Where Do People Work in the Greater Downtown

Top Industry Clusters

Workforce Characteristics

Job Growth

Commercial Office Supply

Overview

Now is the time to create a **shared and inclusive vision** for Greater Downtown, supported by a strategic Action Agenda to make that vision a reality.

The **Greater Downtown** is the heart and "gateway to the city." It is the largest employment and cultural center in the city and region. So if we care about generating more business, job and wealth creation opportunities for Milwaukeeans, we must care about how to retain and attract more inclusive growth back to the city center providing jobs, business, educational, recreational and cultural opportunities for all in the city and region. The neighborhoods immediately adjacent to the downtown core are the "gateway to the downtown." Strengthening these communities as safe, affordable, inclusive and cultural authentic places to live, work, play and make enhances the Greater Downtown and the city and region.

MKE United will culminate with an **Action Agenda** that includes specific actionable recommendations, along with clearly assigned responsibilities, to ensure the new, shared vision becomes a reality. The goal is to produce a 10-year Action Agenda that outlines tangible and feasible outcomes that can be implemented as early actions (0-1 year), near-term (1-5 years) and long-term actions (5-10 years). With intention, benefits to Milwaukeeans and the Region can be realized and the change we want requires shared ownership of a shared vision.

PHASE 1: BUILDING THE GREATER DOWNTOWN STORY

Phase 1 of the project involves acknowledging, reviewing and analyzing all of the existing plans and studies created by the Greater Downtown Milwaukee community over the last 5-7 years. This work is a representation of stakeholder efforts to improve and preserve the neighborhoods of the Greater Downtown, surface critical issues and establish clear goals and recommendations for change.

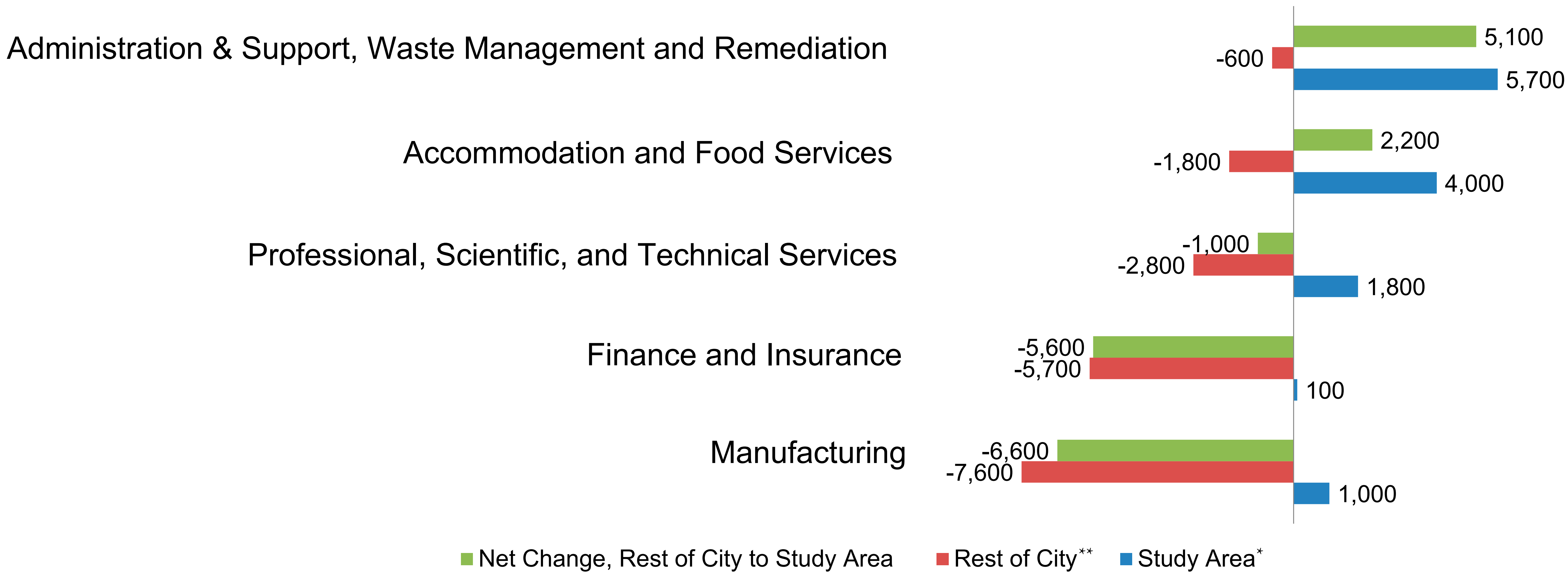
Our work starts where these plans left off, adding a comprehensive look at current trends that help to establish a data-driven perspective on how the Greater Downtown area is performing and what issues do we need to prioritize over the next 10 years. During this phase, we will supplement our data research with input from community workshops and open houses to help confirm our findings and surface any additional issues we may have missed.

This work will be used to help craft a proposed vision and set of target outcomes for the Greater Downtown, from which we will build an agenda for action in Phase 2.

Employment Sectors

The city's jobs are driven largely by five sectors: Manufacturing, Finance and Insurance, Professional, Scientific, and Technical Services, Administration/Waste/Remediation, and Accommodation and Food Services.

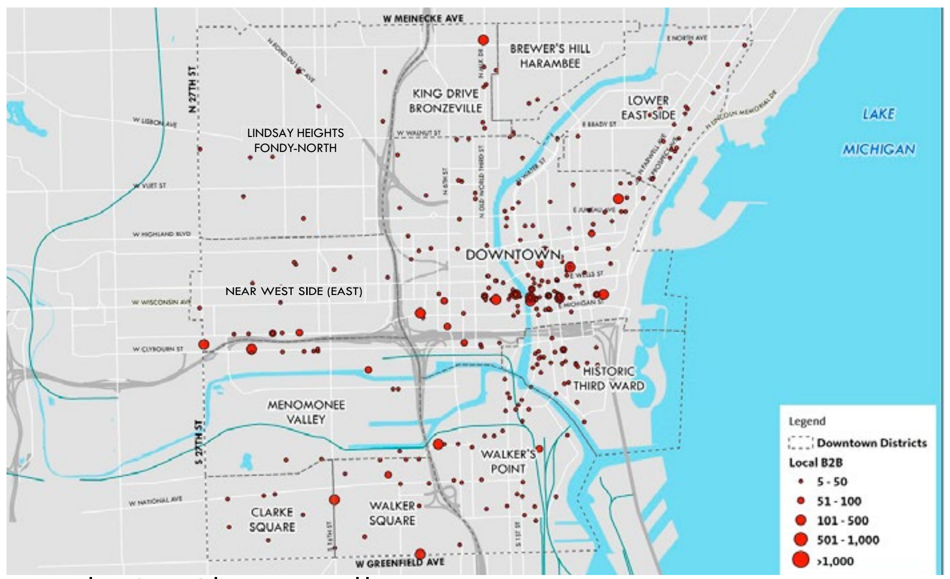
Change in Private Sector Jobs By Sector, 2004-14



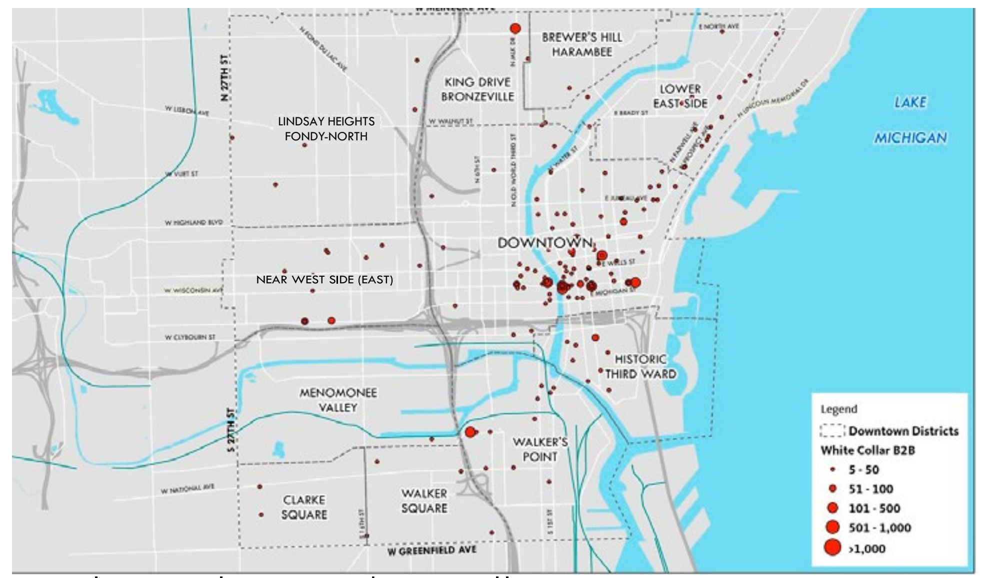
* Study Area = The Greater Downtown
** Rest of City = City Excluding the Greater Downtown
*** MSA = Milwaukee Metropolitan Statistics Area, composed of the Milwaukee, Waukesha, Washington, and Ozaukee Counties
Source: LEHD-OTM, Mass Economics Analysis

Industry Cluster - Local B2B

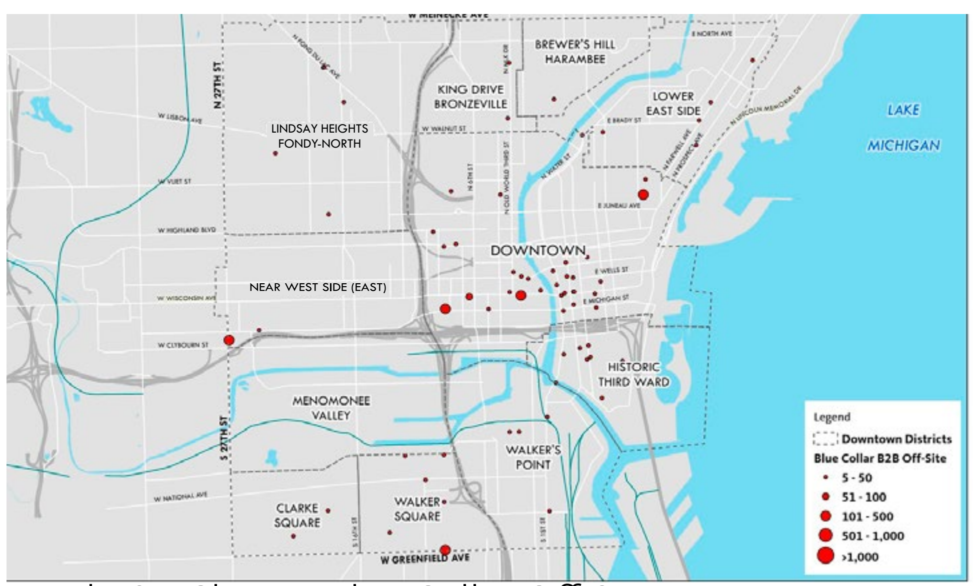
Smaller local B2B firms (less than 50 employees) are relatively well distributed throughout the greater downtown neighborhoods; larger firms are concentrated in the Downtown, along I-41, and in Walker Square. White Collar and Blue Collar Off Site firms are concentrated in Downtown while Blue Collar On Site are mainly located south of Wisconsin Avenue.



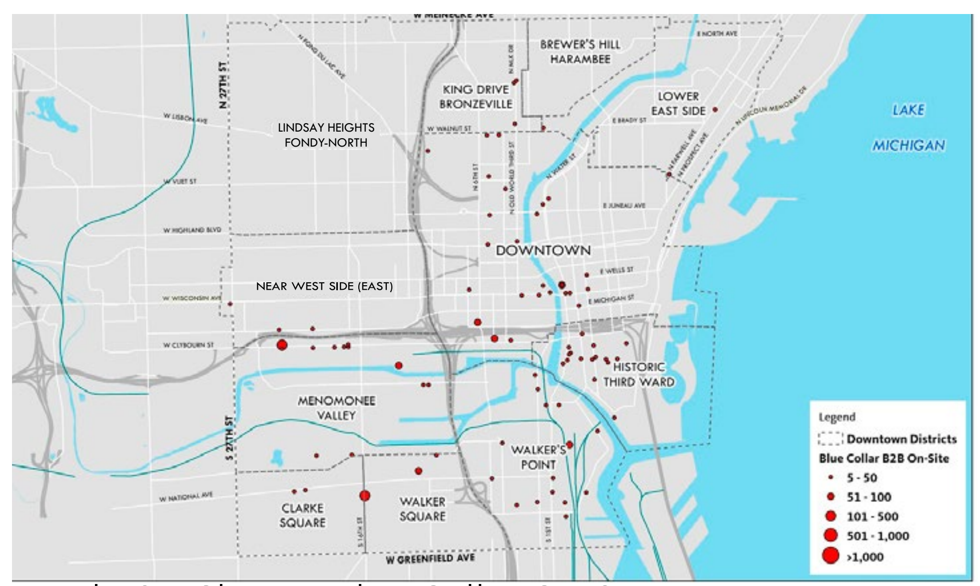
Local B2B Cluster: All



Local B2B Cluster: White Collar



Local B2B Cluster: Blue Collar Off-Site

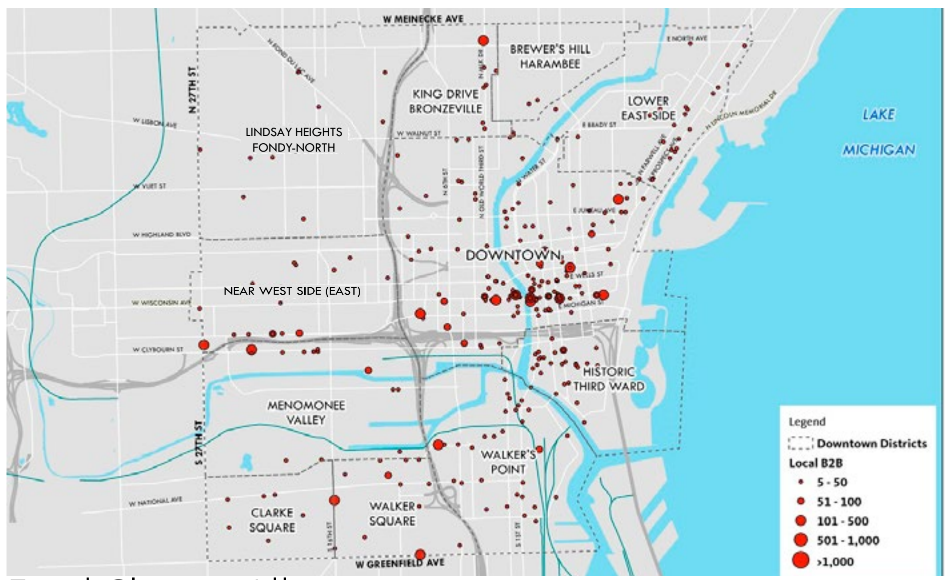


Local B2B Cluster: Blue Collar On-Site

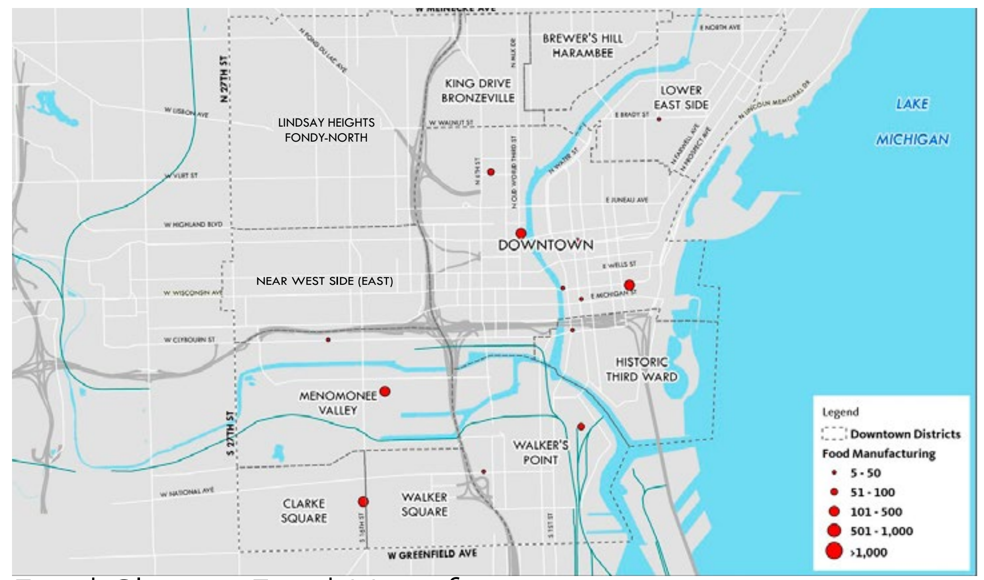
Source: QWI, Mass Economics Analysis

Industry Cluster - Food

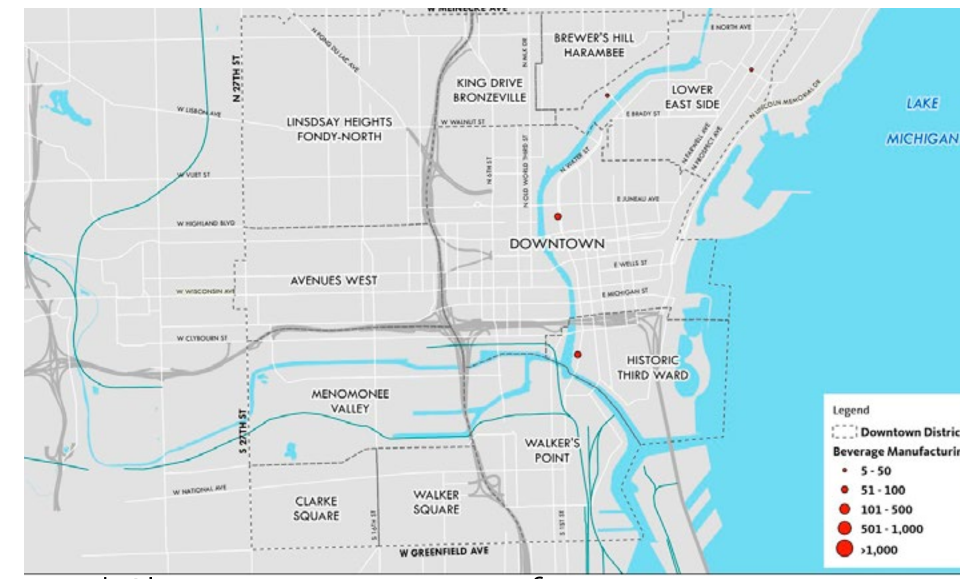
Food and beverage manufacturing and distribution clusters are concentrated in Downtown and in the Southern Greater Downtown neighborhoods. Food services and retail are evenly distributed throughout the neighborhoods in commercial, residential, and mixed use areas.



