leverage her input with the Council. Although the corridor appears to be performing better than may be publicly perceived, Staff wants to ensure the analysis provides meaningful recommendations.

The Board discussed the analysis data provided and the steps that the consultant has already taken in collecting the data. The Board was encouraged to send any additional feedback to Dir. Tollefson.

Asst. Dir. Zader shared with the Board that the Planning Commission had done an architectural design survey of 19 properties in the city; mostly redeveloped properties that have been built in the past 10 years. He stated that there isn't census from the Commission, which makes it difficult to create design guidelines.

6) Staff Updates

Staff gave an update of recently approved developments from the previous evening's Planning Commission meeting and there was some discussion and questions to Staff from the Board about various projects and developments.

7) Announcements

The Board discussed rescheduling the next meeting from October 22nd to October 29th. Staff will send an email to the Board to poll the members regarding their availability and whether a quorum can be achieved for an October 29th meeting.

8) Adjourn

Action

Board member Johnson made a motion to adjourn the meeting.

Board member McLean seconded the motion.

A voice vote was taken; vote passed (8-0)

The meeting concluded at 9:15 a.m.

Respectfully Submitted,

Kim Tollefson

Director of Community Development

DRAFT



11333 N. Cedarburg Road
 Mequon, WI 53092-1930
 Phone: 262-242-3100
 Fax: 262-242-9655

www.ci.mequon.wi.us

Office of Community Development

TO: Economic Development Board
FROM: Kim Tollefson, Director of Community Development
DATE: November 19, 2024
SUBJECT: Port Washington Road Market Analysis Final Report

Background

In March of 2024, the Economic Development Board recommended, and the Common Council authorized a contract with Redevelopment Resources of Madison to conduct a real estate analysis of the Port Washington Road corridor. The market analysis is one of several on-going efforts intended to support redevelopment of the City's east side commercial corridor. Since March the consultant has reported Phase I and Phase II results to the Common Council. The Economic Development Board has reviewed the data and weighed in on the analysis to date.

The analysis formulates the opportunities and recommended actions for the City's consideration. Redevelopment Resources presented the final findings and recommendations to the Common Council on November 12th.

The final project analysis includes:

- Demographic, geographic, workforce and economic data
- Stakeholder engagement
- Competitive analysis for the commercial areas
- Inventory of commercial and residential projects
- Occupancy and vacancy calculations for commercial and residential sectors
- Gap Analysis
- Analysis of the highest and best use of key sites
- Identification of high-value opportunities
- Recommended action steps to achieve short-, mid-, and long-terms goals

Analysis | Reporting

Redevelopment Resources' Principal and CEO, Kristen Fish-Peterson, recommendations include short, mid and long-term opportunities for development derived from the data gathered. The recommendations are further grouped by location and potential opportunity/impact. The consultant also identifies potential changes to zoning, decision-making structure and programmatic action for use clusters, leveraging TID and marketing. Please find attached a copy of the Final Report for the Port Washington Road corridor, between County Line Road and Glen Oaks Lane.

Common Council Comments

The following outlines the Common Council's Committee of the Whole feedback:

- A medical center of excellence should be a cluster given the diversity of services and vendors
- Pursue redevelopment opportunities for the parking lot Outlots of existing sites (unsure if fast-food is the desired use for these locations)
- Pursue the hotel option (requires a hotel feasibility study)
- Address branded architecture due to concern of adaptive reuse
- Redevelopment opportunities for the Chalet Motel should be explored
- A business incubator concept is appealing
- An RDA needs further policy analysis and discussion
- Consider more density and no parking minimums via zoning amendments
- Positive assessment of the corridor in its current condition, there is continued potential, and the corridor is performing well when benchmarked against comparable areas.

Recommendation

Input and all final inquiries are desired by the Economic Development Board for incorporation into the market analysis. The Board should review the analysis, the comments by the Common Council and provide additional activities and recommendations to pursue.

The final analysis and its recommendations will be utilized by the Economic Development Board for redevelopment activity within the commercial corridor starting in January of 2025.

Attachments:

CC Draft Final PW Rd Market Analysis 11.12.24 (PDF)



REAL ESTATE MARKET ANALYSIS

Port Washington Road Corridor

NOVEMBER 2024

Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)

ACKNOWLEDGMENTS

Public Officials

Andrew Nerbun, Mayor

Alderman

- District 1 Robert Strzelczyk
- District 2 Kelly Tolocko
- District 3 Dale Mayr
- District 4 Jeffrey Hansher
- District 5 Gregg Bach
- District 6 Brian Parrish
- District 7 Peter Bratt
- District 8 Bill Gebhardt

City Staff

- William Jones, City Administrator
- Kimberly Tollefson, Director of Planning and Development
- Jac Zader, Community Development Assistant Director
- Carolyn Vogel, Assessment Technician

Consultant Team

- Redevelopment Resources
 - Kristen Fish-Peterson, CECD, EDFP
 - Dayna Sarver, CECD



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Introduction

When considering a commercial corridor and its propensity for redevelopment, the most important thing is to take a market-based approach to understand how the market is changing. Communities need to know the business case for redevelopment and new uses. Mequon is taking such an approach with their thinking about Port Washington Road.

The traditional approach to corridor improvements was to make infrastructure upgrades to accommodate higher density, reconstruct roads, add signs, and hope this would motivate developers to transform an area. The modern approach is for communities to take control of their own real estate to determine who owns what parcels and what can be done with them. It's a collaborative approach between the city, developers, residents and small business owners.

It is important to note, N. Port Washington Rd is a thriving commercial district, with most of the properties contributing positively to the local economic base. There are few truly blighted properties, and few underutilized properties. There is an active retail district, a thriving medical cluster and an abundance of financial institutions. There are much-needed senior living communities and numerous small office buildings, which also serve an important purpose. The N. Port Washington Rd corridor is a thriving commercial district. However, there are always opportunities for improvement. There are a small number of underperforming properties, a few blighted, vacant parcels/buildings, and opportunities to realize higher density development.

To revitalize a commercial corridor, there is ideally a transformative, or catalytic project, but it must be led by a champion. By understanding the corridor in today's market perspective, and the city preparing changes to the zoning code to anticipate future developments, Mequon will be creating near shovel-ready sites along Port Washington Road.

Understanding not only the market, but the properties and property owners, their individual goals for their property and how long-term the owners are thinking about their parcels will guide decision making when properties become available.

This market analysis reviews existing conditions in the community compared to the study area, reviews competitive shopping/commercial districts, and checks in on national trends in commercial development. It also considers future uses for property along the Port Washington Road corridor. The report considers residential for senior citizens, hotel, office, retail, medical, and recreational/entertainment uses.

The report looks at short-, mid-, and long-term opportunities in a variety of sectors. Redevelopment sites have been identified and prioritized based on their availability, access, size, function, and recommended future use.

Study Area

The corridor study area stretches approximately three miles along Port Washington Road (County Highway W) from County Line Road on the south end to Glen Oaks Lane on the north end and approximately a quarter mile on either side. State Highway 57/Interstate 43 is also a heavy traffic transportation corridor that runs nearly parallel to Port Washington Road.

The corridor focus area includes those properties that are primarily commercial uses within the study area.



Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)



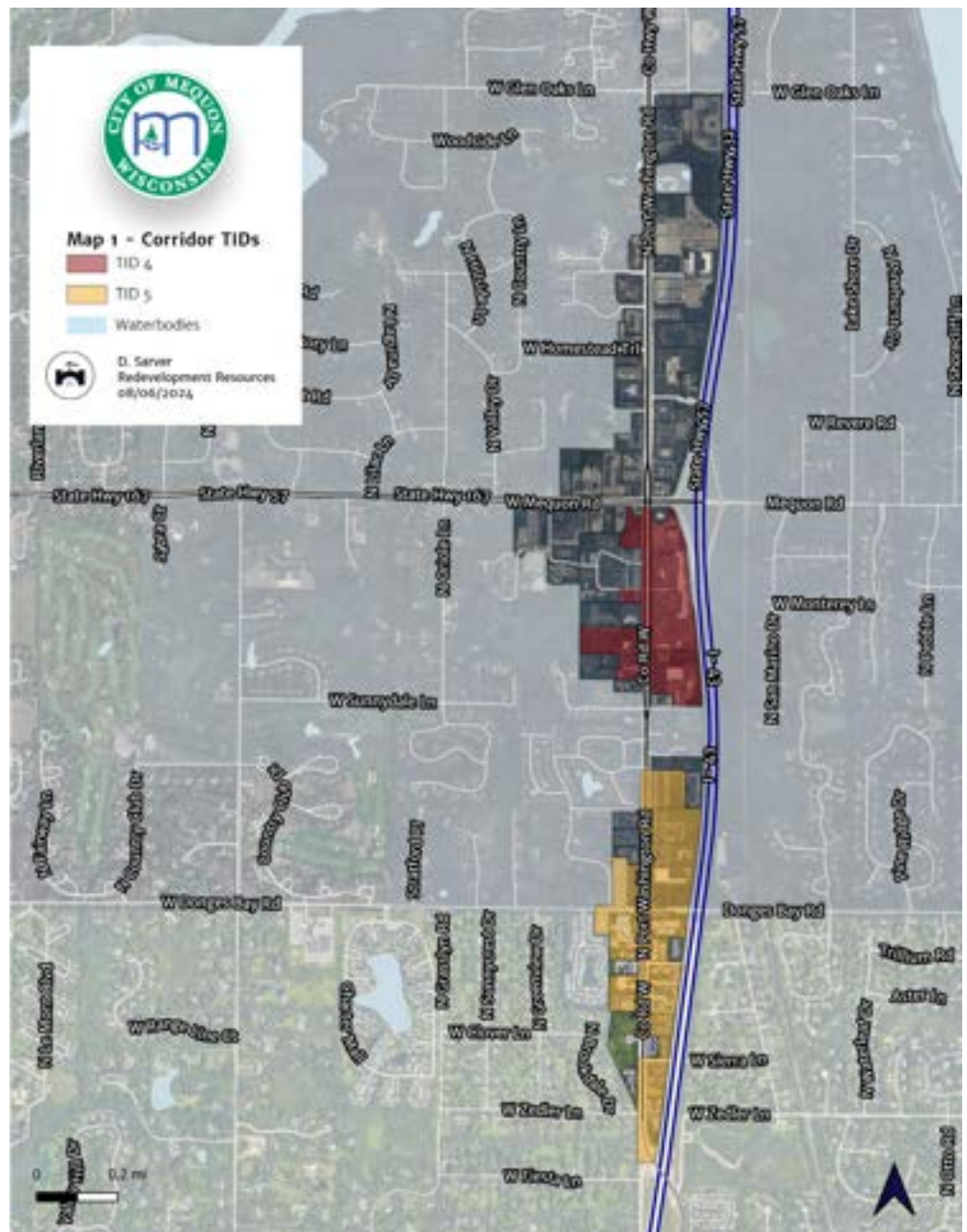
Internal Document Review

Goals stated on the Community Development Department web site as they related to Port Washington Road include the following:

- Develop policies, zoning, text amendments and tools for the Port Washington Road corridor to plan for redevelopment and future, new development opportunities.
- Contract and construct Port Washington Road public streetscaping improvements.

Tax Increment Financing

Tax Increment Financing Districts #4 and #5 cover areas along Port Washington Road. Both districts were created in 2012, and both are rehabilitation/conservation districts. Each project plan estimated expenditures totaling approximately \$5 million and estimated new tax based created to be roughly \$24 million in each district. Both districts' project plans also stated that it was anticipated 70% of new development within district boundaries would be retail. Both districts anticipated investing incentives to developers as the primary use of funds in the districts.



Comprehensive Plan

Goals stated at the beginning of the comprehensive plan (as they relate to Port Washington Road) include:

- Promotion of the redevelopment of lands with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial, and industrial structures.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, state government, and utility costs.
- Providing adequate infrastructure and public services and an adequate supply of developable land to meet existing and future market demand for residential, commercial, and industrial uses.
- Promoting the expansion or stabilization of the current economic base and the creation of a range of employment opportunities at the state, regional, and local level.
- Preserve and enhance Mequon's rural and small-town character.
- Retain and foster the City's healthy and vital commercial areas.
- Ensure Well-Designed, Visually Attractive Development While Preserving the City's Existing Small Town Character
- Develop and Retain a Diverse Tax Base
- Develop a Proactive Economic Development Strategic Plan

There is a section of the Comprehensive Plan that lists desirable business types for the City. Those business and industry types include;

- Biotechnology, including the biomedical technology industry
- Health care, including home healthcare firms and facilities such as RCACs and CBRFs
- Information systems, including software development and data processing
- Communications media, including computer/web-based/electronic and print
- Construction industry
- Entrepreneurial companies and independent businesses led by visionaries that will attract venture capital to the City and produce new ideas in fields such as computer technologies and biotechnology
- Research and development firms
- Manufacturing, including advanced technology manufacturing and niche manufacturing such as the plastics and medical industries and manufacturing that requires high precision and low product volume
- Developers specializing in providing housing for seniors, including senior living arrangements
- Educational institutions
- Educational support services
- Necessity retail, such as grocery stores, in areas of the City that are currently underserved
- Financial services, including financial planning, banking, online support facilities, and processing facilities
- Business incubators that provide shared services for small businesses looking for cost efficient start-up facilities, which may grow into larger businesses and expand in Ozaukee County
- Small businesses and home-based businesses
- Niche agriculture, including organic farming; food production for local restaurants, micro-breweries, and other niche marketing; and crop production for the bio-fuel industry
- Dairy farming and other types of agriculture existing in the City
- Additional restaurants, both locally owned and franchises
- Alternative fuel suppliers

The goals listed on the City's website, within TID project plans, and in the comprehensive plan are all consistent with encouraging development and redevelopment along the Port Washington Road corridor.



Stakeholder Engagement

One dozen stakeholders were engaged in individual interviews. Interviewees included Chamber of Commerce staff, Ozaukee County Economic Development staff, multiple investor/developers, commercial real estate brokers, business owners, and City staff.

Those interviewed agreed that the new interchange at the south end of the study area will make things on Port Washington Road more accessible and have an overall positive impact. They also all shared the thought that more office space is not needed on Port Washington Road, unless there is a single large office user which has a building constructed for their use. One person questioned if existing office space is using all the surface parking that is allocated to each building. The thought was voiced that other buildings could be constructed on some of the existing parking lots, if parking were not being used by the office tenants.

Although there is a significant presence of medical sector uses, specialty medical would be a cluster worth exploring. Certain outpatient clinics, med-spa, personal care, and wellness-related businesses could support a strong cluster of health and wellness entities along the corridor.

The restaurants located on Port Washington Road appear to be busy and do good business. While those interviewed believe more restaurants are welcome, it was believed there was not a high demand for more restaurants in the study area.

Some interviewees believe there is space in the market for more high-quality assisted living facilities, due to the waiting list at Newcastle Place. Other potential uses which could be located on Port Washington Road include business to business goods & services, family entertainment complexes, a daycare/KinderCare, and a hotel.

A member of the leadership team at Concordia University shared that they own a significant amount of land to the south and north of their campus, so any future growth of their physical space will likely occur on their property. Their student population growth is occurring mostly online. Students shop at Meier, or online, for many of their necessities, if they can't find something on the well-appointed campus. Although it might appear that the student body would be a good source of part-time employees, the University has found that their student population is less likely to hold a part time job during their college years than students from the past. The University itself supports businesses along Port Washington Rd., adding to the economic impact.

One long-time retail tenant voiced the thought that the corridor needed a commercial anchor on the south end of the corridor. For that tenant, business has been strong for them, but it was not easy to find a new retail location on Port Washington Rd. This business owner believes there is opportunity for more retail space along the corridor.

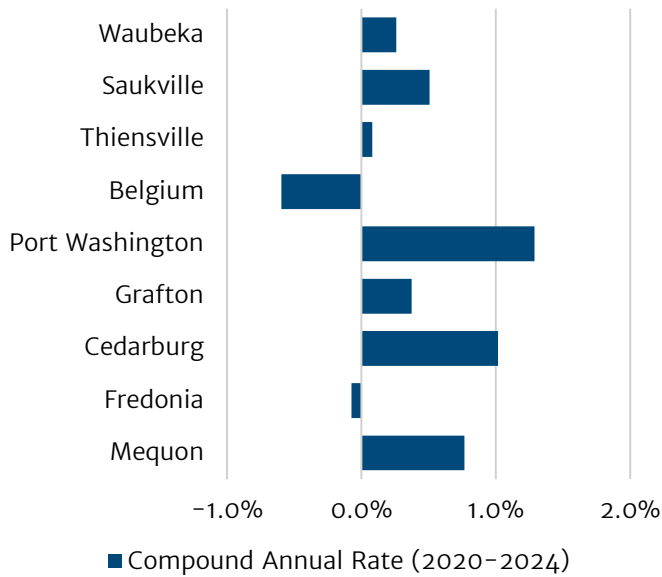
Existing Conditions



Population

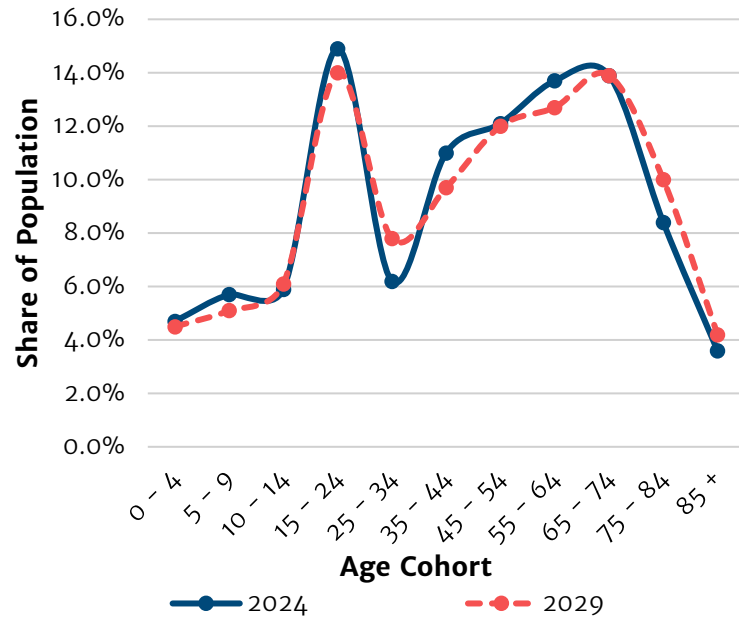
The City of Mequon’s population grew by approximately 2,565 residents between 2010 and 2024 to 25,724. Population growth in the United States has been declining as the Baby Boomers pass away and birth rates decline. Therefore, Esri estimates the city’s population in 2029 to be 25,827. The following chart compares the compound annual growth rate from 2020–2024 of Mequon with other communities in Ozaukee County. While Port Washington and Cedarburg experienced higher rates of growth, they are also nearly half the size of Mequon.

Figure 1. Population trends by community in Ozaukee County



Data Source: ESRI Community Profile, Redevelopment Resources.

Figure 2. Age Distribution Trends



Data Source: ESRI Community Profile.

Age and Race

The largest age cohorts by population are between ages 15–24 and ages 65–74. Compared to the rest of the city, the age distribution of the study area tends to be those of retirement age or older, which could be explained by the presence of Newcastle Place, and Lumia, both supported living communities. By 2029, Esri predicts that the share of Mequon’s population by age cohort will decline in each category except for those above retirement age.

Figure 3. Age Distribution Comparison

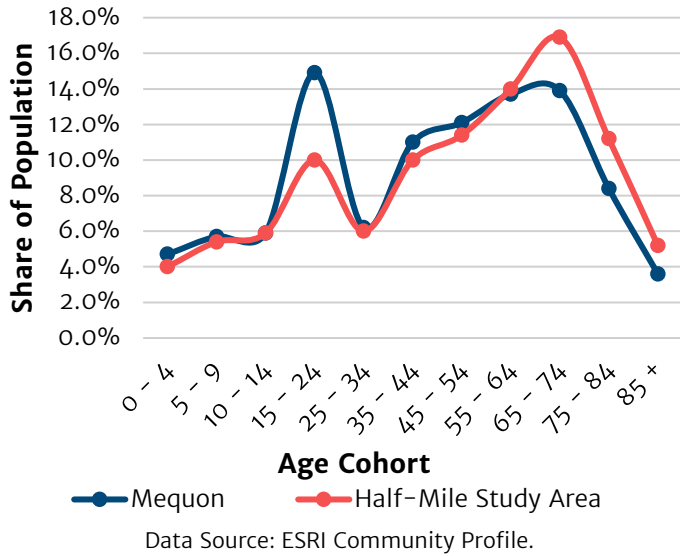
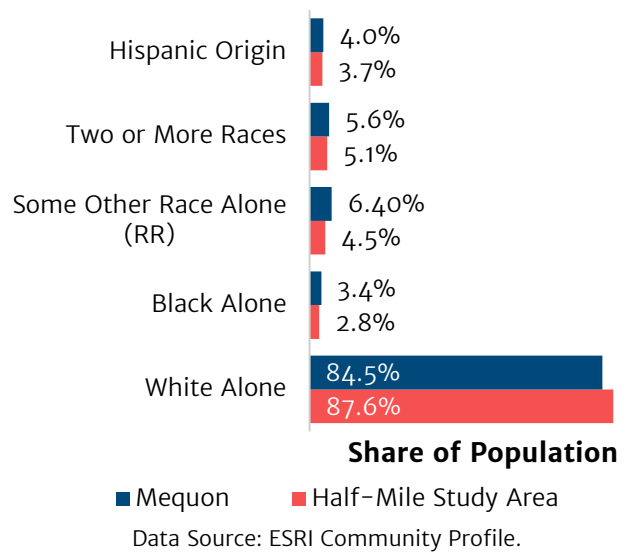


Figure 4. City of Mequon Racial Composition



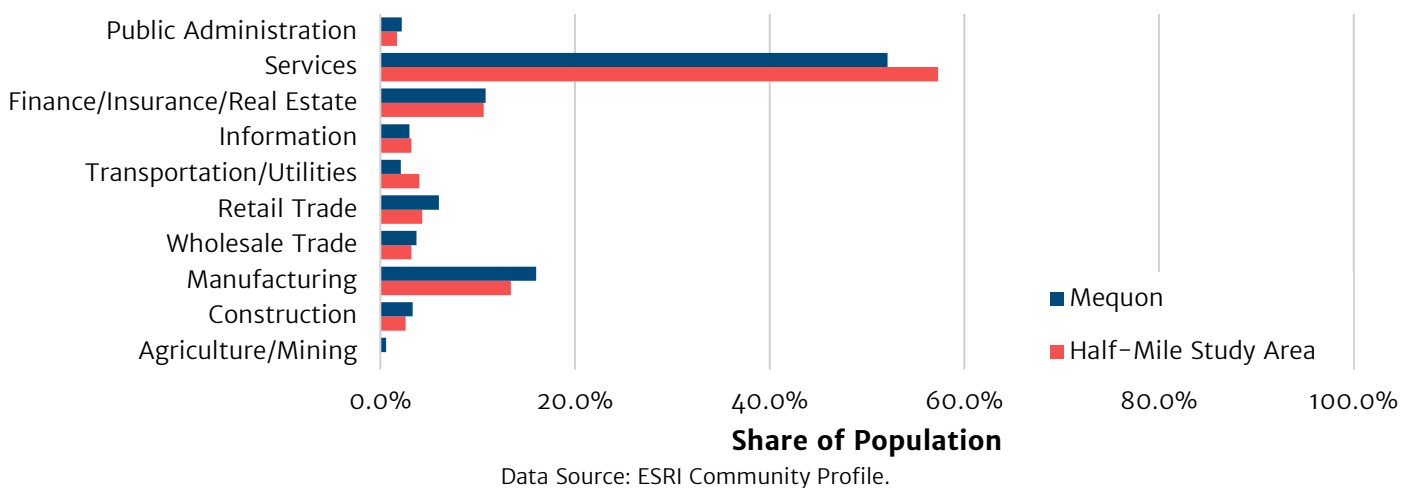
The working-age population is 25-64. Therefore, it is anticipated that this, the largest share of the city's population, is also expected to decline. Declining birth rates and an aging population are factors in this calculation. This could negatively affect the workforce as people age out and retire, without an equal number to take their place. Employers may need to restructure their workforce to adapt to a shrinking working-age population, or they could adapt more technology (AI) or develop creative options to keep the aging workforce engaged longer to be able to continue to draw on their institutional knowledge and experience.

Over 84% of the population of Mequon is white. Other races and combinations of races make up the remaining with no other single race comprising more than five percent of the population.

Mequon's population is expected to grow, but that growth is expected to occur in age categories at the top end of the spectrum. Mequon will need to work to recruit younger families and working-age adults. The community will also need to observe the housing market in the coming years, to ensure there are homes for families as well as residential options for the growing senior citizen population.

Employment

Figure 5. Employed Population 16+ by Occupation (2024)



Employment in Mequon is dominated by services, followed by manufacturing and finance/insurance/real estate. The services category is filled with occupations in professional and management, business, hospitality service, repair and maintenance services, personal care services, death care services, dry cleaning and laundry services, pet care services (except veterinary), religious organizations, social advocacy organizations, civic and social organizations, and private households.

Industry Employment Projections

The workforce is constantly evolving as workers retire, change careers, take promotion opportunities, or complete retraining. The Department of Workforce Development's projections methodology accounts for these types of job changes. The state is split into 11 Workforce Development Areas (WDAs), and projections are updated every two years. Ozaukee County is part of the WOW WDA that also includes Waukesha and Washington County. The industry employment projections below are for the WOW WDA.

Table 1. Ozaukee County Workforce Profile Graphic (2023)

Industry	2020 Employment	Projected 2030 Employment	Employment Change	Percent Change (2020-2030)
Total All Industries	364,810	401,378	36,568	10.0%
Natural Resources and Mining	1,774	1,970	196	11.1%
Construction	21,512	23,505	1,993	9.3%
Manufacturing	64,310	67,837	3,527	5.5%
Trade, Transportation, and Utilities	66,178	71,685	5,507	8.3%
Information	4,119	4,217	98	2.4%
Financial Activities	21,120	22,852	1,732	8.2%
Professional and Business Services	41,579	50,228	8,649	20.8%
Education and Health Services	69,233	74,974	5,741	8.3%
Leisure and Hospitality	27,245	33,021	5,776	21.2%
Other Services (except Government)	19,658	21,941	2,283	11.6%
Public Administration	10,438	11,035	597	5.7%
Self Employed and Unpaid Family Workers	17,644	18,113	469	2.7%

Regional employment is expected to grow by 10.02% or 36,568 jobs from 2020 to 2030. Statewide employment is projected to grow at a slower rate during the same timeframe (6.29%). Growth is projected to be stronger in service industries than product industries, due to a projected rebound in leisure and hospitality. Note that these projections only forecast levels of filled positions rather than potential demand, which can further illustrate the issues associated with an aging population. Job growth is expected to continue, despite declines in labor force levels. Employers find it difficult to replace workers even if overall employment in the industry declines. Businesses already face difficulty replacing retirees' positions, and this difficulty will expand to filling new openings, too. This could constrain job growth by limiting expansion.

Although solutions will be different for each business, they will likely include a combination of talent pipeline development, increased focus on talent attraction and retention, engagement of under-utilized populations, increased automation, and retention of retirees in non-conventional work arrangements.

~ Excerpt taken from the Ozaukee County Workforce Profile, Wisconsin Department of Workforce Development, 2023

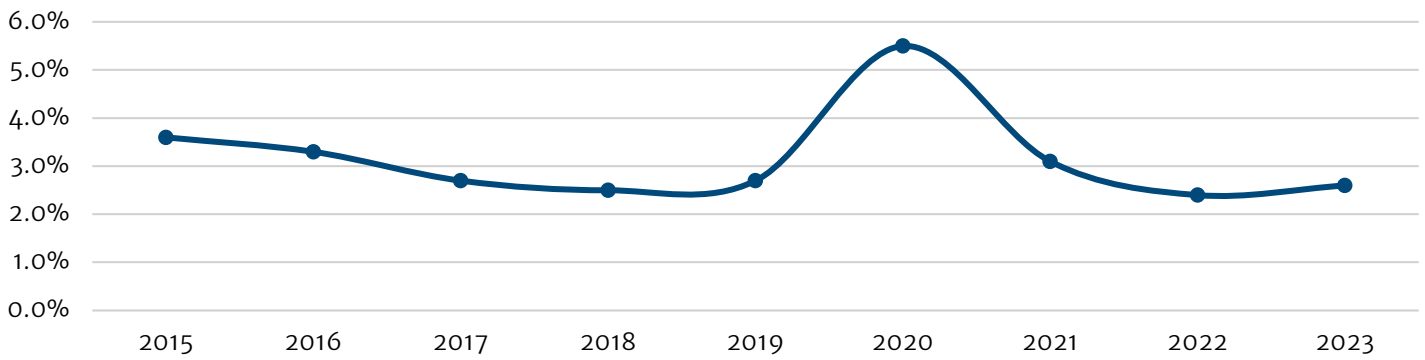
Knowing there are more jobs expected in the county over the next several years, Mequon would be wise to encourage residential development that is affordable to the workforce in the sectors that appear to be growing. This will help new employees to the area choose to live in Mequon as opposed to other communities in the county. It will also serve to diversify the community from having the largest portion of its population in the retirement age categories. Along with housing development, ensure the N. Port Washington Rd corridor is fully developed/redeveloped with new uses as proposed later in this report.

