

**MARKET STUDY ADDRESSING THE COMMERCIAL
DEVELOPMENT POTENTIAL OF THE SITE LOCATED
PRIMARILY AT THE SOUTHEAST QUADRANT OF
WEST MEQUON ROAD AND PILGRIM ROAD, IN THE VILLAGE
OF GERMANTOWN, WASHINGTON COUNTY, WISCONSIN**

Effective Date: November 22, 2024

Prepared For:

*Mr. Steve Kreklow
Village Administrator
Village of Germantown
N112 W17001 Mequon Road
Germantown, WI 53022*

Date Issued: November 27, 2024

Prepared By:



CORNERSTONE VALUATION SERVICES

**P.O. Box 387
Hales Corners, WI 53130
(262) 442-5492
kyle@CornerstoneVS.com
www.CornerstoneVS.com**

CVS File #24.097-K

CORNERSTONE VALUATION SERVICES

REAL ESTATE APPRAISAL AND CONSULTING

November 27, 2024

Mr. Steve Kreklow
Village Administrator
Village of Germantown
N112 W17001 Mequon Road
Germantown, WI 53022

**Re: Market Study
Commercial Market (Retail & Office)
Corner of West Mequon Road & Pilgrim Road
Germantown, WI 53022**

Dear Mr. Kreklow:

In accordance with your request, I am pleased to submit this *Market Study* addressing the commercial market (retail and office) as it pertains to the potential redevelopment of the corner of West Mequon Road and Pilgrim Road (primarily at the southeast corner), in the Village of Germantown, Washington County, Wisconsin. For purposes of this analysis, the identified property is referred to as the “subject property.”

Purpose and Function of the Report

Cornerstone Valuation Services has been engaged to provide a *Market Study* for the commercial (retail and office) component of the referenced potential redevelopment project. The primary *purpose* of this study is to analyze demand, rental rates, vacancy rates, and other pertinent data as it pertains to the retail and office markets. The *function* of this report is to assist the Village of Germantown and/or their assigns (the client / the intended user(s)) with their internal strategic decision-making regarding the potential redevelopment project (the intended use). No other uses or users are intended by Cornerstone Valuation Services.

Appraisal Standards and Reporting Guidelines

The report is subject to the Code of Ethics and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Limitations of Use and Applicability of Conclusions

Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the conclusion(s) presented in this report is/are valid only for the date(s) stated herein. I have provided no previous valuation services regarding the subject property within the three-year period prior to my acceptance of this assignment.

General Conclusions

A summary of our general conclusions and recommendations are included on the following pages.

I have enjoyed serving you in this matter.

Sincerely,



Kyle L. Bjerke, Partner

Wisconsin Certified General Appraiser No. 2040

EXECUTIVE SUMMARY

Property Location:

The area of focus of this study is primarily at the southeast corner of the intersection of West Mequon Road / Highway 167 and Pilgrim Road, in the Village of Germantown, Washington County, Wisconsin. Smaller portions of the study area are also located at the northwest and northeast corners of the intersection. The Village of Germantown is a suburban community located approximately 15 miles northwest of downtown Milwaukee in southeastern Wisconsin.

Land Area:

The total combined land area of the study area is approximately 50 +/- acres. Please refer to the exhibit below, which defines the study area. The acreage referenced above excludes roadway areas and is based on measurements taken from the Washington County GIS.



Proposed Improvements:

There are no specific proposed improvements being analyzed in this study. The purpose of this study is to provide general information pertaining to the local commercial market.

EXECUTIVE SUMMARY

(Continued)

Retail Demand:

Within our study, demand for retail space was calculated through two primary methods: a fundamental demand analysis via the buying power segmentation method and an inferred demand analysis. For purposes of our analyses, the Primary Market Area (PMA) was set to the Village of Germantown municipal boundaries.

The buying power segmentation method recognizes that the fundamental need for retail space in a market area is related directly to the total amount of effective buying power within the market area. Effective buying power is estimated based on a percentage of household income. A table summarizing the demand estimates from the buying power segmentation Method is below. As shown, there is a net positive demand of **6,821 square feet** in current figures and net positive demand of **48,609 square feet** as of the five-year forecast. These figures assume all pending supply included herein is built and the existing market supply stabilizes. Essentially, the market indicates that an additional 48,609 square feet of retail space is needed within the PMA over the next five years, above and beyond what is currently known to be in the pipeline.

Demand Calculation - Buying Power Segmentation Method				
#	Line Item	Current	5-Year	Comment
1	# Households in PMA	22,290	22,000	Per ESRI
2	Average Household Income	\$180,376	\$202,412	Per ESRI
3	Total Household Income in PMA	\$4,020,581,040	\$4,453,064,000	Line 1 x Line 2
4	% of Income Spent on Retail	23.0%	23.0%	Per ESRI
5	Total Retail Sales Potential	\$924,733,639	\$1,024,204,720	Line 3 x Line 4
6	% of Retail Sales by Subject Type	40.0%	40.0%	Reconciled ESRI Data
7	Total Potential Sales	\$369,893,456	\$409,681,888	Line 5 x Line 6
8	% of Retention of Sales in PMA	90.0%	90.0%	CVS Estimate
9	Retail Sales Potential from PMA	\$332,904,110	\$368,713,699	Line 7 x Line 8
10	Sales Required Per SF	\$250	\$250	CVS Estimate
11	Demand for SF of Retail from Households in PMA	1,331,616	1,474,855	Line 9 / Line 10
12	% Estimate of Demand from SMA	20.0%	20.0%	CVS Estimate
13	Total Estimate of Demand from SMA	266,323	294,971	Line 11 x Line 12
14	Total Retail Demand from PMA & SMA	1,597,940	1,769,826	Line 11 + Line 13
15	% of Non-Retail Users at Subject	25.0%	25.0%	CVS Estimate
16	Plus Demand for Non-Retail Use	399,485	442,456	Line 14 x Line 15
17	Total Demand for Occupied Retail & Office/Service Space within PMA	1,997,425	2,212,282	Line 14 + Line 16
18	Equilibrium Vacancy Rate	5.0%	5.0%	CVS Estimate
19	Adjusted Demand for Retail & Office/Service Space within PMA	2,102,552	2,328,718	Line 17 / (1 - Line 18)
20	Existing Supply (SF)	2,029,918	2,029,918	CoStar
21	Pending Supply (SF)	0	166,061	CoStar & CVS Research
22	Total Subject SF	14,882	14,882	Per Plans
23	Residual / Net Demand (SF)	57,752	117,857	Line 19 - Lines 20, 21, 22

EXECUTIVE SUMMARY

(Continued)

Retail Demand (Cont.): The inferred demand analysis essentially analyzes the amount of retail space currently in the PMA and the amount of vacant retail space currently in the PMA and infers demand based on an equilibrium vacancy rate (5.0%). As current retail vacancy rates are below equilibrium, our analysis found that 18,132 square feet of the existing 1,813,153 square feet of retail space in the PMA could be vacated and the market would still be at equilibrium. Based on the 4.0% vacancy rate, this implies that there is currently 1,740,627 square feet of occupied retail space. Dividing this by the 95% equilibrium occupancy rate indicates total current demand of 1,832,239 square feet. Deducting the 1,813,153 square feet of existing space produces a net positive demand figure based on inferred analysis of **19,086 square feet**. This analysis is not forward looking, but rather a current estimate. Assuming a similar spread between the current and five-year forecasts as was found in the fundamental demand analysis, this analysis would indicate a five-year demand for additional retail space of **70,874 square feet**.

Relying on the averages of the two metrics produces an indicated demand for **12,954 square feet** of retail space currently and **59,742 square feet** over the next five years. While it should be stressed that forecasting demand is not an exact science; based on the two demand metrics relied upon herein, it is clear that there is demand for additional retail space within the PMA.

Office Demand: As it pertains to the demand for additional office space, we relied upon a fundamental demand analysis and utilized the residual demand method. Our residual demand calculations are summarized below. As shown, based on current market conditions, there is demand for an additional **17,078 square feet** of office space. Based on forecasted changes over the next five years, there is a forecasted demand for **22,530 square feet** of additional office space above and beyond what is currently proposed within the PMA. As a secondary check for the *current* demand figure of 17,078 square feet; when dividing the total amount of occupied office space of 581,396 square feet by 95% (to account for a 5.0% equilibrium vacancy rate), the indicated total demand for office space is 611,996 square feet. When deducting the total current inventory of 596,304 square feet, the indicated current demand for additional office space is 15,692 square feet, which closely approximates our conclusion of 17,078 square feet.

Residual Demand Calculations - Office				
#	Line Item	Current	5-Year	Comment
1	Total Employment in PMA	15,749	16,536	ESRI, CVS
2	% Occupying Office Space	25%	25%	ESRI, CVS
3	Total Employed in Office Space	3,937	4,134	Line 1 x Line 2
4	% for Subject's Office Class	100%	100%	CVS
5	Total Office Jobs in PMA	3,937	4,134	Line 3 x Line 4
6	Avg. SF Per Office Employee	148	148	CoStar
7	Total Demand for Occupied Office Space	582,713	611,832	Line 5 x Line 6
8	Equilibrium Vacancy Rate	5.0%	5.0%	CVS
9	Total Office Demand in PMA	613,382	644,034	Line 7 - (1 - Line 8)
10	Current Inventory	596,304	596,304	CoStar
11	Pending Supply	0	25,200	CVS, Etc.
12	Subject SF	0	0	Plans (None)
13	Residual Demand	17,078	22,530	Line 9 - Lines 10, 11, 12

EXECUTIVE SUMMARY

(Continued)

Rental Rates:

Given the lack of firm development plans in place, forecasting rental rates is somewhat academic in nature as the ultimate rental rates will be highly dependent on the end product delivered. Typically, for new construction commercial space, the space is delivered in a grey shell condition (bare stud / block walls, no flooring, no lighting, no plumbing, no electrical, etc.) or white box condition (minimal plumbing, electrical, concrete floors, etc.). When a tenant is procured and a lease is signed, the landlord typically offers a TI allowance ranging anywhere from \$10.00 to \$75.00+ per square foot, which goes towards the build-out of the space. In general, the higher the tenant improvement allowance, the higher the base rental rate and/or the longer the lease term.

Landlords are typically willing to offer higher tenant improvement allowances to higher quality tenants with longer initial lease terms. Traditional retail spaces will typically command rental rates in the \$25.00 - \$30.00+ per square foot, NNN, range – depending how extensive the build-out is. Restaurants, cafes, and other similar spaces tend to command more extensive build-outs than a traditional retail tenant or a financial services tenant, for example, and will therefore command a higher lease rate due to the more extensive build-out.

It is also common for the base rental rate in a new construction lease to be reflective of a prevailing market rent (i.e. \$16.00 - \$18.00 +/- per square foot, NNN) and the tenant improvement allowance is then repaid to the landlord throughout the term of the lease as additional rent / TI amortization. For second or third-plus generation tenants (i.e. tenants that are leasing space that was previously finished and utilized by another tenant), prevailing market rents (i.e. \$16.00 - \$18.00 +/- per square foot, NNN) are typically achieved with much lower tenant improvement allowances. Some tenants are also willing to take space “As Is” with no tenant improvement allowance; however, lower rental rates can be expected compared to if a TI allowance was offered.

Based on our analysis, prevailing office lease rates for newer / newly renovated office space within the PMA appear to be around \$18.00 per square foot, full service gross, with triple net (NNN) equivalent lease rates being around \$14.00 per square foot. Similar to the retail lease rates, higher rates can be expected as the TI allowance increases.

TABLE OF CONTENTS

SECTION I: INTRODUCTION

	<u>Page</u>
INTRODUCTION	1
PROPERTY DESCRIPTION	5
NEIGHBORHOOD OVERVIEW	8
REGIONAL OVERVIEW	22

SECTION II: MARKET ANALYSIS

RETAIL MARKET ANALYSIS	67
DEMAND ANALYSIS - RETAIL	71
RENTAL RATES - RETAIL	72
OFFICE MARKET ANALYSIS	72
DEMAND ANALYSIS - OFFICE	73
RENTAL RATES - OFFICE
CERTIFICATION	99

SECTION IV: APPENDIX

SECTION I: INTRODUCTION

INTRODUCTION

I am pleased to submit this *Market Study* addressing the commercial market (retail and office) as it pertains to the potential redevelopment of the corner of West Mequon Road and Pilgrim Road (primarily at the southeast corner), in the Village of Germantown, Washington County, Wisconsin. For purposes of this analysis, the identified property is referred to as the “subject property.”

Purpose and Function of the Report

Cornerstone Valuation Services has been engaged to provide a *Market Study* for the commercial (retail and office) component of the referenced potential redevelopment project. The primary *purpose* of this study is to analyze demand, rental rates, vacancy rates, and other pertinent data as it pertains to the retail and office markets. The *function* of this report is to assist the Village of Germantown and/or their assigns (the client / the intended user(s)) with their internal strategic decision-making regarding the potential redevelopment project (the intended use). No other uses or users are intended by Cornerstone Valuation Services.

Report Standards and Reporting Guidelines

The report is subject to the Code of Ethics and the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

Limitations of Use and Applicability of Conclusions

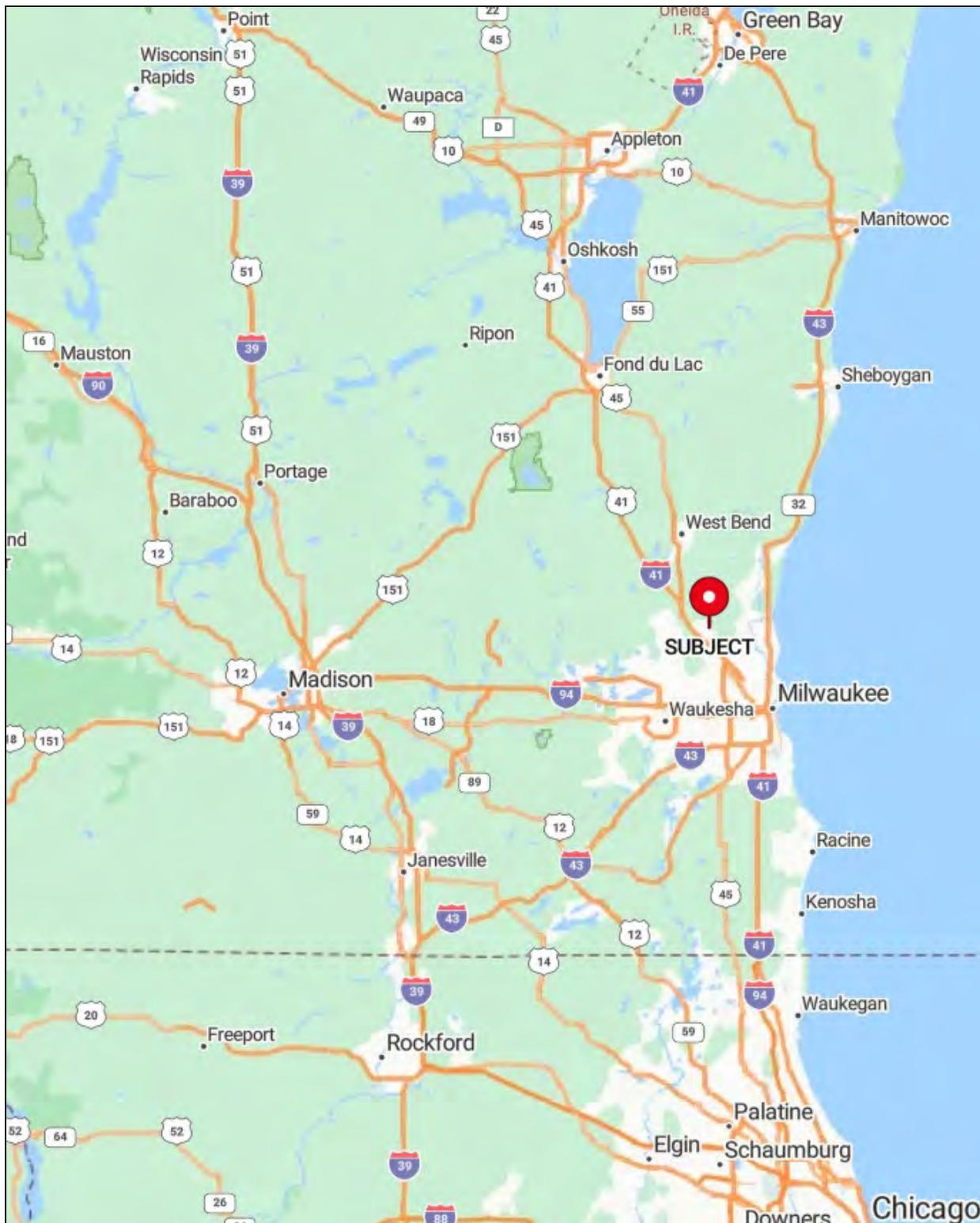
Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public. The report is made subject to the Statement of Assumptions and Limiting Conditions. Due to the nature of real estate investments and the variety of economic factors that influence value, the conclusion(s) presented in this report is/are valid only for the date(s) stated herein. I have provided no previous valuation services regarding the subject property within the three-year period prior to my acceptance of this assignment.

Scope of Work

The scope of the market study consisted of conducting a physical inspection of the property, obtaining demographic and economic information about the immediate neighborhood and municipality, collecting and analyzing comparable data, developing the appropriate analyses, and developing final opinions and conclusions. The scope of this analysis included providing an analysis of demand, achievable rental rates, rent growth trends, vacancy rates, as well as area and market analytics. The scope did not include a highest and best use analysis, analysis of construction costs, or financial feasibility analysis. Both primary and secondary research is included in this report. Secondary data consists of U.S. Census data and related projections, and was obtained from multiple government sources. Kyle L. Bjerke was fully qualified at the time of engagement to provide an analysis of the referenced property. No additional steps were needed after this date to satisfy the

Competency Rule under USPAP. Please refer to the appraiser qualifications that are included within the **Appendix**.

The property's location is identified within the **Regional Map** contained below for reference.



Date of Inspection

The property was inspected most recently by Kyle L. Bjerke on November 22, 2024.

Effective Date of Report

The conclusions within this report are effective as of November 22, 2024 (the date coinciding with my most recent site inspection).

Statement of Assumptions and Limiting Conditions

This report has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is assumed free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plat plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.
- It is assumed that the property conforms to all applicable zoning and use regulation and restrictions unless a non-conformity has been identified, described, and considered in this report.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- The signatories shall not be required to give further consultation or testimony, or appear in court or at any public hearing with reference to the property considered, unless prior arrangements have been made with the client.
- The report was prepared for the purpose stated and should not be used for any other purpose.
- Possession of this report, or a copy thereof, or any part thereof, does not carry with it the right of publication, nor may it be used by anyone but the party for whom it has been prepared without the prior written consent and approval of Cornerstone Valuation Services.

- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the analyst. The analyst has no knowledge of the existence of such materials on or in the property. The analyst, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
- This report is intended to be read and used as a whole and not in parts. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the report.
- None of the contents of this report (especially any conclusions as to value, the identity of the analyst(s), or the firm with which he is connected or any references to the Appraisal Institute) shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without the prior written consent and approval of Cornerstone Valuation Services.
- Where the property being considered is part of a larger parcel or tract, any values reported relate only to the portion being considered and should not be construed as applying with equal validity to other portions of the larger portion or tract.
- Any projections of future rents, expenses, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, discount rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of Cornerstone Valuation Services. They represent only the judgment of the authors as to the assumptions likely to be used by purchasers and sellers active in the marketplace, and their accuracy is in no way guaranteed.

PROPERTY DESCRIPTION

Location: The area of focus of this study is primarily at the southeast corner of the intersection of West Mequon Road / Highway 167 and Pilgrim Road, in the Village of Germantown, Washington County, Wisconsin. Smaller portions of the study area are also located at the northwest and northeast corners of the intersection. The Village of Germantown is a suburban community located approximately 15 miles northwest of downtown Milwaukee in southeastern Wisconsin.

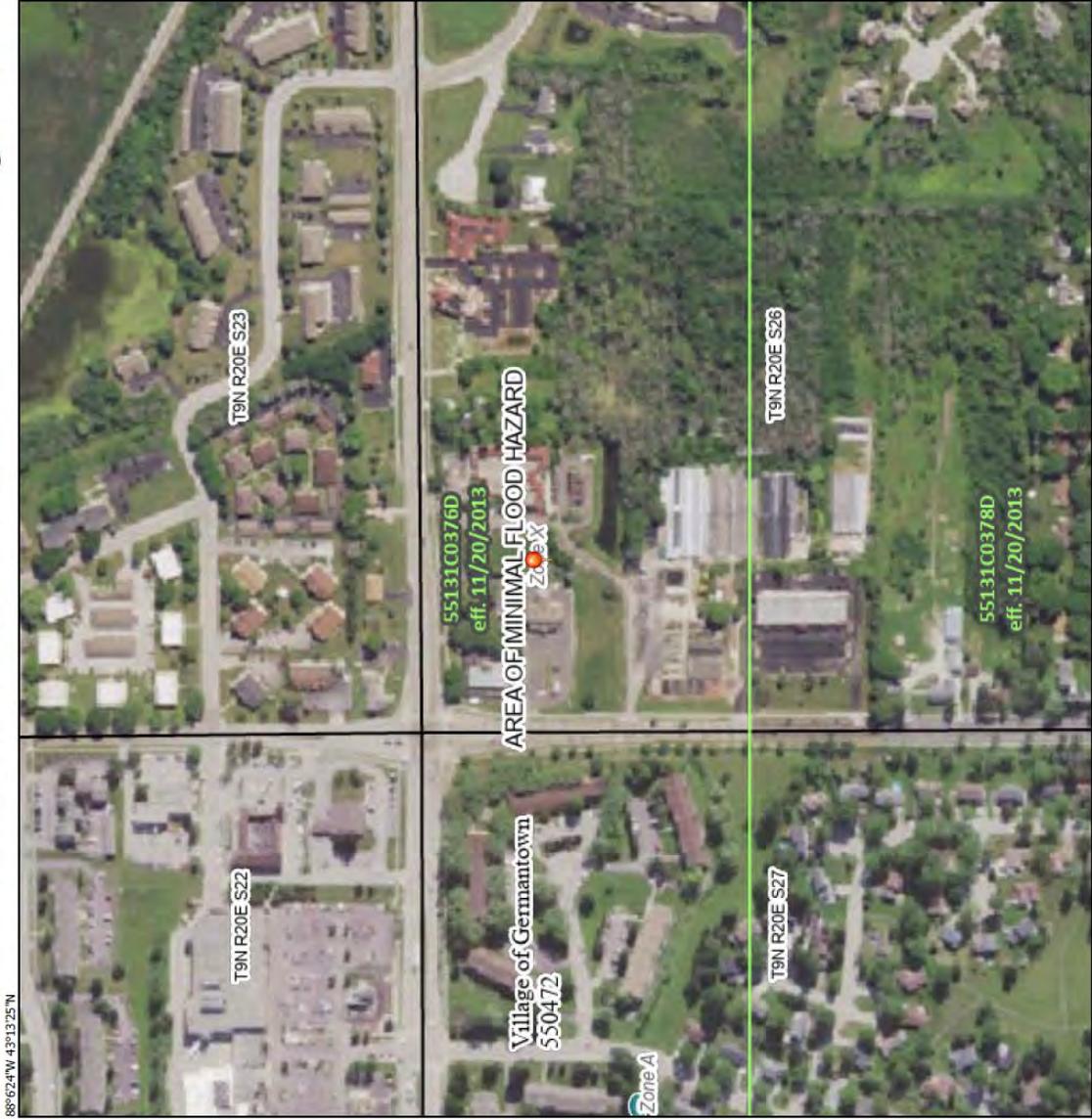
Land Area: The total combined land area of the study area is approximately 50 +/- acres. Please refer to the exhibit below, which defines the study area. The acreage referenced above excludes roadway areas and is based on measurements taken from the Washington County GIS.



- Soils/Environmental:** A Phase I Environmental Site Assessment was not provided for purposes of completing this market study. This report assumes that the site is not adversely impacted by any environmental conditions that would prohibit or materially restrict development. ***It should be emphasized that Cornerstone Valuation Services is not an expert in this area and is not responsible for any problems should they exist. The analyses rendered in this report are predicated on the assumption that there is no hazardous material on or in the property that would substantially affect the subject property's current and future potential uses.***
- Topography & Drainage:** Based on my inspection of the site and my review of topographic maps, the site is primarily flat and drainage does not appear to be a concern. The site is not considered to be topographically challenged. It is assumed the site would be properly graded to promote adequate drainage should redevelopment occur.
- Utilities:** The subject site is assumed to have access to all necessary utilities in adequate quality and quantity to support any future redevelopment.
- Access & Visibility:** The subject is located within close proximity to several major local and regional thoroughfares, including West Mequon Road / Highway 167 and Pilgrim Road, each of which the subject is located along, Fond du Lac Avenue / Highway 145, located immediately east of the subject, and Interstate Highway 41, located 2.5 miles to the west of the subject, to name a few. These linkages, and others, are exhibited within the **Neighborhood Map** contained within the **Neighborhood Overview** section of this report.
- The site presently has adequate vehicular accessibility from West Mequon Road and from Pilgrim Road and it is assumed adequate accessibility would be provided should redevelopment occur. The corner lot location and significant frontage along both roadways provide adequate visibility for commercial development. Overall, access and visibility are considered to be very good.
- Flood Zone:** According to FEMA Flood Insurance Rate Map (FIRM) with the community panel numbers 55131C0376D & 55131C0378D, dated November 20, 2013, and the FEMA National Flood Hazard Layer (NFHL), the subject is located within Zone X (an area of minimal flood hazard). A copy of this **Flood Plain Map** is contained later in this section.
- Easements, Restrictions, Covenants:** A title insurance report was not reviewed. The site is assumed to be encumbered with typical easements for utilities and other infrastructure amenities, as well as potentially some shared access easements. This analysis assumes there are no deed restrictions or covenants that would hinder the development potential of the site.
- Proposed Improvements:** There are no specific proposed improvements being analyzed in this study. The purpose of this study is to provide general information pertaining to the local commercial market.

FLOOD PLAIN MAP

National Flood Hazard Layer FIRMette



Legend

SEE RIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

<p>SPECIAL FLOOD HAZARD AREAS</p> <ul style="list-style-type: none"> Without Base Flood Elevation (BFE) <i>Zone AE, AH, VE, AP</i> With BFE or Depth <i>Zone AE, AO, AH, VE, AP</i> Regulatory Floodway 	<p>OTHER AREAS OF FLOOD HAZARD</p> <ul style="list-style-type: none"> 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile <i>Zone X</i> Future Conditions 1% Annual Chance Flood Hazard <i>Zone X</i> Area with Reduced Flood Risk due to Levee. See Notes. <i>Zone X</i> Area with Flood Risk due to Levee <i>Zone D</i>
<p>OTHER AREAS</p> <ul style="list-style-type: none"> NO SCREEN Area of Minimal Flood Hazard <i>Zone X</i> Effective LOMPS Area of Undetermined Flood Hazard <i>Zone D</i> 	<p>GENERAL STRUCTURES</p> <ul style="list-style-type: none"> Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
<p>OTHER FEATURES</p> <ul style="list-style-type: none"> Cross Sections with 1% Annual Chance Water Surface Elevation Coastal Transect Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Transect Baseline Profile Baseline Hydrographic Feature 	<p>MAP PANELS</p> <ul style="list-style-type: none"> Digital Data Available No Digital Data Available Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on **11/26/2024 at 9:21 PM** and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

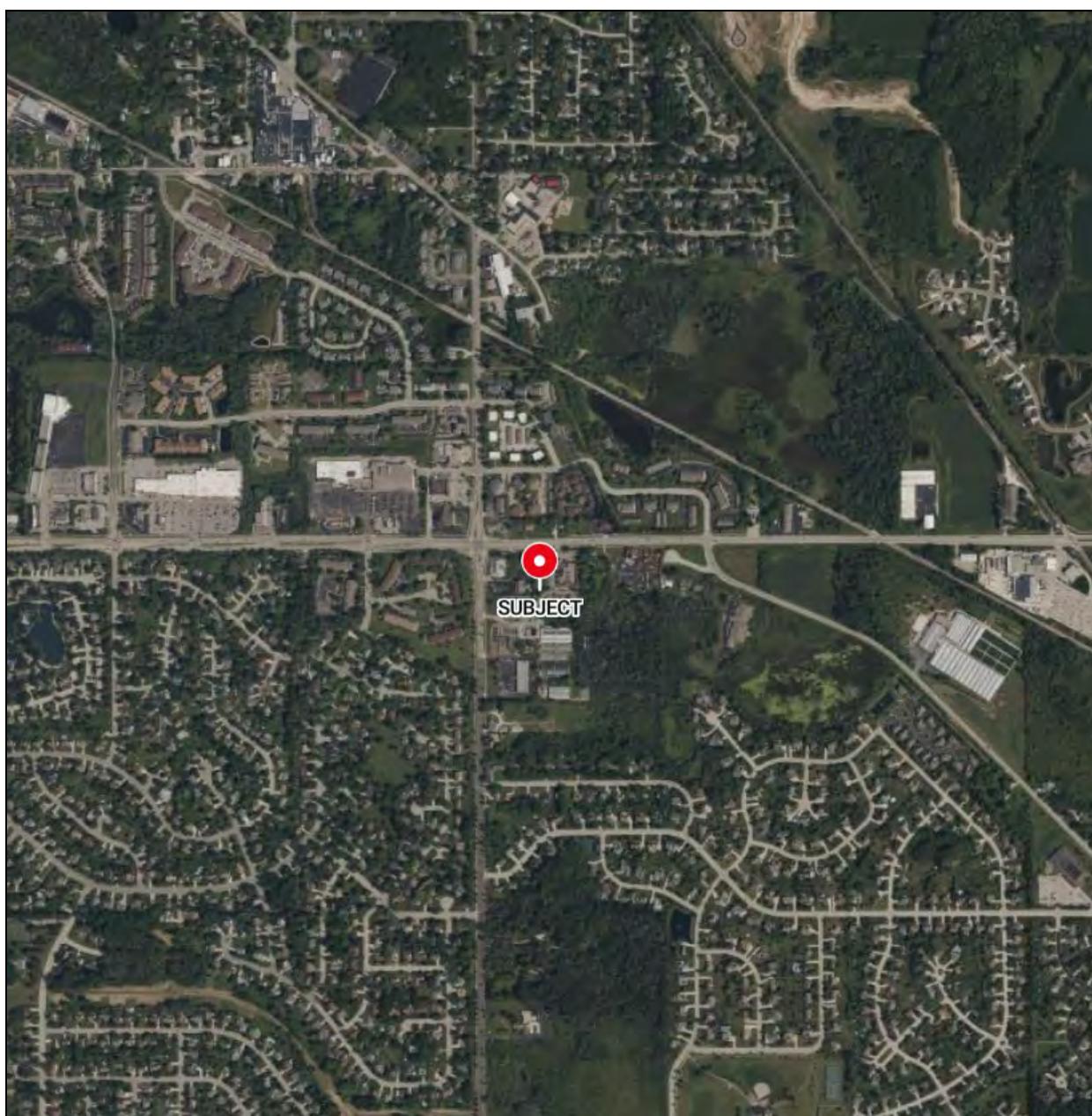
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

NEIGHBORHOOD OVERVIEW

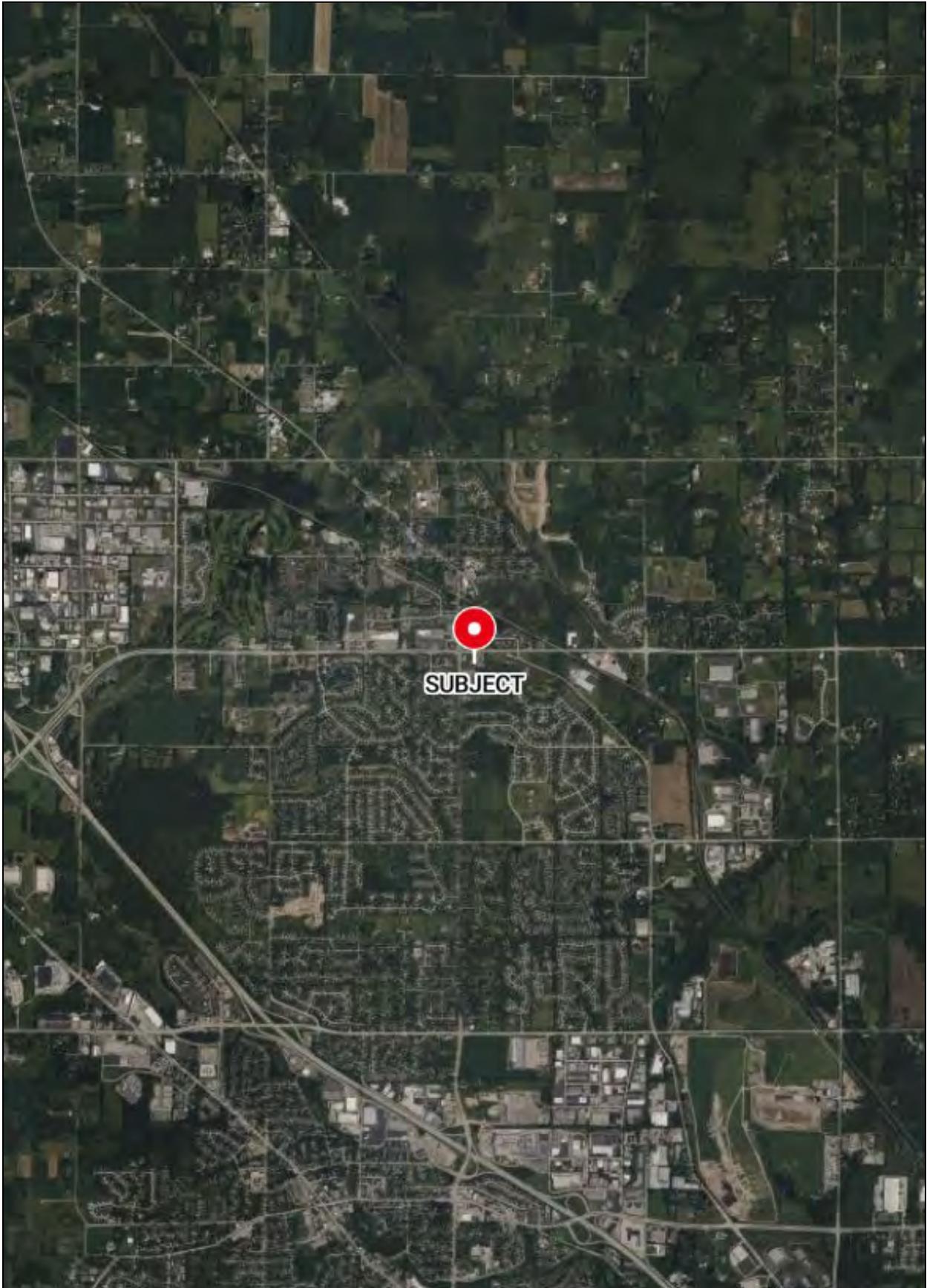
A “Neighborhood” is defined in The Dictionary of Real Estate Appraisal, Seventh Edition (sponsored by the Appraisal Institute, 2022) as:

- “1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.*
- 2. A developed residential super pad within a master planned community usually having a distinguishing name and entrance.”*

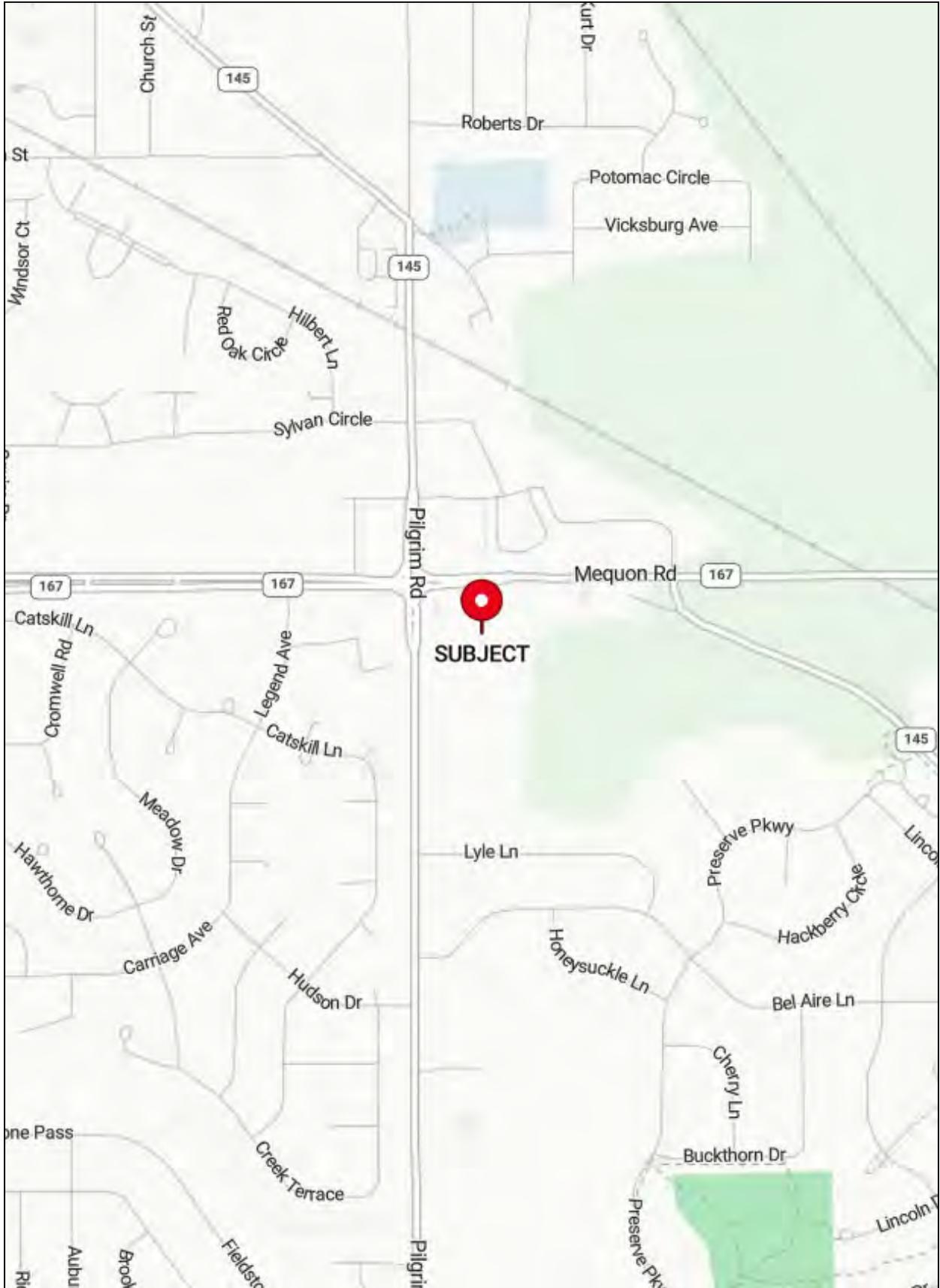
An **Aerial Photograph** of the subject’s neighborhood is included below while an **Expanded Aerial Photograph** and **Neighborhood Maps** are included on the following pages.