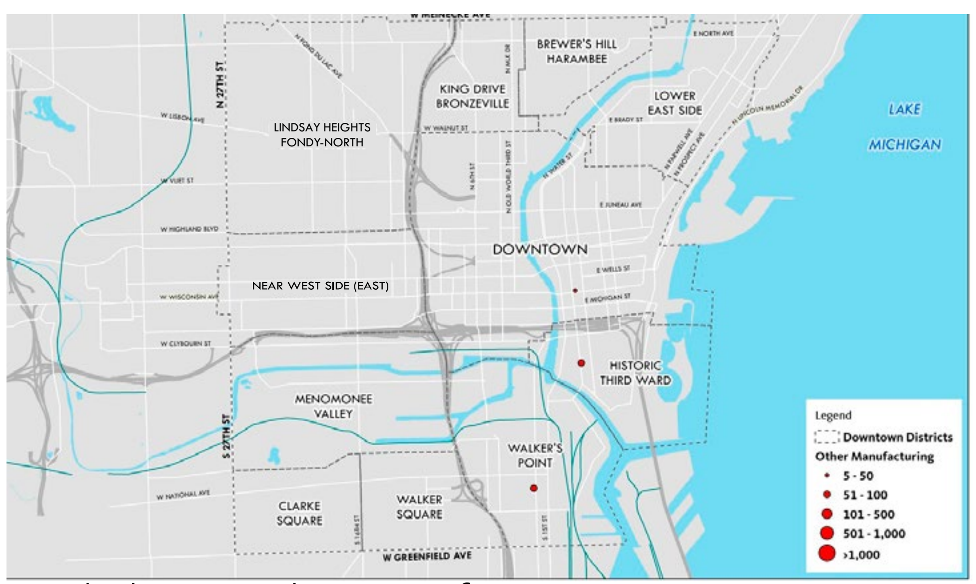
Food Cluster: All



Food Cluster: Food Manufacturing

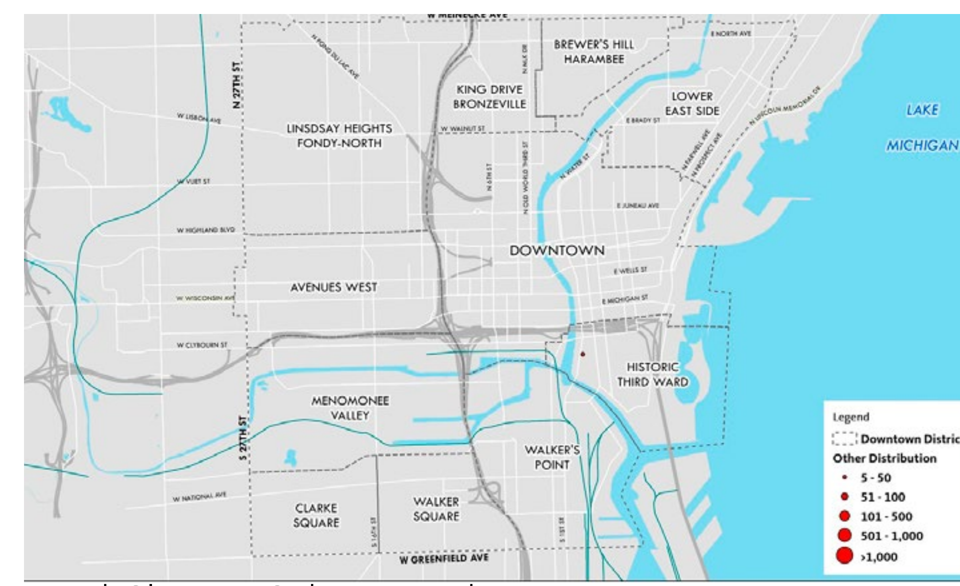


Food Cluster: Beverage Manufacturing



Food Cluster: Other Manufacturing

Food Cluster: Food Distribution



Food Cluster: Other Distribution

Source: QWI, Mass Economics Analysis

Industry Cluster - Food

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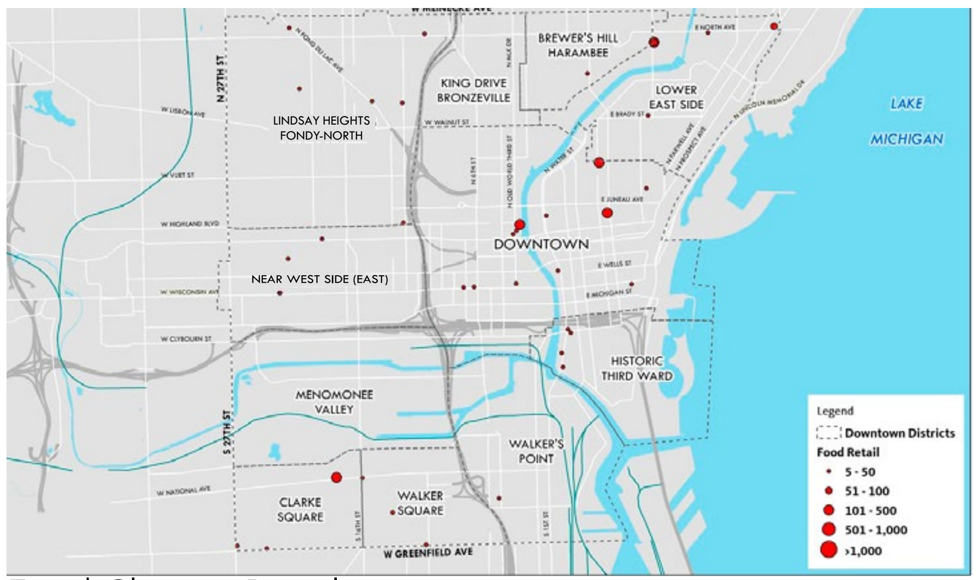
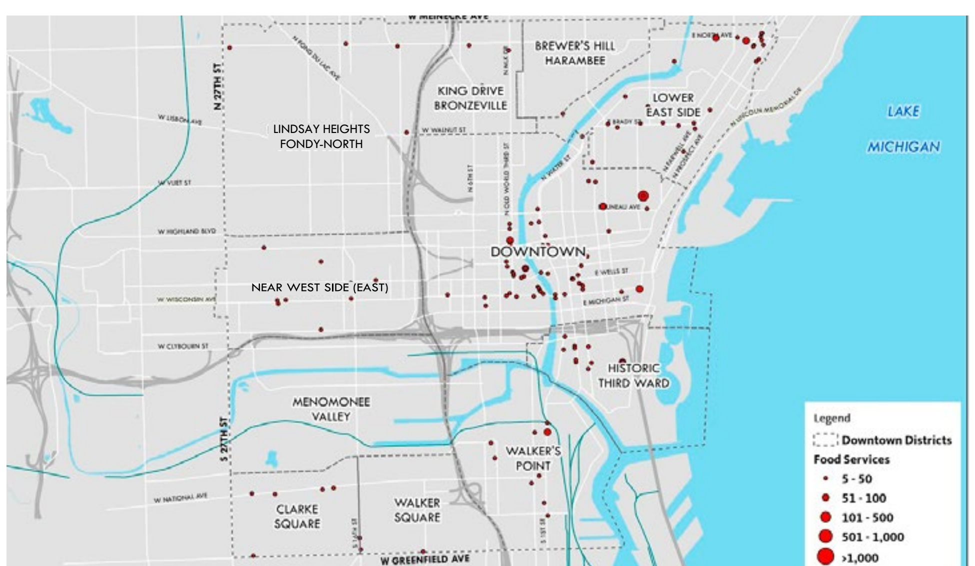


Food Cluster: Retail

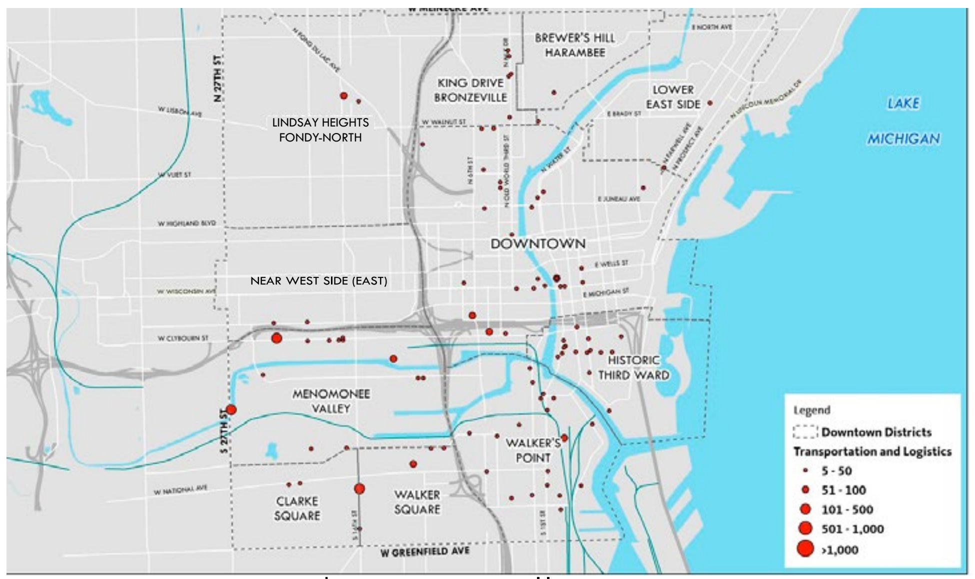


Food Cluster: Services

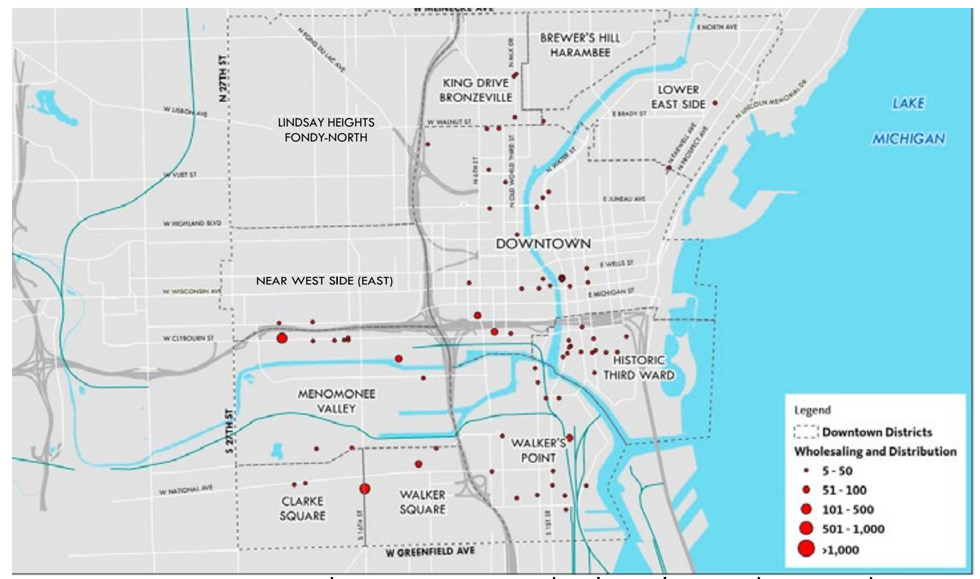
Source: QWI, Mass Economics Analysis

Industry Cluster - Transportation and Logistics

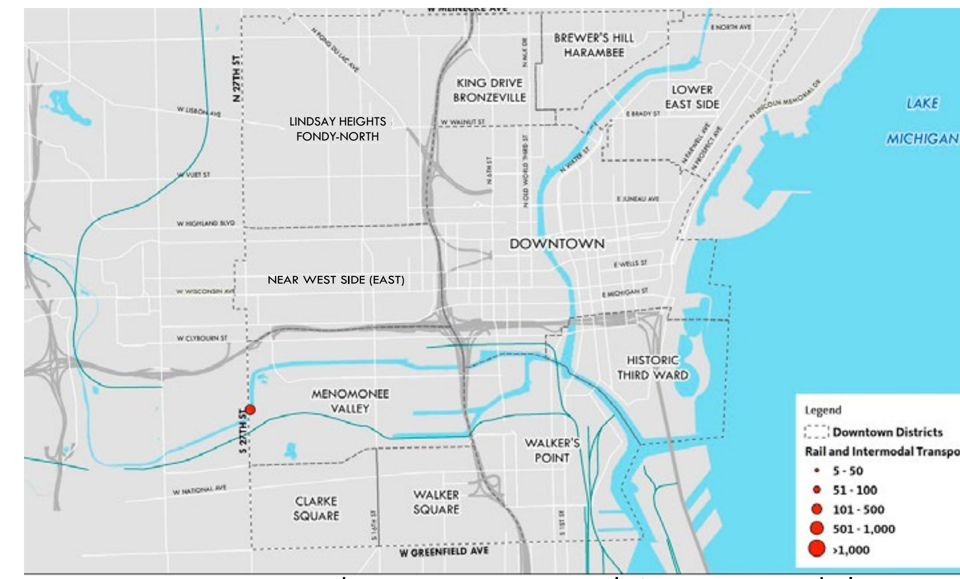
Transportation and Logistics are concentrated in the downtown and neighborhoods south of I-41; particularly in areas with good river and canal, rail, and highway access.



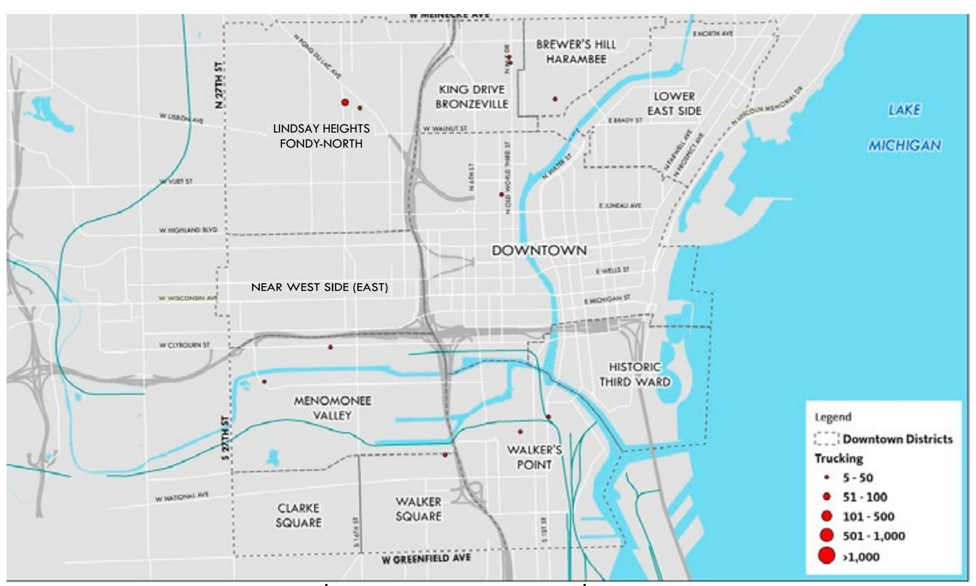
Transportation and Logistics: All



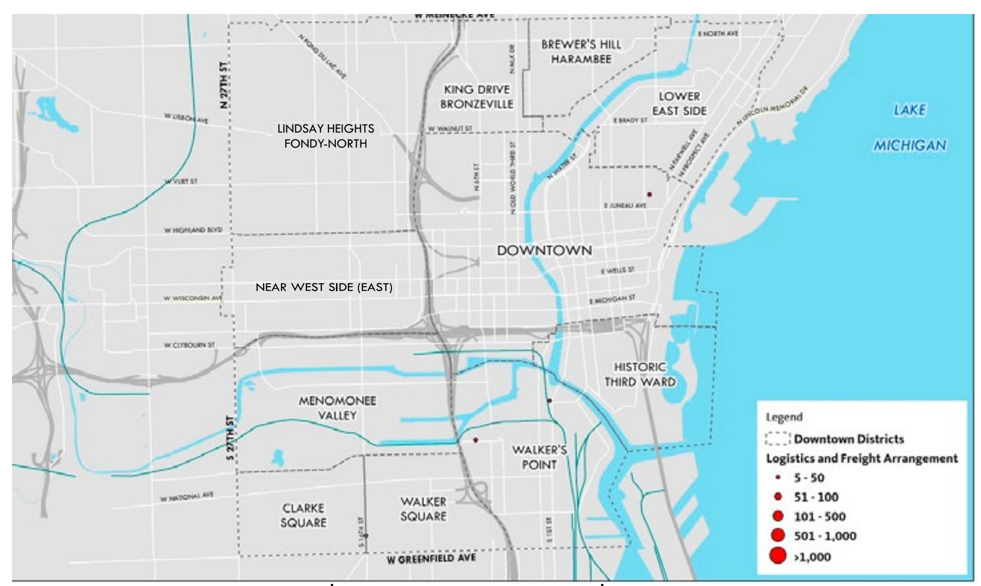
Transportation and Logistics: Wholesale and Distribution



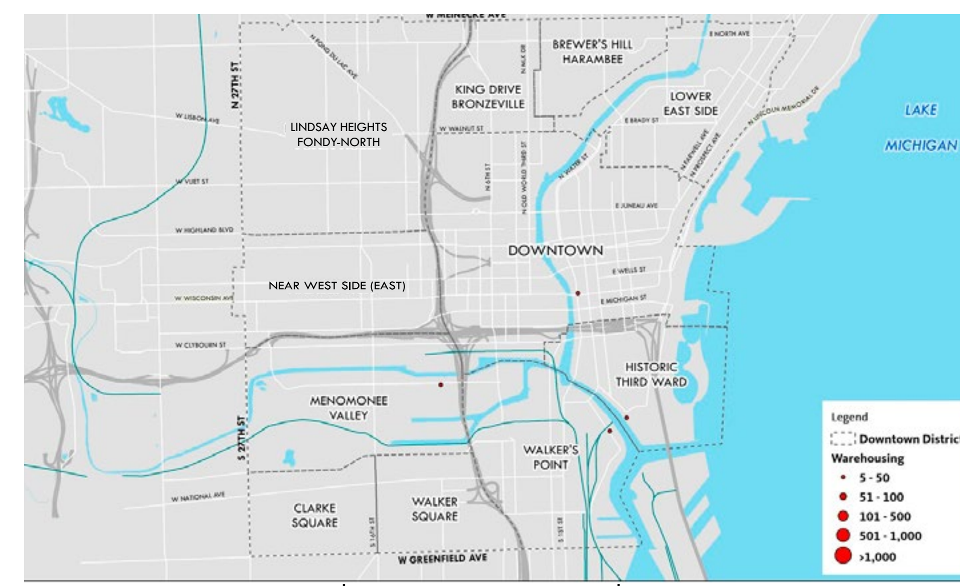
Transportation and Logistics: Retail & Intermodal Transp.



