City of Mequon

11333 N. Cedarburg Road
Mequon, WI 53092
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www.ci.mequon.wi.us

ECONOMIC DEVELOPMENT BOARD

North Conference Room
Mequon City Hall
11333 N Cedarburg Road
7:30 AM
February 26, 2019

Agenda

1) **Call to Order, Roll Call**

2) **Approval of Meeting Minutes from January 22, 2019**

3) **Revolving Loan Fund Application By Screaming Tuna**
Discussion & Action

4) **Future Use of Revolving Loan De-Federalization of Funds**
Discussion & Direction

5) **Market Analysis of Moratorium Study Area**
Dated: January 18, 2019

6) **Staff Updates**

7) **Announcements**

8) **Adjourn**

Dated: February 22, 2019 **/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.
Persons with disabilities requiring accommodations for attendance at this meeting should contact the City Clerk's Office at 262-236-2914, twenty-four (24) hours in advance of the meeting.

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ECONOMIC DEVELOPMENT BOARD
Tuesday, January 22, 2019
7:30 AM
North Conference Room

Minutes

I) Call to Order

Present:
Chairman Timothy Carr
Alderman Kathleen Schneider
Board Member Rick Shneyder
Board Member Matson Holbrook
Board Member Gloria Rosenberg
Board Member Jonathan Safran
Board Member Bruce Sipiora
Board Member Janette Braverman
Board Member James Baka -- **Absent**
Alternate Alderman Andrew Nerbun -- **Excused**

II) Approval of Minutes from November 27, 2018

Action
Ald. Schneider made a motion to approve the minutes from November 27, 2018.
Ms. Braverman seconded the motion.
A voice vote was taken; vote passed (8-0)

As a follow up to the last meeting, there was discussion regarding apartments in the city. There was support among the EDB of the apartments as another option to obtain future home ownership as well as to support the proposed retail. There was general consensus that the apartments should be available in a staggered time frame and that no one wants to see the apartments sitting vacant. Ald. Schneider stated that at this time, there is not a desire from the Common Council to approve additional apartments.

Ms. Tollefson stated that the Common Council (CC) took two steps within the last year as it relates to apartments:

1. Amended the Town Center zoning to allow for single family housing development (which was not previously allowed).
2. Tightened up the use of the fast track formula in the Town Center TIF district to not

Attachment: January 22_2019_DRAFT Meetings (3925 : Meeting Minutes from January 22, 2019)

provide an incentive to a development that is only multi-family residential.

RESULT:	**Approved [Unanimous]**
MOVED BY:	Alderman Schneider
SECONDED BY:	Board Member Braverman

AYES:	Shneyder, Carr, Holbrook, Rosenberg, Safran, Sipiora, Braverman, Schneider

III) Revolving Loan Fund

1. Revolving Loan Fund

Kathleen Cady-Schilling, Executive Director of Ozaukee Economic Development (OED), discussed the status of the Revolving Loan Fund (RLF) program. She explained in March of 2018 OED was notified that the state was being audited and the RLF reporting did not need to be done going forward. She explained the history of the program and that all RLF loans came from Housing and Urban Development (HUD) which is a federal agency that funds Community Development Block grants. The state gave each community money to be loaned out to individual businesses and then it would revolve within each community. It was determined that not all programs were following the rules. The state decided they were going to eliminate the RLF programs. Mequon has five active loans with a cash balance of $475K in the fund.

Because all of Mequon's loans were originally received prior to 1992, it is a simple process of de-federalization. There is some paperwork to process and once all the funds are de-federalized, the funds can be used as desired. OED has updated some of the criteria required (included in packet) but the EDB should review the loan requirements and make any desired changes.

Some of OED recommendations include the following:

- Clean up the loan documents; eliminating all federal constraints
- 10 year maximum for all $25,000 loans
- 5 year maximum for loans less than $25,000 (match the bank loan terms)
- Make changes based on other recommendations from the EDB

The Board does wish to move forward with the process of de-federalization of the RLF program. The Board decided to adopt the changes suggested by OED (loan terms, loan fees and creation of job retention) and to continue to basically operate the RLF as it has been

Action

Ms. Braverman made a motion to approve the de-federalization of the RLF program.
Ms. Rosenberg seconded the motion.
A voice vote was taken; vote passed (8-0)

There was continued discussion about the available $475,000 funds and how the EDB wants

DRAFT

Attachment: January 22_2019_DRAFT Meetings (3925 : Meeting Minutes from January 22, 2019)

to use and distribute the funds. The Board will continue to discuss additional changes at the February meeting.

Action
Ald. Schneider made a motion to approve the changes made by OED to the RLF program.
Mr. Shneyder seconded the motion.
A voice vote was taken; vote passed (8-0)

Ms. Tollefson stated that her memo included in the packet, staff offers suggestions of ways to utilize the funds and would like feedback from the Board. She stated that staff recommendations include:

- $25,000 as seed money for the transportation program that the EDB would like to facilitate between the Business Park and Riteway Bus Company. This could be a one-time economic development expenditure or a loan.
- Redevelopment between Donges Bay and Cedarburg Road area. Ms. Tollefson did do a market analysis with Colliers of this area. She will get the report to the EDB before the February EDB meeting.
- Maintain a minimum of three loans at $50,000 each with a total of $150,000.
- Redevelopment loan for five loans at $50,000/each for major site or building rehab.
- Five loans at $10,000 for minor site improvements.

The Board was instructed to bring all suggestions and any desired changes to the next meeting.

RESULT: **Approved with Amendments [Unanimous]**
MOVED BY: Board Member Braverman
SECONDED BY: Board Member Rosenberg

AYES:	Shneyder, Carr, Holbrook, Rosenberg, Safran, Sipiora, Braverman, Schneider

IV) Plan for Transportation Coordination for Industrial Businesses

EDB's plan is to continue moving forward with the effort to facilitate a transportation program between the Business Park and Riteway Bus Company. The next step is for Kim Tollefson and Tim Carr to meet with Ron Bast at Riteway. It was suggested to include Jason from the county who has led the transit changes.

V) 2019 Business Outreach Planning

Ms. Tollefson stated that the Board should start to think about whether there is a specific sector they want to target or an event they are interested in hosting. The Board should begin to discuss what the outreach focus will be for 2019. Some suggestions discussed were small businesses, the retail sector and the Pavilions. This conversation will continue at a future meeting.

VI) Staff Updates

Attachment: January 22_2019_DRAFT Meetings (3925 : Meeting Minutes from January 22, 2019)

Ms. Tollefson stated the community survey will be out in May. It took a change in direction and is focused on recent development (apartments), retail and city service. It also includes some questions related to city objectives. The Common Council will determine how the results will be used.

In January the Common Council accepted the proposed measures for the moratorium, the Donges Bay and Cedarburg Roads area, and they voted to terminate the moratorium. There is one property that is an outlier and still needs to have the zoning decided. Staff has recommended that the zoning remain as it is and Planning Commission approved this last week. The Common Council will vote on this next month.

An analysis, workshop and market study was done of the East Growth; the area of Port Washington Road from Highland Road to Pioneer Road and I-43 to Olau Creek (roughly 750 acres), and a neighborhood land use plan was created. There was a high level of consensus about the desired land uses. Public Works needed to catch up with sewer and water infrastructure to the south which is currently taking place. One of the 2019 work programs initiatives for the Planning Department is to pick up the necessary zoning land use changes. The Common Council will need to have a financial and policy discussion about the infrastructure, but the Planning Department will begin to get ready for 2020 implementation.

VII) Announcements

VIII) Adjourn

Action
Mr. Carr made a motion to adjourn.
Mr. Safron seconded the motion.
A voice vote was taken; vote passed (7-0) (Shneyder left at 8:30 a.m.)

Respectfully Submitted,

Kim Tollefson

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Attachment: January 22_2019_DRAFT Meetings (3925 : Meeting Minutes from January 22, 2019)

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www.ci.mequon.wi.us **Office of Community Development**

TO: **Economic Development Board**
FROM: **Kim Tollefson, Director of Community Development**
DATE: **February 26, 2019**
SUBJECT: **Revolving Loan Fund Application by Screaming Tuna**

Background: The City of Mequon is in receipt of an application by Screaming Tuna, a restaurant vendor located the Spur 16's Public Market for $25,000 from our Revolving Loan Fund (RLF). Please find attached a memo from Ozaukee County Economic Development Director, Kathleen Cady-Schilling dated February 18, 2019, which summarizes the proposal and staff analysis.

The request for the loan is to assist with the buildout/remodel, equipment, furniture and fixtures as well as soft costs including inventory, marketing, and initial payroll. Total projected costs for this project are $200,000. The new business will add five (5) l new employees to the City's workforce. For the purpose of this loan, 1.0 new full-time equivalent jobs shall be created as part of the program. The funding request was evaluated by Ozaukee County Economic Development and by an outside financial consultant working on behalf of the City.

Should the Board find the job creation valuable and find that the new business creates economic benefit, then staff recommends use of the RLF dollars.

Revolving Loan Fund Balance: Action to approve the application by Bear Arms will result in a fund balance of $465,000.

Staff Recommendation:
Planning staff and the Ozaukee County Economic Development Director recommends **approval** of the RLF application for Screaming Tuna subject to action by the Finance-Personnel Committee and Common Council with contingencies as recommended by OED.