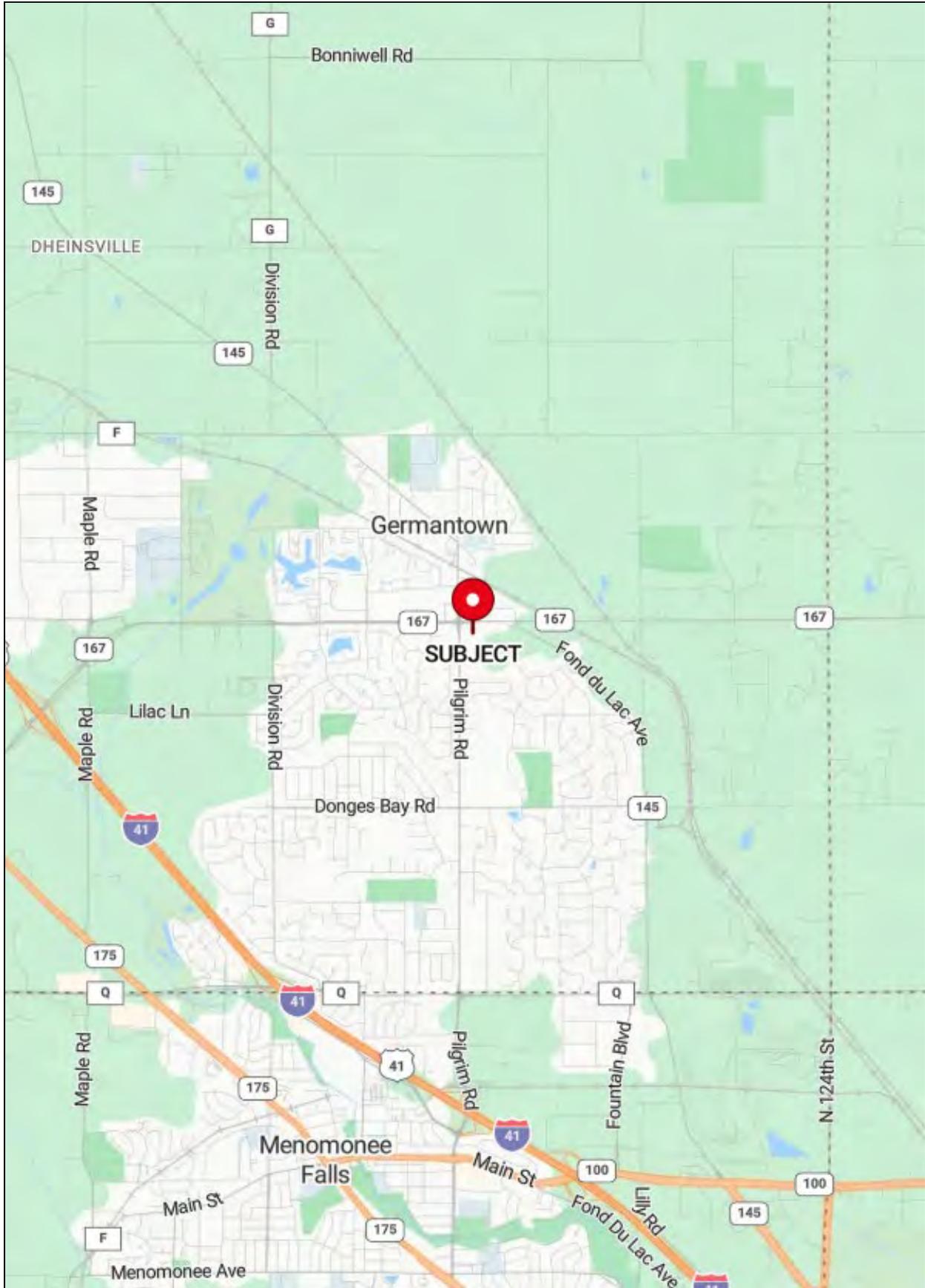
EXPANDED AERIAL PHOTOGRAPH



NEIGHBORHOOD MAP



EXPANDED AREA / REGIONAL MAP



Demographic data provided by CoStar, which collects data from the U.S. Census Bureau, is included below and on the following page. For purposes of the information, we utilized the property at the hard corner of the intersection of West Mequon Road and Pilgrim Road as the center of the radii (W156N11190 Pilgrim Road).

Demographic Summary Report

W156N11190 Pilgrim Rd, Germantown, WI 53022			
Radius	1 Mile	3 Mile	5 Mile
Population			
2029 Projection	6,440	21,980	51,499
2024 Estimate	6,604	22,257	51,579
2020 Census	7,980	25,833	56,529
Growth 2024 - 2029	-2.48%	-1.24%	-0.16%
Growth 2020 - 2024	-17.24%	-13.84%	-8.76%
2024 Population by Hispanic Origin	249	760	2,380
2024 Population	6,604	22,257	51,579
White	5,573 84.39%	19,008 85.40%	39,802 77.17%
Black	193 2.92%	689 3.10%	5,630 10.92%
Am. Indian & Alaskan	10 0.15%	30 0.13%	83 0.16%
Asian	380 5.75%	1,209 5.43%	2,358 4.57%
Hawaiian & Pacific Island	0 0.00%	4 0.02%	9 0.02%
Other	448 6.78%	1,317 5.92%	3,697 7.17%
U.S. Armed Forces	0	4	15
Households			
2029 Projection	2,844	9,171	21,388
2024 Estimate	2,920	9,308	21,445
2020 Census	3,545	10,923	23,639
Growth 2024 - 2029	-2.60%	-1.47%	-0.27%
Growth 2020 - 2024	-17.63%	-14.79%	-9.28%
Owner Occupied	1,808 61.92%	6,508 69.92%	14,462 67.44%
Renter Occupied	1,112 38.08%	2,799 30.07%	6,983 32.56%
2024 Households by HH Income	2,922	9,309	21,445
Income: <\$25,000	300 10.27%	877 9.42%	2,439 11.37%
Income: \$25,000 - \$50,000	441 15.09%	1,255 13.48%	3,784 17.65%
Income: \$50,000 - \$75,000	765 26.18%	1,812 19.47%	3,707 17.29%
Income: \$75,000 - \$100,000	329 11.26%	1,113 11.96%	2,561 11.94%
Income: \$100,000 - \$125,000	450 15.40%	1,423 15.29%	3,021 14.09%
Income: \$125,000 - \$150,000	190 6.50%	967 10.39%	2,082 9.71%
Income: \$150,000 - \$200,000	263 9.00%	1,015 10.90%	1,840 8.58%
Income: \$200,000+	184 6.30%	847 9.10%	2,011 9.38%
2024 Avg Household Income	\$95,021	\$107,773	\$102,815
2024 Med Household Income	\$73,418	\$90,958	\$82,736

Demographic Trend Report

5 Mile Radius

W156N11190 Pilgrim Rd, Germantown, WI 53022

Description	2020		2024		2029	
Population	56,529		51,579		51,499	
Age 0 - 4	3,411	6.03%	2,809	5.45%	2,713	5.27%
Age 5 - 9	3,459	6.12%	2,914	5.65%	2,800	5.44%
Age 10 - 14	3,734	6.61%	3,264	6.33%	2,986	5.80%
Age 15 - 19	3,363	5.95%	3,138	6.08%	3,105	6.03%
Age 20 - 24	2,745	4.86%	2,869	5.56%	3,051	5.92%
Age 25 - 29	3,138	5.55%	2,820	5.47%	2,915	5.66%
Age 30 - 34	3,552	6.28%	2,988	5.79%	2,880	5.59%
Age 35 - 39	3,643	6.44%	3,373	6.54%	3,040	5.90%
Age 40 - 44	3,312	5.86%	3,178	6.16%	3,165	6.15%
Age 45 - 49	3,138	5.55%	2,862	5.55%	3,063	5.95%
Age 50 - 54	3,682	6.51%	3,032	5.88%	2,960	5.75%
Age 55 - 59	4,379	7.75%	3,391	6.57%	3,046	5.91%
Age 60 - 64	4,050	7.16%	3,763	7.30%	3,283	6.37%
Age 65 - 69	3,321	5.87%	3,473	6.73%	3,355	6.51%
Age 70 - 74	2,581	4.57%	2,649	5.14%	3,016	5.86%
Age 75 - 79	1,864	3.30%	1,969	3.82%	2,378	4.62%
Age 80 - 84	1,474	2.61%	1,427	2.77%	1,694	3.29%
Age 85+	1,681	2.97%	1,660	3.22%	2,050	3.98%
Age 15+	45,923	81.24%	42,592	82.58%	43,001	83.50%
Age 20+	42,560	75.29%	39,454	76.49%	39,896	77.47%
Age 65+	10,921	19.32%	11,178	21.67%	12,493	24.26%
Median Age	42		43		44	
Average Age	41.20		42.10		43.10	
Population By Race	56,529		51,579		51,499	
White	43,886	77.63%	39,802	77.17%	39,874	77.43%
Black	6,219	11.00%	5,630	10.92%	5,499	10.68%
Am. Indian & Alaskan	175	0.31%	83	0.16%	85	0.17%
Asian	2,481	4.39%	2,358	4.57%	2,356	4.57%
Hawaiian & Pacific Islander	15	0.03%	9	0.02%	9	0.02%
Other	3,740	6.62%	3,697	7.17%	3,676	7.14%

Demographic Trend Report

5 Mile Radius

W156N11190 Pilgrim Rd, Germantown, WI 53022						
Description	2020		2024		2029	
Population by Race (Hispanic)	2,518		2,380		2,360	
White	643	25.54%	715	30.04%	706	29.92%
Black	125	4.96%	80	3.36%	83	3.52%
Am. Indian & Alaskan	61	2.42%	27	1.13%	28	1.19%
Asian	12	0.48%	0	0.00%	0	0.00%
Hawaiian & Pacific Islander	5	0.20%	0	0.00%	0	0.00%
Other	1,671	66.36%	1,558	65.46%	1,542	65.34%
Household by Household Income	23,639		21,445		21,390	
<\$25,000	2,734	11.57%	2,439	11.37%	2,525	11.80%
\$25,000 - \$50,000	4,341	18.36%	3,784	17.65%	3,816	17.84%
\$50,000 - \$75,000	3,997	16.91%	3,707	17.29%	3,653	17.08%
\$75,000 - \$100,000	3,103	13.13%	2,561	11.94%	2,398	11.21%
\$100,000 - \$125,000	3,150	13.33%	3,021	14.09%	3,046	14.24%
\$125,000 - \$150,000	2,098	8.88%	2,082	9.71%	2,108	9.86%
\$150,000 - \$200,000	1,943	8.22%	1,840	8.58%	1,842	8.61%
\$200,000+	2,273	9.62%	2,011	9.38%	2,002	9.36%
Average Household Income	\$101,981		\$102,815		\$102,574	
Median Household Income	\$81,022		\$82,736		\$82,308	

Daytime Employment Report

5 Mile Radius

W156N11190 Pilgrim Rd, Germantown, WI 53022

Business Employment by Type	# of Businesses	# Employees	#Emp/Bus
Total Businesses	2,981	39,971	13
Retail & Wholesale Trade	423	7,920	19
Hospitality & Food Service	145	2,686	19
Real Estate, Renting, Leasing	116	617	5
Finance & Insurance	204	1,774	9
Information	29	343	12
Scientific & Technology Services	229	1,697	7
Management of Companies	7	47	7
Health Care & Social Assistance	820	5,436	7
Educational Services	60	2,312	39
Public Administration & Sales	51	1,274	25
Arts, Entertainment, Recreation	41	321	8
Utilities & Waste Management	104	1,576	15
Construction	181	1,852	10
Manufacturing	253	10,329	41
Agriculture, Mining, Fishing	14	77	6
Other Services	304	1,710	6

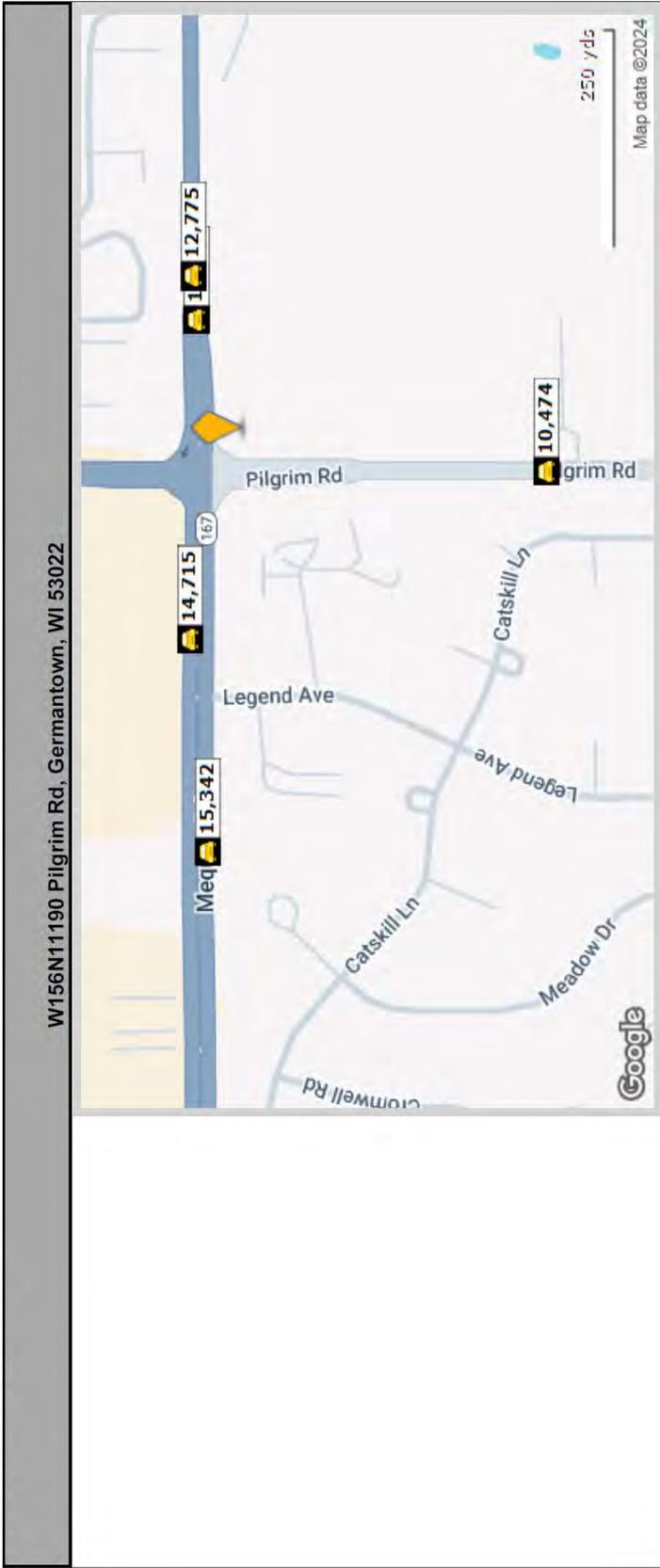
Consumer Spending Report

W156N11190 Pilgrim Rd, Germantown, WI 53022			
2024 Annual Spending (\$000s)	1 Mile	3 Mile	5 Mile
Total Specified Consumer Spending	\$89,734	\$320,062	\$709,561
Total Apparel	\$4,495	\$15,961	\$35,965
Women's Apparel	1,776	6,323	14,143
Men's Apparel	929	3,357	7,441
Girl's Apparel	307	1,106	2,538
Boy's Apparel	229	802	1,868
Infant Apparel	211	697	1,651
Footwear	1,043	3,677	8,324
Total Entertainment & Hobbies	\$13,871	\$48,211	\$107,079
Entertainment	1,392	4,894	10,662
Audio & Visual Equipment/Service	3,020	10,218	22,972
Reading Materials	244	836	1,827
Pets, Toys, & Hobbies	2,498	8,828	19,106
Personal Items	6,717	23,434	52,512
Total Food and Alcohol	\$25,038	\$86,005	\$190,498
Food At Home	12,852	43,701	98,314
Food Away From Home	10,354	35,899	78,363
Alcoholic Beverages	1,831	6,405	13,821
Total Household	\$14,808	\$53,613	\$119,612
House Maintenance & Repair	3,307	12,100	26,929
Household Equip & Furnishings	5,666	20,343	45,146
Household Operations	4,197	15,017	33,986
Housing Costs	1,637	6,153	13,550

Consumer Spending Report

W156N11190 Pilgrim Rd, Germantown, WI 53022			
2024 Annual Spending (000s)	1 Mile	3 Mile	5 Mile
Total Transportation/Maint.	\$21,127	\$78,494	\$173,847
Vehicle Purchases	9,970	39,348	86,834
Gasoline	5,751	19,779	43,937
Vehicle Expenses	504	1,856	4,388
Transportation	2,152	7,856	17,461
Automotive Repair & Maintenance	2,751	9,655	21,227
Total Health Care	\$4,923	\$16,892	\$37,489
Medical Services	2,879	9,995	22,044
Prescription Drugs	1,517	5,099	11,409
Medical Supplies	527	1,798	4,036
Total Education/Day Care	\$5,472	\$20,886	\$45,071
Education	3,440	13,315	28,537
Fees & Admissions	2,032	7,571	16,533

Traffic Count Report



Street	Cross Street	Cross Str Dist	Count Year	Avg Daily Volume	Volume Type	Miles from Subject Prop
1 Mequon Rd	Pilgrim Rd	0.10 W	2021	10,608	MPSI	.08
2 Mequon Rd	Pilgrim Rd	0.10 W	2022	10,530	MPSI	.08
3 Mequon Rd	Pilgrim Rd	0.10 W	2018	12,352	MPSI	.08
4 Mequon Road	Fond du Lac Ave	0.08 NE	2022	12,383	MPSI	.11
5 Mequon Road	Fond du Lac Ave	0.08 NE	2020	12,775	MPSI	.11
6 Mequon Road	Legend Ave	0.04 W	2020	15,171	MPSI	.14
7 Mequon Road	Legend Ave	0.04 W	2022	14,715	MPSI	.14
8 Pilgrim Rd	Lyle Ln	0.09 S	2022	10,410	MPSI	.20
9 Pilgrim Rd	Lyle Ln	0.09 S	2021	10,474	MPSI	.20
10 Mequon Rd	Legend Ave	0.10 E	2022	15,342	MPSI	.28

© 2024 CoStar Group - Licensed to Cornerstone Valuation Services, LLC - 516635.

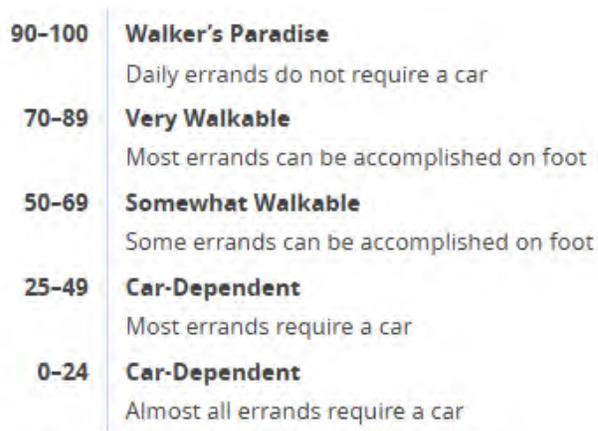
11/26/2024



Walk Score

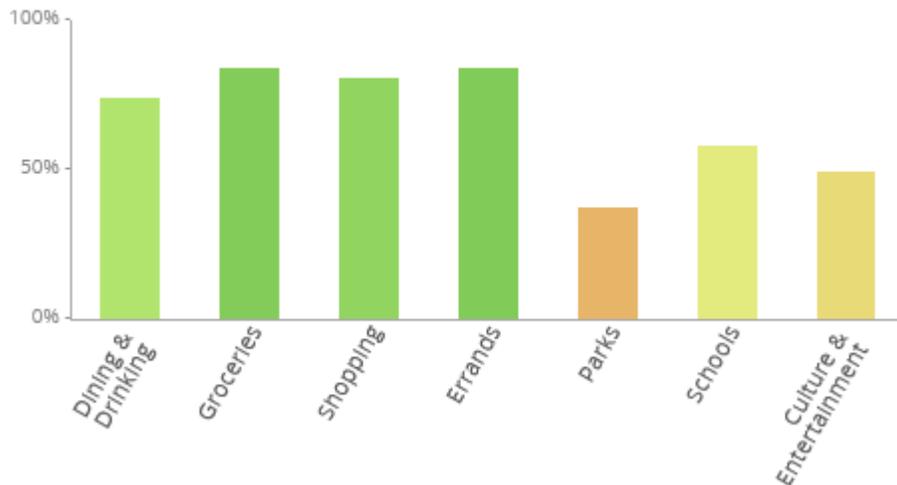
Walk Score is a company that provides insight (in the form of a Walk Score ranging from 0 to 100) into any given property’s proximity to dining / drinking establishments, groceries, shopping, errands, parks, schools, and entertainment. This is a tool that has become very popular in recent years as a means of advertising, predominantly for apartment developments. Although we are focusing only on the commercial component within this study, analyzing the Walk Score provides valuable insight with respect to neighborhood characteristics. Areas with higher Walk Scores are likely to be established commercial areas.

The subject’s Walk Score is 62 / 100 based on W156N11190 Pilgrim Road, which gets the classification of “Somewhat Walkable,” meaning some errands can be accomplished on foot. The Walk Score Scale is included below.

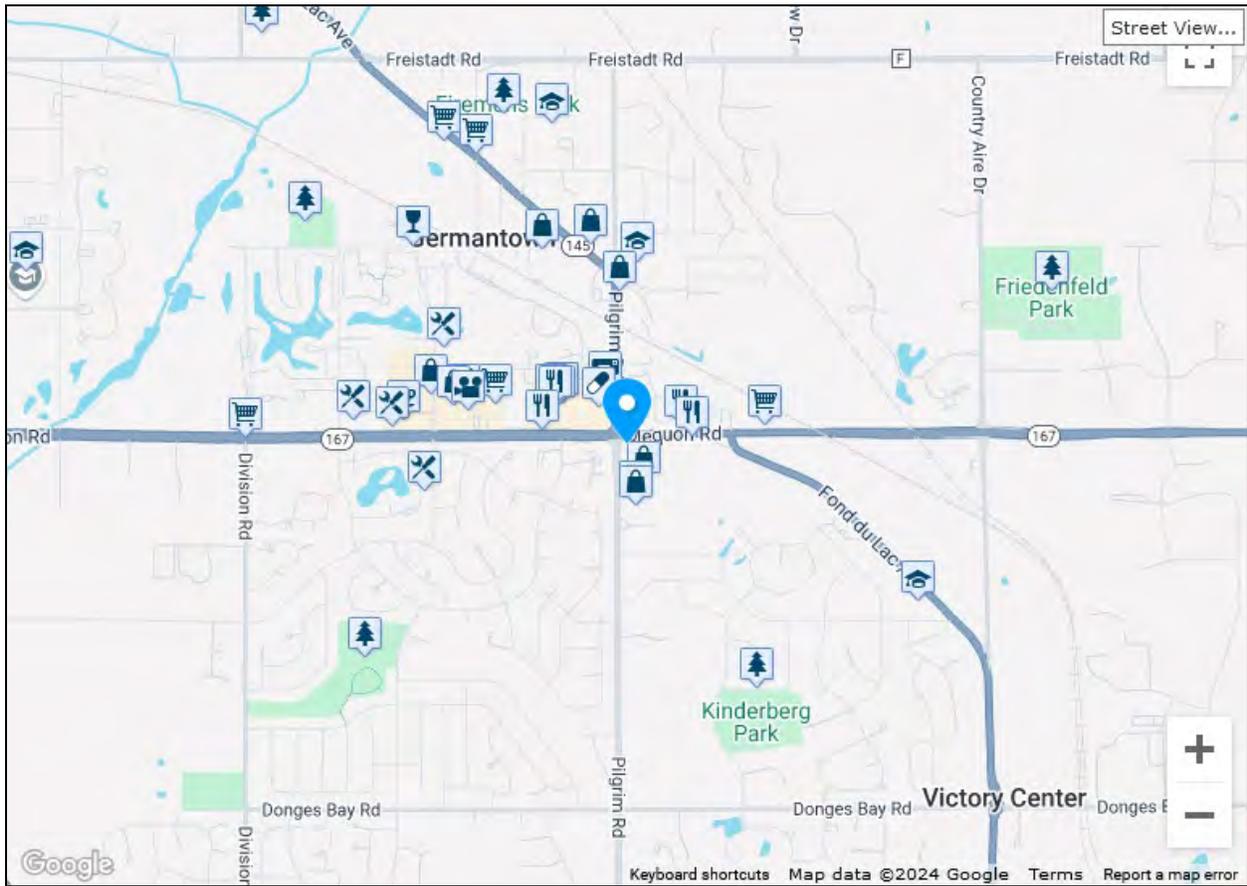


The subject’s Walk Score is broken down as follows.

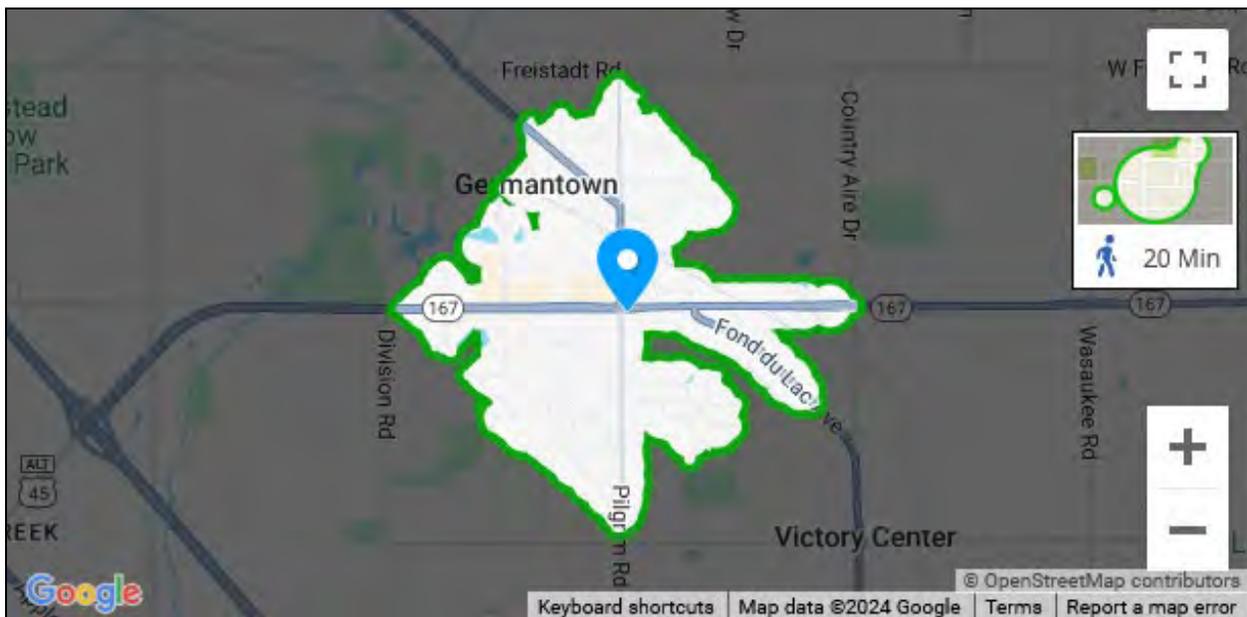
The Walk Score for W156N11190 Pilgrim Road is based on the following categories.



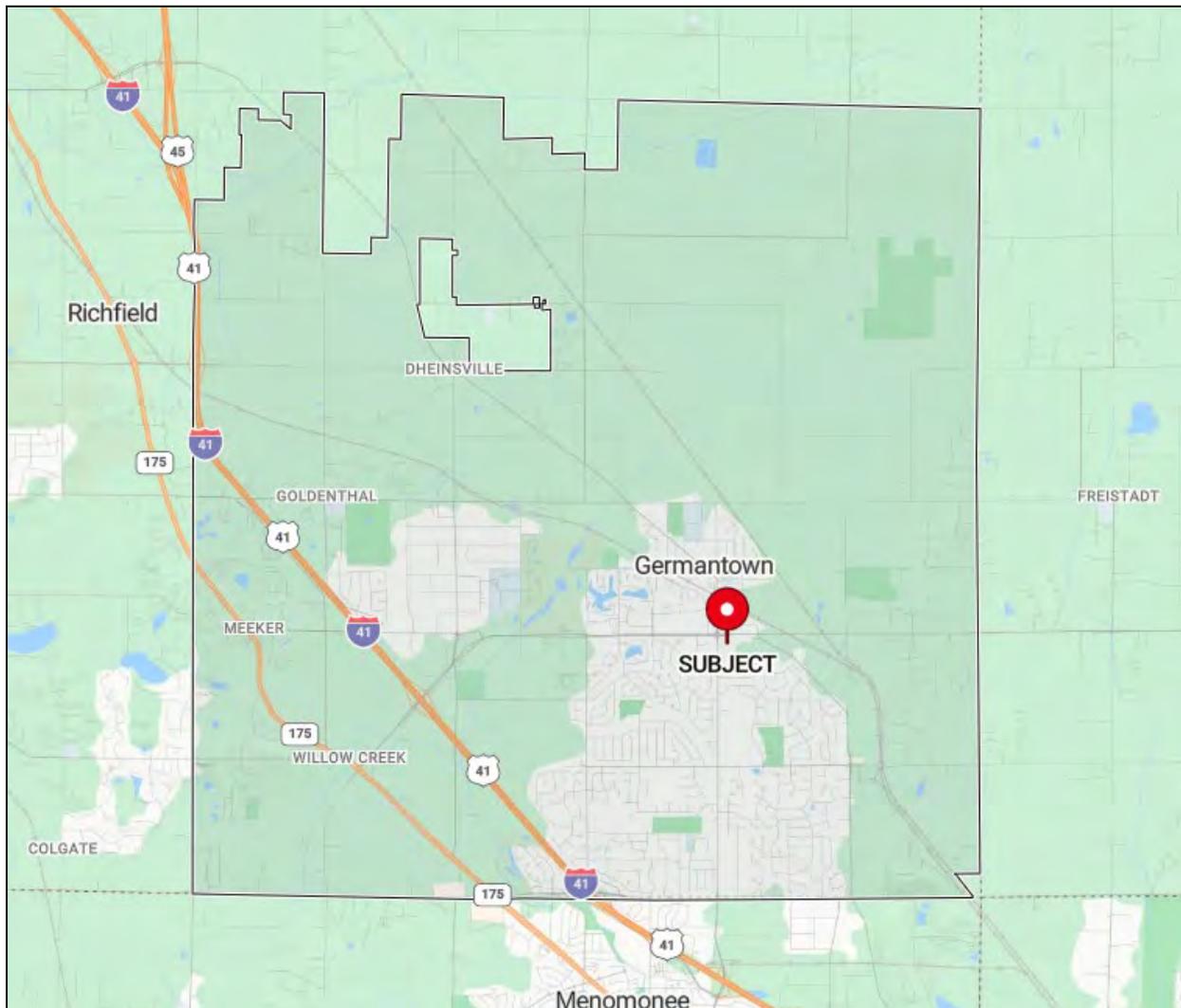
The subject's linkages to various points of interest are displayed below. As shown, the subject is centrally located within an established commercial corridor.



The following shows the areas that can be walked to within approximately 20 minutes, per Walk Score.



The Village of Germantown municipal boundaries are included below, for reference.



Surrounding Land Uses

Current land uses in proximity to the subject, as a whole, are summarized as follows.

- **North:** Primarily a mix of a few small commercial uses and older multifamily residential uses.
- **South:** Primarily single-family residential development.
- **East:** Older multifamily development to the northeast and single-family residential development to the southeast. A senior living facility is directly to the east, followed by some undeveloped land and industrial uses.
- **West:** Commercial development is focused along West Mequon Road / Highway 167 to the west, with multifamily residential development more prominent to the northwest and single-family residential development more prominent to the southwest.