Transportation and Logistics: Trucking



Transportation and Logistics: Freight Arrangement

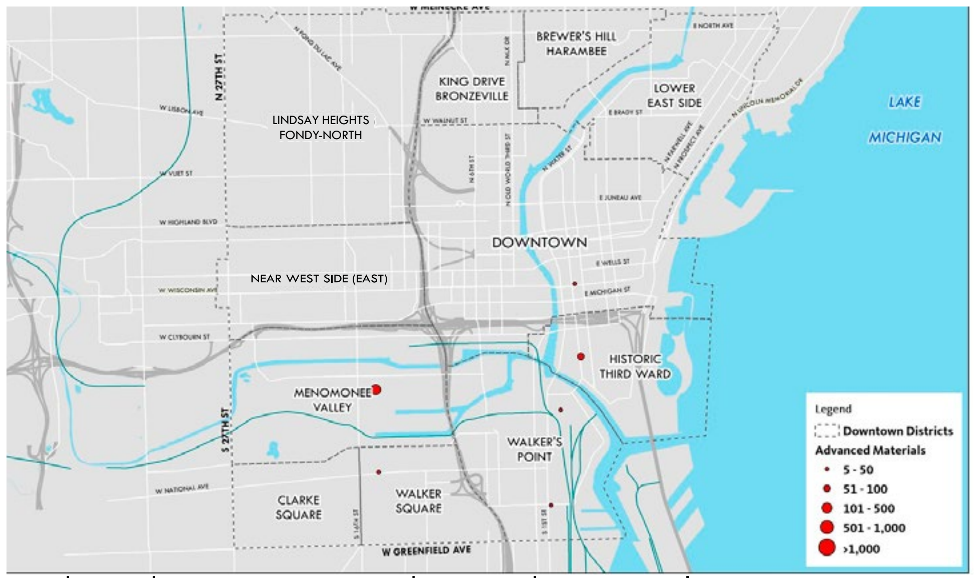


Transportation and Logistics: Warehousing

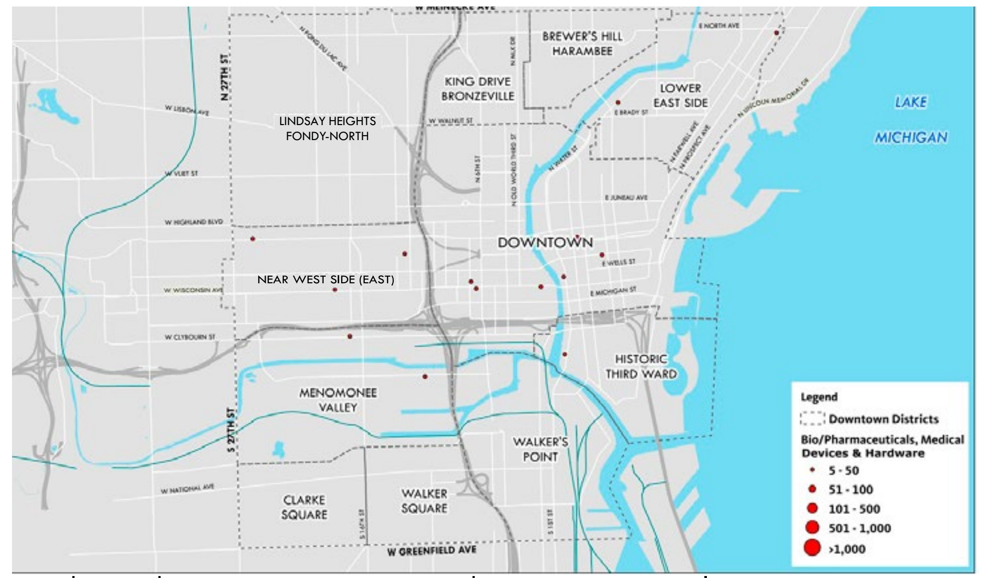
Source: QWI, Mass Economics Analysis

Industry Cluster - Tech and Innovation

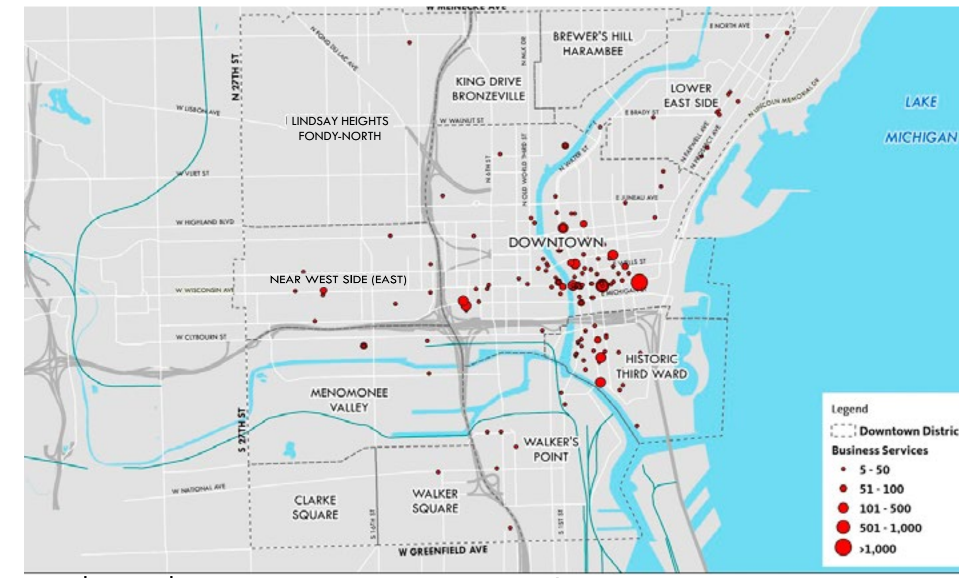
Eds and Meds are concentrated in Downtown and Avenues West neighborhoods. Service(s) clusters are concentrated in the Downtown, Avenues West, and Historic Third Ward neighborhoods while Manufacturing clusters are mainly located south of Highland Avenue.



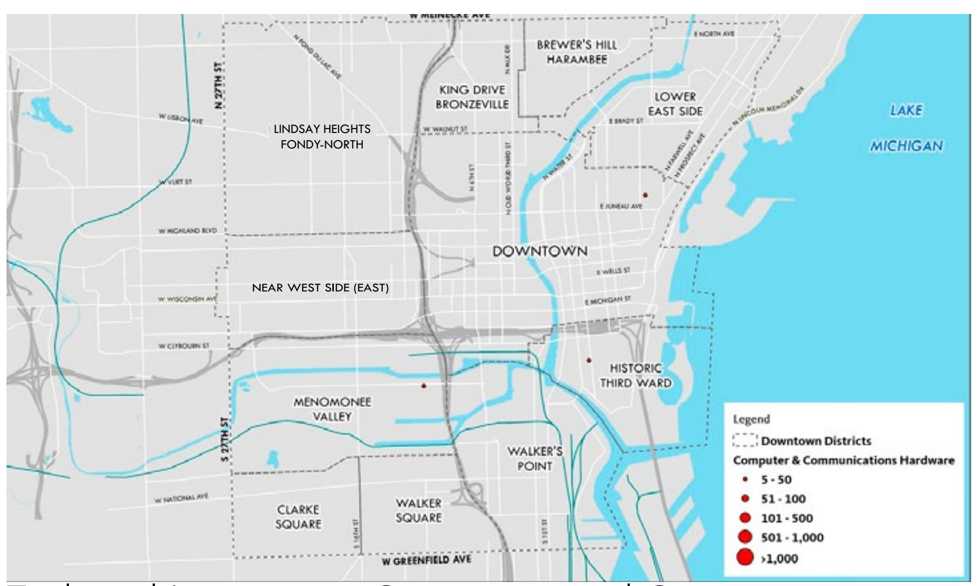
Tech and Innovation: Advanced Materials



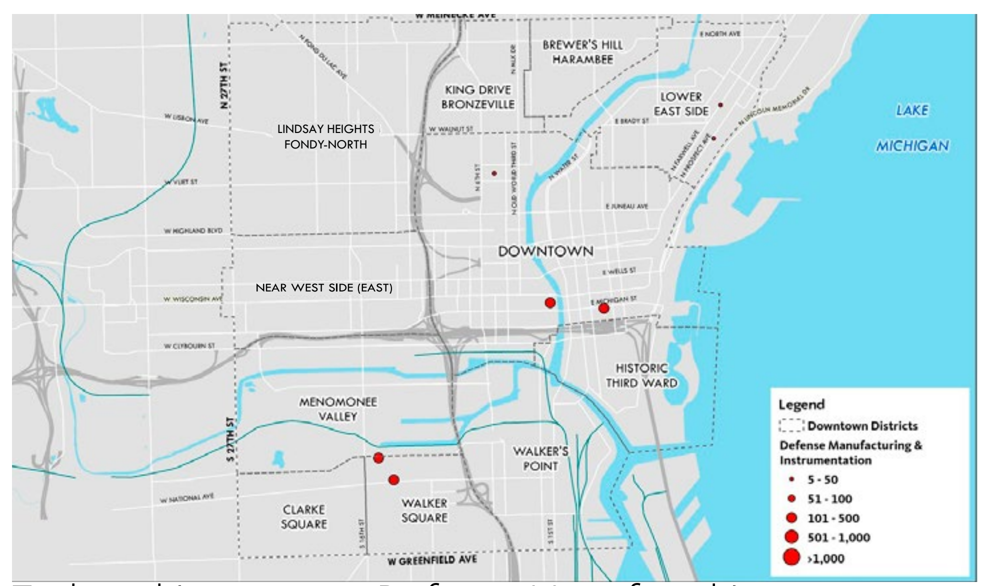
Tech and Innovation: Bio/Pharmaceuticals



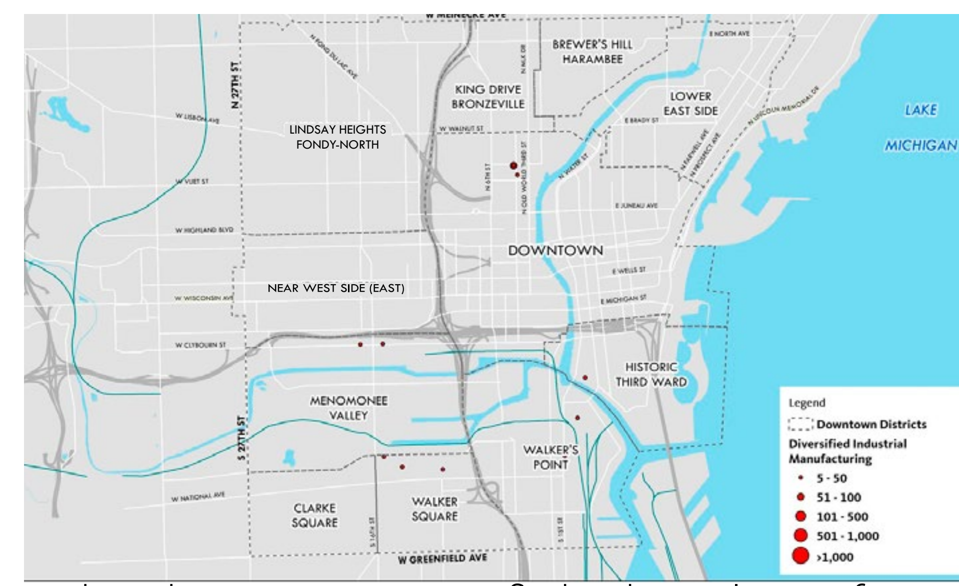
Tech and Innovation: Business Services



Tech and Innovation: Computers and Communications



Tech and Innovation: Defense Manuf. and Instrumentation



Tech and Innovation: Diversified Industrial Manuf.

Source: QWI, Mass Economics Analysis

Industry Cluster - Tech and Innovation

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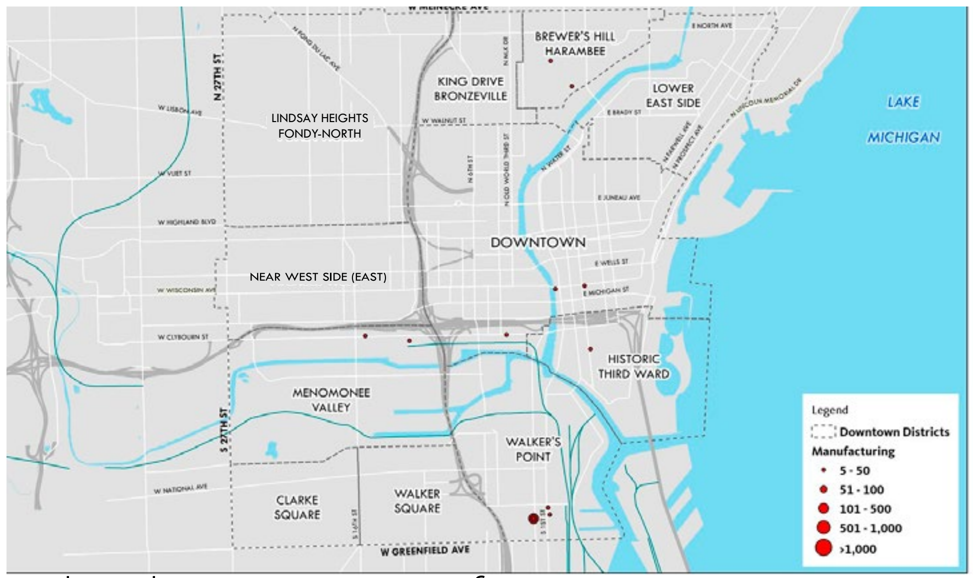
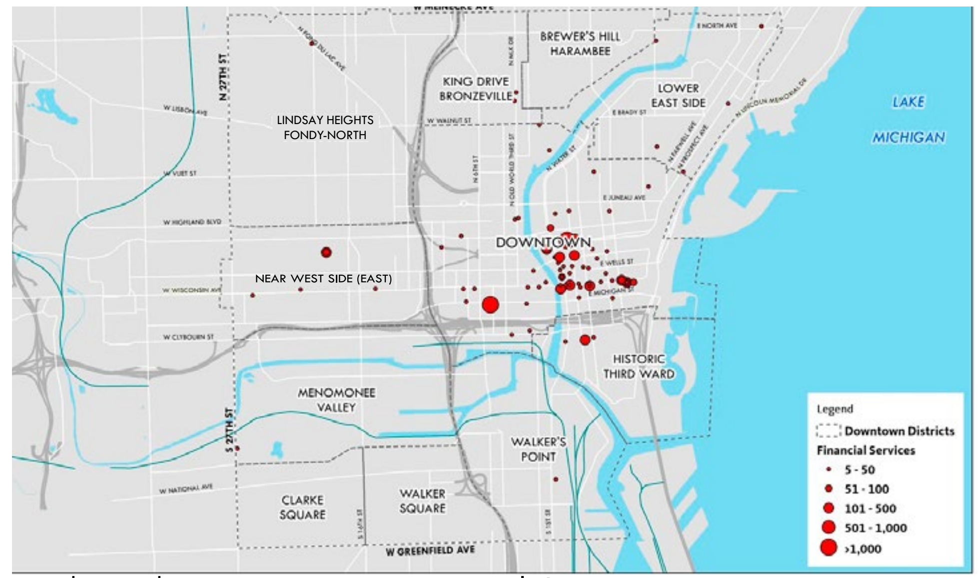
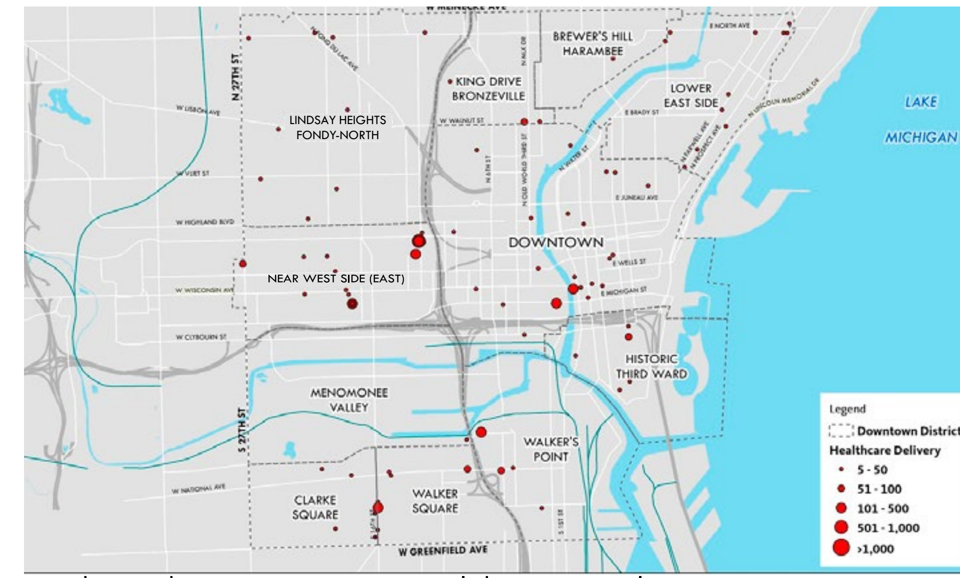