According to Wisconomy, Ozaukee County had 49,050 people in the labor force in 2022, and that number has grown to 49,543 people in 2023, a 1.01% increase year over year. This increase in the labor force over the past year is comparable to labor force increases over the same time in Washington County and Waukesha County, as well as the state of Wisconsin overall, where the labor force also rose 1.01%.

Unemployment

Unemployment information was not available for the city; therefore, the unemployment rate of the county was examined. Unemployment spiked in 2020, but by 2022 recovered to its pre-COVID levels and remains at less than 3%.

Figure 6. Ozaukee County Unemployment Rate Trends (2015-2023)

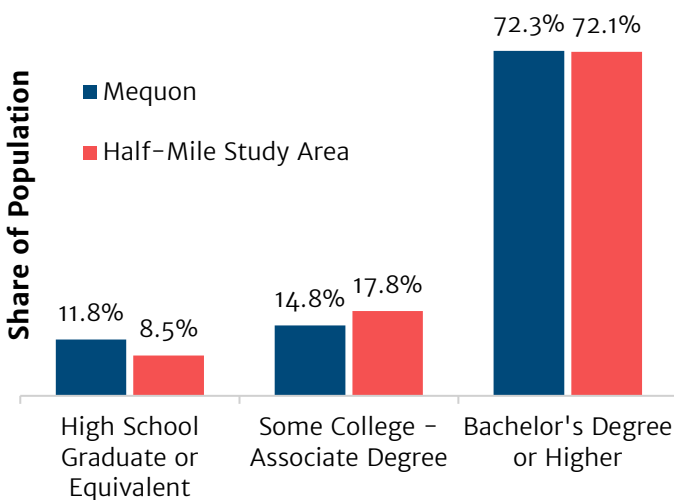


Data Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics Table.

Educational Attainment

Educational attainment is high for the City of Mequon, with 72% of residents holding a bachelor's degree or higher. Fifteen percent of residents have some college or an associate degree.

Figure 7. Mequon Educational Attainment (2024)

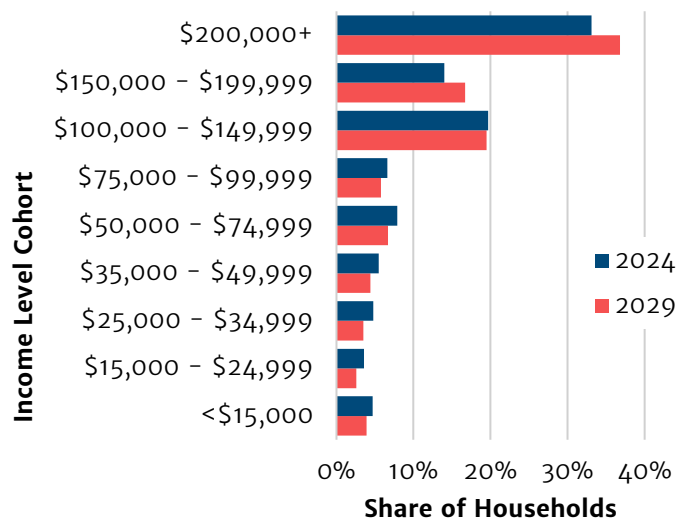


Data Source: ESRI Community Profile.

Income

The median household income is \$140,219 and Esri predicts that this will increase to \$158,048 by 2029. The largest share of resident households earns more than \$200,000 annually. The 1999 median annual household income for the City of Mequon was \$90,733.

Figure 8. City of Mequon Households by Income Trends

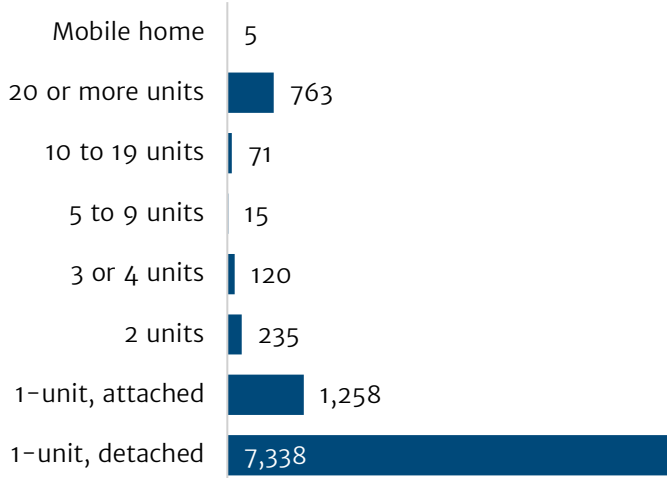


Data Source: ESRI Community Profile.

Housing

The housing market in Mequon consists of approximately 9,805 total units of housing including (mostly) single-family homes, condos, apartments, and mobile homes as shown in the graphic below.

Figure 9. Housing Units by Type (2022)



Data Source: American Community Survey 5-Year Estimates, Housing Characteristics.

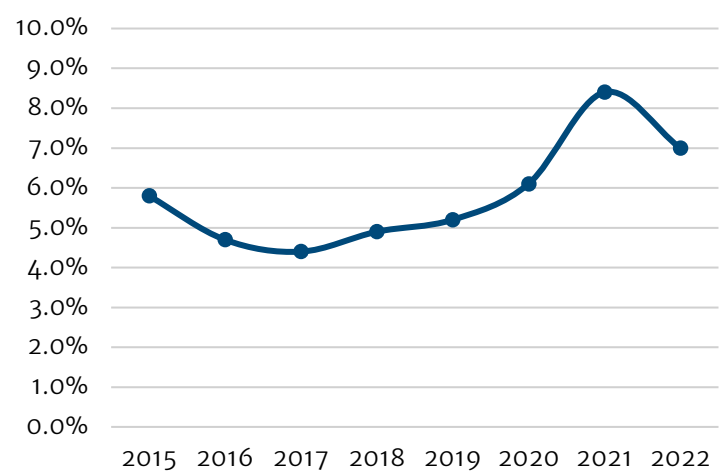
Arthur Nelson, author of Planner’s Estimating Guide: Projecting Land-Use and Facility Needs, states “Some amount of vacant residential units is needed to facilitate the free movement of population and choice of reasonable alternatives. The number of vacant units, usually expressed as a percent of total habitable units, varies by such things as growth rates and tenure characteristics of renters and buyers.” The market had a relatively healthy vacancy rate in 2022, which was trending downward to approximately 7% from 8.4%.

It is possible that vacancy rate is even lower when considering that in April of 2024, there were 19 homes sold; eight were sold under asking price, two were sold at asking price, and nine were sold over asking price. This shows there is healthy demand for residential properties in Mequon.

Mequon continues to be a seller’s market for residential for-sale units. In April of 2024, the median sold price was \$610,000, and the median sold price in each bedroom category increased over the 2023 median sold price. The Mequon housing market is not the most expensive market compared to nearby cities but sees the second highest median sold price. To attract new, workforce to the community, it would be to the city’s advantage to focus on attracting housing development that serves the missing middle; smaller attached units (duplex, triplex), cottage courts, townhomes, and live/work units.

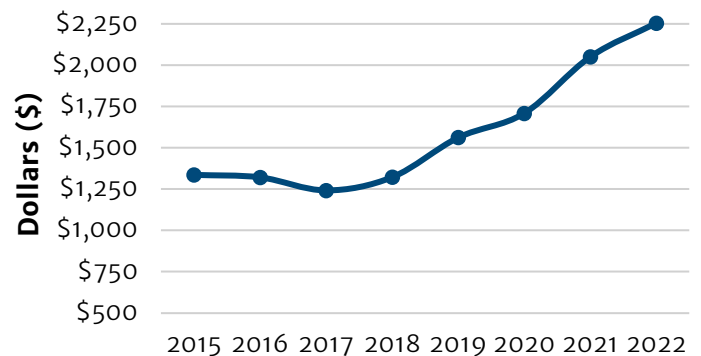
Median rent has been increasing for the last several years (Figure 11). This is occurring in markets across the state and country and is not unique to Mequon. More and more residents are choosing to rent, from young singles and couples to empty nesters who don’t want to care for yards and snow removal anymore.

Figure 10. Vacancy Rate Trends (2015-2022)



Data Source: American Community Survey 5-Year Estimates, Housing Characteristics.

Figure 11. Median Rent (2015-2022)



Data Source: American Community Survey 5-Year Estimates, Housing Characteristics.

As noted above, the only population category experiencing growth over the next five years is the categories over retirement ages. Senior Housing in Mequon is a housing category feeling the demand of a growing population. The most recently opened center, Lumia Mequon, on Port Washington Rd, has 68 units and this facility is now full. There are also reported waiting lists at other care centers. The projected population of residents over age 75 in Mequon by 2028 is 3,200 people, which will be 12% of the population of Mequon. As these residents continue to age, there will be a pressing demand for more residential options for this component of the population.

Table 2. Senior Living Facilities and Services

	Independent Living	Assisted Living	Enhanced Living	Skilled Nursing	Memory Care	Rehab	Short Term Stays
New Castle Place*	•	•		•	•	•	
Lumia Mequon		•		•	•		
Charter Senior Living of Mequon		•					•
Mequon Court Apartments	•						
Teal Shores	•	•			•		
Highlands at Riverwalk Apartments	•						
Luther Manor at River Oaks		•					
Storypoint Mequon	•	•	•		•		

*Includes The Estates at Newcastle and Highlands Health Care

Summary

More jobs are expected in Ozaukee County over the next several years. The city would be wise to encourage residential development that is affordable to the workforce in the sectors that appear to be growing, or that the city would like to see grow. This will help new employees to the area choose to live in Mequon as opposed to other communities in the county. To attract new, younger families and working-age adults to the community, it would be to the city’s advantage to attract housing development that serves the missing middle; smaller attached units (duplex, triplex), cottage courts, townhomes, and live/work units.

Encouraging missing middle housing development will also serve to diversify the community from having the largest portion of its population in the retirement age categories. Along with housing development, ensure the N. Port Washington Rd corridor is fully developed/redeveloped with new uses that are attractive to young families.

Competitive Analysis



Competitive Retail Nodes

The following retail nodes were identified as potential comparisons with Mequon Pavilions, which is part of the study area, to analyze comparable retail nodes similar in area and the potential impact to the corridor: Mequon Town Center, Bayshore Mall, and Grafton Commons.

Mequon Town Center



The Mequon Town Center District is a 100-acre mixed-use neighborhood along W. Mequon Rd. stretching from N. Cedarburg Rd. to N. Wauwatosa Rd. There are several dense commercial and residential developments in this core business district including the MTC1, Mequon Public Market, and Spur 16. MTC1, completed in 2019, includes tenants such as Colectivo Coffee, Café Hollander, The Ruby Tap, salons, and other services. The Mequon Public Market boasts numerous tenants, including a florist, ice cream, brew pub and several food vendors. Spur 16 is a 14-acre residential neighborhood comprised of luxury townhomes and market rate multi-family development.

The neighborhood has a variety of commercial spaces which are relatively fully occupied. There are two spaces available at 6103 W. Mequon Rd, one for 1,249 square feet and one for 1,450 square feet, both leasing for \$18 per square foot.

Bayshore



Bayshore is a mixed-use development that includes office tenants, and 113 residential units at Bayshore Place and an outdoor, regional mall in Glendale, WI, approximately 6 miles south of the study area. It currently has 86 total stores, restaurants, banks, and other types of services. It is currently anchored by Barnes & Noble, Kohl's, Total Wine & More, and Target along with one of the Milwaukee area's two Apple Stores. Included in the development are several entertainment offerings including a cinema, creative arts space, board game place. Coming soon is Kids Empire. Kids Empire is a secure indoor children's entertainment center that features mazes, slides, rides, creative building games, climbing, bouncing, and ball pits.

Bayshore Mall has 14 spaces available for lease, totaling over 209,600 square feet. Of the 702,275 square feet of total gross leasable space, this is approximately 30 percent. Available spaces range from 767 to 49,550 square feet (about half the area of a Manhattan city block). There are two spaces available on the first floor, one for 40,000 square feet and one for 6,000 square feet. This space is available at a lease rate of between \$14-\$15 per square foot.

Grafton Commons



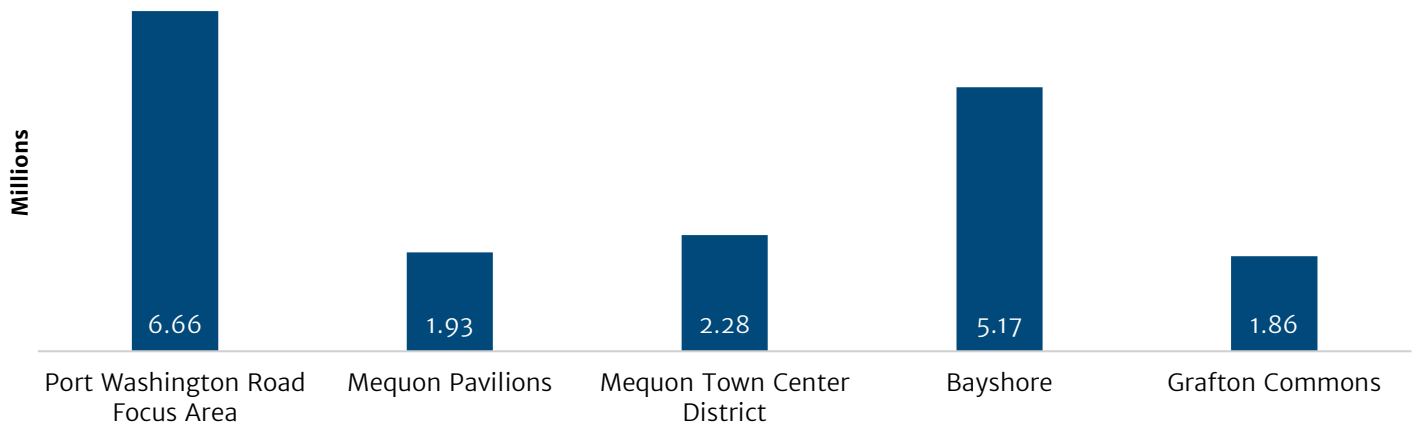
Located approximately 8 miles north in the Village of Grafton, Grafton Commons is a Class A shopping center located at the I-43/Hwy 60 interchange, with over 1,800' of I-43 frontage. Anchors include Costco, Ulta, Kohl's, Dick's Sporting Goods, TJ Maxx, PetSmart, Michaels, Steinhafels, and Aldi. South of Hwy. 60 is more commercial development including Target, Home Depot, Meijer, Office Max, and a variety of smaller stores.

Grafton Commons is fully built out, for the most part. Absorption was swift, as most sites were built-to-suit. There is one out-lot parcel being marketed currently, for an approximate 4,100 square foot building on the property also occupied by Kohls/Michels/Five Below/TJ Maxx.

Visit Traffic Comparison

Using Placer.ai, foot traffic counts that were more than 10 minutes in duration from January 1, 2023, to December 31, 2023, were analyzed for each geofenced area.

Figure 12. Visit Count Comparison

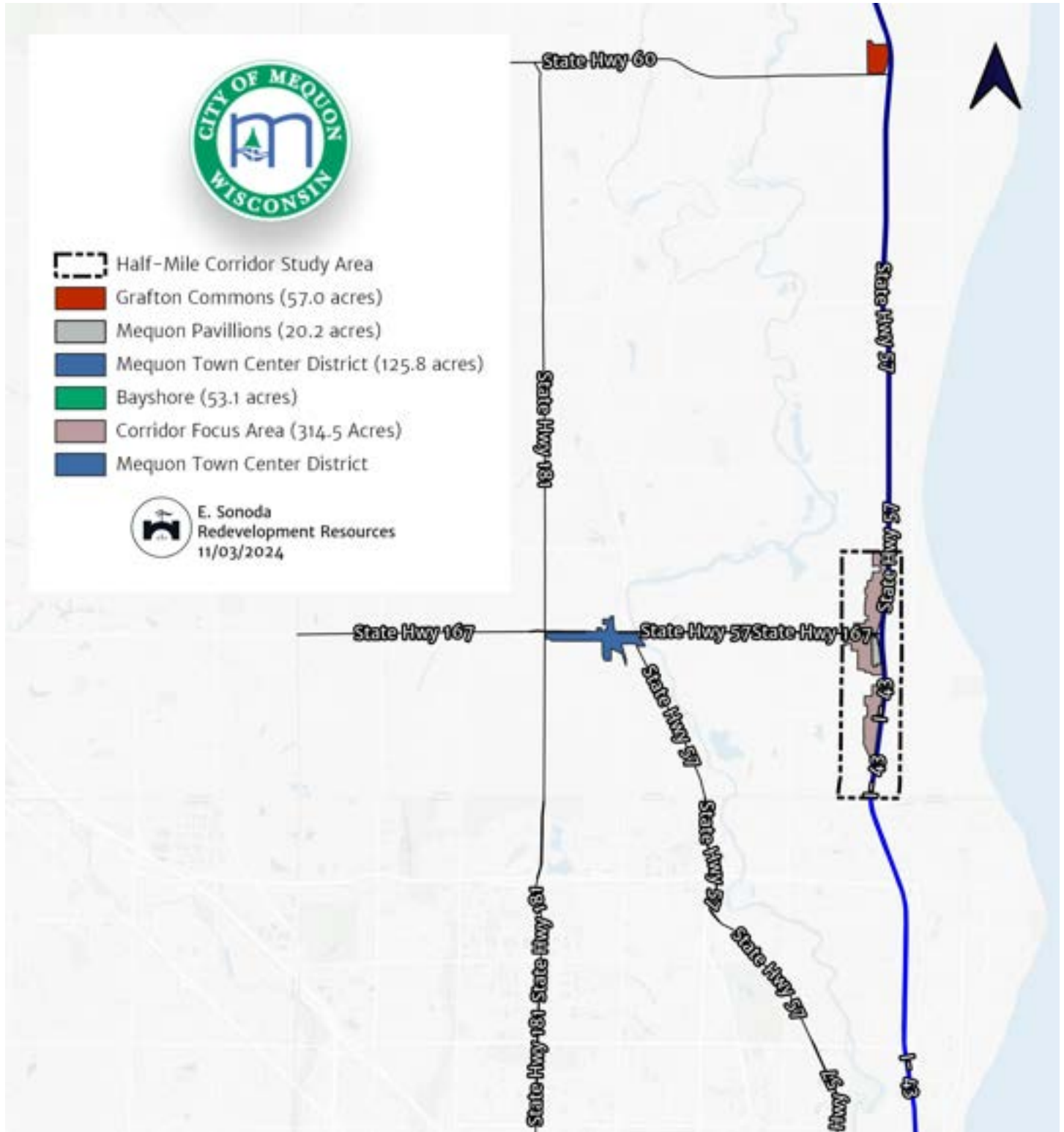


Source: Placer.ai, Metric comparison of competitive retail nodes with visits greater than 10 minutes in duration (2023).

While the Port Washington Road Focus Area has more visits than the other comparative areas in a strictly numerical sense, it also covers the most area. Therefore, further analysis of foot traffic per acre was conducted. (Please refer to the Study Area section on page 6 and the maps on pages 7 and 19 for more context regarding the delineation of “study area” and “focus area.”)

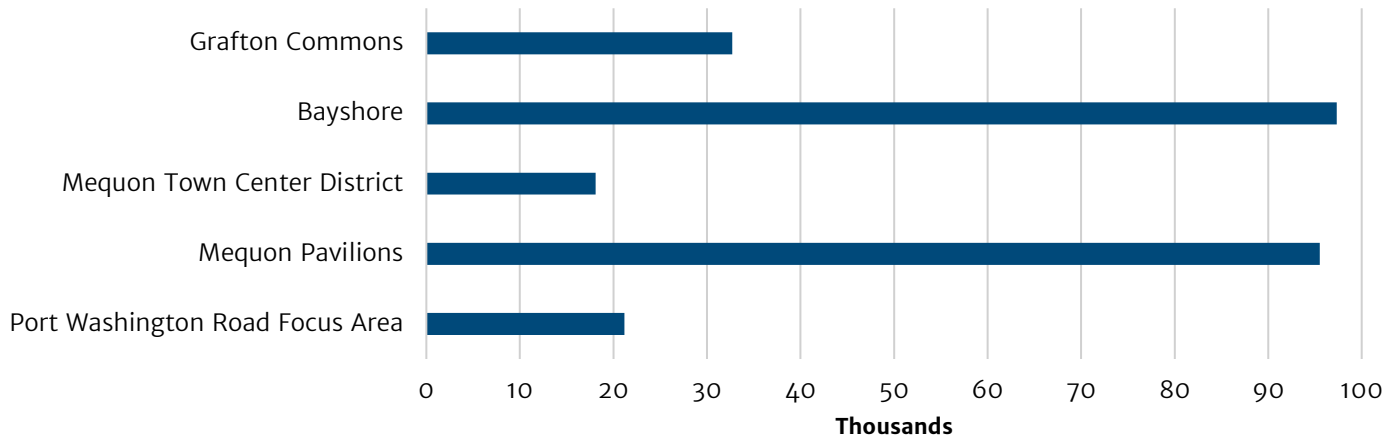
Table 3. Land Area for Competitive Analyses

	Port Washington Road Focus Area	Mequon Pavillions	Mequon Town Center District	Bayshore	Grafton Commons
Map Acres	314.5	20.2	125.8	53.1	57.0



Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)

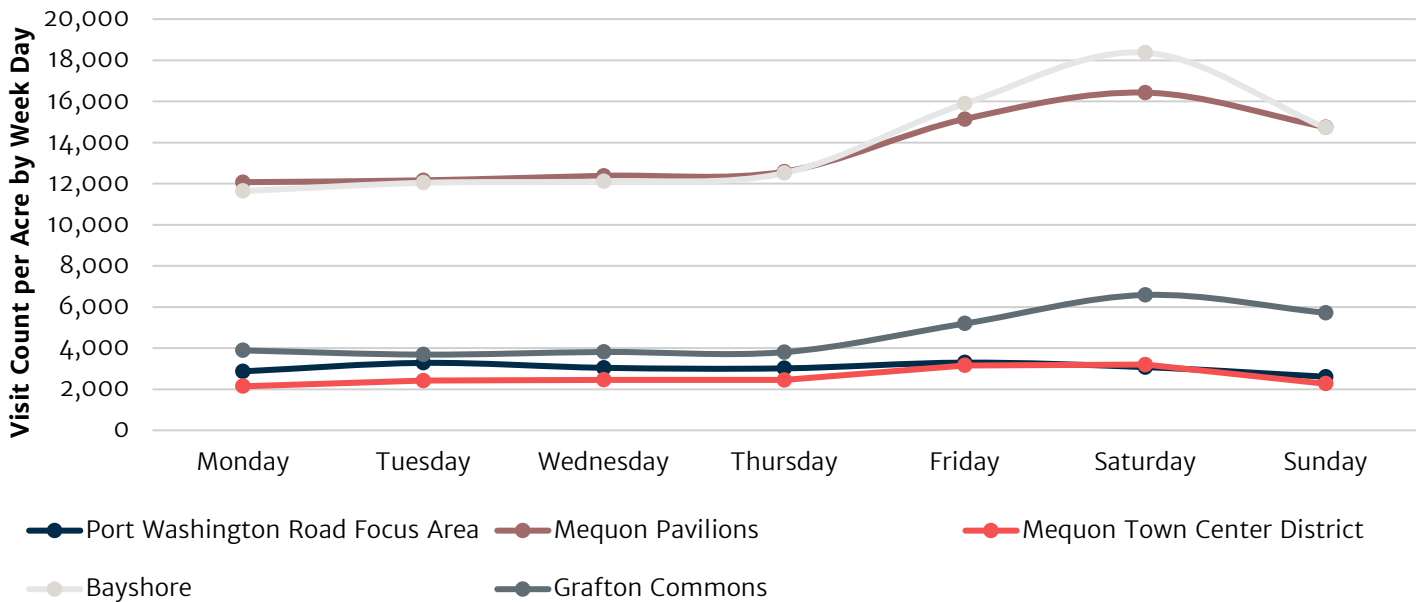
Figure 13. Visit Count per Acre



Source: Placer.ai, metric comparison of competitive retail nodes with visits greater than 10 minutes in duration (2023); RR.

Mequon Pavilions (which is part of the Port Washington Road Focus Area) is a strictly retail node but receives nearly as many visits as Bayshore Mall (which includes office and residential components) and significantly more than Grafton Commons. Port Washington Road Focus Area has very little residential component but has more visits than the Mequon Town Center District.

Figure 14. Daily Visit Comparison per Acre

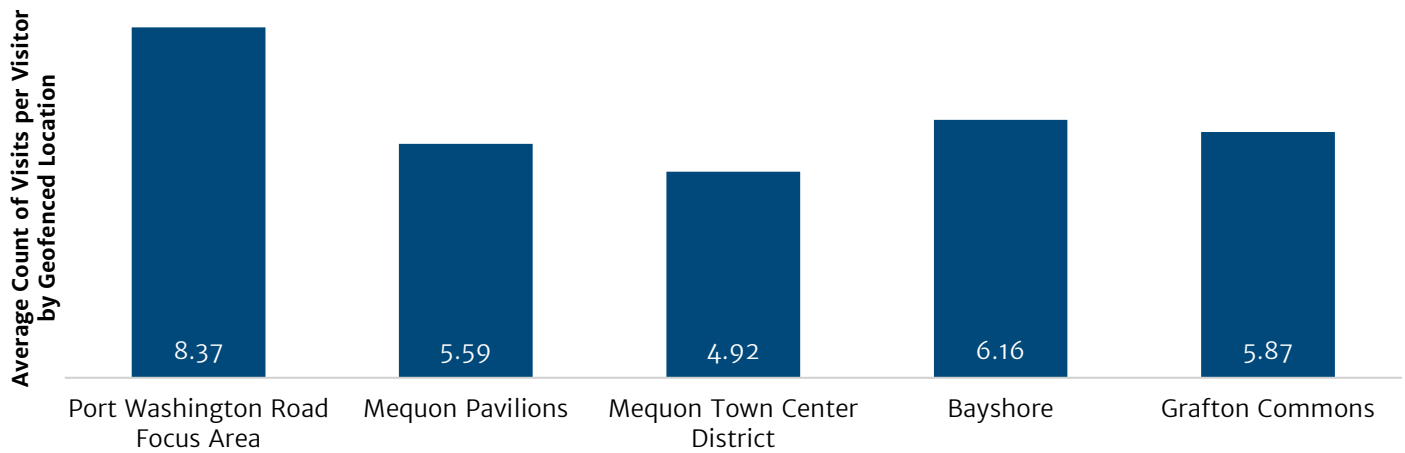


Source: Placer.ai, weekday visit comparison of competitive retail nodes and visits of greater than 10 minutes in duration (2023).

Mequon Pavilions and Bayshore are remarkably similar both in terms visit counts per acre and visit trends during the week with the exceptions of Friday and Saturday. Grafton Commons has fewer visits per acre but sees an uptick in visits on Friday and Saturday like Mequon Pavilions and Bayshore. The Port Washington Road Focus Area and Town Center District has consistent traffic throughout the week. Grafton Commons is a development of freestanding stores, each with a significant amount of surface parking area.

Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)

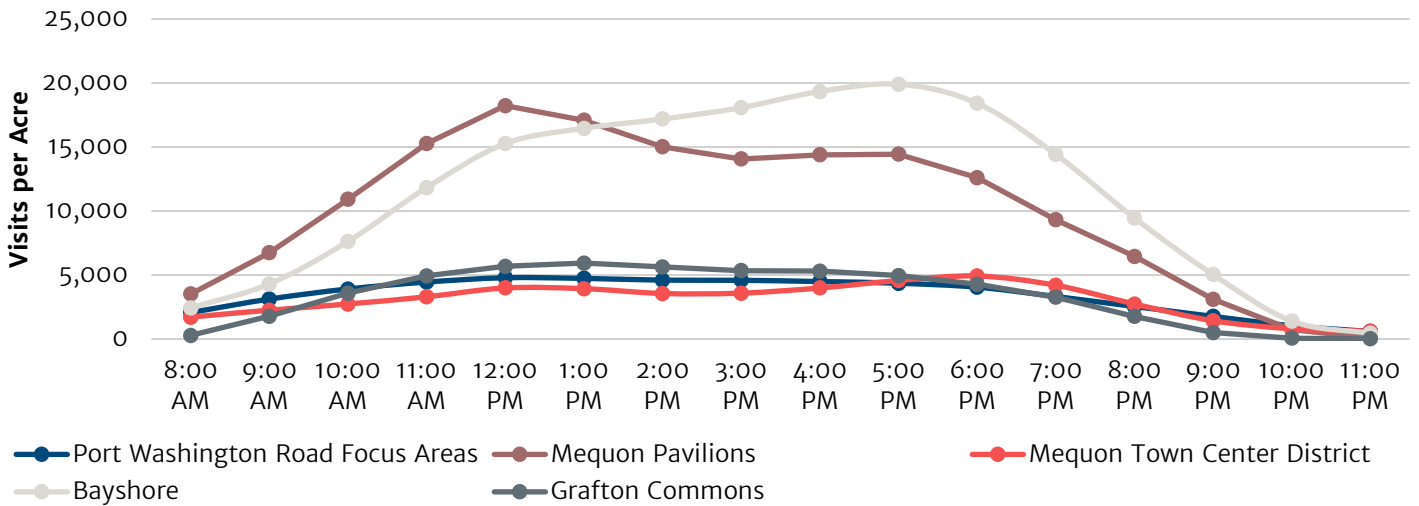
Figure 15. Visits Frequency Comparison



Data Note: These measures are in their raw form and do not account for land area. Source: Placer.ai (2023).

Visit frequency is the average number of visits per visitor within the geofenced area during a specified period. The 314.5-acre Port Washington Road Focus Area casts a wide net to capture frequent visitors. When area size is factored in, Mequon Pavilions has a higher visitor frequency than all the others.

Figure 16. Hourly Visit Comparison by Retail Node



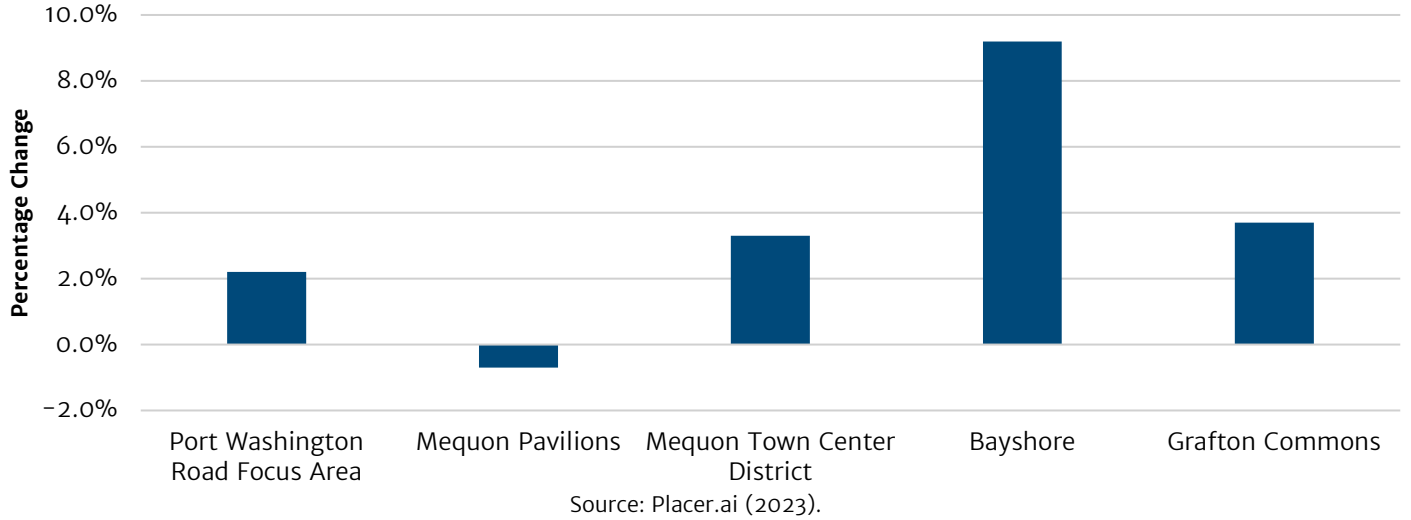
Source: Placer.ai, hourly visit comparison of competitive retail nodes and visits of greater than 10 minutes in duration (2023).

This figure depicts visits at various hours of the day. Visitor traffic in the Port Washington Road Focus Area picks up dramatically in the morning, peaks around noon and then gradually declines throughout the afternoon, realizing a steeper drop in traffic after 6:00 pm. It would be safe to assume most medical appointments occur between 9:00 am and 4:00 pm, and people are traveling home from work between 5:00 and 6:00 pm.

Visits by visitors to Mequon Pavilions have declined over the last year, while visits to the other comparative retail nodes have grown. One possible explanation for this is that people appreciate being able to fulfill as much of their shopping list as possible in one stop, so big box retailers and general merchandise stores are where people go to shop. As evidenced by the retail gap in the General Merchandise category, allowing a big box store such as Target, Costco, Walmart, or Meijer to locate on N. Port Washington Rd would possibly retain a portion of the traffic that currently drives to Grafton for the big box shopping experience.

Another possible explanation for the growth of traffic at Bayshore and Grafton Commons and the decline in traffic between 2022-2023 is the road construction on I-43 near the N. Port Washington Rd corridor. It may have been easier for consumers to simply avoid the corridor for those who didn't live and/or work at places along the corridor.

Figure 17. Visit Change (2022-2023)



Summary

Meqon Pavilions and the Port Washington Study Focus Area are performing well. The corridor may benefit from the addition of venues that cater to more weekend entertainment. Although big box retailers and general merchandise stores such as Target or Costco are in demand in the market, there is not much space for those large venues along the Port Washington Rd. Visitor traffic may also increase in the next year now that the road construction on I-43 near the N. Port Washington Road exit is complete.

Visitor Trade Area and Market Outlook



Placer.ai is a location analytics provider that allows researchers to analyze locations or geographic areas by audience type. Placer receives third-party data from cell phone providers and characterizes the location data by audience type. Audience types include visitors, employees, and/or residents based on the visit frequency, time of day, number of days, and duration of a “visit”.

Impressions measure “passer-by” data located at a specific address or intersection. Placer.ai uses this data to render the number of views for billboards, or the number of individuals that pass by traffic pins. Each device/person is counted only once per day (i.e., if a person drives through a billboard location twice a day, an impression will only be counted once). Impressions at three major intersections along the corridor were analyzed using Placer.ai by placing traffic pins at the following intersecting roads: Glen Oaks, Mequon Rd, and Donges Bay Road. The analysis of impressions provides data points to facilitate prioritization of messaging and message location.

Glen Oaks

More than **4.9M** impressions occur annually at this intersection. Most impressions to Glen Oaks–N. Port Washington Rd., travels southbound on I-43 to Highland Rd., and then southbound on N. Port Washington Rd. The second most common route is from I-43 northbound until the STH 57/167/W. Mequon Rd. exit and then travel north along N. Port Washington Rd. (See map of Glen Oaks intersection on page 24.)

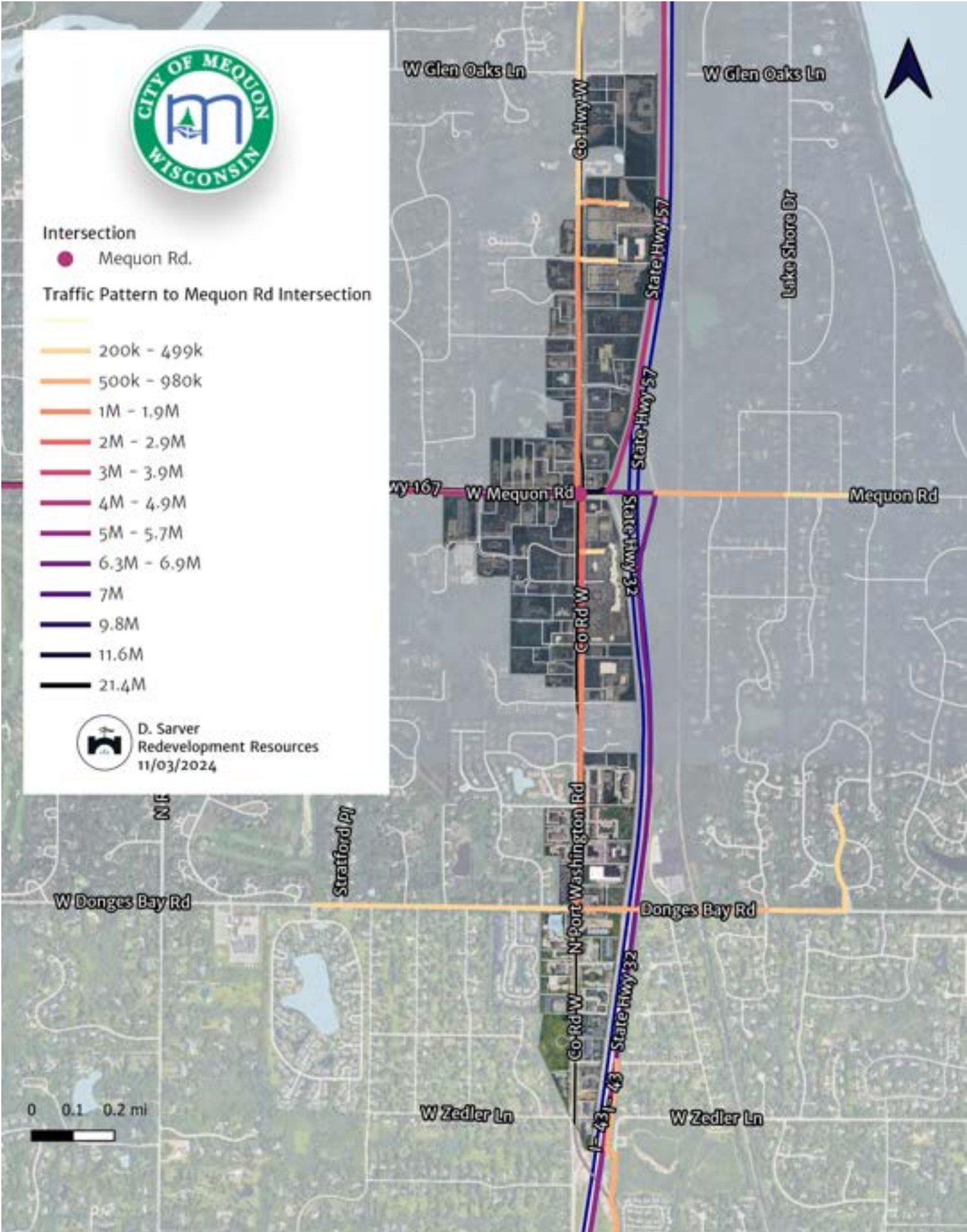
Mequon Road

More than **14M** annual impressions occur at this intersection. Most traffic to the Mequon Rd.–N. Port Washington Rd. intersection travels northbound on I-43 to the Mequon Road exit. The second most common route is from I-43 southbound until the STH 57/167/W. Mequon Rd. exit. (See map of Mequon Road intersection on page 25.)

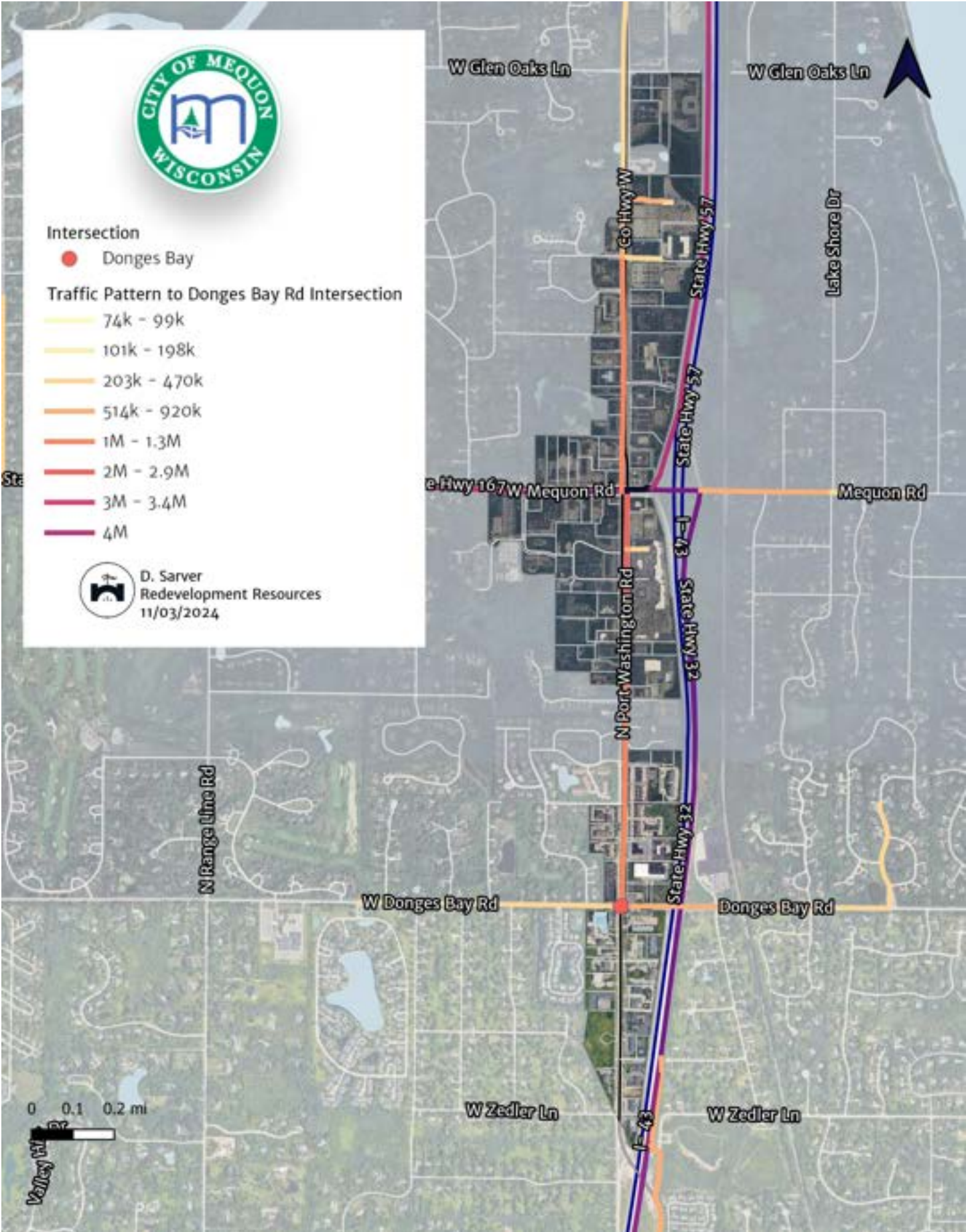
Donges Bay Road

A total of **5.4M** impressions occur annually at this intersection. There are 3.2M annual visits by travelers exiting the interstate and those traveling northbound on N. Port Washington Rd. from County Line Road. From the Mequon Road intersection, 2.6M visits are by travelers southbound to the Donges Bay Road intersection. (See map of Donges Bay Road on page 26.)

While it is not possible to know where the visitors are coming from or where they are going to, it is clear there are three categories of potential customers for the businesses along the corridor. There are residents who live within or near the corridor, employees who work in or near the corridor, and visitors to the corridor who neither live nor work within the corridor (possibly coming for medical appointments or shopping at the Pavilions). To maximize the captured audience, it may be helpful to install wayfinding signage at Mequon Rd. so people traveling to the corridor can know what is located north and south of that major intersection.



Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)



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Visitor Trends

Due to its proximity to the Milwaukee market, the supply and demand of goods and services was limited to a five-mile radius. From January 1, 2023 to December 31, 2023, there were 820,094 visitors to the area. These visitors may include residents and employees of Mequon that do not live or work within the study area. During the same period, there were 8,066 employees and 2,589 residents within the study area. Visit frequency refers to the number of times the audience type frequented the area within the time frame.

Table 4. Mequon Corridor Study Area Visitor Trends

	Visits	Visit Frequency	Visits Change		
			since 2022	since 2021	since 2020
Visitors	6,175,158	7.53	-2.2%	-2.6%	11.4%
Employees	1,220,181	151.27	17.3%	22.6%	8.7%
Study Area Residents	777,923	300.46	14.8%	14.9%	9.0%

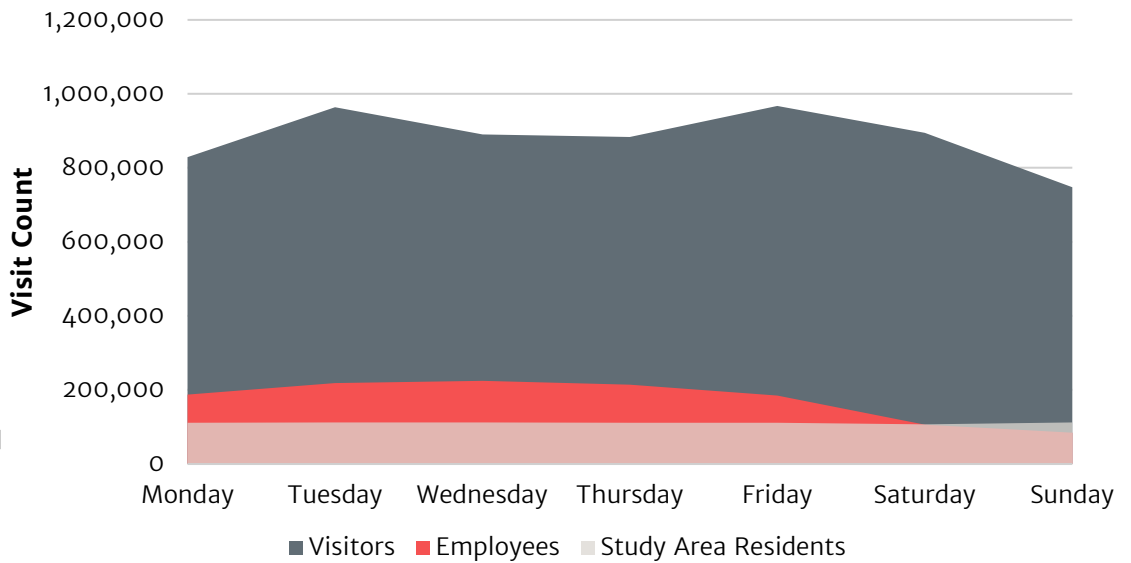
Data Source: [Placer.ai](#). Data Note: Visits Frequency counts the number of individual visitors that visit a specific property a number of times. This data helps to understand loyalty trends and routine engagement relative to the overall visit volume.

Visits by visitors to the corridor study area have declined over the past couple of years, however, visits by residents and employees have increased significantly since 2020. There were a few days during that time frame that were inconsistent with the visitor trends in general. Further research indicates that it is possible that medium- heavy snowfall as well as holidays impacts the number of visitors to the area. However, unusually high volumes of visitors tend to frequent the area the business day before a holiday.

Sundays tend to be the lowest traffic day of the week. Traffic begins to pick up after 6:00 am, peaks at 12:00 pm, and begins to rapidly decline by 5:00 pm. There were no visits to the corridor for less than 10 minutes. The majority of visits are 15-29 minutes long or greater than 150 minutes for visitors. Employees and residents often visit the area for over 150 minutes.

Visitors by the day of the week see consistent time spent in the area

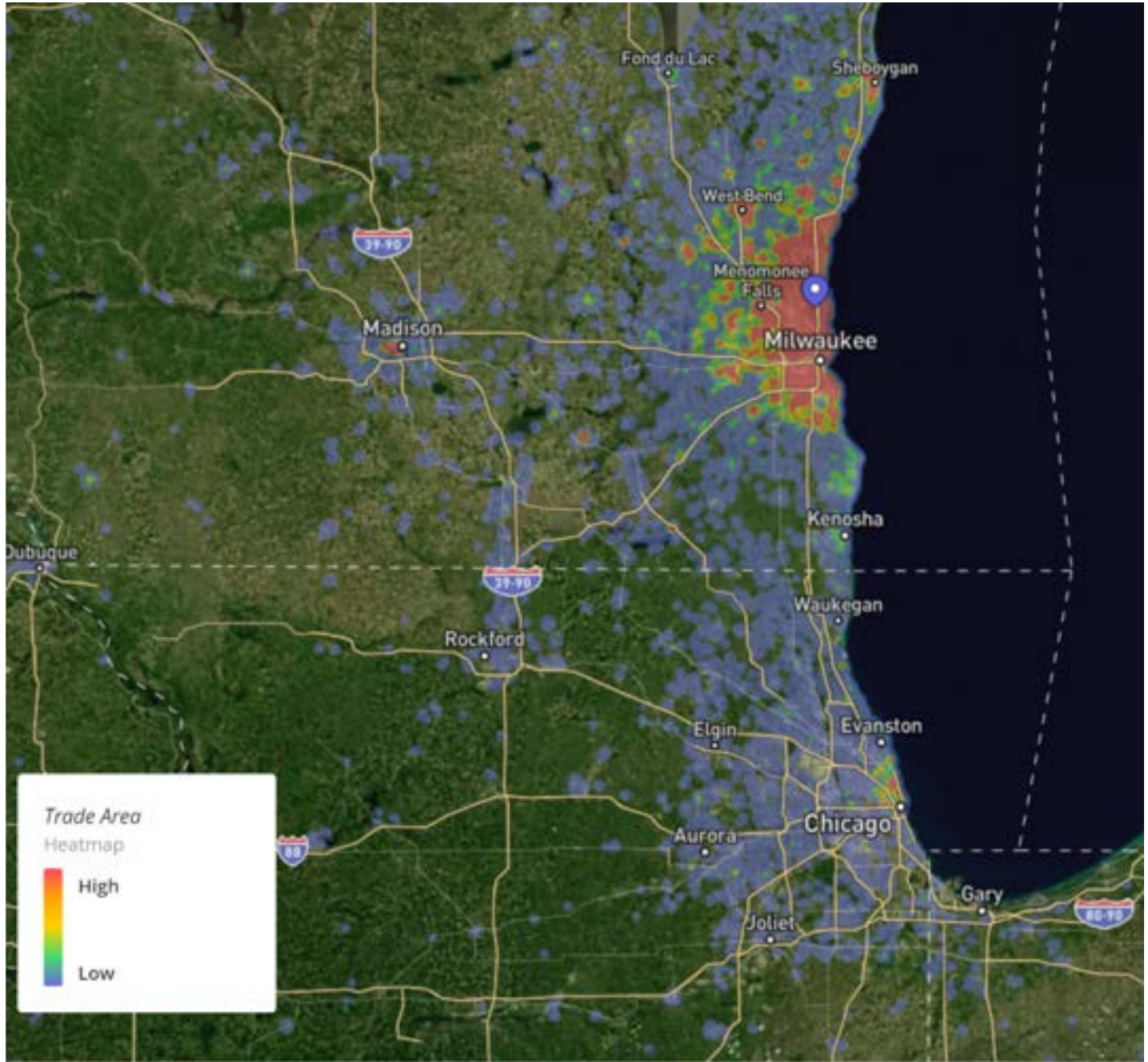
by residents, weekday time spent by employees, and a large number of visitors every day with peak days on Tuesday and Friday.



Source: Placer.ai, Mequon Corridor Study Area.

Figure 18. Visit Trends by Day of the Week (2023)

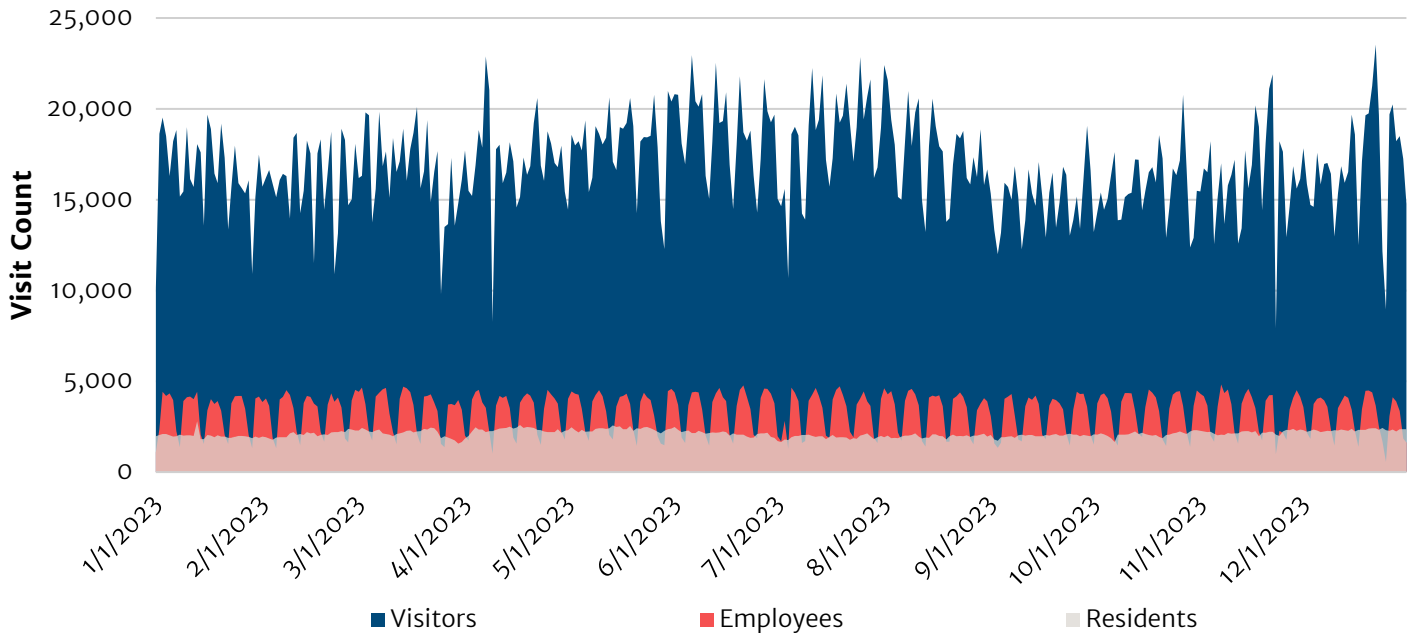
Placer Trade Area Map



Mequon Corridor Study Area | | Jan 1st, 2023 - Dec 31st, 2023
 Data provided by Placer Labs Inc. (www.placer.ai)

This map illustrates the true trade area (100% of visits by visitors) from Jan. 1, 2023, to December 31, 2023. Naturally, most visitors are from the Greater Milwaukee Area, however, Green Bay and Chicagoland may be considered secondary markets. It is difficult to determine who the visitors are from the Green Bay, Madison and Chicago markets. They could be business travelers, coming to Mequon for work-related travel. They could be visiting relatives. They could also be relatives of patients of one of the many behavioral health clinics in the area, which often have extensive in-patient programs. While the data shows numbers of visits by visitors, and we can see the general vicinity of their origination, the data has been sanitized or made anonymous, so we do not know who these people are and therefore why they are visiting.

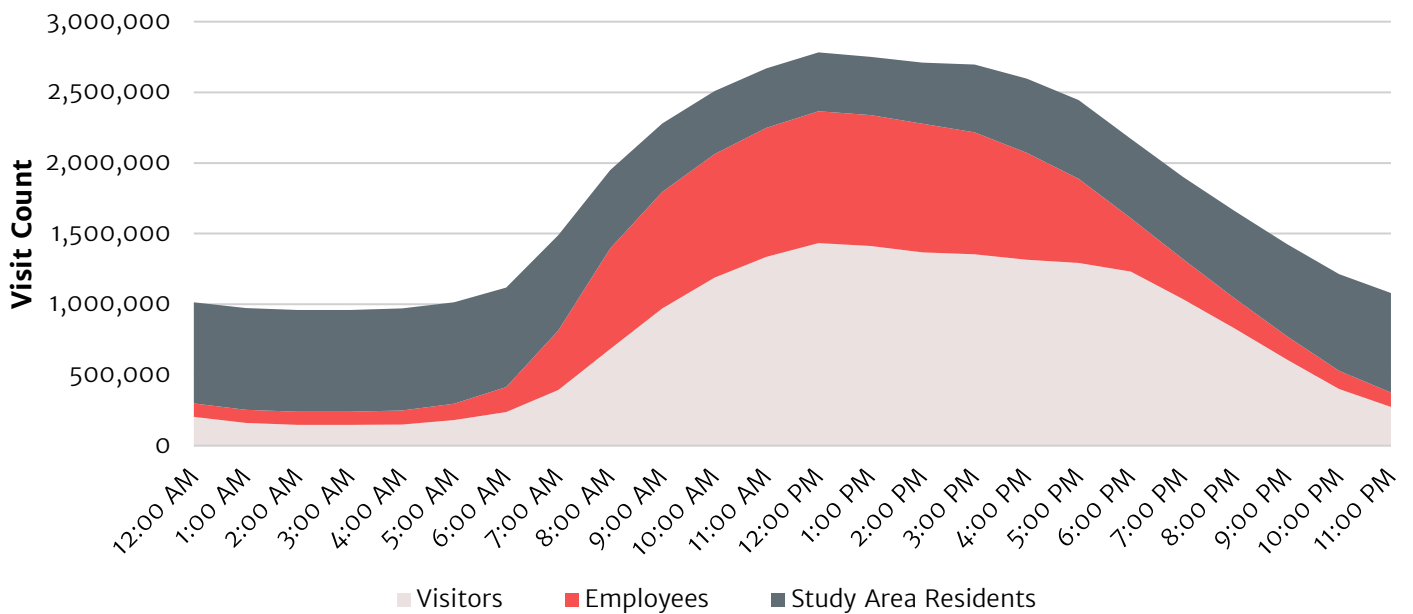
Figure 19. Daily Trends (2023)



Source: Placer.ai, Mequon Corridor Study Area.