Attachments:

Screaming Tuna RLF Application KCSMemo (DOCX)

OZAUKEE ECONOMIC DEVELOPMENT

MEMORANDUM

TO: Mequon Economic Development Board

FROM: Kathleen Cady Schilling, Executive Director
Ozaukee Economic Development

DATE: February 18, 2019

SUBJECT: REVOLVING LOAN FUND LOAN: Screaming Tuna Mequon LLC

The purpose of this memorandum is to provide a summary and staff analysis of the request from Screaming Tuna Mequon LLC for a Revolving Loan Fund (RLF) loan for start-up costs related to their new restaurant. Screaming Tuna Mequon will be located in Spur 16's Mequon Public Market. The business has requested a $25,000 loan. This loan will be the first of the new simplified loan program within the Revolving Loan Fund Program. The simplified loan program limits new loans to $25,000, but allows for reduced loan fees and utilizes simplified loan documents.

Background

Screaming Tuna Mequon will be a new restaurant located at the Spur 16's Mequon Public Market. The restaurant will provide sushi and Asian options. They currently own a successful restaurant "Screaming Tuna" in Walker's Point in Milwaukee. Screaming Tuna Mequon will be in approximately 1,000 square feet in the Public Market.

Screaming Tuna will offer fast, sustainable and healthy options in combination with a small but completely unique drink offering quality ambiance. Screaming Tuna, the brand, has a large social media community. It is the only sushi restaurant in Wisconsin to focus on sustainability and provide both vegan and gluten free sushi, a new and emerging market. The chef, slated to run this location, Jason Morimoto, is an acclaimed chef and known throughout Milwaukee. Chef Morimoto has been with Screaming Tuna for six years.

The ownership of Screaming Tuna Mequon LLC is split between Jeff Bronstad and Christian Vega, the owners of Screaming Tuna Restaurant in Milwaukee. Jeff has been in the restaurant industry for 23 years and focuses on the BOH (Back of House) operations. Christian combines his work as the FOH (Front of House) manager and Marketing/Brand Director. The Screaming Tuna Restaurant in

Attachment: Screaming Tuna RLF Application KCSMemo (3928 : Revolving Loan Fund Application by Screaming Tuna)

Milwaukee has been open since 2011. Financials for the Walker's Point restaurant for the past three years have shown that the restaurant turns a solid profit each year.

The new restaurant will sign a five-year lease at Spur 16's Public Market. Screaming Tuna's unit will seat roughly 20 patrons on their immediate premise, with additional seating available on the patio and mezzanine. The new restaurant will provide a selection of sushi, appetizers, signature libations and sake. In many ways, it will run as a simplified version of their Walker's Point location. The restaurant will be open during the Public Market hours – Monday through Sunday, 10 am to 9 pm.

Screaming Tuna has provided detailed projected financials for the next three years, showing that the restaurant should be able to turn a profit within year one and should see solid returns in year two and three. The company will be hiring several employees to both manage and run the location as well as prepare the food.

Funding Request

The Company is requesting that the $25,000 RLF loan be provided with a term of five years and an interest rate of 2.75 percent, with a six month deferral of principal to ease the original start-up costs. Projected costs for this project are $200,000. Costs for the project include $115,000 for the buildout/remodel, $16,000 for equipment, $20,000 for furniture and fixtures, with the remaining dollars going into soft costs including inventory, marketing, and initial payroll. The company has received a $125,000 loan from First Bank Financial Centre. The loan from First Bank Financial Centre is ten year loan at interest rate to be determined. They are also receiving a loan of $25,000 from the First Bank Financial Centre's Community Loan Program and the owners will be putting in $25,000 of equity.

Since this loan is utilizing the simplified loan program, collateral for this loan will be a personal guaranty by both owners. This loan program only allows loans up to $25,000.

Contingencies

If the City approves the loan request, it is recommended that the following conditions accompany the approval:

1. That a $25,000 RLF loan is provided to Screaming Tuna Mequon. LLC. The loan would be used for start-up costs.

2. That a loan of $125,000 is provided to the Company by First Bank Financial Centre through its traditional loan program and $25,000 loan through First Bank Financial Centre's community loan program.

3. That the RLF loan is provided with a five-year term and amortization and an interest rate of 2.75 percent.

4. That the RLF loan have a six month deferral of principal payments.

Attachment: Screaming Tuna RLF Application KCSMemo (3928 : Revolving Loan Fund Application by Screaming Tuna)

5. A personal guaranty of both Jeff Bonstad and Chritian Vega, principals in Screaming Tuna Mequon LLC

* * *

Attachment: Screaming Tuna RLF Application KCSMemo (3928 : Revolving Loan Fund Application by Screaming Tuna)

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www.ci.mequon.wi.us **Office of Community Development**

TO: **Economic Development Board**
FROM: **Kim Tollefson, Director of Community Development**
DATE: **February 26, 2019**
SUBJECT: **Future Use of Revolving Loan Fund De-Federalization of Funds**

At the January Board meeting, changes to the City's Revolving Fund Program were addressed and the Board recommended proposed revisions to the program that outlines objectives and requirements. The revised program will be forwarded to the City' Finance and Personnel Committee on March 12th for further recommendation and potentially acted upon by the Common Council that same day. The program change allows the City to continue to operate the Revolving Loan Fund at the local level. This program has been able to supplement financial needs for businesses opening or expanding in the City, which is one of the Board's objectives. There are five active loans with a cash balance of $475K in the fund. The program offers gap financing for small businesses and given the revolving nature of the funds, it is the best approach in offering continuing assistance to local businesses and job creation.
The de-federalization of the RLF program allows the City to direct funds to other desired efforts. One goal of staff, as considerations of other efforts are vetted, is to not completely deplete the fund. Therefore, staff would recommend that any funds allocated to one-time expenditures be minimal. Staff recommends the redirection of some of the funds towards economic development objectives other than job creation. The following objectives are options for the Board's consideration:

- ***Redevelopment Assistance for the Donges Bay and Cedarburg Road Commercial Area.***

  This neighborhood houses a number of small businesses as well as a number of vacant or unsightly commercial buildings. This neighborhood hosts the former Alpine Village, Taylor & Dunn's and Brew City, all of which are currently vacant. The City just completed a 9-month study of the area and terminated a moratorium after the Council adopted new standards related to zoning and public safety measures. A program that assists with redevelopment and site, sign and building improvements could encourage redevelopment to occur at a faster pace that what the private market may otherwise provide. A major goal of the moratorium was to stabilize and enhance property values by reducing public safety issues and by creating the opportunity for new uses and reinvestment thus attracting a new customer base. In addition, the neighborhood serves as a gateway to Mequon's business park and as a major commuter route. An economic tool would go hand-in-hand with the efforts made by the City thus far and would be executed in the form of a loan.

- ***Redevelopment Assistance for Other Targeted Commercial Areas.***

  Other commercial areas within the City include Town Center, the Port Washington Road corridor, Freidstadt neighborhood, Donges Bay & Wauwatosa Roads and the Business Park. Redevelopment assistance could be targeted to these areas to encourage business retention, expansion or reinvestment in underutilized or undervalued properties as described for the Donges Bay and Cedarburg Road commercial area. The following highlights the existing economic tools available in each area:

	Location:	Economic Tools:
1.	Town Center	TID / TC Business Loan
2.	Port Washington Road (South of Mequon Road)	TID
3.	Port Washington Road (North of Mequon Road)	None
4.	Friedstadt Neighborhood	None
5.	Donges Bay & Wauwatosa Roads	None
6.	Mequon Business Park	TID

- ***Transportation Planning Efforts for the Industrial Business Owners.***

  As part of the Board's 2018 business outreach efforts, staff and board members learned that transporting workforce to and from the business park is a challenge. As an outcome of those meetings, staff suggests working with Riteway Bus Company and business owners to develop a customized transit program for existing and prospective workforce. Some redirected funds could be used as seed money to initiate this process. This is an example of a one-time expenditure that would deplete the fund unless the City established an agreement that the seed money comes in the form of a loan.

The following chart provides an example outline of the use of the estimated total $750K available from the de-federalized RLF program, redevelopment program objective and transportation program objective.

PROGRAM	TOOL*	ELIGIBILITY	STATUS OF FUNDS
RLF Program	5 loans @ $50k	2 FTE ($25k/employee)	Funds Revolve
Redevelopment Program	4 loans @ $50K	Major Site/Building	Funds Revolve
	4 loans @ $10K	Minor Site/Sign/Façade	Match Grant/Funds Revolve
Transportation	$10K	Workforce Initiative	One-Time Expenditure

*Tool column totals $750K

Other ideas for programs, tools or a modification of the amounts or eligibility requirements listed above are welcome by Board members. Staff would like to discuss these objectives and others the Board believe have merit. The Board should be prepared to utilize the meeting to provide some direction to staff for formalizing a program(s) for the use of these RLF de-federalized funds. Staff will have an introductory discussion with the Finance & Personnel Committee in March regarding the Board's work related to these objectives. Staff anticipates, delivering a recommended program to the Council in early May for finalize action.