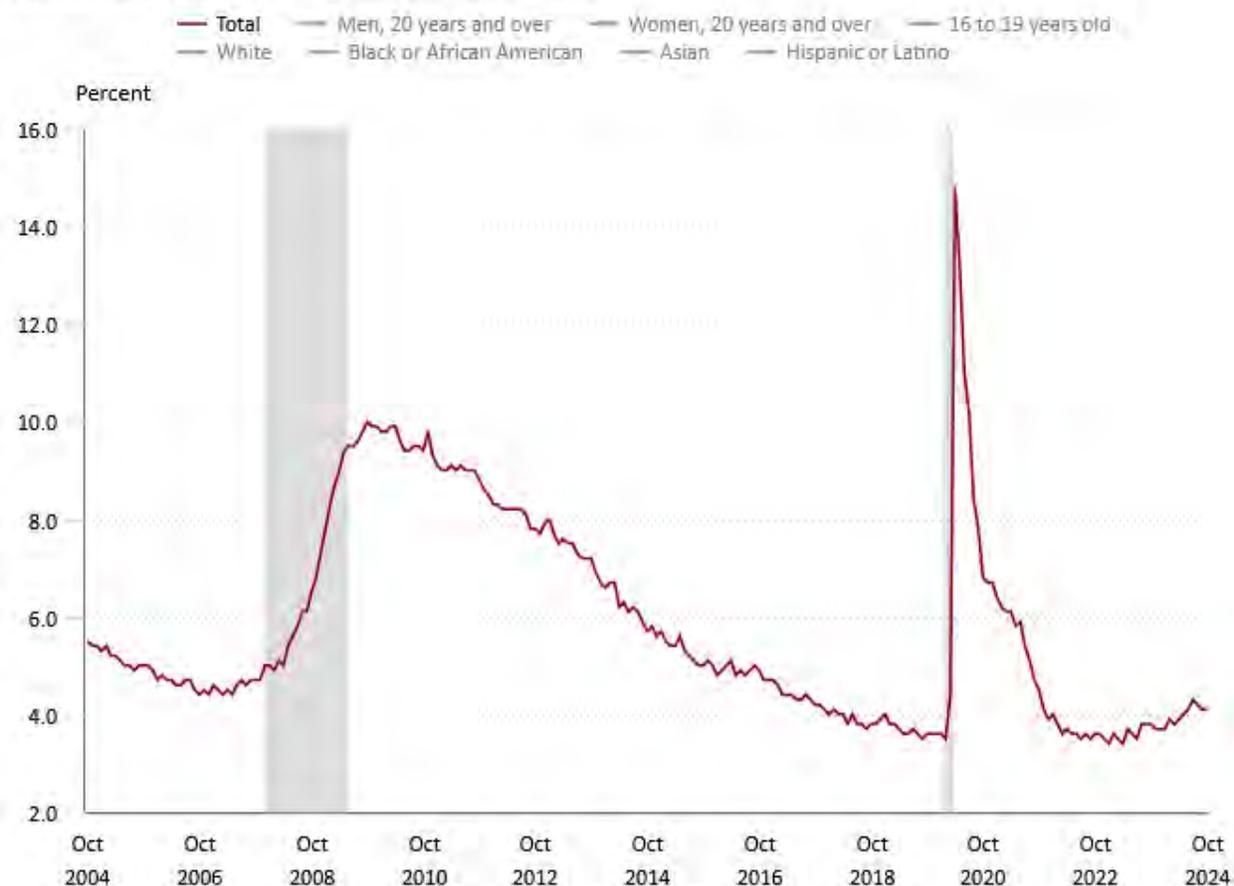
REGIONAL OVERVIEW

An analysis of the regional attributes helps analyze the positioning of the subject property as it compares to the region as a whole. Washington County is part of the defined Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (MSA). The most recent unemployment rates for the State of Wisconsin on a County-by-County basis are included on the following page (provided by the Wisconsin Department of Workforce Development), followed by excerpts from a Washington County Workforce Profile (from the same source) and a Milwaukee Area Economic Summary provided by the U.S. Bureau of Labor Statistics.

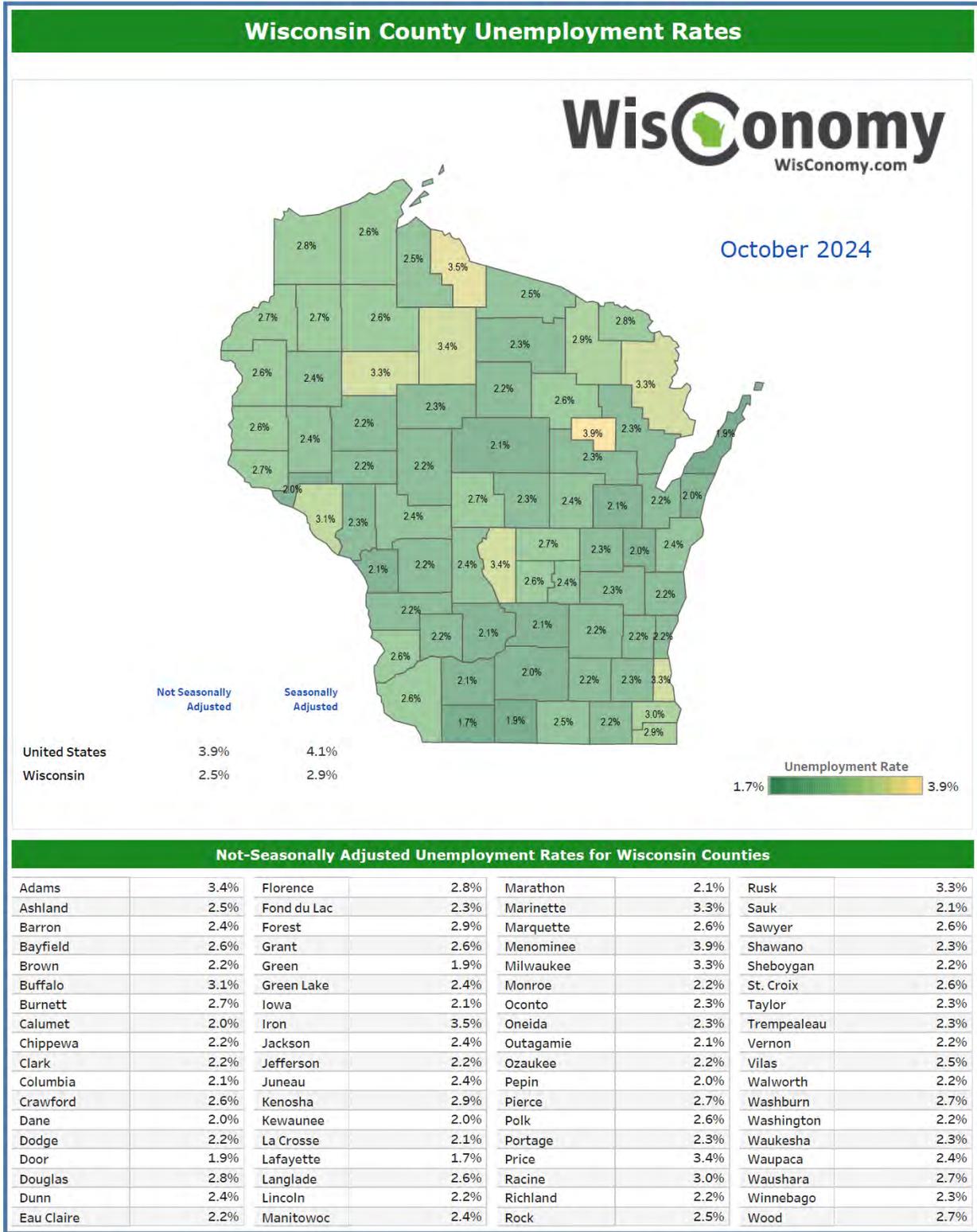
Beginning March / April 2020, the economy showed very high unemployment; however, much of the unemployment was relatively short-term in nature. Nationally, the unemployment rate increased from 3.5% in February 2020, to 4.4% in March 2020, to 14.7% in April 2020 before gradually declining to sub-4.0% by year-end 2021. The unemployment rate was 4.1% as of October 2024, per the U.S. Bureau of Labor Statistics, as outlined below. While the unemployment rate has shown slight increases over the last year, the economy remains strong.

Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods



Unemployment rates by county are summarized below. Washington County has a 2.2% unemployment rate as of October 2024.



DETI-17241-P (R. 11/2024) WI Dept. of Workforce Development, Labor Market Information 11/20/2024

Washington County

POPULATION AND DEMOGRAPHICS

Washington County has 138,229 residents and is the 11th most populated county in Wisconsin. Its population grew by 1.1% for the first two years of the 2020s. By comparison, the state grew by 0.9% over the same time frame. The county gained 4,874 residents, or 3.4% of its population, over the course of the 2010s. Eight of the 10 most populous municipalities grew from 2020 to 2022. Since the local economy draws workers throughout the surrounding region, population change for the whole Milwaukee metropolitan statistical area provides valuable context. The population grew more quickly than Milwaukee (0.0%) and Waukesha County (0.9%) but trailed Ozaukee County (1.2%).

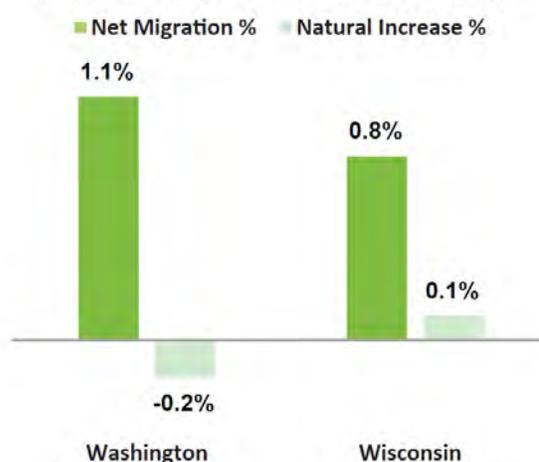
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
West Bend, City	31,752	32,067	315	1.0%
Germantown, Village	20,917	21,040	123	0.6%
Hartford, City	15,617	15,796	179	1.2%
Richfield, Village	11,739	11,866	127	1.1%
Jackson, Village	7,185	7,844	659	9.2%
Slinger, Village	5,992	6,401	409	6.8%
Trenton, Town	4,525	4,572	47	1.0%
West Bend, Town	4,441	4,415	-26	-0.6%
Kewaskum, Village	4,309	4,371	62	1.4%
Jackson, Town	4,629	4,064	-565	-12.2%
Washington County	136,761	138,229	1,468	1.1%
Wisconsin	5,893,718	5,949,155	55,437	0.9%

Source: WI Dept. of Administration, Demographic Services Center

Natural increase and migration are the two components of population change. Natural increase occurs when there are more births than deaths, while an increase through migration arises when more people enter the county than exit. The county lost 0.2% of its population due to natural increase. The natural increase rate was a modest but positive 0.1% statewide. While the measure does not show immediate labor market availability, it provides some insight into the long-term workforce pipeline. The county gained 1.3% of its population, however, due to net migration. Net migration is more actionable than natural increase and has the more immediate impact on the county's labor force. Improving net migration could help mitigate workforce challenges that will continue as baby boomers age out of the workforce.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

BARRIERS TO FULL UTILIZATION

Wisconsin's age demographics mean staffing difficulties will be a long-term challenge. Therefore, it is increasingly important to address barriers that prevent people from attaining their full employment potential. Although there is no single solution to demographically driven staffing challenges, four common barriers persist across areas and industries. These barriers are transportation, housing, childcare, and broadband access.

Transportation

Many workers rely on transportation to maintain employment. As would be expected in the state's largest metropolitan area, employees commonly commute across county lines. In fact, over 47% of Washington County residents work in another county. Conversely, employers pull 46.8% of the workforce from other counties.

Washington County has particularly strong regional connections with neighboring Milwaukee and Waukesha County. The robust road system allows residents to easily move around the region by car. In Washington County, 91.3% of workers rely on a car to get to work, with 85.2% driving alone. Lack of reliable transportation prevents individuals from pursuing job opportunities and employers from filling positions. It is becoming increasingly important to address this barrier as the labor market continues to tighten.

Graphic 9: Means of Transportation

	Wisconsin	Washington County
Drive Car	87.6%	91.3%
Drive Alone	79.9%	85.2%
Mean Commute Time - Residents	22.2	24.7
Mean Commute Time - Workers	21.9	21.8
% of Residents Working in another County	28.0%	47.2%
% of Workers Residing in another County	24.3%	46.8%

Source: US Census Bureau, American Community Survey, 2020 5-year File

Childcare

Childcare is particularly costly in Washington County, with monthly costs ranging from \$1,084 for an infant to \$660 for a school-age child. For context, cost for infant care is about 30% of monthly median income of a truck driver in the county. Childcare availability is also a barrier to employment for Wisconsin families.

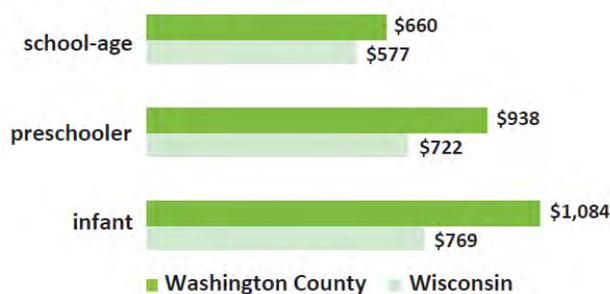
According to the YoungStar provider database, which tracks 82% of childcare providers in the state, Washington County has 51 total providers for a potential capacity of 2,679 children. The county's capacity is slightly below the state on a per capita basis. There are 12 childcare slots for every 100 children under the age of 14 in the county compared to 14 in the state. Even families that have childcare struggle with disruptions to access. Easing the burdens of cost and access would allow parents to attain their full employment potential. Employers could also improve participation by providing flexibility to parents with childcare responsibilities.

Graphic 12: Childcare Capacity

	Wisconsin	Washington County
Providers	3,863	51
Maximum Capacity	132,075	2,679
Capacity/100 Children Under 14**	0.14	0.12

Source: Wisconsin Department of Children and Families, Youngstar Database

Graphic 13: Childcare Cost

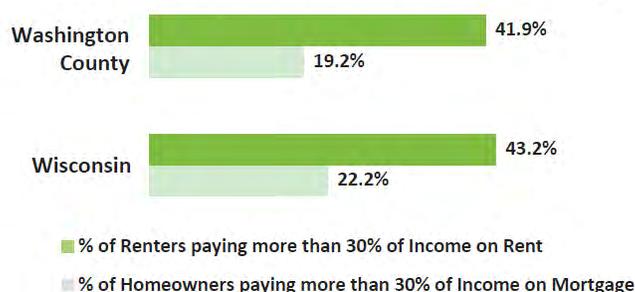


Source: Center for Women's Welfare, Uni. of Washington, 2019 Self-Sufficiency Standards

Housing

Housing availability and affordability are barriers making it difficult for workers to relocate for job opportunities. While difficult to quantify, one way to assess the issue is to view the age distribution of existing housing stock. Washington County's housing stock is relatively newer than the state as whole with a lower share of homes built over 50 years ago when compared to the state. This corresponds with a sprawling population from the urban center in the region. Washington County has grown by about 200% since 1960. Milwaukee County's population declined slightly over the same timeframe.

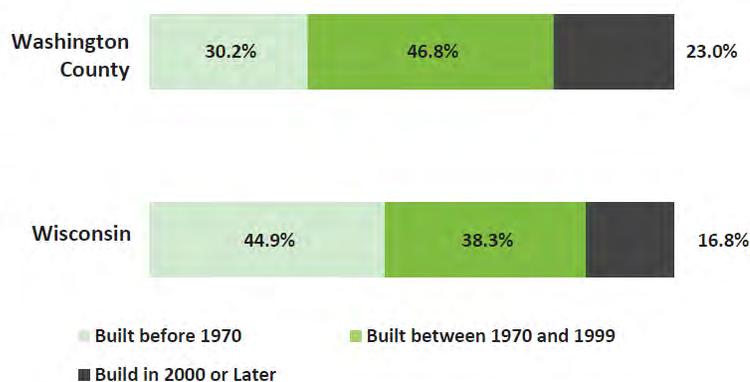
Graphic 10: % Paying more than 30% of Income on Housing



Source: US Census Bureau, American Community Survey, 2020 5-year File

Washington County's economy developed as the population grew. These businesses rely on labor at a wide range of skill and wage levels. The proper quantity of middle and low wage earners in particular is essential for continued growth and development. Home ownership is a financial challenge for these workers. The County's median home value was \$331,204 in the third quarter of 2022 according to the National Association of Realtors, which is the fifth highest in the state. Additional data shows that finding affordable rent is also a challenge. The Department of Housing and Urban Development uses 30% of income as a guideline for housing affordability. Renters are more likely to be over this guideline in the County and the state.

Graphic 11: Housing Share by Year Built



Source: US Census Bureau, American Community Survey, 2020 5-year File

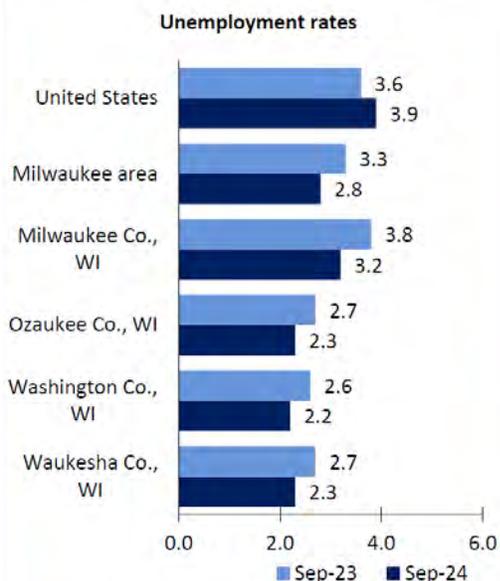
Industry	2020 Employment	Projected 2030 Employment	Employment Change	Percent Change (2020-2030)
Total All Industries	364,810	401,378	36,568	10.0%
Natural Resources and Mining	1,774	1,970	196	11.1%
Construction	21,512	23,505	1,993	9.3%
Manufacturing	64,310	67,837	3,527	5.5%
Trade, Transportation, and Utilities	66,178	71,685	5,507	8.3%
Information	4,119	4,217	98	2.4%
Financial Activities	21,120	22,852	1,732	8.2%
Professional and Business Services	41,579	50,228	8,649	20.8%
Education and Health Services	69,233	74,974	5,741	8.3%
Leisure and Hospitality	27,245	33,021	5,776	21.2%
Other Services (except Government)	19,658	21,941	2,283	11.6%
Public Administration	10,438	11,035	597	5.7%
Self Employed and Unpaid Family Workers	17,644	18,113	469	2.7%

Milwaukee Area Economic Summary

Updated November 07, 2024

This summary presents a sampling of economic information for the area; supplemental data are provided for regions and the nation. Subjects include **unemployment, employment, wages, prices, spending, and benefits**. All data are not seasonally adjusted and some may be subject to revision. Area definitions may differ by subject. For more area summaries and geographic definitions, see <https://www.bls.gov/regions/economic-summaries.htm>.

Unemployment rates for the nation and selected areas



Source: U.S. BLS, Local Area Unemployment Statistics.

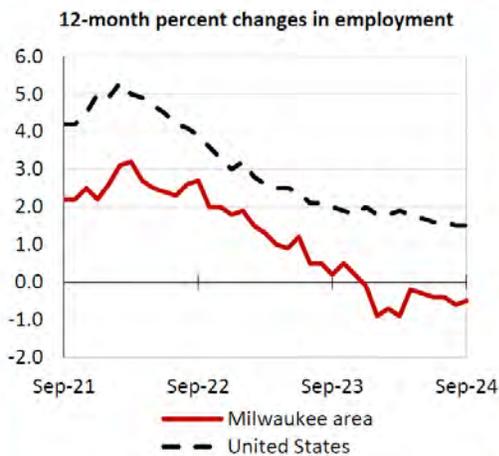
Average weekly wages for all industries by county

Milwaukee area, first quarter 2024
(U.S. = \$1,527; Area = \$1,388)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

Employment on nonfarm payrolls and employment by major industry sector, over-the-year changes

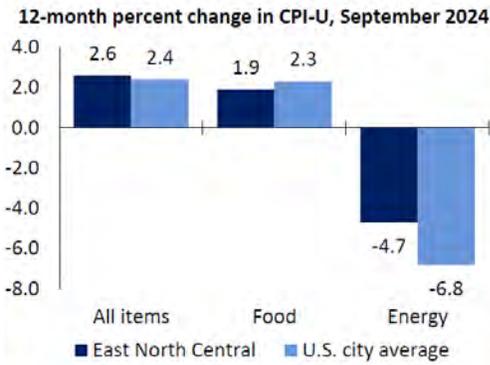


Milwaukee area employment (number in thousands)	Sep. 2024	Change from Sep. 2023 to Sep. 2024	
		Number	Percent
Total nonfarm	857.3	-4.4	-0.5
Mining and logging	0.5	0.0	0.0
Construction	38.2	0.1	0.3
Manufacturing	113.2	-1.1	-1.0
Trade, transportation, and utilities	147.0	0.7	0.5
Information	10.8	-0.7	-6.1
Financial activities	47.5	-1.6	-3.3
Professional and business services	117.6	-3.2	-2.6
Education and health services	176.8	1.3	0.7
Leisure and hospitality	78.5	-1.8	-2.2
Other services	43.4	0.4	0.9
Government	83.8	1.5	1.8

Source: U.S. BLS, Current Employment Statistics.

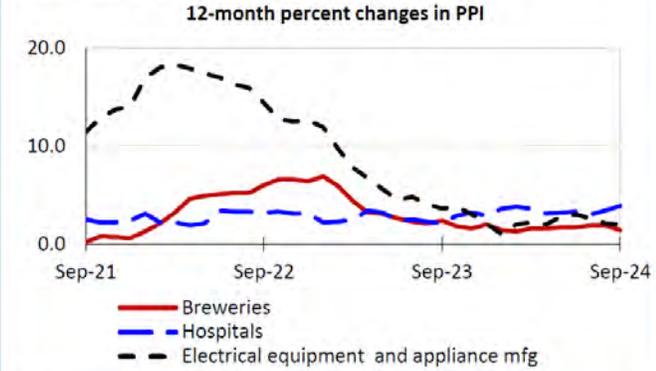


Prices paid by urban consumers for selected categories, over-the-year change



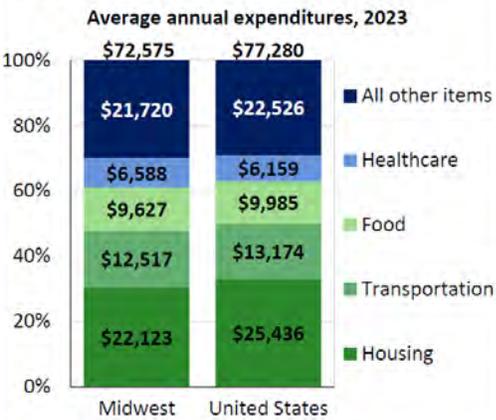
Source: U.S. BLS, Consumer Price Index.

Selling prices received by producers for selected industries nationwide, over-the-year change



Source: U.S. BLS, Producer Price Index.

Average annual spending and percent distribution for selected categories



Source: U.S. BLS, Consumer Expenditure Survey.

Average hourly wages for selected occupations, May 2023

Occupation	Milwaukee area	United States
All occupations	\$30.11	\$31.48
Physical therapists	46.22	48.29
Machinists	23.92	26.25
Laborers and freight, stock, and material movers, hand	19.94	19.12
Stockers and order fillers	17.60	18.27
Retail salespersons	17.24	17.64
Bartenders	14.01	17.83

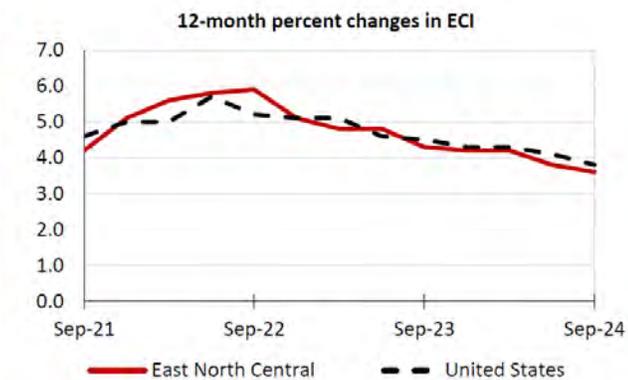
Source: U.S. BLS, Occupational Employment and Wage Statistics.

Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, June 2024	East North Central	United States
Total compensation	\$42.77	\$43.94
Wages and salaries	29.59	30.90
Total benefits	13.18	13.04
Paid leave	3.12	3.30
Vacation	1.64	1.69
Supplemental pay	1.95	1.76
Insurance	3.40	3.24
Retirement and savings	1.65	1.52
Legally required benefits	3.07	3.22

Map of Census Regions and Divisions
Source: U.S. BLS, Employer Costs for Employee Compensation.

Changes in wages and salaries over-the-year



Source: U.S. BLS, Employment Cost Index.

Midwest Information Office • BLSinfoChicago@bls.gov • <https://www.bls.gov/regions/midwest/> • 312-353-1880



SECTION II: MARKET ANALYSIS

RETAIL MARKET ANALYSIS

This section provides details on the condition of the retail market and its impact on the subject property from both a national and local perspective. After a review of the retail market conditions nationally (Subsection I), I will take a more local look at the retail market (Subsection II).

Subsection I: National Retail Market Overview

The information contained below was excerpted from the PwC National Strip Shopping Center Market Survey – Third Quarter 2024 (the most recent publication available). Excerpts from a Fourth Quarter 2024 National Retail Market Report provided by Marcus & Millichap then follows.

NATIONAL STRIP SHOPPING CENTER MARKET

Third Quarter 2024

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.50% – 11.00%	7.00% – 11.00%	6.50% – 11.00%	6.50% – 11.00%	5.50% – 11.00%
Average	8.45%	8.60%	8.60%	8.54%	7.81%
Change (Basis Points)		- 15	- 15	- 9	+ 64
OVERALL CAP RATE (OAR)^a					
Range	5.50% – 10.00%	5.50% – 10.00%	5.00% – 10.00%	5.00% – 10.00%	4.50% – 10.00%
Average	7.30%	7.33%	7.16%	7.29%	6.77%
Change (Basis Points)		- 3	+ 14	+ 1	+ 53
RESIDUAL CAP RATE					
Range	5.25% – 10.00%	5.25% – 10.00%	5.25% – 10.00%	5.00% – 10.00%	4.75% – 10.00%
Average	7.48%	7.50%	7.25%	7.31%	6.98%
Change (Basis Points)		- 2	+ 23	+ 17	+ 50
MARKET RENT CHANGE^b					
Range	0.00% – 4.00%	0.00% – 4.00%	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%
Average	1.40%	1.40%	1.20%	1.17%	1.67%
Change (Basis Points)		0	+ 20	+ 23	- 27
EXPENSE CHANGE^b					
Range	0.00% – 5.00%	0.00% – 5.00%	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%
Average	2.70%	2.70%	2.50%	2.58%	2.58%
Change (Basis Points)		0	+ 20	+ 12	+ 12
MARKETING TIME^c					
Range	2 – 15	2 – 15	1 – 18	1 – 18	2 – 12
Average	7.9	8.2	7.1	6.9	6.7
Change (▼, ▲, =)		▼	▲	▲	▲
FORECAST VALUE CHANGE^d					
Range	0.0% – 10.0%	0.0% – 10.0%	(5.0%) – 5.0%	(5.0%) – 5.0%	(5.0%) – 5.0%
Average	2.8%	2.8%	1.3%	1.0%	0.8%
Change (▼, ▲, =)		=	▲	▲	▲

a. Rate on unleveraged, all-cash transactions b. Year-one rate of change c. In months d. Over next 12 months

Source: PwC Investor Survey; survey conducted by PwC during July 2024

NATIONAL REPORT

Marcus & Millichap

RETAIL

4Q/24

Sector's Strength Coincides With Monetary Policy Shift That Could Prove Vital to Consumer Spending, Investment Activity and Retailer Demand

Potential headwinds could be negated. The retail sector entered the second half of 2024 as the only major commercial real estate property type with a vacancy rate below its year-end 2019 recording. Consumer resiliency empowered standout tenant demand across the segment. Core retail sales reached a record mark in August, with spending up in real terms even after factoring in core CPI inflation. While household budget tightening and labor market softness remain potential headwinds that could impact the sector, the Federal Open Market Committee's overnight lending rate cut in September likely launched a lowering cycle that will extend through next year and possibly offset the impacts of these factors. As these reductions take place, downward pressure on mortgage rates, auto loans and credit card fees will be applied. This will give households an opportunity to save an impactful amount of money, potentially aiding discretionary spending, retail foot traffic and ultimately tenant demand for space.

Broad demand exists for space. National vacancy has held below 5 percent for 11-straight quarters, with the average asking rent rising throughout. The sector's strength extends across market types, with primary and secondary vacancy at 4.7 and 4.5 percent, respectively, in June and the tertiary rate at 3.9 percent. This widespread demand warrants construction; however, as of October, the active pipeline equated to just 0.4 percent of existing stock, with three-fourths of this space accounted for. The limited volume of available square footage underway should steer most expanding retailers to existing stock.

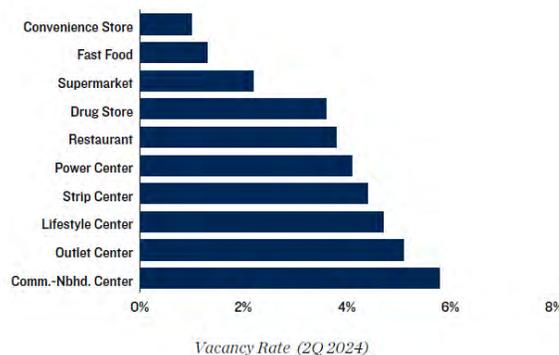
Potential consolidations have ramifications for property owners. A trio of proposed mergers are poised to shift the landscape of certain retail property segments should they be authorized. At the onset of October, two hearing decisions regarding the Kroger-Albertsons merger were pending — one in Washington state and another brought by the Federal Trade Commission, with an additional third review case having started in Colorado on September 30. Meanwhile, a FTC hearing focused on Tempur Sealy's merger with Mattress Firm, which would create a nearly 3,000-store global entity, will begin on November 12. Saks Fifth Avenue's acquisition of Neiman Marcus appears further along as the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired in late August.

Private buyer pool remains sizable. Among the nation's main commercial real estate segments, the retail sector accounted for more than 40 percent of trades in the \$1 million to \$10 million price tranche over the past year ended in June. This share of deal flow indicates a cohort of private investors, despite financing hurdles, are focused on net-leased assets and smaller shopping centers, often as part of 1031 exchange transactions. These buyers have been more active as of late. Preliminary data from the first half reveals the number of \$1 million to \$10 million closings recorded from April through June rose 10 percent on a quarterly basis. Moving forward, lower borrowing costs and favorable sector dynamics should heighten investor competition for these listings, especially if consumer spending remains resilient.

Record Spending Supports Strong Tenant Demand

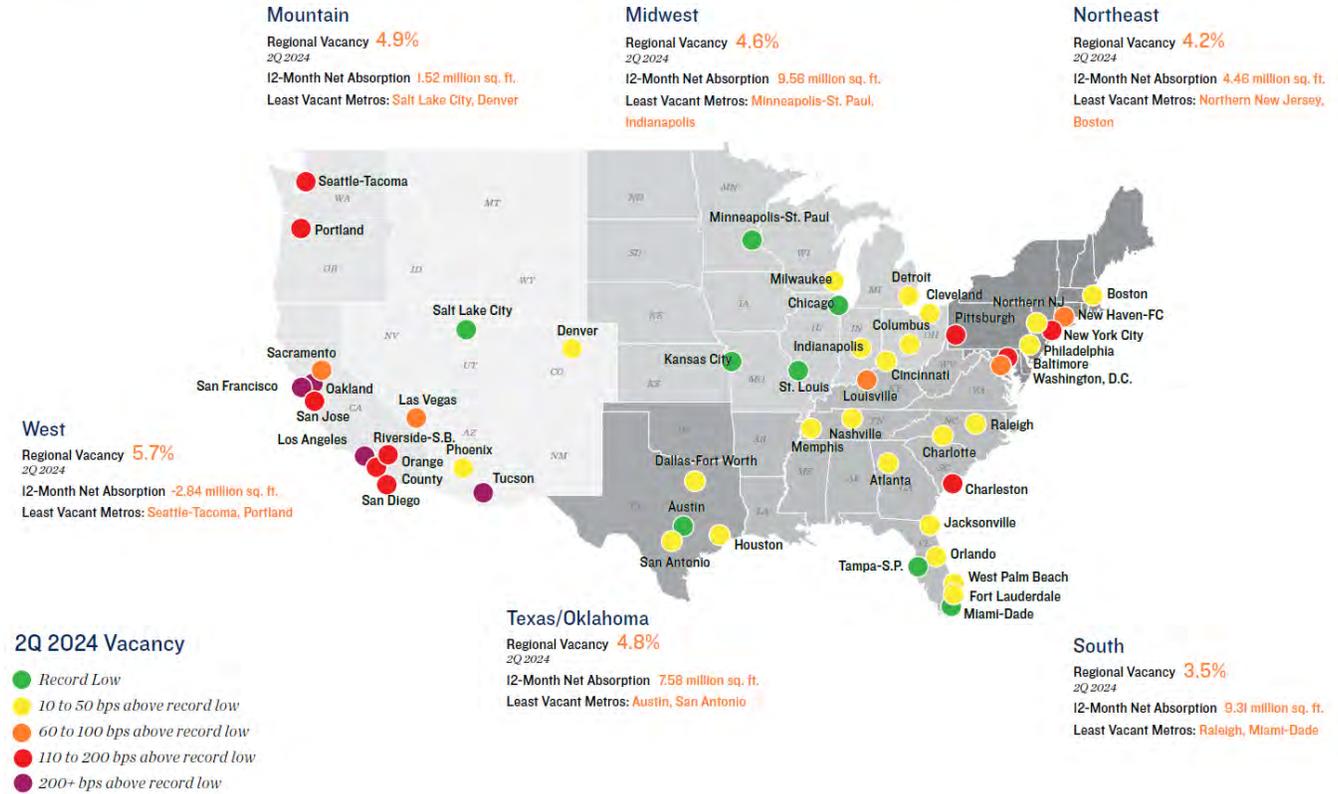


Limited Vacancy Apparent Across Property Types



* Vacancy as of 2Q, Core retail sales through August
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

Vacancy at or Near a Record Low in More Than Half of the Nation's Major Markets



REGIONAL STANDOUTS	PERFORMANCE HIGHLIGHTS
Austin	Vacancy 210 basis points below long-term mean
Boston	Least vacant primary market (2.9 percent)
Denver	Vacancy 130 basis points below long-term mean
Indianapolis	Vacancy in the 3 percent range since 1Q 2022
Miami-Dade	Sub-3 percent vacancy; 14 percent asking rent growth over the past year
Minneapolis-St. Paul	Led all major markets in vacancy compression over the past 12 months (80 basis points)
Northern New Jersey	Sub-3 percent vacancy since 1Q 2022
Portland	Sub-4 percent vacancy in half of its submarkets
Raleigh	Least vacant major U.S. market (2.3 percent)
Salt Lake City	Lowest vacancy among major Mountain and West Coast markets (3.2 percent)
San Antonio	Vacancy below 4 percent in 10 of 12 submarkets
Seattle-Tacoma	Sub-4 percent vacancy since 2Q 2016

U.S. Metric Skewed by California Markets

Robust demand prevalent across most metros. National retail vacancy is at a historically low level; yet, when removing California performance data from the equation, conditions are even tighter. Vacancy across the 42 major markets located outside the state collectively dipped 10 basis points to 4.3 percent over the 12-month stretch ended in June, with tenants absorbing a net of 32 million square feet. Of these metros, 37 registered average asking rent growth, with 10 — primarily a mix of Midwest and South markets — noting reductions in both single- and multi-tenant vacancy. These dynamics are poised to benefit property owners in these metros and elicit additional investor interest amid a broad pullback in construction. In contrast, collective vacancy in California's eight major markets rose 30 basis points over the past year to 5.9 percent, with three of eight noting declines in average marketed rent. Among this group, only the Inland Empire entered July with a vacancy rate below its year-end 2019 recording.

Sources: Marcus & Millichap Research Services

2024 Forecast

EMPLOYMENT

1.3% increase Y-O-Y



- Although hiring velocity slowed in June and July, employers still grew staffs by 0.9 percent over the first eight months of this year. This has the nation's workforce on pace to expand by 2 million positions in 2024.

CONSTRUCTION

40 million square feet completed



- Delivery volume rises slightly on an annual basis; however, many major markets note inventory growth below 0.5 percent. Dallas-Fort Worth, Houston, Phoenix and Austin account for nearly 30 percent of 2024 additions.

VACANCY

20 basis point increase Y-O-Y



- After reaching an all-time low last year, vacancy rises to 4.6 percent as supply outpaces demand for the first time since 2020. This rate is nevertheless 110 basis points below the nation's long-term average.