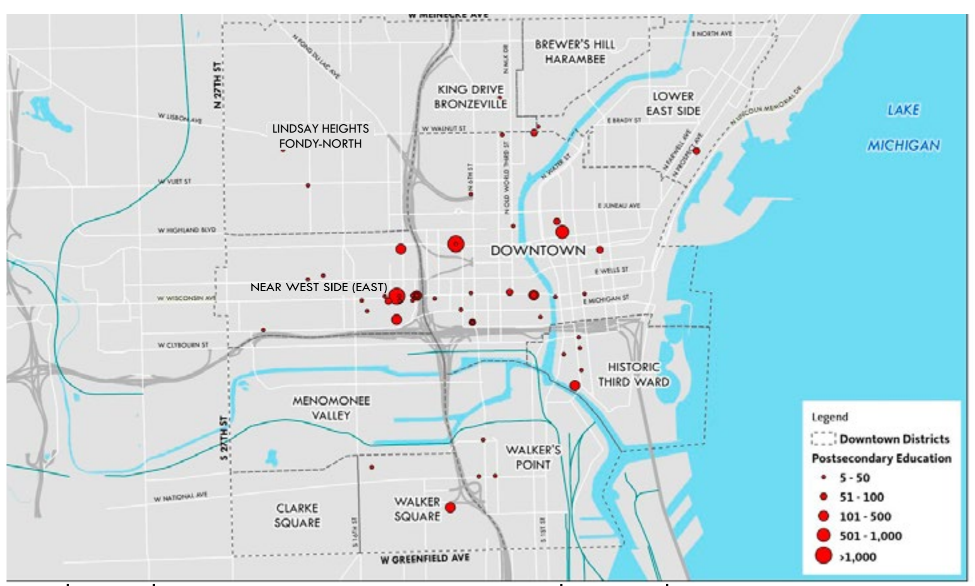
Tech and Innovation: Manufacturing



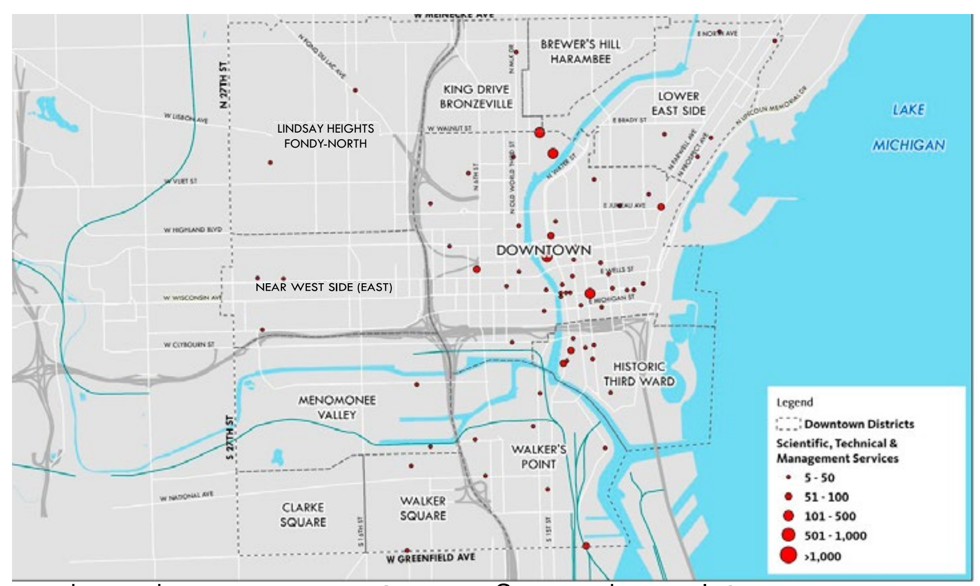
Tech and Innovation: Financial Services



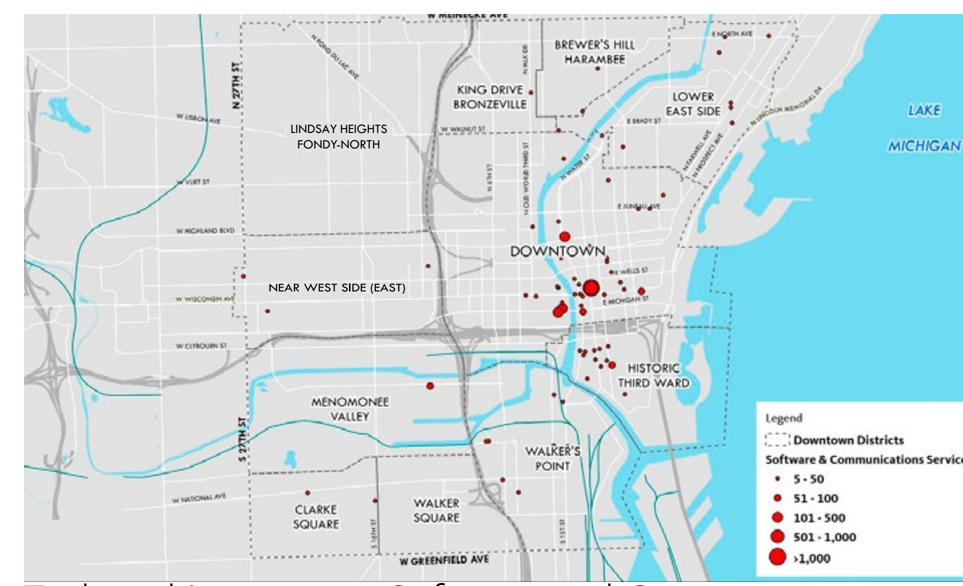
Tech and Innovation: Healthcare Delivery



Tech and Innovation: Postsecondary Education



Tech and Innovation: Scientific, Technical & Management

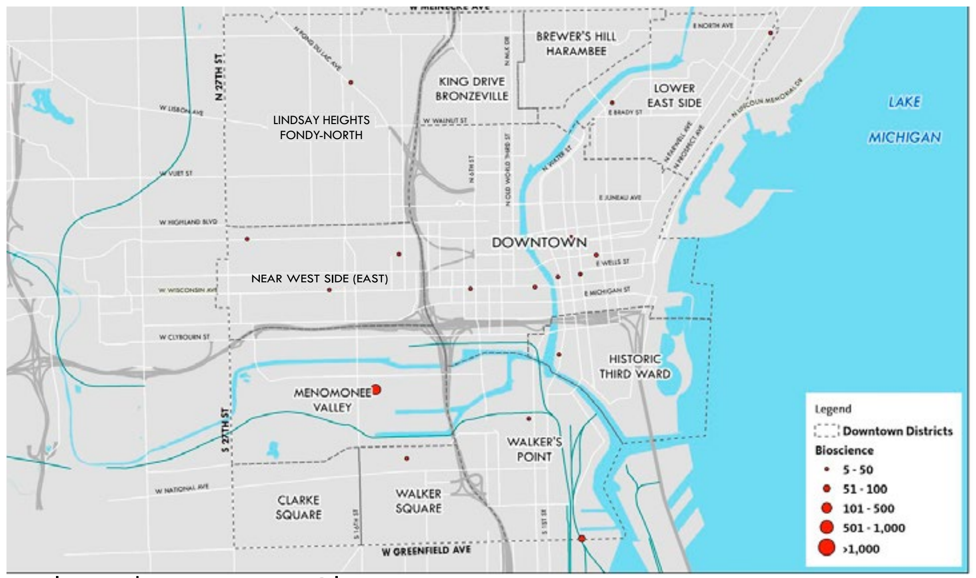


Tech and Innovation: Software and Communications

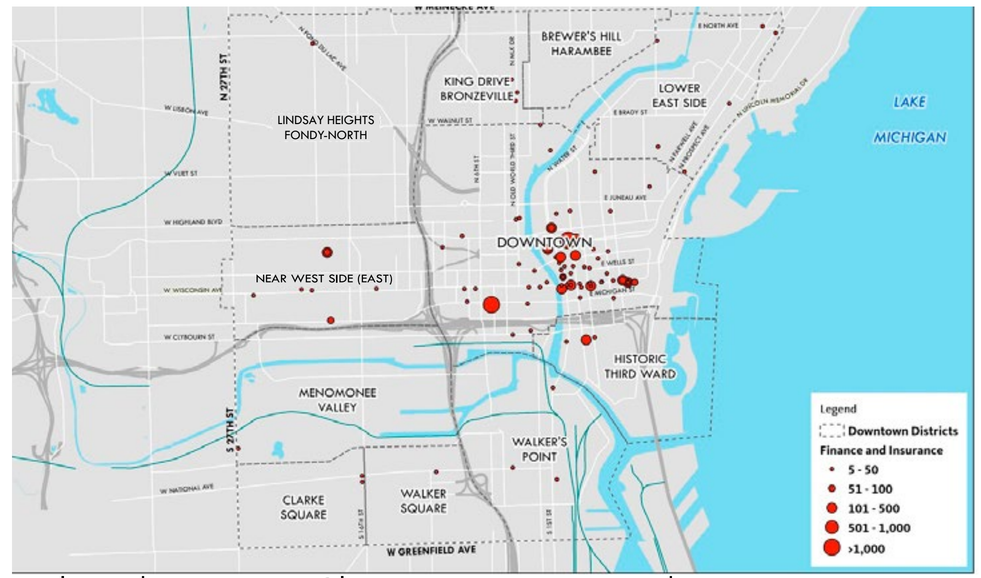
Source: QWI, Mass Economics Analysis

Milwaukee (MKE 7) Asset Clusters

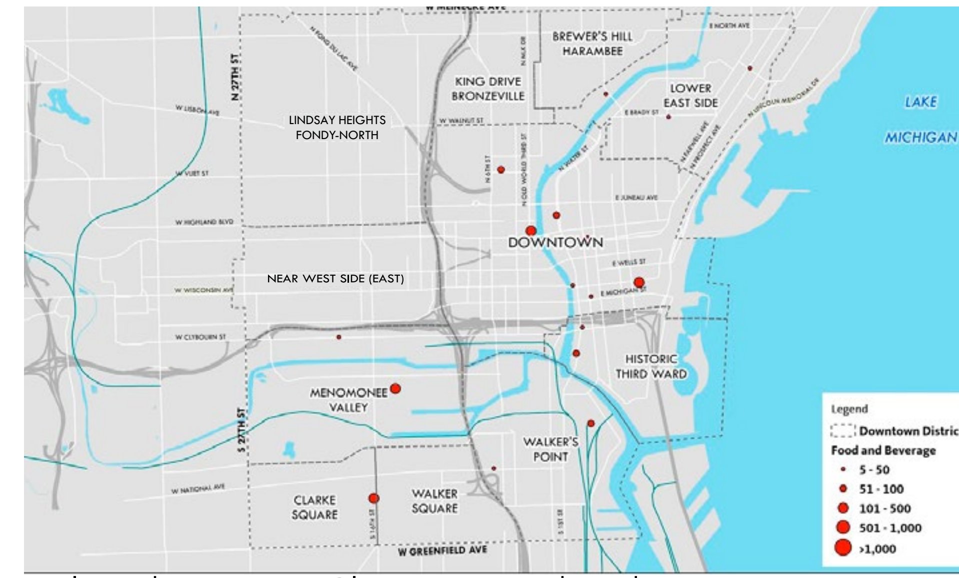
Finance and Insurance and Headquarters/IT are concentrated in Downtown while other clusters are more evenly distributed throughout the Greater Downtown neighborhoods



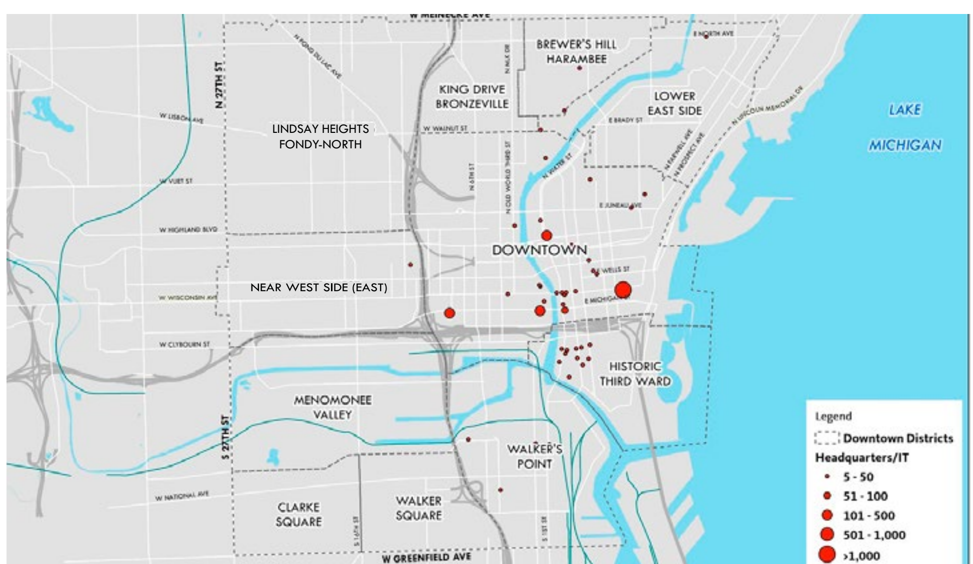
Milwaukee Asset Clusters: Bioscience



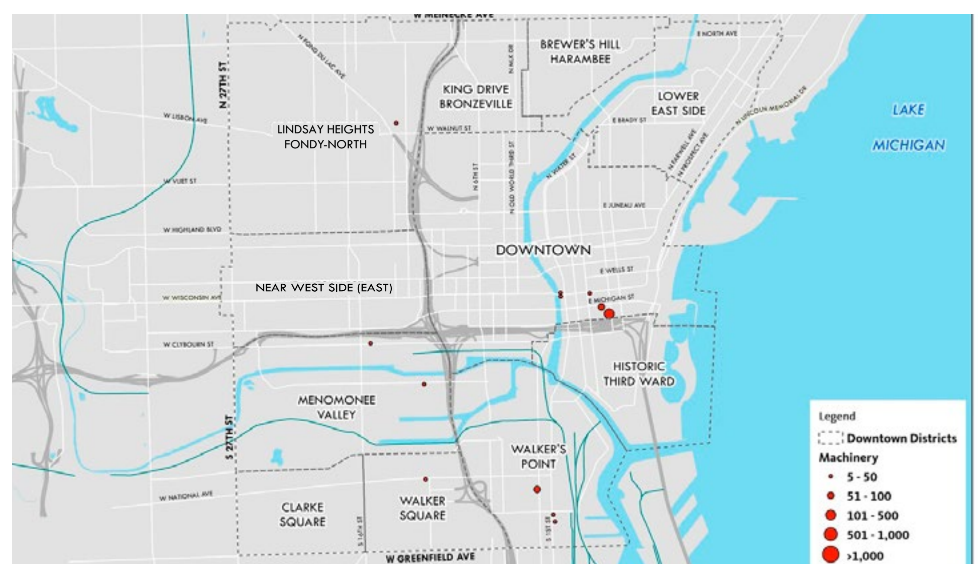
Milwaukee Asset Clusters: Finance and Insurance



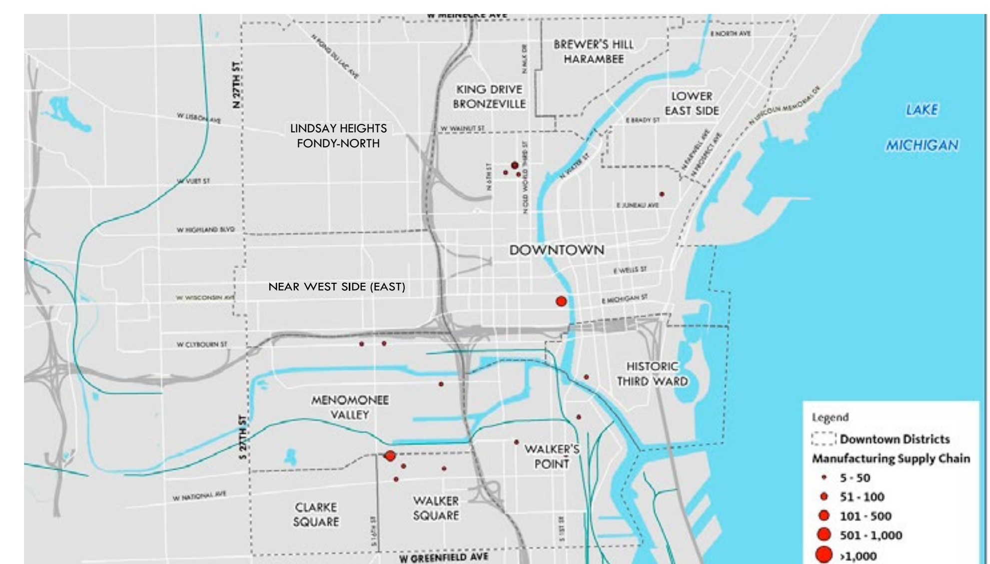
Milwaukee Asset Clusters: Food and Beverage