Figure 19 shows each of the three main categories of traffic to and from the area. The residents at the bottom of the graphic are consistent in their time spent daily. Employees are shown in the red areas, indicating their weekly time spent in the study area, which is also very consistent. Visitors to the study area are shown in blue, and their traffic patterns are more intense while also sporadic. Peaks in visitor traffic occur at times we will call Easter, summer shopping, back to school, Black Friday and the general Christmas season. Valleys could be indicative of inclement weather events, or times when the weather was too nice to be shopping, or things were drawing shoppers' attention elsewhere.

Figure 20. Visits by Time of Day (2023)



Source: Placer.ai, Mequon Corridor Study Area.

Again, visitor traffic is highest between 10:00 am and 6:00 pm, with employee traffic occurring during working hours and resident traffic most consistent within the corridor.

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Table 5. Visit Duration Table (2023)

	Average Duration (min.)	Median Duration (min.)
Visitors	109	60
Employees	428	200
Study Area Residents	710	200

According to Placer.ai there are three places that are the favorites to visit for all audience types: Bayshore, Marcus Theaters, and Mequon Pavilions. Employees and residents within the study area frequent local grocery stores and other local retail locations. Other favorite places of visitors include entertainment venues such as the state fairgrounds and major league baseball stadium, American Family Field, as well as O'Hare airport.

Table 6. Top 10 Favorite Places by Audience Type

Audience	Name	Distance (Miles)
Visitors, Employees, and Residents	Bayshore	6.4
	Marcus Theatres	1.2
	Mequon Pavilions	0.3
Visitors and Employees	Mayfair	12
	White Stone Station	9.5
Employees and Residents	Metro Market	1
	Marshalls	0.3
	Grafton Commons	7.5
	Sendik's Food Market	0.2
	Riverpoint Village Shopping Center	2.7
Visitors	American Family Field	13
	Brookfield Square	15.6
	O'Hare International Airport	85.3
	The Mayfair Collection	11.6
	Wisconsin State Fair Park	14
Residents	Costco Wholesale	7.7
	Walgreens	0.6

Visitor Demographics

Visitors to the study area may contain residents of Mequon that live outside of the N. Port Washington Rd corridor study area. Resident demographics of both the city and the study area are further analyzed elsewhere in this report.

Placer.ai provides statistical analysis of the captured market which “Emphasizes the Census Block Groups that generated more visits to the property over areas that generated fewer visits. This approach weights the Census Block Groups by the number of visits when calculating audience profile attributes.” The table below compares the captured market of the study area with the state and the nation.

The captured market has a higher median income than either the state or the nation and a higher share of visitors with a bachelor's degree or higher. Household size is approximately the same as the state, but a bit smaller than the nation. While slightly more diverse than the state in terms of ethnicity, the area doesn't reflect the diversity of the nation.

This means the customers/residents/employees shopping, living and working within the N. Port Washington Rd corridor are better educated and wealthier than people in Wisconsin and the rest of the country. There are relatively fewer people

per household in the study area, and they are generally more diverse than the rest of the state, but not more diverse than the rest of the nation.

Table 7. Captured Market/Wisconsin/United States Comparison

Category	Mequon Corridor Study Area Captured Market	Wisconsin	United States
Bachelor's Degree or Higher	60%	32%	34%
Median Household Income	\$99,638	\$73,069	\$76,063
Persons per Household	2.38	2.37	2.55
Most Common Ethnicity	76.4% White	79.5% White	58.1% White

Gap Analysis

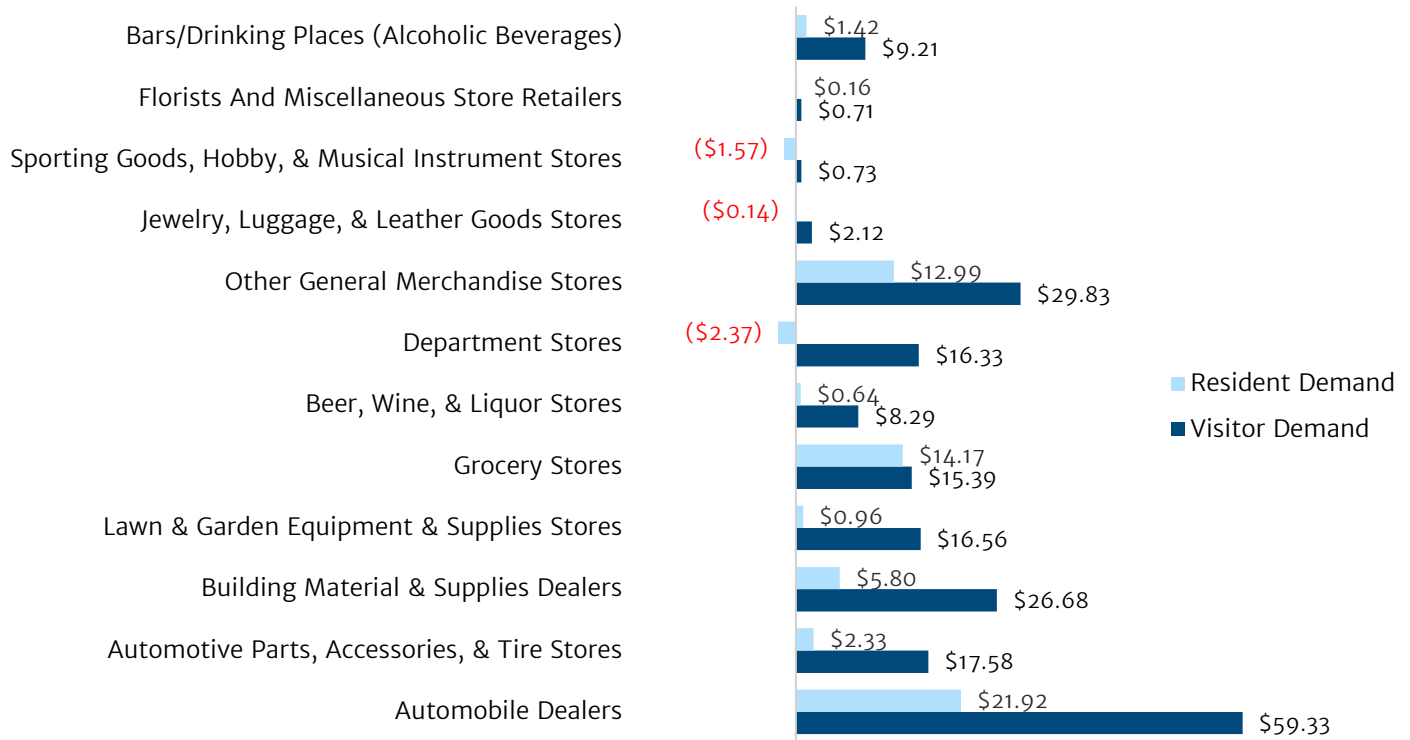
A gap analysis reviews gaps and surpluses in the retail market based on data gathered by Placer.ai. The following chart illustrates those business types in which demand exceeded supply. This means the captured market left the area for these types of goods and services. Unmet demand (Figure 21 on next page) is identified in categories such as general merchandise, building materials, automotive parts/accessories, department stores, bars/drinking establishments, and liquor/beer/wine stores. Automobile dealerships show up as a gap in every market but not every market can support a new automobile dealership. Allowing an automobile dealership to locate on Port Washington Rd would not be the highest and best use for land in this area, and while there is demand, it is unlikely an automobile dealership will desire to locate there. Auto dealerships tend to cluster themselves to facilitate a larger audience. People like to go to car shopping where dealerships are close together. While this graph shows unmet demand for calendar year 2023, it is the most current chart documenting unmet demand for the market and is appropriate to only review the most current demand graph, versus previous years' demand.

Residents within a five-mile radius of the N. Port Washington Rd. Commercial corridor, and visitors share a similar demand for retail goods.

Surplus supply, or those categories in which demand is met within the market, are also provided in Figure 22. This chart shows all the categories in which the businesses within five miles of Port Washington Road meet the amount of demand that exists within the Mequon market.

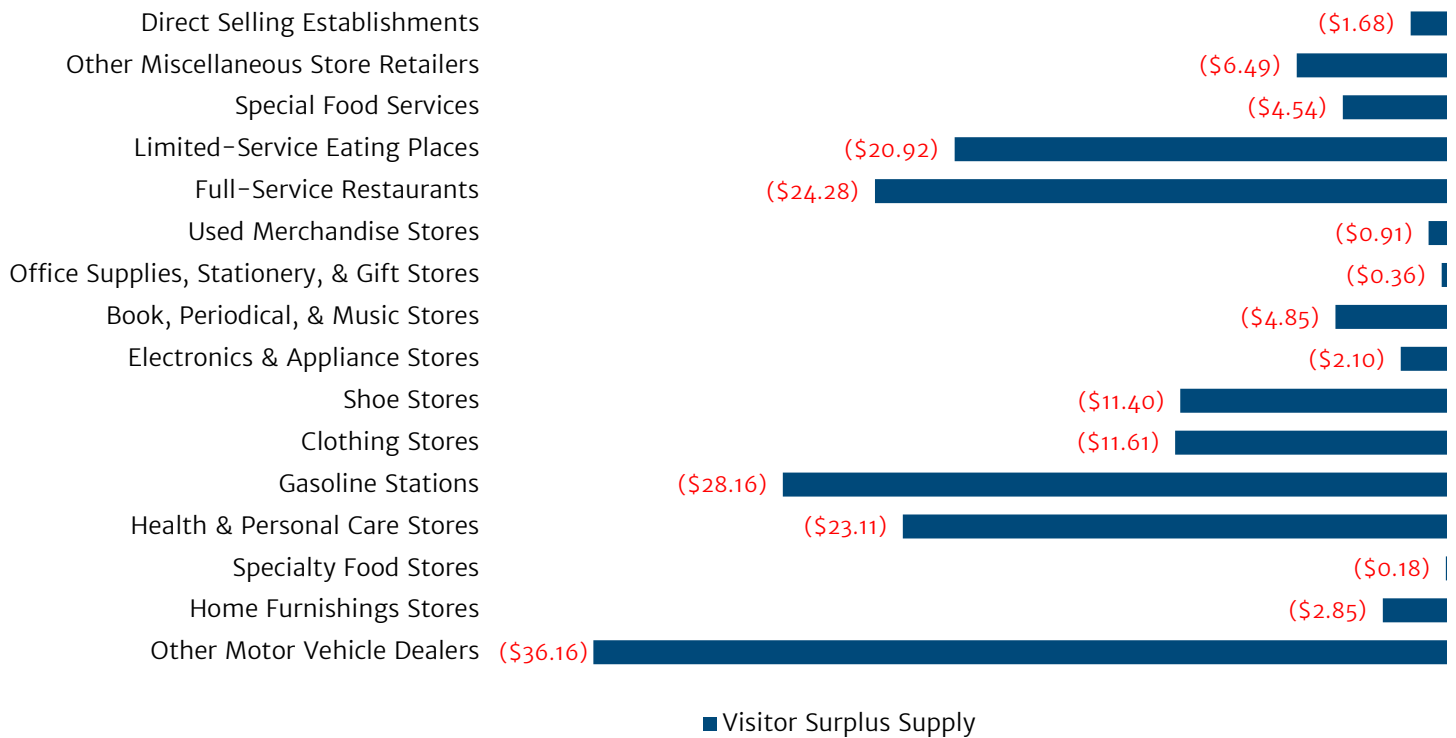
Due to the high demand for grocery and given there are already two grocery stores along N. Port Washington Rd., it would be our recommendation that grocery be an area of focus for the Ulao Creek neighborhood, including specialty grocery such as meat/fish markets, organic grocery stores, bakeries and other local food stores. The city should not prohibit grocery stores from locating on Port Washington Rd, but it is unlikely a developer will choose to locate a new grocery store there given the proximity of Sendik's and Metro Market, even though the market can and will support more sales in the grocery category.

Figure 21. Unmet Demand (Millions \$)



Data Source: Placer.ai. STI: Market Outlook of Potential Market for 100% of visits by visitors and residents within 5 miles of the study area from 01/01/2023 to 12/31/2023 benchmarked to state.

Figure 22. Surplus Supply (Millions \$)



Data Source: Placer.ai. STI: Market Outlook of Potential Market for 100 % of visits within 5 miles of the study area from 01/01/2023 to 12/31/2023 benchmarked to state.

Resident Profile within Five Miles of Study Area

Within a five-mile radius of the N. Port Washington Rd. study area, residents have the following priorities for spending their disposable income.

Table 8. Disposable Income Spending Table

2023 Consumer Spending

Apparel & Services: Total \$	\$116,316,536	HH Furnishings & Equipment: Total \$	\$152,235,800
Average Spent	\$2,732.04	Average Spent	\$3,575.71
Spending Potential Index	115	Spending Potential Index	113
Education: Total \$	\$88,153,750	Personal Care Products & Services: Total \$	\$48,214,826
Average Spent	\$2,070.55	Average Spent	\$1,132.47
Spending Potential Index	120	Spending Potential Index	114
Entertainment/Recreation: Total \$	\$197,142,482	Shelter: Total \$	\$1,284,390,985
Average Spent	\$4,630.48	Average Spent	\$30,167.73
Spending Potential Index	113	Spending Potential Index	113
Food at Home: Total \$	\$352,557,513	Support Payments/Cash Cont./Gifts: Total \$	\$169,626,654
Average Spent	\$8,280.86	Average Spent	\$3,984.18
Spending Potential Index	113	Spending Potential Index	114
Food Away from Home: Total \$	\$188,535,626	Travel: Total \$	\$145,938,938
Average Spent	\$4,428.32	Average Spent	\$3,427.81
Spending Potential Index	114	Spending Potential Index	113
Health Care: Total \$	\$373,737,370	Vehicle Maintenance & Repairs: Total \$	\$71,033,358
Average Spent	\$8,778.33	Average Spent	\$1,668.43
Spending Potential Index	114	Spending Potential Index	113

Data Source: ESRI Community Profile

Residents within the five-mile radius fall into three prominent categories in the Tapestry Segmentation (see Appendix B). This tool helps retailers understand more about the distinct lifestyle and behavior patterns of the customers within a specific proximity of their location. The tool breaks U.S. neighborhoods into demographic and socioeconomic segments. The following three Tapestry segments make up most of the residents within a five-mile radius of N. Port Washington Rd: Exurbanites, Top Tier, and In Style. (See appendix for detailed descriptions of each segment.)

These profiles reinforce the market strengths that exist on N. Port Washington Rd: medical services, retail, restaurants, banks and some senior residential/services. They also reinforce recommendations for more senior housing, more retail, limited multi-family to serve a younger professional, and creating higher density to make trips to N. Port Washington Rd. more efficient for those who conduct business there.

Types of commercial and residential development that would be appropriate for locating on N. Port Washington Road include new retail (strips, and mixed use primarily), fast food, fast-casual and full-service restaurants, higher end and/or business class hotels, family and adult indoor entertainment/recreation venues, multifamily/mixed use developments, and senior living communities.

Summary

Categories in which demand exceed supply, or the captured market left the area to acquire goods and services, include the following: general merchandise, building materials, automotive parts/accessories, department stores, bars/drinking establishments, and liquor/beer/wine stores. These uses usually have developments that currently exceed the max building size allowed so they aren't allowed in the corridor. Smaller footprint stores would be fine but the categories in demand typically come in big box format. This doesn't mean these uses should be attracted to the corridor, but that the demand exists and could be fulfilled elsewhere (such as the Ulao Creek neighborhood). Should development occur in the areas recommended on the north and/or south end of the focus area, the city should install wayfinding signage at the intersection of Mequon Road and N. Port Washington Road. This will help leverage the captured audience already frequenting Mequon.

Development Trends



Retail, National – 2023 in Review

Despite ongoing worries about a weakening economy and a potential decrease in consumer spending, the U.S. retail market remained resilient throughout 2023. This resilience can be attributed to consistent demand from various sectors, a notable decline in store closures, and limited additions to the supply of new retail space. In 2023, there was an almost historically low addition of approximately 52 million square feet of new retail space, representing a decrease of more than 40% compared to the sector's typical historical average. The recent construction has mainly concentrated on build-to-suits, grocery-anchored centers, or smaller retail spaces within extensive mixed-use projects. Due to the scarcity of available space, tenants are encountering challenges in securing locations, particularly those seeking mid-sized boxes and outparcels in primary corridors.

Rent

Nationwide, retail rent growth has been strong nominally, up by 3.3% in 2023, with average asking rent sitting at a record of \$25 per square foot. While the national average asking rent is around \$25 per square foot, the rent along N. Port Washington Rd is lower than that (\$12–\$18 per square foot). Landlords nationally, on average, are experiencing increased pricing leverage due to a reduced supply of competitive available space.

Construction

New retail supply is expected to be minimal in the foreseeable future. While this trend may seem unusual in a typically tight market, it can be attributed to the recent increase in construction financing costs and record-high land and labor expenses, which pose challenges to the economic viability of new development in many cases.

Future of Retail

In 2024, greater digitization, customization, and efficiency will define the retail landscape. The surge in online shopping is reshaping the industry, prompting retailers to invest in robust e-commerce systems. Brick-and-mortar stores are adapting by offering curbside or in-store pickup services for quicker access to purchases. Omnichannel retailing, exemplified by significant players like Walmart and Target, provides a unified shopping experience across physical stores, mobile apps, and websites, enhancing customer satisfaction.

The shrinking retail trend sees retailers reducing store footprints, exemplified by smaller-format stores gaining preference. In-store collaborations are on the rise, with brands sharing space to attract a broader customer base through synergies. While retail has remained resilient, it is also realizing little new construction and appears to be dodging the vacancy issues plaguing the office market nationwide. These trends collectively reflect the dynamic and evolving nature of the retail sector in 2024.

Malls

The decline in mall popularity over the years can be attributed to several significant factors, including:

- Changing consumer preferences, including the rise in e-commerce giants like Amazon and the convenience of shopping online.
- The growth in alternative shopping and entertainment options.
- Economic influences, including a shift from mid-priced and upscale brands to discount retailers like Walmart, Costco, Ross, Dollar General, TJ Maxx, and Five Below.
- Some malls have become outdated in terms of design and amenities, making them less appealing to modern shoppers who seek a more contemporary and comfortable environment.

Future of Malls

Since mall properties were designed to accommodate many tenants and uses, they have the square footage, parking, and infrastructure necessary to accommodate a diverse range of non-retail functions. This makes them ideally suited to bring together a new collection of commercial, retail, and lifestyle functions within a centralized location, often without the need to demolish the existing structure, including:



- Office and commercial spaces for telecommunications carriers, data center operators, and Internet service providers
- Healthcare clinics, fitness centers, pharmacies, and other wellness facilities (aka, “Health Malls” or “Mall to Medicine”)
- Government and civic services, including Department of Motor Vehicles registration renewal centers and post offices
- Satellite education centers and urban technology and research centers
- Multi-family residential housing, including condos, rental apartments, and affordable housing
- Logistics and storage facilities such as fulfillment centers for online retailers, grocery delivery services, mini-storage, and warehousing
- Cultural and entertainment venues including aquariums, escape rooms, community festivals, haunted houses, libraries, and theater and concert performance spaces
- Churches and community centers
- Hotels and other mixed-use areas
- Unique food courts featuring small locally owned restaurants

This adaptability demonstrates that, rather than fading away, malls are embracing new roles, emphasizing experiences, entertainment, and services beyond traditional retail, such as restaurants, fitness centers, and healthcare facilities. Others have even evolved into mixed-use developments or transformed into fulfillment centers for online retailers. The Pavilions on N. Port Washington Rd, though not an indoor mall, functions like a mall. Fortunately, their retail space remains in demand, and they have not had to seek cross functional uses or programming such as those listed above.

Commercial Corridors

Different than malls, commercial corridors offer a variety of uses along a corridor, or length of roadway. While most commercial corridors combine a mix of office, service, and retail uses at a certain density, that form of development is changing. While density along a corridor is still desired, the future of many corridors is mixed-use. If the goal is to achieve vitality and activity at hours beyond the workday, many communities wishing to achieve that goal are planning and attracting more residential to their commercial corridors. Pedestrian-scale retail and office developers are experimenting with new configurations of square footage that cater to consumers' fresh demands to live, work, and play in their microcosm.

An example is that of banks, usually late adopters to innovations in urban design, who have begun experimenting with coffee shops in their retail branches to offer a third place to customers.

Other ways to achieve vitality in otherwise tired commercial corridors and help achieve a sense of a neighborhood district or engaging, stimulating environment include:

- 1) Entertainment or recreational venues that are programmed with regular events;
- 2) Unique businesses (such as experiential retail, specialty food such as bakeries, meat/fish markets, or organic grocers);
- 3) Design features such as interactive fountains, public art, small gathering places with benches or tables/chairs, or large-scale games such as Jenga, chess/checkers, Connect Four, or small playgrounds.

Summary

The retail sector is evolving. Nationally, commercial, mixed-use corridors can improve their vitality beyond the workday by providing more residential development and/or pedestrian-scale experiential retail, specialty stores, and interactive streetscape features to increase the captured market. Due to the car-centric nature of N. Port Washington Rd, the focus will be on mixed use development, senior living options, entertainment venues, hotels, and more restaurants and retail.





Study Area Trends and Analysis

There are 148 parcels in the study area. For mapping purposes, properties with condos were combined for analysis of the whole property, therefore, there are 106 properties which were analyzed.

Zoning

Zoning ordinances have many purposes, including protecting the health and safety of residents and employees through planned orderly development that regulates adjacent uses, density, building setbacks, height, and more. The Port Washington Road corridor is primarily zoned for community business, office and services.

Table 9. Study Area Properties by Zoning Code

Zoning Code	Zoning Description	Count
B1	Neighborhood Business District	8
B2	Community Business District	51
B2/PUD	Community Business District with Planned Unit Development Overlay	8
B3	Office and Service District	25
B3/PUD	Office and Service District with Planned Unit Development Overlay	1
B3/PUD/LTD	Office and Service District with Planned Unit Development and Limited Use Overlay	1
B4	Business Park District	3
B4/PUD	Business Park District with Planned Unit Development Overlay	3
C2	General Conservancy District	1
IPS	Institutional and Public Service District	5
		106

Neighborhood Business District (B-1)

The B-1 District is intended to generally accommodate the basic day-to-day retail and service needs of persons residing in the nearby residential areas. Possible uses include neighborhood level retail, office and service uses, public institutions, restaurants, museums, public or private utilities, churches, health and child day care facilities, and satellite dishes.

Community Business District (B-2)

The B-2 District is intended to accommodate the retail and service needs of the greater community. Possible uses include community level retail, office and service uses, health care facilities, public institutions, restaurants, museums, public or

private utilities, day care facilities, churches, animal hospitals, wholesale, service stations, warehousing, vehicle sales, department stores, hotels, research facilities, light fabrication, and satellite dishes.

Office and Service District (B-3)

The B-3 District is intended to provide for individual or group office and special service uses where the office activity would be compatible with surrounding uses. Possible uses include office, professional, business, financial, special service uses, commercial day care, studios, residential quarters, research facilities, light assembly, satellite dishes, public or private utilities, and personal services.

Business Park District (B-4)

The B-4 District is intended to provide for the development of an attractive and aesthetically mixed grouping of office and limited light industrial uses in a planned park-like setting. Possible uses include office and light industrial uses such as light manufacturing, wholesaling, warehousing, processing, distribution, research, printing, health clubs, salons, restaurants, bookstores, childcare, florists, gift shops, pharmacies, studios, vehicle services, satellite dishes, public and private utilities, and theaters.

Limited Use Overlay District (LTD)

The LTD District is intended to provide for the conduct of certain limited business uses which are located adjacent to or in a primary residential area.

Planned Unit Development District (PUD)

The PUD District allows for flexibility of overall development design that benefits from such design flexibility intended to be derived by both the developer and the community, while at the same time maintaining in so far as possible the land use density and other standard or use requirements as set forth in the underlying zoning district.

Institutional And Public Service District (IPS)

The IPS District is intended to provide, where appropriate, specifically defined areas where public or institutional uses may be permitted. Such uses may be subject to regulatory standards as necessary to insure compatibility with surrounding areas.

Possible uses include public and private schools, churches, libraries, public offices, public utilities, childcare facilities, mausoleums and funeral homes, crematories, communication towers, concert halls, lodges and clubs, public and private outdoor recreation facilities, restaurants and taverns, landfills, nursing homes, cemeteries, and satellite dishes.

It appears the Business classifications (B1, B2, B3, B4) in use on Port Washington Rd are very similar to each other in many ways. The major difference between them is in the permitted uses that are allowed within each district. There is an opportunity to consolidate and simplify, as well as use the zoning code to facilitate redevelopment. Recommended changes to the zoning code are made in the Recommendations section.



Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)

Primary Land Use Analysis

The Port Washington Road corridor from Glen Oaks at the north end to County Line Rd at the south end, contains 2,759,201 square feet of developed property, not including residential. It is mainly office space, with 903,187 square feet, followed by retail at 631,822 square feet. Health Services make up the next largest category of development with 369,093 square feet.

Table 10. Property Count and Square Feet (SF) by Primary Land Use

Primary Land Use Description	Count	SF	Primary Land Use Description	Count	SF
Office	31	888,347	Hotel	2	76,314
Retail	20	631,822	Senior Living	2	150,426
Health Services	12	369,093	Vacant Space	2	23,971
Finance	11	122,480	Childcare, Childcare/Petcare	1	26,045
Vacant Land	8	0	Funeral	1	12,806
Auto Service, Gas Station/Convenience	7	44,845	Service	1	3,463
Restaurant/Entertainment	4	195,840	Storage	1	143,686
Tax Exempt	3	55,223			

Note: Several properties are multitenant buildings on single parcels, therefore, the use describes the primary land use of the parcel. Total count is 106 properties and 2,759,201 square feet.

Vacancies in office space are at 6.6%, with 58,686 square feet available for lease. These spaces are mostly small office spaces, ranging from 111 square feet, up to 6,400 square feet. Lease rates range from \$10/sf to \$18/sf, with the average lease rate at \$16/sf. In 2023, Wisconsin's office vacancy rates varied widely depending on the city. Madison had an overall vacancy rate of about 17.6%. Milwaukee's overall office vacancy rate was notably higher at approximately 23.75%, with submarket rates ranging from 18.7% to 32.2%. Smaller markets like Racine had lower average vacancy rates at around 10.06%, while in Waukesha, the average vacancy rate was 24.58%. (Source: <https://www.commercialcafe.com/office-market-trends/us/wi>)

Based on current local and national trends, traffic, sales data and future projections for commercial space absorption, it is not recommended that the city pursue new office developments to the Port Washington Road commercial corridor. The existing office continues to serve its purpose and fill a role in the corridor. As properties age, if they are not kept up, they will be candidates for redevelopment.