ASKING RENT

2.2% increase Y-O-Y

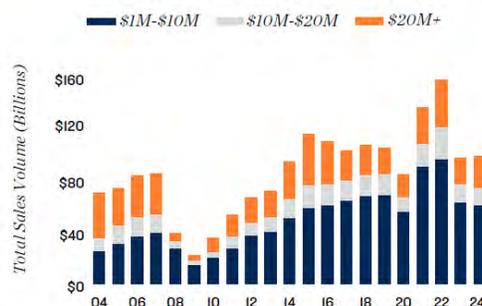


- Positive absorption equates to a still-limited volume of vacant space. This allows the mean asking rent to reach a record of \$22.90 per square foot, with above-average gains expected across most Sun Belt markets.

2024 INVESTMENT OUTLOOK

- **Subsector activity contrasts broader trend.** Retail deal flow fell on an annual basis over the first eight months of 2024; yet, the number of fast food-related trades rose. The segment's scant vacancy and number of chains in expansion mode is eliciting investor competition for properties net-leased to these tenants. Notable brands charting growth include Freddy's Frozen Custard and Steakburgers, Bojangles, and Raising Cane's, with a sizable group of lesser-known chains expanding regionally — a list that features District Taco, Nick the Greek and Smalls Sliders. Should spending at restaurants continue to reach new heights, private investor demand for assets occupied by or well-suited for fast-food operations could heat up.
- **Backfilling timelines heighten interest in centers.** Larger spaces vacated by the likes of Bed Bath & Beyond, BuyBuy Baby and recently 99 Cents Only are being back-filled in relatively short time frames, often by discount and off-price retailers. Amid a period of limited construction and tight conditions, power and neighborhood centers with big-box moveouts on the horizon may prove appealing to upside-seeking investors confident in their ability to re-tenant spaces at higher rents.
- **Tightest single-tenant segment garners attention.** Foot traffic at convenience stores outpaced or held steady compared with 2023 in seven out of the first eight months of 2024, indicating consumers are prioritizing affordable quick-stop options. This dynamic is pushing Wawa, Buc-ee's and Sheetz to new areas, while also attracting buyers to standalone convenience stores and smaller centers with these tenants.

Retail Sales Volume By Price Tranche



Investment Sales Trends



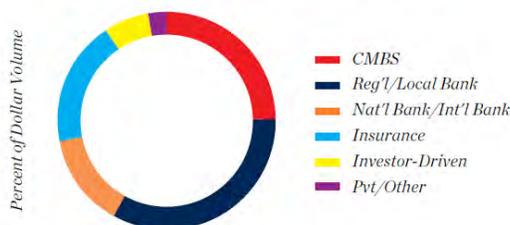
* Trailing 12 months through 2Q

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Placer.ai; Real Capital Analytics

Rate Movement Bodes Well for Borrowing Costs



Retail Mortgage Originations By Lender**



* Federal funds rate and treasury yield as of Sept. 18

** 1H 2024; Properties and portfolios \$2.5 million and greater

Sources: Marcus & Millichap Research Services;

Real Capital Analytics; Federal Reserve

Rate Cuts and Relatively Higher Leverage Have Positive Implications for Investment Activity

Long-awaited lowering kicks off greater reduction cycle. The Federal Open Market Committee (FOMC) slashed the federal funds rate by 50 basis points in September, setting the lower bound at 4.75 percent. The first cut since March 2020, this decision reflects the Fed's confidence that inflation is moving toward 2 percent and its intent to prevent further labor market softness. In August, core PCE was up 2.7 percent annually, with unemployment sitting at 4.2 percent. With two meetings remaining in 2024, the Fed is expected to lower interest rates again by year-end. Further reduction to the overnight lending rate and less upward pressure on the 10-Year Treasury — which has fallen under the 4 percent threshold it exceeded for much of the year — will contribute to modestly lower borrowing costs. This dynamic may help re-open the yield spread relative to cap rates. As such, additional transaction activity could materialize in the retail sector, as elevated levels of dry powder capital await deployment and the segment's stretch of historically low vacancy elicits buyer interest.

Retail remains one of the more approachable property types. The recently announced interest rate cut and expectations for further reductions are likely to heighten investor demand for financing and credit availability, translating to a rise in loan originations. For retailer borrowers, a more diverse lender base is positioned to offer higher leverage loans. This trend emerged prior to the September rate cut, partially facilitated by pricing for retail assets rising slightly over the 12-month period ended in June. Specifically, during the first half of 2024, the average loan-to-value (LTV) provided by CMBS lenders increased 430 basis points to 56.6 percent compared with the same period in 2023. Concurrently, mean leverage offered by life insurance companies rose 150 basis points to 60.1 percent, with the source also increasing its share of overall retail lending — 19 percent — during the first six months of 2024. Borrowers seeking financing for anchored and unanchored shopping centers were most impacted by these changes. Meanwhile, single-tenant borrowers continued to lean on regional and local banks, who accounted for nearly half of all lending in the segment during the first half. Leverage offered by these sources, typically for sub-\$10 million properties, remained relatively steady over the recent six-month stretch, averaging just above 63 percent.

Retail Division

Daniel Taub

Senior Vice President, National Director

Tel: (212) 430-5100 | daniel.taub@marcusmillichap.com

Prepared and edited by:

Erik Pisor

Research Analyst II | Research Services

For information on national retail trends, contact:

John Chang

Senior Vice President, National Director | Research & Advisory Services

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

Price: \$1,500

© Marcus & Millichap 2024 | www.MarcusMillichap.com

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Federal Reserve; Federal Trade Commission; MSCI; Placer.ai; PNC Real Estate Market Analytics; Real Capital Analytics; U.S. Bureau of Labor Statistics; Various company press releases

Subsection II: Local Retail Market Overview

The information included below and on the following pages is local retail market data for the Washington East Submarket (as identified by CoStar). The data was extracted in November 2024.

Overview

Washington East Retail			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	Market Asking Rent Growth
0	2.1K	2.9%	-0.8%

The Washington East retail submarket has a vacancy rate of 2.9% as of the fourth quarter of 2024.

the submarket has averaged 3,100 SF of under construction inventory over the past 10 years.

Washington East's vacancy rate of 2.9% compares to the submarket's five-year average of 3.7% and the 10-year average of 3.9%.

The Washington East retail submarket contains roughly 2.9 million SF of inventory.

The Washington East retail submarket has roughly 140,000 SF of space listed as available, for an availability rate of 4.9%.

Market rents in Washington East are \$13.40/SF. Rents have changed by 0.1% year over year in Washington East, compared to a change of -0.3% across the wider Milwaukee market. Annual rent growth of 0.1% in Washington East compares to the submarket's five-year average of 2.8% and its 10-year average of 1.7%.

As of the fourth quarter of 2024, there is no retail space under construction in Washington East. In comparison,

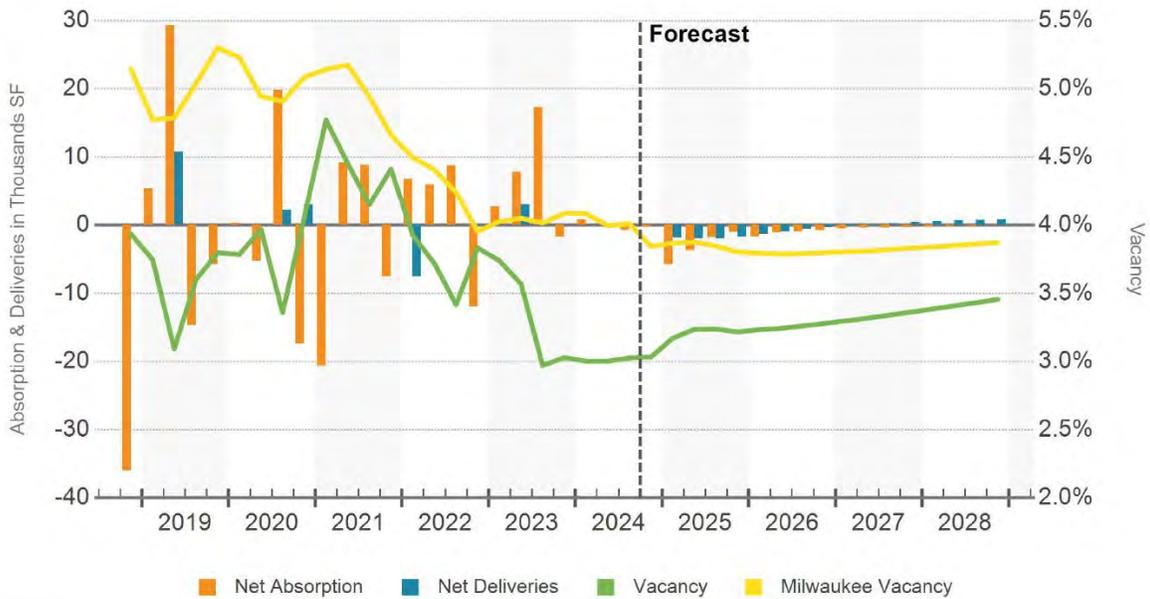
KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	207,021	1.6%	\$12.95	1.6%	(1,605)	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	560,755	13.9%	\$13.10	18.8%	0	0	0
Strip Center	131,550	1.6%	\$14.90	1.6%	0	0	0
General Retail	1,992,042	0.1%	\$13.50	1.5%	4,239	0	0
Other	0	-	-	-	0	0	0
Submarket	2,891,368	2.9%	\$13.44	4.9%	2,634	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	-0.1% (YOY)	4.3%	3.3%	7.8%	2006 Q1	2.7%	2018 Q3
Net Absorption SF	2.1K	16,761	(3,682)	134,293	2009 Q1	(44,807)	2011 Q2
Deliveries SF	0	11,836	5,856	72,480	2009 Q1	0	2024 Q3
Market Asking Rent Growth	-0.8%	0.4%	0.2%	6.1%	2024 Q1	-5.7%	2010 Q1
Sales Volume	\$16.4M	\$10.8M	N/A	\$84.9M	2022 Q1	\$0	2010 Q2

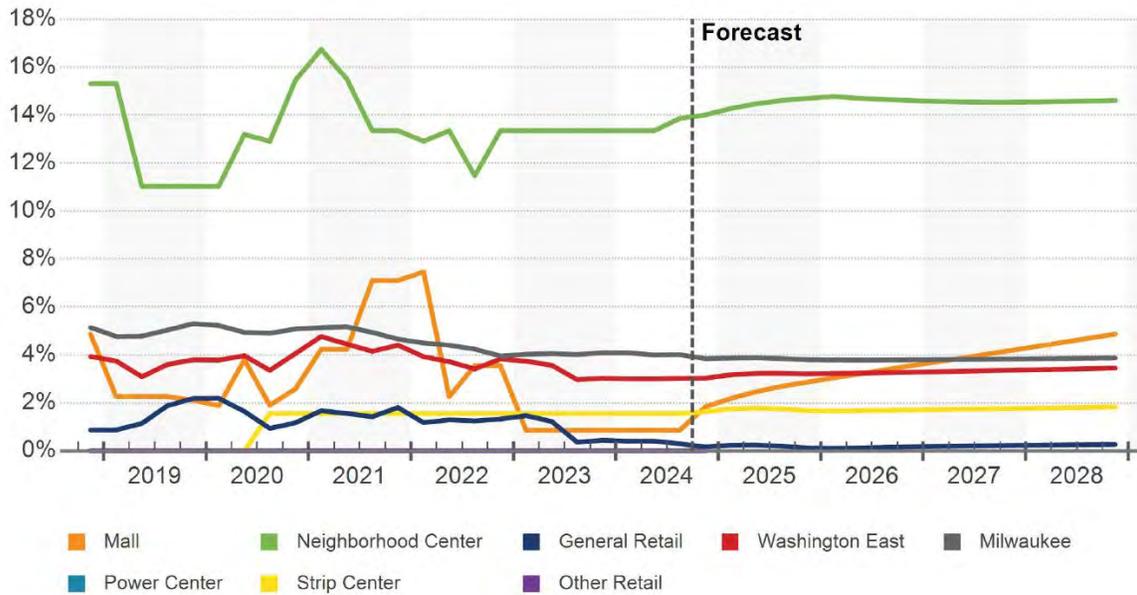
Leasing

Washington East Retail

NET ABSORPTION, NET DELIVERIES & VACANCY



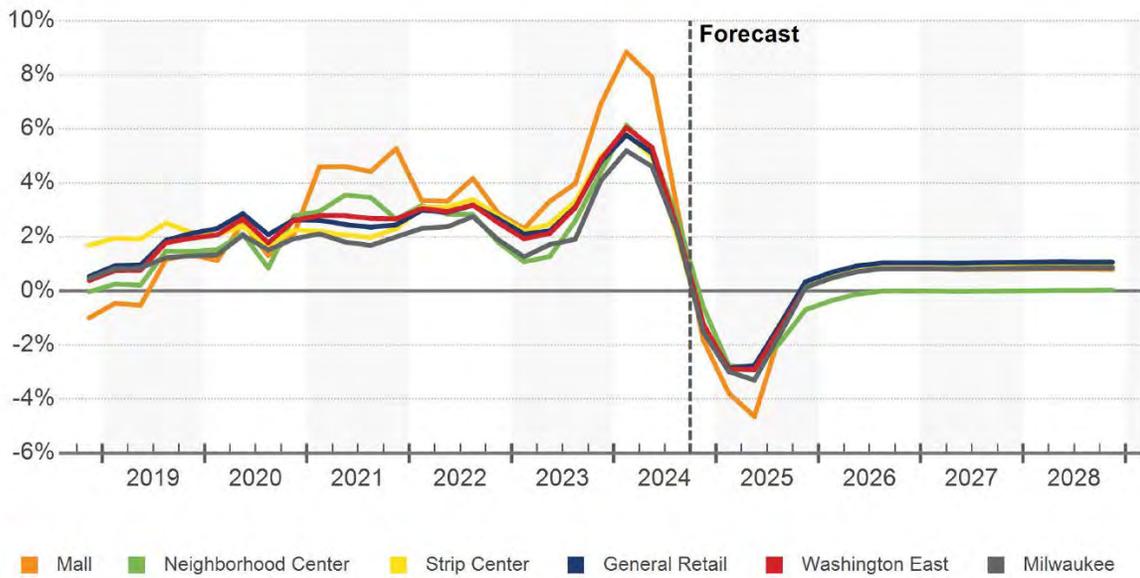
VACANCY RATE



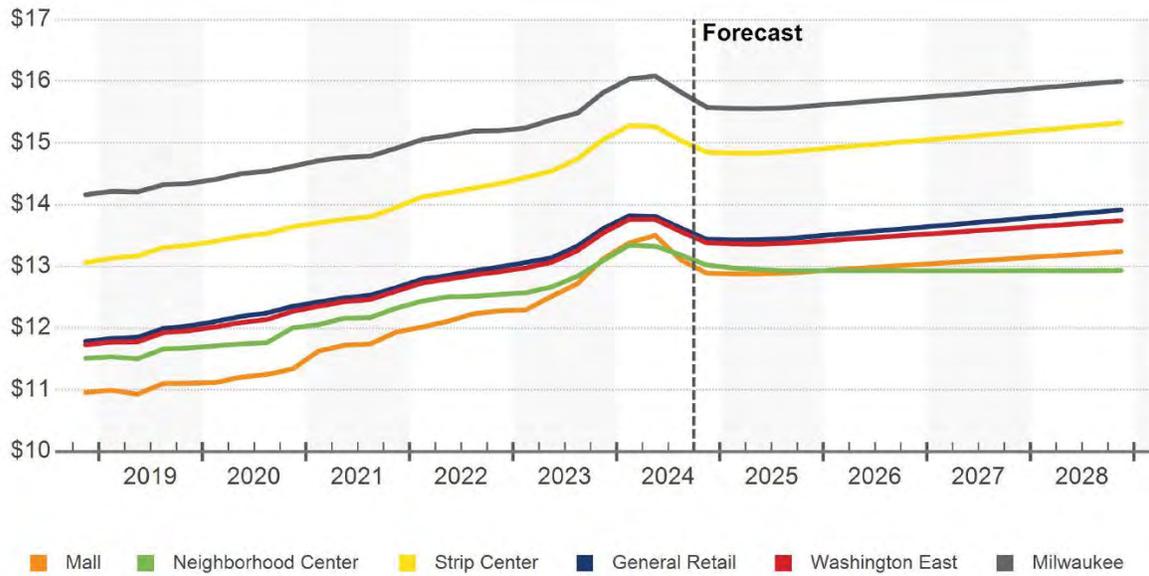
Rent

Washington East Retail

MARKET ASKING RENT GROWTH (YOY)



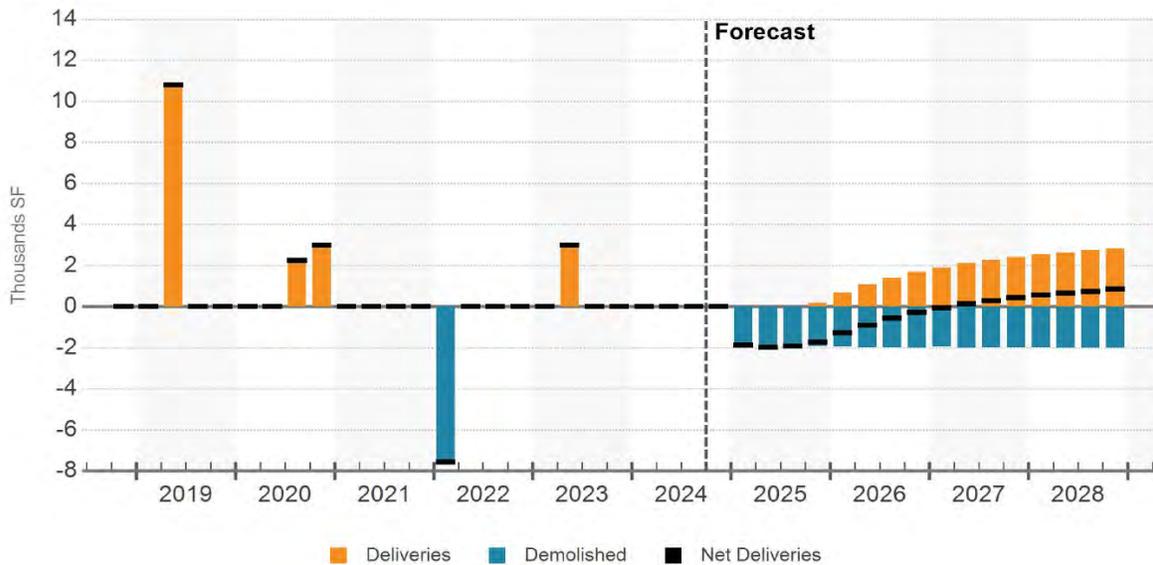
MARKET ASKING RENT PER SQUARE FEET



Construction

Washington East Retail

DELIVERIES & DEMOLITIONS



Sales

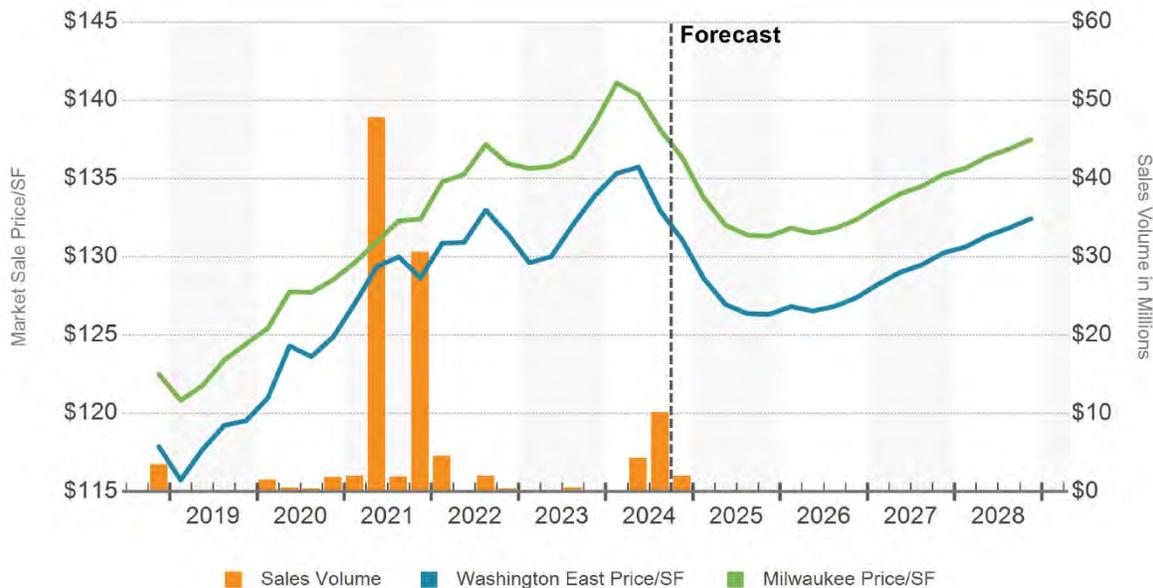
Washington East Retail

Over the past year, 120,000 SF of retail inventory traded in Washington East across 7 sales. Average annual inventory turnover in Washington East is 61,000 SF over the past five years and 47,000 SF over the past 10 years. Retail sales volume in Washington East has totaled \$16.4 million over the past year. Average annual sales volume over the past five years is \$19.6 million and

\$15.3 million over the past 10 years.

Estimated retail market pricing in Washington East is \$132/SF compared to the market average of \$138/SF. The estimated market cap rate for Washington East retail matches the market average of 8.1%.

SALES VOLUME & MARKET SALE PRICE PER SF



DEMAND ANALYSIS: RETAIL

PRIMARY MARKET AREA

The first step in the demand analysis is to define the Primary Market Area (PMA). Many of the methodologies relied upon herein were extracted from data provided by the Appraisal Institute; Fanning, Market Analysis for Real Estate, 2nd Edition, and other sources as referenced.

Retail market areas are defined based on the following consistent and predictable behavior in society:

- People spend a certain percentage of their income on retail goods and services.
- People want to spend as much of that as close to home as possible—i.e., convenience matters.
- The money spent on retail goods and services creates and supports the need for retail space.

Demand for most goods and services decreases with distance from the store location, since the relative cost to the consumer increases with distance. Demand is constrained to a range (measured in terms of distance or drive time) beyond which customers will not travel to a specific store location. The existence of competitors/competitive nodes diminishes the range and determines the market area for a good or service. Depending upon the goods or services sold, it is not necessary for every business to maximize distance from its competitors—sometimes clustering attracts more customers per business than more scattered operations. Clustering can create a central place where the businesses together are able to attract more customers per business than each one alone. Clustering results in an increased market area.

Central Place Theory

Central place theory (CPT) is a geographical concept that can explain the spatial organization (number, size, and location) of most goods and services relative to a resident population. An underlying premise of CPT is that profit (through rent minimization or income maximization) is the major consideration in the location of retail establishments.

Simply stated, providers of goods and services will locate where they believe they can maximize profits. CPT suggests that certain general urban locations are more desirable than others because of both population density and the location of existing businesses already attracting customers. Central places can be defined by population and existing businesses.

- Retail locations are spatially interdependent, resulting in clustering.
- Spatial growth is a function of demand.
- Spatial growth is considered ordered and rational depending on demand; demand is a function of population (and income).
- For any retail operation to survive, there must be a threshold population.

Principal Types of Shopping Centers

Type	Tenant Profile	Size	Market Area
Convenience center	Stores that sell convenience goods, e.g., groceries, pharmaceutical; not anchored by a supermarket	Less than 30,000 sq. ft.	Less than 5-minute drive time
Neighborhood shopping center	Stores that sell convenience goods and stores that provide personal services, e.g., dry cleaning, shoe repair; a supermarket is often the principal tenant	30,000 to 150,000 sq. ft. of GLA; 4 to 10 acres	5- to 10-minute drive time; 1- to 1.5-mile range; 5,000 to 40,000 potential customers
Community shopping center	Stores that sell convenience goods, personal services, and shopper goods, e.g., apparel, appliances; junior department store or off-price/discount store often the principal tenant; other tenants: variety or super drugstores and home improvement centers; includes supercenters anchored by discount stores with grocery, tire repair, etc.	100,000 to 300,000 sq. ft. of GLA; 10 to 30 acres (includes mini-malls and supercenters)	10- to 20-minute drive time; 3- to 6-mile range; 40,000 to 150,000 potential customers
Regional shopping center	Stores that sell general merchandise, shopper goods, and convenience goods; one or more department stores are the principal tenants	300,000 to 1,000,000 sq. ft. of GLA; 30 acres; contains one or more department stores of at least 100,000 sq. ft.	20-minute drive time; 5- to 10-mile range; 150,000 to 400,000 potential customers
Super-regional shopping center	Stores that sell general merchandise, apparel, furniture, home furnishings, and services	Over 800,000 sq. ft. of GLA; contains at least three major department stores of at least 100,000 sq. ft. each	30-minute drive time; typically, 10- to 35-mile range; over 500,000 potential customers
Specialty or theme center	Boutiques and stores that sell design items, craft wares, and gourmet foods; a high-profile specialty shop is often the principal tenant; festival malls and fashion centers are types of theme centers	Same range as a neighborhood or community shopping center	Similar to a regional shopping center
Lifestyle center	Stores that sell upscale home furnishings, women's fashion; includes department stores and restaurants	300,000 to 500,000 sq. ft.	Similar to regional shopping center
Power center	A minimum of three, but usually five or more, anchor tenants that are dominant in their categories; few in-line tenants	Typically, open-air centers of more than 250,000 sq. ft.; almost all space designed for large tenants	A minimum of 15 miles—typically a 20-minute drive time and a population of 400,000 to 500,000
Off-price outlet and discount center	Name brand and outlet stores and/or wholesale grocery and hardware stores	60,000 to 400,000 sq. ft.	Similar to super-regional center
Strip commercial (a continuous row or strip along a main thoroughfare)	Convenience stores, quick-service restaurants, car dealerships, and service stations	Varies according to market area	Neighborhood or community
Highway commercial	Motels, restaurants, truck stops, service stations; may stand as a single establishment in a cluster of other highway-related service facilities	Varies	Passing motorists in need of highway-related services

Source: Adapted from Fanning, *Market Analysis for Real Estate*, 2nd ed., 240, and Michael D. Beyard, W. Paul O'Mara, et al., *Shopping Center Development Handbook*, 3rd ed. (Washington, DC: ULI—the Urban Land Institute, 1999), 46.

Threshold Population

The term *threshold population* refers to the minimum number of people needed for a business or activity to remain active and prosperous. Different types of goods and services have different thresholds. There are two main types of goods and services:

- *Higher-order goods* (shopping goods) are goods and services that require a high threshold population. Higher-order goods are generally specialized items such as automobiles, furniture, fine jewelry, and household appliances. They are bought infrequently by the average household; therefore, more households are needed to support the business. Threshold population is of primary concern.
- *Lower-order goods* (convenience goods) are goods and services that require a low threshold population. These are goods and services that households replenish frequently, such as food, gasoline, and routine domestic items. Because the typical household purchases lower-order goods frequently, fewer households are needed to support the business. Since most lower-order stores depend on a high volume of customers and often rely on “impulse” sales, they seek locations close to higher-order goods and services.

The larger the population base, the more kinds of businesses and land uses will be present because the threshold population is being reached for more of the higher-order goods and services.

Property Productivity

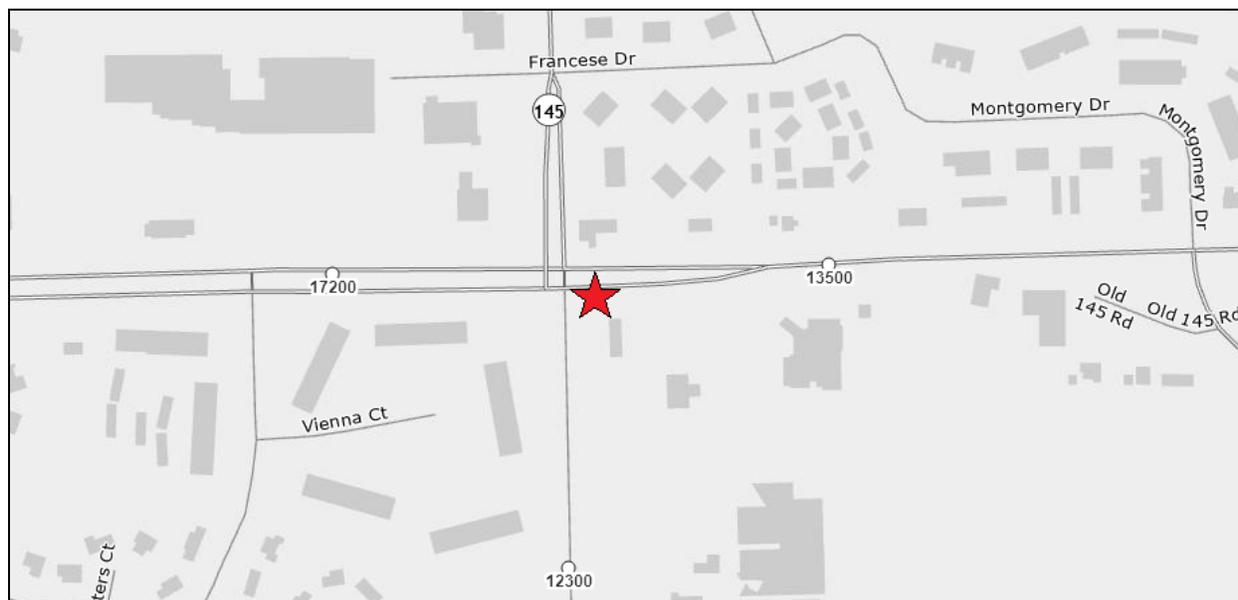
Retail property productivity analysis is concerned with how a property’s physical, legal, and locational characteristics affect its ability to compete in the local market for customers, and hence affect its value. Real estate is developed to house economic activities, supply services, and provide amenities to meet human needs. Retail properties are developed for the sole purpose of providing a location to sell goods and services. Productivity analysis is concerned with a retail property’s ability to fulfill this purpose.

The measure of a retail property’s success is its appeal to retail consumers—the actual purchasers of the goods and services that can be housed in the retail property. If the property is successful in appealing to consumers, it will in turn be attractive to prospective tenants (retailers). The value of a retail property is therefore linked directly to its ability to attract consumers, the users who create the demand for retail real estate.

Subject Site & Building Analysis

The subject site is well-positioned along an established commercial thoroughfare. The subject is located at the eastern extent of the primary commercial corridor and features a corner lot location along two moderately trafficked local / regional thoroughfares (West Mequon Road / Highway 167, which has an average daily traffic count of 13,500-17,200 near the subject, and Pilgrim Road, which has an average daily traffic count of 12,300 near the subject).

The referenced traffic count data is included below.



The corner lot location enhances both accessibility and visibility. Access to the site is assumed to be adequate and is assumed to be provided from both West Mequon Road and Pilgrim Road.

It is assumed the subject will be developed with an array of retail uses. In terms of parking, the large overall development site is assumed to offer adequate parking, which will likely include a mix of surface parking and structured parking.

Any redevelopment that occurs on the subject site is assumed to represent ground-up new construction. This will allow the buildings and the retail spaces to be developed in accordance with modern market standards.

The analysis is predicated on the assumption that there will be flexibility with the zoning regulations and any development that occurs on the site will have obtained all necessary approvals and will represent legal, conforming uses. Further, it is assumed all subject spaces will be rented by typical end-users and that leases will be structured in a manner that conforms to market norms.

A rating grid for the subject is included on the following page, *which compares the subject to a typical property in the market*. As shown, we have rated the subject as average or superior to the market standard for all categories. Much of the grid is based on assumptions that any subject development would conform to market norms and there will be no atypical uses.

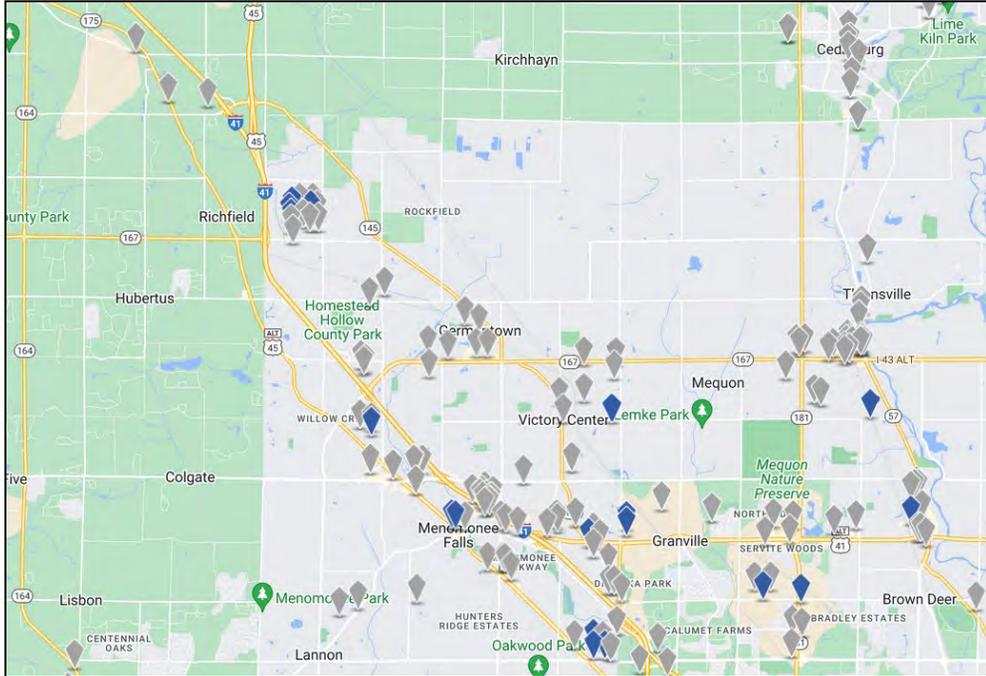
Subject Property Rating Grid							
Subject Rating	Inferior			Typical / Avg.	Superior		
	High	Moderate	Slight		Slight	Moderate	High
Physical Characteristics							
Linkages							
Population				X			
Traffic Volume					X		
Complimentary Retailers						X	
Adjacent Land Uses					X		
Site							
Size							X
Land-to-Building Ratio				X			
Parking							
Number of Stalls					X		
Location of Parking					X		
Convenience					X		
Interior Circulation					X		
Topography							
Circulation Impact				X			
Drainage				X			
Exterior Access						X	
Landscaping				X			
Building Improvements							
Exterior Appearance						X	
Construction Quality						X	
Signage Appearance						X	
Design Flexibility						X	
Street Visibility						X	
Tenant Mix and Marketing Features							
Tenant Compatability Mix				X			
Appeal of Center						X	
Shopper Access (Shop-to-Shop)				X			
Center's Amenity Features						X	
Legal Characteristics							
Zoning/Easements/Legal				X			

*Ratings shown are in comparison to typical retail developments in the broad market area.

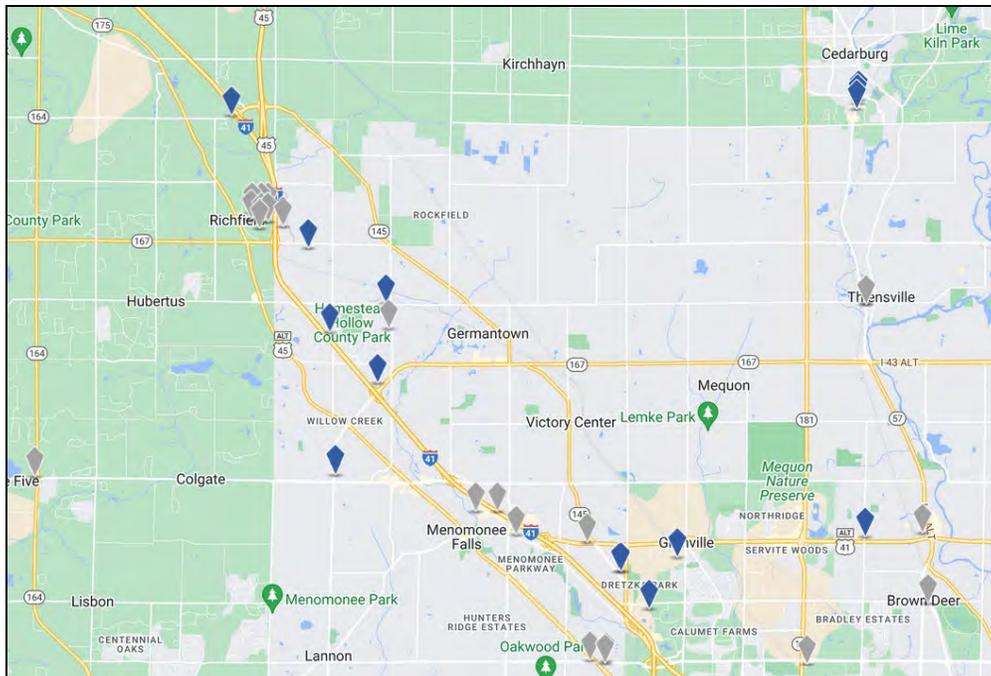
Patterns of Growth

Analyzing patterns of growth helps establish the PMA boundaries. Although well-established, the area immediately surrounding the subject has shown significant new construction over the last 10 years. Included below are exhibits depicting properties (all property types) that have been constructed in the last 10 years and a separate exhibit depicting all properties currently planned or under construction.

