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Germantown Village Board “High-Level” Information Request

Hillwood Development on Kazmierczak Property in Richfield, WI

Benefit of EDWC’s Subscription Service
“Leader” Level
April 29, 2022

Projected Impact

Hillwood Development (10-Year Proforma Estimate)

Impact Analysis Overview – Countywide Modeled Hillwood Development

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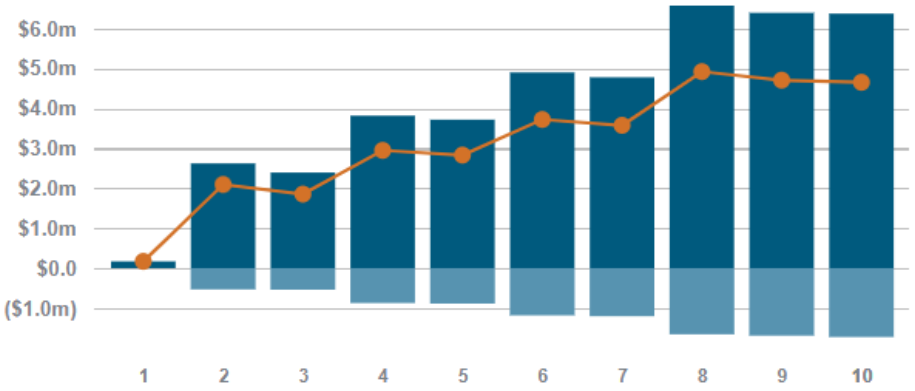
IMPACT REPORT

MODELED HILLWOOD DEVELOPMENT

Kazmierczak Property

BENEFITS	COSTS	NET BENEFITS
$41,732,696	($10.27M)	$31,467,064



JOBS

3,388.1 Total
2,400.0 Direct
988.1 Spin-off

SALARIES

$53,936 Avg
$53,730 Direct
$54,435 Spin-off

CAPITAL INVEST.

$377.5M
Buildings + FF&E

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Economic Impacts
Modeled Hillwood Development

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN WASHINGTON COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	2,400.0	988.1	**3,388.1**
Annual Salaries/Wages at Full Ops (Yr 8)	$145.22M	$60,571,636	**$205.79M**
Salaries/Wages over 10 Years	$901.68M	$376.09M	**$1.28B**
Taxable Sales/Purchases in Washington County	$223.54M	$42,310,261	**$265.85M**

Totals may not sum due to rounding

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Population Impacts
Modeled Hillwood Development

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN WASHINGTON COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to Washington County	288.0	118.6	**406.6**
New residents in Washington County	748.8	308.3	**1,057.1**
New residential properties constructed in Washington County	43.2	17.8	**61.0**
New students to attend local school district	144.0	59.3	**203.3**

Totals may not sum due to rounding

Taxable Property Impacts Modeled Hillwood Development

SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN WASHINGTON COUNTY						
YR.	NEW RESIDENTIAL PROPERTY	LAND	BUILDINGS...	FF&E	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
2022	$0	$11,506,800	$0	$0	*$11,506,800*	**$11,506,800**
2023	$5,077,903	$11,736,936	$78,292,267	$32,621,778	*$122.65M*	**$127.73M**
2024	$5,179,461	$11,971,675	$79,858,113	$29,359,600	*$121.19M*	**$126.37M**
2025	$8,342,944	$12,211,108	$126.78M	$44,982,958	*$183.97M*	**$192.32M**
2026	$8,509,803	$15,332,030	$129.32M	$39,832,227	*$184.48M*	**$192.99M**
2027	$11,310,687	$15,638,671	$169.36M	$50,287,593	*$235.28M*	**$246.59M**
2028	$11,536,901	$15,951,444	$172.74M	$43,576,252	*$232.27M*	**$243.81M**
2029	$15,866,480	$16,270,473	$232.33M	$60,252,482	*$308.85M*	**$324.72M**
2030	$16,183,809	$16,595,883	$236.98M	$51,202,383	*$304.77M*	**$320.96M**
2031	$16,507,485	$16,927,800	$241.72M	$42,152,285	*$300.80M*	**$317.30M**

