



MINUTES OF AN OFFICIAL MEETING:

Regular Meeting: *Economic Development Committee*

Date and Time: *Monday, March 6, 2023 at 5:00 pm*

Location: *City Hall, 2000 N. Calhoun Rd., Council Chambers*

Members Present: *Alderman Bob Reddin, Brian Shecterle, Michelle Bougie, Brian Melter*

Members Excused: *Mushir Hassan (School Board)*

Others Present: *Dan Ertl-Community Development Director, Emily Zandt-Associate Planner, Nancy Justman-President Visit Brookfield, Nicole Ryf, Executive Director Waukesha County Center for Growth*

1. Roll Call

Alderman Reddin noted a quorum present and called the Economic Development Committee to order at 5:00 pm.

2. Announcements

- a. Next regularly scheduled meeting is June 5, 2023 at 5:00 pm.

3. Minutes of the November 14, 2022 Economic Development Committee Meeting

Motion by Member Brian Shecterle, second by Member Brian Melter to approve the minutes of the November 14, 2022 Economic Development Committee meeting. Motion carried 4-0 unanimously.

4. New Business

- a. Report of the Convention and Visitors Bureau

Ms. Justman submitted a report to the Economic Development Committee which outlined: *Booking information from the Brookfield Conference Center, Visit Brookfield and Brookfield Conference Center website engagement, and social media engagement.* Ms. Justman stated that industry experts predict that the tourism industry will not normalize following the pandemic until 2025.

- b. Report from the Waukesha County Center for Growth

Ms. Ryf provided a summary of the work Waukesha County Center for Growth does as a part of its contract with the City of Brookfield. Work includes technical assistance, property/project promotion and support, a new business retention and expansion program, general marketing, Main Street Bounceback Grant requests, and small business funding and counseling.

- c. Report on Brookfield vacancy and absorption rates for industrial, office, and retail markets for February 2023

Item 4.c. was moved to the end of New Business.

- d. Staff report: Advocacy for a redevelopment project located at 13925 W. Capitol Drive and 3950 Lilly Road-DE

Director Ertl introduced the topic and stated that he has been promoting that the Economic Development Committee to move from merely a reporting committee to a reporting and advocacy committee. Director Ertl summarized the Wheel & Sprocket project which meets several Comprehensive Plan goals and CDA Public Policy Guidelines. Details on the project were included in the staff report.

Member Brian Shecterle expressed his support for the project. He commented that keeping the status quo with one and two-story buildings, the city will stagnate for the next 20-30 years. Member Shecterle does not think the building is too tall and he believes the project should be able to move forward. Nothing is the same as it was five years ago, and the City needs to continue to move forward.

Member Michelle Bougie stated that she also supports the project. She says she lives near the site and she would like to support a local business that is open to reinventing their business.

Member Brian Melter stated he supports the project based on the economics as well as removing the brownfield from the site. If it doesn't happen in the City of Brookfield, it will happen somewhere else. Oconomowoc has buildings just like this that are attracting people.

Alderman Reddin stated that he is not supportive of the project. He has been consistently opposed to non-ownership housing. He commented that he has been on the council for a long time and he is still waiting for a resident to walk up to him and say that Brookfield needs more rental units. Alderman Reddin said he has been open to some rental units during his time on the council but does not support this project because of its location along Capitol Drive. As an EDC member, he voted for the Flats at Bishops Woods because he could see the economic benefits of the project, however he is not sure he can see the economic benefits of this specific project. He stated that, due to the current zoning, another developer couldn't come along and propose something bigger. He agrees that something needs to be done with this site, but the city doesn't need to accept the first proposal presented.

Member Michelle Bougie asked about how hard it is to rezone a property. Alderman Reddin stated that some rezoning requests are approved, and some are turned down. Director Ertl commented that this project is consistent with the mixed-use designation in the Comprehensive Plan and it is really just the details of the proposal (i.e. height, setback) that require the rezoning

to the Planned Development District (PDD). The block between Lilly & Fiebrantz is the only area in the node that is designated for this amount of density.

Director Ertl stated that he did receive an email from Dr. Hassan, which stated that he had an opportunity to look at the Wheel & Sprocket project information and would personally support the project.

Member Brian Shecterle commented that the City engaged an organization to update the City's comprehensive plan. If the result was that this site was designated for mixed use, then a developer is going to come in and make the request. The City shouldn't advertise the comprehensive plan to developers and then turn down a project that is consistent with the future land use designation.