The City of Mequon
Market Analysis

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

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4. Demographic and Economic Profile pg. 7
5. Retail Leakage Analysis pg. 16
6. Use Analysis pg. 20

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

City of
MEQUON
WISCONSIN
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Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Introduction

Purpose

In November of 2018, the City of Mequon, Wisconsin retained Colliers International | Wisconsin to conduct a market analysis that examines the feasibility of specific uses within the current Moratorium Area ("subject area") as defined by the City. The purpose of the assessment is to provide an analytical explanation of the local market and identify and examine both specific uses identified and desired by the City as well as other highest and best commercial uses.

The report focuses on five main components to complete the above task and is organized into the following sections:

Section 1:	Location and Access Analysis
Section 2:	Establishment of Analysis Area
Section 3:	Demographic and Economic Profile
Section 4:	Retail Leakage Analysis
Section 5:	Use Analysis

The assignment consisted of analyzing the following specific uses:

1. Senior Housing
2. Infill Single Family Housing
3. Indoor/Outdoor Recreation

Colliers International reviewed relevant data from the Esri database including the subject area and proximate area. This data includes population, income, education and spending potential for the following markets:

- A Convenience Trade Area for goods and services.
- A Primary Trade Area for retail goods and services extending beyond the Convenience Market.
- A Secondary Trade Area for retail goods and services extending beyond the Primary Market.

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

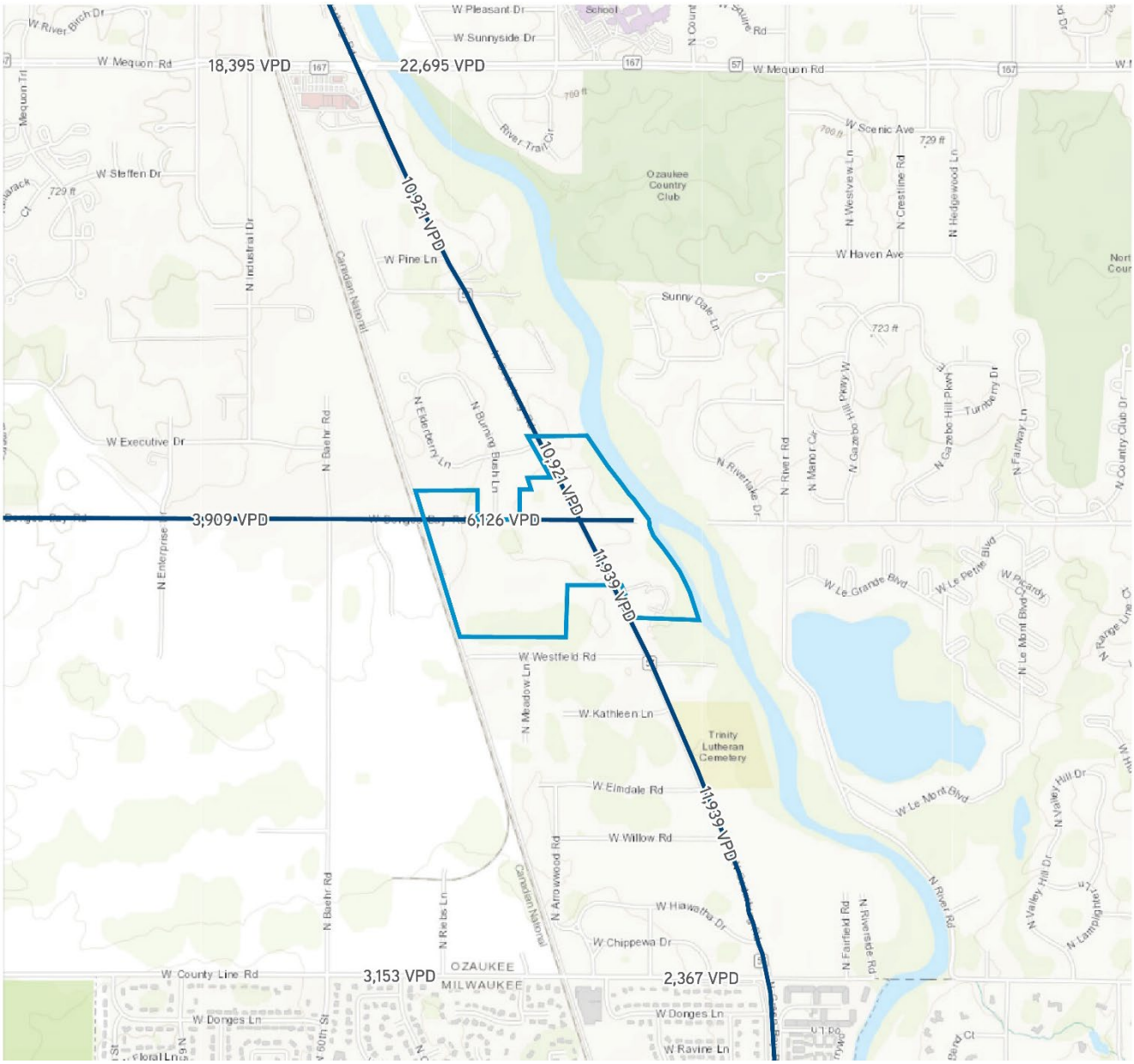
Location and Access

The subject area is located in the southwest portion of Mequon and is within close proximity of not only Mequon residents but also Village of Brown Deer and northwest Milwaukee residents. This provides a diverse demographic base and good exposure to different demographic groups.

Access to the site is denoted by the dark blue roads in the map below. Because the Milwaukee River boarders the site to the east, access to the area is limited, resulting in a majority of the traffic flow coming from the north or south. The traffic counts for the major arteries to the area are shown below. Access to the subject area will be discussed in further detail when analyzing potential uses.

Source: Wisconsin Department of Transportation Average Daily Traffic Count

Subject Area Location and Access



Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Analysis Area

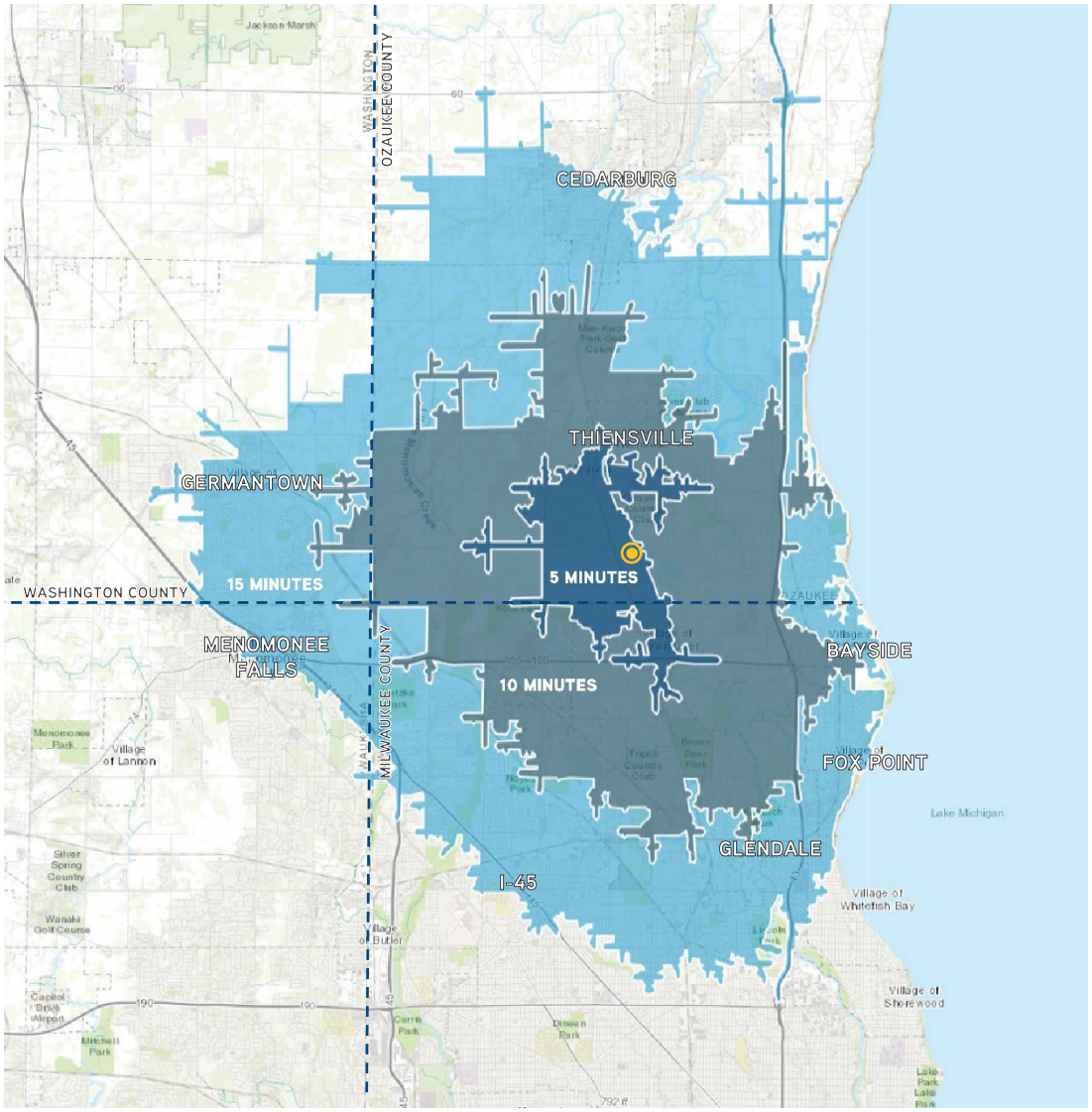
Using the existing subject area as an anchor, Colliers identified the Convenience, Primary and Secondary Trade Areas for the analysis, which are outlined below. Considering the subject area's location, we believe that demand for goods and services needed on a regular basis are captured by Convenience Trade Area. Conversely, the Primary and Secondary Trade Areas capture demand for goods and services that are more destination based or more specific in nature. This differentiation will be important as different uses are analyzed as certain uses will be dependent on the convenience trade area while others will focus on the primary trade area instead. The three trade areas are outlined below.