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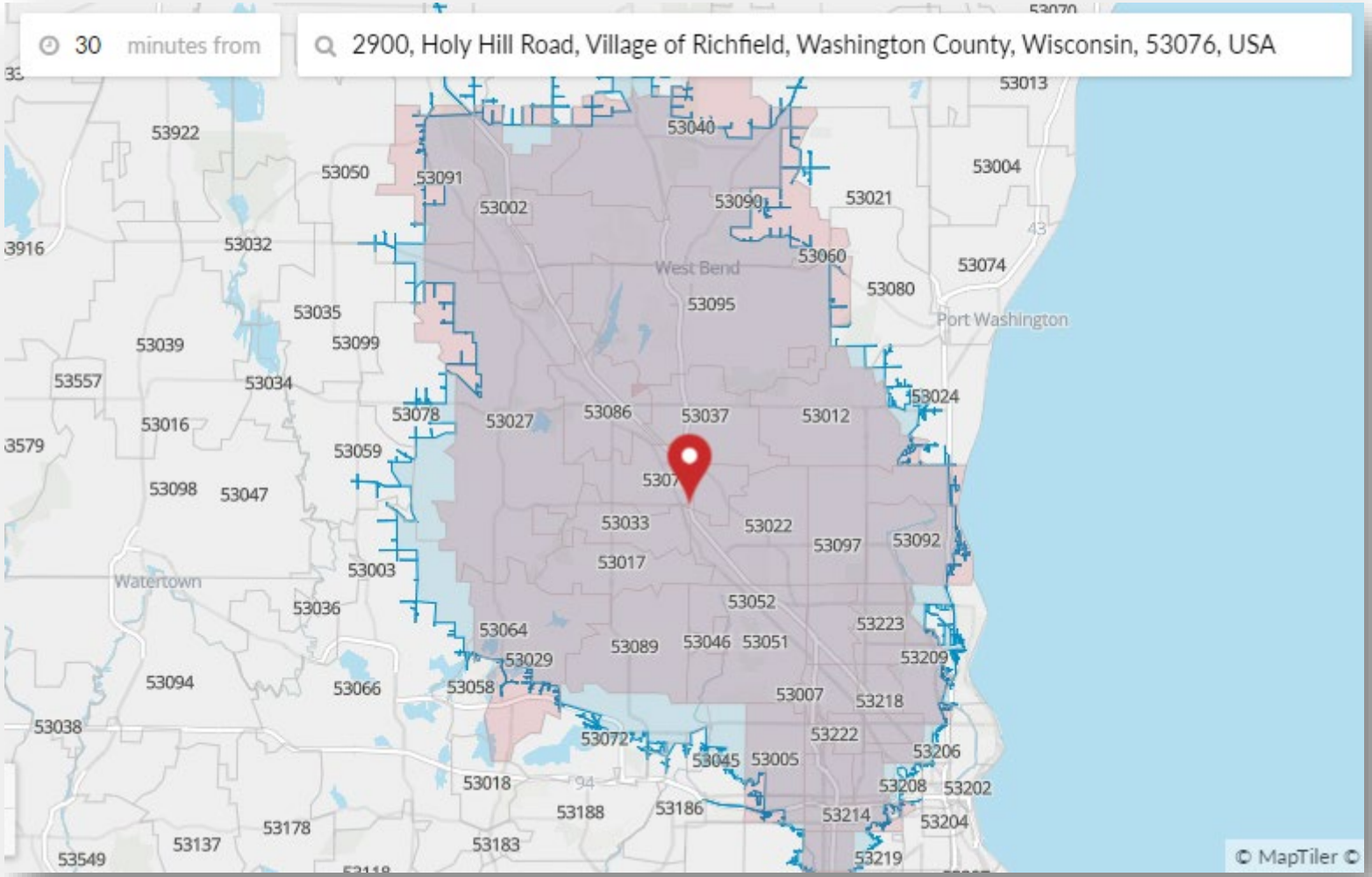
Germantown's Estimated Share of Impacts

Impact	County	Germantown
Economic		
Jobs	3,388	910
Annual Salaries	$ 205,079,000	$ 55,110,175
Total Wages	$ 1,028,000,000	$ 276,250,906
Taxable Purchases	$ 265,085,000	$ 39,660,970
Population		
Workers Moving In	407	109
New Residents	1,057	158
New Residential Properties Constructed	61	9
New Students to Local School District	203	203
New Residential Property Value	$ 16,507,485	$ 2,469,785

