

# MILWAUKEE REAL ESTATE NEWS

CBRE

## More New Leasing for CityCenter at 735



WiRED Properties, led by real estate developer Blair Williams, has relocated offices from above G-Daddy's BBC on the East Side to The CityCenter at 735 in downtown Milwaukee. The firm has leased 2,300 SF of space and has been working on renovations that are incorporating items from previous projects they have worked on, such as reclaimed wood from Drexel Town Square in Oak Creek. In addition to WiRED Properties, CityCenter has added two other tenants, Total Quality Logistics and Aryetti, LLC. The office building lost its largest tenant, National Business Furniture, back in April, when they consolidated operations into their West Allis location, but occupancy is back up to 86 percent, with 15,000 SF of space being leased since last August.

*(Information adapted from BizTimes, "Developer Blair Williams moves his firm's office downtown," on March 16, 2017)*

### TENANTS IN THE MARKET

(BY SUBMARKET MARCH 2017)

Downtown Market	29%
Waukesha/ Pewaukee	10%
Milwaukee North Shore	9%
Brookfield	5%
Milwaukee Northwest	3%
Mayfair/ Wauwatosa	4%

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## Associated Bank Plans to Open New Downtown Location

Associated Bank plans to open a new full-service downtown location in Milwaukee, but has not disclosed the new location yet. The company plans to close its current operations at 401 East Kilbourn, as they are not renewing the lease at that building and open a new location this fall. Town Bank, a Hartland-based company is planning, pending regulatory approval, to open a branch in the space occupied by Associated Bank at 401 East Kilbourn.

*(Information adapted from BizTimes, "Associated Bank to open new downtown Milwaukee branch," on March 20, 2017)*

## Christopher Kidd and Associates Expands Office

Christopher Kidd and Associates, a Menomonee Falls-based architectural firm, purchased the vacant industrial facility at 422 North 15th Street to expand its employees and grow into the 9,000 SF building. Plans are to occupy the second and third floors and then lease the lower level and first floor of the building, which already has interest in the space. The company also has offices in Sheboygan and Fort Collins, Colorado.



*(Information adapted from BizTimes, "Menomonee Falls architectural firm expanding to Menomonee Valley," on March 13, 2017)*

## Downtown Office Tower on the Market for Sale



The former Henry S. Reuss Federal Plaza office building, located at 310 West Wisconsin Avenue, is on the market for sale. There is not a listed price for the 578,000 SF, nearly half-empty building. It covers approximately three-quarters of a block and has an attached 606 stall parking structure. The building is located in an active development area, being close to the new arena, the Shops of Grand Avenue and the restoration of the Warner Grand

Theatre for the Milwaukee Symphony Orchestra. The property is owned by RAIT Financial Trust, a Philadelphia-based real estate investor, which purchased it in 2004.

*(Information adapted from Milwaukee Business Journal, "Reuss office building in downtown Milwaukee listed for sale," on March 8, 2017)*

## Orthopaedic Hospital Purchases Building

The Orthopaedic Hospital of Wisconsin has purchased a neighboring office building to its Glendale campus, located at 575 West River Woods Parkway. The building shares a driveway with the hospital and the purchase of the building will create options for future development. The 60,000 SF building was sold by Phoenix Investors for \$2.5 million.

*(Information adapted from Milwaukee Business Journal, "Orthopaedic Hospital buys Glendale building for possible future development," on March 1, 2017)*

## Frontier Title & Closing Services, LLC to Open Third Ward Office

Frontier Title & Closing Services, LLC, a Hartland-based company plans to lease 2,100 SF of space at The Mayer Building, located at 342 North Water Street in the Third Ward. This will be the company's third office, in addition to Hartland and Johnson Creek. This location is slated to handle major commercial closings.



*(Information adapted from BizTimes, "Hartland-based title company to open location in Third Ward," on March 13, 2017)*

## Kohl's Moving to 84South Development

The Greenfield Plan Commission has recommended approval for the 80,000 SF building at the 84South development, which will house Kohl's and Total Wine and More. Kohl's is slated to occupy 55,000 SF of the building, which was announced after released news of its plans to leave its location at Southridge Mall and open a store at the new development. This Kohl's location will be smaller than the 85,000 SF footprint at Southridge, which

will help the retailer operate more efficiently and cost effectively. The new location is expected to open in 2018.

*(Information adapted from Milwaukee Business Journal, "Kohl's building at 84South earns endorsement from Greenfield Plan Commission," on March 15, 2017)*

## Action Power Sports Relocating to Former Wal-Mart Location

Action Power Sports, a retailer of motorcycles, dirt bikes, all-terrain vehicles, snowmobiles and other equipment, plans to relocate its dealership into the former Wal-Mart Neighborhood Market located at S14 W22605 Coral Drive. The 42,000 SF showroom is expected to open in April. With the larger space, Action Power Sports will be able to offer more products as well as parts and accessories.



