

# MILWAUKEE REAL ESTATE NEWS

CBRE // JANUARY 2017

## Acquisition of Floored Enhances CBRE's Digital & Technology Capabilities



CBRE is increasingly focused on delivering technologies that help our people to create superior outcomes for our clients. We have significantly enhanced our enablement technology capabilities with the acquisition of Floored, Inc., a leading maker of interactive 3D graphics technologies.

CBRE professionals will now have direct access to Floored's advanced technologies. Floored Plans will deliver a real-time, interactive space-planning experience, while Floored Build, will allow owners and developers to visualize new developments, redevelopments and repositioning opportunities through customized 3D models. The Floored product are already being used by property owners like Related, Equity Office, Hines and Beacon Capital.

As important, the Floored team of engineers, designers and 3D modelers – led by co-founders David Eisenberg and Dustin Byrne – will significantly strengthen CBRE's ability to develop more innovations that enhance the marketing and

leasing of commercial real estate.

"Many of our leading professionals and clients have been using Floored technology and are very excited about their solutions," said Chandra Dhandapani, CBRE's Chief Digital & Technology Officer. "It gives our professionals a powerful advantage in the marketplace, enabling them to configure, visualize and compare vacant space and arrange virtual tours."

The addition of the Floored team provides further competitive differentiation for CBRE – whether marketing space, reviewing location options with clients or providing other real estate services.

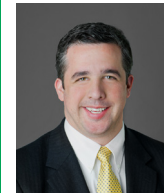
Said David Eisenberg: "We couldn't be more excited to bring our innovation to the industry's premier, globally integrated commercial real estate services and investment firm. Together we will build powerful advantages for CBRE's clients."

### TENANTS IN THE MARKET

(BY SUBMARKET JANUARY 2017)

Metro Milwaukee	40%
Downtown Market	27%
Waukesha/ Pewaukee	9%
Milwaukee North Shore	7%
Milwaukee Northwest	2%
Brookfield	4%
Mayfair/ Wauwatosa	2%
Third Ward/ Walker's Point	2%
South Suburban	2%
Milwaukee Northwest	2%

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## Brookfield Office Building Sold to Investment Group

The office building at 375 Bishops Way, located in the Bishops Woods office park in Brookfield was sold to Corporate Woods LLC, a local investment group led by Veer Karri, a Menomonee Falls IT consultant. The building was sold for \$4.5 million. The 98 percent occupied building was sold by Somerset Properties. Karri has noted he plans on keeping the property as an investment and to retain the current mix of tenants.



*(Information adapted from BizTimes, "Bishops Woods office building sold for \$4.5 million," on December 30, 2016)*

## Froedtert Purchases Three Health Centers

Froedtert Health has purchased the three former SynergyHealth properties it has been leasing since 2008. This will include the Jackson Health Center located at W225 N16711 Cedar Park Court, West Bend Health Center located at 1700 West Paradise Drive and the Kewaskum Health Center located at 1701 Fond Du Lac Avenue. The three Washington County properties were purchased for \$30.4 million.

*(Information adapted from BizTimes, "Froedtert buys three health center properties in Washington County," on January 12, 2017)*

## Total Quality Logistics Plans First Wisconsin Office

Total Quality Logistics, an Ohio-based shipping firm, plans to open a Milwaukee location at the CityCenter at 735 office building, located on North Water Street in downtown. The company, which plans to lease 9,372 square feet, will use the space for sales people to find and serve clients on a national basis. The company has five employees to start the office, with expectations to hire up to seven more before March 2017 and ultimately grow the office to 50 to 75



people within three years.

*(Information adapted from Milwaukee Business Journal, "Ohio logistics company picks downtown Milwaukee for its first Wisconsin office," on January 13, 2017)*

## Milsko Manufacturing Co. Relocates Headquarters

Milsko Manufacturing Co., a manufacturer of motorcycle seats and other power equipment, plans to move its headquarters to the Canal Street Commerce Center, at 1301 West Canal Street in the Menomonee Valley. Milsko is currently operating at 9009 North 51st Street and plans to relocate to the new office building this March. The company, owned by Milwaukee-based Jason Industries Inc., will lease 57,000 square feet in the building. The company operates its factories

in Redgranite, Wisconsin, and has other locations in Michigan, Georgia, Mexico and the United Kingdom.