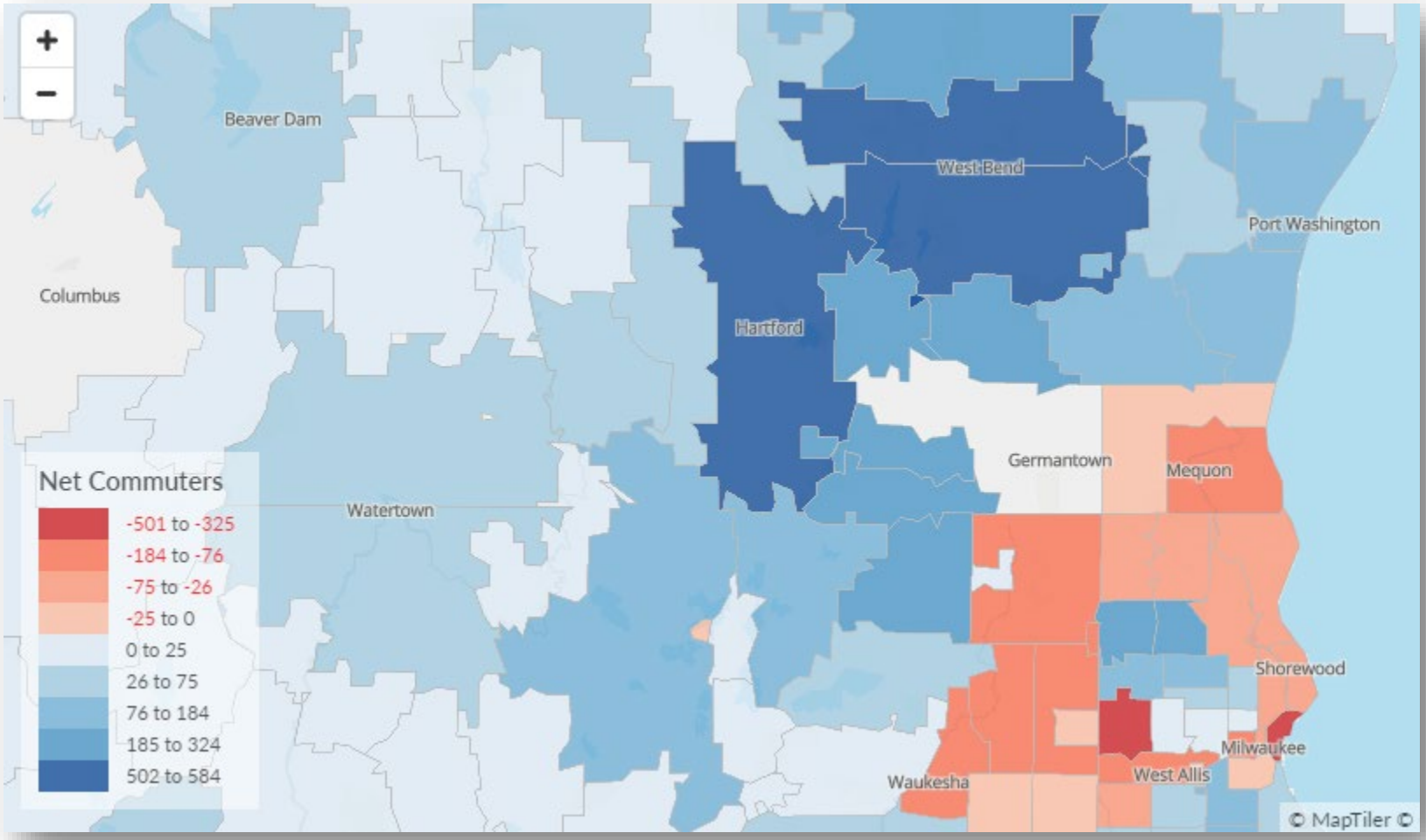
Market Information

Key Indicators

Trade Area & Labor Shed for Target Location Zip Code Level



Net Commuters
Germantown and Richfield Market Combined
Blue = Gaining From / Red = Loss To



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Industrial Real Estate Market Snapshot
Q4 2021 – Milwaukee Region

All Properties	
Total Inventory (sf)	366,115,497
Total # of Bldgs (tracked	5,356
Absorption	1,369,627
Vacancy	3.0%
Asking Rate (NNN)	$5.61
New Construction (sf)	7,819,359
Multi-tenant Properties	
Total Inventory (sf)	85,402,869
Total # of Bldgs (tracked)	1,166
Absorption	652,367
Vacancy	8.9%
Asking Rate (NNN)	$5.74

Source: Catylist / Moody's Analytics

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Industrial Real Estate Market Overview
Q4 2021 – Milwaukee Region & WashCo

Total

Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Flex/R&D	242	10,128,113	1,123,218	744,474	33,645	115,264	7.4%
Manufacturing	2,132	173,676,275	4,782,505	3,375,048	245,226	840,018	1.9%
Warehouse Distribution	732	103,616,048	5,900,574	3,614,556	754,554	4,737,297	3.5%
Warehouse Office	2,250	78,695,061	5,753,007	3,229,421	336,202	1,479,505	4.1%
Grand Total	**5,356**	**366,115,497**	**17,559,304**	**10,963,499**	**1,369,627**	**7,172,084**	**3.0%**

County	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Washington	Flex/R&D	15	528,613	67,301		0	0	0.0%
	Manufacturing	228	14,432,094	132,354	121,424	34,916	72,554	0.8%
	Warehouse Distribution	66	8,108,001	1,115,242	398,198	23,888	115,338	4.9%
	Warehouse Office	186	6,010,275	318,951	147,853	(14,520)	49,720	2.5%
	Subtotal	**495**	**29,078,983**	**1,633,848**	**667,475**	**44,284**	**237,612**	**2.3%**

