ELM GROVE DOWNTOWN MASTER PLAN

MARKET ANALYSIS

June 2019

CONTENTS

PURPOSE

The overall purpose of the Downtown Master Plan is to provide guidance for public and private investment decisions as well as practical implementation strategies. The market analysis informs development of the Master Plan by identifying area strengths, needs, and development opportunities.

HOUSING MARKET

From 2010 through 2016, population growth in Wisconsin and Waukesha County was slow as compared to the United States, although Waukesha's growth rate was somewhat higher than the state's. The county grew by 6,558 residents or 1.7 percent. The City of Pewaukee, with growth of 7.2 percent during the period, was the fastest growing municipality in the county. Elm Grove grew by 2.5 percent.

The Elm Grove area will continue to experience demand for growth through the next decade, but its capacity for growth will be limited to a small number of infill sites and redevelopment. Demand will support a diversity of new owner and renter occupied housing units – far more than can be provided in the space available – leaving the Village the option to choose from among the possibilities. Downtown Elm Grove should be considered a priority location for new housing, including owner occupied townhomes and condominiums, apartments targeting the region's growing elderly population, and market rate rental units.

Elm Grove has a significant shortage of condominium units, which may be a viable target for downtown housing development.

HOUSING NEEDS ANALYSIS

Elm Grove completed a Comprehensive Plan in 2007. The results of this analysis are generally consistent with the findings of that study, adding additional detail concerning demand, and specific analysis of the downtown area.

The *2007 Comprehensive Plan* identified the following overarching housing goals and objectives for the community:

GOAL: Encourage an adequate housing selection and supply that meets existing and forecasted demand

OBJECTIVES:

- Ensure compatible and proper land uses adjacent to residential districts
- Ensure that high quality residential environments are maintained throughout the Village
- Support the development of owner-occupied housing choices that afford appropriately scaled choices for one- and two-person households
- Consider the inclusion of residential uses as a component of a Mixed Compatible Use development within redeveloping areas of the Downtown Overlay District

The Comprehensive Plan also made several observations concerning the housing market which remain relevant today including:

- Housing stock is one of the primary assets of the Village that continues to appreciate in value at a rate that exceeds the pace of many other communities in the Milwaukee metropolitan area. Residential districts, primarily characterized by single-family detached units, are well-connected by internal and external streets and roads, within walking distance of public parks and the Village's commercial center.

- Elm Grove's housing stock is one of the Village's primary assets, continuing to appreciate in value at a rate that exceeds the pace of many other communities in the Milwaukee area.

- Sixty-six percent (66%) of housing units in the Village were constructed before 1970. Because there are so few vacant lots remaining in the Village, future housing construction will likely result from the replacement of existing structures or development of mixed-use buildings in the downtown area.

- The median value of owner-occupied units in the Village was $263,900 according to the 2010 census, considerably higher than that of Waukesha County ($170,400). This is still the case today, with the Village's median owner-occupied housing unit valued at $355,000 compared with $287,500 for the Village of Brookfield and $254,700 for Waukesha County.

- Given the geographic constraints of the Village, there is very little available land within the Elm Grove municipal limits to support much new housing (whether for development or redevelopment).

- The addition of 36 new, high-value multifamily units (Watermark Condominiums, demonstrates a strong market opportunity for multifamily housing that caters to mature professionals. Similarly, Heritage Elm Grove, a 96-unit assisted living community located in downtown, demonstrates strong demand for high value multifamily units.

DOWNTOWN AREA HOUSING

Elm Grove's central business district, as defined for this study, is bounded on the north by Juneau Boulevard and on the west by Elm Grove Road. The study area includes the School Sisters of Notre Dame to the east and extends south of Wall Street to include Heritage Senior Living and Sunset Playhouse. Downtown housing includes twelve single family residential units between Watertown Plank Road and Juneau Blvd., approximately 86 units of multi-family housing on Watertown Plank Road (Watermark and Elm Grove Terrace Condominiums) and 96 units of multi-family on Wall Street (Heritage Senior Living). In addition, there are approximately 169 multifamily on the School Sisters of Notre Dame campus. There are a limited number of second floor apartment units located above downtown businesses primarily along Watertown Plank Road.

ELM GROVE'S CENTRAL AREA

Single Family Units	12
Multifamily Units	182
Group Living Quarters	169

The downtown housing stock is generally very well maintained and is priced in line with other housing units found throughout the Village. Over the years a number of downtown residential units have been converted to small offices or personal service businesses.

There are very few vacancies downtown, which is in line with the Village as a whole. Recent attempts to introduce additional multi-family housing units into the downtown area have not been successful, in part due to concerns of neighboring property owners and other residents concerned with negative impacts of additional downtown development.

GENERAL MARKET TRENDS

Changing generational preferences are impacting housing markets in large and small communities across the country. This starts with the Silent Generation born

Heritage is a 96-unit senior apartment community providing assisted and enhanced assisted living in downtown Elm Grove.

during the Depression and World War II years. Now in their 70's and older, they have proven to be less likely than their parents to move to places like Arizona and Florida. As they tend to be more affluent than other generations, they have traded up to larger housing, and may now seek to move into housing (such as condominiums) that is easier to maintain and designed for people who have mobility concerns.

The Silent Generation and those that follow have an expectation and desire to remain active and independent well into their old age. An ever greater number will live well into their 80's and beyond, and the ranks of the very old will continue to swell. By 2025 the first of the Baby Boomers will reach the age of 80. Driven by a need for greater levels of assistance and proximity to services, these older households will be inclined to move from other areas within the Village, as well as from Brookfield and other parts of Waukesha County into more urban centers such as downtown Elm Grove, that can better meet their needs.

