SECTION 2.3 ECONOMIC ASSESSMENT

Figure 2.3A: ESRI study area

Figure 2.3B: ESRI study area access in ten- and twenty-minute drive zones

Market research provides important context to the University Avenue Corridor and provides a framework for realistic redevelopment possibilities at the Catalyst Sites. For purposes of market research, the City of Green Bay purchased data packets from ESRI, which used a defined study area provided by the City of Green Bay and 10- and 20-minute drive trade areas for multiple comparisons. For purposes of this section, "study area" refers to the area outline in Figure 1.3A. The University Avenue Corridor falls within this study area. The 10-minute drive trade area covers most of eastern Green Bay and a portion of northwest Green Bay. The 20-minute drive trade area covers most of Brown County and a portion of the greater Green Bay region (see Figure 1.3B).

It should be noted that there is demographic variation within the study area. Interstate 43 bisects the study area into a western portion that contains roughly double the population size of the eastern portion. Furthermore, the area west of Interstate 43 has a lower median income, lower rates of homeownership, higher housing vacancy, higher proportions of Hispanics, and a higher percentage of school age children than the eastern portion of the study area.

Demographics

Population

As of 2012, according to ESRI, the study area contained 22,833 residents, 8,299 households, and had an average household size of 2.48 (see Figure 1.3C). The study area population accounts for about one quarter of the population in the 10-minute drive trade area and one tenth of the population in the 20-minute drive trade area.

Trade Area	Population	Households	Average Household Size
Study Area	22,833	8,299	2.48
10 Minute Drive	82,243	32,189	2.46
20 Minute Drive	231,736	92,190	2.44

Figure 2.3C: 2012 Population and Households within the study area and ten and twenty-minute drives zones. Sources: ESRI

The population for the City of Green Bay was estimated to be 104,057 in 2010, with a projected population of 114,313 in 2030. The anticipated rate of growth for the City is well below that of the remainder of Brown County (see Figure 2.3D).

The City of Green Bay's rate of growth began to slow in the 1970s. Meanwhile, suburban Brown County has continued to grow at a more rapid pace, especially since 1990. Over the next 20 years Green Bay is expected to continue at a slow rate of population growth.

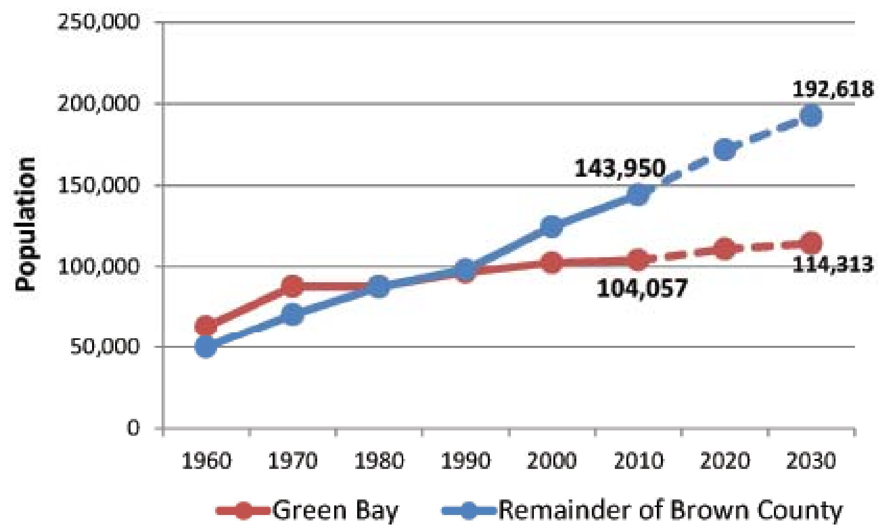

Figure 2.3D: Green Bay, Wisconsin Metro Population Growth Trends. (Sources: US Census Bureau, 1960-2010; Wisconsin Department of Administration, 2011; Brown County Planning Commission, 2013.)

Ethnic Diversity

The study area is racially and ethnically diverse, containing the City's highest percentages of minority residents. Hispanics make up 26% of residents in the study area. Other minority groups include African Americans, Native Americans, and Asians (ESRI).