Milwaukee Asset Clusters: Headquarters / IT



Milwaukee Asset Clusters: Machinery



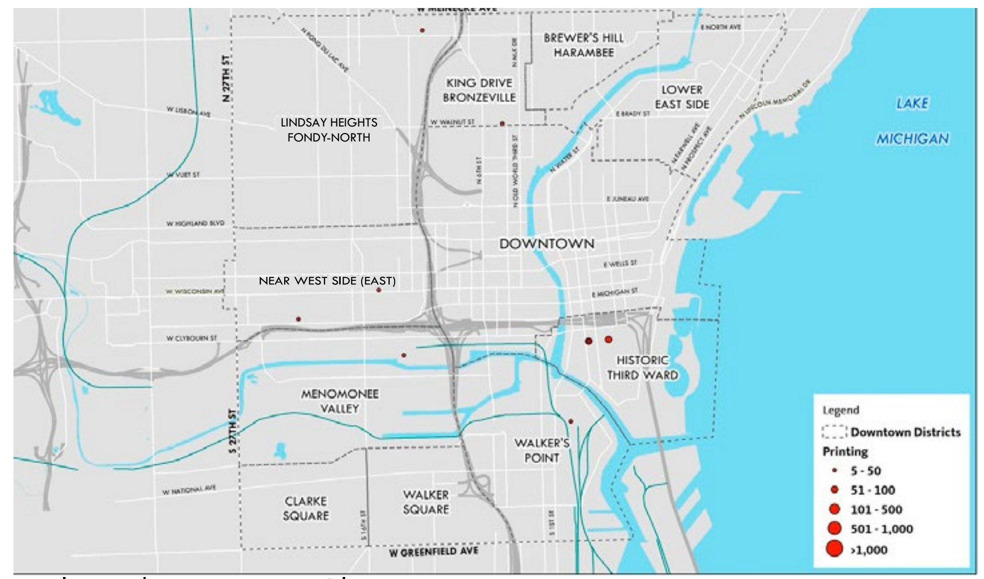
Milwaukee Asset Clusters: Manuf. Supply Chain

Source: QWI, Mass Economics Analysis

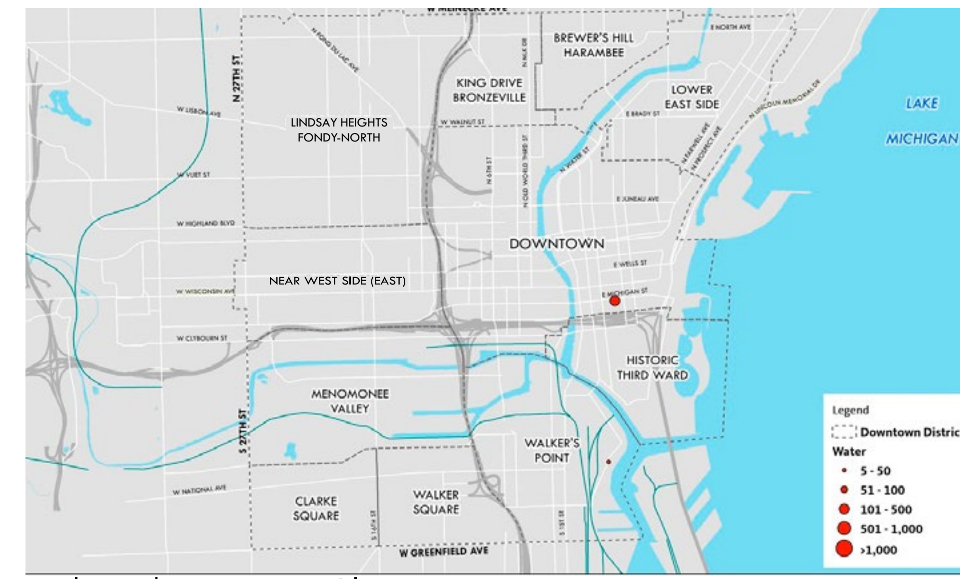
Milwaukee (MKE 7) Asset Clusters

Finance and Insurance and Headquarters/IT are concentrated in Downtown while other clusters are more evenly distributed throughout the Greater Downtown neighborhoods

Milwaukee Asset Clusters: Power, Automation & Controls



Milwaukee Asset Clusters: Printing



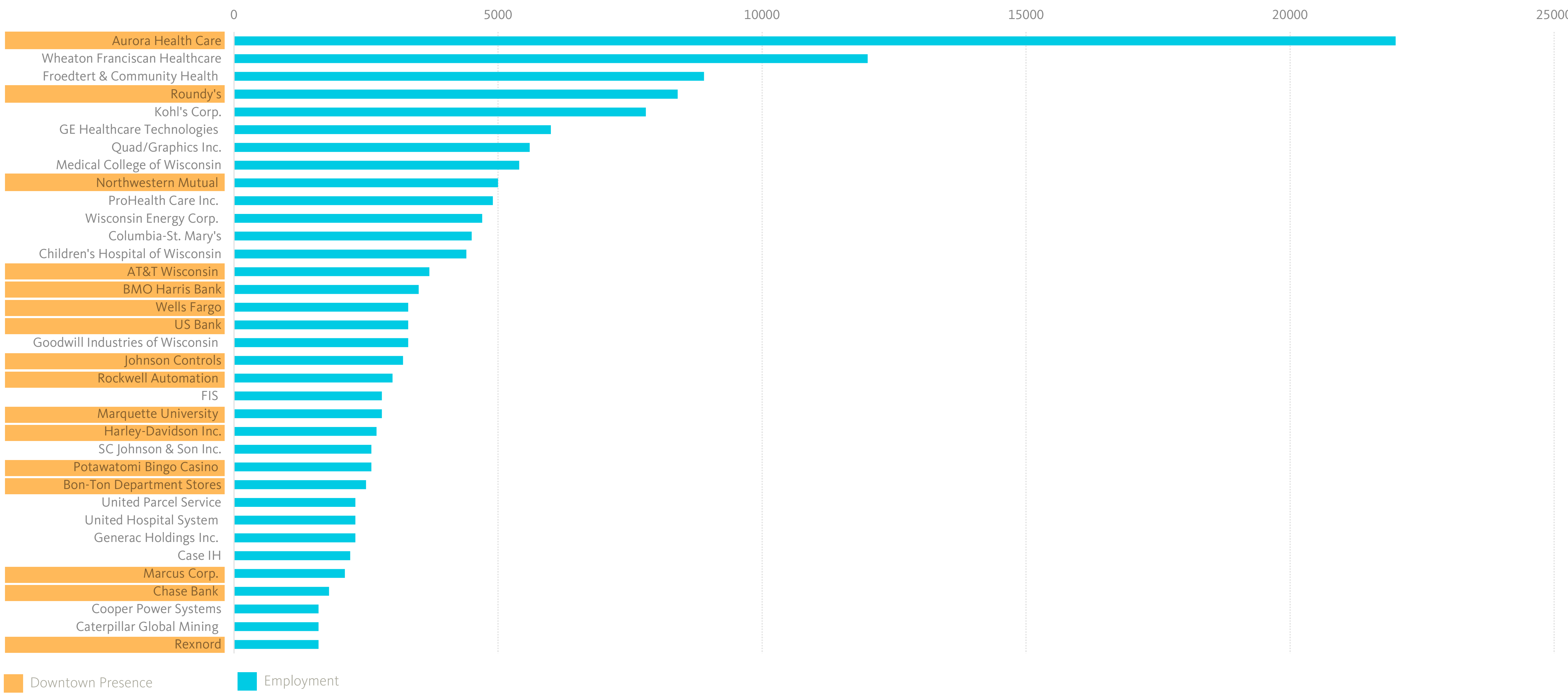
Milwaukee Asset Clusters: Water

Source: QWI, Mass Economics Analysis

Greater Downtown Top Employers

16 of the 35 top Milwaukee area employers are located in the Greater Downtown. Healthcare is the top employer in the Milwaukee area with finance and banking companies also employing a large number of area residents.

Milwaukee Area Top Employers



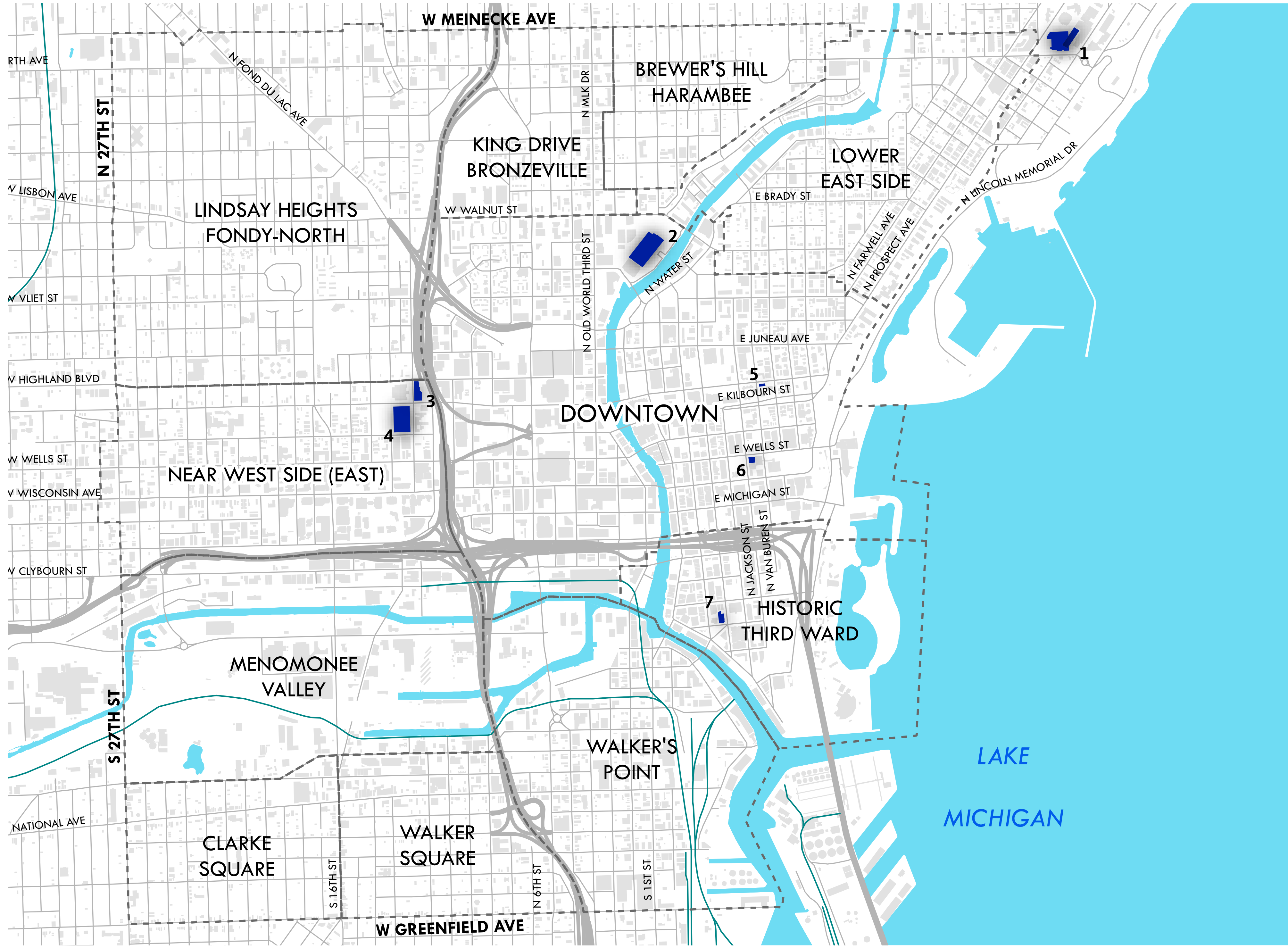
Source: Gensler, CoStar

Medical Institutions

There are 7 medical institutions in the Greater Downtown with Marquette University in Near West Side (East) being the predominant educational institution.

1 Columbia St. Mary's Hospital Milwaukee
2 Aurora Health Center
3 Downtown Health Center
4 Aurora Sinai Medical Center
5 Aurora Urgent Care
6 Cathedral Square Urgent Center
7 Lakeshore Medical Clinic

Medical Institutions

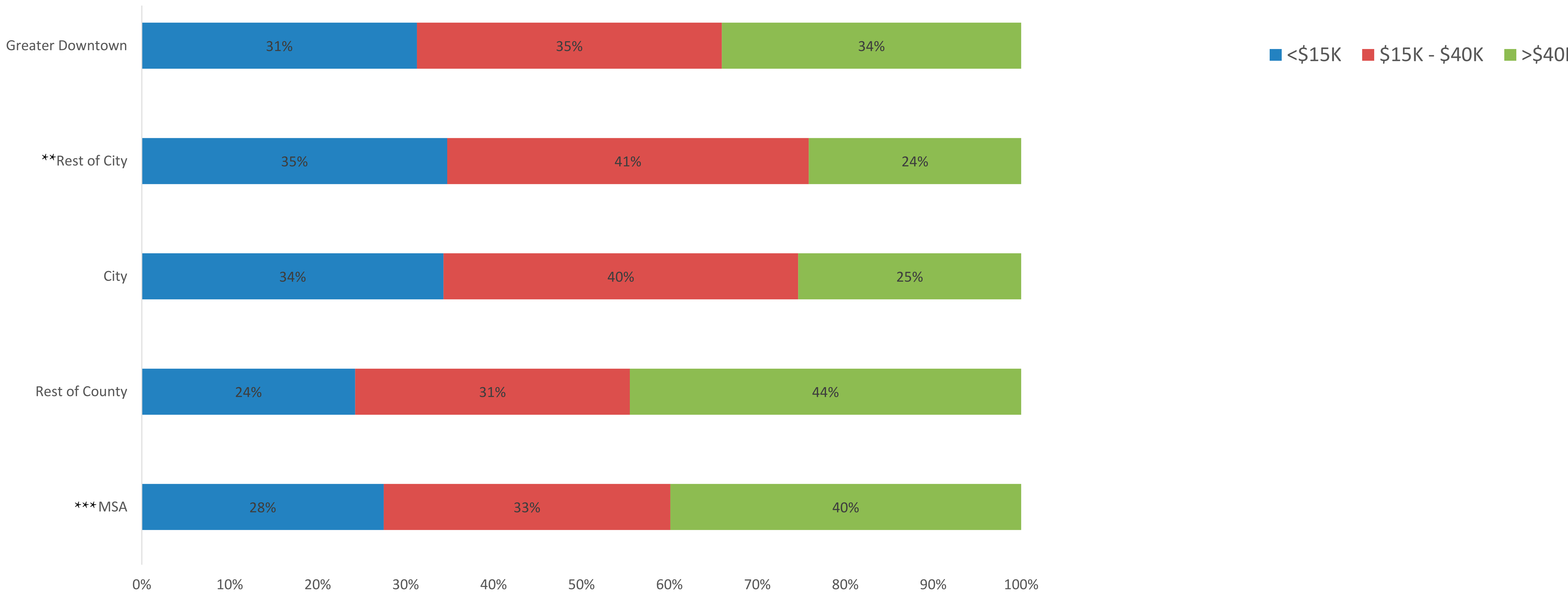


IN PROGRESS
GREATER DOWNTOWN ACTION AGENDA

Wages

Only about 25% of employed city residents make over $40,000 a year, compared to about 40% in the rest of county and region. While still lower than the rest of the county and the region, about 35% of Greater Downtown residents make less than $40K.

Wages of Employed Residents, 2014



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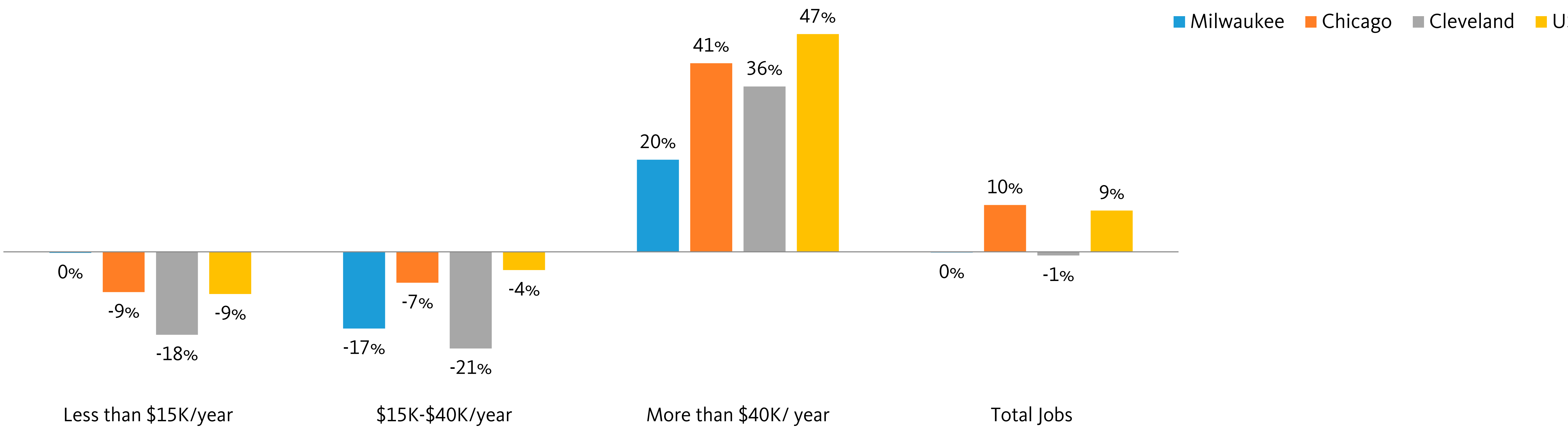
Source: LEHD-OTM, Mass Economics Analysis

Wages

Milwaukee lags other cities and the U.S. overall in growth of jobs paying over $40K (at 20%, less than half the rate of growth compared to Chicago). The rest of the city is the driver of this trend: jobs paying over $40K grew by 48% in the Greater Downtown but only by 3% in the rest of the city.