Vacancies in retail space are at less than 1%, with 4,825 square feet available. Lease rates for available space range from \$12.75/sf to \$16/sf. In 2023, Wisconsin's retail market experienced relatively low vacancy rates, reflecting strong demand. In Madison, the vacancy rate for retail space reached an all-time low of 2.3%, indicating a robust market driven by favorable demographics and limited new supply. Similarly, the Milwaukee area had a low overall retail vacancy rate of around 3.7%, supported by steady consumer demand and limited new retail construction across the state. (Source: Lee & Associates Retail Market Overview, Q2, 2023, and <https://rejournal.com/how-about-some-good-news-u-s-shopping-center-vacancy-rate-falls-to-lowest-level-since-2007/>)

Taxable Improved Value Per Square Foot (SF)

Taxable improved value per square foot analyzes the assessed improved value (building value) per the estimated square footage. This excludes land value which will be analyzed in the subsequent section. Health Services is the heavy hitter at approximately \$176/SF, followed by financial institutions (\$164/SF), restaurants and entertainment \$115/SF, and retail

(\$108/SF). In Wisconsin, the average value per square foot for medical office space in 2023 was around \$296. This aligns with national averages reported for medical office buildings, which typically range between \$260 to \$290 per square foot. However, the specific value can vary based on location, property type, and market conditions, with premium facilities commanding higher prices due to their quality and proximity to hospitals or other healthcare hubs. (Source: <https://www.commercialsearch.com/news/medical-office-to-perform-well-in-2024-report/>)

The average value per square foot for financial institutions, particularly for bank branches in Wisconsin, aligns closely with national trends. For freestanding branches, the construction costs typically range from \$200 to \$600 per square foot, averaging around \$440 per square foot. (Source: <https://thefinancialbrand.com/news/banking-branch-transformation/bank-credit-union-branch-sizes-and-costs-33522/>)

In Wisconsin, the average value per square foot for retail properties in 2023 was approximately \$225. This valuation reflects the market trends and overall demand for retail space in the state. Wisconsin's retail real estate market remains relatively stable, with this average price aligning with national trends and influenced by factors such as location, property quality, and local market conditions, (Source: <https://www.cbre.com/insights/books/us-real-estate-market-outlook-2024/retail>).

In Wisconsin, the average value per square foot for restaurant properties in 2023 was around \$497 in the Milwaukee area, reflecting the city's dynamic market for food and entertainment venues. For broader hospitality properties, including restaurants and entertainment venues, the average price per square foot varied but generally ranged from \$141 to \$497, depending on the location and type of establishment.

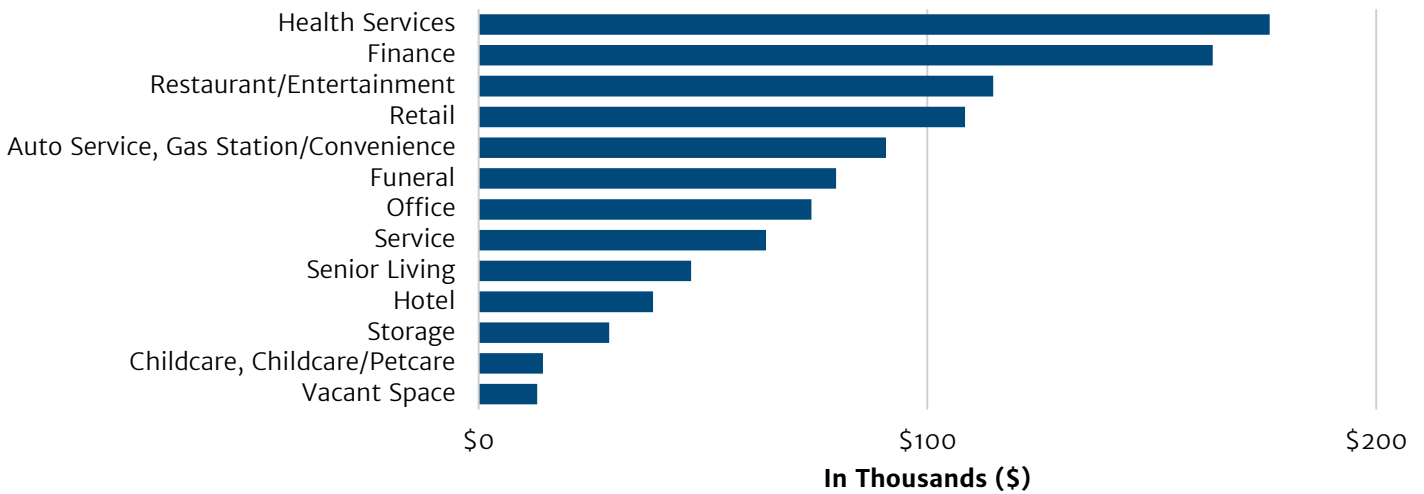
The cost to build or buy these types of properties can vary significantly based on location, size, amenities, and the quality of construction. Restaurants and entertainment venues in prime locations or with high foot traffic tend to command higher prices (Source: <https://www.cityfeet.com/cont/milwaukee-wi/restaurants-for-sale?sk=be04c258aabd46dcbc7e50d5fb2ca1e4>).

Conversely, vacant space is performing at \$13/SF. This means the building is being taxed at a rate that equals \$13/SF. This vacant office building is significantly underperforming considering that the average taxable improved value per square foot for office buildings in the corridor is \$75/SF. As a vacant office building in the corridor, it is a poor performing property and therefore a top candidate for redevelopment. See the section of redevelopment sites later in this report for details.

While it appears taxable value per square foot for all categories in Mequon is lower than Wisconsin averages, that is because the data for average value per square foot is based on for sale and sold comparables, which includes new construction. Most of the properties in the study area are not new and were constructed quite a while ago.

Value per square foot in general has many situational nuances (age of office properties, age of financial institutions, level of finishes, amenities involved in medical office product). The key takeaway is to acknowledge that vacant properties, vacant land and underutilized properties are the best candidates to produce new, higher value.

Figure 23. Average Taxable Improved Value per Square Foot by Property Primary Use (2023)



Data Sources: Redevelopment Resources, City of Mequon, REGRID, Wisconsin State Cartographer's Office. Note: Several properties are multitenant buildings on single parcels, therefore, the use describes the primary land use of the parcel.

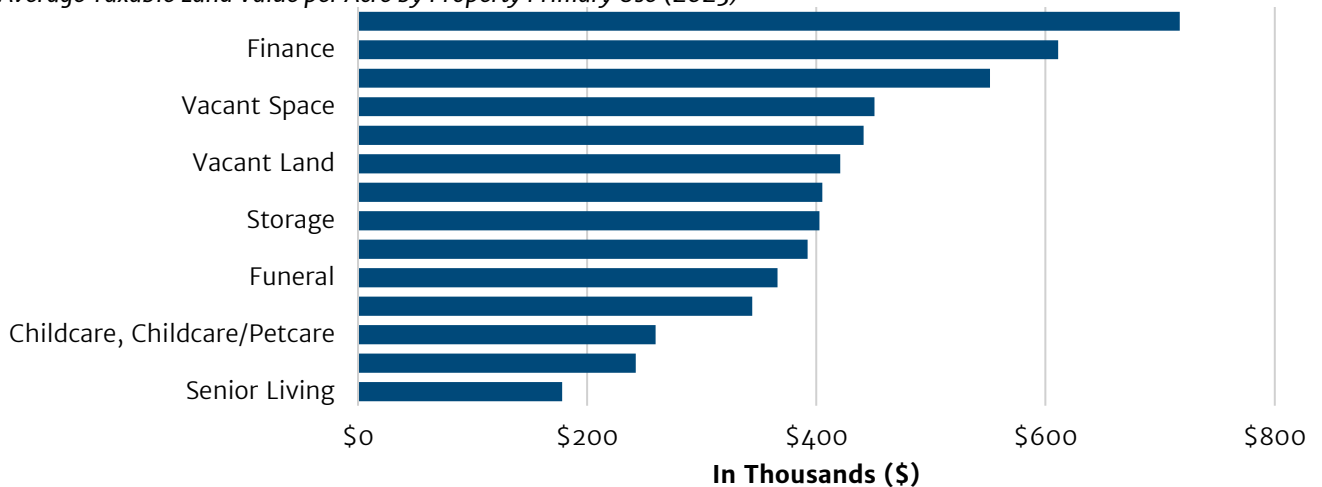
Taxable Land Value per Acre by Property Primary Use (2023)

Taxable land value per acre analyzes the assessed land value (without a building if there is one) per acre. This allows for large properties with small buildings to be evaluated, such as gas stations/convenience stores which are the highest valued land uses in the corridor.

Interpreting land value per acres is more of a factor of the assessment process and is based on the following factors:

- **Location:** Proximity to desirable amenities (schools, parks, transport) can increase land value. Gas station land value is high due to its location on prime corners in Mequon.
- **Size and Shape:** Larger plots or more versatile shapes are typically more valuable, especially if they allow for various potential uses.
- **Zoning and Use Restrictions:** Land designated for residential, commercial, or agricultural purposes affects its assessed value. Commercially zoned land is assessed at higher values than residential.
- **Topography and Environmental Factors:** Land that is flat and buildable usually holds more value, while land with natural limitations (like wetlands or slopes) might be valued lower.
- **Access and Utilities:** Availability of road access, water, sewage, electricity, and other utilities can increase land value.

Figure 24. Average Taxable Land Value per Acre by Property Primary Use (2023)



Data Sources: Redevelopment Resources, City of Mequon, REGRID, Wisconsin State Cartographer's Office. Note: Several properties are multitenant buildings on single parcels, therefore, the use describes the primary land use of the parcel.

Change in Estimated Fair Market Value

The city went through a revaluation process in 2009 and 2021. The following table analyzes the estimated fair market values of taxable properties before and after the 2021 revaluation. Categories that experienced the highest change in fair market value include Health Services and Finance.

Table 11. Average Fair Market Value (FMV) Percentage Change (2020–2022)

Primary Use	2020–2022
Health Services	61%
Finance	54%
Vacant Space	28%
Senior Living	27%
Office	16%
Service	13%
Auto Service, Gas Station/Convenience	10%
Childcare, Childcare/Petcare	10%
Retail	10%
Funeral	6%
Restaurant and Entertainment	4%
Vacant Land	-6%
Hotel	-41%

The change in estimated fair market value as shown here reinforces the focus on redevelopment of vacant land and supports the notion the corridor would support a new hotel. Since the value of existing hotel properties has decreased, it is indicative of deferred maintenance, and underperforming properties. One hotel site is recommended to be redeveloped into a new use later in this report.

Summary

Compared to Madison, Milwaukee, Waukesha and Racine, Mequon's office and retail vacancy rate is fairly low. It is not recommended that the city pursue new office development within the Port Washington Road focus area due to local and national trends and other factors. Should existing office properties become obsolete, they will be candidates for redevelopment. The average value per square foot of property in Mequon is trending lower than other markets. That is due to the product being older, with few new developments to raise the average value per square foot. Additionally, average value per square foot is calculated by what is on the market, and many buildings along the N. Port Washington corridor have not changed hands recently. Vacant properties, vacant land and underutilized properties are the best candidates to produce new, higher value.

Challenges of Redevelopment

Redeveloping commercial properties involves various challenges that can affect the feasibility, cost, and timeline of a project. Here's an overview of the most common challenges:

1. Zoning and Regulatory Hurdles

- **Zoning Changes:** Existing zoning regulations may not align with the intended use of the redeveloped property, requiring zoning changes or variances that can be time-consuming and uncertain. Along Port Washing Rd, although open space requirements are good, they aren't being used to add green space or soften elements of hardscaping. Many developments consider their parking lots to meet open space requirements.
- **Permitting and Approvals:** Obtaining the necessary permits and approvals from the City can be complex, as it can involve multiple departments, environmental impact assessments, and public hearings.
- **Building Codes:** Older properties may not comply with current building codes, necessitating costly upgrades or alterations. This may cause some properties to have deferred maintenance and fall into disrepair.

2. Financial Challenges

- **High Redevelopment Costs:** Redevelopment often involves significant expenses, including demolition, construction, environmental remediation, and infrastructure upgrades. Many properties along Port Washington Rd that are recommended for redevelopment have existing structures which will need to be removed, causing significant costs before any new development is constructed.
- **Securing Financing:** Obtaining funding can be difficult, especially for projects with higher risk profiles or those located in areas with uncertain market demand. Lenders may require extensive documentation and guarantees. Although this may not be the case along Port Washington Rd, the interest rate environment is not conducive to new development projects (relatively speaking) at the moment and many developers may be waiting for that to change.
- **Cost Overruns:** Unexpected expenses, such as structural issues or environmental cleanup, can lead to cost overruns, impacting project profitability.

3. Environmental Issues

- **Potential Contamination and Remediation:** Older commercial properties, particularly industrial sites, may have environmental contamination (e.g., asbestos, lead, soil contamination) that requires costly remediation before redevelopment can proceed.
- **Compliance with Environmental Regulations:** Strict environmental laws may require assessments, impact studies, and mitigation plans, adding to the project timeline and cost.

4. Market and Economic Factors

- **Market Demand:** Redevelopment projects are sensitive to market trends and economic conditions. Changes in demand for commercial space, interest rates, or local economic conditions can impact the project's success.



- **Competition:** Competing developments in the area can affect leasing or selling the redeveloped property, especially in saturated markets.

5. Community Opposition and Public Perception

- **Community Resistance:** Local communities may resist redevelopment if they believe it will negatively impact the neighborhood (e.g., increased traffic, changes in character, loss of historic value).
- **Public Hearings and Consultations:** Many redevelopment projects require public hearings or consultations, which can lead to delays or force changes to the project to address community concerns.

6. Tenant and Occupancy Issues

- **Tenant Relocation:** If the property has existing tenants, developers may need to negotiate lease buyouts, relocations, or temporary accommodations, which can be costly and complicated.
- **Disruption to Existing Businesses:** Redevelopment can disrupt existing businesses, leading to potential legal disputes or reputational challenges if not managed properly.

7. Infrastructure and Accessibility

- **Upgrading Infrastructure:** Redeveloping a property may require upgrading or expanding infrastructure such as roads, utilities, or public transportation, adding to costs and complexity.
- **Accessibility Requirements:** Modern accessibility standards (e.g., ADA compliance) may necessitate significant changes to older properties, affecting design and cost.

8. Risk Management and Uncertainty

- **Market Fluctuations:** Changes in the real estate market, interest rates, or economic conditions during redevelopment can impact the project's viability and profitability.
- **Project Management Risks:** Managing a redevelopment project involves coordinating various stakeholders, contractors, and timelines, making it vulnerable to delays, cost overruns, and mismanagement.



Condominium Redevelopment

Redeveloping properties with office condominiums presents unique challenges due to the nature of shared ownership and the complexities involved. Although no condominium redevelopment is recommended in this report, it is a complicated issue to take on. Key challenges specific to such redevelopments include but are not limited to:

9. Multiple Ownership and Decision-Making

- **Coordination:** Office condominiums often have multiple owners, which means coordinating decisions can be slow and complex.
- **Unanimous Consent:** Many redevelopment plans require unanimous or majority consent from all owners, making it difficult to proceed if even a few disagree.
- **Legal Complications:** Different ownership interests can lead to legal disputes, requiring more time for negotiations and possibly legal intervention.

10. Diverse Interests and Objectives

- **Varied Objectives:** Each owner might have different goals, such as financial return, maintaining their space, or preserving the building's character. Aligning these interests is challenging.

- **Different Financial Capabilities:** Some owners might be more financially capable or willing to invest in redevelopment than others, leading to conflicts over costs and investment decisions.
11. Condominium Bylaws and Regulations
 - **Restrictions:** Condominium bylaws may have restrictions on redevelopment or alterations, which can limit options for redevelopment.
 - **Amending Bylaws:** Changes to bylaws may require a high threshold of owner approval, making it difficult to implement redevelopment plans.
 12. Financing Issues
 - **Securing Funding:** Obtaining financing can be complex, as lenders might see the property as riskier due to the multiple ownership structure.
 - **Assessment and Payment:** Owners might be required to contribute to redevelopment costs through special assessments, which can be burdensome or contested by some owners.
 13. Tenant and Occupancy Issues
 - **Displacement and Relocation:** Existing tenants or owner-occupants may resist relocation, leading to disputes or delays.
 - **Business Continuity:** Owners using the space for their businesses may be concerned about interruptions, which can create resistance to redevelopment plans.
 14. Market Dynamics and Valuation
 - **Valuation Disputes:** Determining the value of individual office units can be complicated, especially if owners have different perceptions of worth or expectations for compensation.
 - **Market Demand:** Redevelopment plans need to align with market demand, which might be complicated if office condominiums are less in demand compared to other property types.
 15. Exit Strategies and Redevelopment Timing
 - **Consolidating Ownership:** One common redevelopment strategy is to buy out all individual owners, which can be time-consuming, costly, and may face resistance from owners unwilling to sell.
 - **Timing Challenges:** The timing of redevelopment can be affected by the need to coordinate with many owners, which can delay the process, making it harder to take advantage of market opportunities.



Summary

If one entity plans to acquire the property, the acquisition negotiations alone could take years. If and when this can be accomplished, the acquisition investment alone could prevent further redevelopment. These challenges make redeveloping office condominiums particularly complex compared to properties with a single ownership structure. Successful redevelopment often requires strategic negotiation, legal expertise, and a comprehensive approach to managing the interests of all stakeholders involved.

Study Area Recommendations

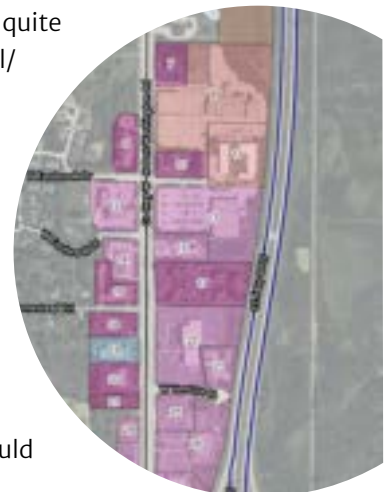
The following recommendations are presented for the N. Port Washington Road corridor. These recommendations will work to fulfill the goals of the city for this corridor, as outlined in the Comprehensive Plan, which include:

Comprehensive Plan Goals for Port Washington Rd.

- Promotion of the redevelopment of lands with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial, and industrial structures.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, state government, and utility costs.
- Providing adequate infrastructure and public services and an adequate supply of developable land to meet existing and future market demand for residential, commercial, and industrial uses.
- Promoting the expansion or stabilization of the current economic base and the creation of a range of employment opportunities at the state, regional, and local level.
- Preserve and enhance Mequon's rural and small-town character.
- Retain and foster the City's healthy and vital commercial areas.
- Ensure Well-Designed, Visually Attractive Development While Preserving the City's Existing Small Town Character
- Develop and Retain a Diverse Tax Base
- Develop a Proactive Economic Development Strategic Plan

Zoning/Policy

1. The zoning classifications which dominate the N. Port Washington Rd corridor are quite similar to each other, except for the theme of permitted uses. B2 is primarily retail/service. B3 is primarily office/service. B4 is business park. A big-picture zoning change recommendation is to change the zoning on all properties on N. Port Washington Rd currently in B2, B3, B4, and related B/PUD zoning classifications into a new zone called Commercial Corridor (CC). Consolidating zoning classifications into one and creating guidelines that encourage development, density and efficient land use will encourage development/redevelopment. This should be outlined like the Town Center (TC) zoning classification.
 - Permitted Uses currently allowed in B2, B3, B4 and related PUD zones would be permitted in the CC zone.
 - Fitness centers, indoor recreation, amusement, and entertainment venues should be permitted uses.



- Conditional uses in Business zoning districts can remain conditional in the CC zoning district, including fast food. Consider making office developments a conditional use. Add multifamily/mixed use as a conditional use.
 - Minimum lot size should be 1.5 acres.
 - Consider allowing three story buildings (and adjusting maximum building height accordingly).
 - Consider maximum building size to be 30,000 square feet.
 - Consider open space ratio to be not less than 30%.
2. For properties with a recommendation of mixed-use multifamily residential development, ensure height maximums allow three-four stories, and have appropriate open space ratios if parking is included underground for residents.
 3. The open space ratio for all zones along N. Port Washington Rd could be a potential issue if recommendations made in this report for developing large commercial out lots are implemented.
 4. Although there is retail demand for home improvement and lawn/garden stores according to the Void Analysis for the study area, these uses could be located in the Ulao Creek development area, in the Mixed-Use Commercial zone, which specifically identifies these uses as permitted. Often these uses require some outdoor storage, so that may create a zoning challenge, but with opaque fencing this issue could be addressed. It may also be challenging to keep the buildings under 20,000 square feet, as restricted through the zoning code, unless outdoor storage is allowed.

Organizational Structure

1. To support the proactive implementation of the recommendations in this report the City of Mequon should consider creating a Redevelopment Authority (RDA). According to §66.1333 of the Wisconsin State Statutes, a Redevelopment Authority has the following relevant powers (§66.1333(5)):
 - a. Prepare redevelopment plans and urban renewal plans and undertake and carry out redevelopment and urban renewal projects within the corporate limits of the city in which it functions.
 - b. Enter into contracts.
 - c. Within the boundaries of the city, acquire by purchase, lease, eminent domain, or otherwise, any real or personal property; hold, improve, clear or prepare for redevelopment or urban renewal any of the property; sell, lease, subdivide, retain or make available the property for the city's use; mortgage or otherwise encumber or dispose of any of the property or any interest in the property; enter into contracts with redevelopers of property containing covenants, restrictions and conditions regarding the use of the property in accordance with a redevelopment or urban renewal plan, and other covenants, restrictions and conditions that the authority considers necessary to prevent a recurrence of blighted areas or to effectuate the purposes of this section; make any restrictions, conditions or covenants running with the land and provide appropriate remedies for their breach; arrange or contract for the furnishing of services, privileges, works or facilities for, or in connection with a project; temporarily operate and maintain real property acquired by it in a project area for or in connection with a project pending the disposition of the property for uses and purposes that may be deemed desirable even though not in conformity with the redevelopment plan for the area; and related activities.
 - d. Borrow money and issue bonds; execute notes, debentures, and other forms of indebtedness; apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the city in which it functions, from the federal government, the state, county, or other public body, or from any sources, public or private for the purposes of this section.

Any debt or obligation of the authority is not the debt or obligation of the city, county, state or any other governmental authority other than the redevelopment authority itself.

- e. Commence actions in its own name. The authority shall be sued in the name of the authority. The authority shall have an official seal.
- f. Exercise other powers that may be required or necessary to effectuate the purposes of this section.

A Redevelopment Authority is made up of seven resident members, at least one of which is a member of the City Council, appointed by the Mayor and approved by the City Council. The Mayor shall designate representatives from the public, labor, industry, finance or business group, and civic organizations. Appointees shall have sufficient ability and experience in related fields, especially in the fields of finance and management, to assure efficiency in the redevelopment program, its planning and direction. [https://docs.legis.wisconsin.gov/document/statutes/66.1333\(3\)](https://docs.legis.wisconsin.gov/document/statutes/66.1333(3))

Communities use their RDAs to oversee planning activities (for redevelopment areas, new development areas, downtowns, or neighborhoods); create and operate loan funds; implement redevelopment projects; oversee development deals; and manage tax increment financing districts.

Existing economic development staff would oversee the operations of the RDA and facilitate meetings. Some communities appreciate the RDA's function which places the responsibilities and oversight of redevelopment activities on the RDA and not the City Council, where a separate governmental body can focus its efforts solely on the important work of redevelopment.

Funds for operating the RDA would initially come from the City (from TIDs 4 & 5), and the RDA would eventually look for ways to fund its operation in ongoing partnership with the City or from its own funds derived from grants, borrowing, or other investments.

Programmatic

1. Clustering of business types along N. Port Washington Rd. is apparent in the following categories: Medical, medical service, medical office; Retail; Small office businesses, professional services, personal services (counseling, legal services, accounting services, insurance, real estate) and business-to-business offices; and Banks and related financial services.

Medical office as a cluster is one to promote and encourage. To foster the medical office cluster, encourage landlords to market to tenants in this sector. Work to attract other medical office users into the existing office space on N. Port Washington Rd by implementing the following

- a. Develop a medical cluster or hub identity
- b. Brand the District as a Healthcare Destination: Position the district as a "medical hub" where patients know they can receive comprehensive healthcare services. Promote the concentration of medical facilities, pharmacies, diagnostic centers, and wellness services in the area.
- c. Target Niche Specialties: Attract specialized clinics (e.g., pediatricians, dermatologists, oncologists) by emphasizing the area's potential to cater to specific healthcare needs that may not be currently met.
- d. Create Strong Networking Opportunities
- e. Medical Networking Events: Organize networking events that connect healthcare providers with each other and with other related businesses, such as pharmaceutical reps, equipment suppliers, and insurance agents.

- f. Collaborative Opportunities: Encourage the development of collaborative models between medical practices and other businesses in the area, like pharmacies, gyms, wellness centers, or medical device companies.
 - g. Create a Healthcare-Oriented Ecosystem
 - o Support Services: Ensure that the district offers ancillary services that medical offices require, such as medical billing companies, law firms specializing in healthcare, equipment suppliers, and specialized janitorial services for medical facilities.
 - o Continuing Medical Education (CME) Providers: Attract CME providers to set up offices or training centers in the area, allowing medical professionals to meet their education requirements without traveling.
2. Tax Increment Financing Districts #4 and #5 Policy
 - a. Support redevelopment projects with funds from TID #4 and #5. The city may need to invest in acquisition and demolition, property assembly and some site testing to attract a developer to the table.
 - i. In TID #5 recommended sites include Map ID# 77/78 (vacant office and childcare/pet care), and ID# 79 (Chalet Motel, including the residential properties west of the site).
 - ii. TID #4 should be utilized to support the redevelopment of Map ID# 67 (Stein's Garden Center).
 - b. The City's TIF Policy for TIDs #4 and #5 is a relatively effective policy, however, it is important to keep in mind that every deal is different, and each project will have a different need for support from the City. Standard policies don't often address unique circumstances so there may be the need for creative problem solving where the standard policy will not be able to adequately fill the gap.
 - i. The developer must share their project proforma, demonstrating the gap.
 - ii. The developer may need non-cash incentives (utility connections, curb cuts, other infrastructure, support with demolition and site clearance, etc.).
 - iii. Acquisition and demolition by the City (or RDA) prior to attracting a developer for a new project.
 3. Install wayfinding signage on the north and southbound lanes of Port Washington Rd. at Mequon Rd. identifying significant uses (Pavilions, Medical care facilities, Movie Theater, Hotels, and new uses as they arrive) to drive visitors to explore the entire corridor.
 4. Marketing the Port Washington Rd commercial corridor will help increase visitor traffic. This can be done by including updates on redevelopment projects on the city's website, promoting happenings on Mequon social media, and sharing updates on redevelopment projects at community meetings such as Rotary, in Chamber of Commerce newsletters and working to gain earned media through newspaper, radio and television reports.

In addition to marketing new projects, market the corridor as a business center. It is a solid, well-functioning commercial corridor. It is a significant economic engine for the community. There are opportunities for replacing tired, underproductive properties with new, exciting, productive uses but the corridor as a whole is currently a thriving economic contributor for Mequon.

Transformative

1. Potential economic drivers include the large-scale redevelopment projects that would be transformative. Large-scale entertainment venues with a hotel, large senior living communities, large multifamily residential developments will all have significant impact on the economic dynamics of the corridor (see Redevelopment Sites section for specific impact). These economic developments should be the focus of attraction to sites identified in the Redevelopment Sites section.

High impact or transformative opportunities will occur on sites where large tracts of vacant land are developed (Map ID #56, 97), and existing structures are removed, property is assembled, and new development replaces former structures (Map ID #17, 67, 77/78). Other infill developments identified in the next section will be impactful but not necessarily transformative.

2. Support Senior Housing on N. Port Washinton Rd. As noted in Table 2, earlier in this report, there are several senior housing options in Mequon, but existing senior housing will not be enough to support the aging population if residents plan to remain in the community or move into Mequon as they need increasingly supportive housing. Market demand exists for more supportive senior living units. Due to the proximity of medical care, there are a few sites on the N. Port Washington Rd. corridor that are well suited for senior living developments. These are noted below in the redevelopment sites section. Sites that are well suited for senior living communities are sites #56 and #97.
3. The market will support at least one new hotel, 60–100 rooms. The only hotels along N. Port Washington Rd in Mequon are the Chalet Motel (a 2–star property) and Baymont (a 3.6–star property). There are three hotels north of Mequon in Grafton (Comfort Inn & Suites, Hampton Inn & Suites, and Town Place Suites, all with 3.6 or more stars). With the medical office, and senior living communities, plus business travel, the area could support a 4+ star hotel in the N. Port Washington Rd. corridor.
4. The large–scale redevelopment of existing office space at 11512–11520 N. Port Washington Rd. (property ID #17 in this report) is outlined in the next section. This 5.57 acre property has been identified as a significant redevelopment opportunity. The owner of the property is interested and planning to investigate all options to increase the productivity of the land that has served as a five–building office complex for decades.

The following sites have been identified as opportunities for redevelopment in the N. Port Washington Rd. corridor. Sites identified here have been analyzed for their current property value, current use, size, adjacency, and contribution to the tax base in the short and long term. It may take several years to realize the redevelopment of some of these sites, however the recommendations made here should be effective for the next seven–ten years.