Growth Pattern – Constructed in Last 10 Years

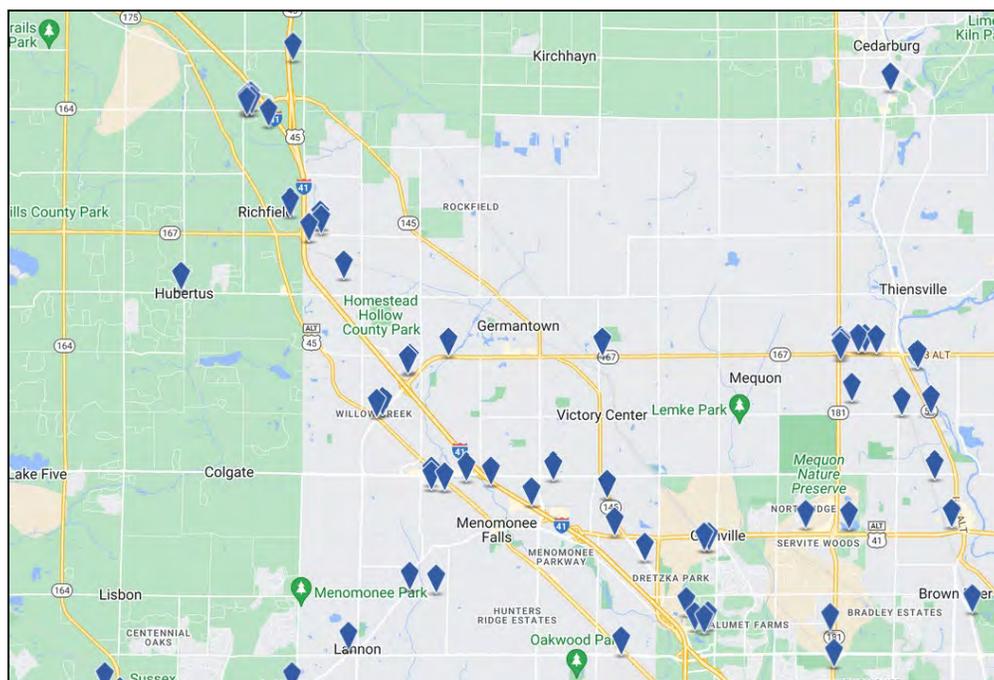


Growth Pattern – Proposed / Under Construction



The are clear areas of growth to the northwest, east, and south-southeast of the subject, which is approximately centrally located in each exhibit. There has been limited growth to the northeast or southwest. In terms of land currently being actively marketed for sale for future commercial development, the majority of the land available for sale follows the same development patterns outlined on the preceding page.

Active Commercial Land Listings



The Primary Market Area is the geographic area adjoining a property from which a majority of demand and the majority of competition are drawn. The demand that the definition of market area for retail properties focuses on is the customer base of the property's tenants. Retailers often refer to a market area as a *trade area*. Trade area is defined as "The geographic area from which a retail property consistently draws most of its customers; also called a market area." Factors that influence the delineation of the market/trade area include accessibility, physical barriers, location of competing properties, drive time, and distance.

The data included above and on the preceding pages was utilized to specifically define the PMA. For purposes of this analysis, we will utilize the Village of Germantown municipal boundaries as the subject's PMA.

Demographic data for the PMA is included on the following pages.



Demographic and Income Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

Summary	Census 2010	Census 2020	2024	2029				
Population	19,757	20,917	21,317	21,379				
Households	7,769	8,470	8,762	8,939				
Families	5,502	5,854	5,933	6,015				
Average Household Size	2.53	2.45	2.42	2.37				
Owner Occupied Housing Units	6,131	6,503	6,667	6,872				
Renter Occupied Housing Units	1,638	1,967	2,095	2,067				
Median Age	41.5	43.9	44.0	44.9				
Trends: 2024-2029 Annual Rate	Area	State	National					
Population	0.06%	0.13%	0.38%					
Households	0.40%	0.45%	0.64%					
Families	0.27%	0.33%	0.56%					
Owner HHs	0.61%	0.69%	0.97%					
Median Household Income	1.48%	2.58%	2.95%					
Households by Income			2024	2029				
		Number	Percent	Number	Percent			
<\$15,000		346	3.9%	300	3.4%			
\$15,000 - \$24,999		478	5.5%	371	4.2%			
\$25,000 - \$34,999		355	4.1%	292	3.3%			
\$35,000 - \$49,999		648	7.4%	572	6.4%			
\$50,000 - \$74,999		1,277	14.6%	1,210	13.5%			
\$75,000 - \$99,999		1,140	13.0%	1,061	11.9%			
\$100,000 - \$149,999		2,200	25.1%	2,337	26.1%			
\$150,000 - \$199,999		1,055	12.0%	1,307	14.6%			
\$200,000+		1,263	14.4%	1,489	16.7%			
Median Household Income		\$101,888		\$109,678				
Average Household Income		\$126,708		\$142,684				
Per Capita Income		\$52,094		\$59,672				
Population by Age	Census 2010		Census 2020		2024		2029	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,140	5.8%	1,092	5.2%	1,115	5.2%	1,107	5.2%
5 - 9	1,353	6.8%	1,215	5.8%	1,203	5.6%	1,119	5.2%
10 - 14	1,604	8.1%	1,450	6.9%	1,270	6.0%	1,236	5.8%
15 - 19	1,326	6.7%	1,294	6.2%	1,328	6.2%	1,186	5.5%
20 - 24	831	4.2%	1,022	4.9%	1,134	5.3%	1,114	5.2%
25 - 34	1,933	9.8%	2,107	10.1%	2,228	10.5%	2,326	10.9%
35 - 44	2,832	14.3%	2,543	12.2%	2,651	12.4%	2,628	12.3%
45 - 54	3,610	18.3%	2,852	13.6%	2,722	12.8%	2,647	12.4%
55 - 64	2,475	12.5%	3,382	16.2%	3,287	15.4%	2,989	14.0%
65 - 74	1,420	7.2%	2,229	10.7%	2,487	11.7%	2,757	12.9%
75 - 84	888	4.5%	1,209	5.8%	1,360	6.4%	1,666	7.8%
85+	345	1.7%	522	2.5%	532	2.5%	604	2.8%
Race and Ethnicity	Census 2010		Census 2020		2024		2029	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White Alone	18,299	92.6%	18,160	86.8%	18,102	84.9%	17,853	83.5%
Black Alone	430	2.2%	650	3.1%	804	3.8%	865	4.0%
American Indian Alone	46	0.2%	71	0.3%	71	0.3%	72	0.3%
Asian Alone	617	3.1%	897	4.3%	1,102	5.2%	1,242	5.8%
Pacific Islander Alone	0	0.0%	2	0.0%	2	0.0%	2	0.0%
Some Other Race Alone	95	0.5%	151	0.7%	169	0.8%	187	0.9%
Two or More Races	270	1.4%	986	4.7%	1,067	5.0%	1,158	5.4%
Hispanic Origin (Any Race)	400	2.0%	660	3.2%	746	3.5%	822	3.8%

Data Note: Income is expressed in current dollars.

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2020 decennial Census in 2020 geographies.

November 26, 2024

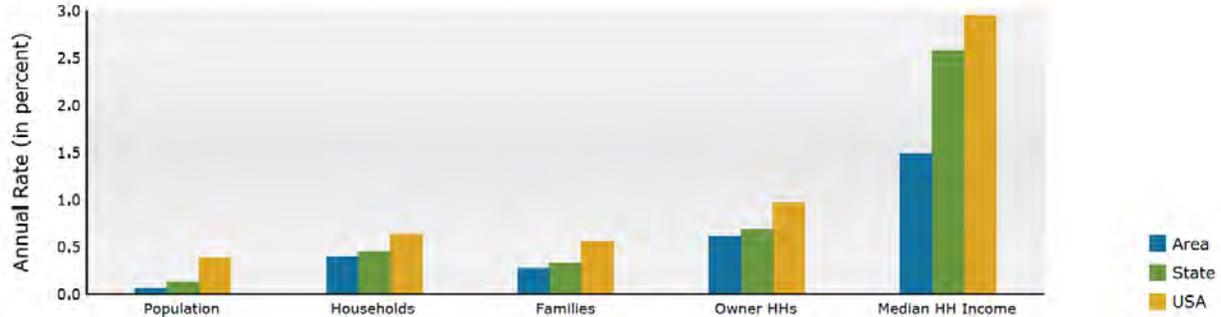


Demographic and Income Profile

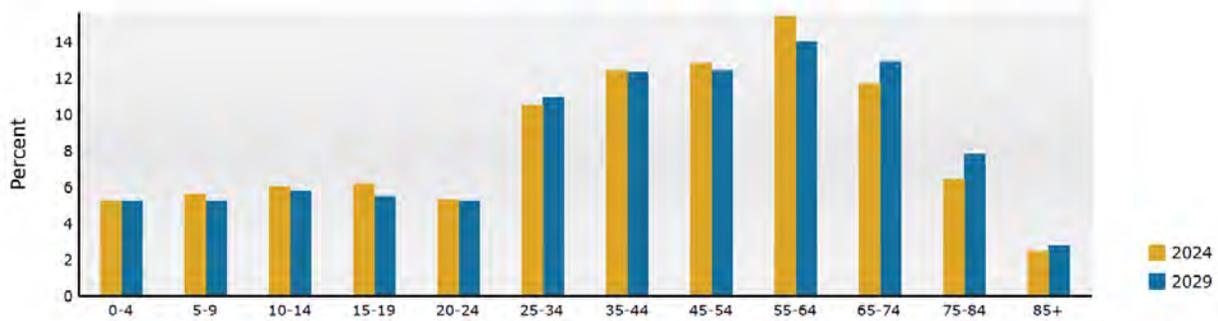
Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

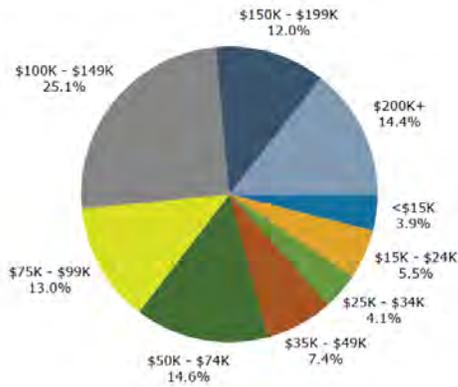
Trends 2024-2029



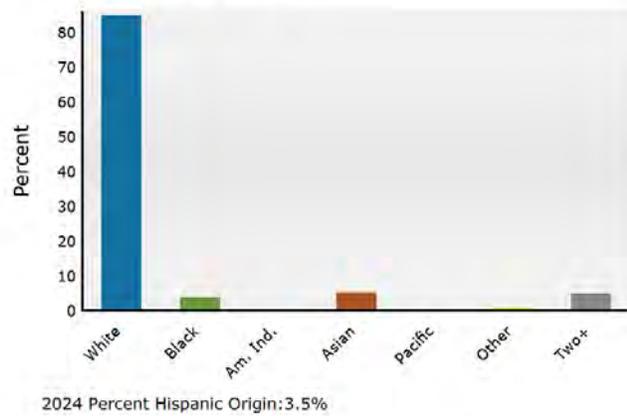
Population by Age



2024 Household Income



2024 Population by Race



Source: Esri forecasts for 2024 and 2029, U.S. Census Bureau 2020 decennial Census in 2020 geographies.

November 26, 2024



Business Summary

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

Data for all businesses in area

	Businesses		Employees	
	Number	Percent	Number	Percent
Total Businesses:	945			
Total Employees:	15,749			
Total Population:	21,317			
Employee/Population Ratio (per 100 Residents)	74			
by NAICS Codes				
Agriculture, Forestry, Fishing & Hunting	3	0.3%	17	0.1%
Mining	0	0.0%	0	0.0%
Utilities	1	0.1%	10	0.1%
Construction	81	8.8%	804	5.5%
Building Construction	25	2.7%	305	2.1%
Heavy/Civil Eng Construction	1	0.1%	3	0.0%
Specialty Trade Contractor	55	6.0%	496	3.4%
Manufacturing	119	12.9%	4,335	29.9%
Wholesale Trade	63	6.8%	1,625	11.2%
Durable Goods	49	5.3%	1,267	8.7%
Nondurable Goods	12	1.3%	337	2.3%
Trade Broker	2	0.2%	21	0.1%
Retail Trade	88	9.5%	1,830	12.6%
Motor Vehicle & Parts Dealers	6	0.7%	29	0.2%
Furniture & Home Furnishings Stores	4	0.4%	10	0.1%
Electronics & Appliance Stores	6	0.7%	224	1.5%
Building Material & Garden Equipment & Supplies Dealers	16	1.7%	495	3.4%
Food & Beverage Stores	7	0.8%	218	1.5%
Health & Personal Care Stores	9	1.0%	72	0.5%
Gasoline Stations & Fuel Dealers	6	0.7%	28	0.2%
Clothing, Clothing Accessories, Shoe and Jewelry Stores	7	0.8%	50	0.3%
Sporting Goods, Hobby, Book, & Music Stores	14	1.5%	148	1.0%
General Merchandise Stores	13	1.4%	556	3.8%
Transportation & Warehousing	13	1.4%	86	0.6%
Truck Transportation	4	0.4%	15	0.1%
Information	11	1.2%	158	1.1%
Finance & Insurance	55	6.0%	296	2.0%
Central Bank/Credit Intermediation & Related Activities	15	1.6%	99	0.7%
Securities & Commodity Contracts	21	2.3%	85	0.6%
Funds, Trusts & Other Financial Vehicles	19	2.0%	112	0.8%
Real Estate, Rental & Leasing	46	5.0%	153	1.1%
Professional, Scientific & Tech Services	80	8.7%	516	3.5%
Legal Services	15	1.6%	44	0.3%
Management of Companies & Enterprises	2	0.2%	10	0.1%
Administrative, Support & Waste Management Services	38	4.1%	609	4.2%
Educational Services	16	1.7%	632	4.3%

Source: Copyright 2024 Data Axle, Inc. All rights reserved. Esri Total Population forecasts for 2024.
Date Note: Data on the Business Summary report is calculated using Esri's Data allocation method which uses census block groups to allocate business summary data to custom areas.



Business Summary

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

by NAICS Codes	Businesses		Employees	
	Number	Percent	Number	Percent
Health Care & Social Assistance	83	9.0%	1,485	10.2%
Ambulatory Health Care	51	5.5%	558	3.8%
Hospital	12	1.3%	341	2.4%
Nursing/Residential Care	11	1.2%	473	3.3%
Social Assistance	9	1.0%	113	0.8%
Arts, Entertainment & Recreation	17	1.8%	103	0.7%
Accommodation & Food Services	50	5.4%	1,082	7.5%
Accommodation	5	0.5%	65	0.5%
Food Services & Drinking Places	45	4.9%	1,017	7.0%
Other Services (except Public Administration)	96	10.4%	510	3.5%
Repair & Maintenance	20	2.2%	97	0.7%
Automotive Repair & Maintenance	14	1.5%	56	0.4%
Personal & Laundry Service	32	3.5%	190	1.3%
Civic and Other Orgs	44	4.8%	223	1.5%
Public Administration	17	1.8%	243	1.7%
Unclassified Establishments	46	5.0%	11	0.1%
Total	925	100.0%	14,515	100.0%

Source: Copyright 2024 Data Axle, Inc. All rights reserved. Esri Total Population forecasts for 2024.
 Date Note: Data on the Business Summary report is calculated using Esri's Data allocation method, which uses census block groups to allocate business summary data to custom areas.

November 25, 2024



Business Summary

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

by SIC Codes	Businesses		Employees	
	Number	Percent	Number	Percent
Agriculture & Mining	19	2.0%	412	2.6%
Construction	71	7.5%	709	4.5%
Manufacturing	110	11.6%	5,251	33.3%
Transportation	19	2.0%	177	1.1%
Communication	6	0.6%	29	0.2%
Utility	4	0.4%	78	0.5%
Wholesale Trade	64	6.8%	1,900	12.1%
Retail Trade Summary	144	15.2%	2,697	17.1%
Home Improvement	16	1.7%	475	3.0%
General Merchandise Stores	9	0.9%	151	1.0%
Food Stores	11	1.2%	328	2.1%
Auto Dealers & Gas Stations	14	1.5%	69	0.4%
Apparel & Accessory Stores	2	0.2%	7	0.0%
Furniture & Home Furnishings	10	1.1%	234	1.5%
Eating & Drinking Places	47	5.0%	1,067	6.8%
Miscellaneous Retail	35	3.7%	366	2.3%
Finance, Insurance, Real Estate Summary	92	9.7%	501	3.2%
Banks, Savings & Lending Institutions	13	1.4%	94	0.6%
Securities Brokers	24	2.5%	94	0.6%
Insurance Carriers & Agents	20	2.1%	157	1.0%
Real Estate, Holding, Other Investment Offices	35	3.7%	156	1.0%
Services Summary	339	35.9%	3,635	23.1%
Hotels & Lodging	5	0.5%	61	0.4%
Automotive Services	20	2.1%	76	0.5%
Movies & Amusements	18	1.9%	126	0.8%
Health Services	68	7.2%	977	6.2%
Legal Services	15	1.6%	47	0.3%
Education Institutions & Libraries	14	1.5%	629	4.0%
Other Services	199	21.1%	1,719	10.9%
Government	17	1.8%	269	1.7%
Unclassified Establishments	60	6.3%	91	1.7%
Totals	945	100.0%	15,749	100.0%

Source: Copyright 2024 Data Axle, Inc. All rights reserved. Esri Total Population forecasts for 2024.
 Date Note: Data on the Business Summary report is calculated using Esri's Data allocation method which uses census block groups to allocate business summary data to custom areas.



Retail Demand Outlook

Germantown Village, WI
Germantown Village, WI (5528875)
Geography: Place

Prepared by Esri

Top Tapestry Segments	Percent	Demographic Summary	2024	2029
Professional Pride (1B)	23.2%	Population	21,317	21,379
Green Acres (6A)	12.5%	Households	8,762	8,939
Old and Newcomers (8F)	12.4%	Families	5,933	6,015
Salt of the Earth (6B)	11.0%	Median Age	44.0	44.9
Bright Young Professionals (8C)	10.8%	Median Household Income	\$101,888	\$109,678
		2024	2029	Projected
		Consumer Spending	Forecasted Demand	Spending Growth
Apparel and Services		\$22,653,660	\$26,033,798	\$3,380,138
Men's		\$4,297,975	\$4,938,873	\$640,898
Women's		\$7,528,196	\$8,652,205	\$1,124,009
Children's		\$3,392,150	\$3,898,149	\$505,999
Footwear		\$4,678,215	\$5,376,725	\$698,510
Watches & Jewelry		\$2,286,902	\$2,627,522	\$340,620
Apparel Products and Services (1)		\$470,222	\$540,324	\$70,102
Computer				
Computers and Hardware for Home Use		\$2,591,650	\$2,978,817	\$387,167
Portable Memory		\$40,465	\$46,519	\$6,054
Computer Software		\$144,237	\$165,836	\$21,599
Computer Accessories		\$222,544	\$255,781	\$33,237
Entertainment & Recreation		\$40,302,262	\$46,298,355	\$5,996,093
Fees and Admissions		\$8,648,053	\$9,932,660	\$1,284,607
Membership Fees for Clubs (2)		\$3,194,793	\$3,669,188	\$474,395
Fees for Participant Sports, excl. Trips		\$1,427,538	\$1,639,451	\$211,913
Tickets to Theatre/Operas/Concerts		\$793,927	\$912,095	\$118,168
Tickets to Movies		\$236,072	\$271,388	\$35,316
Tickets to Parks or Museums		\$359,297	\$412,889	\$53,592
Admission to Sporting Events, excl. Trips		\$871,705	\$1,000,822	\$129,117
Fees for Recreational Lessons		\$1,756,844	\$2,017,765	\$260,921
Dating Services		\$7,878	\$9,064	\$1,186
TV/Video/Audio		\$12,692,932	\$14,584,148	\$1,891,216
Cable and Satellite Television Services		\$7,279,420	\$8,362,438	\$1,083,018
Televisions		\$1,462,008	\$1,680,088	\$218,080
Satellite Dishes		\$10,534	\$12,101	\$1,567
VCRs, Video Cameras, and DVD Players		\$43,175	\$49,645	\$6,470
Miscellaneous Video Equipment		\$191,289	\$219,704	\$28,415
Video Cassettes and DVDs		\$53,750	\$61,802	\$8,052
Video Game Hardware/Accessories		\$423,996	\$487,503	\$63,507
Video Game Software		\$190,594	\$219,234	\$28,640
Rental/Streaming/Downloaded Video		\$1,624,122	\$1,866,788	\$242,666
Installation of Televisions		\$21,294	\$24,448	\$3,154
Audio (3)		\$1,377,563	\$1,582,946	\$205,383
Rental and Repair of TV/Radio/Sound Equipment		\$15,186	\$17,449	\$2,263
Pets		\$9,892,092	\$11,362,856	\$1,470,764
Toys/Games/Crafts/Hobbies (4)		\$1,752,930	\$2,014,085	\$261,155
Recreational Vehicles and Fees (5)		\$1,963,015	\$2,253,849	\$290,834
Sports/Recreation/Exercise Equipment (6)		\$2,957,518	\$3,397,816	\$440,298
Photo Equipment and Supplies (7)		\$618,197	\$710,340	\$92,143
Reading (8)		\$1,389,147	\$1,596,283	\$207,136
Catered Affairs (9)		\$388,378	\$446,318	\$57,940
Food		\$107,198,748	\$123,184,880	\$15,986,132
Food at Home		\$69,559,516	\$79,932,494	\$10,372,978
Bakery and Cereal Products		\$9,049,059	\$10,397,759	\$1,348,700
Meats, Poultry, Fish, and Eggs		\$14,742,255	\$16,941,792	\$2,199,537
Dairy Products		\$6,639,224	\$7,628,964	\$989,740
Fruits and Vegetables		\$13,776,406	\$15,831,215	\$2,054,809
Snacks and Other Food at Home (10)		\$25,352,573	\$29,132,764	\$3,780,191
Food Away from Home		\$37,639,232	\$43,252,385	\$5,613,153
Alcoholic Beverages		\$6,368,620	\$7,319,118	\$950,498

Data Note: The Consumer Spending data is household-based and represents the amount spent for a product or service by all households in an area. Detail may not sum to totals due to rounding. This report is not a comprehensive list of all consumer spending variables therefore the variables in each section may not sum to totals.

Source: Esri forecasts for 2024 and 2029; Consumer Spending data are derived from the 2021 and 2022 Consumer Expenditure Surveys, Bureau of Labor Statistics.

November 26, 2024



Retail Demand Outlook

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

	2024 Consumer Spending	2029 Forecasted Demand	Projected Spending Growth
Financial			
Value of Stocks/Bonds/Mutual Funds	\$500,590,774	\$574,809,077	\$74,218,303
Value of Retirement Plans	\$1,769,597,072	\$2,031,518,435	\$261,921,363
Value of Other Financial Assets	\$92,672,643	\$106,444,008	\$13,771,365
Vehicle Loan Amount excluding Interest	\$32,781,058	\$37,663,561	\$4,882,503
Value of Credit Card Debt	\$28,753,525	\$33,033,114	\$4,279,589
Health			
Nonprescription Drugs	\$1,730,665	\$1,988,478	\$257,813
Prescription Drugs	\$4,211,326	\$4,836,000	\$624,674
Eyeglasses and Contact Lenses	\$1,272,096	\$1,461,079	\$188,983
Home			
Mortgage Payment and Basics (11)	\$139,035,969	\$159,623,412	\$20,587,443
Maintenance and Remodeling Services	\$48,093,011	\$55,209,935	\$7,116,924
Maintenance and Remodeling Materials (12)	\$8,908,382	\$10,224,434	\$1,316,052
Utilities, Fuel, and Public Services	\$56,772,257	\$65,221,603	\$8,449,346
Household Furnishings and Equipment			
Household Textiles (13)	\$1,250,812	\$1,437,387	\$186,575
Furniture	\$9,673,978	\$11,114,103	\$1,440,125
Rugs	\$466,793	\$536,157	\$69,364
Major Appliances (14)	\$5,743,697	\$6,596,422	\$852,725
Housewares (15)	\$1,010,943	\$1,161,842	\$150,899
Small Appliances	\$721,836	\$829,893	\$108,057
Luggage	\$205,892	\$236,579	\$30,687
Telephones and Accessories	\$966,514	\$1,110,751	\$144,237
Household Operations			
Child Care	\$5,593,555	\$6,425,313	\$831,758
Lawn and Garden (16)	\$7,083,785	\$8,133,549	\$1,049,764
Moving/Storage/Freight Express	\$1,171,489	\$1,346,804	\$175,315
Housekeeping Supplies (17)	\$8,660,273	\$9,950,822	\$1,290,549
Insurance			
Owners and Renters Insurance	\$8,273,390	\$9,500,036	\$1,226,646
Vehicle Insurance	\$19,606,795	\$22,531,866	\$2,925,071
Life/Other Insurance	\$6,959,972	\$7,991,921	\$1,031,949
Health Insurance	\$49,145,895	\$56,452,441	\$7,306,546
Personal Care Products (18)	\$5,317,202	\$6,110,365	\$793,163
School Books (19)	\$414,125	\$475,884	\$61,759
Smoking Products	\$4,191,499	\$4,817,584	\$626,085
Transportation			
Payments on Vehicles excluding Leases	\$28,975,478	\$33,286,285	\$4,310,807
Gasoline and Motor Oil	\$30,394,119	\$34,921,119	\$4,527,000
Vehicle Maintenance and Repairs	\$14,213,336	\$16,330,922	\$2,117,586
Travel			
Airline Fares	\$6,206,741	\$7,131,717	\$924,976
Lodging on Trips	\$9,839,085	\$11,300,832	\$1,461,747
Auto/Truck Rental on Trips	\$1,169,690	\$1,343,905	\$174,215
Food and Drink on Trips	\$7,332,271	\$8,423,711	\$1,091,440

Data Note: The Consumer Spending data is household-based and represents the amount spent for a product or service by all households in an area. Detail may not sum to totals due to rounding. This report is not a comprehensive list of all consumer spending variables therefore the variables in each section may not sum to totals.

Source: Esri forecasts for 2024 and 2029; Consumer Spending data are derived from the 2021 and 2022 Consumer Expenditure Surveys, Bureau of Labor Statistics.

November 26, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

	Germantown vi...
Population Summary	
2010 Total Population	19,757
2020 Total Population	20,917
2020 Group Quarters	181
2024 Total Population	21,317
2024 Group Quarters	150
2029 Total Population	21,379
2024-2029 Annual Rate	0.06%
2024 Total Daytime Population	24,411
Workers	14,603
Residents	9,808
Household Summary	
2010 Households	7,769
2010 Average Household Size	2.53
2020 Total Households	8,470
2020 Average Household Size	2.45
2024 Households	8,762
2024 Average Household Size	2.42
2029 Households	8,939
2029 Average Household Size	2.37
2024-2029 Annual Rate	0.40%
2010 Families	5,502
2010 Average Family Size	3.04
2024 Families	5,933
2024 Average Family Size	2.94
2029 Families	6,015
2029 Average Family Size	2.89
2024-2029 Annual Rate	0.27%
Housing Unit Summary	
2000 Housing Units	7,086
Owner Occupied Housing Units	76.2%
Renter Occupied Housing Units	21.4%
Vacant Housing Units	2.4%
2010 Housing Units	8,095
Owner Occupied Housing Units	75.7%
Renter Occupied Housing Units	20.2%
Vacant Housing Units	4.0%
2020 Housing Units	8,803
Owner Occupied Housing Units	73.9%
Renter Occupied Housing Units	22.3%
Vacant Housing Units	3.8%
2024 Housing Units	9,092
Owner Occupied Housing Units	73.3%
Renter Occupied Housing Units	23.0%
Vacant Housing Units	3.6%
2029 Housing Units	9,254
Owner Occupied Housing Units	74.3%
Renter Occupied Housing Units	22.3%
Vacant Housing Units	3.4%

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

	Germantown vi...
2024 Households by Income	
Household Income Base	8,762
<\$15,000	3.9%
\$15,000 - \$24,999	5.5%
\$25,000 - \$34,999	4.1%
\$35,000 - \$49,999	7.4%
\$50,000 - \$74,999	14.6%
\$75,000 - \$99,999	13.0%
\$100,000 - \$149,999	25.1%
\$150,000 - \$199,999	12.0%
\$200,000+	14.4%
Average Household Income	\$126,708
2029 Households by Income	
Household Income Base	8,939
<\$15,000	3.4%
\$15,000 - \$24,999	4.2%
\$25,000 - \$34,999	3.3%
\$35,000 - \$49,999	6.4%
\$50,000 - \$74,999	13.5%
\$75,000 - \$99,999	11.9%
\$100,000 - \$149,999	26.1%
\$150,000 - \$199,999	14.6%
\$200,000+	16.7%
Average Household Income	\$142,684
2024 Owner Occupied Housing Units by Value	
Total	6,667
<\$50,000	1.6%
\$50,000 - \$99,999	1.9%
\$100,000 - \$149,999	2.2%
\$150,000 - \$199,999	2.4%
\$200,000 - \$249,999	7.0%
\$250,000 - \$299,999	15.1%
\$300,000 - \$399,999	29.2%
\$400,000 - \$499,999	18.9%
\$500,000 - \$749,999	17.1%
\$750,000 - \$999,999	1.5%
\$1,000,000 - \$1,499,999	2.0%
\$1,500,000 - \$1,999,999	0.5%
\$2,000,000 +	0.5%
Average Home Value	\$419,015
2029 Owner Occupied Housing Units by Value	
Total	6,872
<\$50,000	0.7%
\$50,000 - \$99,999	0.6%
\$100,000 - \$149,999	0.7%
\$150,000 - \$199,999	1.0%
\$200,000 - \$249,999	3.6%
\$250,000 - \$299,999	10.6%
\$300,000 - \$399,999	28.5%
\$400,000 - \$499,999	25.0%
\$500,000 - \$749,999	24.1%
\$750,000 - \$999,999	2.0%
\$1,000,000 - \$1,499,999	2.1%
\$1,500,000 - \$1,999,999	0.5%
\$2,000,000 +	0.7%
Average Home Value	\$471,177

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

		Germantown vi...
Median Household Income		
2024		\$101,888
2029		\$109,678
Median Home Value		
2024		\$367,652
2029		\$417,493
Per Capita Income		
2024		\$52,094
2029		\$59,672
Median Age		
2010		41.5
2020		43.9
2024		44.0
2029		44.9
2020 Population by Age		
Total		20,917
0 - 4		5.2%
5 - 9		5.8%
10 - 14		6.9%
15 - 24		11.1%
25 - 34		10.1%
35 - 44		12.2%
45 - 54		13.6%
55 - 64		16.2%
65 - 74		10.7%
75 - 84		5.8%
85 +		2.5%
18 +		77.9%
2024 Population by Age		
Total		21,317
0 - 4		5.2%
5 - 9		5.6%
10 - 14		6.0%
15 - 24		11.5%
25 - 34		10.5%
35 - 44		12.4%
45 - 54		12.8%
55 - 64		15.4%
65 - 74		11.7%
75 - 84		6.4%
85 +		2.5%
18 +		79.2%
2029 Population by Age		
Total		21,379
0 - 4		5.2%
5 - 9		5.2%
10 - 14		5.8%
15 - 24		10.8%
25 - 34		10.9%
35 - 44		12.3%
45 - 54		12.4%
55 - 64		14.0%
65 - 74		12.9%
75 - 84		7.8%
85 +		2.8%
18 +		80.3%

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

	Germantown vi...
2020 Population by Sex	
Males	10,195
Females	10,722
2024 Population by Sex	
Males	10,568
Females	10,749
2029 Population by Sex	
Males	10,562
Females	10,817
2010 Population by Race/Ethnicity	
Total	19,757
White Alone	92.6%
Black Alone	2.2%
American Indian Alone	0.2%
Asian Alone	3.1%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.5%
Two or More Races	1.4%
Hispanic Origin	2.0%
Diversity Index	17.5
2020 Population by Race/Ethnicity	
Total	20,917
White Alone	86.8%
Black Alone	3.1%
American Indian Alone	0.3%
Asian Alone	4.3%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.7%
Two or More Races	4.7%
Hispanic Origin	3.2%
Diversity Index	28.8
2024 Population by Race/Ethnicity	
Total	21,317
White Alone	84.9%
Black Alone	3.8%
American Indian Alone	0.3%
Asian Alone	5.2%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.8%
Two or More Races	5.0%
Hispanic Origin	3.5%
Diversity Index	32.1
2029 Population by Race/Ethnicity	
Total	21,379
White Alone	83.5%
Black Alone	4.0%
American Indian Alone	0.3%
Asian Alone	5.8%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.9%
Two or More Races	5.4%
Hispanic Origin	3.8%
Diversity Index	34.7

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

	Germantown vi...
2020 Population by Relationship and Household Type	
Total	20,917
In Households	99.1%
Householder	40.6%
Opposite-Sex Spouse	22.9%
Same-Sex Spouse	0.1%
Opposite-Sex Unmarried Partner	2.1%
Same-Sex Unmarried Partner	0.1%
Biological Child	27.7%
Adopted Child	0.7%
Stepchild	0.9%
Grandchild	0.8%
Brother or Sister	0.5%
Parent	0.5%
Parent-in-law	0.1%
Son-in-law or Daughter-in-law	0.2%
Other Relatives	0.4%
Foster Child	0.0%
Other Nonrelatives	1.3%
In Group Quarters	0.9%
Institutionalized	0.6%
Noninstitutionalized	0.3%
2024 Population 25+ by Educational Attainment	
Total	15,267
Less than 9th Grade	1.0%
9th - 12th Grade, No Diploma	2.7%
High School Graduate	18.0%
GED/Alternative Credential	2.3%
Some College, No Degree	13.6%
Associate Degree	11.0%
Bachelor's Degree	34.0%
Graduate/Professional Degree	17.5%
2024 Population 15+ by Marital Status	
Total	17,729
Never Married	28.0%
Married	59.3%
Widowed	5.0%
Divorced	7.8%
2024 Civilian Population 16+ in Labor Force	
Civilian Population 16+	11,854
Population 16+ Employed	98.7%
Population 16+ Unemployment rate	1.3%
Population 16-24 Employed	13.0%
Population 16-24 Unemployment rate	4.2%
Population 25-54 Employed	59.5%
Population 25-54 Unemployment rate	0.9%
Population 55-64 Employed	22.0%
Population 55-64 Unemployment rate	0.6%
Population 65+ Employed	5.6%
Population 65+ Unemployment rate	0.8%

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

	Germantown vi...
2024 Employed Population 16+ by Industry	
Total	11,705
Agriculture/Mining	0.6%
Construction	4.8%
Manufacturing	21.1%
Wholesale Trade	3.8%
Retail Trade	8.4%
Transportation/Utilities	2.8%
Information	1.4%
Finance/Insurance/Real Estate	8.1%
Services	46.9%
Public Administration	2.1%
2024 Employed Population 16+ by Occupation	
Total	11,705
White Collar	72.4%
Management/Business/Financial	21.3%
Professional	32.3%
Sales	8.5%
Administrative Support	10.3%
Services	11.1%
Blue Collar	16.5%
Farming/Forestry/Fishing	0.3%
Construction/Extraction	2.3%
Installation/Maintenance/Repair	2.7%
Production	7.5%
Transportation/Material Moving	3.8%
2020 Households by Type	
Total	8,470
Married Couple Households	56.8%
With Own Children <18	21.6%
Without Own Children <18	35.3%
Cohabiting Couple Households	5.5%
With Own Children <18	1.5%
Without Own Children <18	3.9%
Male Householder, No Spouse/Partner	14.4%
Living Alone	10.4%
65 Years and over	3.2%
With Own Children <18	1.4%
Without Own Children <18, With Relatives	1.9%
No Relatives Present	0.7%
Female Householder, No Spouse/Partner	23.3%
Living Alone	15.7%
65 Years and over	9.5%
With Own Children <18	3.5%
Without Own Children <18, With Relatives	3.5%
No Relatives Present	0.5%
2020 Households by Size	
Total	8,470
1 Person Household	26.2%
2 Person Household	36.6%
3 Person Household	14.7%
4 Person Household	14.6%
5 Person Household	5.5%
6 Person Household	1.5%
7 + Person Household	0.9%

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

		Germantown vi...
2020 Households by Tenure and Mortgage Status		
Total		8,470
Owner Occupied		76.8%
Owned with a Mortgage/Loan		53.4%
Owned Free and Clear		23.4%
Renter Occupied		23.2%
2024 Affordability, Mortgage and Wealth		
Housing Affordability Index		104
Percent of Income for Mortgage		22.6%
Wealth Index		127
2020 Housing Units By Urban/ Rural Status		
Total		8,803
Urban Housing Units		85.9%
Rural Housing Units		14.1%
2020 Population By Urban/ Rural Status		
Total		20,917
Urban Population		84.6%
Rural Population		15.4%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024



Community Profile

Germantown Village, WI
 Germantown Village, WI (5528875)
 Geography: Place

Prepared by Esri

		Germantown vi...
Top 3 Tapestry Segments		
1.		Professional Pride (1B)
2.		Green Acres (6A)
3.		Old and Newcomers (8F)
2024 Consumer Spending		
Apparel & Services: Total \$		\$22,653,660
Average Spent		\$2,585.44
Spending Potential Index		109
Education: Total \$		\$18,070,526
Average Spent		\$2,062.37
Spending Potential Index		119
Entertainment/Recreation: Total \$		\$40,302,262
Average Spent		\$4,599.66
Spending Potential Index		112
Food at Home: Total \$		\$69,559,516
Average Spent		\$7,938.77
Spending Potential Index		109
Food Away from Home: Total \$		\$37,639,232
Average Spent		\$4,295.74
Spending Potential Index		110
Health Care: Total \$		\$75,880,780
Average Spent		\$8,660.21
Spending Potential Index		113
HH Furnishings & Equipment: Total \$		\$30,792,296
Average Spent		\$3,514.30
Spending Potential Index		111
Personal Care Products & Services: Total \$		\$9,626,654
Average Spent		\$1,098.68
Spending Potential Index		110
Shelter: Total \$		\$256,124,613
Average Spent		\$29,231.30
Spending Potential Index		110
Support Payments/Cash Contributions/Gifts in Kind: Total \$		\$35,060,185
Average Spent		\$4,001.39
Spending Potential Index		114
Travel: Total \$		\$30,001,658
Average Spent		\$3,424.07
Spending Potential Index		113
Vehicle Maintenance & Repairs: Total \$		\$14,213,336
Average Spent		\$1,622.16
Spending Potential Index		109

Data Note: Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Source: Consumer Spending data are derived from the 2019 and 2020 Consumer Expenditure Surveys, Bureau of Labor Statistics. Esri.

Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2000 and 2010 decennial Census data converted by Esri into 2020 geography.

November 27, 2024

Demand Considerations

Now that the PMA has been defined and it has been established that the subject's physical and locational characteristics are supportive of the planned development, we will shift the focus to forecasting demand. The primary purpose of the demand analysis is to assess the ability of the subject property to lease up and maintain a stabilized occupancy level and to project the achievable rental rates today and in the future. The fundamental need for retail space is expressed as follows:

A Change In	Leads To	A Change In	Which Leads To	A Change In Demand For
Income	⇒	Effective Buying Power	⇒	Retail Space

Effective buying power is a critical component to a retail demand analysis. Effective buying power is defined in *The Dictionary of Real Estate Appraisal, Seventh Edition*, as, “*The income available for retail spending; gross income less taxes and all nonretail expenditures.*”

Retail space does not create buying power, but is dependent on attracting existing customers from within its market area and capturing a portion of any future buying power as the income of the area grows. Since convenience matters to customers, it follows that the customers closest to the property influence the property the most. Their influence diminishes gradually as the distance increases—hence the three divisions of the market area (primary, secondary, and tertiary).

Inferred Demand Analysis

Inferred demand analysis relies on demand projected on the basis of current market conditions, historical rates of change, and absorption patterns. This level of analysis, also referred to as trend analysis, describes what has historically occurred in the marketplace. Common examples of data observed in inferred analysis for retail space are:

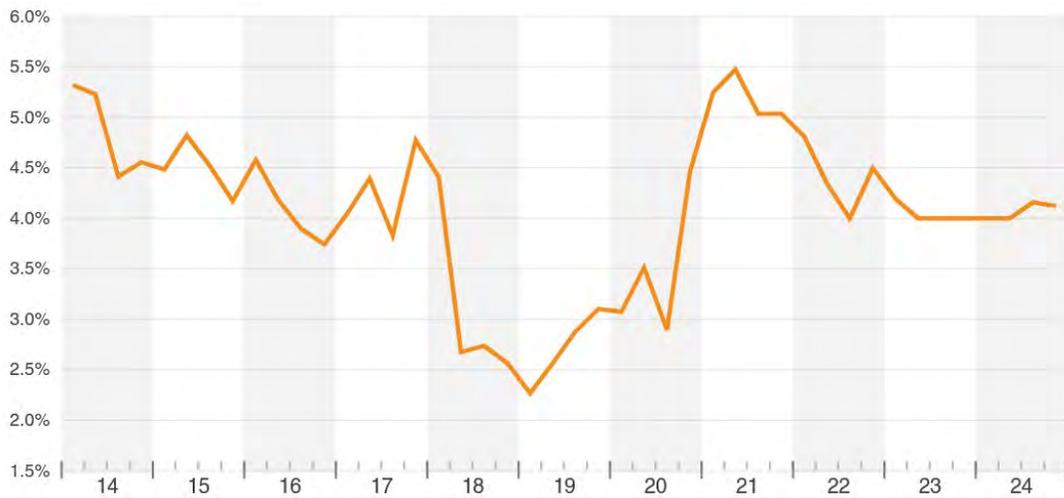
- Vacancy rate trends
- Rent growth trends

It follows that the competitors closest to the property suggest the demand level for the subject property. In many cases, the performance of the competitive properties closest to the subject property—those within its immediate area (the PMA)—are a reliable indication of demand. Thus, inferred data obtained about the performance of the subject property's direct competition can be seen as an adequate indication of the subject property's performance. However, the results are only reliable if market conditions are expected to be relatively stable. While history can be a great indication of the future, this approach is largely a lagging indicator, or the result observed from certain catalysts in the marketplace. If significant changes in supply or

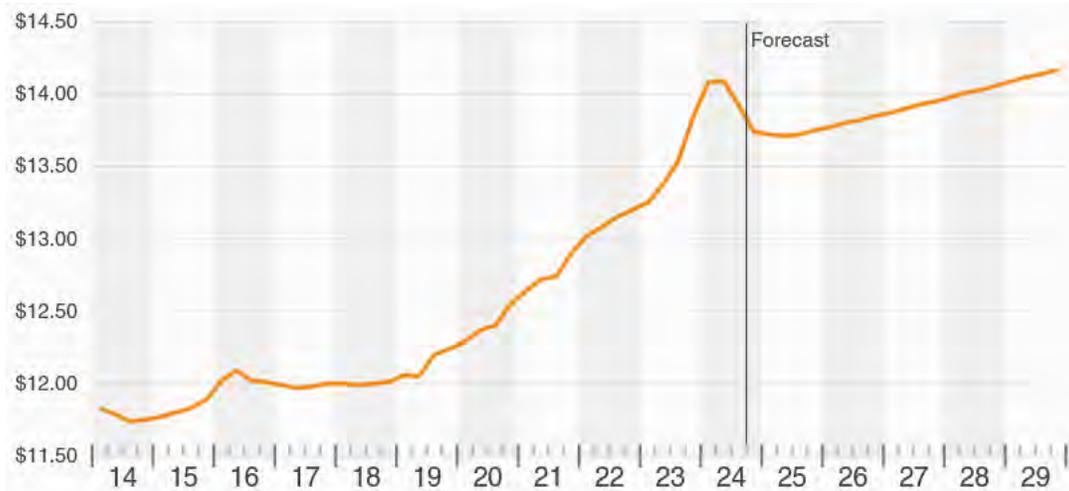
demand are anticipated, a fundamental analysis is typically conducted to develop a reasonable prediction of future market conditions. Even when market conditions have remained relatively stable and are forecasted to remain relatively stable, fundamental demand analyses are often conducted.

We will utilize CoStar to assist with the inferred demand analysis. We delineated the subject’s PMA on CoStar and included all existing retail properties. Per CoStar, there is 1,813,153 square feet of retail space within the PMA. The average vacancy rate of the space is 4.0%. Vacancy rates had generally been declining until the COVID-19 pandemic, at which point vacancy rates spiked from sub-3.0% to near 5.5% and have gradually declined since. In order to achieve a market standard 5.0% vacancy rate, 18,132 square feet of occupied retail space would need to be vacated. Another metric to help establish demand for retail space is rent growth. When rents are increasing, demand is also typically increasing, and vice-versa. Within the PMA, rents have been growing over the last 10 years but showed a slight decline in 2024. CoStar forecasts rent growth to pick back up in 2025 and continue for the next five-plus years.

Vacancy Rates – All Retail Space in PMA



Market Rents – All Retail Space in PMA



The historical data can also be modified to include the more recently completed retail properties in the market to provide an analysis as to how well new construction projects have fared in the PMA over the last 20 years. When including only those retail properties built in the last 20 years, CoStar reports a 0.0% vacancy rate, suggesting there is strong demand for newer retail spaces in the PMA and much of the vacancy in the PMA is generated from the older product in the PMA. Overall, it can be inferred that the increasing rents and low vacancy rates indicate ample demand.

As noted, 18,132 square feet of the existing 1,813,153 square feet of retail space could be vacated and the market would still be at equilibrium. Based on the 4.0% vacancy rate, this implies that there is currently 1,740,627 square feet of occupied space. Dividing this by the 95% equilibrium occupancy rate indicates total current demand of 1,832,239 square feet. Deducting the 1,813,153 square feet of existing space produces a net positive demand figure based on inferred analysis of **19,086 square feet**. It is noted, however, that this figure may actually be larger as there may be pent up demand for new retail space in the PMA. This is suggested given that the majority of the vacant space within the PMA is found within a few larger (60,000 to 150,000 +/- square foot shopping centers that were constructed 20 to 30 +/- years ago.

Fundamental Demand Analysis

As noted, inferred demand analysis is often merely used as a starting point for a demand analysis. Within this next section, I will conduct a fundamental demand analysis for the subject, which is demand projected on the basis of the underlying factors that affect the economic well-being of real estate, such as employment; population; household income, expenditure amounts, and preferences; and spatial growth patterns. These factors are segmented to the subject property's PMA, and then to the subject property. There are three primary ways to forecast demand based on fundamental relationships, which are as follows:

- Buying power segmentation method
- Ratio method
- Sales per capita method (uncommon)

The methods each have their own advantages and disadvantages and developing all three methods isn't always viable. We will discuss, explore, and develop each appropriate method next. Note that current and five-year forecasts will be projected.

Buying Power Segmentation Method

The buying power segmentation method recognizes that the fundamental need for retail space in a market area is related directly to the total amount of effective buying power within the market area. Effective buying power can be estimated based on a percentage of household income. Various data points must be established for the calculations in this method, which are discussed next.

Number of Households in PMA

Based on data provided by ESRI, the number of households in the PMA are as follows:

- **2024:** 8,762
- **2029:** 8,939

Average Household Income in PMA

Based on data provided by ESRI, the average household income in the PMA is as follows.

- **2024:** \$126,708
- **2029:** \$142,684

Total Household Income in PMA

Based on the number of households and average household incomes as of the current and five-year forecast periods, total household income in the PMA is as follows:

- **2024:** \$1,110,215,496
- **2029:** \$1,275,452,276

Percentage of Household Income Spent on Retail Products

Based on the data provided by ESRI in the Retail Demand Outlook report for the PMA, the percentage of household income spent on retail products in the PMA is as follows.

- **2024:** 29.2%
- **2029:** 29.2%

Percentage of Retail Purchases Typically Made at Subject Retail Type

We must segment the retail spending in the PMA and only include those types of uses that could reasonably be expected to be sold at the subject. Given the nature of the subject, it is reasonable to assume that all forms of retail purchases could be made on the subject site (specific development plans are not yet available).

Percentage of Sales Retention in the PMA

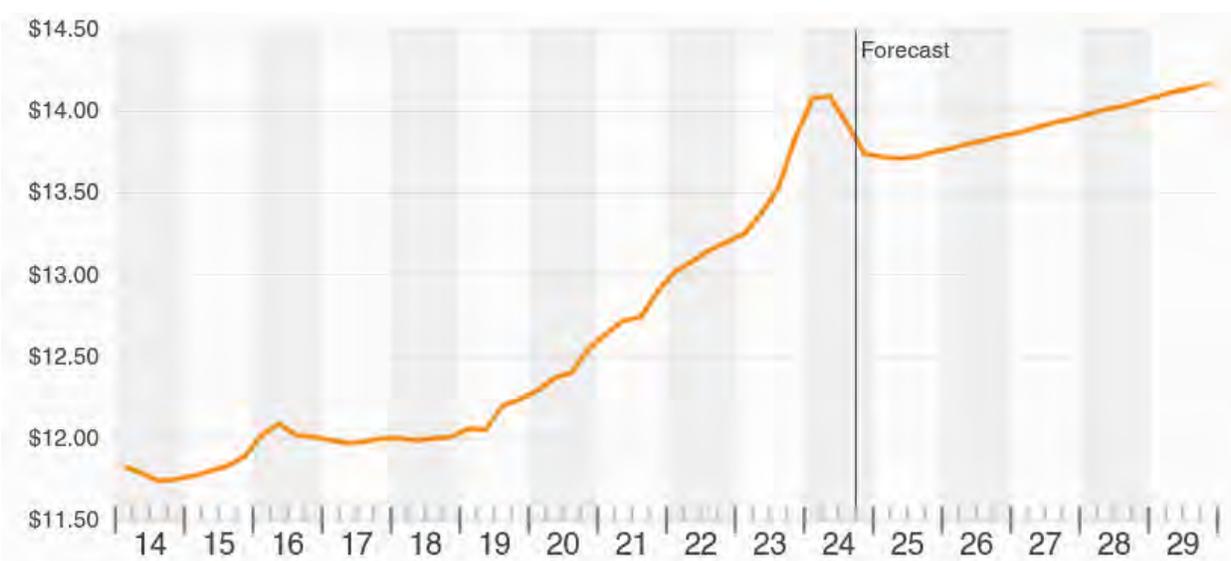
The percentage of retention indicates the total dollars expected to be spent in competitive retail space in the subject property's primary market area. Industry guidelines suggest that competitive shopping centers will capture 70% to 80% of the sales generated by households from the primary market area, with 80% or more typical for convenience goods. Additional sales may be captured from the secondary and tertiary market areas. Based on the foregoing, we project 80% retention.

Estimate of Sales Per Square Foot to be Profitable

The earnings prospects (rents) of a retail property depend upon the retail sales from the property. The estimate of sales required to support one square foot of retail space is the link that converts the income available for retail purchases into the demand for retail space. The estimate of the necessary sales per square foot requires knowledge of typical, local rental rates. Rents are typically reported on a per-square-foot basis. It follows that the rent per square foot must be supported by retail sales per square foot. There is a direct link between the rent per square foot and the retail sales per square foot—higher rent requires higher retail sales.

We will rely on data provided by CoStar in order to project an average market rent for *all retail space in the PMA*. A graph depicting these rents is below. Current market rents are shown to be \$13.80 per square foot, NNN, and are forecast to be around \$14.17 per square foot, NNN, in five years.

Market Rents – All Retail Space in PMA



In order to determine the amount of sales required per square foot to become profitable, we would realistically need to know the type of businesses operating from the subject property. Given the nature of this analysis, this is not known. As such, we will rely on generalized data for markets that have similar rent levels. Based on our research, we will rely on required sales of \$200 per square foot.

Adjusting for Demand from Secondary Market Area

Although retail properties in a primary market area do not typically retain all sales from households in the primary market area, additional sales can be captured from households in the secondary and tertiary market areas. In an average market, sales that leak out of the primary market will be approximately offset by sales captured from secondary and tertiary markets, and total sales will equal approximately 100% primary market retention. Sales in above-average markets will exceed 100% retention and sales in below-average markets will

be below 100% retention. Centrally located markets may be better able to attract sales from outside the primary market than more outlying or less mature markets. Retail markets with employment nodes, tourists, or other draws may be better able to attract sales from households outside the primary market than markets that lack such draws.

The subject is located in the Village of Germantown. There are few major commercial corridors positioned to the south in Menomonee Falls and to the east of the subject in the Mequon / Thiensville market, but there is ample residential development in these areas. As such, it is likely that the subject will draw sales from secondary market area above and beyond what is offset by the sales lost from households within the PMA. We project 20% of the subject's sales will come from the secondary market area.

Non-Retail Users within Retail Centers

Within "retail" centers, shopping centers, and the like, it is common that not all spaces will be occupied by retail users. Often, some of the space is occupied by an office / service-type user (an insurance company, financial planning company, etc.) or a medical office type user (a dental clinic, eye care clinic, etc.). Based on my analysis of typical tenant bases at multi-tenant properties such as the subject, we estimate that approximately 25% of the "retail" space will be occupied by one of these non-traditional-retail users.

Equilibrium Occupancy / Vacancy Rate

The data collected up to this point will provide an indication of the demand for *occupied* space. Healthy markets require a certain amount of vacant space to allow for tenant turnover, among other considerations. According to The Dictionary of Real Estate Appraisal, Seventh Edition, Equilibrium Vacancy is defined as, "The amount of vacancy that would be expected for a given market when it is at equilibrium. Also known as *normal vacancy* or *natural vacancy*." Essentially, the indicated demand for occupied space must be divided by (1 minus the equilibrium vacancy rate), or more simply stated, divided by the equilibrium occupancy rate.

As outlined earlier and shown again below, vacancy rates in the PMA are low and currently sit around 4.0%. Healthy markets typically require a minimum of a 5.0% vacancy rate, on average. Given that current vacancy rates are below this, we will utilize the minimum 5.0% vacancy rate as the equilibrium vacancy rate (95.0% as the equilibrium occupancy rate).

Residual / Net Demand Considerations

While the preceding data collected will provide an indication of the demand for retail space in the PMA, we must compare this indication to the amount of retail space that currently exists in the PMA as well as to the amount of space in the pipeline and the amount of planned subject space, which is not known at this time. These are discussed next.

Current Inventory

As outlined in the inferred demand analysis, the existing supply is 1,813,153 square feet.

Pending Supply

To identify the pending supply, I contacted local planning departments, held discussions with market professionals, and utilized various third-party sources, such as CoStar. The only true retail development in the pipeline that we could identify was a development in the early planning stages northeast of Fond du Lac Avenue and Donges Bay Road. The multi-phase development is to include a 20,000 square foot commercial building and two mixed-use buildings with unspecified / indetermined commercial square footage. For purposes of this analysis, we will assume 20,000 square feet of retail space in the pipeline.

Subject Square Feet

The square footage of the subject's retail space is not yet known. As this study is focusing on the pure demand for additional commercial space, the subject's square footage will be set to 0 square feet.

Demand Summary – Buying Power Segmentation Method

A table summarizing the demand estimates from the Buying Power Segmentation Method is below. As shown, there is a net positive demand of 6,821 square feet in current figures and net positive demand of 48,609 square feet as of the five-year forecast. These figures assume all pending supply included herein is built and the existing market supply stabilizes. As a reminder, the inferred demand analysis conducted earlier indicated a current net positive demand of 19,086 square feet.

Demand Calculation - Buying Power Segmentation Method				
#	Line Item	Current	5-Year	Comment
1	# Households in PMA	22,290	22,000	Per ESRI
2	Average Household Income	\$180,376	\$202,412	Per ESRI
3	Total Household Income in PMA	\$4,020,581,040	\$4,453,064,000	Line 1 x Line 2
4	% of Income Spent on Retail	23.0%	23.0%	Per ESRI
5	Total Retail Sales Potential	\$924,733,639	\$1,024,204,720	Line 3 x Line 4
6	% of Retail Sales by Subject Type	40.0%	40.0%	Reconciled ESRI Data
7	Total Potential Sales	\$369,893,456	\$409,681,888	Line 5 x Line 6
8	% of Retention of Sales in PMA	90.0%	90.0%	CVS Estimate
9	Retail Sales Potential from PMA	\$332,904,110	\$368,713,699	Line 7 x Line 8
10	Sales Required Per SF	\$250	\$250	CVS Estimate
11	Demand for SF of Retail from Households in PMA	1,331,616	1,474,855	Line 9 / Line 10
12	% Estimate of Demand from SMA	20.0%	20.0%	CVS Estimate
13	Total Estimate of Demand from SMA	266,323	294,971	Line 11 x Line 12
14	Total Retail Demand from PMA & SMA	1,597,940	1,769,826	Line 11 + Line 13
15	% of Non-Retail Users at Subject	25.0%	25.0%	CVS Estimate
16	Plus Demand for Non-Retail Use	399,485	442,456	Line 14 x Line 15
17	Total Demand for Occupied Retail & Office/Service Space within PMA	1,997,425	2,212,282	Line 14 + Line 16
18	Equilibrium Vacancy Rate	5.0%	5.0%	CVS Estimate
19	Adjusted Demand for Retail & Office/Service Space within PMA	2,102,552	2,328,718	Line 17 / (1 - Line 18)
20	Existing Supply (SF)	2,029,918	2,029,918	CoStar
21	Pending Supply (SF)	0	166,061	CoStar & CVS Research
22	Total Subject SF	14,882	14,882	Per Plans
23	Residual / Net Demand (SF)	57,752	117,857	Line 19 - Lines 20, 21, 22

Demand Analysis – Ratio Method

The ratio method is a hybrid application that incorporates both inferred and fundamental data. In this case, it is based on the relationship between occupied retail space and current population. In applying the ratio method, the analyst first uses inferred data to calculate the current occupied retail square footage per household in the market area. Then the analyst uses this ratio in conjunction with a household forecast to estimate the demand for additional occupied retail space in the market area. The method is only applicable if the following conditions can be met:

- There must be *no* evidence of pent-up demand; that is, current retail vacancy must be no less than equilibrium vacancy, and there must be no other evidence of unsatisfied demand. Otherwise, the current relationship between total households and occupied retail space would be an inaccurate representation of current demand.
- Future population composition is expected to remain the same as current composition; that is, income characteristics are not expected to change.
- Future retention of sales in the primary and secondary market areas is not expected to change.
- Future percentage of non-retail use is not expected to change.

This method is inapplicable for the subject given that the first condition outlined above cannot be met. Current market retail vacancy rates are below equilibrium vacancy. Additionally, the second condition can also not be met given that incomes in the area are expected to increase rather dramatically over the next five years, per ESRI. Based on the foregoing, the ratio method is inapplicable for the subject.

Demand Analysis – Sales Per Capita Method

This method, which analyzes retail sales per capita, is not commonly developed and is only utilized when there is inadequate data available to support other methods. As we was able to conduct a reliable inferred demand analysis and a fundamental demand analysis via the Buying Power Segmentation Method, the Sales Per Capita Method will not be developed.

Demand Conclusion

The Buying Power Segmentation Method showed net positive demand of 6,821 square feet in current figures and net positive demand of 48,609 square feet as of the five-year forecast. The inferred demand analysis indicated that 18,132 square feet of the existing supply could be vacated and the market would still be at equilibrium. In other words, the inferred demand analysis suggests 19,086 square feet of additional retail space could be constructed in the PMA and the market would still be at equilibrium. These figures are based on typical household growth over the next five years. Certainly, retail demand will increase if large residential projects are delivered in the market over this time period – especially if the subject is part of a larger mixed-use / towne center type development project. Based on the data analyzed herein, it is clear that there is ample demand for additional retail space in the PMA.

Market Rent Analysis – Retail

As there are no firm development plans in-place for the subject and we do not know the size of individual suites, whether suites are corner or in-line suites, whether suites will be general retail suites, restaurants, etc.; our market rent analysis will be presented in very broad terms.

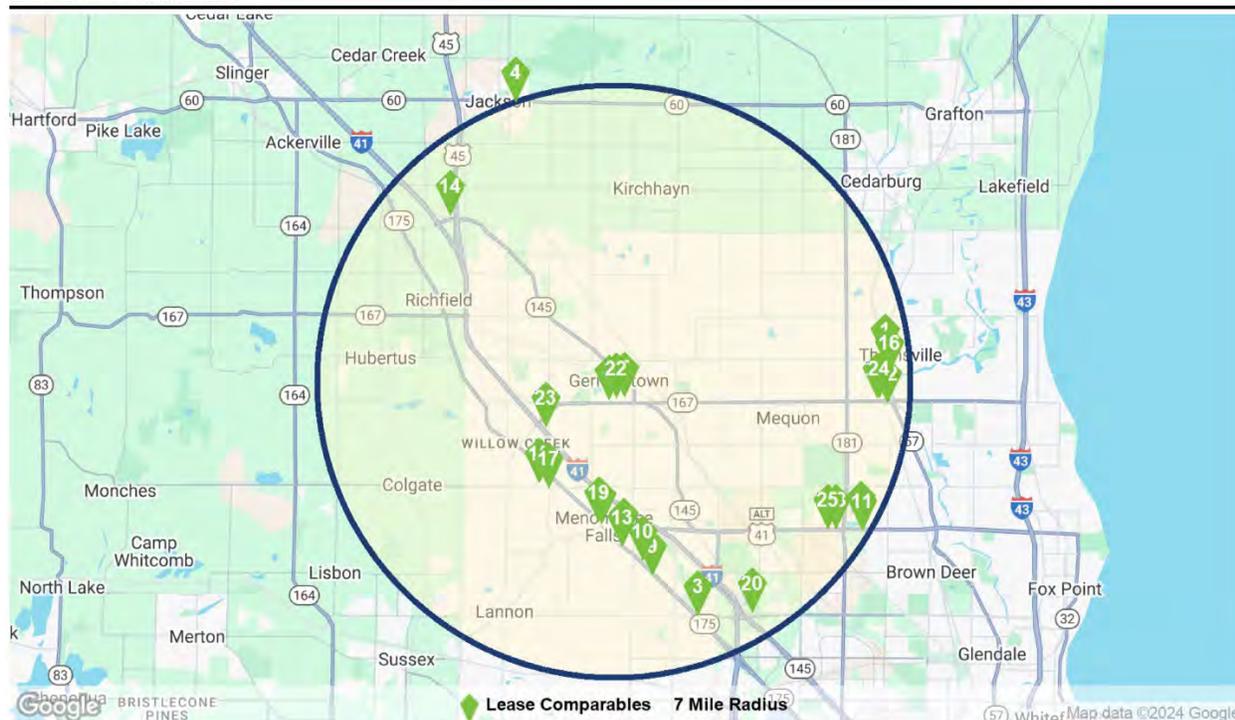
In order to drive opinions of market rent for retail, we will analyze comparable leasing transactions from the market area as well as analyze rental rates being advertised at available space in the market. Additionally, we held discussions with active local market professionals. Leasing details for leases signed in the last several years for street level commercial space in the market are summarized on the following pages. Note that the geographical area was expanded beyond the PMA in order to find sufficient leasing data.

Lease Comps Summary

Lease Comps Report

Deals	NNN Asking Rent Per SF	NNN Starting Rent Per SF	Avg. Months On Market
40	\$16.55	\$15.58	23

LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
NNN Asking Rent Per SF	15	\$11.00	\$16.55	\$17.00	\$33.00
NNN Starting Rent Per SF	4	\$10.50	\$15.58	\$16.45	\$20.50
NNN Effective Rent Per SF	-	-	-	-	-
Asking Rent Discount	2	-28.1%	-14.2%	-7.8%	12.5%
TI Allowance	2	\$40.00	\$45.00	\$45.00	\$50.00
Months Free Rent	-	-	-	-	-

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	39	1	23	12	152
Deal Size	40	400	2,699	2,076	10,632
Deal in Months	19	12.0	51.0	36.0	180.0
Floor Number	40	1	1	1	1

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1 217-227 N Main St	★★★★☆	1,975	1st	11/6/2024	New Lease	\$10.50/nnn	Starting
2 North Hills Plaza 15880 Appleton Ave	★★★★☆	3,526	1st	11/1/2024	New Lease	\$12.00/fs	Asking
3 SEC of Appleton Avenue...	★★★★☆	3,462	1st	10/3/2024	New Lease	\$28.00/nnn	Asking
4 N168W20069 E Main St	★★★★☆	850	1st	9/29/2024	New Lease	\$13.71/mg	Asking
5 Pavilion Plaza 6900-6924 W Brown Deer...	★★★★☆	3,000	1st	5/13/2024	New Lease	\$12.00	Starting
6 N112W16510 Mequon Rd	★★★★☆	1,400	1st	1/2/2024	New Lease	\$15.00	Asking
7 Sendik's Village Centre N112W15800 Mequon Rd	★★★★☆	1,200	1st	9/18/2023	New Lease	\$18.00	Asking
7 Sendik's Village Centre N112W15800 Mequon Rd	★★★★☆	6,410	1st	9/1/2023	New Lease	\$16.00	Asking
8 N88W16733 Appleton Ave	★★★★☆	650	1st	8/7/2023	New Lease	\$14.00	Asking
4 N168W20069 E Main St	★★★★☆	900	1st	8/1/2023	New Lease	\$13.33/+elec	Starting
4 N168W20069 E Main St	★★★★☆	400	1st	8/1/2023	New Lease	\$13.50/+elec	Starting
9 N79W14749 Appleton Ave	★★★★☆	2,298	1st	7/26/2023	New Lease	\$17.00/nnn	Asking
8 N88W16733 Appleton Ave	★★★★☆	1,950	1st	7/24/2023	New Lease	\$13.54/mg	Starting
10 Falls Plaza N81W15066-N81W15182...	★★★★☆	6,485	1st	4/1/2023	New Lease	\$13.00/nnn	Starting
11 Sequoia Shopping Center 6801-6917 W Brown Deer...	★★★★☆	3,000	1st	3/7/2023	New Lease	\$55.99/fs	Starting
12 River Centre 6001-6111 W Mequon Rd	★★★★☆	891	1st	1/11/2023	New Lease	\$17.00/nnn	Asking
12 River Centre 6001-6111 W Mequon Rd	★★★★☆	4,526	1st	1/11/2023	New Lease	\$17.00/nnn	Asking
12 River Centre 6001-6111 W Mequon Rd	★★★★☆	1,246	1st	12/12/2022	New Lease	\$17.00	Asking
13 N84W15909 Appleton Ave	★★★★☆	1,200	1st	11/24/2022	New Lease	\$14.50/nnn	Asking
14 3010 Building 3010 Helsan Dr	★★★★☆	1,646	1st	11/1/2022	New Lease	\$13.00	Starting
14 3010 Building 3010 Helsan Dr	★★★★☆	1,490	1st	11/1/2022	New Lease	\$13.00	Starting

Lease Comps Summary

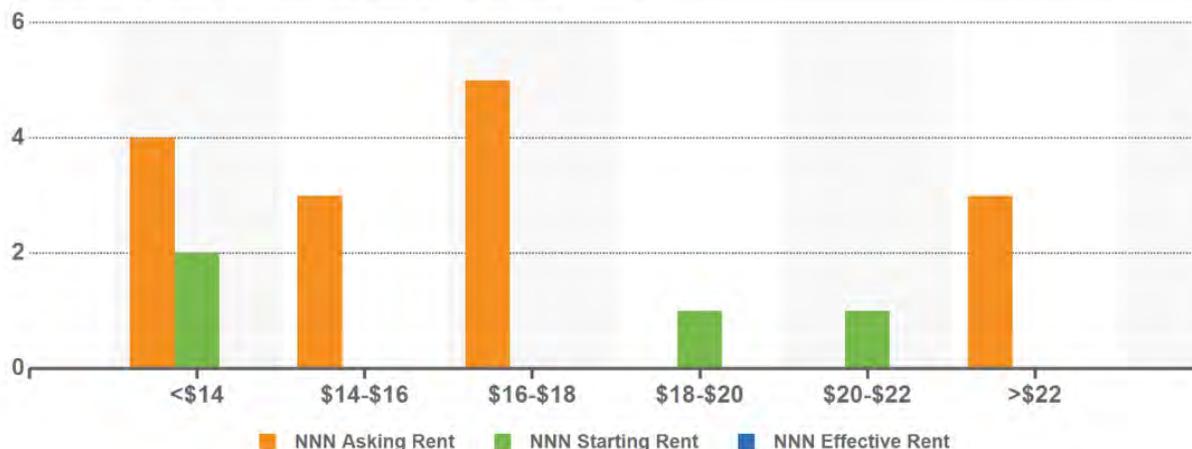
Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
12 River Centre 6001-6111 W Mequon Rd	★★★★★	4,328	1st	8/7/2022	New Lease	\$17.00/nnn	Asking
10 Falls Plaza N81W15066-N81W15182...	★★★★★	2,825	1st	7/12/2022	New Lease	\$20.50/nnn	Starting
15 Germantown Plaza III N96W19120-N96W19180...	★★★★★	5,000	1st	6/20/2022	New Lease	\$16.00/nnn	Asking
16 119-131 Green Bay Rd	★★★★★	1,240	1st	6/15/2022	New Lease	\$13.50/+util	Starting
17 Shoppes Of Maple Ridge N96W18743 County Line Rd	★★★★★	1,138	1st	5/24/2022	New Lease	\$10.00	Asking
18 7817 W Brown Deer Rd	★★★★★	940	1st	5/15/2022	New Lease	\$14.68	Asking
19 N89W16811 Appleton Ave	★★★★★	2,400	1st	5/2/2022	New Lease	\$19.50	Asking
16 119-131 Green Bay Rd	★★★★★	1,440	1st	3/29/2022	New Lease	\$13.00/+util	Starting
20 Liberty Plaza 10855 W Park Pl	★★★★★	10,632	1st	3/29/2022	New Lease	\$11.00/nnn	Asking
21 6305 W Mequon Rd	★★★★★	2,836	1st	3/14/2022	New Lease	\$33.00/nnn	Asking
22 Germantown Marketplace N112W16200-N112W163...	★★★★★	3,400	1st	3/13/2022	New Lease	\$14.00/nnn	Asking
22 Germantown Marketplace N112W16200-N112W163...	★★★★★	7,356	1st	3/13/2022	New Lease	\$14.00/nnn	Asking
12 River Centre 6001-6111 W Mequon Rd	★★★★★	4,550	1st	3/4/2022	New Lease	\$17.00	Asking
23 W188N10707 Maple Rd	★★★★★	2,400	1st	3/1/2022	New Lease	\$11.00	Asking
18 7817 W Brown Deer Rd	★★★★★	1,000	1st	2/18/2022	New Lease	\$16.20/fs	Starting
12 River Centre 6001-6111 W Mequon Rd	★★★★★	1,800	1st	1/11/2022	New Lease	\$18.00/nnn	Asking
24 6300 W Mequon Rd	★★★★★	1,021	1st	1/6/2022	New Lease	\$24.00/nnn	Asking
25 Enterprise Rent-A-Car 8205 W Brown Deer Rd	★★★★★	2,992	1st	1/1/2022	Renewal	\$19.89/nnn	Starting
2 North Hills Plaza 15880 Appleton Ave	★★★★★	2,178	1st	12/1/2021	New Lease	\$12.12/fs	Starting

Rents

Lease Comps Report			
NNN Asking Rent Per SF	NNN Starting Rent Per SF	NNN Effective Rent Per SF	Avg. Months Free Rent
\$16.55	\$15.58	-	-

DEALS BY NNN ASKING, NNN STARTING, AND NNN EFFECTIVE RENT



Rents ranged from \$10.00 per square foot to \$33.00 per square foot, NNN, with one outlier at \$55.99 per square foot, full service gross. The average rent for the NNN lease structures was around \$16.00 per square foot. The average amount of space leased was 2,699 square feet. In terms of spaces located within Germantown along West Mequon Road, lease rates ranged from \$14.00 to \$18.00 per square foot, NNN. These spaces are located within multi-tenant strip centers that were constructed between 1990 and 2005. In terms of lease listings for available retail space within Germantown, active listings were between \$14.00 and \$18.00 per square foot, NNN, along West Mequon Road

Some of the important factors to consider when determining an appropriate market rent for retail space are summarized as follows:

Location: This considers population and income levels in the area and the overall desirability of the location from more of a macro perspective. The subject is well-positioned along a commercial thoroughfare with ample population and income levels to support a retail use.