As already mentioned, the Baby Boomers are aging. Half have already reached retirement age, yet they are more likely than prior generations to keep working beyond the age of 65. At this time they are still occupying suburban single family homes, but show more of an inclination than prior generations to choose condo living and to select a mixed use neighborhood. Each successive generation shows a greater propensity to select this type of neighborhood (though still a minority of the total).

The Watermark is a 36-unit multi-family development in downtown Elm Grove.

Generations X and Y are presently the prime market for purchases of new and existing homes. Economic realities – these generations may not be as well off as preceding ones - and housing preferences may drive many of these households away from large homes on large lots. Active lifestyles and limitations on time are significant factors in the selection of housing. All of these considerations may result in increased demand for condominiums, townhomes, and detached housing in places that have immediate access to amenities that are desired by these buyers.

Millennials are just entering the housing market, and many are staying within their parents' households well into their adult years. This is partly for economic reasons, as they entered the workforce at the height of the recession and are likely to carry significant student loan debt. When they do venture out to establish their own households, they are looking for housing in neighborhoods close to the activities and social life they value.

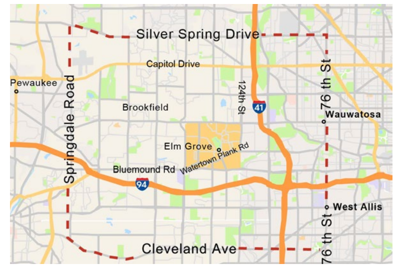
The resulting picture is one in which households may not be able to spend as much on housing as before the recession, it may be more difficult for some to obtain financing, home ownership may be seen as an impediment to the mobility required for frequent job changes, and ownership has lost some of its luster as a means of building wealth. On the other hand, there is an increased interest in renting and improved perceptions of renters. Even among existing homeowners, nearly half expect to rent at some point in the future.

MARKET DEMAND

There is a strong demand for new housing in the Village of Elm Grove, with a much larger demand than supply available, or possible as the Village and surrounding area is largely developed. Much of the demand will come from nearby residents in Brookfield and elsewhere in Waukesha County, and a portion of it could be met within downtown Elm Grove.

Estimates of current and future demand for housing were developed for an area identical to the trade area used in the retail analysis. This extends beyond the Village limits into Brookfield, Wauwatosa, and New Berlin, along with other communities. The estimates are based on recent trends.

- Population estimates and forecasts were generated using a cohort-component method, based on Census data and using local constants for fertility, mortality, and migration rates.
- Age-specific rates of household formation, income distribution, and tenure were applied to generate estimates of households and household demographics. Income has been adjusted for expected inflation in the forecasts.
- The distribution of households by housing preference (condominium, townhome, or single family home) was estimated using homebuyer profile data from the National Association of Realtors. Purchase price and rent were calculated assuming a maximum of 35 percent of household income allocated to housing cost.

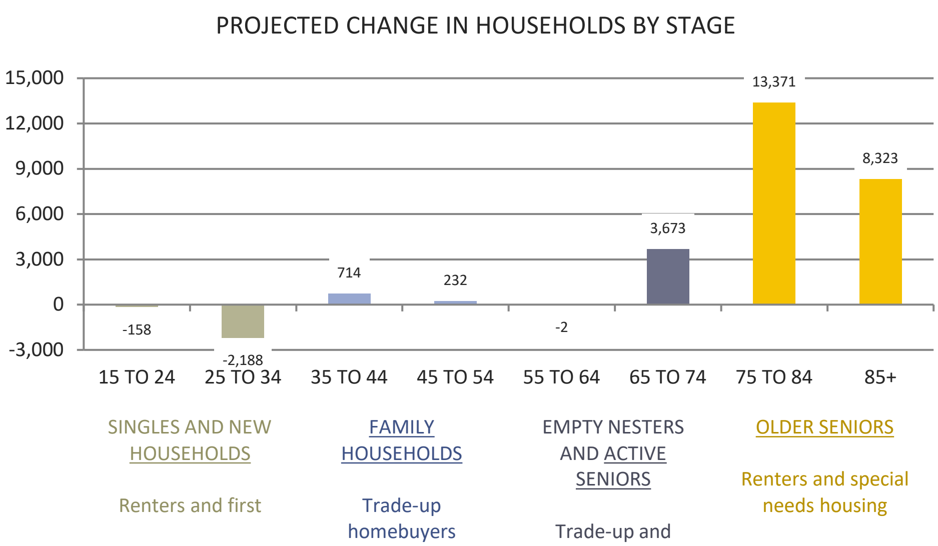


Red dashed line denotes trade area used for market analysis

It should be noted that the projections created for this analysis show an increasingly aging population within the Village of Elm Grove. The estimates are very consistent with those from the Wisconsin Department of Administration.

The number of people in each age grouping below 55 years will remain more or less constant, however, there is strong growth among the older age brackets. This is most notable in the population of persons aged 85 or older. A combination of factors are in play here, including larger numbers of people in these groupings (the Baby Boom Generation), increased longevity, and the inclination for older homeowners in the area to remain in their home. A large number of these older households (headed by a person 55 or older) may find condominiums and apartments in the downtown area attractive to be an attractive option to a single-family home.

Nearly all of the growth in demand for new rental housing will be generated by households headed by a person 75 of older.