Convenience Trade Area
Within 5 minutes of the subject area
Estimated Capture: 80 percent of recurring goods and services

Primary Trade Area
Within 10 minutes of the subject area
Estimated Capture: 75 percent of overall demand

Secondary Trade Area
Within 15 minutes of the subject area
Estimated Capture: 20 percent of overall demand

Trade Area Overview



Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Demographic and Economic Profile

Colliers conducted a demographic and economic profile of the subject area in order to understand the opportunities present and begin to craft competitive advantages of different uses. To evaluate the depth and characteristics of potential demand presented by households and firms for retail uses, an assessment of the demographic and economic conditions of the established trade areas was performed. Not only were the trade areas that were established on the previous page analyzed, but the trade areas are compared against both Ozaukee and Milwaukee Counties. Due to the subject area's location, most trade area demographics fall between those of Ozaukee and Milwaukee County, providing both a baseline and additional color on the subject area.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Population	6,990	59,759	189,480	89,561	942,846
Households	3,166	25,098	73,964	35,676	380,729
Average Household Size	2.20	2.35	2.52	2.45	2.41
Median Household Income	$72,111	$62,020	$55,629	$84,279	$48,509
Per Capita Income	$43,717	$39,435	$33,817	$46,580	$27,414
Median Age	46.0	42.3	38.0	44.7	35.2
Median Home Value	$239,037	$233,476	$219,131	$292,943	$174,987
Employees	13,865	50,401	117,892	47,752	498,533
Civilian Unemployed	3.3%	3.8%	4.7%	2.5%	4.6%

Source: 2018 Esri Data

Household Income

The median household income for the convenience trade area is $72,111. Looking at the Primary and Secondary Trade Areas, median household income remains over the median for Milwaukee County and just under the national average. Within the Convenience Trade Area, that largest share of households earn between $50,000 and $150,000, with 14.1 percent earning more than $150,000 and 34.4 percent earning less than $50,000. Similar percentage shares are realized for the Primary and Secondary Trade Areas as well.

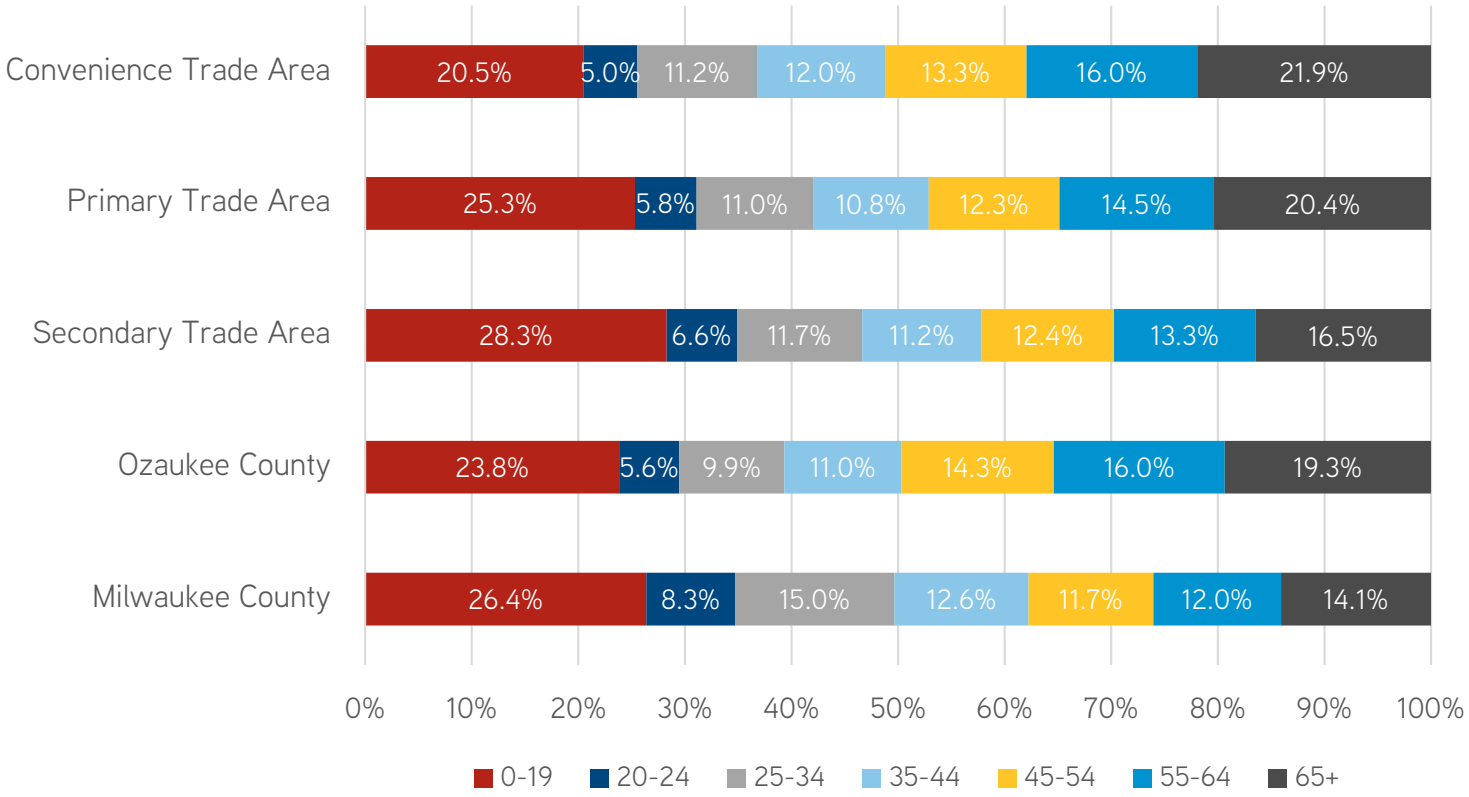
	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Less than $15,000	9.2%	10.8%	12.6%	4.6%	14.9%
$15,000-$24,999	6.2%	9.0%	10.2%	6.4%	11.7%
$25,000-$34,999	5.8%	9.3%	10.0%	6.9%	10.7%
$35,000-$49,999	13.2%	12.2%	12.6%	10.4%	13.7%
$50,000-$74,999	17.1%	15.4%	15.5%	15.3%	17.6%
$75,000-$99,999	15.2%	13.1%	11.7%	14.8%	11.7%
$100,000-$149,999	19.2%	15.4%	14.2%	20.4%	12.3%
$150,000-$199,999	5.9%	5.7%	5.5%	8.5%	3.9%
$200,000 or greater	8.2%	9.1%	7.7%	12.9%	3.4%

Source: 2018 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Age

Similar to the demographic makeup of Ozaukee County, the Convenience and Primary Trade Areas are older than neighboring Milwaukee County and the Secondary Trade Area. With over 20 percent of the Convenience and Primary Trade Area older than 65 years old, this demographic age group accounts for the largest percentage of the adult population. On the other end of the spectrum, children under the age of 20 account for the other largest percentage of the population in the area. Together, the two age groups account for nearly half of the population in the trade area.