Access & Visibility: This considers the accessibility and visibility of the development as a whole from a micro perspective. Corner lot locations are superior to midblock locations. Additionally, how easily accessible the site is from surrounding roadways is factored herein. The subject has a corner lot location and is easily accessible from surrounding roadways. Given the large site size, it is likely the subject will feature some retail pads with corner locations and midblock locations.

Year Built: Newer construction properties typically command higher rents than older properties given changes in design tastes. The subject will represent brand new construction.

Suite Size: Larger suites will typically rent for less on a per-square-foot basis, and vice-versa, given economies of scale.

Corner vs. In-Line Suite: Corner suites typically rent for more than an in-line suite, all else held equal. The subject is assumed to have a mix of corner and in-line suites.

Anchor Tenants: Properties that are located in a well-anchored development or area will typically rent for more than freestanding retail properties that are not in proximity to an anchor, such as a grocery store, big box store, or similar. It is unknown if the subject will feature any anchor tenants.

TI's / Build-Out: When higher TI allowances are offered and/or when spaces are more extensively built out, higher rents are typically achieved.

These lease rates analyzed herein are primarily not reflective of first generation lease rates, but rather, spaces that are being re-leased after the original and/or various additional prior tenants have vacated the space. Often, the space is already built-out and tenants are taking the space "As Is" or with a minimal tenant improvement (TI) allowance given by the landlord. Higher lease rates are achieved for new construction projects as the spaces typically command significantly higher TI allowances.

Typically, for new construction commercial space, the space is delivered in a grey shell condition (bare stud / block walls, no flooring, no lighting, no plumbing, no electrical, etc.) or white box condition (minimal plumbing, electrical, concrete floors, etc.). When a tenant is procured and a lease is signed, the landlord typically offers a TI allowance ranging anywhere from \$10.00 to \$75.00+ per square foot, which goes towards the build-out of the space. In general, the higher the tenant improvement allowance, the higher the base rental rate and/or the longer the lease term.

Landlords are typically willing to offer higher tenant improvement allowances to higher quality tenants with longer initial lease terms. Traditional retail spaces will typically command rental rates in the \$25.00 - \$30.00+ per square foot, NNN, range – depending how extensive the build-out is. Restaurants, cafes, and other similar spaces tend to command more extensive build-outs than a traditional retail tenant or a financial services tenant, for example, and will therefore command a higher lease rate due to the more extensive build-out.

It is also common for the base rental rate in a new construction lease to be reflective of a prevailing market rent (i.e. \$16.00 - \$18.00 +/- per square foot, NNN) and the tenant improvement allowance is then repaid to the landlord throughout the term of the lease as additional rent / TI amortization. For second or third-plus

generation tenants (i.e. tenants that are leasing space that was previously finished and utilized by another tenant), prevailing market rents (i.e. \$16.00 - \$18.00 +/- per square foot, NNN) are typically achieved with much lower tenant improvement allowances. Some tenants are also willing to take space "As Is" with no tenant improvement allowance; however, lower rental rates can be expected compared to if a TI allowance was offered.

It is also important to note that smaller suites typically rent for more on a per-square-foot basis than larger suites. Large spaces, such as spaces to be occupied by a grocery store or a health club, will typically command a much lower rent per square foot when compared to a 1,500 square foot general retail suite, for example. Additionally, corner suites will rent for more than an in-line suite, all else held equal.

Forecasting a specific market rent for new construction becomes somewhat academic in nature as the ultimate lease rate will be highly dependent on the tenant, their space requirements in terms of both size and build-out, the length of the lease, and other lease terms.

OFFICE MARKET ANALYSIS

This section provides details on the condition of the office market and its impact on the subject property from both a national and local perspective. After a review of the office market conditions nationally (Subsection I), we will take a more local look at the office market (Subsection II).

Subsection I: National Office Market Overview

The information contained below was excerpted from the PwC National Suburban Office Market Survey – Third Quarter 2024 (the most recent publication available). Excerpts from a 2024 National Office Market Report provided by Marcus & Millichap then follows.

NATIONAL SUBURBAN OFFICE MARKET

Third Quarter 2024

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	7.25% – 10.00%	7.25% – 9.75%	6.50% – 9.50%	5.50% – 10.00%	6.00% – 11.00%
Average	8.75%	8.59%	7.88%	7.48%	7.63%
Change (Basis Points)		+ 16	+ 87	+ 127	+ 112
OVERALL CAP RATE (OAR)^a					
Range	5.00% – 9.10%	5.00% – 8.25%	5.00% – 8.00%	3.60% – 9.00%	4.00% – 9.25%
Average	7.34%	6.54%	6.54%	6.07%	6.28%
Change (Basis Points)		+ 80	+ 80	+ 127	+ 106
RESIDUAL CAP RATE					
Range	6.00% – 9.00%	6.00% – 8.50%	6.00% – 10.50%	4.50% – 8.00%	5.25% – 9.50%
Average	7.74%	7.41%	7.50%	6.30%	7.10%
Change (Basis Points)		+ 33	+ 24	+ 144	+ 64
MARKET RENT CHANGE^b					
Range	(6.00%) – 3.00%	(6.00%) – 3.00%	(6.00%) – 3.00%	0.00% – 5.00%	0.00% – 5.00%
Average	(0.10%)	0.00%	0.00%	1.60%	1.93%
Change (Basis Points)		- 10	- 10	- 170	- 203
EXPENSE CHANGE^b					
Range	0.00% – 5.00%	0.00% – 5.00%	0.00% – 5.00%	0.00% – 3.00%	0.00% – 4.00%
Average	2.50%	2.50%	2.65%	2.08%	2.39%
Change (Basis Points)		0	- 15	+ 42	+ 11
MARKETING TIME^c					
Range	3 – 15	2 – 15	1 – 15	2 – 15	1 – 12
Average	9.6	9.5	9.1	7.2	5.9
Change (▼, ▲, =)		▲	▲	▲	▲
FORECAST VALUE CHANGE^d					
Range	(30.0%) – 1.0%	(60.0%) – 5.0%	(40.0%) – 1.0%	(5.0%) – 10.0%	(5.0%) – 10.0%
Average	(9.3%)	(14.0%)	(14.6%)	1.6%	2.2%
Change (▼, ▲, =)		▲	▲	▼	▼

a. Rate on unleveraged, all-cash transactions b. Year-one rate of change c. In months d. Over next 12 months

Source: PwC Investor Survey; survey conducted by PwC during July 2024

EXECUTIVE SUMMARY

NATIONAL OFFICE MARKET INDEX (NOMI)

- Sun Belt metros claim many of the top spots in this year's Index, characterized by high levels of in-migration and business relocations. Florida markets generally lead this group. Similarly, high-growth secondary markets like Austin, Las Vegas, Phoenix and Charlotte also rank in the top half of the NOMI, as well as metros with prominent employment bases like New York City.
- Historically dominant office markets have experienced a delayed recovery after pandemic-era disruptions amid lingering work-from-home trends. Bay Area metros, Los Angeles, Chicago and Washington, D.C. have all been similarly restrained to the middle and lower sections of the Index. Mid-sized markets hindered by static population dynamics also fall lower in the rankings.

NATIONAL ECONOMY

- Clarity will emerge on the full impact of monetary policy adjustments made by the Federal Reserve this year, including effects on the pace of inflation and the velocity of hiring. Stronger-than-expected GDP growth and employment gains in 2023 suggest that the Fed's soft landing outcome is increasingly likely, barring any policy overcorrection or escalating geopolitical conflicts.
- Corporate bankruptcies rose in 2023, a warning sign that businesses are under increased stress. Companies that faced challenges prior to COVID-19 are likely to be most vulnerable to complications brought on by elevated borrowing costs. As corporate debt comes due, businesses will look for avenues to reduce debt and improve liquidity, including evaluating their use of office space.

NATIONAL OFFICE OVERVIEW

- Pandemic-era work disruptions will persist in 2024. The office sector will consequently contend with a reduction in space needs. Office utilization data and a growing understanding of hybrid work needs will allow firms to better adjust existing office leases, translating to muted space demand this year.
- The office sector lacks a one-size-fits-all performance trend. Regional, metro and property-level differences are becoming increasingly clear based on tenant profiles, demographics and accessibility. The prevalence of telework in specific industries or areas is a key indicator of asset performance.

CAPITAL MARKETS

- Following interest rate hikes throughout 2022 and 2023, the Fed is largely expected to cut rates this year. The likely end to the Fed's interest rate hiking cycle and lower inflation expectations are reining in the 10-year Treasury. Still, the Federal Open Market Committee has not ruled out additional policy tightening if inflation proves more difficult to restrain than originally anticipated.
- Lenders have exhibited an abundance of caution when underwriting office deals as the sector faces an uncertain future and banks have undergone increased scrutiny. As the banking sector distances itself from the closures that dominated headlines in early 2023, borrowers could find more financing opportunities in the coming year. Potential interest rate cuts could also narrow the lender spread, enabling a modest deal flow recovery.

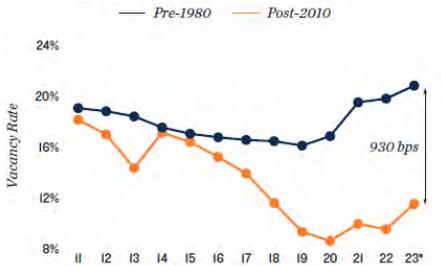
INVESTMENT OUTLOOK

- Price discovery is still underway, but buyer and seller expectations have begun to realign in lower price brackets. Private buyers, in particular, have stayed active as some investors capitalize on discounted prices. Acquisition activity also differs among primary, secondary and tertiary markets. Tertiary metros have noted a less dramatic pullback in investment activity as lower entry costs and higher cap rates draw buyers.
- Some metros with elevated in-migration surpassed their 2019 transaction levels last year. Sun Belt markets, particularly, continue to generate investment opportunities as they welcome an influx of residents and employers, despite rising insurance costs. Some investors may also find opportunistically-priced assets in primary markets as uncertainty around hybrid work persists.

Suburban Vacancy Tighter Than Downtown



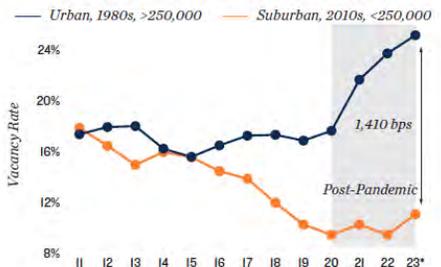
Newer Builds Have Lower Vacancy Rates



Office Towers Hold the Most Vacant Space



New, Small Suburban Assets Outperform



Tenant Demand is Varied

- **Downtown office buildings face the greatest vacancy increase.** While available office space has risen in most metros since the onset of the health crisis, major downtown areas have been the hardest hit. Across the U.S., the overall downtown vacancy rate ended last year above 19 percent, up more than 400 basis points from where it was pre-pandemic. Vacancy across the nation's suburbs has climbed less drastically, entering this year near 17 percent, close to where that metric was at the start of the previous decade. Much of this trend has arisen from millennials moving to suburbs in recent years, and company efforts to shorten employee commutes.
- **Older office buildings most impacted.** Vacancy rates have elevated across all office vintages. However, properties constructed before 1980 are reporting higher vacancy rates than newer facilities, surpassing 20 percent. Buildings completed after 2010 are, meanwhile, holding a starkly lower vacancy rate, sitting just above 11 percent. This illustrates company demand for modern, highly-amenitized space. Newer builds are likely to continue outperforming as firms look for ways to incentivize in-person work.
- **Companies favor smaller floor plans.** Properties larger than 250,000 square feet, including office towers, are significantly more vacant than sub-250,000-square-foot assets. When this attribute is combined with age and location, the effects compound. Suburban offices built since 2010 that are smaller than 250,000 square feet recorded a vacancy rate below 11 percent last year, while larger, older urban property vacancy crested 25 percent. This combination suggests that, for at least the near future, newer, suburban office properties that are mid- to small-size should be expected to outperform.



2023 vacancy in pre-1980 builds larger than 250,000 square feet, located in urban cores

Overall 2024 vacancy forecast for all office properties in the U.S.

2023 vacancy in post-2010 builds smaller than 250,000 square feet, located in suburban areas.

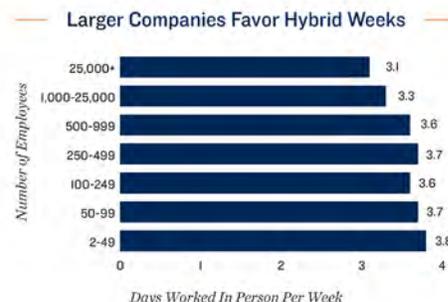
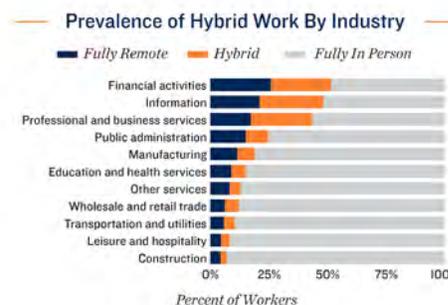
Companies Rightsize Footprints; Tenant Profiles, Property Age and Size Impact Local Performance

Access to utilization data informs company space decisions. The office sector is still contending with major space-use adjustments, as companies re-balance the need for physical space against a push for hybrid and remote work sparked by the global health crisis. While the total occupied space has shrunk by 2.6 percent from pre-COVID levels, perspectives on the sector’s outlook are beginning to emerge. Stemming from the prevalence of new hybrid work policies, ways of tracking office utilization and occupancy have been increasingly implemented by firms. Four years on from the health crisis, companies now have a better understanding of what hybrid work means for their employees, allowing them to adjust office leases accordingly. The number of leases signed in 2023 increased relative to 2019, but the mean size of these commitments fell. As contracts expire, numerous firms are implementing a “smaller footprint, but higher quality” strategy, translating to muted overall space demand in 2024, while shifting demand away from areas with an elevated cost-of-living and a higher ratio of inbound commuters to residents. Tenants are most active in seeking higher quality or newer space in areas that have received an influx of new residents: Miami-Dade is one such example. The metro is one of the only major U.S. markets to record a vacancy rate below the 2019 mark exiting 2023.

Office performance spans wide spectrum. Markets facing extreme conditions, like San Francisco, have dominated headlines, but the office sector is proving to be increasingly nuanced. There is no one-size-fits-all office performance trend. Smaller metros like Louisville and Memphis have maintained vacancy rates below 12 percent, while larger primary markets like San Francisco and Houston sit with nearly a fourth of their total stock vacant. Going forward, fundamentals will be driven by each metro’s profile. Markets with a high concentration of industries able to telework some hours per week — such as software development, finance, insurance, and professional and technical services — are likely to have more impacted office sectors.

2024 NATIONAL OFFICE OUTLOOK

- Federal policies assist office redevelopment.** It is estimated that only 15 percent of offices in the 105 largest U.S. CBDs are suitable for residential conversion. Still, new policies from the Department of Transportation unlocked \$35 billion in available lending capacity for transit-oriented development projects at below market interest rates, making conversions easier to finance. This could turn some eyes to redevelopment projects in 2024.
- Future demand-driving industries emerge from AI.** The next wave of office demand may come from AI firms that value in-person interaction as these companies take advantage of discounted rents in tech hubs. OpenAI and Anthropic are moving into 445,000- and 230,000-square-foot spaces, respectively, in San Francisco this year.
- WeWork’s future is murky, but unlikely to depress the entire sector.** In late 2023, WeWork made headlines when the coworking company filed for Chapter 11 bankruptcy and successfully rejected 62 office leases in the U.S. alone. New York held 36 of these leases, spanning 1.5 million square feet of space. While these individual properties will be heavily impacted, this accounts for just 0.2 percent of all New York stock, and even less in other affected metros like Boston, Chicago and Los Angeles. The overall office sector is unlikely to register a significant impact.



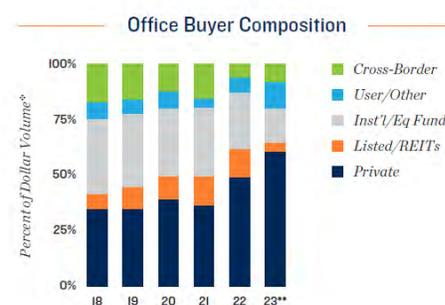
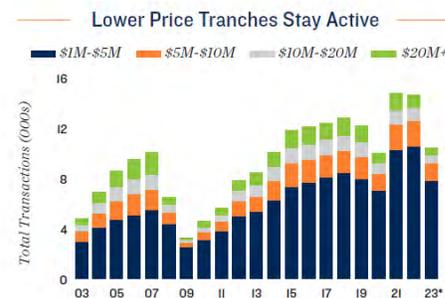
Investors Finding Opportunities, Even Amid Uncertainty; Stabilizing Interest Rates Aid Climate

Buyer/seller expectations realign. Despite pandemic-induced uncertainty on the future of office space demand, transactions reached a record high in 2021 and only started to cool exiting 2022 amid capital market headwinds. By comparison, trades were fewer during 2023 due to reduced capital availability, but the prospect for 2024 interest rate cuts could help. Greater clarity can be found by examining specific segments of the market. Private buyers, in particular, will likely stay active as more hands-on investors capitalize on discounted prices and use creative strategies to add value. This trend is further distinguished among primary, secondary and tertiary markets. Tertiary metros have had a less dramatic pullback in investment as these areas sidestep many issues facing major metros, such as affordability challenges and difficult business environments. Meanwhile, primary markets have seen a more substantial slowdown, as they contend with these operational headwinds, higher entry costs and a greater reliance on institutional activity. As more activity in the \$3 to \$10 million price tranche in smaller markets supports price discovery, momentum in these areas will likely build.

High in-migration markets with low vacancy rates garner investor attention. In what may be surprising given the national trend, several metros are expected to experience greater transaction activity in 2023 than they did in 2019. These markets included Jacksonville, Las Vegas, Nashville, Orlando, West Palm Beach and Tampa-St. Petersburg. These Sun Belt metros have welcomed a high volume of new residents and employers over the last half-decade, translating to office vacancy rates below the national mean in nearly all of those metros by year-end. Positive long-term outlooks for these areas will likely keep private buyers engaged going forward, but rising insurance costs do necessitate caution. As uncertainty persists surrounding the full effects of hybrid schedules, some investors may also find opportunistically-priced assets in primary markets.

2024 INVESTMENT OUTLOOK

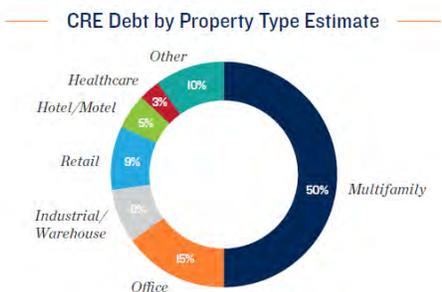
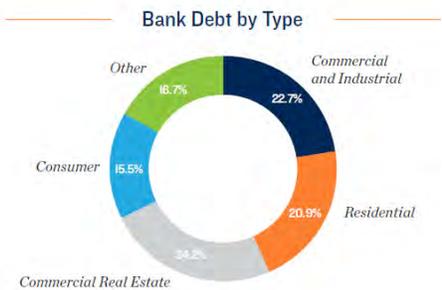
- **Government incentives might bring conversion-focused investors to the table.** An uptick in federal and local tax incentives could motivate investors and developers with time and capital to re-examine office-to-residential conversion options. Owners with older, high-vacancy office properties could find opportunities to sell assets as hybrid work policies persist. However, this is a very limited option as the criteria for an office-to-residential conversion is extremely specific, including variables like plumbing, unit layouts, electrical configurations, land values and zoning.
- **Debt maturities could trigger greater deal flow in 2024.** Amid prevailing headwinds, the office sector had the highest exposure to a risk of default on outstanding debt among commercial property types entering the year. While the number of distress sales in 2023 were still low, they may rise in 2024, creating acquisition opportunities for investors seeking assets in lower price tranches.
- **Well-capitalized buyers find fewer hurdles.** Following the bank failures in early 2023, many financial institutions tightened their standards for CRE lending, especially office properties. This has resulted in a need for lower leverage. Investors with more capital on-hand or who undertake a 1031 exchange could enjoy a low-competition environment in 2024, even as borrowers contend with financial market headwinds.



* Trailing 12-months through 3Q

** Estimate

‡ Sales \$2.5 million and greater

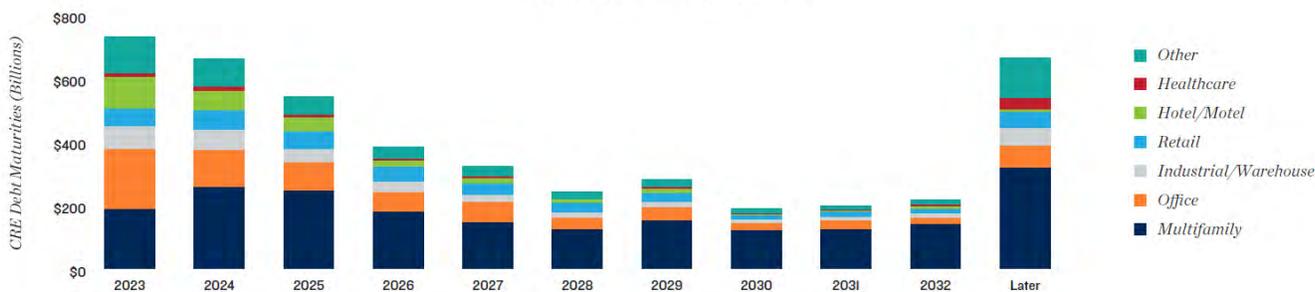


The Banking Sector Faces a Less Extreme Risk from CRE Loan Exposure than Headlines Imply

Widespread distress sales have yet to emerge. A fundamental shift in office usage following the pandemic has generated concern over maturing office property debt. Large office towers in major urban areas that registered out-migration are a focus of concern. Questions surround owners' ability and commitment to meet outstanding debt obligations for properties that have lost income and market value, and to what extent a rise in office loan delinquencies and defaults threaten the financial system more broadly. Smaller banks, in particular, have been at the forefront of concern, following a set of closures last spring. Although rates rose significantly last year, the delinquency rate on CMBS office loans was below that of most of the decade following the global financial crisis. The prevalence of distressed office sales so far has also been lower than many expected following the health crisis. Lending institutions have also been issued guidance from the FDIC on options to work with owners to avoid defaults. This could lead to some short sales and value declines, but falls short of expectations for widespread distress. Ultimately, an escalation in note sales of outstanding debt will proceed widespread foreclosures, and sidelined capital waiting for distress sales will be deployed, regardless of whether distress actually emerges. Potential Fed interest rate cuts could also improve refinancing options.

Office sector's threat to banking system less severe than first thought. The Fed's rapid rate hiking cycle created a particular challenge for office borrowers. Between 2024 and 2025, it is estimated that around \$1.2 trillion in total CRE debt across all property types will mature. Although this is a significant figure, it is well dispersed among lenders, and CRE debt accounts for less than one-quarter of all bank lending. Furthermore, only about 15 percent of CRE debt, and less than 4 percent of all bank debt, is for office properties, which face the most risk. While distress sales and defaults have risen from the lows observed in recent years, and may continue to rise until refinancing becomes more accessible, these occurrences will be examined on a case-by-case basis as lenders and owners find the most agreeable outcome for each property. Exiting 2023, less than \$80 billion worth of outstanding distress existed in all property types, and below \$35 billion in the office segment, a promising sign that distress selling will not dominate the sector this year.

Volume of Maturing CRE Debt



*Sales \$2.5 million and greater ** Trailing 12-months through 3Q
 Note: Debt Outstanding as of Dec. 2022
 Sources: Marcus & Millichap Research Services; Federal Reserve; Mortgage Bankers Association; Real Capital Analytics

Subsection II: Local Office Market Overview

The information included below and on the following pages is local retail market data for the Washington East Submarket (as identified by CoStar). The data was extracted in November 2024.

Overview

Washington East Office			
12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	Market Asking Rent Growth
0	5.8K	2.8%	0.4%

The Washington East office submarket has a vacancy rate of 2.8% as of the fourth quarter of 2024.

Washington East contains 720,000 SF of inventory, compared to 78.0 million SF of inventory metro wide.

Washington East's vacancy rate of 2.8% compares to the submarket's five-year average of 4.3% and the 10-year average of 5.6%.

Average rents in Washington East are roughly \$19.40/SF, compared to the Milwaukee average of \$22.00/SF.

The Washington East office submarket has roughly 35,000 SF of space listed as available, for an availability rate of 4.9%. As of the fourth quarter of 2024, there is no office space under construction in Washington East. Nothing has been under construction in the submarket for the past 10 years.

Rents have changed by 0.4% year over year in Washington East, compared to a change of 0.9% metro wide. Annual rent growth of 0.4% in Washington East compares to the submarket's five-year average of 2.8% and its 10-year average of 2.3%.

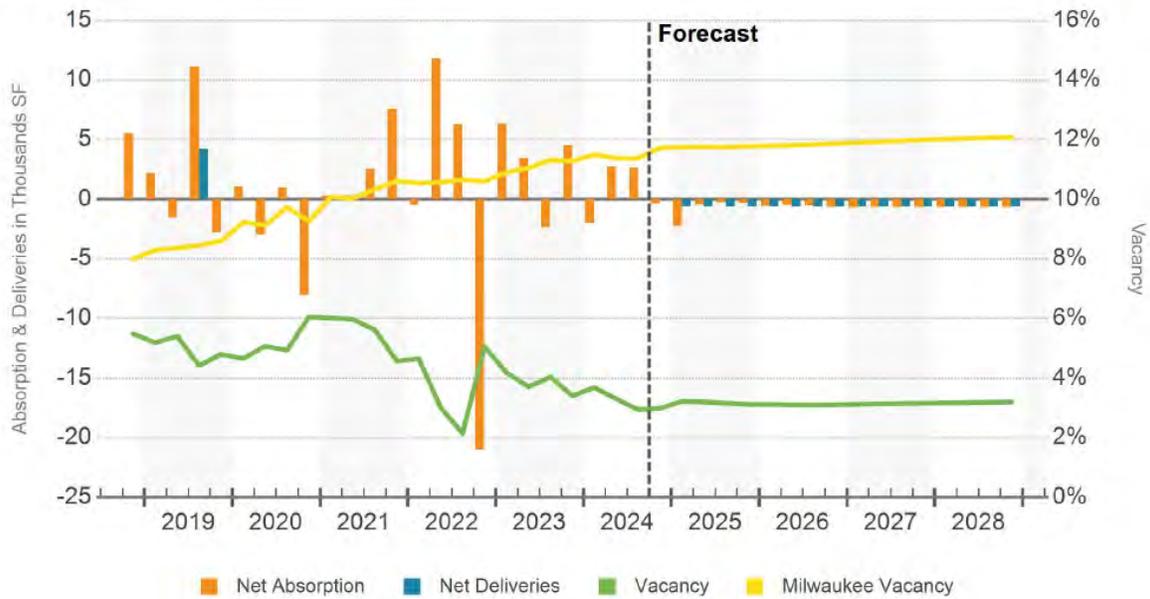
KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	0	-	-	-	0	0	0
3 Star	465,332	3.3%	\$20	5.9%	0	0	0
1 & 2 Star	256,937	2.0%	\$18.25	3.1%	775	0	0
Submarket	722,269	2.8%	\$19.38	4.9%	775	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	-0.8% (YOY)	8.9%	3.2%	19.3%	2008 Q3	2.1%	2022 Q3
Net Absorption SF	5.8K	7,543	(1,920)	53,154	2015 Q3	(28,920)	2007 Q1
Deliveries SF	0	8,020	0	73,345	2006 Q4	0	2024 Q3
Market Asking Rent Growth	0.4%	1.1%	1.7%	6.5%	2023 Q1	-3.8%	2010 Q1
Sales Volume	\$30.8M	\$4.8M	N/A	\$32.3M	2024 Q1	\$0	2020 Q2

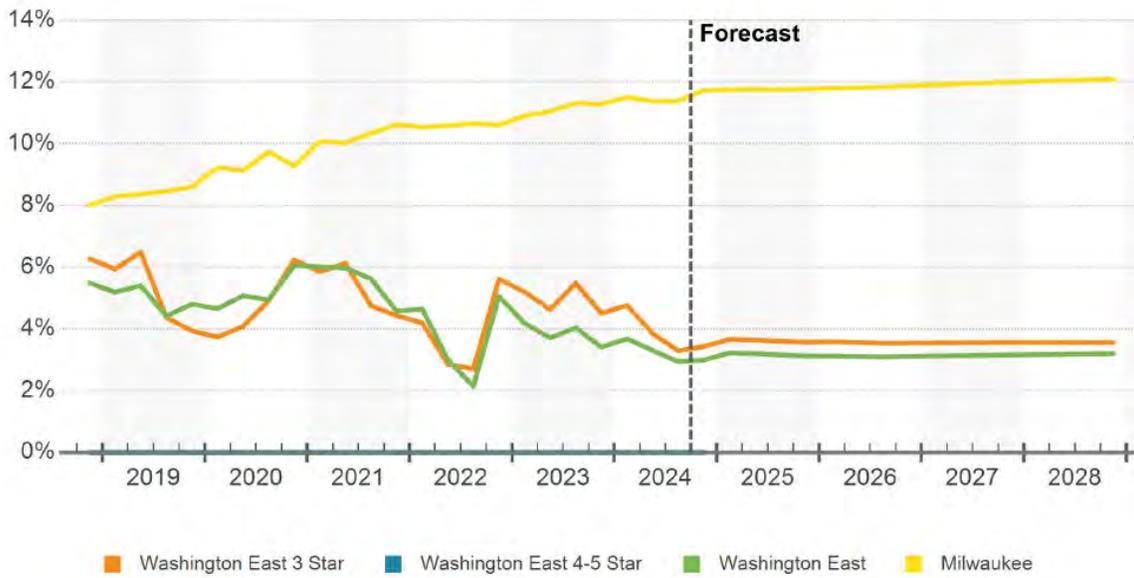
Leasing

Washington East Office

NET ABSORPTION, NET DELIVERIES & VACANCY



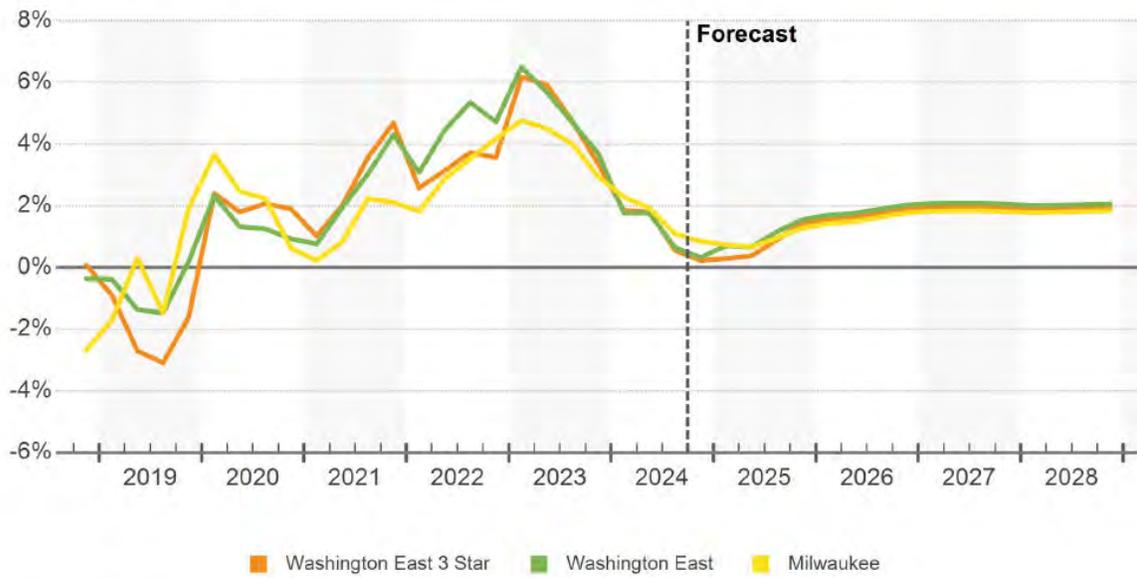
VACANCY RATE



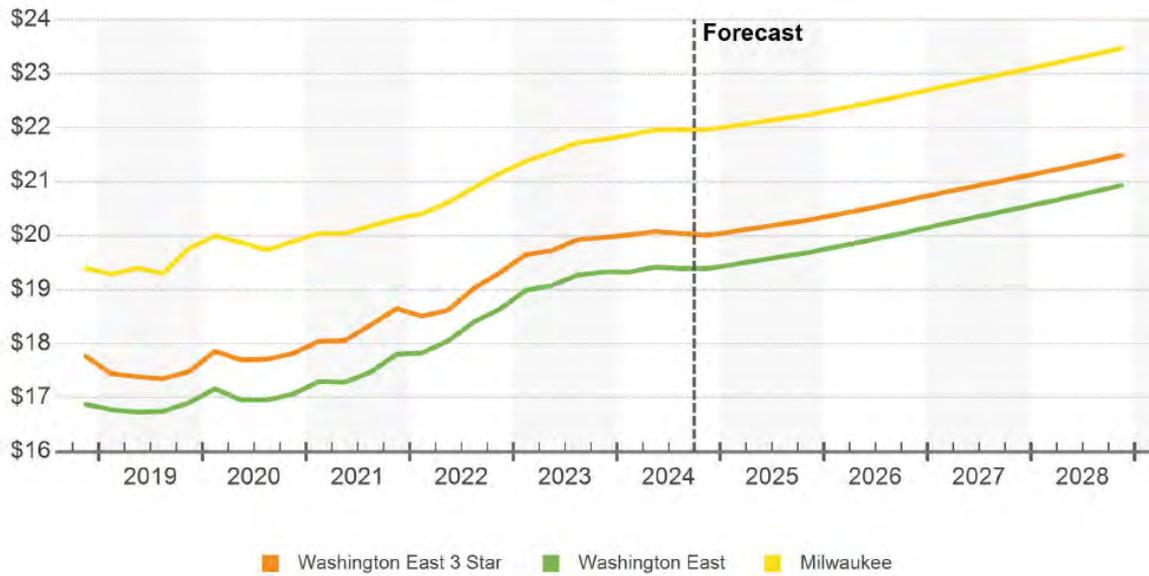
Rent

Washington East Office

MARKET ASKING RENT GROWTH (YOY)



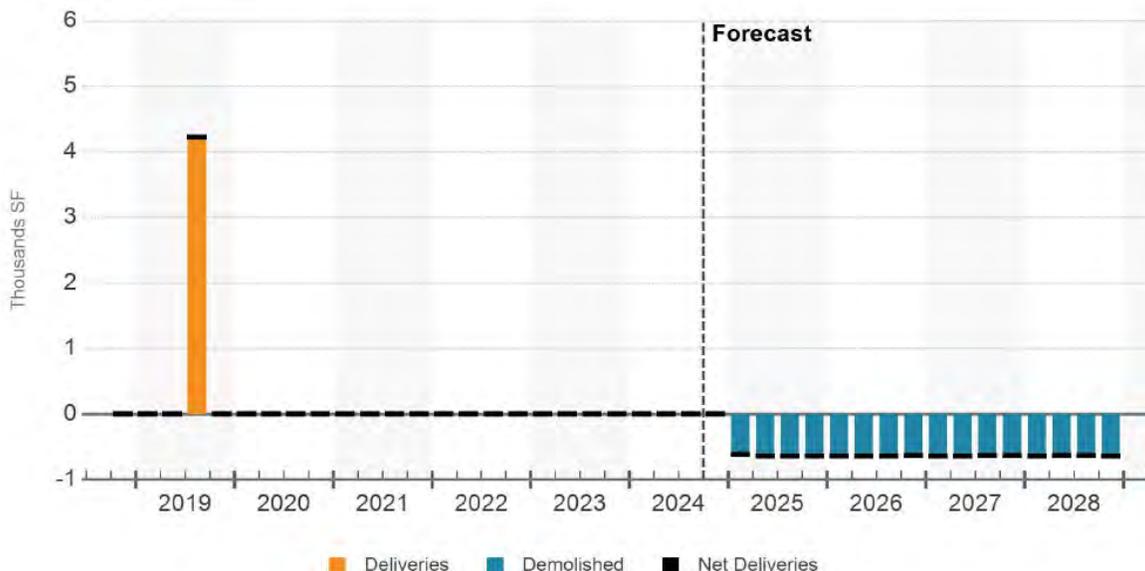
MARKET ASKING RENT PER SQUARE FEET



Construction

Washington East Office

DELIVERIES & DEMOLITIONS



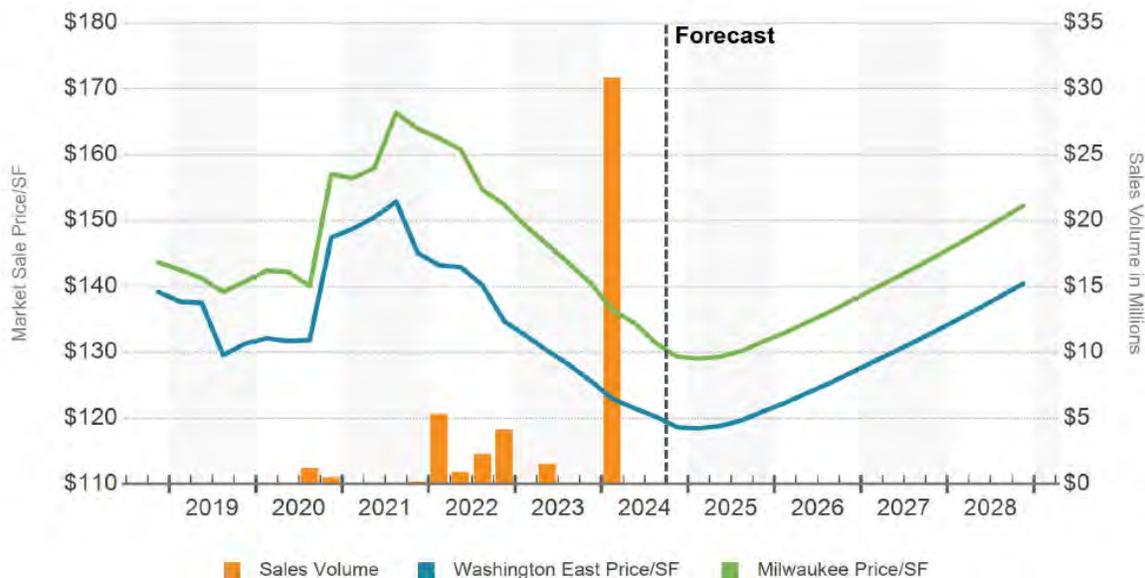
Sales

Washington East Office

Over the past year, 77,000 SF of office inventory traded in Washington East across 4 sales. Average annual inventory turnover in Washington East is 21,000 SF over the past five years and 18,000 SF over the past 10 years. Office sales volume in Washington East has totaled \$30.8 million over the past year. Average annual sales volume over the past five years is \$8.9 million and \$5.5 million over the past 10 years.