Percent Change in Private Sector Jobs by Wage, 2004-2014

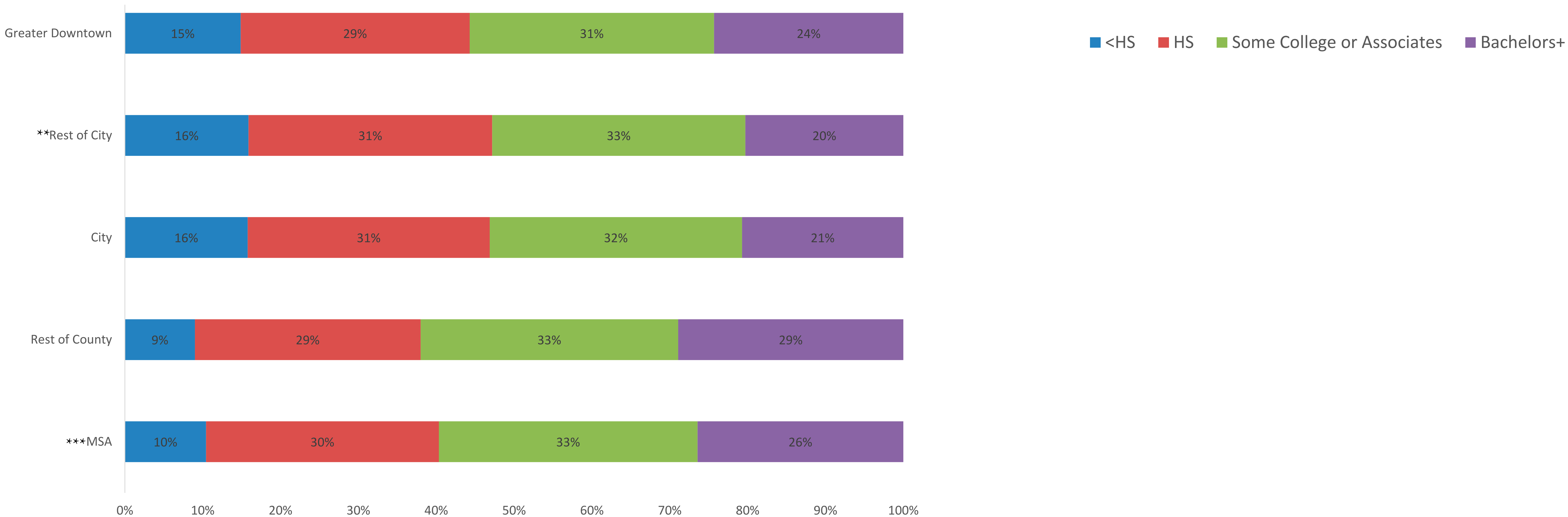


Source: LEHD-OTM, Mass Economics Analysis

Education Attainment

A higher proportion of employed city residents do not hold a high school diploma compared to the rest of county and region.

Educational Attainment of Employed Residents, 2014



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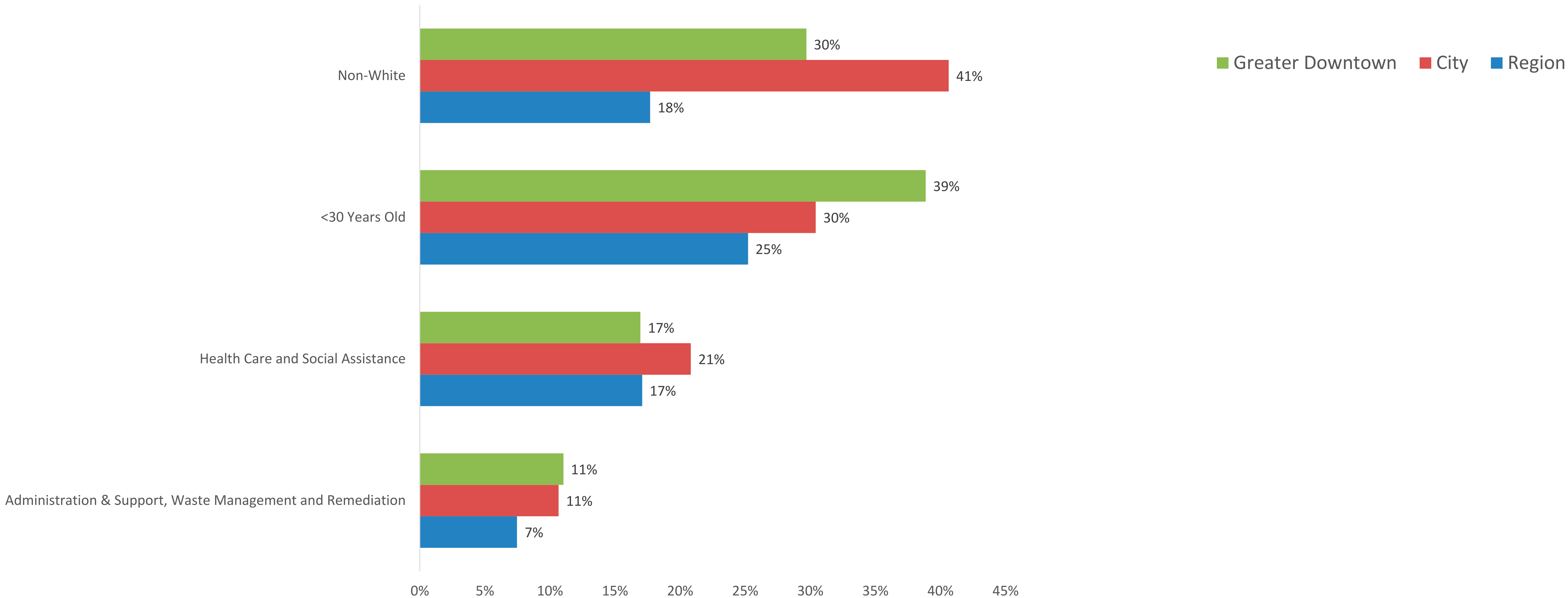
Source: LEHD-OTM, Mass Economics Analysis

Employed Residents

Employed city residents are disproportionately non-White, young (less than 30 years of age) and employed in Health Care + Social Assistance and Administration & Support, Waste Management and Remediation. Greater Downtown employed residents are 70% white and 60% over 30 years old.

Summary Stats of Employed Residents, 2014



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Source: LEHD-OTM, Mass Economics Analysis

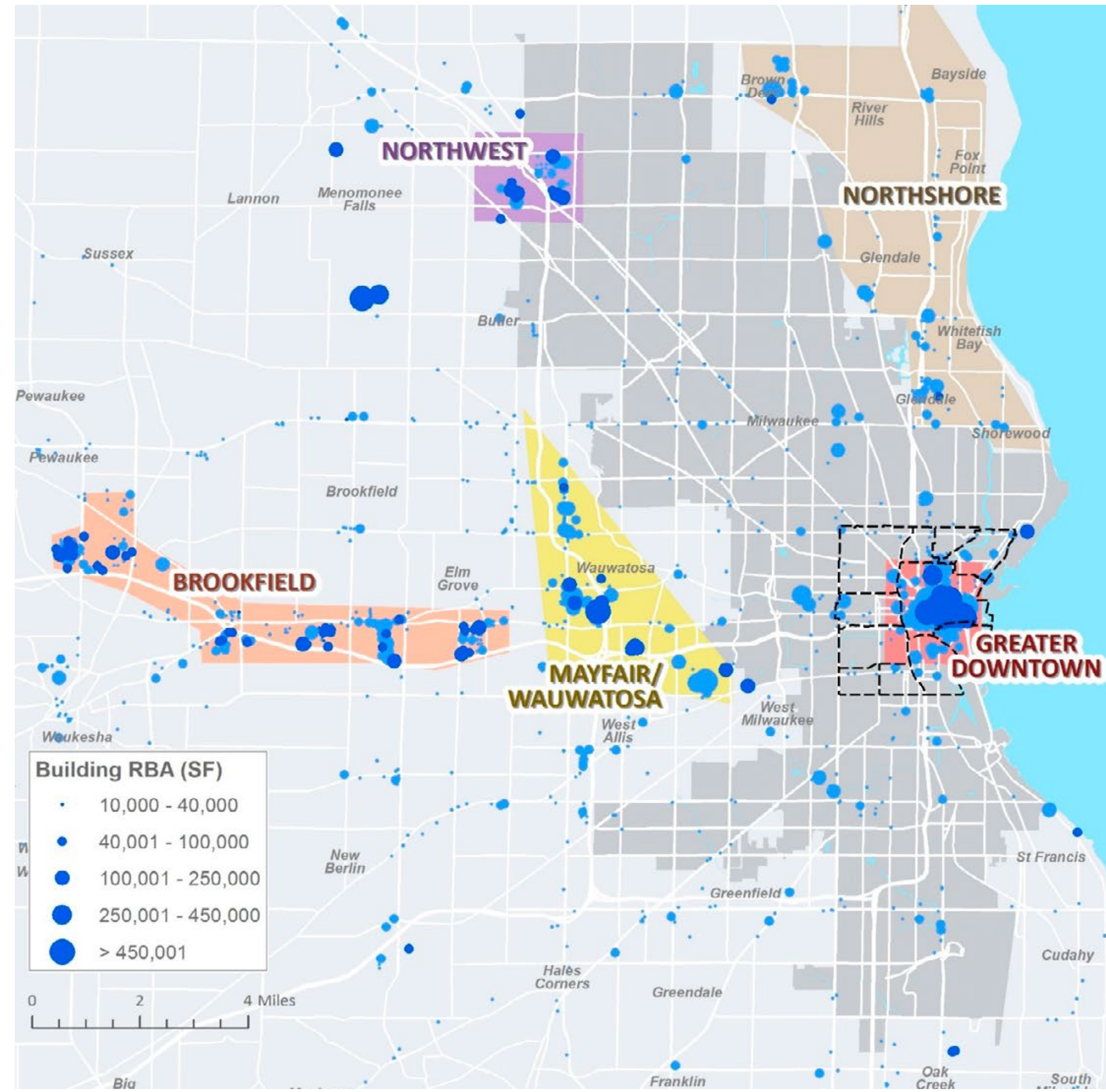
Regional Office Inventory

Greater Downtown is the largest of the 5 office sub-market(s) in the region with over 23 million square feet of space and has the lowest vacancy. Downtown attracted the majority of new deliveries, 523,000 square feet since 2011. Mayfair / Wauwatosa and Northwest sub-markets have 40% market share of deliveries. Net rents for new construction Downtown have a $4-45 premium over suburban markets (approximately $21/SF vs. $16/SF). Parking is typically free in the suburban markets and an additional $3-$4 per square feet in downtown.

Greater Downtown is the Dominant Office Market in Region.

Submarkets	Total SF*	Class A & B Gross Rent/SF	Vacancy	SF Delivered 2011-2016 (YTD)
Greater Downtown	21,620,213	$18.21	9.40%	523,000
Brookfield	8,169,999	$17.35	10.08%	70,000
Mayfair/Wauwatosa	5,930,966	$18.28	10.34%	347,973
Northshore	4,310,452	$15.61	10.27%	0
Northwest	2,150,814	$14.78	12.44%	102,000

**Includes only properties over 10,000 SF*

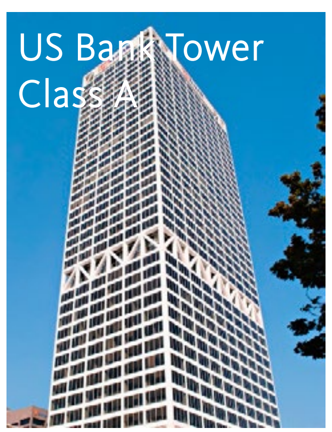


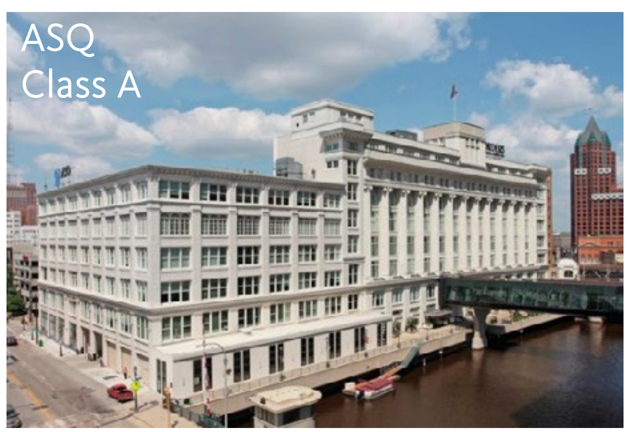
Source: CoStar, City of Milwaukee DCD

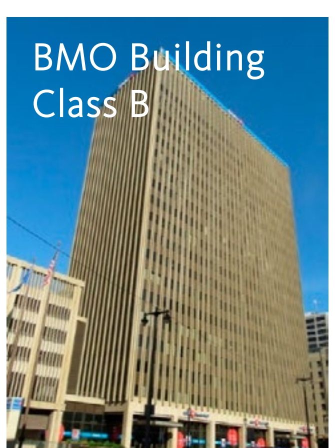
Greater Downtown Office Supply

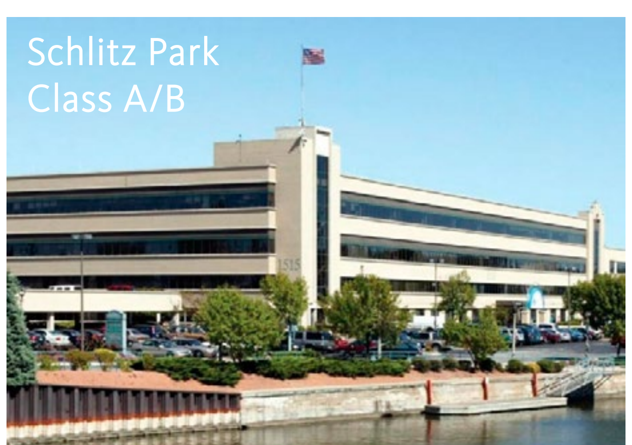
Class A represent only 27% of total inventory and the majority is over 25 years old. The newer product such as 833 E. Michigan has more efficient floor plates and column free spaces.

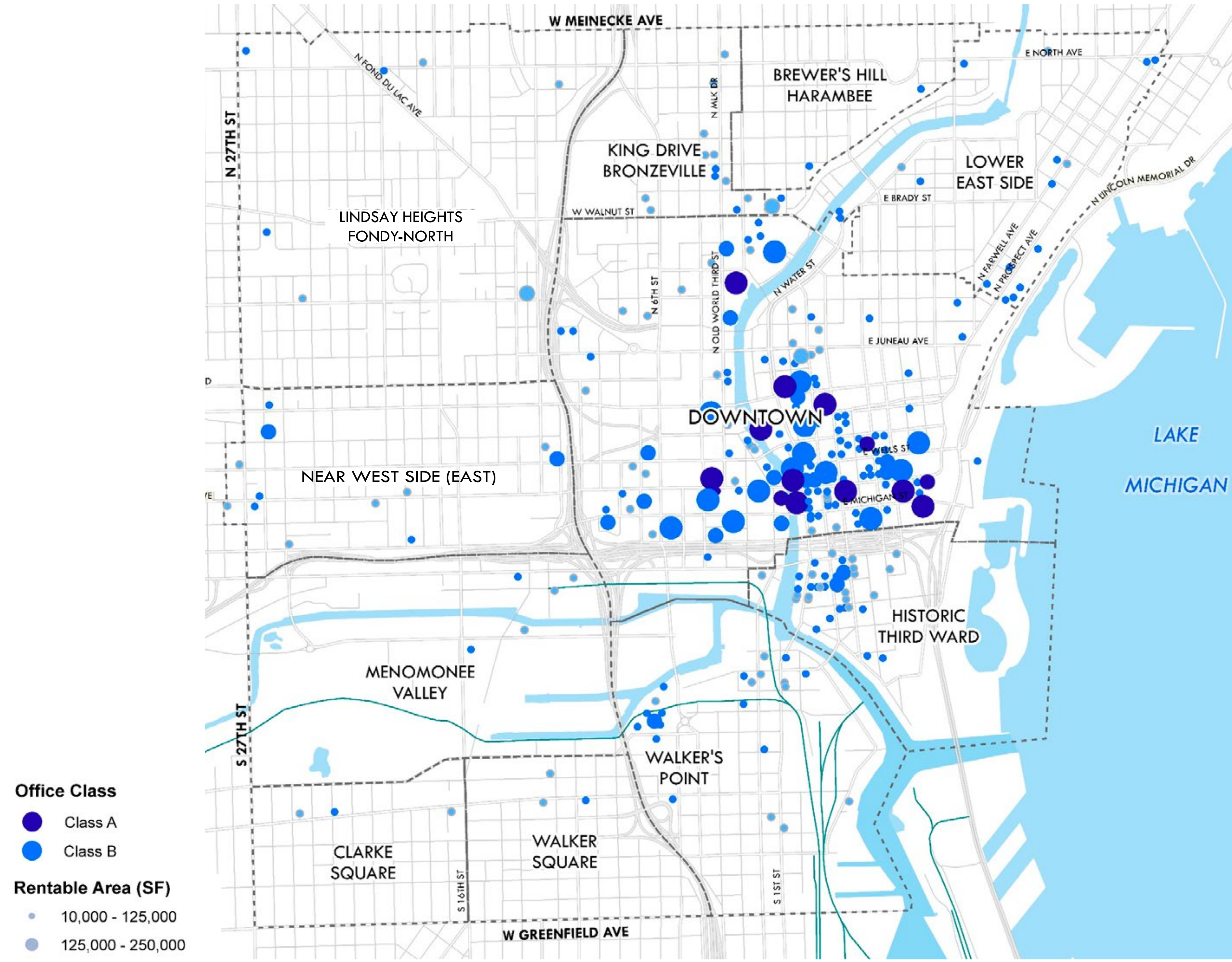
Office Inventory (over 10,000 SF)	Total Rentable SF	Avg. Gross Rent PSF	Vacancy
Class A	5,905,871	$27.30	13.3%
Class B	14,580,669	$18.87	10.1%
Class C	3,044,754	$15.11	8.2%
Total SF	23,531,294		











Source: CoStar, City of Milwaukee DCD

Class A Office Supply

There are 8 primary class A office towers in the Greater Downtown.