Household Characteristics

Households with children account for about one-third of all households in the study area, which is typical for the 10-minute drive trade area and the U.S. as a whole (see Figure 1.3E). However, the study area has a higher proportion of single-person households in comparison to the surrounding area and national average.

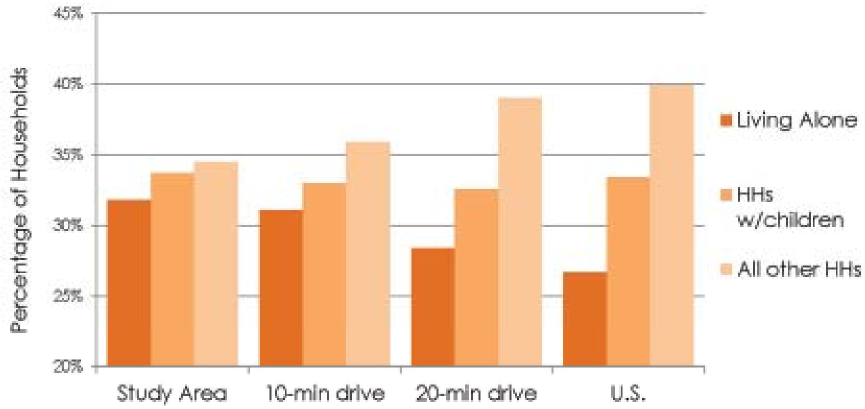

Figure 2.3E: 2012 Household Types in the study area, ten and twenty-minute drive trade areas and nationally. (Source: US Census Bureau)

Median Age and Age Structure

Median age within the study area, at 28.9 years, is almost ten years younger than the U.S. population as a whole and six years younger than residents in the surrounding drive trade areas. This low median age, along with high rates of single-person households noted above, is likely due to the areas's proximity to the UWGB campus. Figures 1.3F and 1.3G depict these statistics.

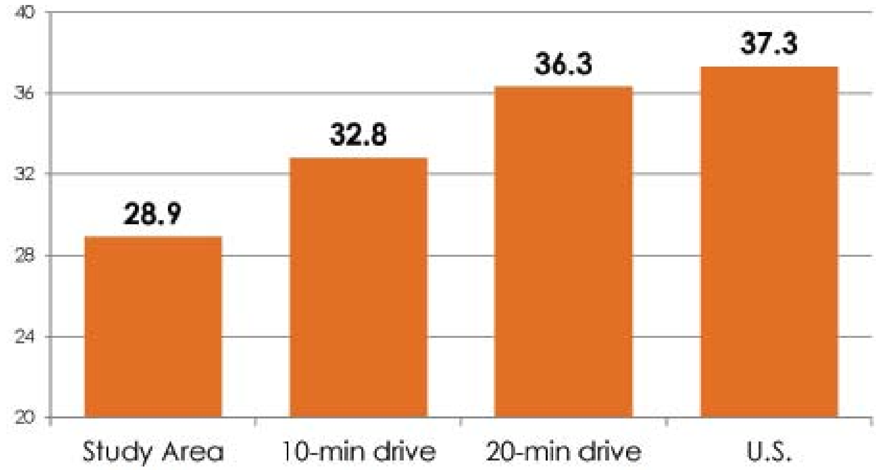

Figure 2.3F: 2012 Median Age in the study area, ten and twenty minute drive trade areas and nationally. (Source: ESRI)

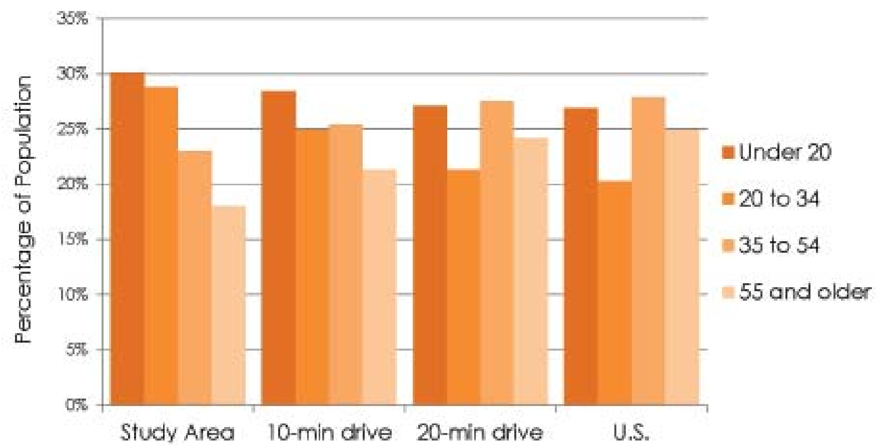

Figure 2.3G: 2012 Age Structure in the study area, ten and twenty minute drive trade areas and nationally. (Source: ESRI)