The trade area will generate demand for an average of 735 new households per year over the coming decade, with 70% of them being owners and 30% renters. Including existing households that move, there are estimated to be demand for 1,181 and 1,201 home purchases per year. Townhomes or condominiums is expected to be around 260 units per year.

ESTIMATED ANNUAL HOMEBUYERS BY PROPERTY TYPE

TYPE	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Detached	1181	1190	1197	1202	1205	1207	1208	1208	1207	1205	1201
Rowhouse	72	73	73	73	73	74	74	74	74	73	73
Condo (5+)	72	73	73	73	73	74	74	74	74	73	73
Condo (2-4)	72	73	73	73	73	74	74	74	74	73	73
Other	43	44	44	44	44	44	44	44	44	44	44

Most of the demand for owner occupied housing will be generated by households headed by a person under 55 years old, while older persons are more inclined to rent.

There have been several condominium sales in each of the last three years, yet the figures above clearly demonstrate potential demand for a much larger number of units. This signals a mismatch between demand and supply, as there are relatively few condominiums available within the Village, and fewer than are found in comparable communities. Particularly as the population continues to age, demand for this type of housing can be expected to remain strong, due to its ease of maintenance and greater likelihood that all living areas are on a single level.

Estimates of buyer by price are based on current income of people in the area, which can be expected to be lower for retired persons. Those retirees are also likely to own their current home and have equity that will be transferred to a new home purchase. The estimates, therefore, probably overestimate demand for lower-priced housing and underestimate demand at a higher price point. Based strictly on income, approximately fifty percent of all buyers will be searching for a home priced under $250,000, and another quarter will be looking in a range from $250,000 to $400,000. Approximately one quarter of all buyers can afford a home priced above $400,000. A portion of this higher end demand will be met by existing housing found in the Village, with most of the lower priced homes found outside the Village limits.

ESTIMATED HOME BUYERS BY PURCHASE PRICE

PRICE	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014
Under $100,000	248	250	252	253	253	254	254	254	254	253	253
$100,000 to $149,999	169	170	171	172	172	173	173	173	173	172	172
$150,000 to $199,999	147	148	149	150	150	150	151	151	150	150	150
$200,000 to $249,999	127	128	129	129	130	130	130	130	130	130	129
$250,000 to $299,999	141	142	143	143	144	144	144	144	144	144	143
$300,000 to $349,999	104	105	105	106	106	106	106	106	106	106	106
$350,000 to $399,999	100	101	102	102	102	103	103	103	103	102	102
$400,000 to $449,999	74	74	75	75	75	75	75	75	75	75	75
$450,000 to $499,999	42	43	43	43	43	43	43	43	43	43	43
$500,000 or more	288	290	292	293	294	295	295	295	295	294	293

Including existing renters who will move to a new apartment, the market for rentals will increase from 2,853 annual leases to 3,318 over the next decade. Because there is significant annual turnover among renters, there is an opportunity for new units to capture market share by providing a better quality product. In the Elm Grove market, it is possible to command a higher rent for these better units. Based on an analysis of rental household income, 18 percent can afford to pay $1,000 or more per month in rent, and nearly half (47 percent) can afford more than $600 per month.

Much of the new demand for rental units will be created in older households. The number of units rented by persons 75 or older will nearly double in the next decade from 643 to 1,276. This suggests the need for rental housing that is designed with older residents in mind, though not necessarily in retirement communities. Many of these households will prefer to live in active, inter-generational neighborhoods or close to amenities including trails, shopping, and entertainment.

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ESTIMATED ANNUAL RENTERS BY MONTHLY RENT

RENT	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014
Under $600	791	802	815	828	841	855	868	881	894	907	919
$600 to $699	215	218	222	225	229	232	236	239	243	247	250
$700 to $799	178	181	184	187	190	193	196	199	202	205	207
$800 to $899	171	174	177	179	182	185	188	191	194	196	199
$900 to $999	241	244	248	252	256	260	264	268	272	276	280
$1000 to $1099	123	125	127	129	131	133	136	138	140	142	144
$1,100 to $1199	93	94	96	97	99	100	102	103	105	106	108
$1200 to $1299	117	119	121	123	125	127	129	131	133	135	137
$1300 to $1399	142	144	147	149	151	154	156	158	161	163	165
$1400 to $1499	104	105	107	108	110	112	114	115	117	119	120
$1500 to $1749	124	126	128	130	132	134	136	138	140	142	144
$1750 to $1999	143	145	147	149	152	154	156	159	161	163	166
$2000 or more	412	418	425	432	439	446	452	459	466	473	479

There is a largely untapped demand for higher-end, more expensive rentals in the Elm Grove Market. These are units that can be developed downtown, assuming there is community support.

Family households in the entry and trade-up phases of the household cycle will find Elm Grove and the surrounding area to be a very attractive place to live, however, the area also commands a premium in terms of cost. This may limit the ability of many younger households to afford Elm Grove, or to consider trade-offs (home size, condition, etc.) relative to others areas in which they might buy. In recent years, homes have tended to be purchased by older family and empty-nest households, and this trend is likely to continue.

DOWNTOWN HOUSING OPPORTUNITIES


Example of condominium flats in a multi-unit building.


Example of rowhouses.

New housing that can be marketed in the downtown area will be shaped in part by characteristics of the redevelopment sites selected, whether for new construction or adaptive reuse. The ability to market this housing will also be impacted by competition, whether from existing units or from new construction. The Village may influence both of these factors. It may proactively identify and secure control of redevelopment sites, prepare redevelopment concepts that specify acceptable uses, and provide financial or technical assistance to projects meeting predetermined criteria.