Table 12. Proposed Redevelopment Sites

Map ID	Address	Acr.	Current Use	Current Zoning	Proposed Future Use	Priority
34	11249 N Port Washington Rd.	1.67	Unoccupied	B2	Retail, restaurant, medical office	1
56	10921 N Port Washington Rd.		Vacant	B2/PUD	Childcare center	1
58	10931 N Port Washington Rd.		Vacant	B2/PUD	Mixed use high density, or senior housing	1
77	10500-10520 N Port Washington Rd.	1.9	Blighted Office	B2	Assembled with hotel and/or indoor entertainment venue, family attraction	1
78	10510 N Port Washington Rd.	2.14	Childcare, Pet Center	B2		1
79	10401 N Port Washington Rd.	2	Active motel	B2	Mixed use multi-family with underground parking	1
8	11700 N Port Washington Rd.	11	Movie Theater Parking	B4	Out lot development, drive through restaurant or small retail store	2
13	11558 N Port Washington Rd.	7	Metro Market Parking	B2/PUD	Out lot development, drive through restaurant or small retail store	2
17	11512-11520 N Port Washington Rd.	5.57	Office	B3	Hotel, Indoor entertainment complex (will require zoning change)	2
82	1150 W Donges Bay Rd.	1.25	Vacant	B4/PUD	Indoor entertainment venue, family attraction	2
97	10123 N Port Washington Rd.	5.69	Vacant	B3	Mixed use high density residential, or senior housing	2
67	10850 N Port Washington Rd.	7.91	Stein's Garden Center	B2	Restaurants and entertainment	3
101	10050 N Port Washington Rd.	0.9	Retail	B2	Assembled with small retail and drive-thru or limited service restaurants, possible mixed-use townhome residential.	3
102	10046 N Port Washington Rd.	0.9	Retail	B2		
103	10036 N Port Washington Rd.	0.75	Vacant	B2		
104	10000 N Port Washington Rd.	0.94	Retail	B2		
105	9900-9950 N Port Washington Rd.	1.33	Retail	B2		

Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)

Table 13. Redevelopment Matrix

	Task	Responsible Party	Timeframe	Timeline	Possible Cost
Short Term	Meet with property owners to determine willingness, timeline, obstacles, next steps to redevelopment	Staff	Q1 2025	12 mos.	staff time
	Determine if/which properties City will acquire	EDB, Staff	Q2 2025	6-12 mos.	staff time
	Consider changes to zoning code as referenced in report	Staff, Plan Commission	Q1 2025	12 mos.	staff time
Mid-Term	Support business recruitment to sites such as Map ID# 8, 13, 34	Staff, Real Estate Brokers	Q2 2025	6-12 mos.	staff time
	Create a Redevelopment Authority	Staff, City Council	Q3 2025	6 mos.	staff time
	Meet with potential developers to present opportunities for property redevelopment	Staff	Q3 2025	ongoing	staff time
	Market properties, redevelopment opportunities, and redevelopment projects; promote the corridor	Staff	Q4 2025	ongoing	staff time
	Begin negotiations with property owners willing to sell if City desires to acquire	Staff	Q3 2025	ongoing	staff time, acquisition costs if successful
Long Term	Install wayfinding signage as properties are redeveloped	Staff, DPW	Q1 2026	ongoing	signage
	Continue to meet with property owners to encourage redevelopment or sale	Staff	Q4 2025	ongoing	staff time
	Continue to meet with developers and brokers	Staff	Q4 2025	ongoing	staff time



Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)



Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)

Redevelopment Recommendations

Parcel #8: 11700 N. Port Washington Rd.

Parcel #13: 11558 N. Port Washington Rd.

Current use: Map parcel #8 is the site of the Marcus Cinema and its large surface parking lot. Map parcel #11 is the Metro Market. The parking lots fronting Port Washington Rd. provide an opportunity to develop unused space which could host another commercial use, increase visibility of the businesses deep into the sites, and create a new property tax opportunity for the City.



Site Statistics:

- Marcus Cinema site: 12.61 acres, building footprint, 60,276 sq. ft. (over 11 acres of undeveloped land). Improved value per square foot = \$108, land value per acre = \$131,919. Zoned B4.
- Metro Market site: 8.53 acres, building footprint, 63,382 sq. ft. (over 7 acres of undeveloped land). Improved value per square foot = \$119, land value per acre = \$159,918. Zoned B2/PUD.

These large surface parking areas are not regularly fully occupied. The portion of the sites adjacent to N. Port Washington Rd. would be an ideal site for a fast-food restaurant or coffee shop with a drive-through. The following would be a good fit for the market and the site:

- Freddy’s Frozen Custard and Steakburgers
- Pizza Ranch
- Shake Shack
- Slim’s Chickens
- Cheba Hut
- Portillos
- Lane’s Chicken Fingers
- Wahlburgers
- Papa Johns
- Popeye’s Louisiana Kitchen
- Dave’s Hot Chicken
- Wing Stop
- Panda Express
- Chipotle Mexican Grill
- Scooters Coffee

To construct a new fast-food restaurant on the out lot of the sites noted above would range between \$2-\$3 million. The economic impact based on construction alone for a \$3 million development is broken down in the table below.

Impact Type	Employment (Job Yrs.)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	18	\$921,358	\$1,314,461	\$1,380,304	\$3,114,477
Indirect Effect	6	\$407,043	\$454,940	\$729,492	\$1,433,838
Induced Effect	8	\$434,990	\$482,391	\$854,234	\$1,486,257
Total Effect	33	\$1,763,391	\$2,251,792	\$2,964,030	\$6,034,572

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

The taxable value of a \$3 million development would equate to approximately \$2.25 million.

B-4 zoning implications: B4 does not allow fast food as a conditional use.

B2/PUD zoning implications: Would this affect the open space ratio?

ID #17: 11512-11520 N. Port Washington Rd.

Current Use: This Class B office complex, originally constructed in 1986, is comprised of five 2 story office buildings and some maintenance garages. There are between 8-24 tenants per building.

Site statistics: The site is 5.57 acres with 55,000 sq. ft. developed. The total assessed value of the property is \$3,518,100. Zoned B3.

There are numerous spaces available for rent within these five buildings, comprising a significant amount of the office vacancy on Port Washington Rd. This site is a candidate for redevelopment.

The redevelopment of this site could attract a high-quality hotel, and/or entertainment complex with bars, live music venues, indoor sports and e-sports (rock climbing, golf simulators, laser tag, trampoline park, virtual reality (VR), augmented reality (AR), and interactive/gamified attractions) and cultural attractions (art, drama, and music).



The growing trend among young people to prioritize experiences over material possessions is the primary factor anticipated to drive the global family/indoor entertainment centers market.

The decreasing number of shopping centers is a major factor to challenge the market growth.

<https://www.kdmarketinsights.com/reports/familyindoor-entertainment-centers-market/7591>

A new 100 room mid-to-high end hotel would be an approximate \$20-\$40 million development investment. Likewise for an entertainment complex. At construction costs of \$30 million, the economic impact of the construction of these developments over ten years appears as follows:

Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	177	\$9,213,581	\$13,144,607	\$13,803,037	\$31,144,773
Indirect Effect	65	\$4,070,427	\$4,549,395	\$7,294,925	\$14,338,379
Induced Effect	84	\$4,349,905	\$4,823,914	\$8,542,340	\$14,862,569
Total Effect	326	\$17,633,912	\$22,517,916	\$29,640,302	\$60,345,721

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

The taxable value of a \$30 million development would be approximately \$21-23 million.

Challenge: The owner is interested in redeveloping this site but will have the significant costs of surrendering tenant revenue and demolition and site clearance prior to development of the site. This will add significant costs and could challenge the financial viability of the project.

Solution: The City should work with the owner/developer to analyze redevelopment costs and be prepared to support the redevelopment by filling financing gaps with tax increment financing.

ID #34: 11249 N. Port Washington Rd.

Current use: This parcel was formerly a bank, now vacant and unproductive.

Site statistics: The site is owned by Concord 45, LLC and currently assessed at \$613,800. The site is 0.79 acres and currently zoned B2.



This site is prime for redevelopment, and the most productive use of the site would be to demolish the existing structure and market it for sale for commercial purposes, such as free-standing retail, restaurant, bar/pub, or medical offices. The gap analysis shows the following businesses would be suitable for this site:

- BoxLunch
- Poolwerx
- Golf Galaxy
- Adidas
- Hibbett Sports
- Naf Naf Grill
- Mooyah
- Cooper’s Hawk Winery & Grille
- Taco John’s
- IHOP
- 7 Brew’s Coffee
- Smoothie King
- Café Zupas
- Caribou Coffee
- Panda Express
- Crumbl Cookies
- Wahlburgers
- Wingstop
- Mad Chicken
- Buffalo Wild Wings
- Chipotle Mexican Grill
- Noodles & Company
- Popeyes Louisiana Kitchen
- Papa John’s Pizza



Businesses from the list above or similar businesses could be established as a freestanding store or constructed into a small multi-tenant building with 3-4 tenants. This site could also host 3-4 medical offices in a freestanding center.

Sites with existing buildings that are not going to be repurposed are most expensive to redevelop. The new development needs to support the demolition, construction and build-out for new tenants. If rents from new tenants will not support the debt necessary to redevelop the property, these projects are not feasible.

A new 12,000 sq. ft. building on the site at an average cost per square foot of \$388 (<https://www.bigrentz.com/blog/commercial-construction-cost-per-square-foot>) would cost \$4,656,000.

The taxable value of the property would be approximately \$3.5 million, increasing the taxable value from its current value by \$2.9 million.

Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	27	\$1,429,948	\$2,040,043	\$2,142,231	\$4,833,669
Indirect Effect	10	\$631,730	\$706,066	\$1,132,172	\$2,225,316
Induced Effect	13	\$675,105	\$748,671	\$1,325,771	\$2,306,671
Total Effect	51	\$2,736,783	\$3,494,781	\$4,600,175	\$9,365,656

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

Challenge: If the owner does not choose to redevelop and sells the site, the new developer will have to invest in acquisition and demolition prior to development.

Solution: The City may need to fill a financing gap and support demolition and site clearance.

ID #56: 10921 N. Port Washington Rd.

Current use: Parcel #56 is currently a vacant developable parcel.

It is currently owned by I-Mequon 1, LLC, who also owns the parcel Arby's (#59) is located on. Parcel #57 holds a regional stormwater retention basin.

Site Statistics: Site #56 is 3.39 acres and assessed at \$1,361,600. Zoning is B2/PUD. Located in TID #4

Site #56 is well-suited for a mixed-use high density residential, or senior housing.

A 48-unit assisted living senior housing complex (or multifamily not age-restricted) could be constructed. In that scenario, we would estimate development costs to be \$13-\$16 million.



Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	94	\$4,913,910	\$7,010,457	\$7,361,620	\$16,610,546
Indirect Effect	34	\$2,170,894	\$2,426,344	\$3,890,627	\$7,647,136
Induced Effect	45	\$2,319,949	\$2,572,754	\$4,555,915	\$7,926,703
Total Effect	174	\$9,404,753	\$12,009,555	\$15,808,161	\$32,184,385

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

A construction project valued at \$16 million would potentially result in an assessed value of \$11.5-\$12 million of new taxable value.

These sites are currently vacant so there would be no up front costs such as demolition, however site work (wetland delineation, infrastructure installation, environmental testing) would add to the costs to develop.



ID #67: 10850 N. Port Washington Rd.

Current use: Steins Garden Center

Current assessed value: \$3,286,000

Site size: 7.19 acres

Current zoning: B2

Located in TID #4



This site is a large site abutting retail and would be appropriate for more retail and restaurants, and/or a large indoor entertainment venue. Steins Garden Center appears to be growing beyond what this site can provide and may need a larger space in the near future.

This site would be a great place for Wisconsin's first location for Chicken N Pickle, a vibrant environment, where families, friends and colleagues can create memories and connect through playful experiences, delicious food, and shared celebrations in a playful backyard setting that fosters human connection and support for its neighbors. The indoor/outdoor entertainment complex (consuming 1.5 acres or more) includes a casual, chef-driven restaurant and sports bar that boasts pickleball courts, a variety of yard games (shuffleboard, corn hole and ping pong) and enough space to kick back and relax with friend. The restaurant is known for wood-fired rotisserie chicken, pulled pork and grass-fed beef sandwiches, creative salads and hand-cut fries.

Other possible restaurants appropriate for this site include:

- Cooper's Hawk Winery & Restaurant
- IHOP
- Noodles & Company
- Wahlburgers
- Panda Express
- Café Zupas
- Mooyah
- Chili's
- Olive Garden
- Buffalo Wild Wings

For a Chicken N Pickle location plus another restaurant on this site, development costs could total more than \$12 million. For a new \$12 million restaurant(s) and entertainment complex, that would provide approximately \$7,000,000 in taxable value (versus the current value of \$3.2 million). This business would create approximately 20-40 jobs, many of which would be part time. However, for every job created in the arts/entertainment/recreation industry, 2.9 additional jobs are created (<https://camoinassociates.com/resources/the-multiplier-effect-which-industries-are-the-biggest-job-creators>). Other impacts of the site developed in this fashion include:

Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	106	\$5,413,073	\$8,026,963	\$9,422,922	\$12,457,066
Indirect Effect	15	\$853,050	\$939,228	\$1,538,500	\$2,931,792
Induced Effect	43	\$2,206,542	\$2,446,937	\$4,333,249	\$7,539,226
Total Effect	164	\$8,472,665	\$11,413,128	\$15,294,671	\$22,928,084

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

Challenge: If the owner does not choose to redevelop and sells the site, the new developer will have to invest in acquisition and demolition prior to development.

Solution: The City may need to fill a financing gap and support demolition and site clearance.

IDs #77 & 78: 10500-10520 N. Port Washington Rd.

Current use: Vacant/blighted office building

Current assessed value: \$1,243,500 and \$930,300 = Total Site = \$2,173,800

Site size: 1.91 acres and 2.14 acres = Total Site = 4.05 acres

Current zoning: B2

Assembled into one site, this site would be a 4.05-acre site and provide a prime opportunity for redevelopment.

A waterpark hotel or hotel with indoor entertainment would be a good opportunity for this site. One example is in Eau Claire, WI, called the Metropolis Resort. This is a 111 room hotel with indoor water park and other entertainment amenities.

Without a hotel, an indoor entertainment complex would also be a good opportunity for this site. The family indoor entertainment center (FEC) is a type of indoor venue that provides a range of activities and attractions. The highest frequency users are teens (12-18 years) and families with young children. Activities offered include arcade games, mini-golf, laser tag, trampoline parks, bowling, and virtual reality experiences, often also offering food and beverage options from snack counters to full service restaurants (<https://www.alliedmarketresearch.com/family-entertainment-centers-market>). An entertainment venue for this site could be constructed to maximize the 4 acre site and allow room for surface parking. The venue could also target adults with bowling, live music, shuffleboard, billiards, and a brew pub or distillery concept.

Leaders in indoor entertainment center development include the following key players: Dave & Buster's Entertainment, Inc., CEC Entertainment, Inc., The Walt Disney Company, Cinemark Holdings, Inc., Smaaash Entertainment Pvt. Ltd., KidZania, Merlin Entertainment plc., Main Event Entertainment, Namco USA, Inc., Timezone Entertainment Pvt. Ltd. (<https://markwideresearch.com/family-indoor-entertainment-centers-market>)

A new entertainment center on the site at approximately 60,000 -75,000 sq. ft. would be an investment of more than \$15 million. This development would be assessed at approximately \$12 million, increasing the tax base by close to \$10 million. This business would create approximately 30-50 jobs, many of which would be part time. However, for every job created in the arts/entertainment/recreation industry, 2.9 additional jobs are created.

Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	133	\$6,766,341	\$10,033,704	\$11,778,653	\$15,571,333
Indirect Effect	19	\$1,066,312	\$1,174,035	\$1,923,125	\$3,664,740
Induced Effect	54	\$2,758,177	\$3,058,671	\$5,416,562	\$9,424,032
Total Effect	206	\$10,590,831	\$14,266,410	\$19,118,339	\$28,660,105

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

This development would be assessed at approximately \$12 million, increasing the tax base by close to \$10 million. This business would create approximately 30-50 jobs, many of which would be part time. However, for every job created in the arts/entertainment/recreation industry, 2.9 additional jobs are created (<https://camoinassociates.com/resources/the-multiplier-effect-which-industries-are-the-biggest-job-creators>).

Challenge: If the owner does not choose to redevelop and sells the site, the new developer will have to invest in acquisition and demolition prior to development.

Solution: The City may need to support the redevelopment of this area by 1) financially filling a gap in development costs for site assembly and/or demolition of existing buildings, or 2) assembling the property and demolishing the buildings and marketing a shovel-ready site.



Parcel #79: 10401 N. Port Washington Rd.

Current Use: Motel

Current Assessed Value: \$2,025,700

Site size: 2 acres

Current Zoning: B2

Located in TID #5

This motel is in operation and is identified online as a 53 room, 2-star motel. Rooms start at \$89/night.

This two-acre site has the potential to deliver more value to the community. The site could host a mixed-use building with the main level commercial development and two upper stories of multifamily residential development.

If the site could accommodate underground parking for residents and surface parking for some residential and the commercial tenants. In the configuration shown here, this building holds 10 apartments, 8 townhomes and 5,000 sq ft of retail development. A local coffee shop, salon, and other retail/commercial stores would be a good fit for this space.

A mixed-use building of approximately 10,000-12,000 square feet per floor, with three floors would be an investment of approximately \$10,000,000. This would increase the value of the taxable development on the site by approximately \$8 million. Economic impact is shown below:



Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	89	\$4,510,894	\$6,689,136	\$7,852,435	\$10,380,888
Indirect Effect	13	\$710,875	\$782,690	\$1,282,083	\$2,443,160
Induced Effect	36	\$1,838,785	\$2,039,114	\$3,611,041	\$6,282,688
Total Effect	137	\$7,060,554	\$9,510,940	\$12,745,559	\$19,106,737

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

Challenge: If the owner does not choose to redevelop and sells the site, the new developer will have to invest in acquisition and demolition prior to development.

Solution: The City may need to fill a financing gap and support demolition and site clearance.

Additional land assemblage may make redevelopment more feasible.

ID #82: 1150 W. Donges Bay Rd.

Current Use: Vacant

Current Assessed Value: \$ 389,000

Site size: 1.25 acres

Current Zoning: B4/PUD

Located in TID #5

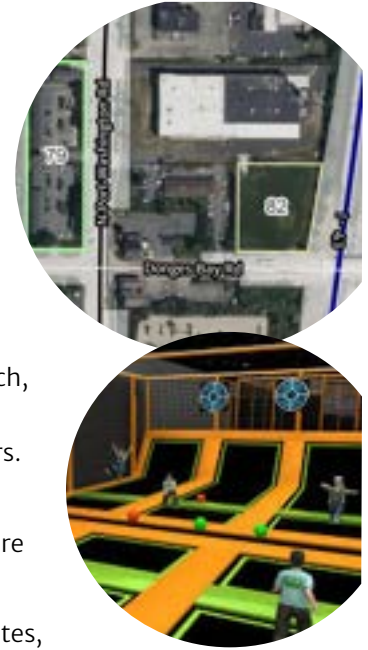
According to the B4 zoning, possible uses under that code include office and light industrial uses such as light manufacturing, wholesaling, warehousing, processing, distribution, research, printing, health clubs, salons, restaurants, bookstores, childcare, florists, gift shops, pharmacies, studios, vehicle services, satellite dishes, public and private utilities, and theaters.

This site could host any one of several single uses. A freestanding business to business type entity, such as a wholesaler for contracting supplies, or a retail use such as an auto parts store would be appropriate.

However, in keeping with the entertainment and recreation uses recommended for nearby sites, this site would also be a good location for a health club, cross fit gym, or small retail center hosting a variety of tenants in that category (a cross fit gym, Pilates/yoga studio, stretching studio, Orange Theory, or other boutique fitness center.

Also, in keeping with the recreation category, a bowling alley, trampoline park or other free standing entertainment venue would fit well here.

A 20,000 sq. ft. building with surface parking would be an approximate \$4,000,000 investment, which would increase this property's taxable value by over \$3.5 million.



Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	35	\$1,804,358	\$2,675,654	\$3,140,974	\$4,152,355
Indirect Effect	5	\$284,350	\$313,076	\$512,833	\$977,264
Induced Effect	14	\$735,514	\$815,646	\$1,444,416	\$2,513,075
Total Effect	55	\$2,824,222	\$3,804,376	\$5,098,224	\$7,642,695

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

A development such as those mentioned above would create 10-15 jobs.

Since this property is vacant land, the predevelopment investment would include possible acquisition and site work (wetland delineation, infrastructure installation, environmental testing).

ID #97: 10123 N. Port Washington Rd.

Current Use: Vacant

Current Assessed Value: \$ 1,733,200

Site size: 5.69 acres

Current Zoning: B3



This site would be well-suited for high-density residential or senior housing.

The site abuts residential to the west and could be configured in such a way as to maximize the site for residential development, minimizing the impact of living on N. Port Washington Rd.

The B3 zoning district is a district primarily for office and related uses, so this site may be a candidate for rezoning.

This site (if completely usable) could hold 150 units of multifamily residential, configured in six 3- story buildings of 16 units each. The buildings could be constructed in phases based on market absorption, with ground level parking to match up with each unit (occupying the first story), and a minimal amount of surplus surface parking. A development of this type would need an investment of approximately \$25 million.

This development could also be configured for senior living, and depending on need this property was targeting, could accommodate a cluster of assisted living units in combination with non-age restricted multifamily residential development.

A \$25 million residential development would have the following economic impact:

Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	222	\$11,277,236	\$16,722,839	\$19,631,088	\$25,952,221
Indirect Effect	32	\$1,777,187	\$1,956,725	\$3,205,208	\$6,107,901
Induced Effect	89	\$4,596,962	\$5,097,786	\$9,027,603	\$15,706,720
Total Effect	343	\$17,651,385	\$23,777,349	\$31,863,898	\$47,766,842

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

A \$25 million residential development would generate an assessed value of approximately \$18,750,000, creating an increase in assessed value of over \$17 million.

Since this property is vacant land, the predevelopment investment would include possible acquisition and site work (wetland delineation, infrastructure installation, environmental testing). If this site has wetland issues, as was reported to be the case, it will diminish the amount of developable land, but the City could work with the property owner to mitigate or replace the wetlands elsewhere and work toward the development of this site.

IDs #101, 102, 103, 104, 105

10050, 10046, 10036, 10000, and 9900-9950 N. Port Washington Road

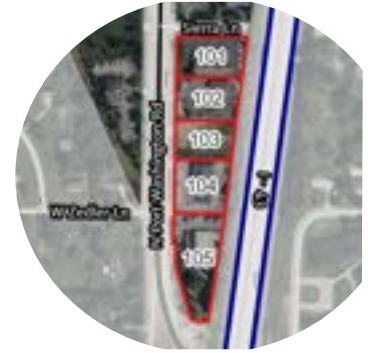
Current Use: four commercial properties and one vacant parcel

Current Combined Assessed Value: \$ 4,576,300

Site size: 4.82 acres

Current Zoning: B2

Located in TID #5



These properties, located on the south end of the N. Port Washington Road corridor are a collection of tired, underperforming sites with individual commercial structures. Each lot is approximately 1-acre and holds a retail or office building valued at or less than \$1 million each. The structures are mostly single-story and range in size from 8,700 sq. ft. to 13,400 sq. ft., plus one vacant parcel (#104).



The most impactful redevelopment would be to assemble the sites and construct a single new development or combinations of new structures that are part of a planned development. Property assemblage may put this goal out of reach as the cost to assemble the properties could prohibit a positive financial return.

If the sites could be assembled two or three at a time, a mixed use development could be constructed, like the one pictured here. A mixed-use townhome development could total an investment of \$8-10 million. A separate single drive-thru restaurant and/or coffee shop would draw traffic and occupy one or two sites and could add an additional \$3 million to the site. Potential tenants could include Popeyes, WingStop, Dave’s Hot Chicken, Panda Express, Taco Bell, and Chipotle Mexican Grill, Caribou Coffee, or other local coffee shop.

An average \$12 million investment on the site would generate the following economic impact.

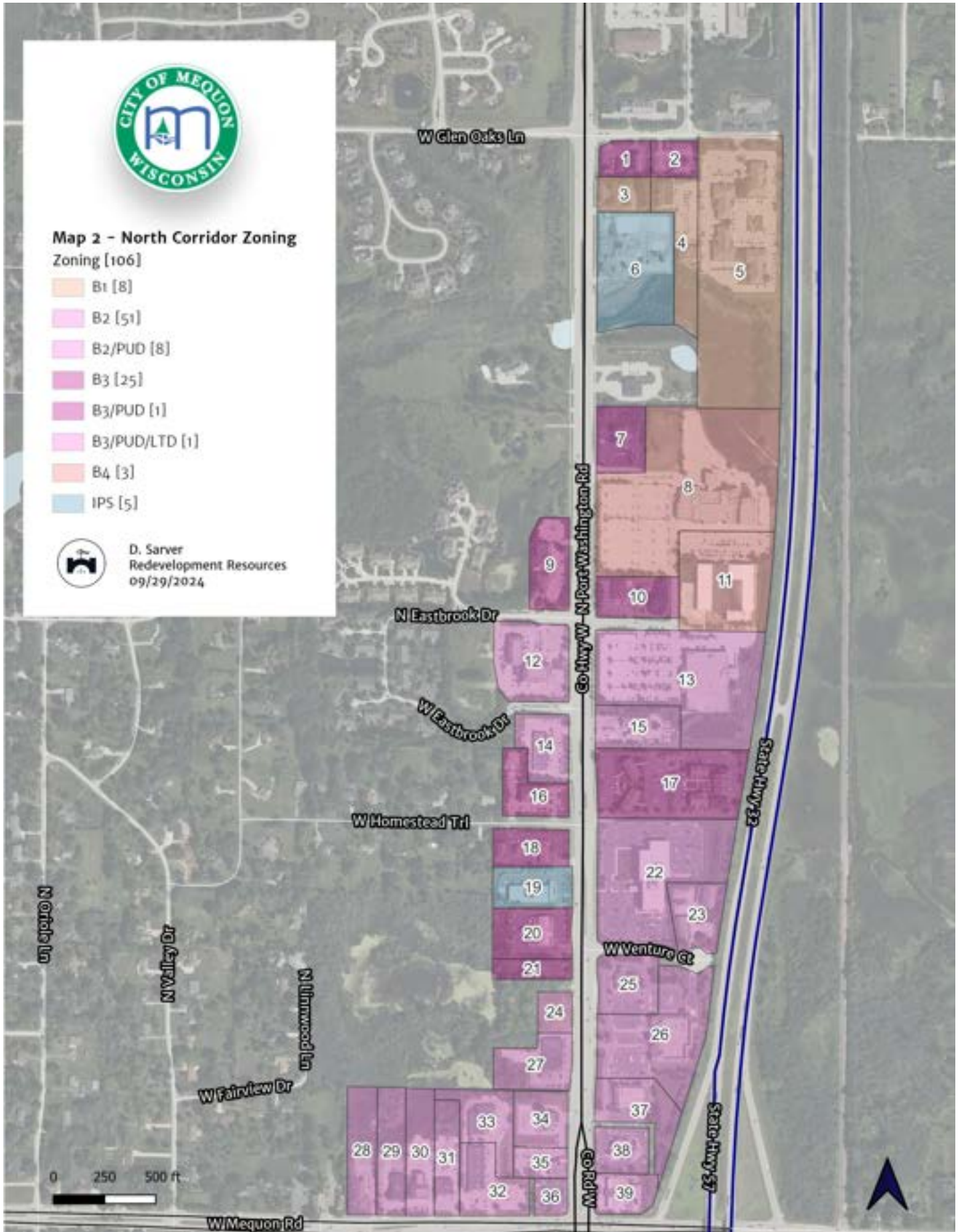
Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	106	\$5,413,073	\$8,026,963	\$9,422,922	\$12,457,066
Indirect Effect	15	\$853,050	\$939,228	\$1,538,500	\$2,931,792
Induced Effect	43	\$2,206,542	\$2,446,937	\$4,333,249	\$7,539,226
Total Effect	164	\$8,472,665	\$11,413,128	\$15,294,671	\$22,928,084

Source: Associated General Contractors of America Construction Impact Model (<https://www.agc.org/agc-construction-impact-model>)

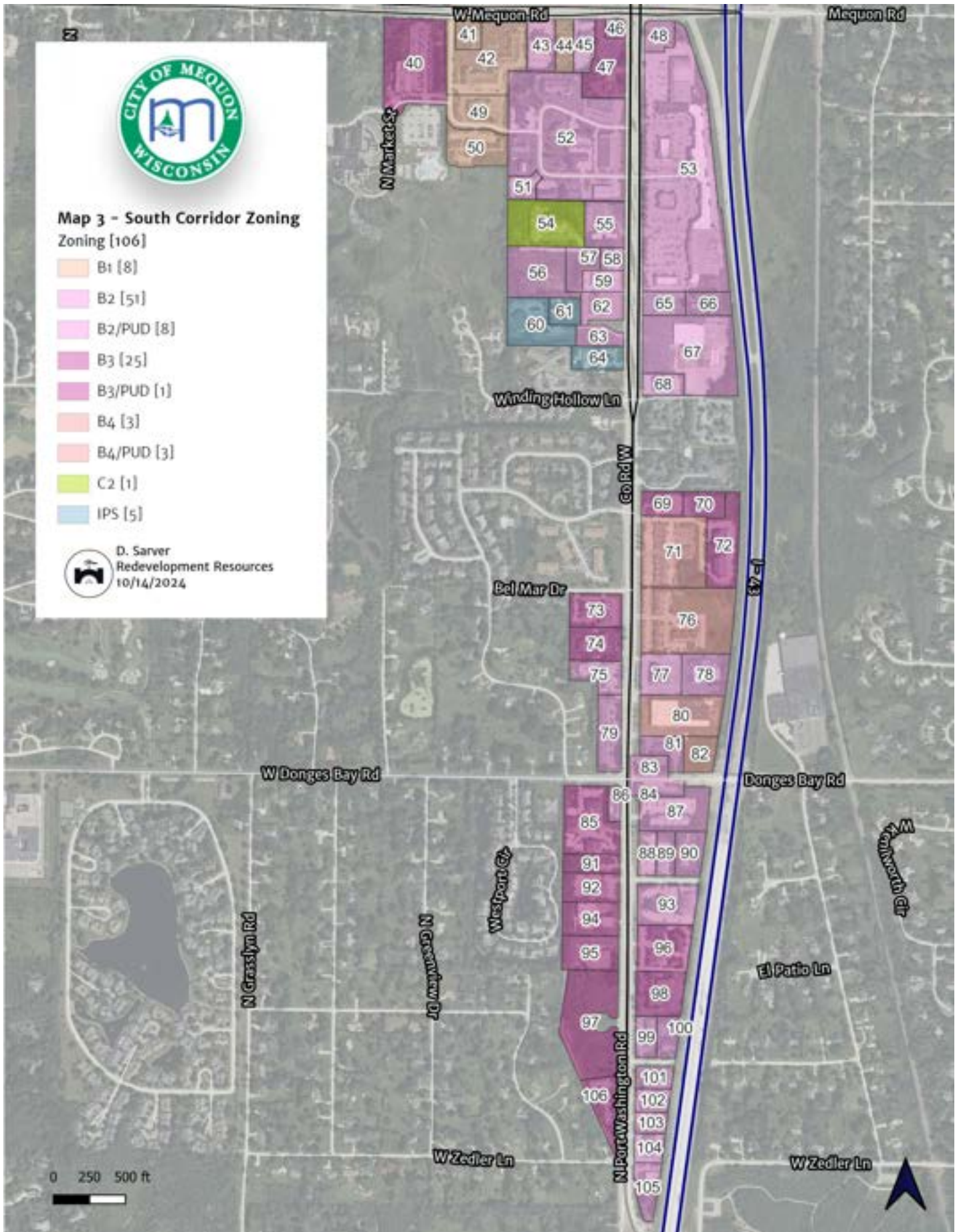
Challenge: If the owners all agree to sell their sites, the new developer will have to invest in acquisition and demolition prior to development. This could be cost prohibitive. If two to three contiguous sites are acquired the development could be completed in phases.