Source: Catylist / Moody's Analytics

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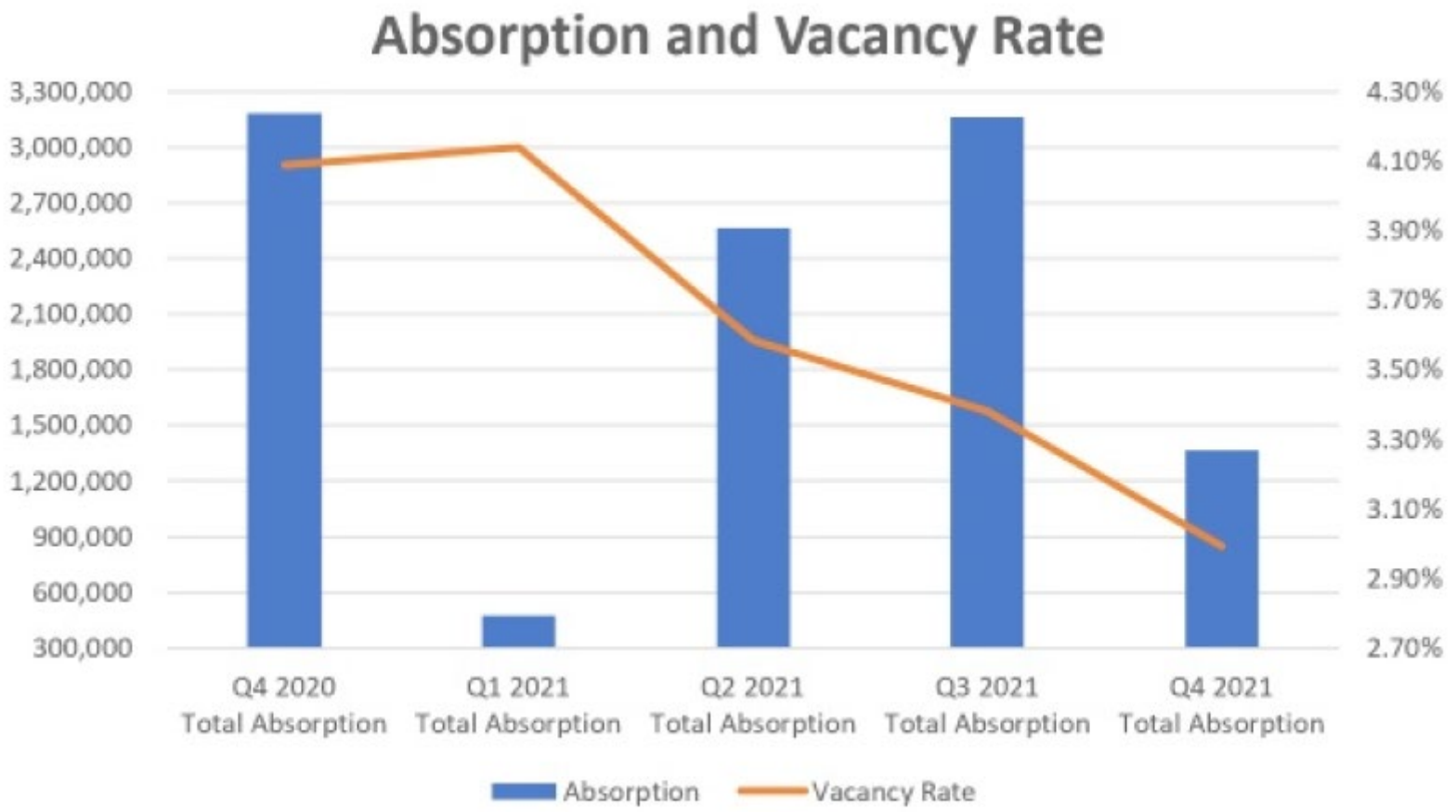
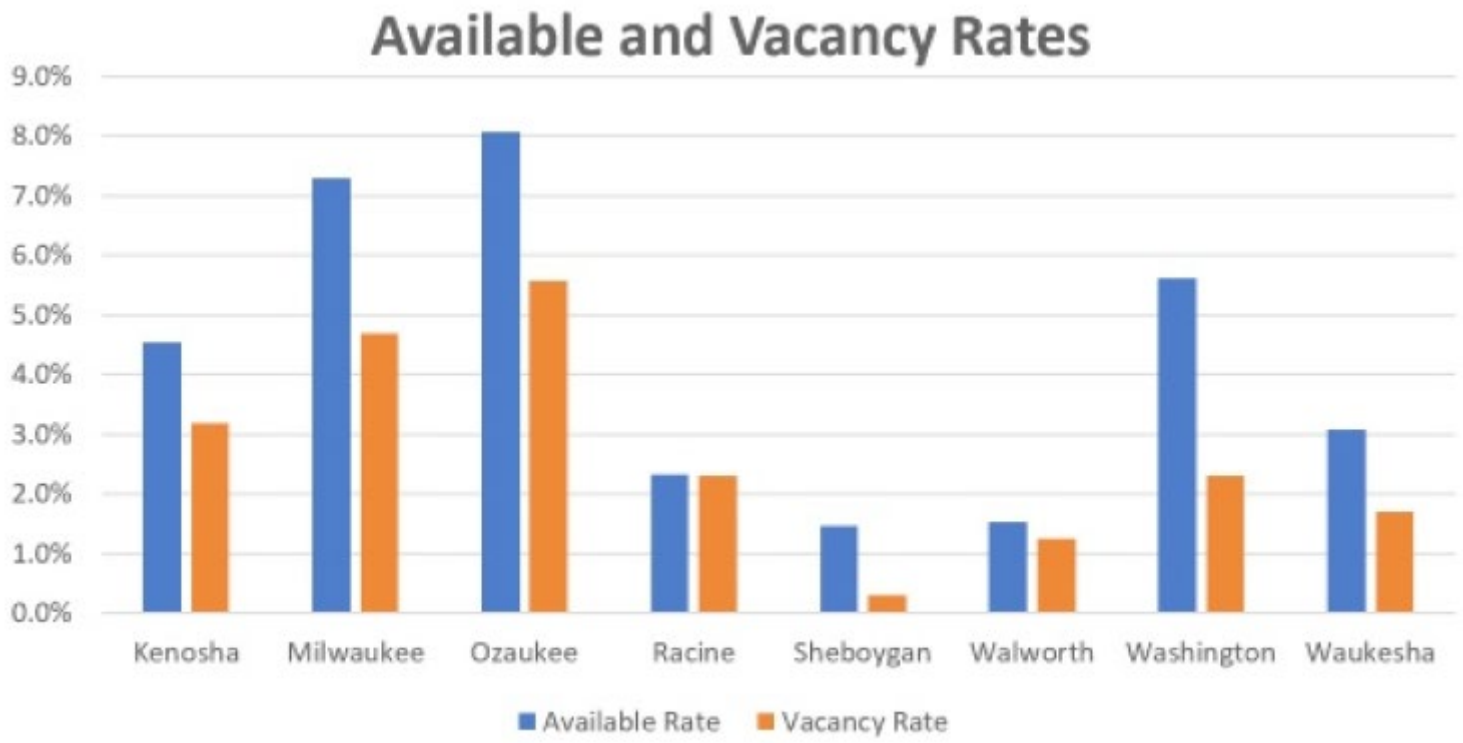
Industrial Real Estate Market Trends
MKE Area sf Absorption and Vacancy