Higher costs associated with redevelopment, as well as the desirability of increasing the number of residents in the central part of the Village, will dictate targeting multifamily development. This can include multi-unit condominium buildings (typically flats), rowhouses, and apartments.

The analysis suggests there is significant demand for owner occupied units and additional apartments which can be supported in the Village and surrounding communities. While these can be developed in the downtown with fewer impacts to nearby residences, the Village should be concerned about preserving the existing neighborhoods and community charm.

Communities that have been successful in developing downtown housing have generally had some significant amenity that has helped them to attract residents to the area. Often, this has been a natural feature such as a lake or river, or even a significant public park or plaza. Concentrations of quality eating and drinking places, cultural venues, and unique shopping can also be a lure. Elm Grove possesses some of these characteristics. Downtown is walkable and well maintained; provides many personal services; and has a grocery store. However, it has few distinguishing features to draw residents. As Underwood Creek is daylighted and improvements are made to the downtown district, the area will become increasingly attractive for residential development. Additional restaurants and shops will generate more opportunities for social interaction that makes people gravitate to a mixed-use district.

In the final analysis, the challenge for Elm Grove may not be a question of whether there is demand for the attached housing built in a downtown district, or whether there are suitable sites for redevelopment in the district, but whether the Village can identify a suitable project that meets the needs of prospective buyers while also maintaining the quality of life that current residents have come to enjoy.

RETAIL AND DINING MARKET

Downtown Elm Grove has a credible opportunity to add new shops and restaurants. Factors in this assessment include a very large higher-income population in the trade area, very strong workday traffic potential, the proximity of major retail centers, and the overall charm of the district. Over the long term, there are some concerns that limit growth. These include a lack of suitable retail spaces, parking concerns, and the need for branding, marketing, and better management practices to reach potential customers and capture a greater market share.

Downtown Elm Grove has much the same potential of nearby downtown areas like those in Wauwatosa and Waukesha, which have transformed into destination centers with vibrant businesses and an active street environment.

EXISTING CONDITIONS

Downtown Elm Grove is a healthy business environment, especially when considering the amount of competition within the trade area. There is a very low vacancy rate (3 percent) and the downtown has a diverse mix of businesses with a steady stream of new businesses opening in the district.

A healthy downtown maintains a diverse mix of uses which draw different types of users throughout the day. The percentage of businesses by type, shown at right, are for the downtown central business district. They represent the total percent contribution to first floor commercial floor area within the core by type of use. Given the large number of professional service firms located in downtown Elm Grove it is not surprising they collectively occupy nearly one third of the total first floor space available. While this figure is comparatively high for a downtown of Elm Grove's size, a majority of the first-floor office use occurs outside the core retail district along Watertown Plank Road.

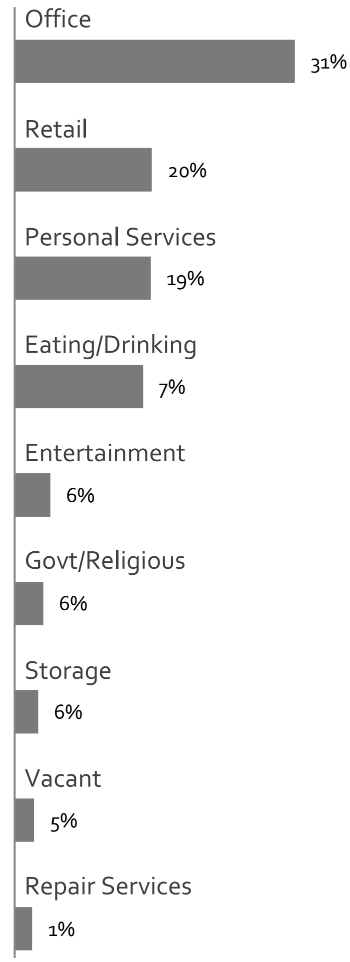
Retail represents the second largest contribution to first floor use (20 percent), with Sendik's Food Market making up nearly half of that contribution. Retail tends to be clustered around the Park and Shop building, with some scattered retail on Watertown Plank Road, Legion Drive, and in Village Court.

Personal services occupy one fifth of first floor uses, a relatively large contribution which reflects Elm Grove's demographics as well as a broader trend toward more personal services locating in downtown. Personal services include activities like hair and nail salons, massage parlors, health and wellness service, pet care, dry cleaners, and similar uses. There are 38 businesses of this type within the study area, and while personal services can undermine a healthy retail environment by chopping up venues for comparison shopping, they also serve as significant traffic generators serving the local market.

Eating and drinking establishments occupy seven percent of downtown's first floor space, and include a mix of bakeries, cafes, restaurants, and ice cream parlors. This figure may be somewhat low compared to other communities. It is also worth noting that there are comparatively few restaurants or coffee shops in the heart of the downtown district. Most are found on Watertown Plank Road. Given the strong demographics of the area, it is somewhat surprising to find only nine businesses within this category. This is likely due to the high concentration of eating and drinking establishments located in the trade area and the lack of affordable, code compliant commercial spaces to support this type of use.

Entertainment uses (including Sunset Playhouse and Board and Brush) occupy six percent of first floor space downtown. These types of uses can complement a thriving retail district, but in the case of Elm Grove the location of the Sunset

DOWNTOWN USES
BY FIRST FLOOR AREA



Downtown has few retail businesses – with a majority located in or adjacent the Elm Grove Park and Shop.