*(Information adapted from Milwaukee Journal Sentinel, "Action Power Sports moving to ex-Wal-Mart site," on March 8, 2017)*

## Two Shopping Centers Sold to Baseline Investments, LLC



Baseline Investments LLC, a Denver-based real estate investment firm, has purchased the Point Plaza and Glendale Square shopping centers for \$2.8 million. The Point Plaza center, located at 8333 W Appleton Avenue was sold by R&D Point Plaza LLC for \$900,000. Glendale

Square, located at 6801-6817 North Green Bay Avenue in Glendale was sold by Buckmann, LLC for \$1.8 million.

*(Information adapted from BizTimes, "Denver firm purchases shopping centers in Glendale, Milwaukee," on March 13, 2017)*

## Vanity Closing Store at Brookfield Square and Southridge Mall

Vanity, a retailer of women's and juniors' apparel and accessories, plans to close its Brookfield Square and Southridge Mall locations. Based in Fargo, North Dakota, Vanity Shop of Grand Forks Inc. filed for bankruptcy protection and plans to close all 137 stores it has nationwide. Both Milwaukee-area locations are approximately 3,000 SF of space each. A going out of business sale will be conducted by Tiger Capital Group.

*(Information adapted from BizTimes, "Vanity closing Brookfield Square and Southridge stores," on March 8, 2017)*

## Development Planned Across from Drexel Town Square

The commercial building located at 200 West Drexel Avenue, directly across from the Drexel Town Square mixed-use development, has been purchased by Dr. Ajaz Qhavi, an Aurora Health Care Medical Group neurologist. Dr. Qhavi plans to redevelop the 2,500 SF building into retail and restaurant space. The property currently is zoned for manufacturing, and will need to be rezoned for commercial use development.

*(Information adapted from BizTimes, "Retail development planned across street from Drexel Town Square," on March 14, 2017)*



# Prairie Highlands Business Park Slated for Pleasant Prairie

The Village of Pleasant Prairie plans to develop a new business park, located west of I-94 and north of County Highway Q, on 458 acres that Abbott Laboratories Inc. previously considered constructing a manufacturing facility. The Pleasant Prairie Plan Commission is conducting the initial proposal review for the purchase of the land for \$37.5 million. The village also plans to spend approximately \$75 million

to improve the land with infrastructure items such as streets, sewers, water mains and other items. The business park, named Prairie Highlands, would be home to manufacturing facilities, offices and other commercial development options, and estimates to have up to 3,000 to 4,000 employees working within the development once completed.

*(Information adapted from Milwaukee Business Journal, "Large business park planned for Pleasant Prairie site once slated for Abbott Labs development," on February 27, 2017)*

# Oak Creek Development Moving Forward

St. John Properties Inc., a Baltimore developer that also has a Hartland location, received approval from Oak Creek to begin construction on a planned three-building office and industrial development located at 140 East Rawson Avenue. The project, which includes buildings ranging from 44,000 to 48,840 SF, will likely cater to smaller tenants. The 13.5 acre site is located just east of Howell Avenue, and the land would be purchased from Goodwill Industries of Southeastern Wisconsin Inc.

The first buildings are expected to break ground in May or June, with completion slated for early 2018. The third building would be constructed after the other two are leased.

*(Information adapted from Milwaukee Business Journal, "Oak Creek office and industrial buildings moving ahead on Rawson Avenue," on March 1, 2017)*



## Cree Relocating Distribution Facility to Pleasant Prairie



Cree, Inc., a LED lighting manufacturer, plans to relocate its distribution facility from Yorkville, to Pleasant Prairie. The company currently occupies 80,000 SF of space in the Racine County facility, but will be replaced with the 148,146 SF facility at 8505 100th Street in Pleasant

Prairie. The company expects about 35 people to work out of the new facility.

*(Information adapted from BizTimes, "Cree to move distribution facility from Yorkville to Pleasant Prairie," on February 28, 2017)*

## Former Sam's Club Property Being Converted into Industrial Space



GenCap Calumet LLC, an affiliate of Genral Capital Group LLP has purchased the former Sam's Club store located at 7701 West Calumet Road to convert it into light industrial space. The 138,000 SF space was sold by Sam's Real Estate Business Trust, an affiliate of Wal-Mart Stores Inc., for just under

\$3 million. General Capital plans to convert the store for Sellars Absorbent Materials Inc., a maker of materials for industrial accident cleanups.

