Text size: [A-](#) [A](#) [A+](#)

BizTimes.com
Milwaukee and Southeastern Wisconsin Business

Reserve your exhibit
space today!
April 28 & 29, 2010

PRINT MAGAZINE
[Current Issue](#)
[Subscribe](#)
[Archive](#)



Real Estate: Retail plans in store

By [Andrew Weiland](#) , of BizTimes

Published [February 5, 2010](#)

With the nation's unemployment rate at 10 percent, many consumers have been forced to cut back on their spending. That has hurt retail businesses, and in 2009, development of new retail buildings dropped dramatically.

Only a handful of retail developments are under construction in the Milwaukee area. Wal-Mart is building supercenter stores in Waukesha and Muskego. Janesville-based Woodman's Food Markets Inc. is building a large grocery store in Menomonee Falls and Opus North Corp. continues work on its Shoppes at Fox River project in Waukesha.

Other than that, retail development in the region, like most of the U.S., has ground to a halt.

Many retailers dropped expansion plans in 2009 as they focused on surviving and getting through the Great Recession.

Now that the economic rebound has begun, many retailers have an empty expansion pipeline and are starting to begin making expansion plans again.

"Since everyone sat on the sideline (in 2009), we are starting to see, in some cases, there is pent up demand (for more stores)," said Peter Glaser, first vice president at CB Richard Ellis' Milwaukee office. "Retailers that were fearful to add stores last year, maybe didn't make their revenue numbers and now need to add more locations."

"I think 2010 will be a year of planning (for retail expansion)," said Dan Rosenfeld, principal of MidAmerica Real Estate, a retail real estate brokerage.

The lack of retail development in southeastern Wisconsin has helped keep the region's retail space vacancy rate from spiking, Rosenfeld said. The region's retail space vacancy rate is at about 12 to 13 percent, he said.

Some chains will start to work this year on plans for new locations, but there will be very few major retail developments breaking ground until 2012, he said. There are a few national retailers that have a presence in the region and are planning to add locations, Rosenfeld said.

He declined to name any of them, but one appears to be Issaquah, Wash.-based Costco Wholesale Corp., which recently unveiled plans to build a 150,000-square-foot store on a vacant, 19-acre site in the Village of Pewaukee northwest of Highway 164 and Capitol Drive, north of a Wal-Mart store at that intersection. That project is one of the few major retail

Advertisement

iQ
AWARDS
innovation quotient

It's Time to Nominate

Celebrating Innovation in Business

developments that could break ground in the area prior to 2012, Rosenfeld said.



Some developers are working on plans for retail developments as potential retail tenants are carefully coming back to the market.

Chicago-based HSA Commercial Real Estate is marketing the 62 acres it has acquired in the Burleigh Triangle area, located between Highway 45, Burleigh Street and a rail line in Wauwatosa. A large portion of that property is the former Roundy's distribution center.

Wauwatosa's master plan for the property calls for mixed use, dense, urban-style development. HSA agrees with the fundamental principals of that master plan, said Tim Blum, executive vice president and managing director of the company's retail division.

Retail will be the most important component to the redevelopment of the Burleigh Triangle, Blum said, because high-quality stores will attract residents and office tenants that want to be located nearby. The property's high traffic location should help attract retail tenants, he said.

"We believe that retail is a very critical component to establish a base upon which the rest of the components can flourish," Blum said. People want to live and work near fun places to shop, he said.

HSA does not want any big box stores in the project and is instead shooting for mid box and smaller stores, Blum said, such as a grocery store, book store, apparel stores, restaurants and coffee shops. He declined to disclose specific retailers that HSA has talked to about the project.

The project is getting some interest from retail tenants, he said. The office and hotel markets are providing little interest, he said.

"It's very difficult for a developer to build new product right now," Blum said. "Retailers are

trying to take advantage of the downturn, trying to get cheap deals and it's hard to offer that with new product."

The Milwaukee area's traditional conservative business climate has helped it avoid the retail space overbuilding that has hit some other markets, such as Chicago, Blum said.

"There isn't a lot of vacant product in Milwaukee compared to Chicago," he said. "It's very tight (in Milwaukee)."

Other developments are in the works.

Chattanooga, Tenn.-based CBL & Associates Properties Inc., the owner of Brookfield Square Mall, is working on an expansion plan for the mall. The company's web site indicates that it has plans to expand the mall, but details about the project were removed from the web site recently. The plans indicated that the expansion could include a store from Davenport, Iowa-based upscale department store chain Von Maur.

Northfield Germantown LLC recently submitted preliminary plans to develop a 185-acre vacant site northeast of Highway 45 and Holy Hill Road in the Village of Germantown. The preliminary plans call for a mixed-use development with 165 homes (a mix of single family homes and duplexes), 80 senior living units, 60,000 square feet of office space and small retailers around a park and 33 acres of retail development along Highway 45, which could include a big box store. The project is called Holy Hill Farms.

Officials with the Village of Menomonee Falls are working to attract retail development to a blighted, 80-acre site bounded by Highway 45, Pilgrim Road, Roosevelt Drive and Water Street. The property is heavily contaminated and mostly vacant. Village officials are working to clean up the property and have talked to several developers interested in the site, said Matt Carran, director of community development for Menomonee Falls.

The village plans to extend Richfield Way through the property and hopes to attract retail development along Highway 45 and residential development on the south side of the road.

The village wants to see a "lifestyle" retail development, similar to, but smaller than, Bayshore Town Center in Glendale, Carran said.

Menomonee Falls officials envision a retail development with a 130,000-square-foot anchor store, four 75,000-square-foot mid-box stores, dozens of smaller stores and underground parking.

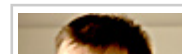
The village has talked to numerous potential retail tenants for the project, Carran said. A published report that the village is targeting Bass Pro Shop as the anchor store for the project was an overstatement, he said. Bass Pro Shop is just one of several retailers that village officials have talked to about the project, he said.

The location of the property along Highway 45 makes it attractive to retailers and village officials want a showcase development built there that gives the community a "higher image," Carran said.

While planning is underway now, it will take several years to complete the project.

"All of this isn't going to happen today or tomorrow," Carran said. "This is not going to be open by next Christmas. But the (developers and retailers) we're talking too, when (the economy) does pick up, they want to be able to hit the ground running."


About Andrew Weiland




Andrew Weiland is the managing editor of BizTimes Milwaukee, and also writes about commercial real estate and health care for the publication. He has been with SBT since 2003. He has been a professional journalist since 1997. He is a 1996 graduate of the University of Wisconsin-Madison. News can be sent to: Andrew Weiland, BizTimes Milwaukee, 126 N. Jefferson St., Ste. 403 Milwaukee, WI 53202.



Andrew can be reached by:

 (414) 336-7120

 (414) 277-8191

 [Click to contact via email](mailto:andrew@biztimes.com)

 <http://www.biztimes.com>

© Copyright 2010 BizTimes Media LLC

[About Us](#) | [Contact Us](#) | [Privacy Policy](#) | [Advertise with Us](#) | [Help](#) | [Site Map](#)

BizTimes provides news and operational insight to the owners, presidents and other top executives of closely held businesses in southeastern Wisconsin, including Milwaukee, Waukesha, Ozaukee, Washington, Racine, Kenosha, Walworth and Sheboygan counties.

Site Designed and Developed by [Red Anvil, LLC](#).