*(Information adapted from Milwaukee Journal Sentinel, "Milsko Manufacturing moving to Menomonee Valley," on January 18, 2017)*

## Bon-Ton Stores Inc. Plans to Extend Downtown Lease

The Bon-Ton Stores Inc. plans to extend its lease until 2028 for its department store and headquarters building connected to The Shops of Grand Avenue, located at North Fourth Street and West Wisconsin Avenue. The company could receive contributions to stay in Milwaukee from the city, which could be upwards of \$1.9 million. That funding would assist with Bon-Ton's planned \$4 million office renovations, as long as they maintain employment levels at its current count of 750 people. The proposal to provide funding is one of many proposals for a tax

incremental financing district surrounding Grand Avenue. The renovations would help Bon-Ton consolidate offices that are divided between the store building and space at 310 West Wisconsin Avenue.

*(Information adapted from Milwaukee Business Journal, "Updated: Bon-Ton to extend lease for downtown HQ, Boston Store with city help," on January 10, 2017)*



## Cempazuchi Restaurant to Close

Cempazuchi, the Mezcal food restaurant located at 1205 East Brady Street, is closing after 18 years of business. The restaurant opened in April 1999 by Bryce Clark and Sal Sanchez Jr., who passed away in 2002. The area around the restaurant has undergone multiple changes including the Bosley on Brady at 815 East Brady being purchased by developer Joshua Jeffers and Jenó Cataldo's purchase of the Mimma's Café building at 1301-1307 East Brady Street.

Mimma's closed their operations at the end of last year.

*(Information adapted from BizTimes, "Cempazuchi on Brady Street to close," on January 4, 2017)*

## The Limited Stores to Close All Milwaukee Locations

The Limited, women's retail chain, plans to file for bankruptcy and close all of its Milwaukee-area stores. The location at Regency Mall has already closed, and stores at Mayfair Mall and Brookfield Square will also be closing shortly. The Columbus, Ohio-based stores will likely liquidate its business. It was spun off in a buyout by private equity firm Sun Capital Partners Inc. in 2007, but as consumer spending habits have shifted.



*(Information adapted from BizTimes, "All Milwaukee-area Limited stores closing," on December 30, 2016)*

## Brookfield Square Expansion Plans Moving Forward

The expansion plans at Brookfield Square are moving forward, with plans to build new restaurants and shops in front of Boston Store, totaling 53,440 square feet. The expansion will face Moorland and Bluemound roads. The mall's operator, CBL, is also asking city permission to construct a three-level parking garage west of Boston Store, which would be the mall's first parking structure. The proposal includes up to six restaurants, but no tenants have been named. The last expansion



was in 2015 when the mall added five new buildings including three restaurants.

*(Information adapted from Milwaukee Journal Sentinel, "Brookfield Square mall expansion proceeding," on January 6, 2017)*

## Pewaukee Strip Mall Purchased by MLG Capital



MLG Capital has purchased the strip mall located at 1256 West Capitol Drive in Pewaukee for \$1.8 million. The 147,300 square foot center lost its anchor tenant years ago, and new ownership plans to revitalize and lease up the space. The property was sold by LNR Property LLC, a Miami

Beach, Florida-based company.

*(Information adapted from BizTimes, "MLG Capital purchases underutilized Pewaukee strip mall," on January 26, 2017)*

## Duluth Trading Company to Open Waukesha Location

Duluth Trading Company, a Belleville, Wisconsin-based retailer offering men's and women's workwear, outerwear, gear, footwear, tools, bags and gifts, is planning to open a store at 2320 Bluemound Road in Waukesha. The 15,536 square foot store would be the seventh store in Wisconsin. The store is part of the company's expansion plans, including opening eight to 10 stores this year, and accelerating the rate of additional openings over the next few years. Currently, Duluth

Trading Company has 16 stores in nine states.