Solution: The City may need to support the redevelopment of this area by 1) financially filling a gap in development costs for site assembly and/or demolition of existing buildings, 2) assembling the property and demolishing the buildings and marketing a shovel-ready site, or 3) some combination of 1 and 2.

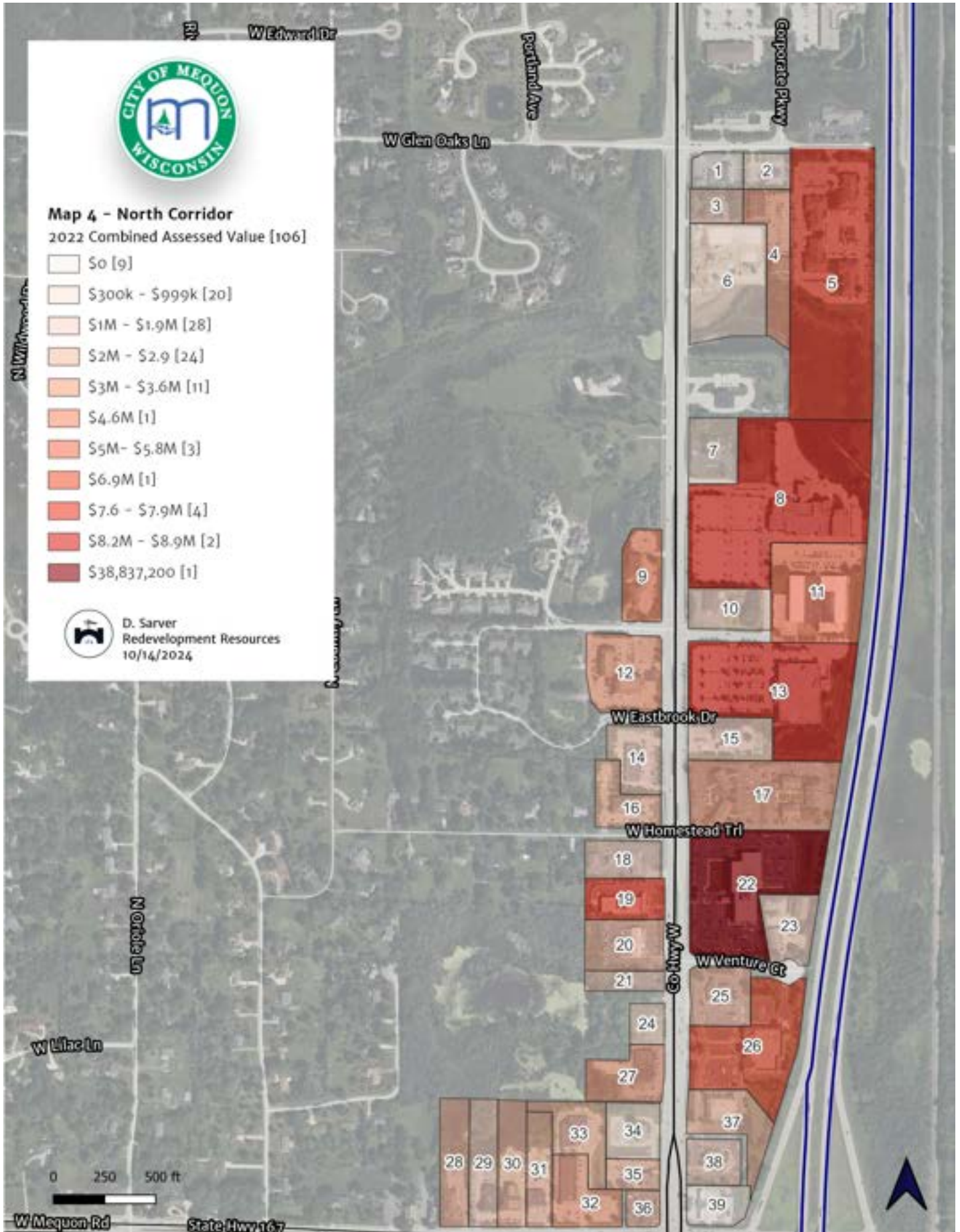
Appendix A - Maps



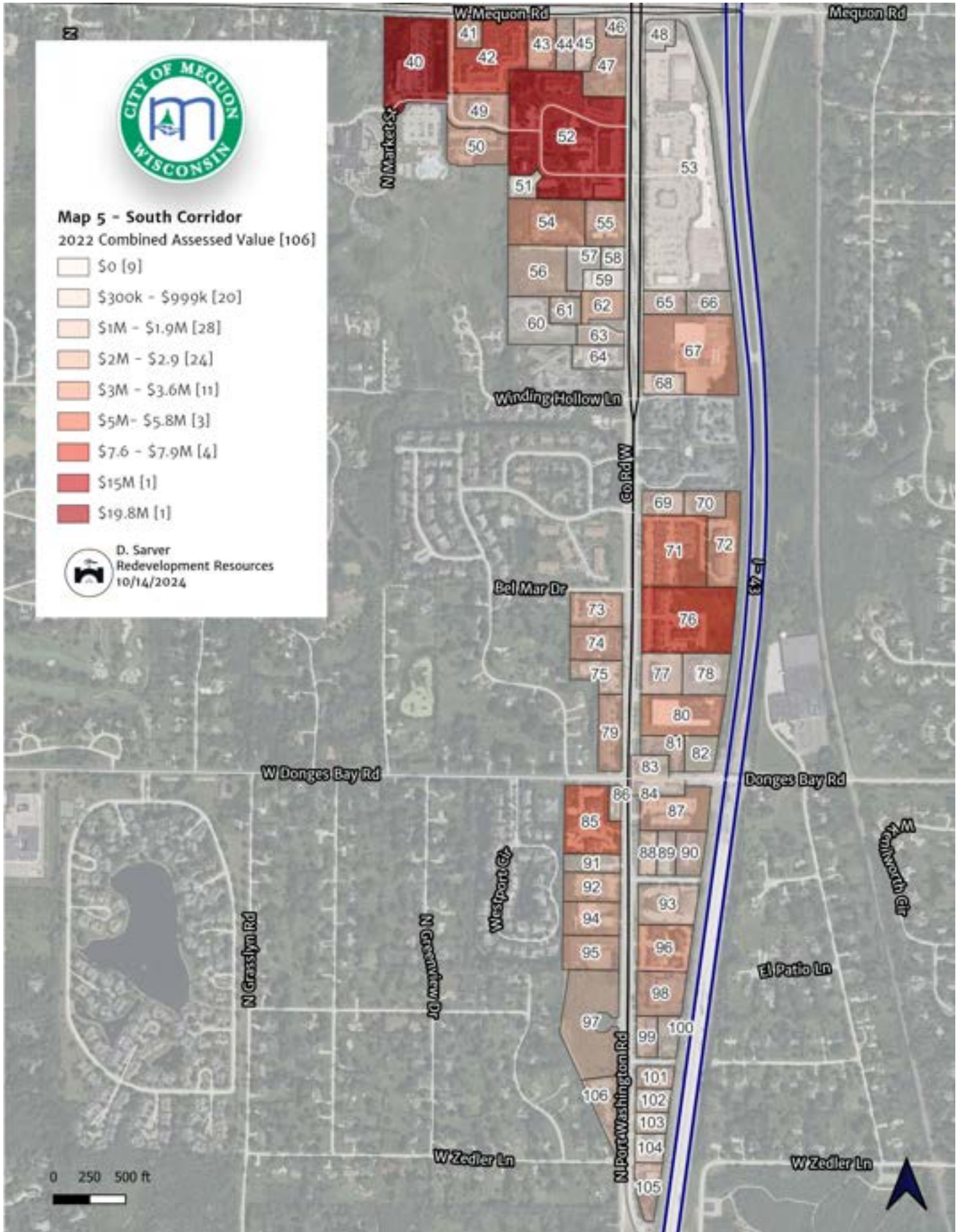
Attachment: CC Draft Final PW Rd Market Analysis 11.12.24 (9868 : Port Washington Road Market Analysis Final Report)



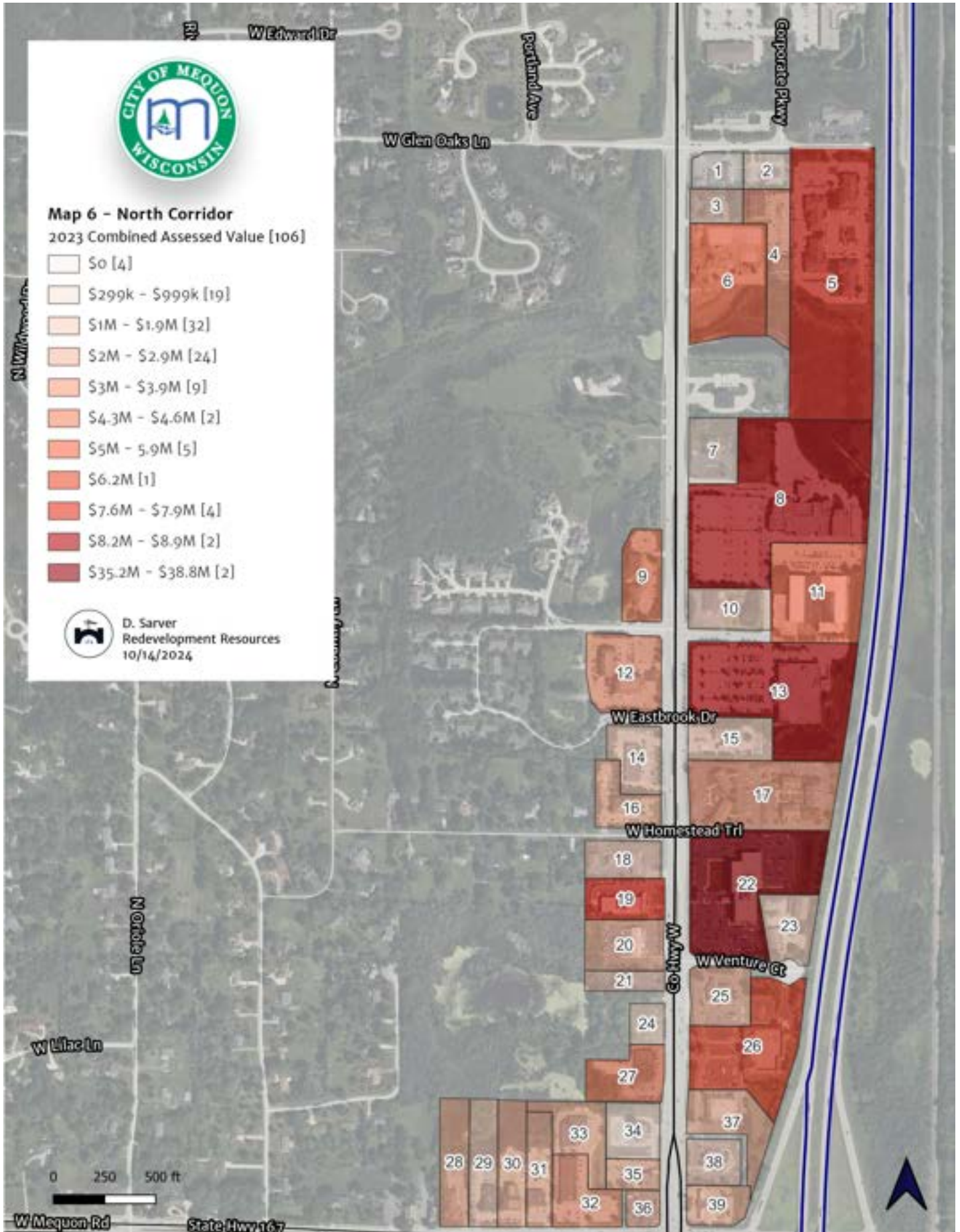
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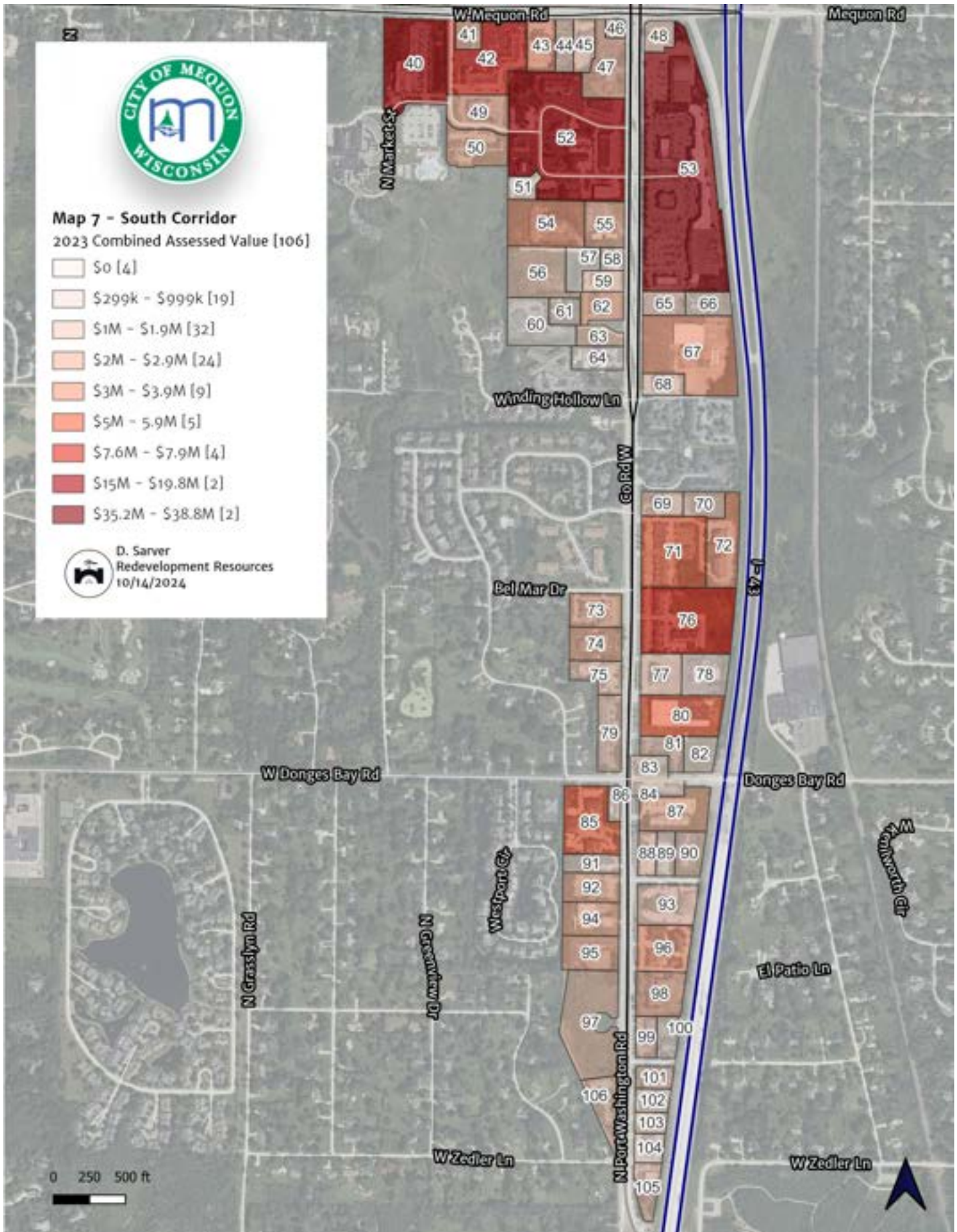
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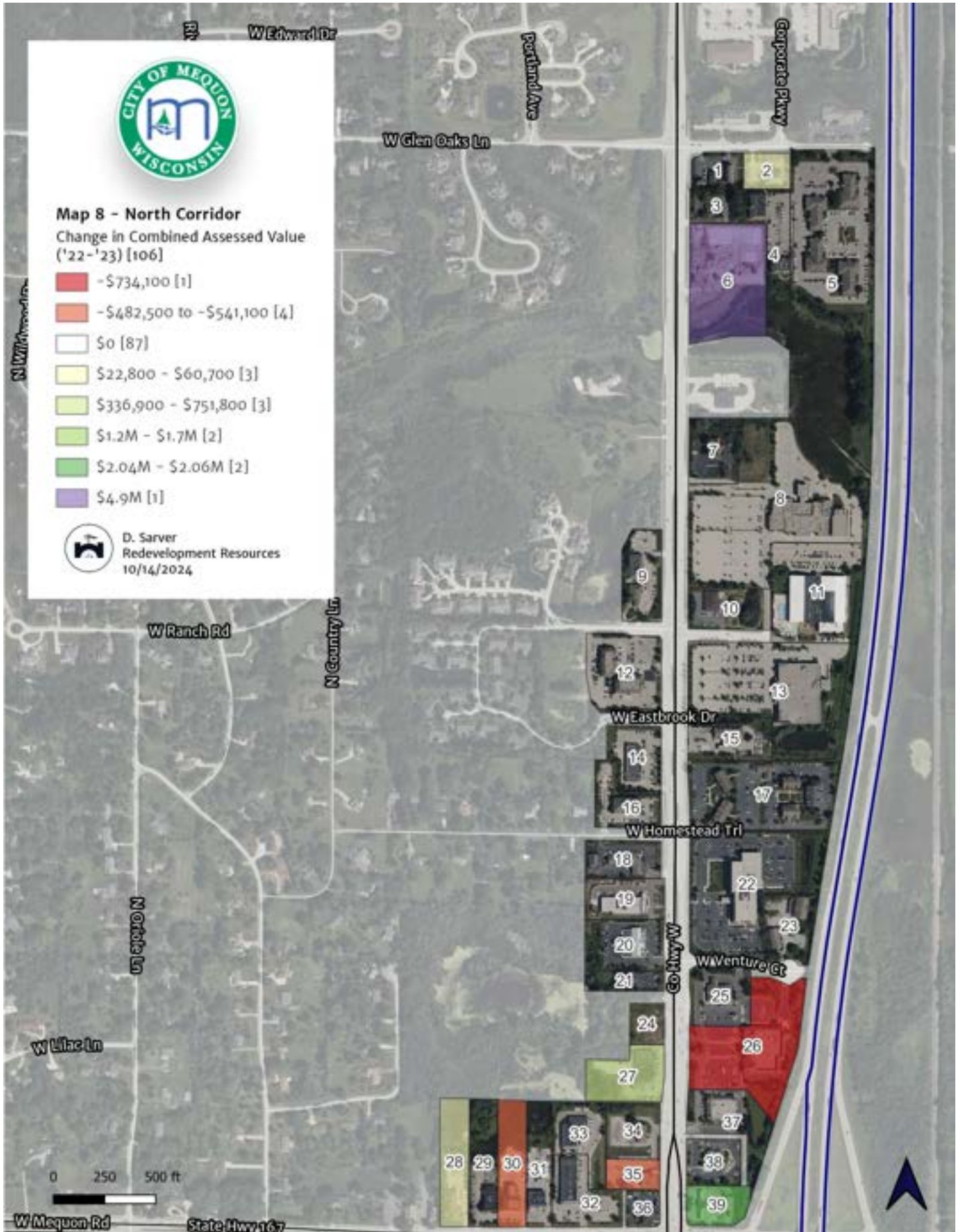
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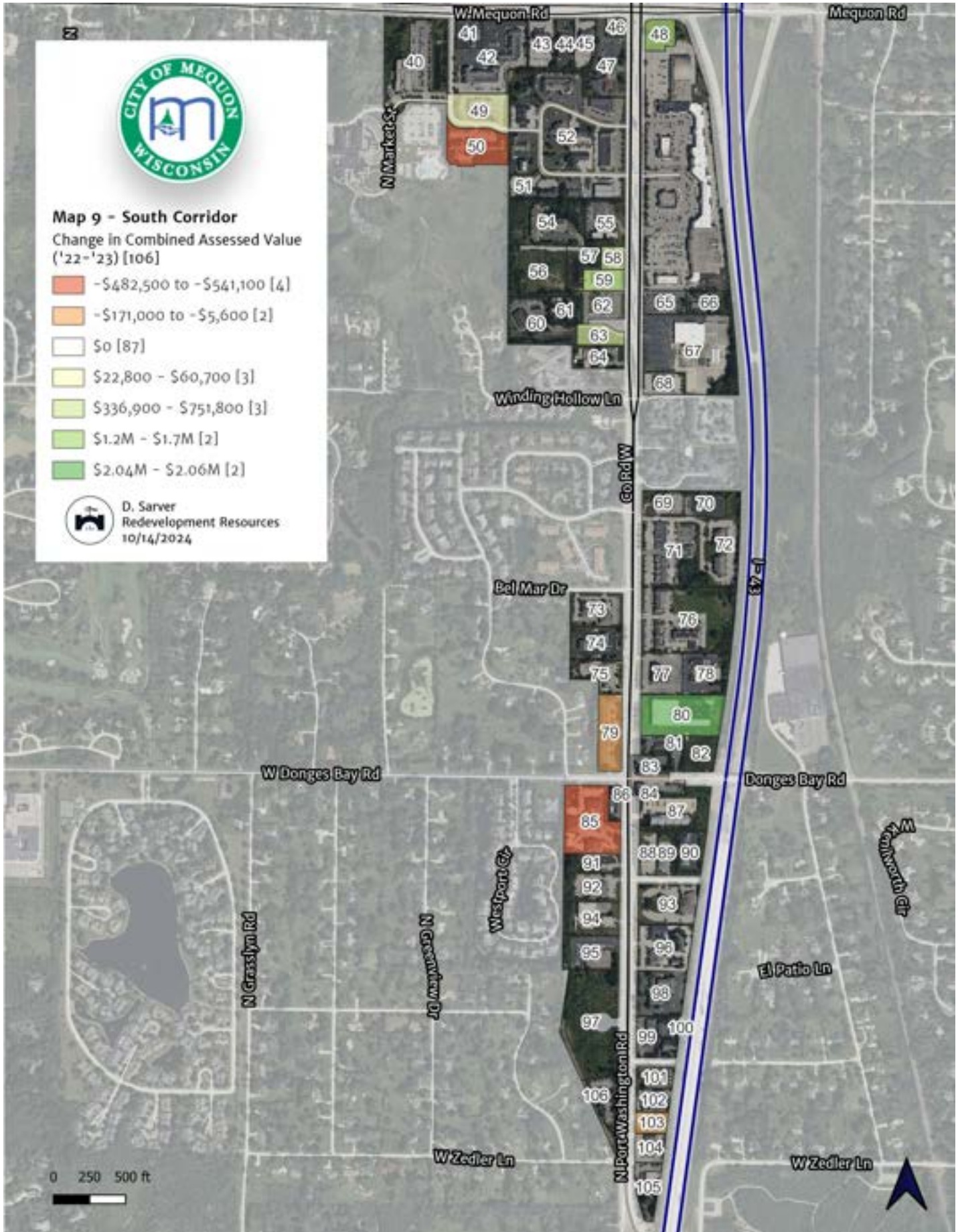


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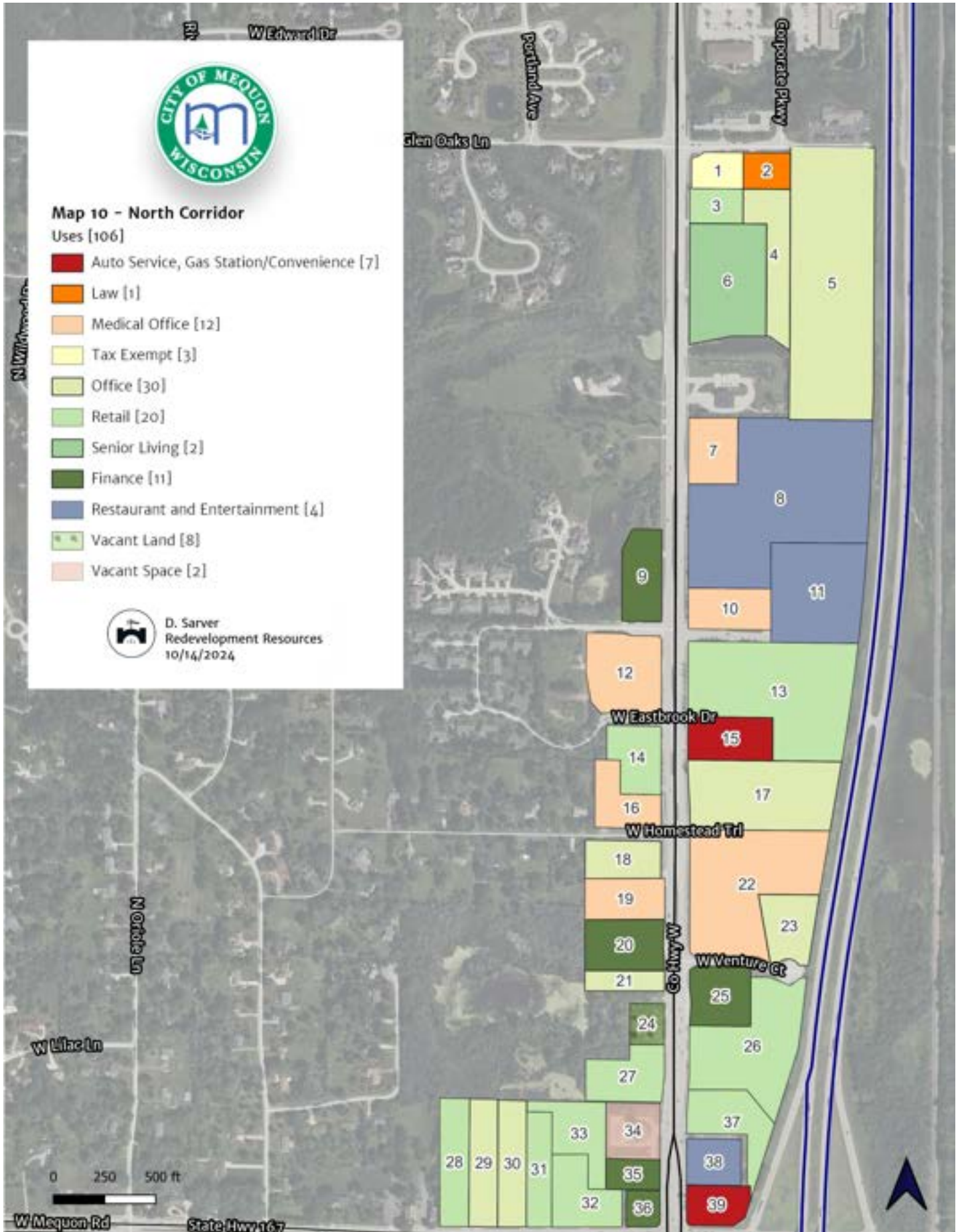