Estimated office market pricing in Washington East is \$119/SF compared to the market average of \$130/SF. Average market pricing for Washington East is estimated at \$129/SF for 3 Star assets, and \$102/SF for 1 & 2 Star buildings. The estimated cap rate for Washington East office is 11.1%, compared to the metro average of 10.7%.

SALES VOLUME & MARKET SALE PRICE PER SF



DEMAND ANALYSIS: OFFICE

Primary Market Area

The first step in the demand analysis is to define the Primary Market Area (PMA). Many of the methodologies relied upon herein were extracted from data provided by the Appraisal Institute; Fanning, Market Analysis for Real Estate, 2nd Edition, and other sources as referenced. Further, much of the data presented earlier in this study will be relied upon herein. To help define the PMA, we will first analyze subject site and building characteristics.

Subject Site & Building Analysis

In the table below are some of the key considerations for an office property. As the subject represents proposed construction with no development plans in-place at this time, the subject essentially has a blank slate and is able to be developed to meet the demand for today's office users. As such, the subject is rated as being average or superior to a typical property in the market for all categories.

Subject Property Rating Grid - Office							
Subject Rating	Inferior			Typical / Avg.	Superior		
	High	Moderate	Slight		Slight	Moderate	High
Physical Characteristics							
Site							
Parking					X		
Access					X		
Visibility						X	
Proximity to Support Facilities						X	
Building Improvements							
Construction Quality						X	
Design & Exterior Appearance						X	
Size (Leasable Area)						X	
Security Features						X	
Efficiency Ratio						X	
Condition & Effective Age						X	
Obsolescence						X	
Quality of Tenant Finish						X	
Legal Considerations							
Zoning Conformance				X			
Deed Restrictions				X			
Lease Restrictions				X			

**Ratings shown are in comparison to typical retail developments in the broad market area.*

For purposes of this analysis, similar to the retail demand analysis, we will utilize the Village of Germantown municipal boundaries as the subject's PMA. Demographic data for the PMA was presented earlier in this report.

Fundamental Demand Analysis - Office

Fundamental demand analysis employs the appropriate demand generator (in this case, jobs), and a change in the demand for office space is related to a forecasted change in employment. Fundamental demand analysis of office properties can be performed using the employment segmentation method, the steps of which follow.

1. Forecast the workforce
2. Estimate percentage occupying office space
3. Estimate the percentage of office occupants occupying space in the subject property's class of building(s)
4. Estimate the requisite space per office worker
5. Calculate the demand for office space by multiplying step 3 by step 4
6. Adjust demand for equilibrium vacancy

Workforce Estimation

To estimate the workforce within Germantown, we will rely on data provided by ESRI. The Business Summary report included earlier showed a total of **15,749** employees working at businesses within Germantown. Per ESRI, from the 2010 Census to the 2020 Census, the population in Germantown increased by 1,160. When dividing this by two years to arrive at a five-year forecast and then adding this to the current 2024 estimated population of 21,317; the resulting increase in population over the next five years would be 2.7%. During this time period, however, there was limited new multifamily development within Germantown. There are several large housing projects in the planning stages within Germantown, which will likely cause a more significant increase in population. Based on the foregoing, we assume the population will increase by 5.0% over the next five years and will also forecast the number of employees to increase by 5.0%, resulting in a five-year projection of employees of **16,536**.

Estimate Percentage Occupying Office Space

To estimate the percentage of employees occupying office space (as opposed to retail space or other forms of employment), we will rely on ESRI's Business Summary report, which was included earlier. The percentage of employees occupying office space is estimated at **25%**.

Estimate Percentage of Office Space for Subject's Class

No formal development plans exist. Proposed office uses could represent Class A, Class B, or other (or a combination thereof). Given the foregoing, we will not restrict the subject's office demand to a particular class of office space.

Estimate the Requisite Space (SF) Per Office Worker

Based on the current employment of 15,749 and the estimate of 25% occupying office space, there are an estimated 3,937 employees occupying office space. Based on data provided by CoStar, there is currently 581,396 square feet of occupied office space within Germantown. Dividing this figure by 3,937 office employees equates to 148 square feet per office worker. This square footage per office worker is projected to remain unchanged over the next five years.

Equilibrium Vacancy Rate

The market standard vacancy and collection loss deduction in healthy markets is **5.0%**, which will be utilized as the equilibrium vacancy rate. This allows for healthy function of the real estate market, as outlined earlier in this report.

Current Inventory

Based on data provided by CoStar, the total current inventory of office space within Germantown is **596,304** square feet.

Pending Supply

In order to forecast the pending supply, we utilized CoStar, reviewed pending development projects on the Village's website, and conducted other primary research. CoStar notes a proposed 20,000 square foot office building on Kleinmann Drive, which appears to be a quasi-office / medical office type property. The Village's website does not list any proposed office space, but does list an approved office project in 2024, which consists of a 5,200 square foot corporate office addition at N120W21350 Freistadt Road. We are unaware of any other proposed office projects in the Village / PMA. Note that office space included within proposed industrial / manufacturing facilities is not included herein. The total pending supply is **25,200 square feet**.

Subject SF

There are no plans in place for the subject at this time. The purpose of this study is to forecast the true demand for additional office space. As such, the subject square footage will be set at **0 square feet**.

Residual Demand Conclusion

Based on the inputs discussed on the preceding pages, our residual demand calculations are summarized below. As shown, based on current market conditions, there is demand for an additional **17,078 square feet** of office space. Based on forecasted changes over the next five years, there is a forecasted demand for **22,530 square feet** of additional office space above and beyond what is currently proposed within the PMA. As a secondary check for the current demand figure of 17,078 square feet, when dividing the total amount of occupied office space of 581,396 square feet by 95% (to account for a 5.0% equilibrium vacancy rate), the indicated total demand for office space is 611,996 square feet. When deducting the total current inventory of 596,304 square feet, the indicated current demand for additional office space is 15,692 square feet, which very closely approximates our conclusion of 17,078 square feet.

Residual Demand Calculations - Office				
#	Line Item	Current	5-Year	Comment
1	Total Employment in PMA	15,749	16,536	ESRI, CVS
2	% Occupying Office Space	25%	25%	ESRI, CVS
3	Total Employed in Office Space	3,937	4,134	Line 1 x Line 2
4	% for Subject's Office Class	100%	100%	CVS
5	Total Office Jobs in PMA	3,937	4,134	Line 3 x Line 4
6	Avg. SF Per Office Employee	148	148	CoStar
7	Total Demand for Occupied Office Space	582,713	611,832	Line 5 x Line 6
8	Equilibrium Vacancy Rate	5.0%	5.0%	CVS
9	Total Office Demand in PMA	613,382	644,034	Line 7 - (1 - Line 8)
10	Current Inventory	596,304	596,304	CoStar
11	Pending Supply	0	25,200	CVS, Etc.
12	Subject SF	0	0	Plans (None)
13	Residual Demand	17,078	22,530	Line 9 - Lines 10, 11, 12

Market Rent Analysis

As there are no firm development plans in-place for the subject and we do not know the size of individual suites, the development style, or other important aspects; our market rent analysis will be presented in very broad terms.

In order to drive opinions of market rent for office space, we will analyze comparable leasing transactions from the market area as well as analyze rental rates being advertised at available space in the market.

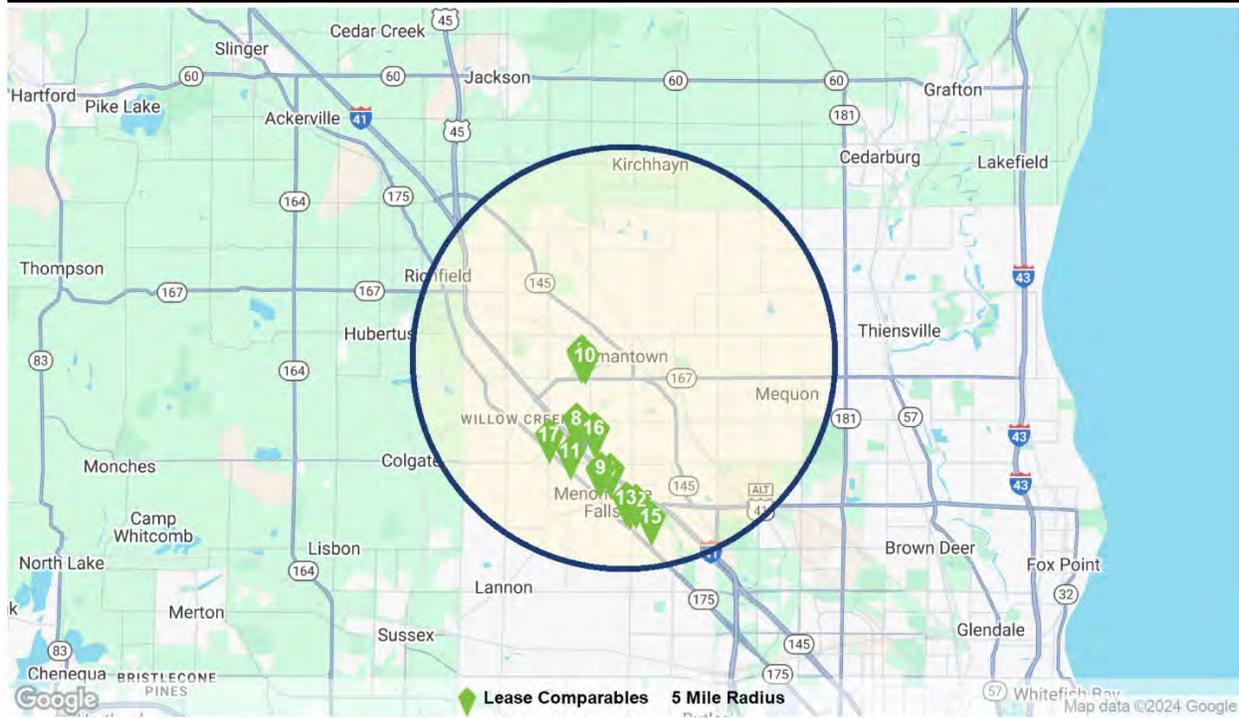
Additionally, we held discussions with active local market professionals. Leasing details for leases signed in the last several years for office space in the market are summarized on the following pages. Note that the geographical area was expanded beyond the PMA in order to find sufficient leasing data.

Lease Comps Summary

Lease Comps Report

Deals	Gross Asking Rent Per SF	Gross Starting Rent Per SF	Avg. Months On Market
48	\$18.14	\$19.55	13

LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Gross Asking Rent Per SF	46	\$10.00	\$18.14	\$18.00	\$32.00
Gross Starting Rent Per SF	7	\$12.99	\$19.55	\$19.90	\$21.49
Gross Effective Rent Per SF	1	\$21.49	\$21.49	\$21.49	\$21.49
Asking Rent Discount	5	-17.5%	-1.8%	0.0%	13.0%
TI Allowance	1	\$10.00	\$10.00	\$10.00	\$10.00
Months Free Rent	-	-	-	-	-

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	46	1	13	8	52
Deal Size	48	129	1,072	745	5,726
Deal in Months	10	12.0	32.0	24.0	84.0
Floor Number	48	LL	1	1	4

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
1 Stonewood II W175N11117 Stonewood Dr	★★★★☆	259	1st	11/20/2024	New Lease	\$16.17	Asking
2 Stonewood III W175N11081 Stonewood Dr	★★★★☆	788	2nd	10/21/2024	New Lease	\$18.25/mg	Starting
3 Martin Plaza W156N8327 Pilgrim Rd	★★★★☆	560	4th	10/3/2024	New Lease	\$17.14	Asking
1 Stonewood II W175N11117 Stonewood Dr	★★★★☆	699	1st	10/1/2024	Renewal	\$16.17/fs	Starting
4 W176N9810 Rivercrest Dr	★★★★☆	775	1st	9/10/2024	New Lease	\$16.00	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★☆	424	2nd	9/5/2024	New Lease	\$18.36	Asking
1 Stonewood II W175N11117 Stonewood Dr	★★★★☆	1,986	2nd	8/28/2024	New Lease	\$17.50	Asking
6 N89W16416 Main St	★★★★☆	600	1st	8/12/2024	New Lease	\$32.00/mg	Asking
7 Falls Professional Center N89W16785 Appleton Ave	★★★★☆	450	1st	7/21/2024	New Lease	\$16.50/mg	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★☆	255	2nd	7/18/2024	New Lease	\$22.50	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★☆	242	2nd	7/11/2024	New Lease	\$19.88	Asking
9 N89W16790 Appleton Ave	★★★★☆	800	1st	6/4/2024	New Lease	\$17.50/mg	Asking
9 N89W16790 Appleton Ave	★★★★☆	300	1st	5/29/2024	New Lease	\$14.00/mg	Asking
10 W175N11056 Stonewood...	★★★★☆	1,064	1st	5/17/2024	New Lease	\$17.00	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★☆	2,556	1st	5/10/2024	New Lease	\$14.00	Asking
1 Stonewood II W175N11117 Stonewood Dr	★★★★☆	1,240	2nd	4/26/2024	New Lease	\$17.65	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★☆	1,516	1st	4/4/2024	New Lease	\$17.40	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★☆	172	2nd	3/21/2024	Renewal	\$22.60	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★☆	246	2nd	3/20/2024	New Lease	\$18.00	Asking
11 Water Tower Place Profe... W178 N9201 Water Tower...	★★★★☆	5,726	1st	3/18/2024	New Lease	\$13.00/nnn	Starting
8 Fountain Square W177N9856-W178 N9912...	★★★★☆	252	2nd	3/6/2024	New Lease	\$22.80	Asking

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
8 Fountain Square W177N9856-W178 N9912...	★★★★★	715	1st	2/12/2024	New Lease	\$18.44	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	224	2nd	2/6/2024	New Lease	\$19.23	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	365	2nd	2/5/2024	New Lease	\$19.60	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★★	160	2nd	1/19/2024	New Lease	\$20.93	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★★	129	2nd	1/19/2024	New Lease	\$20.00	Asking
12 N83 W15424 Appleton Ave	★★★★★	2,000	1st	1/3/2024	New Lease	\$18.00/mg	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	1,285	1st	11/24/2023	New Lease	\$16.99	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	932	2nd	11/6/2023	New Lease	\$17.42	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	976	2nd	11/6/2023	New Lease	\$19.96	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	1,200	2nd	11/6/2023	New Lease	\$18.06/mg	Asking
8 Fountain Square W177N9856-W178 N9912...	★★★★★	484	1st	10/9/2023	New Lease	\$17.33	Asking
13 N84W15787 Menomonee...	★★★★★	1,140	1st	9/15/2023	New Lease	\$12.63/+util	Starting
1 Stonewood II W175N11117 Stonewood Dr	★★★★★	682	2nd	9/1/2023	New Lease	\$17.57	Asking
1 Stonewood II W175N11117 Stonewood Dr	★★★★★	1,568	2nd	8/10/2023	New Lease	\$16.00	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★★	152	2nd	6/7/2023	New Lease	\$19.97	Asking
1 Stonewood II W175N11117 Stonewood Dr	★★★★★	1,200	2nd	6/1/2023	New Lease	\$21.49/fs	Effective
1 Stonewood II W175N11117 Stonewood Dr	★★★★★	646	2nd	5/3/2023	New Lease	\$17.62	Asking
4 W176N9810 Rivercrest Dr	★★★★★	775	1st	4/24/2023	New Lease	\$16.95	Asking
14 N96 W17035 Division Rd	★★★★★	3,380	1st	2/1/2023	New Lease	\$13.00/nnn	Starting
15 N80W14800-N80W14832...	★★★★★	3,042	1st	12/7/2022	New Lease	\$18.00	Asking
4 W176N9810 Rivercrest Dr	★★★★★	1,550	1st	8/10/2022	New Lease	\$17.00	Asking

Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	Lease				Rents	
		SF Leased	Floor	Sign Date	Type	Rent	Rent Type
16 N97 W17035 Division Rd	★★★★★	4,000	LL	7/13/2022	New Lease	\$14.00/nnn	Starting
17 Shoppes Of Maple Ridge N96W18743 County Line Rd	★★★★★	1,138	1st	5/24/2022	New Lease	\$10.00	Asking
6 N89W16416 Main St	★★★★★	500	1st	3/3/2022	New Lease	\$20.00	Asking
6 N89W16416 Main St	★★★★★	1,300	1st	3/3/2022	New Lease	\$20.00	Asking
5 Stonewood I W175N11163 Stonewood Dr	★★★★★	499	2nd	2/8/2022	New Lease	\$22.00/mg	Asking
1 Stonewood II W175N11117 Stonewood Dr	★★★★★	516	1st	1/19/2022	New Lease	\$20.00/mg	Asking

Rents

Lease Comps Report

Gross Asking Rent Per SF	Gross Starting Rent Per SF	Gross Effective Rent Per SF	Avg. Months Free Rent
\$18.14	\$19.55	\$21.49	-

DEALS BY GROSS ASKING, GROSS STARTING, AND GROSS EFFECTIVE RENT



Rents ranged from \$10.00 per square foot to \$22.80.00 per square foot, gross, with one outlier at \$32.00 per square foot, gross. The average rent for the gross lease structures was around \$18.00 to \$19.00 per square foot. The average amount of space leased was 1,072 square feet as there were many smaller suites leased. When focusing on suites containing at least 1,000 square feet, the average lease rate was \$16.21 per square foot while the average amount of space leased was 2,050 square feet. In terms of spaces located within Germantown along West Mequon Road (off Stonewood Drive), lease rates ranged from \$16.00 to \$22.60 per square foot, gross, with an average of \$18.70 per square foot, gross. These spaces are located within multi-tenant buildings

that were constructed between 1995 and 2007. In terms of lease listings for available office space within Germantown, active listings were between \$12.00 and \$24.00 per square foot, gross, with the higher lease rates being for smaller suites.

These lease rates analyzed herein are primarily not reflective of first generation lease rates, but rather, spaces that are being re-leased after the original and/or various additional prior tenants have vacated the space. Often, the space is already built-out and tenants are taking the space “As Is” or with a minimal tenant improvement (TI) allowance given by the landlord. Higher lease rates are achieved for new construction projects as the spaces typically command significantly higher TI allowances.

Typically, for new construction commercial space, the space is delivered in a grey shell condition (bare stud / block walls, no flooring, no lighting, no plumbing, no electrical, etc.) or white box condition (minimal plumbing, electrical, concrete floors, etc.). When a tenant is procured and a lease is signed, the landlord typically offers a TI allowance that can vary significantly based on the level of build out required. Additionally, landlords are typically willing to give higher TI allowances to higher quality tenants with longer term leases. In general, the higher the tenant improvement allowance, the higher the base rental rate and/or the longer the lease term.

Based on our analysis, prevailing office lease rates for newer / newly renovated office space within the PMA appear to be around \$18.00 per square foot, full service gross, with triple net (NNN) equivalent lease rates being around \$14.00 per square foot.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have provided no previous valuation services regarding the property that is the subject of this report within the three-year period immediately preceding my acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- Kyle L. Bjerke most recently inspected the property that is the subject of this report on November 22, 2024.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Kyle L. Bjerke has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.



Kyle L. Bjerke, Partner
Wisconsin Certified General Appraiser No. 2040

SECTION III: APPENDIX

ADDITIONAL SUBJECT PROPERTY INFORMATION

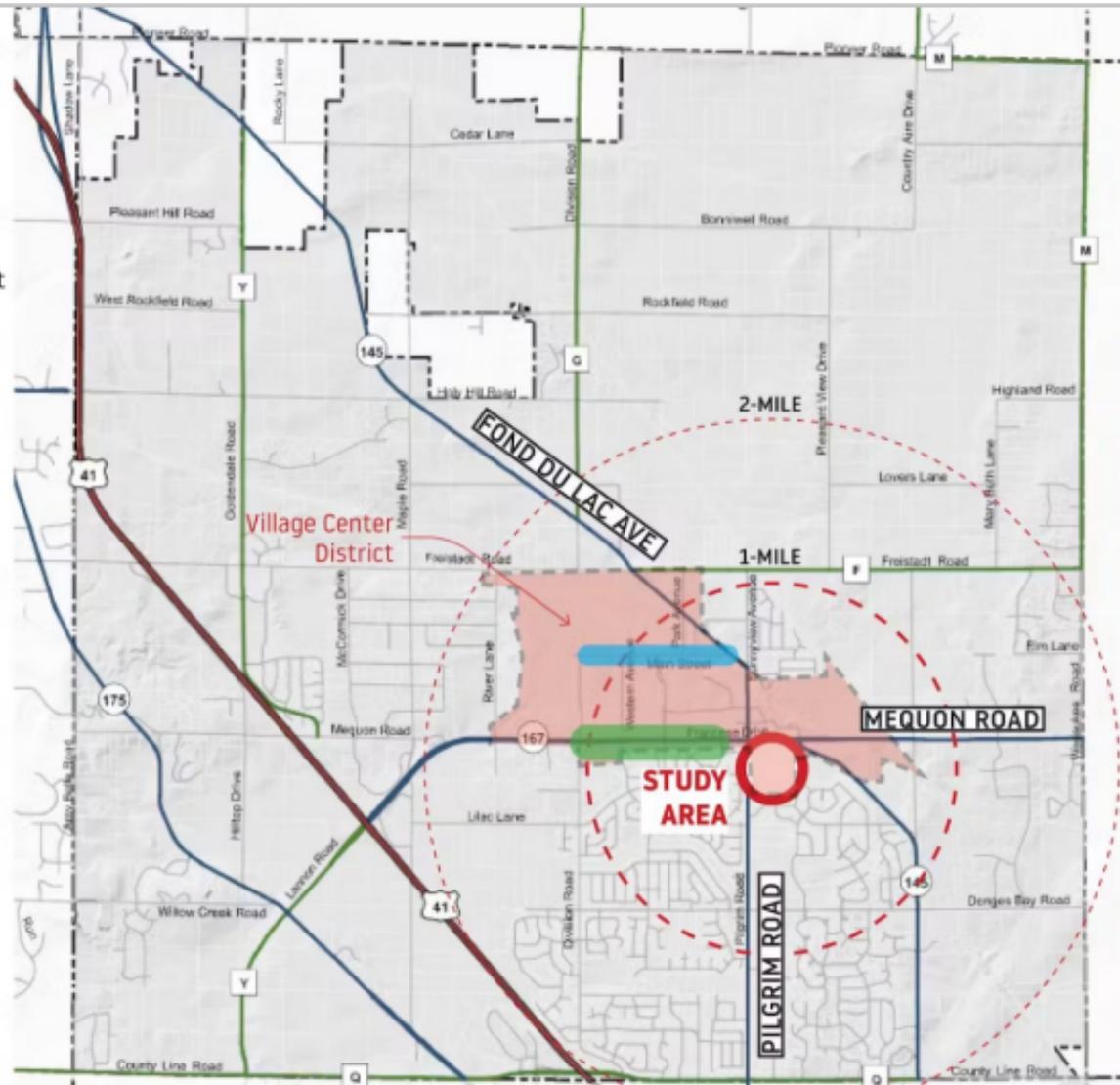
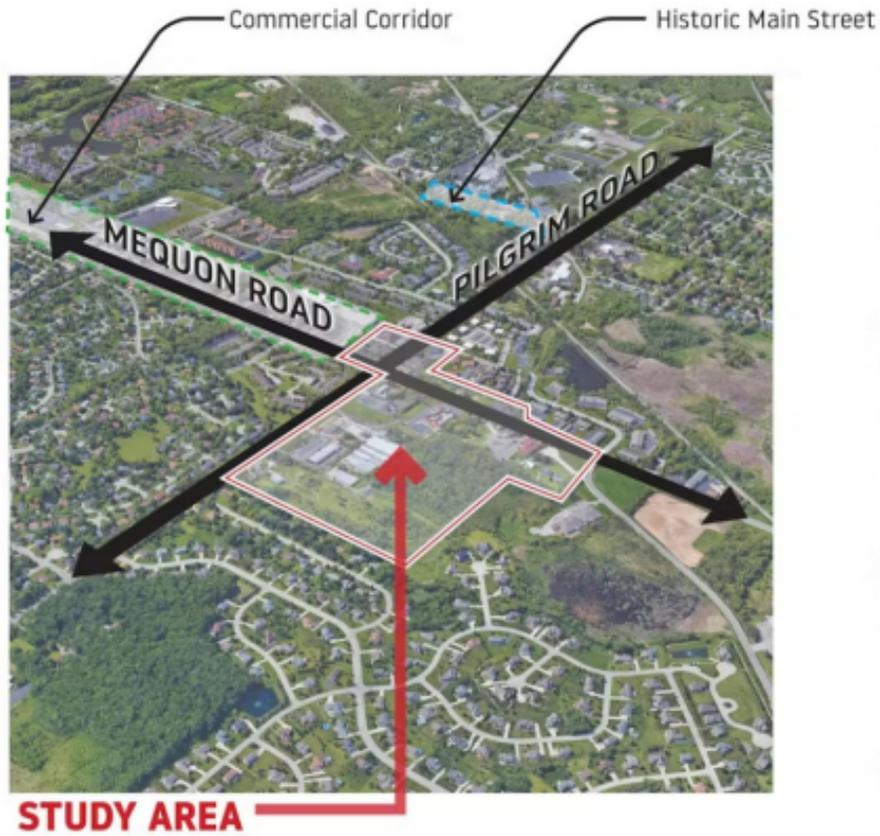


PROJECT INTRODUCTION:

The vision of the re-development will consist of a **mixed-use master planned community** including residential, commercial, and community space. To accomplish this, the Village of Germantown's vision through their recent 2050 Plan will need to be incorporated and create the **"gateway" for Germantown** that focuses on the synergies of various densities of housing and mixed retail activities, all accessible through new pedestrian infrastructure and delivers a **"Germanic" character** to the development.

STUDY AREA

LOCATION MAP





2050 GERMANTOWN COMPREHENSIVE PLAN TAKEAWAYS

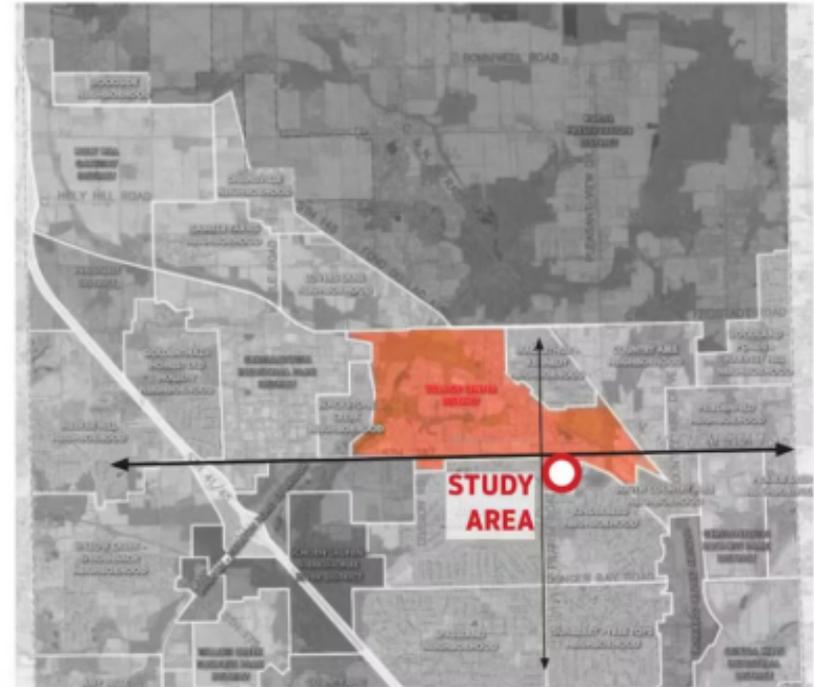
VILLAGE CENTER DISTRICT:

The Village of Germantown envisions a new town center that blends small-town heritage with modern growth, creating a vibrant community heart that enhances quality of life through natural spaces, local businesses, and strong community connections.

- Mixed Use Commercial & Residential
- Pedestrian Focused
- Germanic Identity and Feel
- Need for diverse housing opportunities
- Multi-generational
- Increased investment will allow local businesses to flourish

The village should invest in a town center. A combination of shops, restaurants, green space with trails, nicer town homes and public spaces. Carve out an area along Mequon, Main or some other area of undeveloped land closer to the interstate? **Right now there is no heart of Germantown.**

COMPREHENSIVE PLAN PARTICIPANT RESPONSE



What are the **benefits** of denser housing in Germantown?

More coffee shops, restaurants, and rec options

Denser housing attracts amenities. Research shows that millennials are more interested than prior generations in having amenities within walking or biking distance.

More housing options for all Germantown residents

A diversity of housing types and densities provides residents with more choices and price points, allowing young families to afford homes in Germantown and empty nesters or retirees to downsize and stay within their own community.

More preserved agricultural and conservation land

Denser housing means that less open space needs to be developed to accommodate the same number of households, enabling the Germantown community to preserve more land for agriculture and conservation.

QUALIFICATIONS / LICENSES

KYLE L. BJERKE
CORNERSTONE VALUATION SERVICES

EXPERIENCE

Valuation and consulting assignments involving:

- Industrial Properties
- Retail Properties
- Multi-Use and Special-Use Properties
- Vacant Land
- Office Properties
- Multi-Family/Residential Properties
- Market and Feasibility Studies
- HUD-Compliant Appraisal Reports & Market Studies

SPECIAL AREAS OF COMPETENCE

I have extensive experience with HUD Sections 223(f) and 221(d)(4) appraisal reports and market studies, as well as Rent Comparability Studies (RCS) for Section 8 projects. I also have extensive experience with appraisal reports and market studies associated with Low Income Housing Tax Credit applications through WHEDA as well as general market studies for developers and investors.

PROFESSIONAL HISTORY

Jan. 2024-Present	Partner, Cornerstone Valuation Services, LLC: Milwaukee, WI
Aug. 2010-Present	Associate; Moegenburg Research, Inc.: Milwaukee, WI
Mar. 2010-Aug. 2011	Real Estate Sales; First Weber Group: Waukesha, WI

ACADEMIC BACKGROUND

University of Wisconsin – Whitewater

- Bachelor of Business Administration.
- Majored in Finance with an emphasis in Real Estate & Personal Financial Planning.
- Graduated December 2009.

Continuing/Qualifying Education Courses included, but not limited to:

- Basic Appraisal Procedures & Principles
- General Appraiser Sales Comparison Approach, Income Approach (I & II), & Cost Approach
- General Appraiser Market Analysis and Highest & Best Use
- Real Estate Finance Statistics & Valuation Modeling
- General Appraiser Report Writing & Case Studies
- Business Practices & Ethics
- Fair Housing, Bias & Discrimination
- Analyzing Operating Expenses
- Forecasting Revenue
- Appraising Automobile Dealerships
- Excel Applications for Valuation
- Quantitative Analysis
- Advanced Income Capitalization
- Advanced Market Analysis and Highest & Best Use
- USPAP Update Courses

PROFESSIONAL DESIGNATIONS & INDUSTRY INVOLVEMENT

Certified General Appraiser (Wisconsin, Illinois, Minnesota, Iowa, Michigan, Colorado, Idaho, Texas, Utah)
Associate Member of the Appraisal Institute, 2010 to Present
State of Wisconsin Real Estate Salesperson Licensee, March 2010-December 2012

CONTINUING EDUCATION

I have attended multiple elective Appraisal Institute sponsored courses / seminars in recent years.

CLIENTS SERVED

I have worked for many different types of clients including, commercial banks, savings banks, investment banks, merchant banks, credit unions, conduit facilitators, mortgage brokers, insurance companies, law firms, corporations, investment advisors, government bodies/agencies, school districts, non-profit organizations, individuals, and more.

NO. 2040 - 10

EXPIRES: 12/14/2025

The State of Wisconsin
Department of Safety and Professional Services
REAL ESTATE APPRAISERS BOARD

Hereby certifies that

KYLE L BJERKE

was granted a license to practice as a

APPRAISER, CERTIFIED GENERAL

(551)

*in the State of Wisconsin in accordance with Wisconsin Law
on the 14th day of July in the year 2014.*

The authority granted herein must be renewed each biennium by the granting authority.

In witness thereof, the State of Wisconsin

Real Estate Appraisers Board

*has caused this certificate to be issued under
the seal of the Department of Safety and Professional Services*



DSPS Secretary