*(Information adapted from BizTimes, "Duluth Trading Company plans Waukesha Store," on January 12, 2017)*





# Gold Standard Baking Inc. to Lease Space in Pleasant Prairie

Gold Standard Baking Inc., a Chicago wholesale bakery, is planning to lease the industrial building located at 10490 88th Avenue in Pleasant Prairie. The 204,400 square foot building was developed by CenterPoint Properties within the LakeView Corporate Park. Gold Standard Baking plans to employ about 90 people at the bakery the first year, but grow to 300 people once the building is fully used. The

bakery will operate 24 hours a day, seven days a week

*(Information adapted from Milwaukee Journal Sentinel, "Chicago wholesale bakery opening in Pleasant Prairie," on January 9, 2017)*



# Two North Side Industrial Buildings Land New Tenants



An affiliate of Pac Machinery, a packaging manufacturer, purchased the property at 7737 North 81st Street, on Milwaukee's north side. Buske Logistics, a shipping company leased the warehouse space at 7501 North 81st Street, a block south from Pac Machinery. The 80,000 square foot building Pac Machinery purchased will be used to move its Converting Technology subsidiary into the building. The 114,844 square foot building Buske Logistics is leasing will be used for its food and

beverage warehousing operations.

*(Information adapted from Milwaukee Business Journal, "Two industrial buildings bag new tenants on Milwaukee's north side," on January 8, 2017)*

## Olympic Supply Co. Plans Relocation



Olympic Supply Co., a Milwaukee-based bicycle and parts supplier, has purchased the building at 7528 North Teutonia Avenue and plans to move operations into the industrial facility. The 28,000 square foot building will allow the company to nearly double the size of its current space at 5711 West Douglas Avenue. Electrical and plumbing system

work is required to the building, but the company plans to move operations in March.

*(Information adapted from Milwaukee Business Journal, "Milwaukee bicycle supplier to move operations for expansion," on January 23, 2017)*

## InSinkErator Plans New Headquarters in Mount Pleasant



InSinkErator Inc., a food waste disposal manufacturer for residential and commercial use, plans to develop an 85,000 square foot headquarters at the corner of Highway 20 and Industrial Drive in the Mount Pleasant Business Park. The facility will include offices and a lab and the approximately 170 employees would relocate from their current facility at 4700 21st Street. Moving the office and lab to a new building will allow the company to add production capacity at the current facility.

Construction could begin this spring if approved.

*(Information adapted from Milwaukee Journal Sentinel, "InSinkErator plans new Mount Pleasant headquarters," on January 16, 2017)*

# Milwaukee County Selects Marcus Corp. To Purchase Park East Land

Milwaukee County has selected Marcus Corp. to purchase county owned land in the Park East area, next to a site the company already owns and is planning to develop a movie theater along with housing and offices. The less than half-acre, triangular-shaped property will be combined with Marcus Corp.'s owned site along the Milwaukee River, south of East Knapp Street. The mixed-used development, known as Edison Place, could also include the company's headquarters, which is currently located in the 100 East office building. The county land, which is separated by Edison Street, will likely become green space. Proposals for the site

have previously been submitted but fell through. Years ago, Marcus Corp. proposed a movie theater and office space, but that plan fell through. Afterwards, Hammes Co. attempted to assemble the parcels for an office development, but has since adjusted plans to building an office directly across from the Marcus site.

*(Information adapted from Milwaukee Business Journal, "Marcus Corp. selected to buy Park East land next to theater, high-rise development," on January 4, 2017)*



# Zoning Committee Approves Entertainment District Proposal

The Zoning, Neighborhoods and Development Committee has approved the proposed downtown entertainment center that the Milwaukee Bucks will develop near the future arena. The full Common Council will review the proposal next, but Deer District LLC, the Bucks affiliate, plans to begin construction in spring with a completion date for the entertainment

district as well as the arena by fall of 2018. The area, east of North 4th Street between West Highland and West Juneau avenues, will replace the former city-owned parking structure that is being demolished. It will be replaced with three buildings, separated by walkways, with a total of 104,000 square feet.