Playhouse may undermine the downtown's ability to capture significant spillover spending from events. A stronger physical connection to the heart of the downtown would encourage visitors to park once, and then do some shopping and dining prior to or after an event at the Playhouse.

Government and religious uses take up six percent of first floor space downtown, with the large majority of that contribution attributable to the School Sisters of Notre Dame. In comparison to many other downtowns, Elm Grove is fortunate to have such a relatively small percentage of space occupied by nonprofit entities in its downtown district.

A limited amount of warehousing and storage (six percent) takes up a portion of the total first floor area. This is not unusual. The central part of the Village was where industry originally tended to locate. Most of these uses are found along the railroad tracks. These sites might be considered for eventual redevelopment or adaptive reuse.

Mystic Ireland is one of only a few retail shops in downtown Elm Grove.

Approximately five percent of first floor space is vacant in the downtown study area, which is not considered abnormally high for most downtowns.

The downtown has a surprisingly small number of repair services, which might include auto repair, electronics repair, and similar services. They represent just one percent of available space.

In total there are 42 non-residential or mixed-use properties in the downtown, with about 529,000 square feet of non-residential floor area. The total value of land and improvements is $64.1 million, including the value of exempt properties.

Retail Establishments

The downtown district contains 16 retail businesses. This is fewer than would be expected of a community the size of Elm Grove, especially when the significant purchasing power of nearby neighborhoods is considered. Retail stores in the downtown include specialty shops that will draw from a greater distance, along with those businesses serving a neighborhood or community level base of customers.

TOAL NUMBER OF DOWNTOWN COMMERCIAL BUSINESSES BY TYPE

Professional Offices	71
Personal Services	38
Retail	16
Eating/Drinking	9
Entertainment	2

NEIGHBORHOOD AND COMMUNITY SHOPPING GOODS

DESCRIPTION	NAICS	NUMBER
Used car dealers	441120	1
Supermarkets and other grocery stores	445110	1
Gas stations with convenience stores	447110	1
TOTAL		3

SPECIALTY SHOPPING GOODS

DESCRIPTION	NAICS	NUMBER
Furniture stores	442110	1
Confectionery and nut stores	445292	1
Women's clothing stores	448120	1
Other clothing stores	448190	2
Sewing, needlework, and piece goods stores	451130	1
Florists	453110	2
Gift, novelty, and souvenir stores	453220	2
All other merchandise stores	453998	2
TOTAL		12

Eating and Drinking Establishments

The heart of Elm Grove's downtown extends along Watertown Plank Road from the intersection of Elm Grove Street to Elm Grove Road and south to Wall Street. This part of the district contains five eating and drinking places. Several of the establishments, such as Great Harvest Bread Company, The Chocolate Shop, RJ's Ice Cream, and Crumby Art Bakehouse & Cakery, have a limited menu that may not meet the needs of lunchtime diners.

O'Donoghue's Irish Pub is classified as a tavern selling alcoholic beverages with limited food service. There are only two full service restaurants - Silver Spur Texas Smokehouse and Zisters. Only Zisters provides a venue for a relatively quick sit-down lunch.

Zisters, located in the Elm Grove Park & Shop building, is one of only a few places where a downtown employee may get a relatively quick lunch.

EATING AND DRINKING PLACES

DESCRIPTION	NAICS	NUMBER
Drinking places (alcoholic beverages)	722410	1
Full service restaurants	722511	2
Limited service restaurants	722513	2
Snack and nonalcoholic beverage bars	722515	2
TOTAL		7

Vacancies

Generally, there is not a high rate of vacancy within the Village and immediate environs. Only three percent of the downtown's total non-residential space is vacant. The most significant share of this is found in the Village Center and along Watertown Plank Road. Downtown vacancies range include small office suites and retail spaces. Very little of this space is in the traditional storefronts in the heart of downtown. Downtown space tends to fall in a range of 1,000 to 3,000 square feet and leases around $11.00 to $18.00 per square foot.

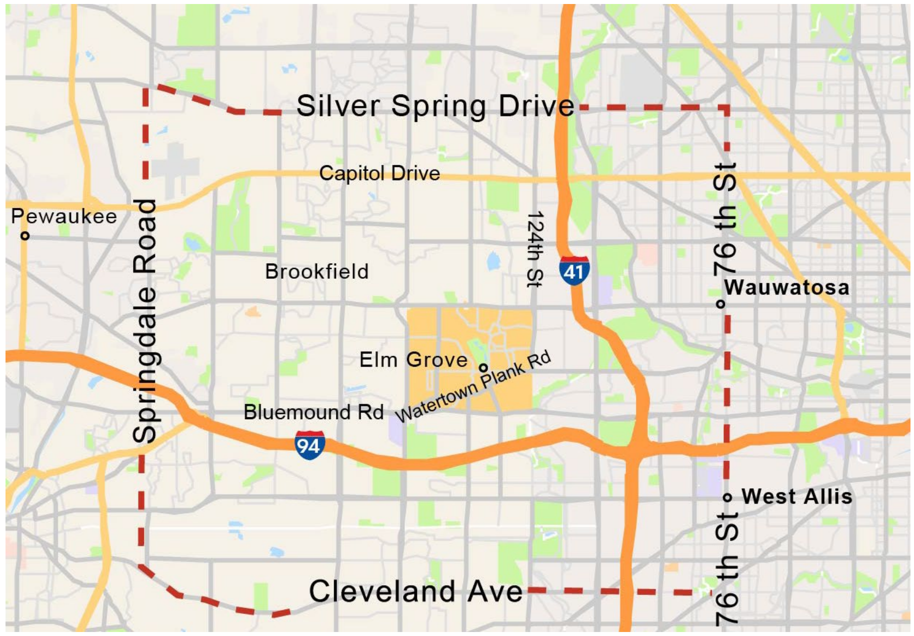
Population	172,650
Households	71,395
Median Income	$67,622