Source: Catylist / Moody's Analytics

Industrial Real Estate
Q4 2021 Available & Vacancy Rates by County



Source: Catylist / Moody's Analytics

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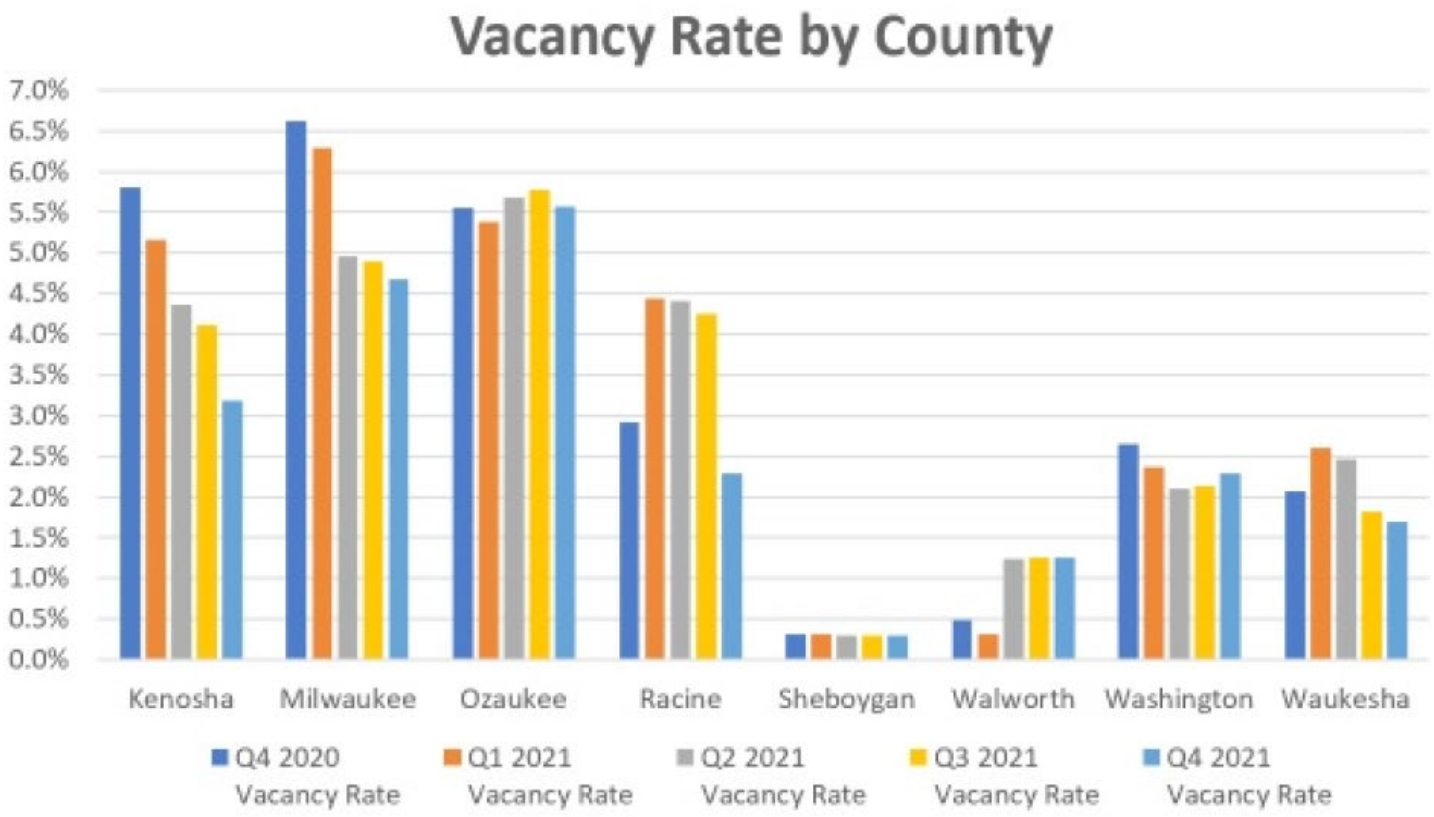
Industrial Real Estate
Vacancy Trend by County