*(Information adapted from Milwaukee Journal Sentinel, "Zoning panel approves Bucks entertainment center," on January 10, 2017)*

# Apartment Supply Affects Rental Rates

Mandel Group Inc.'s vice president of development, Ian Martin, believes the number of new apartment buildings being developed in the Milwaukee area has increased the overall supply where now rents are beginning to drop and vacancy rates are rising. While both rents and vacancy rates have been historically strong, the trends are cause for concern because the Milwaukee metro area has been losing jobs since October of 2015. The loss isn't helping bring more people to the area to rent apartments. By the end of this year and through 2018, approximately 4,300 apartments are scheduled for completion compared to 7,000 units that were com-

pleted from 2010 – 2016. Mandel, who is one of the more active apartment development firms, plans to focus some of their developments on empty nesters who are looking to fill these developments. Mandel is constructing 401 East Erie Street, the 132-unit DoMus, a 235-unit high-rise slated for 1350 North Prospect Avenue and also The Farm at River Hills, containing about 400 units between West Brown Deer and West Greenbrook Roads, west of North Spruce Road. That project is facing opposition from local residents.



*(Information adapted from Milwaukee Journal Sentinel, "Larger apartment supply brings lower rents," on January 12, 2017)*

# CBRE Wisconsin Updates

## Corporate Woods of Brookfield Sold for \$4.5 Million

January 5, 2017 – CBRE Institutional Properties arranged the sale of Corporate Woods, a 55,456-square-foot multi-tenant office building located in the Milwaukee suburb of Brookfield, for \$4.52 million.

Eric Rapp and Patrick Gallagher in CBRE’s Milwaukee office and Judd Welliver, based in Minneapolis, arranged the sale on behalf of its owner, Somerset Properties. The buyer is Corporate Woods, LLC, a Milwaukee-based investor. Somerset Properties will retain management of the building.

At the time of sale, the building was 98 percent occupied with tenants including Paychex, SysLogic and Lawrence, Allen & Kolbe.

“Corporate Woods is great fit for investors because it’s a well-located asset in a mature business park with high quality tenants,” said Mr. Rapp. “The sale demonstrates that suburban multi-tenant office sales are picking up and trading will continue in 2017.”

Corporate Woods is located at 375 Bishops Way on a 4.1-acre site along Bluemound Road in Brookfield, 12 miles west of Milwaukee. The building, completed in 1987, features 19 underground climate-controlled parking spaces, a 164-stall surface lot and a two-story lobby.



## CBRE Asset Services Adds Real Estate Administrator in Milwaukee

January 30, 2017 – CBRE announced Dillan Domro has joined the firm as a real estate services administrator for Asset Services in its Milwaukee office.

In this role, Mr. Domro is responsible for tenant and vendor relationships, tenant communications and maintenance of tenant websites. He also supports the Asset Services division with the administrative duties for properties throughout Milwaukee and Madison.

“CBRE Milwaukee Asset Services is very pleased to add Dillan Domro to our growing Asset Services team. We look forward to Dillan’s valuable contributions to our continued success and growth,” said Margaret Lang, Asset Services director.

Mr. Domro joins CBRE with prior property management experience at Physician’s Realty Trust and Siegel-Gallagher Management Company. He is a graduate of University of Wisconsin Milwaukee, and most recently worked in securities at US Bank.

## TOP 5 OFFICE LEASE TRANSACTIONS

TENANT NAME	LOCATION	SQUARE FOOTAGE	LEASE TYPE
Saputo Cheese	10700 W Research Drive, Wauwatosa	27,494	New Lease
ProHealth Medical Group	Discovery Drive, Brookfield	25,000	New Lease
Access HealthNet	101-111 W Michigan, Milwaukee	13,939	New Lease
Quest Continuing Education Solutions	10100 W Innovation Drive, Wauwatosa	11,267	New Lease
MCFI	932 S 60th Street, West Allis	10,500	New Lease

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