TRADE AREAS AND OTHER SOURCES OF DEMAND

Trade areas are a region from which a business district attracts a majority of its customers. A primary trade area will generally produce between 60 and 80 percent of business patrons. Some portion of the customer base lies outside of the trade area. In a conventional setting this is usually a small percentage, however, it can become very significant if the district or business supports a strong visitor market. The concept of trade areas becomes even more cloudy with the addition of online sales. It is now very possible for a business to derive much of its sales volume from customers who do not even visit the location.

Elm Grove and its downtown have a primary trade area that includes the entire Village and City of Brookfield, along with portions of the surrounding area including parts of New Berlin, Wauwatosa, and Milwaukee. The trade area extends south from Silver Spring Drive to Cleveland Avenue; and east from Springdale Road to 76th Street (Wauwatosa Avenue).

VILLAGE OF ELM GROVE TRADE AREA



The trade area was determined through a combination of interviews with businesses in the downtown, an examination of the Village's laborshed, and consideration of competition in the marketplace. A sizable workforce commutes into the Village each day and will have an impact on some retail expenditures along with eating places, especially during the lunch hour. While there is some leisure and business traffic to the Village, the level of visitor traffic generated from outside of the Milwaukee region will not have a significant impact on retail sales.

MARKET POTENTIAL

Downtown Elm Grove competes with, and potentially benefits from other nearby shopping and dining destinations. The most significant of these is Bluemound Road, anchored by Brookfield Square and The Corners of Brookfield, with an extensive amount of additional commercial development between and beyond these centers. To the west, there is a second regionally significant concentration of retail along Highway 100 (Mayfair Road) anchored by Mayfair Mall. These locations attract mostly chain retail and restaurants, while Elm Grove and similar settings have largely independent businesses

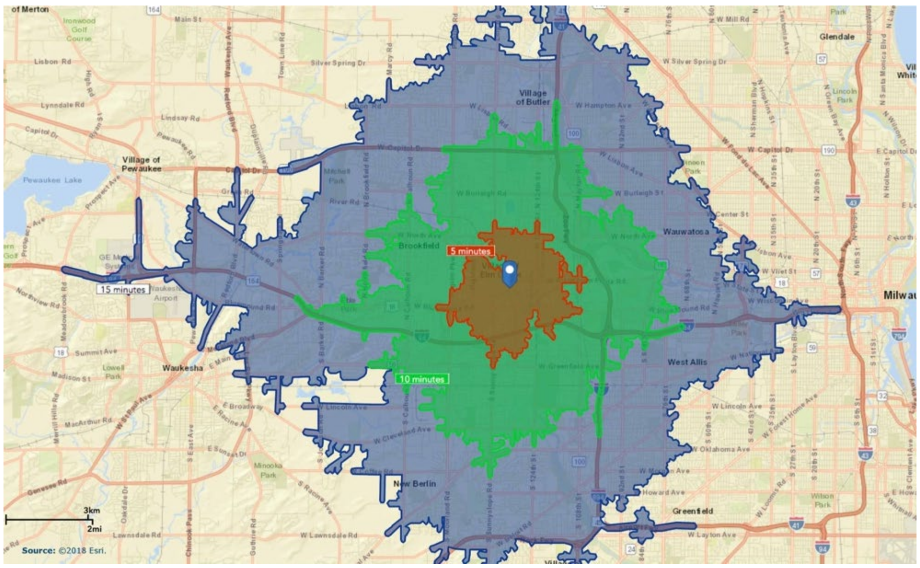
There are other downtown centers competing with Elm Grove. Wauwatosa and Waukesha are the largest and closest of these. Menomonee Falls has not developed the same concentration of restaurants and specialty shopping found in the other two downtowns, while communities like Brookfield and New Berlin do not have downtown districts. On a regional level, places like downtown Cedarburg, Shorewood, Delafield, and Pewaukee may vie with Elm Grove for comparable shopping or dining trips.

Demographic Overview

The trade area has a population of 171,945 people, with 71,395 households. It is a fairly diverse population, with 22.3 percent of the total identified as a race other than white including 13.6 percent black and 4.9 percent Asian. It is also older than average, with a median age of 40.1 compared with a national figure of 37.7 years of age. A total of 18.8 percent of the population is in their retirement years (65 or older), compared with the national figure of 14.5. The median income of $67,622 is higher than the national figure of $55,332.

In order to break down the trade area demographics in more detail, a drive time analysis was conducted using data from ESRI. The map below shows 5-minute (red area), 10-minute (green area), and 15-minute (blue area) drive time geographies from downtown Elm Grove. The 15-minute drive time geography extends beyond the study area's primary trade area.

5, 10, AND 15-MINUTE DRIVE TIMES FROM DOWNTOWN ELM GROVE



The table below breaks out key 2018 demographics for the Village within 5-, 10-, and 15-minute drive times of downtown Elm Grove. The data highlight high percentages of owner-occupied housing as well as high household incomes, especially within the 5-and 10-minute drive time geographies.

