

Slowly emerging Park East offers dynamic possibilities

Q & A

City TIFs seen as key to moving projects forward

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Since the demolition of the Park East freeway in 2003, redevelopment of the 64-acre corridor on the north end of downtown Milwaukee has hit its share of speed bumps.

For various reasons, long-awaited projects along the valuable tract of land have been delayed. Call it what you will — political tinkering or developers looking for too many incentives — delays could be sending mixed messages to potential investors nationwide.

One way or another, projects are beginning to emerge and progress within the corridor should be more evident by the end of the year. City of Milwaukee officials estimate the Park East area will entail \$780 million worth of development over the next five to 10 years. Projections could go as high as \$1 billion if the city increases its tax incremental financing for the area.

To help add perspective to the corridor's redevelopment, we asked some area real estate professionals for their thoughts. Offering their insight are Tim Casey, principal of Equity Commercial Real Estate L.L.C., Milwaukee; Deborah Tomczyk, real estate attorney at Reinhart Boerner Van Deuren S.C., Milwaukee; Bruce Westling, president of NAI MLG Commercial, Brookfield; and Steve Palec, senior vice president, and Peter Glaser, vice president, both of CB Richard Ellis, Milwaukee.

Q: How do you see the Park East corridor progressing? Are we getting the mix of projects that people were anticipating?

CASEY: The mix of projects proposed for the Park East is exciting, characterized by quality design, fairly high density and an interesting mix of uses. These projects would complement the boom in condo development in the last seven or eight years.

TOMCZYK: It is no secret that the Park East corridor presents a tremendous development opportunity for the city of Milwau-

kee. Several dynamic projects have been proposed. The challenge has been to move the projects forward through the governmental approval process in a manner that will make the projects economically viable.



Westling

WESTLING: The progress in the Park East may seem a bit slower than some expected. The reality is that the projects that have been proposed are mixed-use in nature and extremely complex.

PALEC: The gestation period of transactions is so long these days that the progress is hard to measure, the mix is still unknown and the momentum requires tremendous proactive efforts to continue. Lots of architect's and developer's storage closets are filled with 'proposed' renderings. The Park East offers a clean palette from which to create a mix and mass of projects that reflect a modern live/work/play environment in a downtown setting.

GLASER: The proposed projects are all mixed use with hotel, office, residential and retail components. This mix will be consistent with most of the new development in the corridor. Market demand will determine how much of each of these uses will be built. The key to the success of this area will be creating a destination for the metro area that will also be supported by a daytime office and the growing downtown residential population base.

Q: Do you buy into the argument that certain types of retail development in the Park East corridor will detract from Milwaukee's downtown and draw people away from The Shops of Grand Avenue?

TOMCZYK: No. Retail is the one aspect

of downtown's real estate resurgence that is lagging behind. Downtown and the 3rd Ward have offered amazing dining opportunities for many years. Leveraging off of the success of these restaurants, growing night life and the downtown housing boom, specialty shopping — led by the Milwaukee Public Market — is also blossoming. The Grand Avenue has been a constant throughout this resurgence and offers the more traditional mall shopping experience with ample on-site parking. The Park East, however, holds the potential to open a new retail market in a part of the city that has not offered retailing opportunities in the past.

WESTLING: Absolutely not. The Park East is a once-in-a-lifetime opportunity for the city to promote high-density mixed-use development that will expand the downtown and further connect neighborhoods from Walker's Point and the 3rd Ward north and east, to Riverwest and the Watertown area of Columbia-St Mary's. The Park East is a unique opportunity to add to the diversity of retail, hotel, restaurant and office options the city has to offer. The retail and hospitality users that are attracted to the Park East are interested in part because of the density of the proposed projects.



Glaser

GLASER: No. Any new entertainment/retail venues that can be developed in the Park East will make the downtown market a stronger destination for the metro area. Additional retail development will also continue to drive the strong residential growth we have seen downtown over the past decade. The downtown residential market needs to have similar amenities to the suburban market. Mixed-use development will provide the daytime, night and weekend retail traffic in the immediate area.