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Own vs Rent Housing

Within the primary trade area, 55.1 percent of total housing units are owned. This is significantly lower than Ozaukee County as a whole where 70 percent of housing units are owned. It is also lower than 2010 where 60.3 percent of total housing units in the Primary Trade Area were owned. This decrease in ownership is representative of a larger trend where renting is becoming an alternative to owning. Vacant housing units among the trade areas range between 8.0 percent and 9.6 percent which is significantly higher than Ozaukee County but lower than Milwaukee County.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Total Housing Units	3,442	27,761	81,055	37,910	423,694
Owner Occupied Housing Units	53.2%	55.1%	53.7%	70.0%	43.1%
Renter Occupied Housing Units	38.8%	35.3%	37.6%	24.1%	46.8%
Vacant Housing Units	8.0%	9.6%	8.7%	5.9%	10.1%
Owner Households with Mortgage[1]	68.6%	66.9%	67.3%	66.4%	67.8%
Median Contract Rent[1]	$923	$762	$721	$746	$691

Source: 2018 Esri Data unless otherwise noted

[1]2012-2016 ACS Data

Household Type

Within the trade areas, a majority of households are husband-wife households. This is consistent across all trade areas and Ozaukee County.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Husband-Wife Family Household	60.4%	55.8%	52.2%	72.9%	45.8%
Other Family Households	17.4%	25.2%	30.7%	11.2%	30.0%
Total Nonfamily Households	22.0%	17.7%	15.4%	13.8%	21.6%

*Source: 2010 Census Data

Race and Ethnicity

The racial and ethnic makeup of the trade areas are similar to the racial/ethnic breakdown of Milwaukee County. Across all trade areas over half of the population is white alone, with the second largest share is black alone. The trade area's location in the southern part of Ozaukee County results in the diversity index of the Primary Trade Area more closely resembling Milwaukee county than Ozaukee County.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
White Alone	66.4%	57.5%	50.6%	93.1%	58.1%
Black Alone	22.4%	32.2%	39.0%	1.6%	26.8%
American Indian Alone	0.2%	0.3%	0.3%	0.3%	0.8%
Asian Alone	6.8%	4.9%	5.7%	2.7%	4.4%
Pacific Islander Alone	0.0%	0.0%	0.0%	0.0%	0.0%
Some Other Race Alone	0.8%	1.9%	1.4%	0.7%	6.3%
Two or More Races	3.4%	3.1%	2.9%	1.6%	3.5%
Hispanic Origin	3.9%	5.1%	4.3%	3.1%	15.5%
Diversity Index	54.2	60.5	62.2	18.5	69.7

Source: 2018 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Education

Of the population within the Primary Trade Area, 45.6 percent of residents have obtained a Bachelor's Degree or higher. The Primary Trade Area outperforms Milwaukee County with 7.3 percent of the population not graduating high school compared to 3.2 percent for Ozaukee County and 11.9 percent for Milwaukee County. This results in a well educated population within the trade area of the subject area.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Less than 9th Grade	0.6%	2.0%	2.5%	0.8%	4.0%
9th - 12th Grade, No Diploma	1.5%	5.3%	6.6%	2.4%	7.9%
High School Graduate	18.3%	17.8%	20.4%	19.1%	23.4%
GED/Alternative Credential	1.4%	2.3%	3.1%	1.8%	3.8%
Some College, No Degree	19.5%	19.4%	21.1%	18.0%	21.1%
Associate Degree	11.0%	7.7%	7.9%	9.1%	8.1%
Bachelor's Degree	29.6%	27.7%	23.3%	30.2%	20.1%
Graduate/Professional Degree	18.1%	17.9%	15.2%	18.5%	11.6%

*2018 Population 25+

Source: 2018 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Labor Force

For the Primary Trade Area, the rate of employment is 96.21 percent. The Convenience and Secondary Trade Areas have similarly high levels of employment. However, for the Primary Trade Area only 50.8 percent of the population is actively a part of the labor force. Contributing to this lower participation rate is the large rate of residents over the age of 65 and under 20.

Breaking down the labor force by industry, manufacturing, retail, and healthcare make up the largest share of workers. This is consistent across all trade areas for the subject area.

† Source: Bureau of Labor Statistics

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
2018 Civilian Population Age 16+ in Labor Force	4,054	30,298	93,520	50,382	490,215
2018 Employed Civilian Population Age 16+	96.69%	96.21%	95.26%	97.47%	95.43%
Agriculture/Forestry/Fishing/Hunting	0.64%	0.39%	0.33%	1.42%	0.42%
Mining/Quarrying/Oil & Gas Extraction	0.00%	0.02%	0.01%	0.03%	0.02%
Construction	3.83%	2.71%	2.97%	4.27%	3.59%
Manufacturing	15.33%	14.27%	15.37%	18.22%	14.28%
Wholesale Trade	1.53%	1.92%	2.46%	2.74%	2.34%
Retail Trade	13.95%	9.86%	9.94%	9.74%	9.76%
Transportation/Warehousing	1.33%	2.88%	3.49%	1.94%	3.84%
Utilities	0.28%	0.28%	0.48%	0.58%	0.75%
Information	1.53%	1.79%	1.64%	1.43%	1.72%
Finance/Insurance	7.86%	7.56%	6.67%	6.66%	5.39%
Real Estate/Rental/Leasing	0.36%	1.40%	1.39%	1.09%	1.45%
Professional/Scientific/Tech Services	5.51%	7.59%	7.03%	8.22%	5.94%
Management of Companies/Enterprises	0.03%	0.08%	0.12%	0.18%	0.14%
Admin/Support/Waste Management Services	3.14%	4.04%	4.41%	3.32%	5.41%
Educational Services	10.13%	10.00%	9.15%	9.80%	9.54%
Health Care/Social Assistance	17.88%	19.59%	19.62%	15.96%	17.65%
Arts/Entertainment/Recreation	2.58%	2.34%	2.01%	2.91%	2.40%
Accomodation/Food Services	4.21%	5.37%	5.49%	5.58%	7.54%
Other Services (excl Public Administration)	5.66%	4.79%	4.62%	4.18%	4.38%
Public Administration	4.23%	3.11%	2.79%	1.73%	3.45%
2018 Unemployed Population Age 16+	3.31%	3.79%	4.74%	2.53%	4.57%
2018 Unemployement Rate	3.3%	3.8%	4.7%	2.5%	4.6%

Source: 2018 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Employees

For the Convenience Trade Area, the amount of employees working within the manufacturing sector is substantial. Within Milwaukee County only 10.5 percent of all employees work in manufacturing, whereas within the Convenience Trade Area 50.7 percent work in the industry, a 40.2 percent difference. Moving into the Primary and Secondary Trade Areas manufacturing employees drop in half. Other major industries represented in the trade area are services, followed by retail trade.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Total Employees	13,865	50,401	117,892	47,752	498,533
Agriculture & Mining	0.9%	1.1%	1.0%	1.8%	0.6%
Construction	2.2%	2.3%	3.7%	3.4%	2.5%
Manufacturing	50.7%	26.1%	22.2%	27.2%	10.5%
Transportation	0.7%	4.3%	3.5%	1.2%	4.3%
Communication	0.3%	0.3%	0.4%	0.2%	0.8%
Utility	0.0%	0.2%	0.2%	0.3%	0.6%
Wholesale Trade	7.6%	9.6%	10.2%	4.3%	4.4%
Retail Trade	11.0%	17.0%	16.0%	19.4%	18.8%
Home Improvement	0.4%	1.2%	1.0%	1.2%	1.0%
General Merchandise Stores	1.4%	0.8%	0.8%	1.9%	1.9%
Food Stores	2.1%	4.7%	3.1%	4.0%	2.5%
Auto Dealers, Gas Stations, Auto Aftermarket	0.9%	1.8%	2.4%	2.0%	1.9%
Apparel & Accessory Stores	0.1%	0.5%	0.9%	0.4%	0.9%
Furniture & Home Furnishings	0.6%	1.3%	0.9%	0.8%	0.9%
Eating & Drinking Places	2.7%	4.5%	4.5%	6.7%	7.1%
Miscellaneous Retail	2.8%	2.1%	2.3%	2.3%	2.7%
Finance, Insurance, Real Estate	3.5%	4.4%	4.0%	5.0%	7.7%
Banks, Savings & Lending Institutions	1.5%	1.3%	0.9%	1.1%	1.9%
Securities Brokers	0.2%	0.6%	0.9%	0.8%	1.1%
Insurance Carriers & Agents	0.4%	0.5%	0.6%	1.0%	2.2%
Real Estate, Holding, Other Investment	1.5%	2.0%	1.6%	2.1%	2.6%
Services	21.1%	33.0%	36.2%	33.3%	45.0%
Hotels & Lodging	1.3%	0.6%	0.7%	0.8%	1.0%
Automotive Services	0.4%	1.4%	1.1%	0.9%	1.0%
Motion Pictures & Amusements	1.4%	1.9%	1.4%	2.1%	2.2%
Health Services	2.4%	8.1%	11.7%	8.4%	14.7%
Legal Services	0.1%	0.4%	0.5%	0.5%	1.4%
Education Institutions & Libraries	3.2%	4.5%	6.2%	5.7%	8.0%
Other Services	12.2%	16.0%	14.6%	14.7%	16.7%
Government	1.8%	1.6%	2.4%	3.6%	4.5%
Unclassified Establishments	0.0%	0.1%	0.2%	0.2%	0.2%

Source: 2018 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Consumer Spending

Household consumer spending data shows the amount spent on a variety of goods and services by households. On average, households within the Convenience Trade Area spend approximately $80,997 annually on expenditures. Of this, over $7,300 is spent per household on items that are needed on a regular basis. Overall consumer spending drops slightly in the primary and secondary trade areas but remains well over the average for Milwaukee County. The mix of spending across the various categories is consistent across trade areas with housing and transportation being the largest categories. Healthcare, food purchased and entertainment and recreation account for the next largest percentage share of expenditures.