*(Information adapted from Milwaukee Journal Sentinel, "Former Northridge-area Sam's Club sold for light industrial space," on February 24, 2017)*

# Royal Capital to Develop Apartments Attached to New Arena

Royal Capital Group LLC, a Milwaukee-based development firm, has been selected as the partner on the development of 90 higher-end apartments attached to the Milwaukee Bucks arena's parking structure. The apartments will be on the building's five upper levels. Construction is expected to begin this fall after work is completed on the parking structure. The apartments are slated to open in fall 2018, around the time the arena is finished. The apartments will be micro units, in addition to one and two-bedroom units. The complex will also have a neighborhood café, event space and a sports lounge for both residents and the general public.

*(Information adapted from Milwaukee Journal Sentinel, "Royal Capital to develop 90 higher-end apartments tied to Milwaukee Bucks arena parking structure," on February 23, 2017)*



# City of Milwaukee Considering Purchasing Land for Green Space

The city of Milwaukee has proposed purchasing the 2.7-acre space located next to the Lake Freeway at 1314 East Conway Street, from the Wisconsin Department of Natural Resources. The proposal includes the city paying \$425 for the site in order to maintain public access as well as a buffer between the commercial activity of the Port of Milwaukee and residential neighborhoods in Bay View. The parcel is one of 120 sites the Department of Natural Resources was considering putting up for sale.

*(Information adapted from Milwaukee Business Journal, "City of Milwaukee proposes purchase of Bay View green space," on March 14, 2017)*

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# Updated Couture Development Plans Released



The updated plans to the Couture apartment tower development, being constructed at the site of the former Downtown Transit Center, include a restaurant featuring outdoor seating and green space with a dog run built into the rooftop over the transit concourse for cars, buses and the streetcar. These updated plans were submitted to the city for review. The 44-story building is expected to begin digging the foundation in November or December. The first tenants can expect to begin occupancy near the end of 2019. The concourse will likely

open by mid 2019. The construction of the building can't begin until a city sewer pipe running below the site is relocated.

*(Information adapted from Milwaukee Business Journal, "New Couture designs show plans for rooftop restaurant, grocery," on March 3, 2017)*

# Midwest Marketflash

MIDWEST MARKETFLASH FEBRUARY 2017 **CBRE**

## Midwest markets eat up their office space

### MIDWEST MARKETS EAT UP THEIR OFFICE SPACE

February 2017

Across 2016, several Midwest markets earned notice in regard to office absorption. Four separate Midwest cities ranked in the top 15 markets, in regard to how much of their total office assets were absorbed.

Figure 1: Top Office Markets in Total Market Absorption

Rank	Market	Absorption (Sq. Ft.)	Absorption % of NRA
1	Greenville	614,000	5.4%
2	Orlando	1,763,000	4.7%
3	Nashville	1,641,000	4.6%
4	Phoenix	3,220,000	3.7%
5	Austin	1,738,000	3.7%
6	Cincinnati	1,327,000	3.6%
7	Tampa	1,287,000	2.8%
8	Salt Lake City	959,000	2.8%
9	Jacksonville	664,000	2.7%
10	Columbus	934,000	2.7%
11	Milwaukee	1,109,000	2.6%
12	Ft. Lauderdale	722,000	2.5%
13	Seattle	2,552,000	2.5%
14	Detroit	1,911,000	2.4%
15	Inland Empire	593,000	2.4%

Source: CBRE Research, Q4 2016.

Across 2016, several Midwest markets earned notice in regard to office absorption. Four separate Midwest cities ranked in the top 15 markets, in regard to how much of their total office assets were absorbed. Milwaukee was ranked 11th out of the top listed markets.

In Milwaukee, Master Lock accounted for a fair share of the absorption numbers, executing a lease at the former campus of Caterpillar's Global Mining Division, in the Southeast submarket. The transaction totaled 120,883 sq. ft., and will increase their local office employment to approximately 450, on top of the hundreds already employed at their local factories.

*(For more on this Marketflash, please click on the [link](#) or visit CBRE's [Global Research Gateway](#) for more research information)*

## TOP 5 OFFICE LEASE TRANSACTIONS

TENANT NAME	LOCATION	SQUARE FOOTAGE	LEASE TYPE
Honey Mil Adult Day-care	20711 West Watertown Road	9,426	New Lease
MPI Corporate Holdings Inc	1123 North Water Street	6,500	New Lease
ACS Retail and Hospitality	125 North Executive Drive	5,427	New Lease
Ron Harmeyer Law Office	330 East Kilbourn Avenue	3,586	New Lease
Envoy Mortgage	20300 Water Tower Boulevard	3,162	New Lease

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