CASEY: The Grand Avenue has been re-tenanting with larger retailers like Office-Max, T.J. Maxx and Linens 'n Things, which serve the downtown market and nearby

neighborhoods. Smaller retailers like Old Navy and restaurants like Applebee's and Potbelly's serve these markets as well. As downtown continues to grow its work force, residential and visitor base, more retail opportunities are available for a variety of sites.

Q: How do you view the Milwaukee Department of City Development's threat to refuse or amend new TIF districts for the Park East corridor?



Palec

PALEC: I sure hope we find a way to encourage, attract and bring companies, businesses and entities into the area that are not currently here. We have enjoyed growth by existing companies, shuffled and upgraded to some degree those we have, and had a few imports. But we cannot move forward without attracting our share of what goes on beyond our borders.

My other concern is an arbitrary dismissal of any tool we can use to promote sensible progress. TIFs are not a cure-all panacea or a handout like Halloween candy. It is a much misunderstood tool that in the right projects can be viewed as an investment in ourselves that is not only paid back but can pay tremendous dividends. They need to be thoughtfully considered on a project-by-project basis.

GLASER: Dense urban development projects have many challenges. It will be important for the city to use TIF districts to move many of the proposed projects forward and start the necessary momentum for this area to develop.

CASEY: It is the city's responsibility to underwrite each project that requests fi-

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financial assistance, and to be confident that each will support any TIF dollars provided. While it's exciting to see all the proposals, I don't know anyone in development circles who believes that all of the proposed hotel components can move forward in the near term. Some of these projects will look different when they're finalized.

TOMCZYK: The development challenges in the Park East corridor are significant: land assembly, historic structures, possible environmental concerns and the need for new infrastructure, parking, in particular. Given these challenges, TIF assistance is essential to make Park East redevelopment economically viable. Addressing these types of challenges is precisely why the TIF law was created. Hesitation in making TIF funding available will certainly delay, if not postpone indefinitely, the redevelopment of the corridor. That hesitation, coupled with the earlier defeat of the original PabstCity redevelopment



Tomczyk

ment proposal, sends a very negative message to developers otherwise ready to take on the Park East challenge — especially developers outside of the city.

WESTLING: Potentially devastating. It seems that the city has been surprised by the magnitude and density of a couple of the projects that have been proposed. The city and their consultants projected one value for the corridor when completed and reality is that that projection is only 20 to 25 percent of what is proposed to date. With this information alone it would make sense for the city to sit down and work with the developers to create the best project possible on a case-by-case basis. Certainly, a general message to the local and national development community that the city will no longer consider TIF in the corridor is a negative message.

Q: How do you envision the look of the Park East corridor in the next five years?

GLASER: Construction of the initial proposed projects should be completed and the trend of mixed-use development will con-

tinue. The success of these initial projects will set the tone for the area. Hopefully, we will see this area gain the same momentum (on a larger scale) that we are currently seeing in the 3rd Ward while developing its own character.

CASEY: I wouldn't have said this five years ago, but as the condo boom has blossomed, Water Street and Old World Third Street have progressed, and the Park East corridor and The Brewery (Pabst) begin to emerge; I think the entire north side of downtown is going to take on the feel of the River North district in Chicago.



Casey

— hopefully to spur further development there as well.

WESTLING: It's quite possible that in five years the Park East could be well on its way to becoming a nationally acclaimed example of urban redevelopment. That should be the desired result and is one that all parties involved should strive for. It won't be easy, but it will be truly rewarding to the city and its residents if all the players involved roll up their sleeves and make the effort to make the corridor what it should and could be.

PALEC: Five years is not a long time in the world of real estate. The answer depends on what happens in the next few months. I am not saying every proposed project will or needs to happen. But many are important and with catalytic potential. If we truly encourage, cooperate and thoughtfully assist those that are justified, we could see the quick (remember five years is quick in this realm) fruition of what originally was intended — the northern growth of downtown. The potential exists to have the Park East become a vibrant and distinctly different area with its own personality within the city — with offices, hotels, retail, entertainment and housing.

TOMCZYK: If economic viability issues are addressed, I expect to see lots of construction in the Park East corridor over the next five years. I expect housing and hotels will be driving forces. Office and retail components will round out what holds the promise of a very dynamic mixed-use area. I also see a successful Park East corridor creating a bridge into the near north side