	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Ozaukee County	Milwaukee County
Apparel & Services	$2,427.58	$2,410.74	$2,233.79	$2,922.71	$1,782.74
Education	$1,726.64	$1,695.38	$1,540.13	$2,110.06	$1,204.70
Entertainment & Recreation	$3,640.32	$3,574.77	$3,284.98	$4,402.47	$2,564.83
Food at Home	$5,582.26	$5,556.81	$5,161.88	$6,617.35	$4,130.10
Food Away from Home	$3,930.20	$3,882.19	$3,594.28	$4,725.52	$2,878.93
Health Care	$6,535.86	$6,377.12	$5,832.82	$7,868.19	$4,493.33
Housing	$24,888.27	$24,701.28	$22,662.53	$29,343.34	$18,083.08
Household Operations	$2,282.71	$2,231.32	$2,033.60	$2,768.10	$1,577.70
Housekeeping Supplies	$801.27	$790.82	$731.20	$959.54	$575.07
Personal Care Products & Services	$944.04	$925.87	$848.62	$1,141.23	$666.74
Travel	$2,511.19	$2,429.51	$2,181.30	$3,096.85	$1,668.27
Transportation	$8,852.60	$8,791.25	$8,201.39	$10,649.49	$6,531.39
Annual Budget Expenditures	$80,997.15	$79,827.42	$73,304.27	$97,250.54	$57,742.56

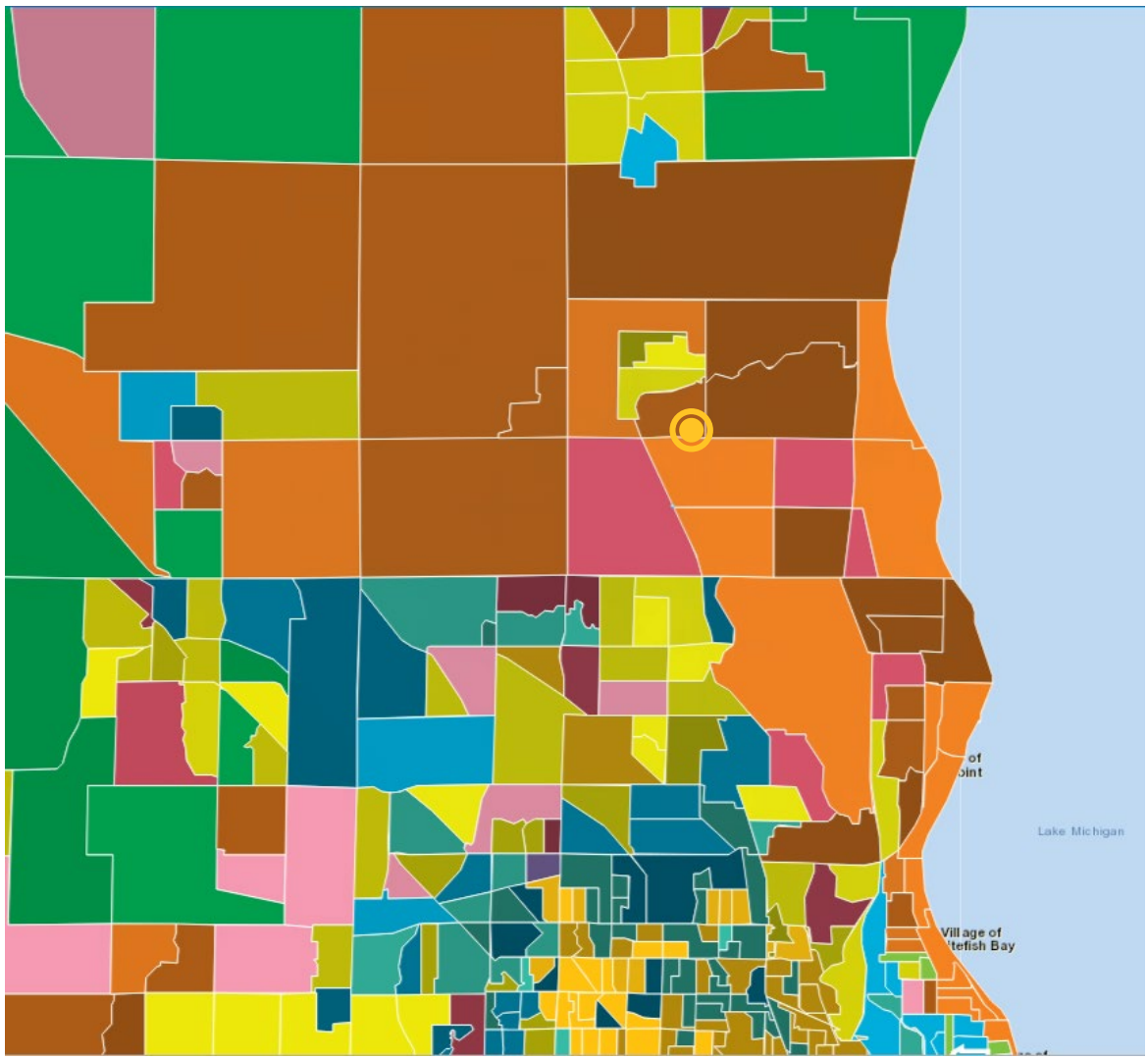
Source: 2018 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Tapestry Segmentation

Tapestry segmentation divides residential areas into 67 distinctive segments based on residents socioeconomic and demographic composition. The segments are based on common experiences such as of the same generation, affluence and educational experience. For the purpose of this analysis, the segmentation of the trade areas were analyzed to provide additional insight into the spending preferences and leisure activities of the area. A broad range of characteristics exist within the trade areas. Below is a summary of the most prevalent groups in located within the trade area.

Primary Tapestry LifeMode by Block Group



The Tapestry map above depicts the dominant LifeMode in each of the area's outlined. Additionally, each block group has a two or three digit label that corresponds to a Tapestry Segmentation.

Source: Esri

Tapestry LifeMode

- Affluent Estates
- Upscale Avenues
- Uptown Individuals
- FamilyLandscapes
- GenXurban
- Cozy Country
- Ethnic Enclaves

LifeMode Segments

- Middle Ground
- Senior Styles
- Rustic Outposts
- Midtown Singles
- Hometown
- Next Wave
- Scholars and Patriots
- Professional Pride
- Savvy Suburbanites
- Old & Newcomers
- Golden Years
- Social Security Set

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Tapestry Analysis

LifeMode 1: Affluent Estates

A good portion of the primary trade area falls into Affluent Estates. This group is well educated, married companies who have established wealth. This group has a higher propensity to spend and most of the group own their homes with over half having mortgages. Most in this LifeMode are married and have children ranging from elementary school to college. They are active members of their community and regularly travel and engage in recreation including sports and fine arts.

LifeMode 12: Hometown

The next major block of residents falls into the category of Hometown. Comprised of young singles, many with children, this group tends to grow up and stay close to home. The group is a close knit community with residents either owning older single family homes or renting in small multi-unit buildings. The group is very cost conscious and visits discount stores and purchases canned, package and frozen foods to help make ends meet. Median household income is lower than other groups within the trade areas. Religion also plays a large role in this community.

LifeMode 8: Middle Ground

The last block falls into the Middle Ground group. Made-up of thirtysomethings who attended or graduated college, this group is millennials in the middle: single/married, renters/homeowners, and middle class/working class. They live in a mix of single family homes, townhomes, and multi-unit buildings. The group no longer has landlines as they are reliant upon their cellphones for music, reading the news, and receiving updates on their favorite sports teams. Comprised of high internet users, the group uses the internet for entertainment, social media, shopping and the news. They also enjoy night life, going to the beach, traveling, and hiking.

Source: Esri

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Key Observations

Key observations and findings from the economic and demographic profile will focus on the Primary Trade Area, as this is the market group that would contribute to new uses within the subject area. The key observations and findings include:

- The largest generations within the primary trade area are children under the age of 20 and baby boomers. Together, the two groups cover more than 50 percent of the population.
- The resident population is highly educated
- The resident population has a healthy propensity to spend. With a small majority of the trade area included in the Affluent Estates LifeMode, residents are willing to spend more for quality goods and services.
- For the convenience and primary trade areas, daytime population is greater than resident population. For both, residents who are home during the day is significant. However, the number of workers who come to the area is also significant. Partially contributing to this high number or daytime workers are the industrial buildings located within the convenience trade area, of which Rockwell Automation is one.
- Homeownership in the trade area has decreased slightly since 2010, suggesting either preferences have changed or supply is limited.

In the next section, a retail gap analysis will be performed to determine whether retail is a viable option for this area.

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Retail Leakage Analysis

Overview

To understand the retail environment of the subject area and its trade areas, Colliers examined a variety of retail categories. Provided by Esri, Colliers analyzed the retail environment based on the following three step process.

Step 1: Identify retail trade areas

- Neighborhood Serving Retail: the primary demand analysis for the retail potential is based on neighborhood serving retail and primary and secondary market areas. This demand is independent of the potential demand for a regional big box retailer.
  - Primary Trade Area: represents the primary area from which the majority of the Village of Brown Deer retail demand is derived. Recall, for this analysis is defined as a five minute drive to one of the retail corridors that exist within the Village of Brown Deer.
  - Secondary Trade Area: represents the secondary area from which a significant amount of supplemental demand is derived. Accounts for the area within a ten minute drive to one the already existing retail corridors.

Step 2: Analyze the existing retail demand (expenditures) and retail supply (sales) of each retail category (for both retail types described above)

- Retail Demand: Retail potential of households (expenditures) within the designated trade area.
- Retail Supply: Retail sales of existing retailers within the designated trade area.