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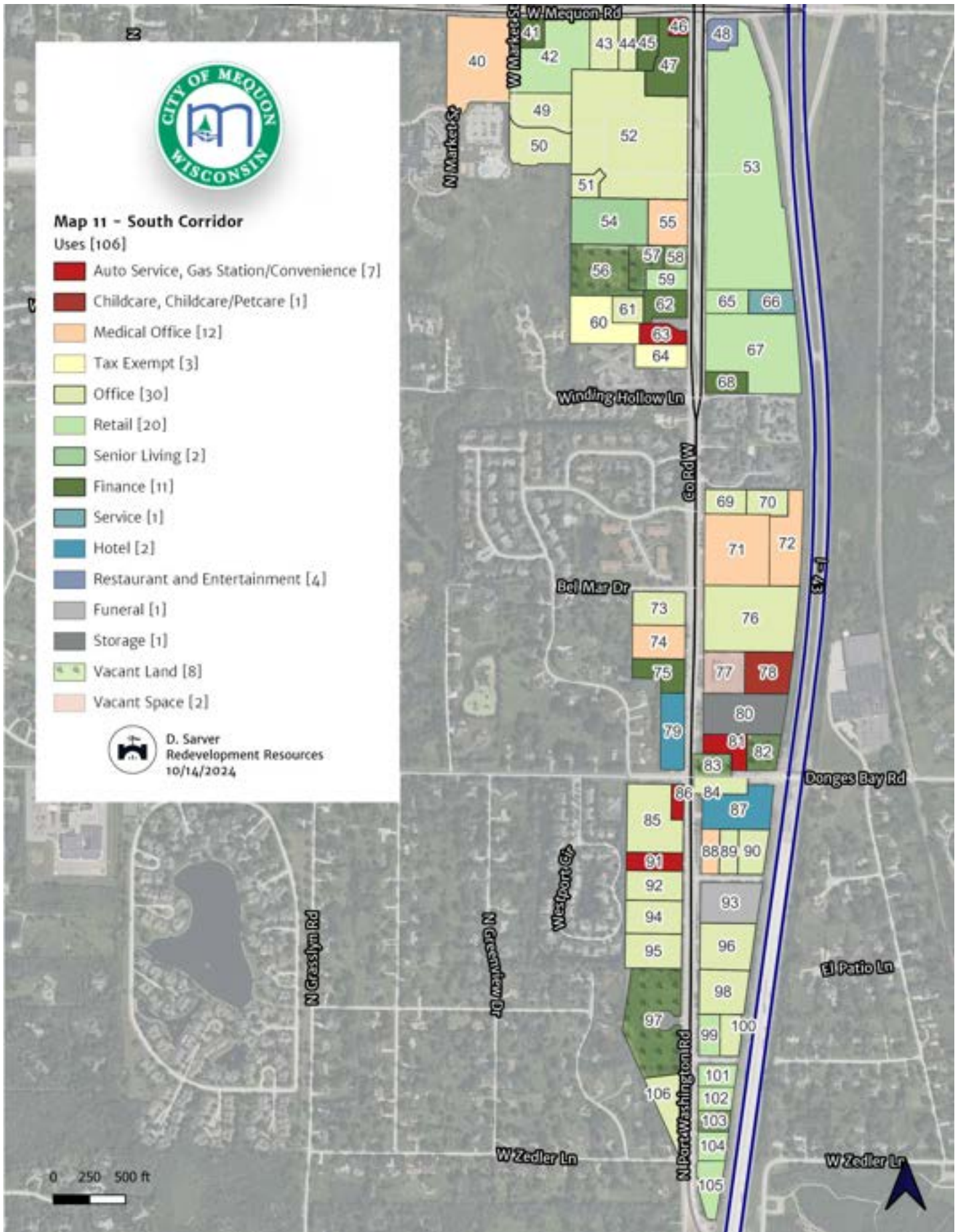




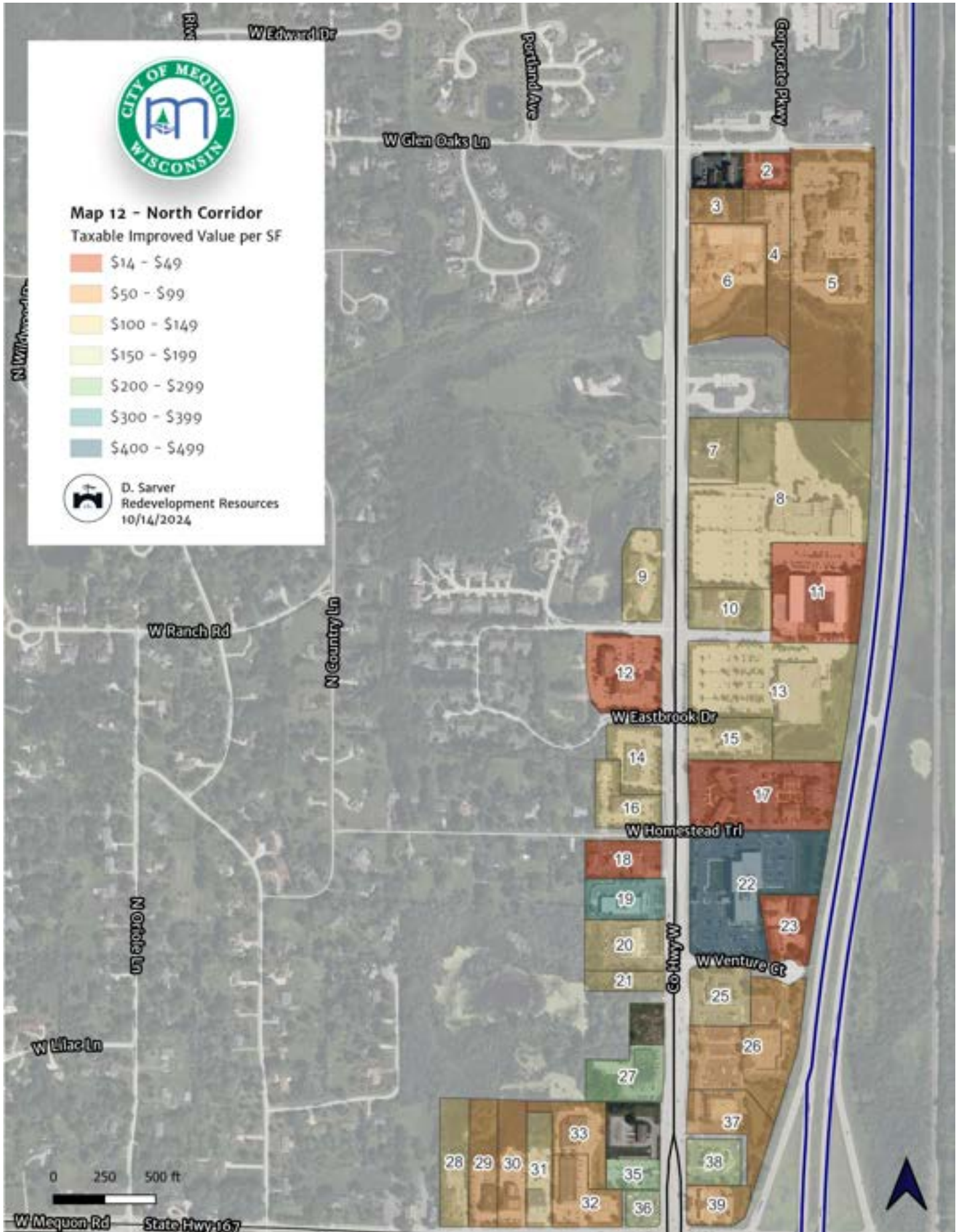
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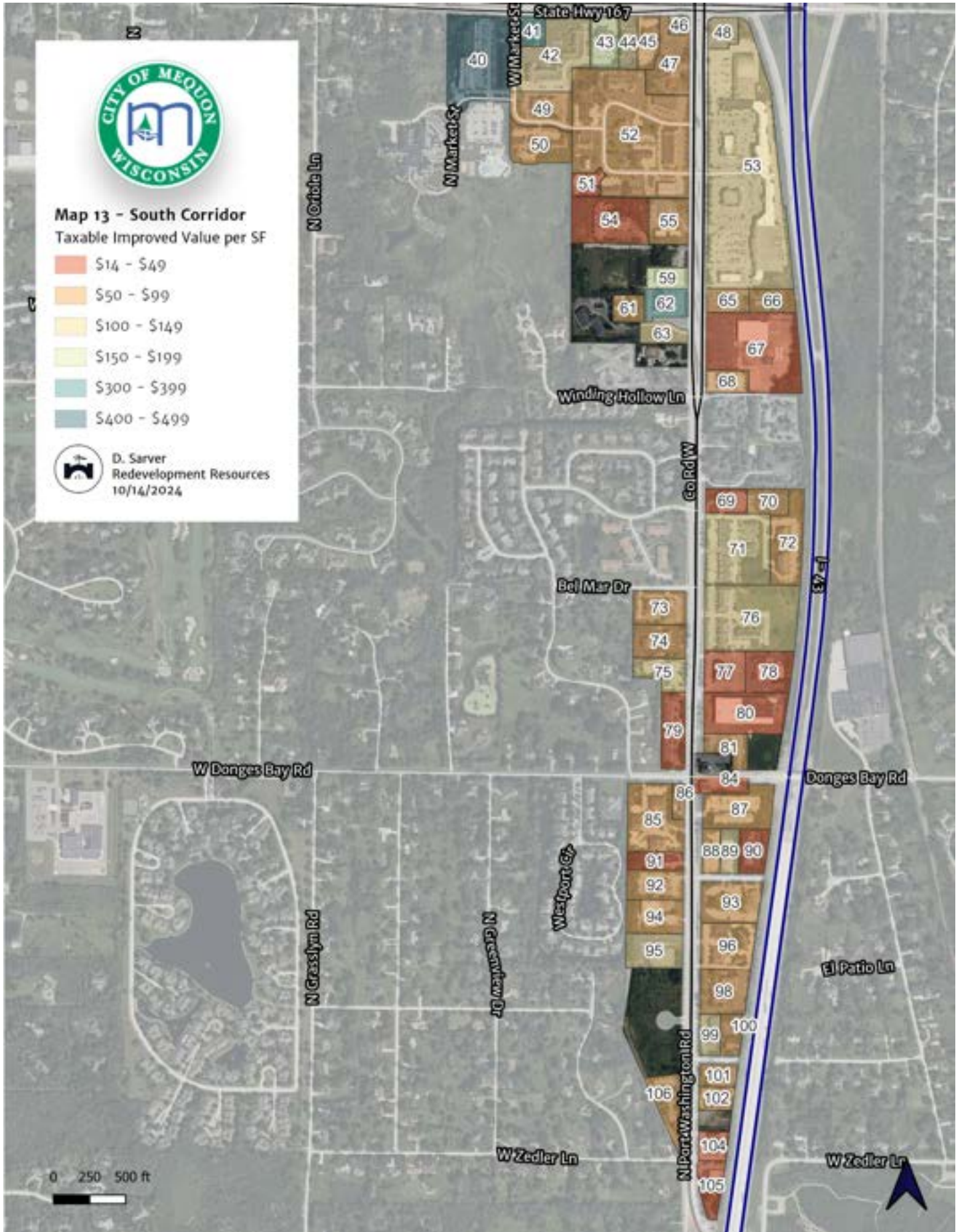
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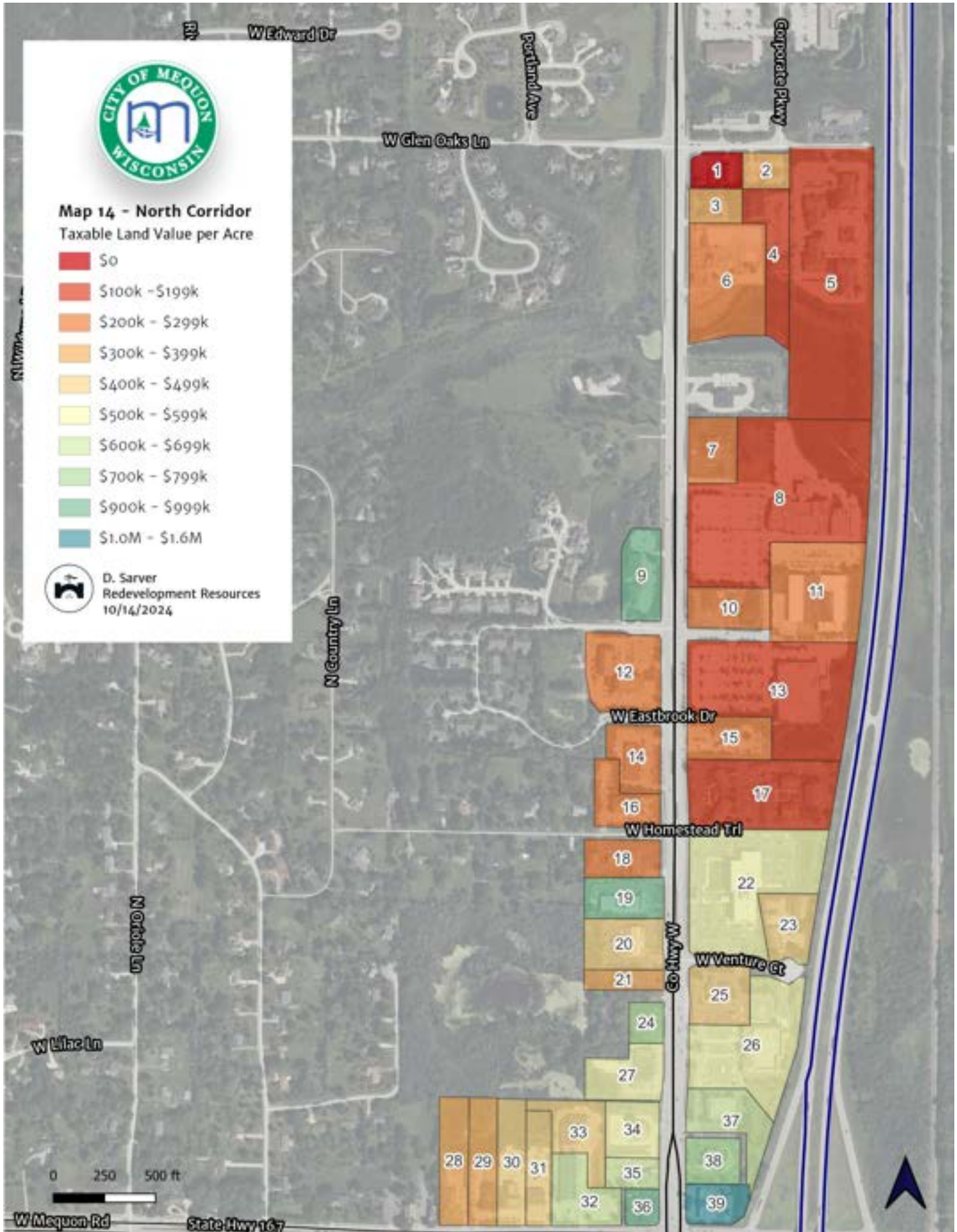
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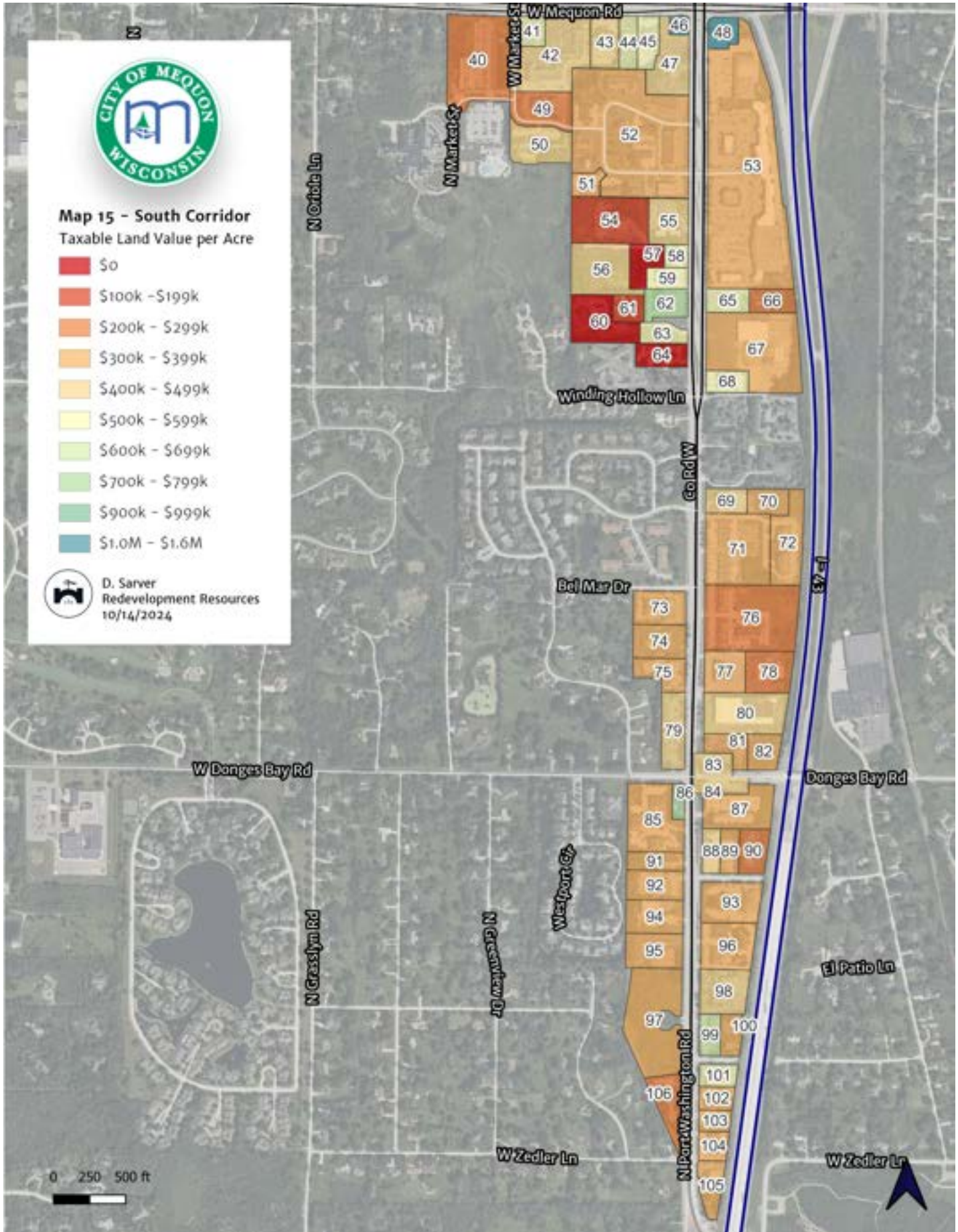
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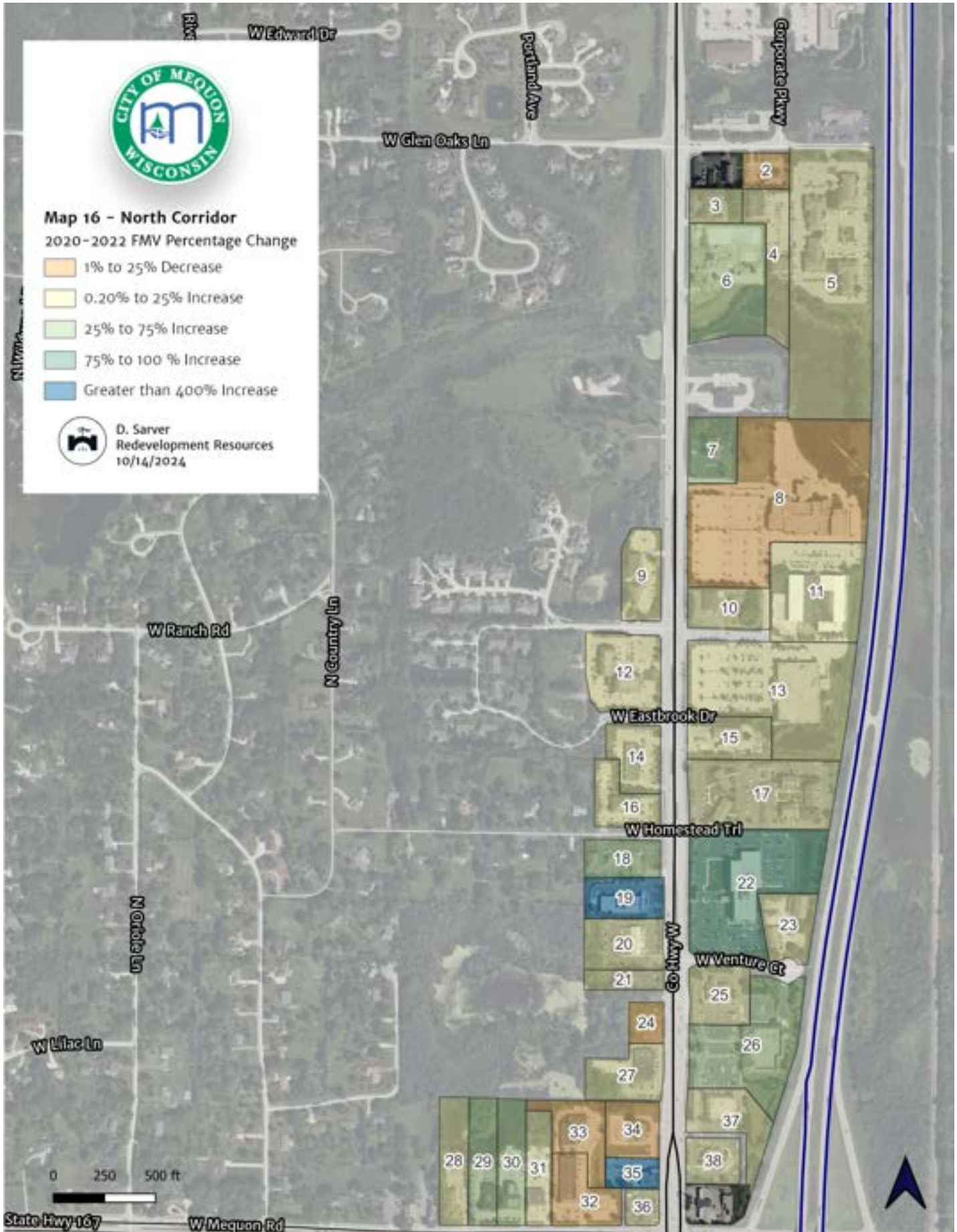
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Appendix B - Tapestry Segments

Exurbanites

These residents are now approaching retirement but showing few signs of slowing down. They are active in their communities, generous in their donations, and seasoned travelers. They take advantage of their proximity to large metropolitan centers to support the arts but prefer a more expansive home style in less crowded neighborhoods. They have cultivated a lifestyle that is both affluent and urbane.

- Established neighborhoods (most built between 1970 and 1990) found in the suburban periphery of large metropolitan markets.
- A larger market of empty nesters, married couples with no children; average household size is 2.50.
 - Primarily single-family homes with a high median value of \$423,400 (Index 204), most still carry mortgages.
- Higher vacancy rate at 9%.



Socioeconomic Traits

- Residents are college educated; more than half have a bachelor's degree or higher; nearly 81% have some college education.
- This labor force is beginning to retire. One in three households currently receive Social Security or retirement income. Labor force participation has declined to less than 60% (Index 95).
- More of the residents prefer self-employment (Index 178) or working from home (Index 177).
- Consumers are more interested in quality than cost. They take pride in their homes and foster a sense of personal style.
- Exurbanites residents are well connected, using the internet for everything from shopping to managing their finances.
- Sociable and hardworking, they still find time to stay physically fit.

Top Tier

The residents of the wealthiest Tapestry market, Top Tier, earn more than three times the US household income. They have the purchasing power to indulge any choice, but what do their hearts desire? Aside from the obvious expense for the upkeep of their lavish homes, consumers select upscale salons, spas, and fitness centers for their personal well-being and shop at high-end retailers for their personal effects. Whether short or long, domestic or foreign, their frequent vacations spare no expense. Residents fill their weekends and evenings with opera, classical music concerts, charity dinners, and shopping. These highly educated professionals have reached their corporate career goals. With an accumulated average net worth of over



US\$3 million dollars and income from a strong investment portfolio, many of these older residents have moved into consulting roles or operate their own businesses.

Married couples without children or married couples with older children dominate this market.

- Housing units are owner-occupied with the highest home values—and above-average use of mortgages.
- Neighborhoods are older and located in the suburban periphery of the largest metropolitan areas, especially along the coasts.

Socioeconomic Traits include:

- Top Tier is a highly educated, successful consumer market: more than one in three residents has a postgraduate degree.
- Annually, they earn more than three times the US median household income, primarily from wages and salary but also self-employment income (Index 177) and investments (Index 251).
- These are the nation's wealthiest consumers. They hire financial advisers to manage their diverse investment portfolios but stay abreast of current financial trends and products.
- Socially responsible consumers who aim for a balanced lifestyle, they are goal oriented and hardworking but make time for their kids or grandkids and maintain a close-knit group of friends.
- These busy consumers seek variety in life. They take an interest in the fine arts; read to expand their knowledge; and consider the internet, radio, and newspapers as key media sources.
- They regularly cook their meals at home, attentive to good nutrition and fresh organic foods.

In Style

These denizens embrace an urbane lifestyle that includes support of the arts, travel, and extensive reading. They are connected and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests. The population is slightly older and already planning for their retirement.

- This market segment is primarily married couples with no children or single households.



- Homeownership average at 68%; 47%, mortgaged.
 - Primarily single-family homes, in older neighborhoods (built before 1980), with a mix of townhomes and smaller (5–19 units) apartment buildings.
 - Median home value at \$243,900.
 - Vacant housing units at 8.6%.

Socioeconomic Traits



- College educated: 48% are graduates(Index 155); 77% with some college education.
 - Higher labor force participation rate is at 67% with proportionately more two-worker households.
 - Median household income of \$73,000 reveals an affluent market with income supplemented by investments and a substantial net worth.
 - Connected and knowledgeable, they carry smartphones and use many of the features.
 - Attentive to price, they use coupons, especially mobile coupons.

ECONOMIC DEVELOPMENT BOARD 2025 Meeting Schedule

Meeting Start Time is 8:00 a.m.

MEETING DATE
January 28th
February 25th
March 18th
April 22nd
May 20th
June 24th
July 29th
No August meeting unless needed
September 30th
October 28th
November 18th
No December meeting unless needed

Attachment: 2025 Meeting Schedule_DRAFT (9869 : 2025 Meeting Calendar)

NOTES:

- * ALL MEETINGS WILL BE HELD IN THE NORTH CONFERENCE ROOM AT 8:00 AM UNL ESS THE AGENDA SPECIFIES OTHERWISE.
- * MEETINGS WILL OCCUR THE 3rd or 4th TUESDAY OF EACH MONTH WHETHER THE BOARD HAS MET A QUORUM OR NOT AS LISTED ABOVE.
- * AN AGENDA OR PACKET WILL BE POSTED THE FRIDAY BEFORE THE MEETING.

11.15.2024