Member Michelle Bougie stated that she likes supporting an established business. She asked if the City could work with the developer to get the project to a more ideal state? Director Ertl stated that modifications to the plans have been made including removing a floor and increasing the setback, but it does seem to have appeased the council or the neighbors.

- e. Resolution: Support for a mixed-use building consisting of commercial retail and 75 apartments located in the southeast corner of Capitol Drive and Lilly Road

Motion by Member Brian Shecterle, second by Member Michelle Bougie to approve the resolution to support a mixed-use building consisting of commercial retail and 75 apartments located in the southeast corner of Capital Drive & Lilly Road. Motion carried 3-1 (Reddin – No)

Member Brian Shecterle left the meeting. Quorum still present.

- c. Report on Brookfield vacancy and absorption rates for industrial, office, and retail markets for February 2023

Associate Planner Zandt went over the vacancy and absorption report for the office, retail, and industrial markets for February 2023. (*Staff Report provided – see pgs. 4-5 for summary.*) Ms. Zandt supplied the Economic Development Committee with neighboring and peer city community metrics related to each market.

5. Adjournment

Motion by Member Brian Melter, second by Member Michelle Bougie to adjourn the meeting at 5:44 pm. Motion carried 4-0 unanimously.

Respectfully Submitted: March 23, 2023

Emily Zandt – Associate Planner

Update on Brookfield vacancy and absorption rates for industrial, office, and retail markets - Staff Report Summary

Industrial

February 2023 – Industrial properties in the City of Brookfield saw little change in vacancy with a slight month-to-month absorption of 8,911 square feet between January and February 2023. Between February 2022 and February 2023, there has been an increase in industrial vacancy of approximately 22,500 square feet. The overall vacancy rate for industrial properties in the City of Brookfield remains below 2%, with approximately 62,500 square feet of vacant space. The current vacancy rate is consistent with the 5-year historical average vacancy rate for industrial property in the City of Brookfield.

5-year Historical Averages of Regional and Peer City Comparison

Data from CoStar (5 yr. historical Avg. 2018-2023)

	Vacancy Rate	12-month net absorption (SF)	Market Rent/ SF	Market Cap Rate
Brookfield, WI	1.8%	19,180	\$6.14	8.62%
Wauwatosa, WI	20.48%	(353,190)	\$5.36	7.44%
Chesterfield, MO	3.15%	17,600	\$9.79	8.46%
Edina, MN	1.39%	(17,071)	\$6.46	7.57%
Greenwood, IN	6.99%	1,149,506	\$5.49	6.68%

Office

February 2023 – There was an increase in office occupancy between January and February 2023 in the City of Brookfield, with an absorption of approximately 28,000 square feet. However, there has been a net negative absorption rate in the City since October of 2022, with approximately 199,000 square feet of office space being vacated. Overall, the City of Brookfield has a 23% office vacancy rate, up from 20% one year ago (February 2022). The City of Brookfield’s office market would need to absorb approximately 588,000 SF or an average 59,000 SF per month for the rest of the 2023 to meet its historical 5-year average.

5-year Historical Averages of Regional and Peer City Comparison

Data from CoStar (5 yr. historical Avg. 2018-2023)

	Vacancy Rate	12-month net absorption (SF)	Market Rent/ SF	Market Cap Rate
Brookfield, WI	13.64%	(23,031)	\$19.38	8.64%
Wauwatosa, WI	8.63%	37,068	\$23.22	8.25%
Chesterfield, MO	8.79%	(71,323)	\$23.67	8.46%
Edina, MN	9.66%	(73,915)	\$25.82	8.18%
Greenwood, IN	5.63%	17,627	\$19.66	8.72%

Retail

February 2023 – The retail vacancy rate in the City of Brookfield as of February 2023 is 11.7%. Between February 2022 and February 2023, the City’s retail market absorbed approximately 70,000 square feet, with 16,000 square feet absorbed between January and February of 2023. This is a continuation of net positive absorption in the city’s retail market that has been experienced over the past two years.

5-year Historical Averages of Regional and Peer City Comparison

Data from CoStar (5 yr. historical Avg. 2018-2023)

	Vacancy Rate	12-month net absorption (SF)	Market Rent/ SF	Market Cap Rate
Brookfield, WI	7.52%	(71,782)	\$17.65	7.48%
Wauwatosa, WI	8.15%	(4,594)	\$25.37	7.27%
Chesterfield, MO	16.24%	(229,420)	\$21.59	8.01%
Edina, MN	3.59%	(14,801)	\$25.46	6.68%
Greenwood, IN	3.47%	60,719	\$18.03	8.30%