Source: Catylist / Moody's Analytics

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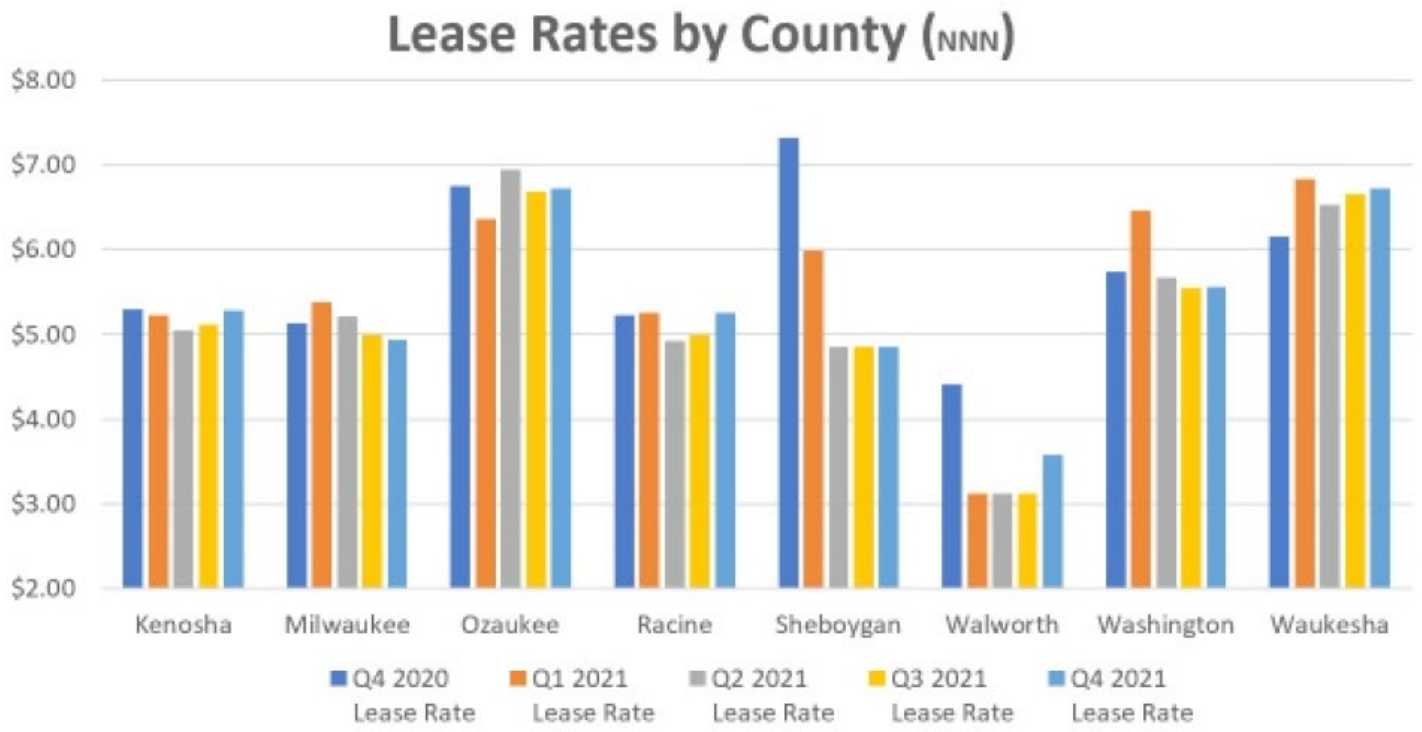
Industrial Real Estate
Lease Rate Trends by County (per sf)



Source: Catylist / Moody's Analytics

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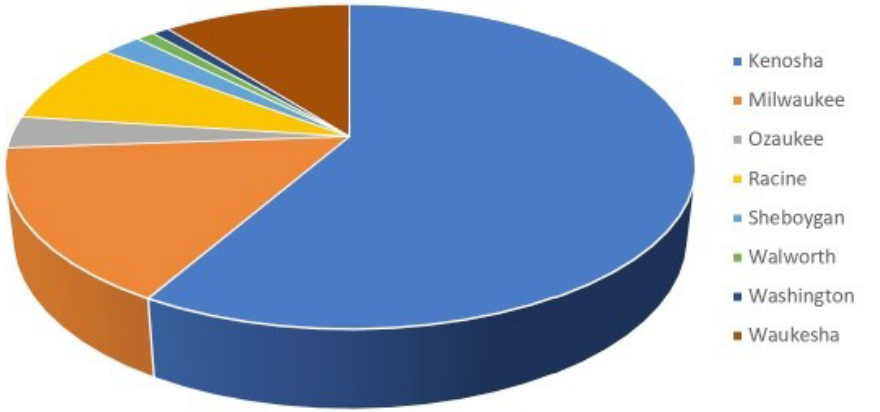
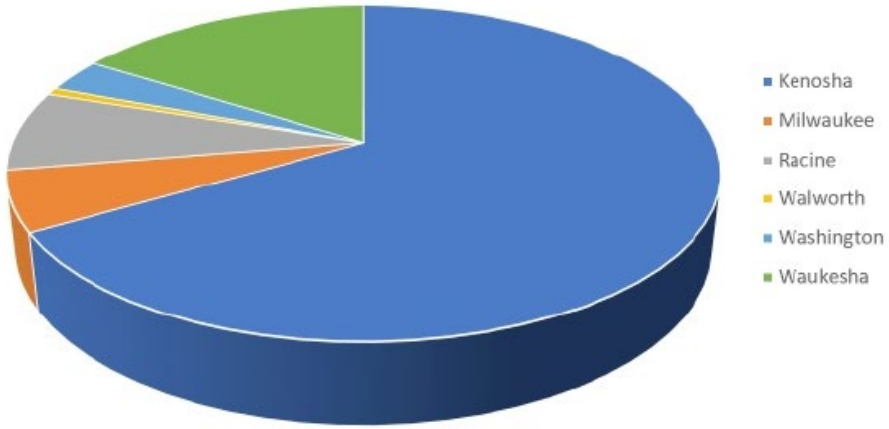
Industrial Development Activity Snapshot Q4 2021

Under Construction (SF)



County	Bldg (SF)
Kenosha	4,559,006
Milwaukee	1,215,782
Ozaukee	250,000
Racine	640,123
Sheboygan	175,200
Walworth	79,576
Washington	75,000
Waukesha	824,672
Grand Total	**7,819,359**

YTD Delivery (SF)



County	Bldg (SF)
Kenosha	1,951,656
Milwaukee	171,000
Racine	223,629
Walworth	19,805
Washington	94,700
Waukesha	470,398
Grand Total	**2,931,188**

Source: Catylist / Moody's Analytics

Top Trade Area Industry Clusters (Supply Chain Attraction Opportunities)

Performance Metrics

Numerical weights have been assigned to your importance rankings from the previous step. You may edit them further if desired.