Step 3: Determine the retail gap of each retail category

- Retail Gap: Difference between retail demand and retail supply within each designated trade area.
  - Retail Surplus: Retail supply exceeds retail demand. The market is oversupplied and will result in a negative value for the retail gap.
  - Retail Leakage: Retail demand exceeds retail supply. The market is undersupplied and results in a positive value for the retail gap.

Neighborhood Serving Retail

Previously identified in the Demographic & Economic Profile, convenience trade area, along with the primary and secondary trade areas will be examined in the retail leakage analysis. It is important to note that the supply, demand, and leakage findings for the trade areas are defined for this analysis through research and consumer interviews.

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Side by Side Comparison

Industry Group	Retail Gap			Leakage / Surplus Factor		
	Convenience Trade Area	Primary Trade Area	Secondary Trade Area	Convenience Trade Area	Primary Trade Area	Secondary Trade Area
Motor Vehicle & Parts Dealers	$22,617,322	$19,348,087	$337,724,450	31.7	4.6	23.8
Automobile Dealers	$20,672,218	$18,612,996	$381,999,566	34.9	5.6	31.0
Other Motor Vehicle Dealers	$3,221,859	$11,495,571	$48,861,804	34.0	28.9	54.9
Auto Parts, Accessories & Tire Stores	$1,276,755	$12,230,663	$4,586,688	45.7	26.9	4.9
Furniture & Home Furnishings Stores	$2,257,287	$17,745,750	$9,870,239	22.6	21.9	5.5
Furniture Stores	$2,428,810	$2,860,219	$11,881,738	34.8	7.1	13.4
Home Furnishings Stores	$171,523	$14,885,532	$21,750,976	5.7	36.4	24.0
Electronics & Appliance Stores	$1,296,888	$5,888,244	$17,733,916	19.9	8.4	11.5
Bldg Materials, Garden Equip. & Supply Stores	$2,095,611	$8,802,305	$53,056,910	14.9	6.2	17.8
Bldg Material & Supplies Dealers	$2,354,936	$7,129,660	$53,132,225	19.4	5.6	20.2
Lawn & Garden Equip & Supply Stores	$259,325	$1,672,645	$75,316	13.5	11.0	0.2
Food & Beverage Stores	$29,053,602	$7,764,334	$13,139,249	44.4	2.7	1.7
Grocery Stores	$29,242,603	$1,489,488	$1,590,769	48.1	0.6	0.2
Specialty Food Stores	$1,121,261	$9,360,521	$14,258,120	75.7	79.4	33.5
Beer, Wine & Liquor Stores	$932,260	$106,698	$2,709,640	30.1	0.6	5.5
Health & Personal Care Stores	$7,986,010	$34,856,519	$38,209,625	34.9	22.3	10.6
Gasoline Stations	$6,138,254	$3,720,293	$66,486,403	29.8	1.7	12.7
Clothing & Clothing Accessories Stores	$11,899,531	$16,926,237	$36,379,681	53.2	16.5	13.7
Clothing Stores	$7,256,072	$1,917,412	$22,163,176	51.9	3.4	13.1
Shoe Stores	$5,795,059	$19,941,836	$20,346,763	79.8	62.4	38.7
Jewelry, Luggage & Leather Goods Stores	$1,151,599	$4,933,009	$6,130,258	100.0	35.3	14.2
Sporting Goods, Hobby, Book & Music Stores	$8,440,534	$14,188,149	$10,653,968	58.1	22.2	7.4
Sporting Goods/Hobby/Musical Instr Stores	$5,199,298	$8,886,969	$6,779,563	50.4	17.5	5.7
Book, Periodical & Music Stores	$3,241,237	$5,301,180	$3,874,404	77.1	40.3	15.5
General Merchandise Stores	$21,003,187	$22,041,502	$210,633,974	33.5	6.9	30.1
Department Stores Excluding Leased Depts.	$22,621,968	$51,060,150	$229,758,105	41.6	24.5	49.5
Other General Merchandise Stores	$1,618,781	$29,018,648	$19,124,131	19.6	26.5	8.1
Miscellaneous Store Retailers	$2,284,898	$7,660,342	$6,432,292	20.0	11.5	3.3
Florists	$90,122	$205,824	$1,082,614	22.6	4.9	11.6
Office Supplies, Stationery & Gift Stores	$2,521,168	$4,195,131	$12,580,887	53.6	30.9	36.3
Used Merchandise Stores	$162,777	$5,833,543	$11,938,642	8.3	50.8	20.6
Other Miscellaneous Store Retailers	$16,628	$2,162,507	$4,707,433	0.4	5.8	5.2
Nonstore Retailers	$2,765,563	$24,690,093	$37,085,584	66.7	77.8	32.8
Electronic Shopping & Mail-Order Houses	$2,223,034	$19,644,079	$46,508,820	67.0	76.3	62.1
Vending Machine Operators	$247,398	$2,012,433	$5,406,055	100.0	100.0	100.0
Direct Selling Establishments	$295,131	$3,033,580	$14,829,291	50.5	76.4	45.4
Food Services & Drinking Places	$3,653,111	$7,743,556	$53,621,335	12.5	3.9	10.7
Special Food Services	$333,282	$490,878	$1,226,167	35.0	10.8	10.0
Drinking Places - Alcoholic Beverages	$310,659	$6,359,312	$17,678,221	19.0	66.6	72.8
Restaurants/Other Eating Places	$3,630,488	$893,367	$34,716,947	13.7	0.5	7.4

Source: 2017 Esri Data

Retail Leakag
Retail Surplus

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Summary Conclusions

Neighborhood Serving Retail Conclusions

Key observations and findings from the neighborhood serving retail leakage analysis are as follows:

- The majority of retail categories within the trade areas are experiencing retail surplus.
- Of the categories experiencing leakage, many of the uses are not compatible with the subject area and the City would not be well served as adding these retail categories to the subject area.
- This analysis along with the access limitations excludes most traditional retail uses as the highest and best use of the subject area.

Top 10 Neighborhood Serving Retail Leakage Categories

Convenience Trade Area		Primary Trade Area		Secondary Trade Area	
Gasoline Stations	$6,138,254	Department Stores Excluding Leased Depts.	$51,060,150	Department Stores Excluding Leased Depts.	$229,758,105
Nonstore Retailers	$2,765,563	Nonstore Retailers	$24,690,093	General Merchandise Stores	$210,633,974
Bldg Material & Supplies Dealers	$2,354,936	General Merchandise Stores	$22,041,502	Gasoline Stations	$66,486,403
Electronic Shopping & Mail-Order Houses	$2,223,034	Electronic Shopping & Mail-Order Houses	$19,644,079	Food Services & Drinking Places	$53,621,335
Bldg Materials, Garden Equip. & Supply Stores	$2,095,611	Other Motor Vehicle Dealers	$11,495,571	Bldg Material & Supplies Dealers	$53,132,225
Other General Merchandise Stores	$1,618,781	Specialty Food Stores	$9,360,521	Bldg Materials, Garden Equip. & Supply Stores	$53,056,910
Electronics & Appliance Stores	$1,296,888	Food & Beverage Stores	$7,764,334	Other Motor Vehicle Dealers	$48,861,804
Auto Parts, Accessories & Tire Stores	$1,276,755	Food Services & Drinking Places	$7,743,556	Electronic Shopping & Mail-Order Houses	$46,508,820
Jewelry, Luggage & Leather Goods Stores	$1,151,599	Miscellaneous Store Retailers	$7,660,342	Nonstore Retailers	$37,085,584
Specialty Food Stores	$1,121,261	Drinking Places - Alcoholic Beverages	$6,359,312	Restaurants/Other Eating Places	$34,716,947

Source: 2017 Esri Data

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Use Analysis

The purpose of this use analysis is to examine uses proposed by the City, and to analyze, given the current market conditions whether or not that use is viable in the subject area. The analysis for each use will follow the below format.

- Understanding of if and how that use is currently available to residents of the trade area.
- Overview of what conditions are favorable for specific use.
- Challenges posed by specific use.
- Recommendation on feasibility of analyzed use within the subject area.

The uses that will be analyzed within the analysis are as follows.

- Senior Housing
- Infill Single Family
- Indoor/Outdoor Recreation

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Use Analysis – Senior Housing

With an aging population and more empty nesters selling their homes in favor of the low maintenance alternative, a steady stream of new senior housing developments have been coming to market in the metro Milwaukee area. Below is an overview of whether or not this use might be feasible within the subject area. Note, the below analysis assumes the economics of development work and is meant to serve as an analysis into the supply and demand metrics rather than the financial feasibility of development.

Area Senior Housing Developments

Below are a sampling of existing senior housing facilities within the trade area.

Name	Address	Type
Wright House Memory Care	6729 W Mequon Rd	Alzheimer's Care
Highlands At Riverwalk Apartments	10954 N Cedarburg Rd	55+
New Perspective	3111 W Mequon Rd	Memory Care
Willowbrook Place	205 Green Bay Rd	Independent & Assisted Living
Luther Manor at River Oaks	11340 N Cedarburg Rd	Assisted Living
Ovation Sarah Chudnow	10995 N Market St	Assisted Living, Alzheimer's Care

Of the above, the closest to the subject area is Highlands at Riverwalk Apartments. The 55 and over community is location just north of the subject site along Cedarburg Rd and is offset from the road by a line of trees. The first phase of the facility was opened in 2013 and the development now has nearly 100 units. This property would be the most direct competitor of a new senior housing facility within the subject area. Other similar facilities in the area specialize in assisted living and memory care. The two main competitors in this space would be Wright House Memory Care and New Perspective. Other competitors are highlighted in the above table.