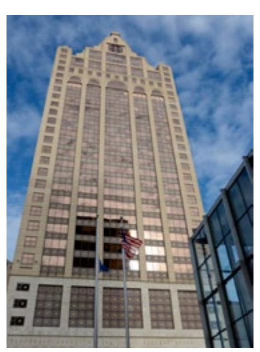
Primary Class A Office Towers

1 833 E Michigan St
833 East
2016
358,017
Lease-up

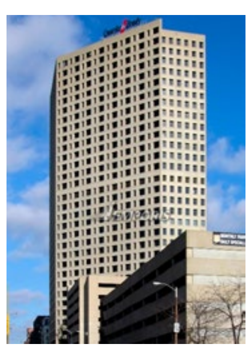
2 555 E Wells St
Cathedral Place
2004
216,500
6.9%

3 1000-1040 N Water St
1989
283,450
12.0%

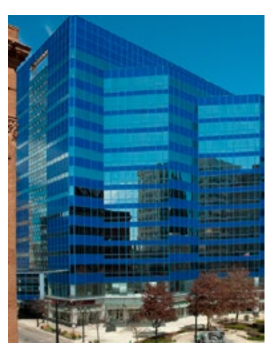
4 111 E Kilbourn Ave
Milwaukee Center
1989
373,669
17.5%



5 100 E Wisconsin
100 East Wisconsin
1989
430,865
7.9%

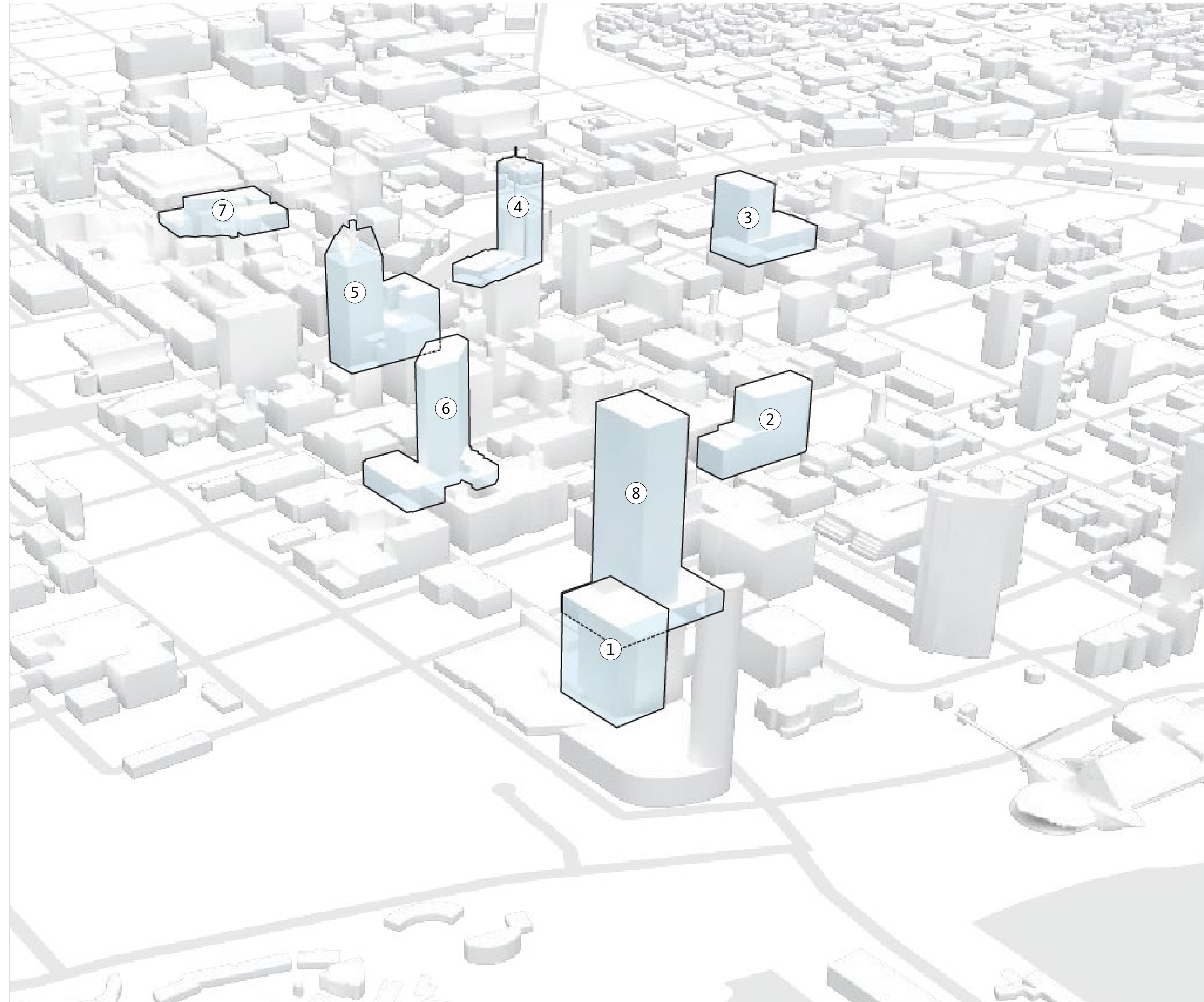


6 411 E Wisconsin
1984
791,800
8.7%



7 310 W Wisconsin
The Blue
1984
589,000
20.3%

8 777 E Wisconsin
US Bank Center
1971
1,079,021
0.3%



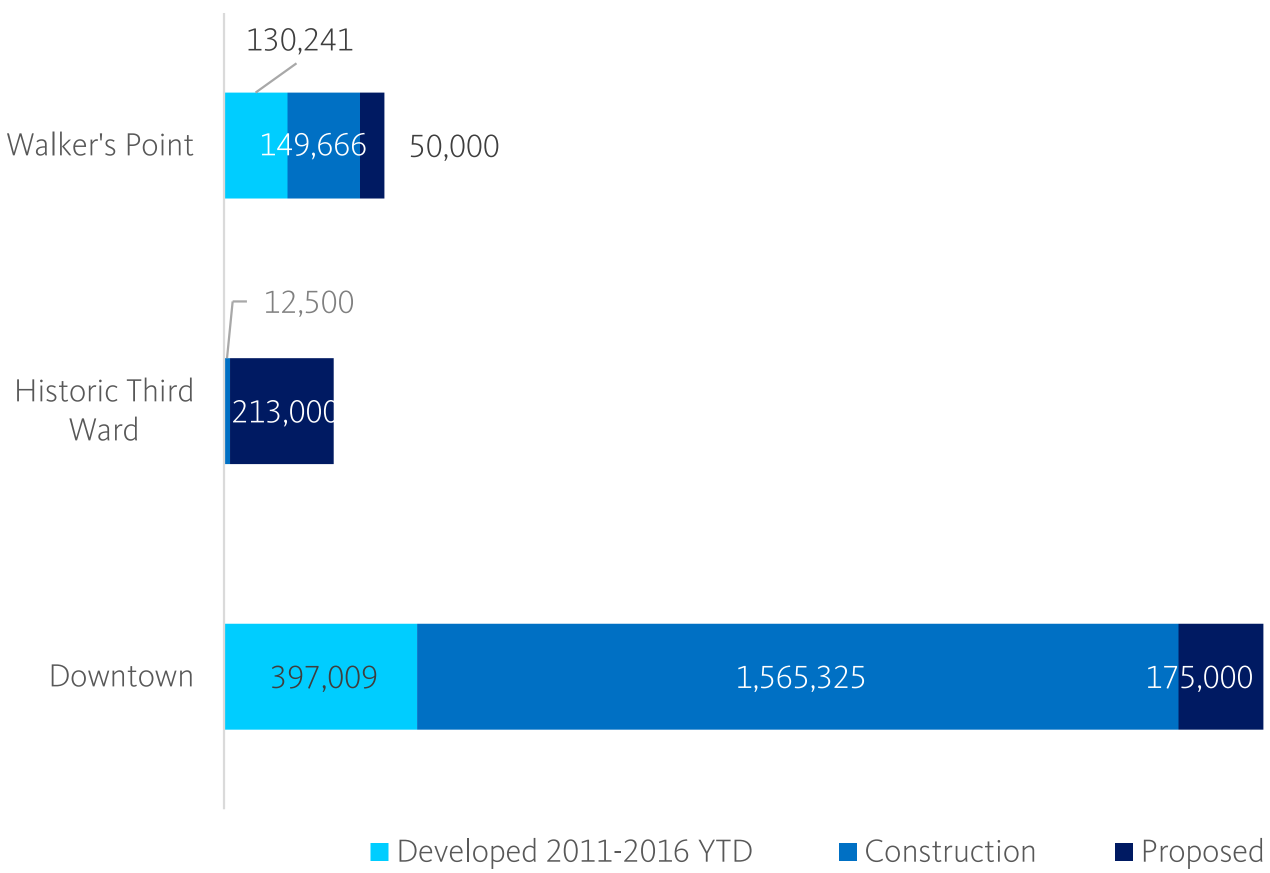
Source: Gensler, CoStar, City of Milwaukee DCD

Office Expansion

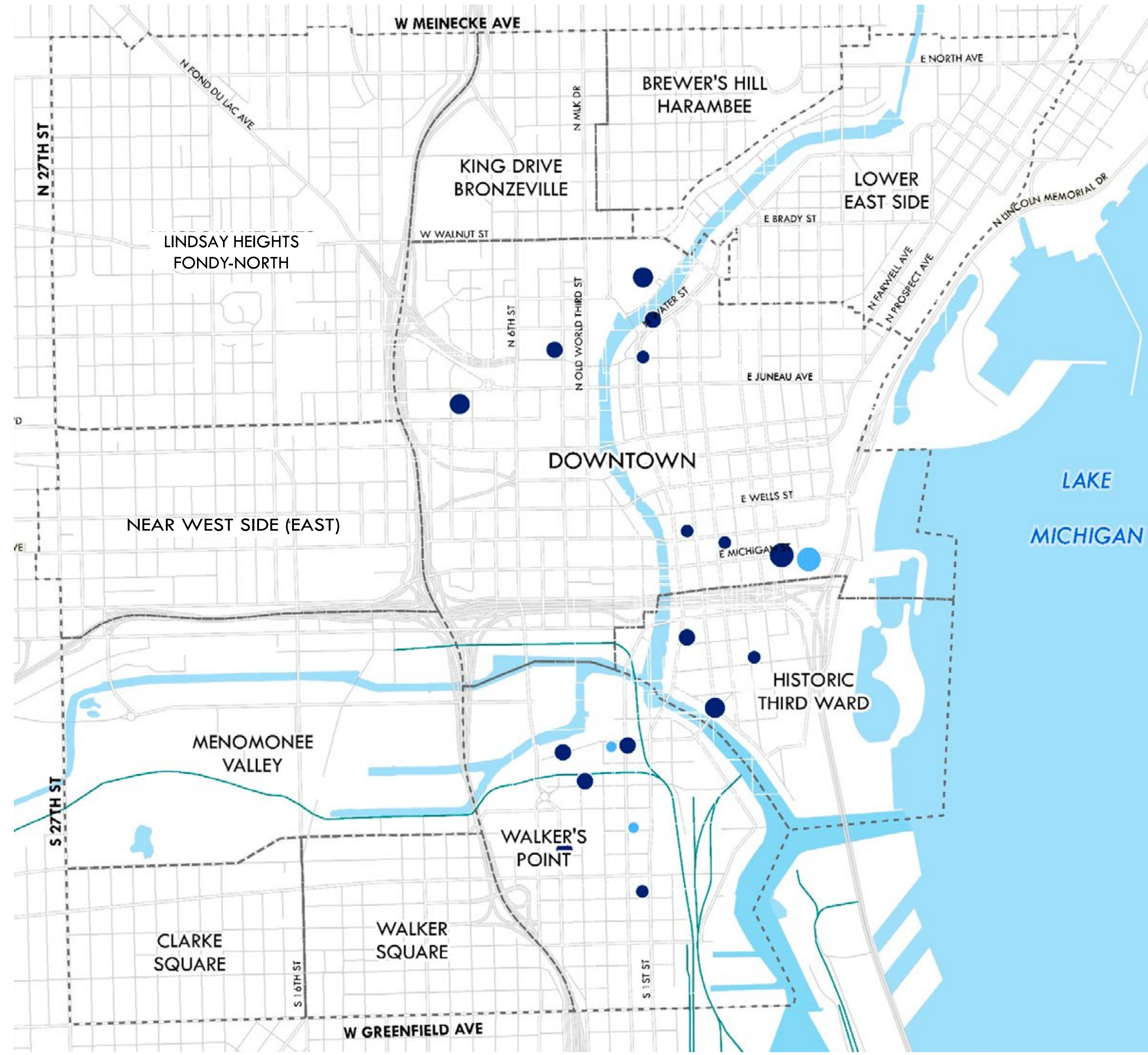
Downtown office market is expanding – 500,000 SF in the last 5 years, 1.7 million under construction and another 300,000SF proposed. New sub-markets emerging in Historic Third Ward and Walker's Point.

Greater Downtown:

0.5 M SF built in past 5 years
1.7 M SF under construction
0.4 M SF proposed



Source: CoStar, City of Milwaukee DCD



Office Pipeline 2016 - 2019

New development is a mix of high rise development (Northwestern Mutual and 833 E. Michigan) in the Central Business District, and mid-rise development along the river, Walker's Point and Historic Third Ward.

2016 DELIVERIES

Property	Sub Area	Square Feet
833 E Michigan	Downtown	358,000
Zurn HQ - Reed Street Yards	Walkers Point	52,000
250 E Wisconsin Redevelopment	Downtown	

FUTURE/PLANNED

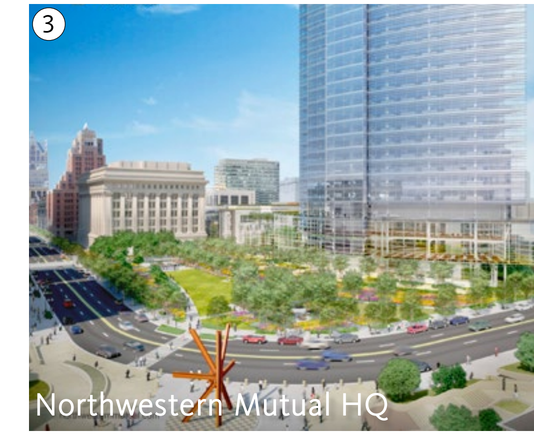
Property	Sub Area	Square Feet
Hammes Park East	Downtown	
One Catalano Square	Historic Third Ward	168,000
Freshwater Plaza/ Reed Street Yards	Walkers Point	
Hansen Dodge Mercantile Building	Historic Third Ward	45,000
Water Tech I	Downtown	52,000

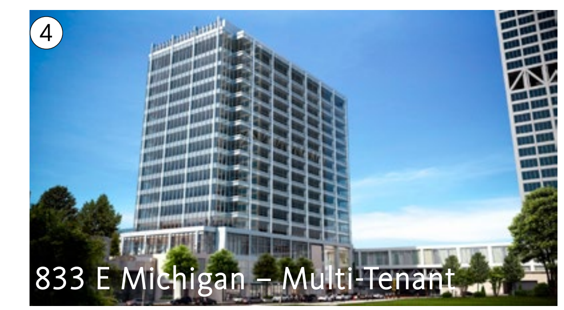
UNDER CONSTRUCTION

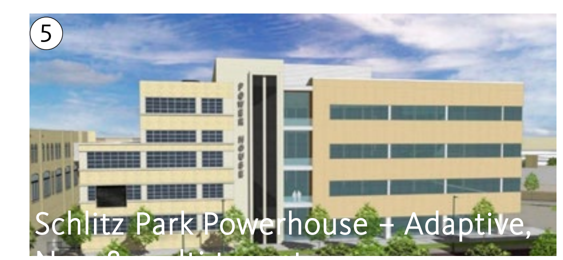
Property	Sub Area	Square Feet
Northwestern Mutual HQ	Downtown	1.1 M
Former Laacke & Joys Property	Downtown	113,830
411 East Wisconsin Center	Downtown	Renovation
Schiltz Park RiverCenter & Powerhouse	Downtown	290,000
Global Water Center II	Walkers Point	46,000
National Ace Hardware Redevelopment	Downtown	55,495
Red Arrow Labs	Historic Third Ward	