Earnings — 4x
How important is it that industries have high earnings per worker?

Growth — 2x
How important is it that industries have high overall job growth?

Regional Competitiveness — 4x
How important is it that regional job growth exceeds the national average job growth for an industry?

Regional Specialization — 1x
How important is it that regional job concentration is higher than the national average job concentration for an industry?

GRP — 1x
How important is it that industries make a high contribution to overall gross regional product?

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Emsi Q1 2022 Data Set

Cluster Rankings

Lighting and Electrical Equipment	77
Financial Services	75
Electric Power Generation and Transmission	74
Local Health Services	71
Upstream Chemical Products	71
Information Technology and Analytical Instruments	71
Insurance Services	69
Business Services	67
Recreational and Small Electric Goods	65
Downstream Chemical Products	63
Biopharmaceuticals	63
Local Utilities	62

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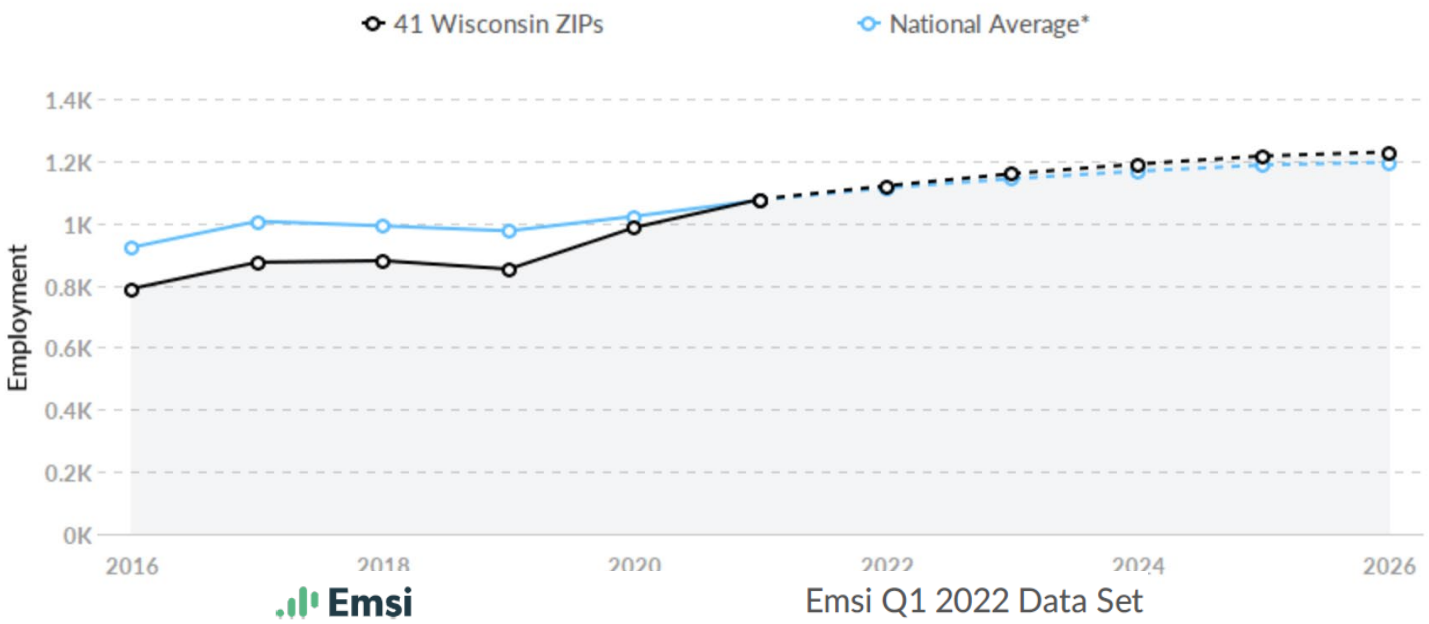
Electronic Shopping and Mail-Order Houses

Gross Regional Product (GRP)

$89.2M	$104.2M	$20.9M	$214.3M
Earnings (2021)	Property Income (2021)	Taxes (2021)	Total GRP (2021)