	5-minute	10-minute	15-minute
Population	11,364	64,547	281,042
Households	4,649	27,771	120,594
Owner-Occupied Housing (%)	84.4%	70.3%	60.3%
Median Age	47.4	44.9	41.1
Median HH Income	$96,757	$77,819	$62,836
Average HH Income	$133,138	$106,372	$86,450

Retail Market Potential and Sales Estimates

The market potential for the primary trade area is based on 2018 demographic conditions derived from 2016 Census figures, and then projected to subsequent years. Per capita expenditures are calculated by product line, and then extrapolated to purchases by store type. Sales estimates were prepared for each retail business in the downtown.

Downtown Elm Grove has a significant number of office and service businesses, however it has relatively few retail stores serving the local population.

Downtown Elm Grove has few retail stores or restaurants, although Sendik's is a critical anchor. Overall, businesses in the district capture only about one percent of the market potential. While the presence of large national chains and major shopping centers nearby is undoubtedly a factor, there are opportunities for new and existing businesses in downtown Elm Grove to achieve higher sales.

Dining

The average household in the primary trade area spends about $3,480 annually on food away from home. Included in this total are not only restaurants, but also school or work cafeterias, vending machines, hotel food services, and other places where meals or snacks can be purchased. This analysis will only address the amount spent at restaurants and snack and beverage places and includes worker spending.

RESTAURANT MARKET POTENTIAL AND SALES ESTIMATES

Total spent on food away from home	$426,520,000
Amount spent at **full service** restaurants	$170,609,000
Amount spent at **limited service** restaurants	$215,358,000
Amount spent at other venues	$40,520,000
Resident market demand	$250,695,000
Worker market demand	$175,826,000
Total demand	$426,520,000

With restaurants including Zisters, Silver Spur Smokehouse, and O'Donoghue's, the downtown captures only a small portion of the total demand for full service restaurants. Even so, the recent success of Zisters likely signals the ability to capture a greater market share.

One of the interesting characteristics of Elm Grove's downtown district is the general lack of chain restaurants. There are no national full-service chains in the downtown and few limited service options such (such as Great Harvest Bread Company and the recently closed Subway restaurant).

The downtown has five limited service restaurants, including Crumby Art Bakehouse & Café, Caroline's Café & Gifts, Zisters, Great Harvest Bread Company, RJ Ice Cream, and The Chocolate Factory. Combined, these businesses represent 62.5 percent of the businesses in this industry.

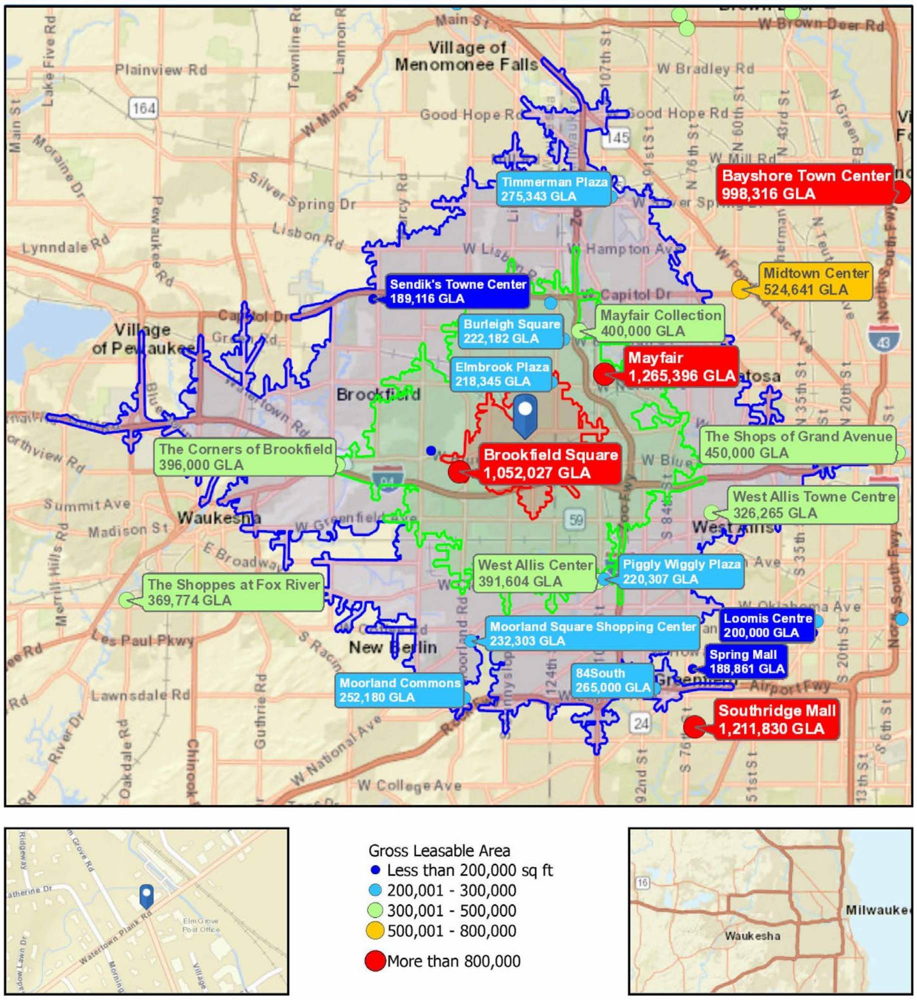
Snack and beverage places, including establishments such as coffee shops, bagel or donut shops, are especially under-represented in the total. Parking and the ability to provide drive-up service may be considerations for some of these businesses.