Favorable Conditions

- 34.9 percent of the primary trade area is older than 55 years old. On a macro level, a large driver of senior housing is empty nesters looking for a low maintenance alternative but are not willing to sacrifice moving out of their current neighborhood.
- High median household income and high accumulated wealth. Despite having a relatively low labor participation rate, a large portion of the population who is not apart of the labor force has accumulated wealth over their lives and can support market rate rental units.
- Access is not a large factor in this use and lack thereof will not impact the feasibility of this use.
- Close proximity to various medical facilities.

Challenges

- Due to the prestige of Mequon, there are already multiple competing properties in the area.
- The close proximity to an industrial building park may make the location less desirable, though if the correct portion of the subject area is utilized this impact could be minimized.
- Limited amenities within immediate proximity and no public transportation options available. However, this should not greatly impact the development given the neighborhood and likely target market.

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Use Analysis – Senior Housing

Recommendation

The socioeconomic profile of the area lends well to senior housing on a portion of the subject area. Resident's age and frailty as well as wealth and income are top indicators of where this use might be successful. The convenience trade area as well as the primary and secondary trade areas are all strong across these top indicators. The area has an aging population with financial stability and accumulated wealth, which lends well to the feasibility of senior housing within the subject area. Additionally, various types of senior housing would be feasible in the area. The existing product varies from memory care and assisted living to 55 and older apartment communities. Based on the characteristics of the trade areas, any of these subsets would be viable in the area. The benefit of senior housing as a potential use within the area is that senior housing is not dependent upon strong access to be successful like other uses. The limited access to the area could also be seen as a positive, especially if future development is setback from Cedarburg Rd. Overall, senior housing is a feasible use in the subject area given the above characteristics and the profile of the trade areas.

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Use Analysis – Infill Single Family Housing

Single family housing within the City of Mequon has historically seen strong demand due to the amenities and services being a resident of Mequon provides. With good school districts, low taxes and a robust amenity base, demand for housing in the City is not likely to subside in the near future. An important consideration to make when determining whether or not single family infill housing is feasible is the zoning of the site. In order to be successful, the right density, access and price point must be established. As of October 2018 the median home value within the City was $379,400, up 2.8 percent year over year. Meanwhile, median sale price in 2018 is $439,000, suggesting a lack of affordable options on the market. Below is a summary of the Mequon single family housing market.

	November 2018	November 2017	YTD 2018	2017
Absorption Rate	4.4	4.32	4.09	4.94
Median List Price	$569,000	$582,400	$527,450	$502,517
Median Sale Price	$461,053	$461,053	$505,420	$511,343
Sold Listings	22	25	281	308
Pending Listings	5	15	268	321
Active Listings	111	112	512	548
New Listings	24	20	422	472

Of the listings shown above, an overwhelming majority of homes are listed above $500,000. Overall market supply is tight across all home values but is especially tight for homes under $500,000. Currently, there are only 44 homes listed for sale under $500,000 in a City that has nearly 25,000 residents. In November, average days on the market dropped under 50 days, the lowest level in over a year.

Despite the limited supply, new supply has not significantly increased either. This is in part due to the lack of available land within the City that would be suitable for development. Below are recent infill projects.

Project	Number of Homes	Starting Price
The Preserve at Glen Oaks	4	$385,000
The Enclave at Mequon Preserve	50	$519,200
Highlander Estates	111	$142,900
Riverbend Estates	13 (70 AC)	$650,000
Kaerek Homes	77	$600,000
Wildwood Preserve	18	$1,500,000

Source: MLSWIS

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Use Analysis – Infill Single Family Housing

Favorable Conditions

- High demand for single family homes in the area and limited supply.
- Limited land suitable for development decreases the risk that the market will be flooded by supply.
- Excellent school district, low taxes and increasing home values year over year.

Challenges

- The close proximity to an industrial building park may make the location less desirable, though if the correct portion of the subject area is utilized this impact could be minimized.
- In order for residential to be feasible, additional arteries will need to be created leading to a future development. It is unlikely driveway access can be directly on Cedarburg Rd, so in order to address this, one artery could be created leading to a cul-de-sac or other access points.
- Limited amenities within immediate proximity and no public transportation options available. However, this should not greatly impact the development given the neighborhood and likely target market.

Recommendation

Given the above conditions and the demographic profile of the area, single family infill housing is a feasible use for a portion of the subject area. Because of the traffic patterns and the close proximity to industrial properties, certain portions of the area would be more suitable for this type of development and would likely be more desirable than others. Considering these factors, it is not recommended to attempt to do a large scale development in this location.

The market segment that should be targeted will be dependent upon the basis at which a developer can acquire the land for. The surrounding residential areas, located west of the Milwaukee River are primarily zoned R-4. With the land acquisition costs in mind, R-4 would likely be an acceptable zoning to extend to the portion of the subject area that could become single family. This would not only create continuity with the surrounding neighborhoods, but would also help with the affordability of a potential development.

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Use Analysis – Indoor/Outdoor Recreation

While not a traditional use, recreational facilities have increased their market share in recent years. Within the City of Mequon, little product exists outside of school facilities or private gym clubs. Similar to the previous uses that were discussed, the high median income and home value, the area has the wealth to support and utilize this use. Additionally, with 25.3 percent of the Primary Trade Area population under the age of 20 and 28.3 percent of the Secondary Trade Area under 20, the potential user base for the recreational facility geared towards children or that has programming for children is large. Because this type of use would be considered destination, the target trade area would likely be the Secondary Trade Area as the use would have a larger gravitational pull than other uses might. Existing facilities are outlined below.

	Address	Description
Splash! Swim + Wellness	10636 N Commerce St	Indoor swimming pool
BATS Sports Academy	5201 W Donges Bay Rd	Youth indoor baseball facility
Elite Sports Club	11616 N Port Washington Rd	Sports club that includes indoor tennis, classes, and saltwater pools

Favorable Conditions

- Trade are has high median income
- The trade areas have a large percentage of children under the age of 20.
- The immediate trade areas have limited competition for recreational spaces, especially indoor facilities. Outside of schools and a few fitness clubs, the stock of recreational facilities is limited.
- Use would be a destination, pulling users from outside the Primary Trade Area.

Challenges

- Aggregating parcels to create a meaningful recreational facility, indoor or outdoor may be challenging, especially given the proximity of the Milwaukee River.
- The subject area is not in immediate proximity to interstate 43, which limits access for potential customers or users of the facility.
- Both within the subject area and the surrounding areas other potential and existing uses may be view an outdoor recreational area a nuisance.

Recommendation

Considering both the existing competitive environment of the socioeconomic makeup of the trade areas, a recreational facility could be a feasible use within the subject area. Currently, there is limited competition within this space and a robust potential customer/user base given the age demographic and the median income of the area. Additionally, this use is impacted less by the surrounding industrial uses than other potential uses might be. Given the climate and the potential nuisance of an outdoor facility, an indoor facility may be a better fit for the location.

Source: MLSWIS

Attachment: Mequon Market Analysis_2018 (2) (3929 : Market Analysis of Moratorium Study Area)

Conclusion

Due to the significant increase in public health and safety calls or incidents in the Moratorium Area, established by the City of Mequon, referred to throughout this report as “subject area”, the City of Mequon seeks to find alternative uses for this area that would result in the highest and best use(s). Throughout this report locational factors, socioeconomic conditions of the established trade areas and determinants of supply and demand were analyzed for three proposed uses: senior housing, single family infill, and indoor/outdoor recreation. Of these uses, all were found to be feasible within the area.

The largest challenge of the subject area is access. Due to Donges Bay Rd not connecting from the east, the major access point to the area is limited to north/south traffic via Cedarburg Rd. To the north, Mequon Rd is the main thoroughfare and with a healthy retail amenity base uses along Cedarburg Rd will need to be a destination or be a unique offering to attract significant traffic from Mequon Rd. Another challenge of the subject area is the close proximity to industrial properties. This is not detrimental to any of the uses, but the parcels that are targeted for specific uses should keep this in mind.

Overall, looking at the three uses that were analyzed, a mix of all three uses within the subject area could best service the City. While all uses are feasible, some uses may better achieve the objectives of the City and its residents better than others. The strengths and challenges of each use are outlined below.

- A senior housing development within the subject area would create density and increase the tax basis. Demand for this product type continues to grow and despite other similar uses within close proximity to the subject area, additional demand exists and could support a new development. Out of the uses deemed feasible, the feasibility of this use is the strongest.
- Equally as strong from a demand perspective is single family infill housing, especially if this can be developed at a lower cost than other product in the market. Supply of houses within the City is extremely tight and demand continues to grow. Compared the senior housing, this use would not create as much density for the City but the product would likely quickly be absorbed by the market.
- The last use is harder measure potential demand, but given the lack of competition in the space, recreational facility is also feasible. It is the lack of knowledge and potential risk that makes it slightly less feasible than the other two uses but given the demographics of the area and lack of similar uses in the market, a recreational facility also remains feasible.

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