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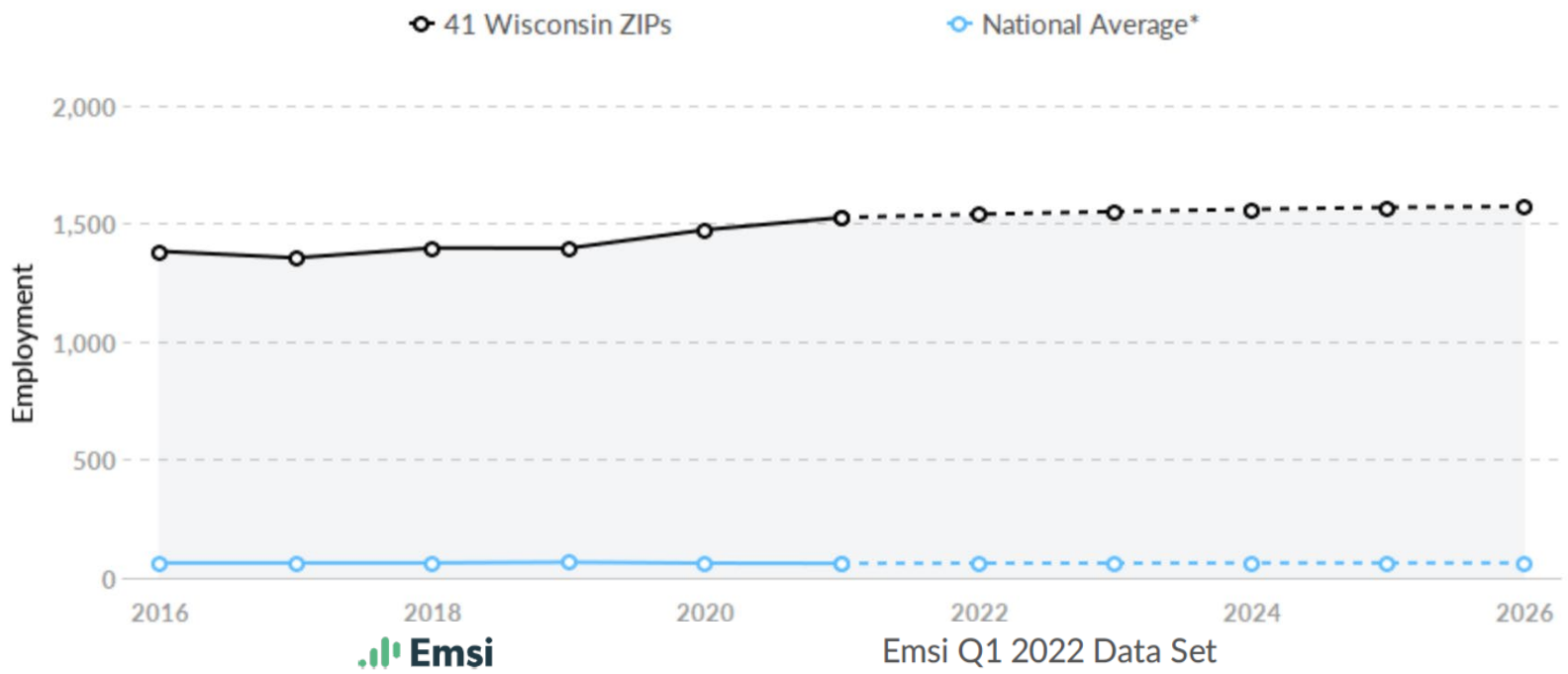
Power, Distribution, and Specialty Transformer Manufacturing

Gross Regional Product (GRP)

$191.9M	$36.3M	$4.2M	$232.4M
Earnings (2021)	Property Income (2021)	Taxes (2021)	Total GRP (2021)



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Core Assumptions

Driving the Analysis & Analytics

Modeled Project Assumptions

Year	sf by Year	% of total sf	Land (Prep, Utilities, Infrastructure)	CapX	FF&E	Jobs Production / Warehouse	Jobs Office, Sales, Administration	Jobs Engineering, Executive, Specialty	Jobs Total
1			$ 12,000,000						
2	1,134,000	36%		$102,060,000	$34,020,000	577	216	72	865
3									
4	656,500	21%		$59,085,000	$19,695,000	334	125	42	501
5			$ 3,000,000						
6	542,500	17%		$48,825,000	$16,275,000	276	103	34	414
7									
8	813,000	26%		$73,170,000	$24,390,000	413	155	52	620
Total	**3,146,000.00**	**100%**		**$283,140,000**	**$94,380,000**	**1,600**	**600**	**200**	**2,400**

Job Type	Hourly Wage
Production and Warehouse	$20
Office / Sales / Administration	$35
Engineering / Executive / Specialty	$45

Impact Analysis
Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

493110 GENERAL WAREHOUSING AND STORAGE		WASHINGTON COUNTY
Employment Multiplier	(Type II Direct Effect)	1.4117
Earnings Multiplier	(Type II Direct Effect)	1.4171

This report presents the results of an economic and fiscal analysis undertaken by EDWC using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact Analysis
Methodology on Revenues and Expenses

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

Basis for Allocating Germantown's Share of Economic Benefits from Impact Analysis

Regional Metrics	30-minute drive time from 2900, Holy Hill Road, Village of Richfield **(Zip Code Level)**	Washington County, WI	Germantown, WI	Germantown Percent of Trade Area	Germantown Percent of County
Population (2019)	669,738	136,302	20,341	3.04%	14.92%
Population (2020)	669,386	136,445	20,414	3.05%	14.96%
Projected Population (2026)	667,110	139,660	21,091	3.16%	15.10%
Jobs (2019)	361,406	57,059	15,187	4.20%	26.62%
Jobs (2020)	339,787	54,508	14,648	4.31%	26.87%

Emsi

Emsi Q1 2022 Data Set