With both a large resident population and heavy worker traffic, food businesses have the potential to be very successful in downtown Elm Grove, as they have been in similar areas like downtown Wauwatosa and Waukesha, and the corner of 68th Street and Wells Street in Wauwatosa. The authentic walkable setting of the downtown complements unique or local chain businesses. For their part, consideration should be given to daytime traffic including breakfast, especially lunch, and late morning or early afternoon business meetings that seek locations such as can be provided in the district.

COMPETITIVE ENVIRONMENT

Competition for businesses in the downtown comes from both elsewhere in Elm Grove and from surrounding communities. Rival businesses within the Village compete with downtown businesses serving the local market as well as specialty businesses that may have a broader reach. Concentrations of specialty retail found in nearby communities (especially Waukesha, Brookfield, and Wauwatosa) will have a greater impact on the downtown's specialty businesses.

Downtown Elm Grove could support additional retail including specialty food stores, health care and personal products stores, sporting goods stores, gift, novelty, and souvenir stores, and art dealers.



Source: Directory of Major Malls, Inc. (June 2018).

Elm Grove

Elm Grove has a limited retail sector in which some of the community's basic shopping or other needs can be met. These would include businesses such as Ray's Auto and Sendik's Grocery. Common neighborhood or community level retail missing from downtown Elm Grove includes discount department stores, hardware stores, pharmacies, office supply stores, and similar types of stores. Because of competition in stronger retail centers, it is unlikely that Elm Grove could attract many of the typical neighborhood-serving uses like pharmacies or hardware stores.

Specialty retail includes those goods that might be called comparison or destination shopping goods, such as clothing and shoe stores, sporting goods and hobby shops, gift shops, art dealers, and similar uses. Some of these types of businesses are also found in the downtown, and cater to a larger customer base from throughout the trade area. It is these businesses that have the best prospects for succeeding in downtown Elm Grove.

CONCLUSIONS AND DOWNTOWN OPPORTUNITIES

Downtown is a somewhat unique retail district within the community, having a strong concentration of small office uses and personal services. The downtown business mix presently includes a limited combination of stores serving the local population, and a few specialty stores necessary to become a destination district.

Although there is very significant competition in close proximity (the malls, commercial strips, and established larger downtown districts), Elm Grove has an advantageous location, a market interested in new unique retail and dining businesses, and the potential to further enhance its appeal through design and redevelopment. Even its competition can be leveraged to its advantage, if customers traveling to another center can be persuaded to combine a trip to downtown Elm Grove. The biggest challenges may be related to some businesses themselves, through ineffective marketing or limited hours.

O’Donoghue’s Irish Pub

Retail and Dining Opportunities

Most specialty retail uses would be a good fit for downtown Elm Grove. These will mostly be independent of local chain businesses that can take advantage of the attractive, walkable downtown environment. It will be necessary for the Village to develop a critical mass of these businesses to generate steady customer traffic. Infill or redevelopment will provide locations where these businesses can be located. Examples include

- Apparel and accessories
- Furniture and home furnishings
- Gifts and novelties
- Art galleries and art or craft supplies
- Hobby, toy, and game shops
- Specialty food stores
- Full service restaurants
- Limited service restaurants
- Snack and beverage places
- Taverns, brewpubs, etc.

OFFICE MARKET

Office demand is estimated based on industry and occupational projections from the Wisconsin Department of Workforce Development. These projections carry through to the year 2024 and subsequent years to 2028 have been extrapolated from prior years' data.

OFFICE DEMAND

Occupations typically found in office environments were assigned an area based on averages obtained through the CoreNet Global Real Estate 2020 Survey. Compiled in 2013, the data is for 2012. The survey found that the average office size is decreasing, reaching 176 square feet per employee in 2012, from 225 square feet in 2010. It is projected to drop to an average of 151 square feet in 2017. For this analysis, the average executive office was calculated at 300 square feet. Professional and technical offices ranged from 175 to 200 square feet. Lower skilled office functions were assigned 75 to 100 square feet.

Elm Grove's office employment will grow slowly, averaging a pace of 15 jobs per year. The largest share of new jobs created will be in business and financial operations, with the next-largest share being in management occupations. In total, these new office jobs will create a demand for 22,732 square feet of new office space. Of this, some portion will be accommodated in existing businesses, and an additional portion will occupy space currently vacant.

Downtown Elm Grove should seek to capture 20% to 40% of the future demand for office space in the Village.

OCCUPATIONAL PROJECTIONS AND THE NEED FOR OFFICE SPACE

OCCUPATION	NEW JOBS CREATED 2014-2024	AVERAGE OFFICE SIZE (SQ. FT.)	TOTAL OFFICE AREA NEEDED (SQ. FT.)
Management Occupations	18	300	5,399
Business and Financial Operations Occupations	26	175	4,464
Computer and Mathematical Occupations	15	175	2,614
Architecture and Engineering Occupations	4	200	730
Life, Physical, and Social Science Occupations	3	175	482
Community and Social Services Occupations	4	125	489
Legal Occupations	1	200	200
Education, Training, and Library Occupations	13	125	1,621
Design, Entertainment, Sports, and Media Occupations	5	200	1,029
Healthcare Practitioners and Technical Occupations	12	75	900
Office and Administrative Support Occupations	15	75	1,199
Total, Office-Based Occupations	114		18,943

Allocation for common areas (lobby, conference rooms, work rooms,	20%
Additional office space required in Elm Grove (Village-wide)	22,732