Income

The study area has a median household income of $40,526, noted in Figure 1.3H. The minority population has an especially low median household income of $38,364 (ESRI). Nearly a quarter of households have incomes of less than $15,000 per year in contrast to roughly 6% of Wisconsin households. The study area unemployment rate of 11.6% is significantly higher than that of the city or Wisconsin's as a whole (ESRI). These figures are likely explained by the area's high number of students.

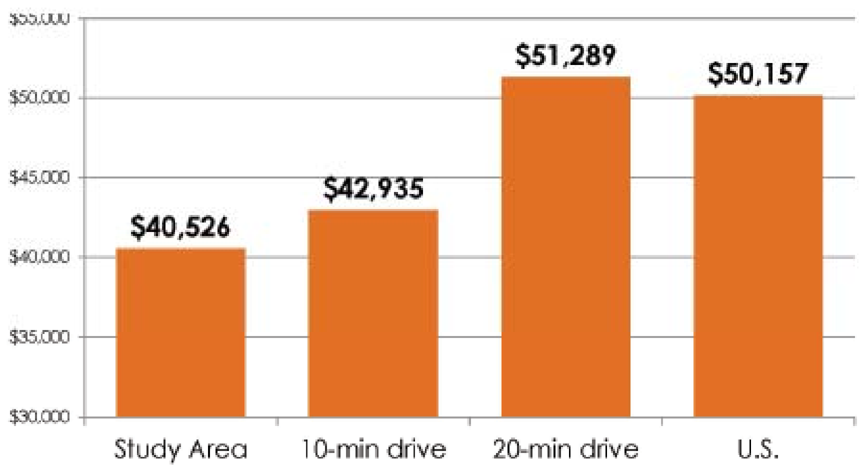

Figure 23H: 2012 Median Household Income in the study area, ten and twenty minute drive trade areas and nationally. (Source: ESRI)

Housing

Public Housing

The Green Bay Housing Authority owns and manages 17 properties of public housing along University Avenue. The units provide quality, affordable housing to low-income families. In 2011, the City and County continued a tradition of effort to reinvest in housing in the study area by locating a state-of-the art public housing development along University Avenue. This project moved senior and disabled housing residents from an outdated facility and improved their quality of life by providing access to high-quality services. In addition, the Freedom House, which aids victims of domestic violence, and an assisted living facility anchor the west side of the project area. The City and County are currently working with a developer to build a veterans housing facility at the east end of the UA Corridor.

Housing Characteristics

Average housing values in the study area are 34% lower than the average for the City as a whole (see Figure 2.3I). Property values in Brown County have experienced lower rates of increase over the past six years than other areas of Wisconsin. The Green Bay housing market tends to be higher priced than other Northeast WI markets. The City did not experience the decline in values from 2010 to 2011 that much of the State did. However, it has not been rebounding as quickly over the last two years compared to other housing markets (ESRI).