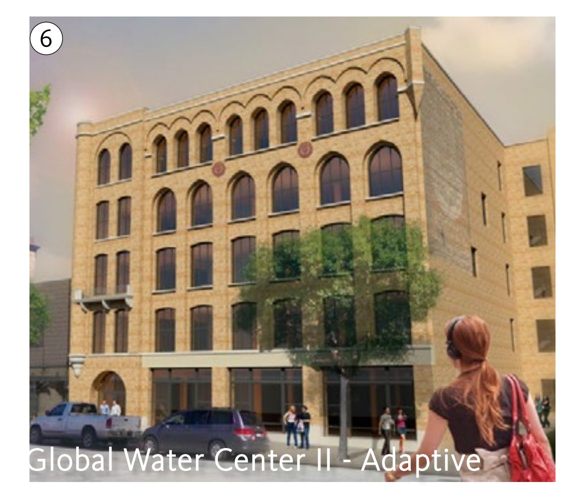

1 One Catalano Square –Build to Suit

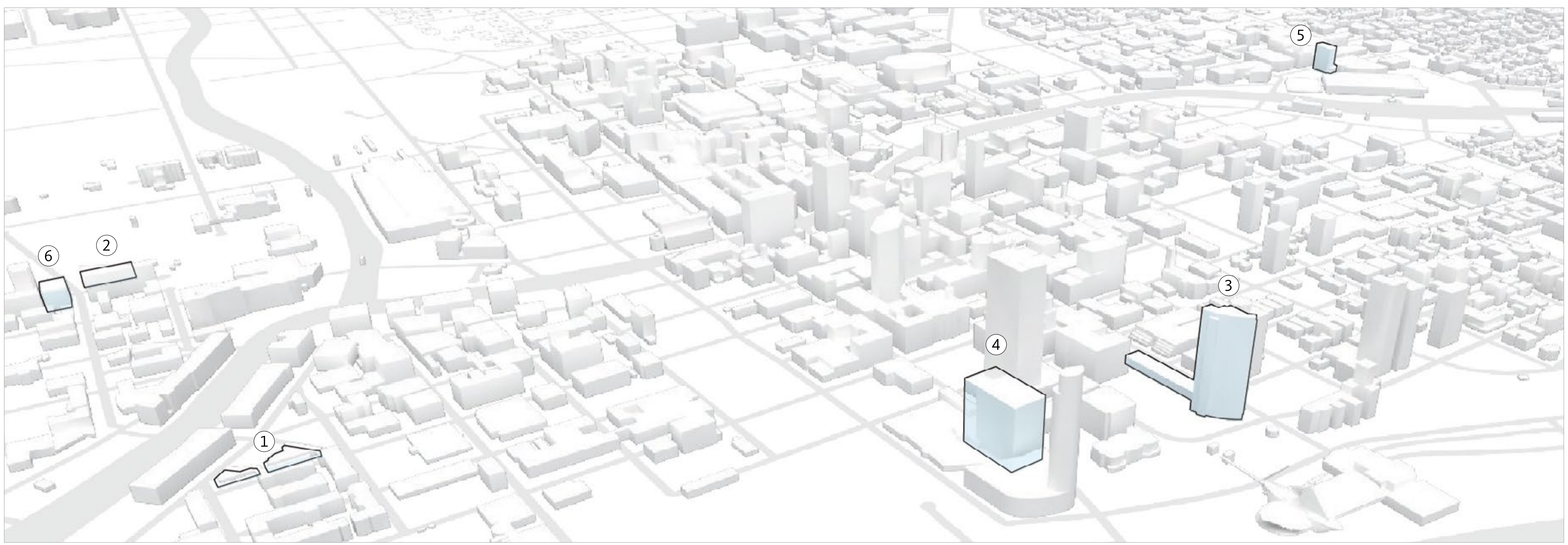

2 Reed Street Yards –Build to Suit


3 Northwestern Mutual HQ


4 833 E Michigan – Multi-Tenant


5 Schlitz Park Powerhouse + Adaptive,


6 Global Water Center II - Adaptive



Source: Gensler, CoStar, City of Milwaukee DCD, BID21, PUMA

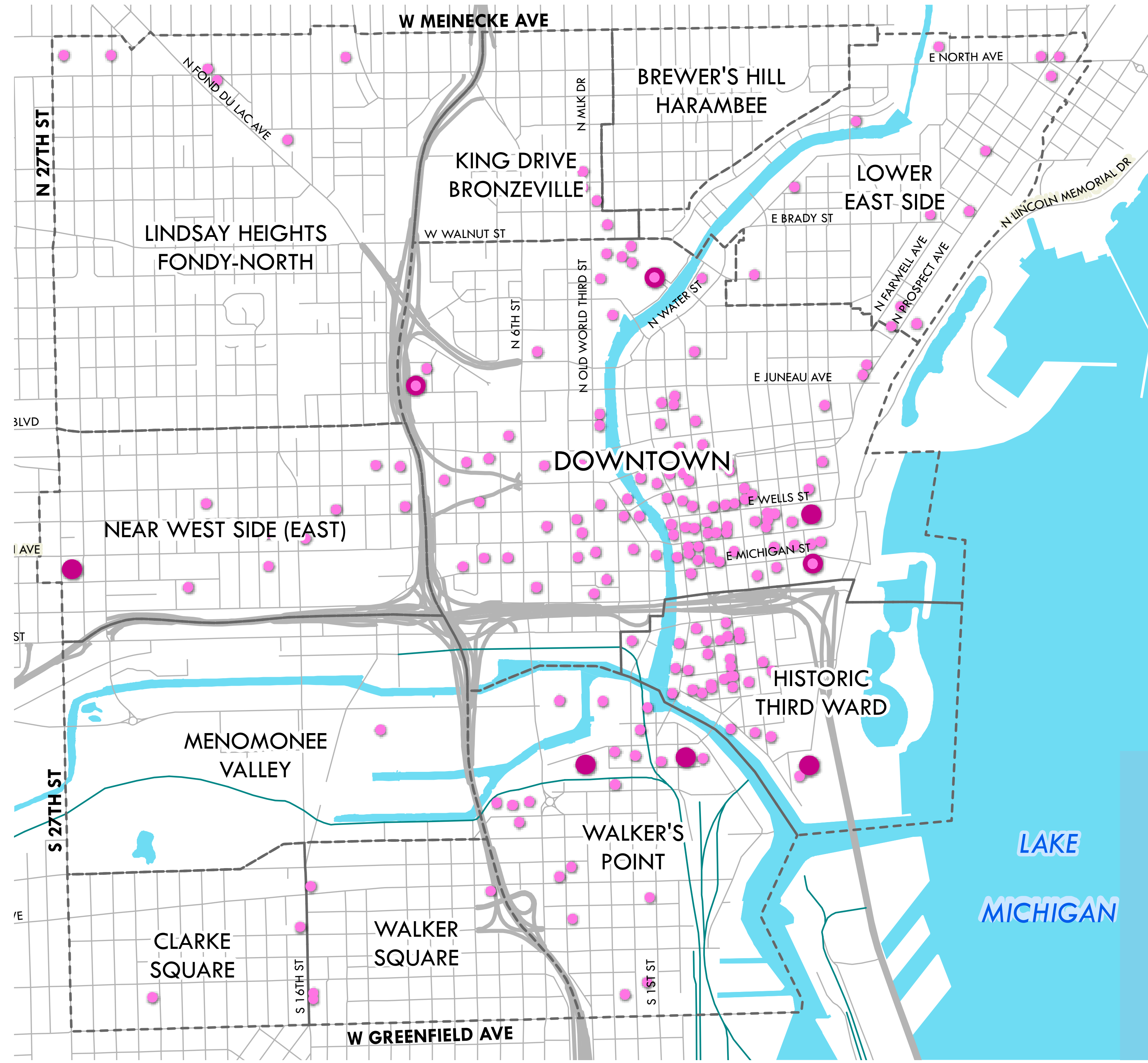
Office Permits

With the exception of new Northwestern Mutual, 833 East Michigan Avenue, and several others, there have been few new office buildings. The vast majority of new office has been in the form of renovation of existing buildings smaller office space conversions.

New Construction and Renovation 2012-2016

New Construction

Renovation



PermitType

New Construction

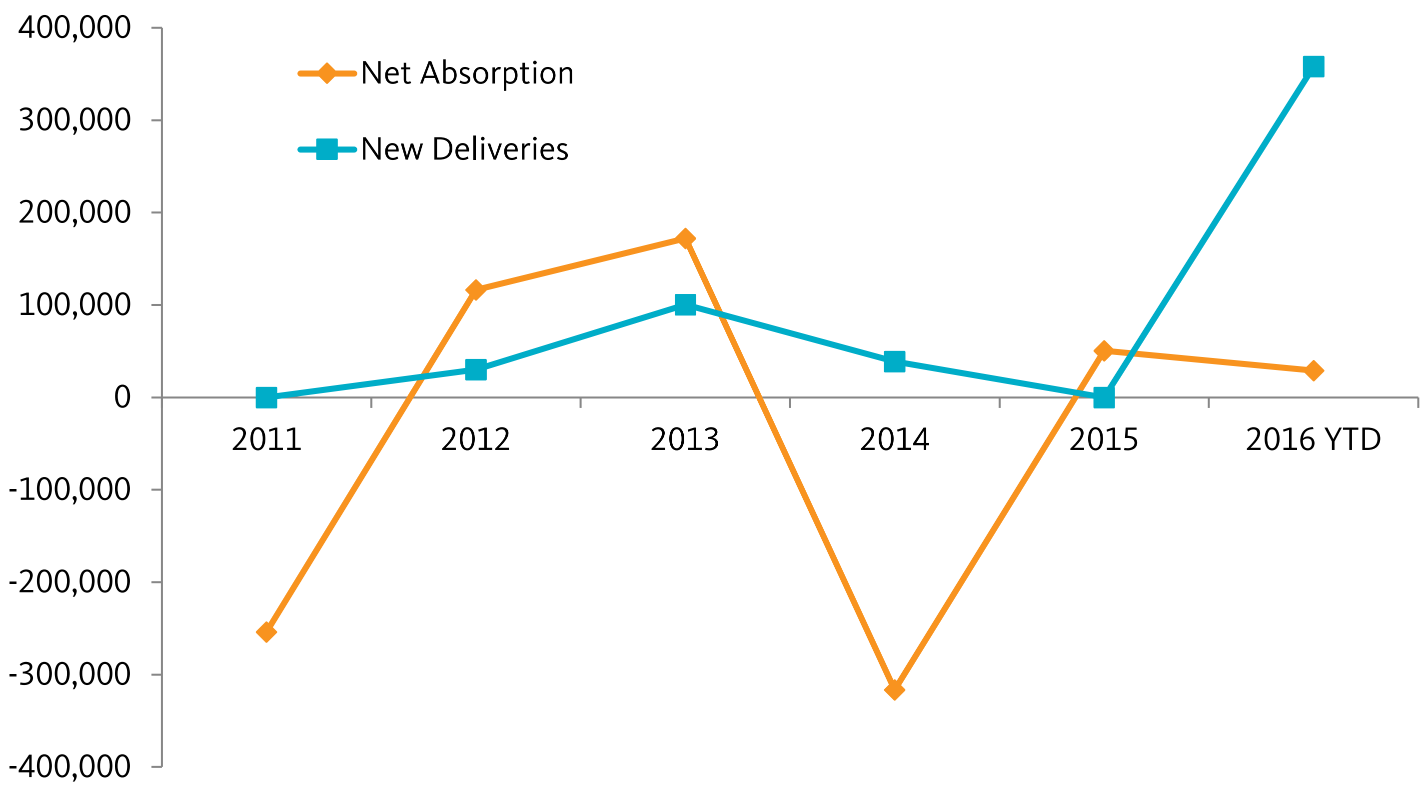
Alteration

Source: Gensler, City of Milwaukee DCD

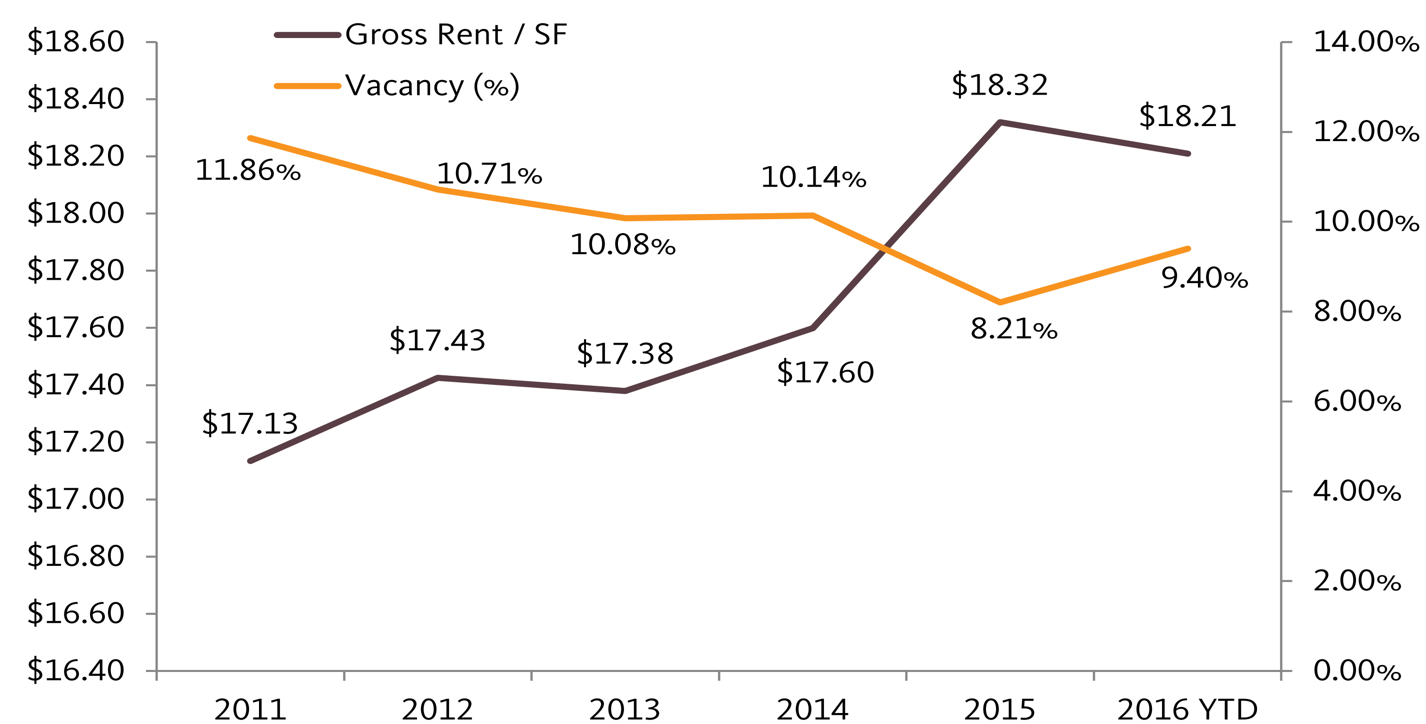
Net Absorption and Rent

Even though average annual net absorption for the last five years has been negative, vacancies have declined. This is likely due to reduction of Class B office inventory through adaptive reuse and demolition. Net absorption is expected to increase sharply in the next two years with the occupancy of Northwestern Mutual and full lease-up of 833 E. Michigan. Job growth and decline in supply has fueled rising occupancies, rents, and new office development in the past 5 years.

Class A & B Absorption & New Deliveries



Class A & B Gross Rent & Vacancy 2011 - 2016 YTD

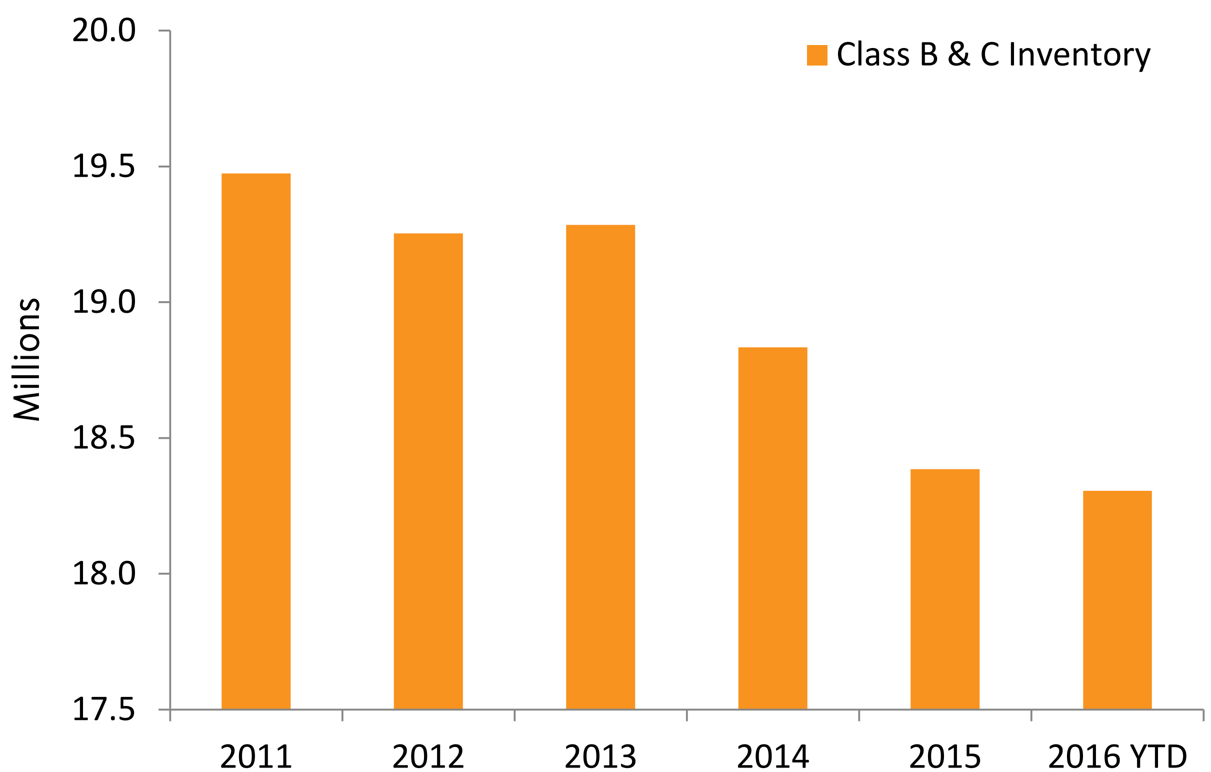


Source: CoStar, SB Friedman

Adaptive Reuse: Class B & C Conversion

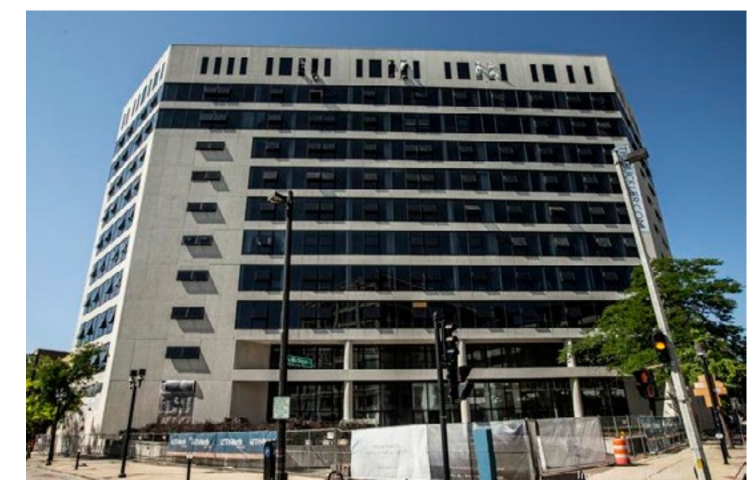
There has been a decline in class B and C office stock, representing a net chance of 1.2 million SF of office space. This is mostly due to older office building being converted to residential or hotel uses.

Study Area: Decline in Class C & B Office Inventory (SF)



Office to Hotel Conversions

Office to Residential Conversions



Source: CoStar, City of Milwaukee DCD