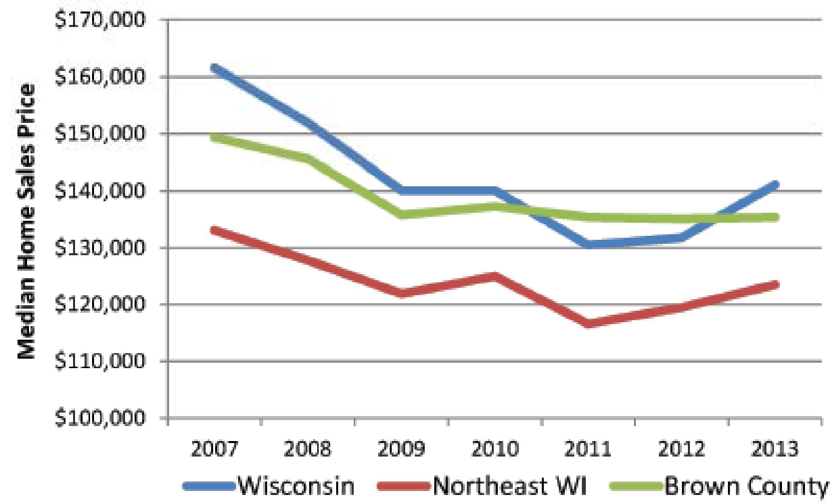

Figure 2.3I: Home Price Trend in the study area county, regionally and statewide. (Source: Wisconsin Association of Realtors)

The homeownership rate in the study area is 46%, which is well below that of the 10 and 20 minute drive areas, as well as the US homeownership rate (see Figure 1.3J). The study area housing vacancy rate of 8% is above the vacancy rates found in the 10 and 20 minute drive areas (see Figure 1.3K). The higher rate of vacancy in the study area compared to the immediate surroundings is likely due to its high percentage of renters, who tend to relocate more readily than homeowners.

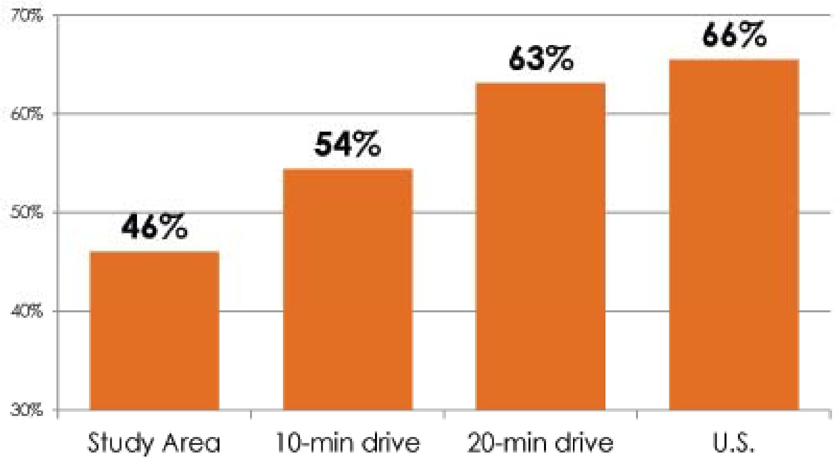

Figure 2.3J: 2012 Homeownership Rate in the study area, ten and twenty-minute drive trade areas, and nationally. (Source: ESRI)

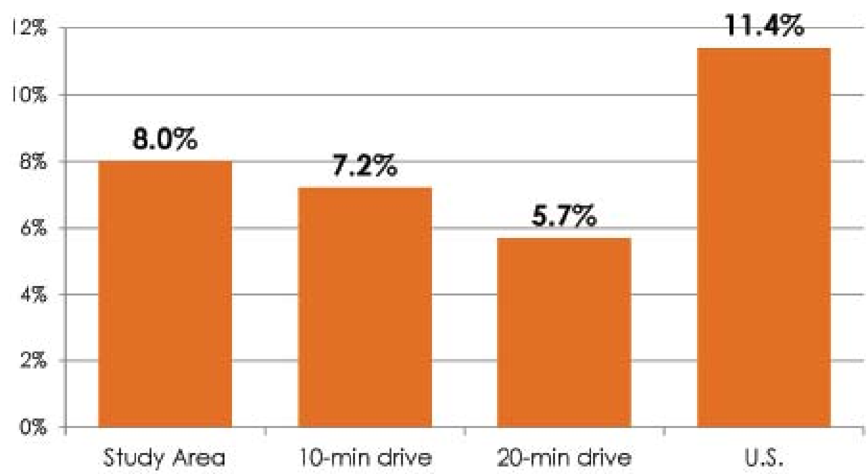

Figure 2.3K: 2012 Home Vacancy Rate in the study area, ten and twenty-minute drivetrade areas and nationally. (Source: ESRI)

Employment

Employment by Sector

The study area has a very high concentration of jobs in manufacturing and transportation/warehousing (see Figure 1.3L). Conversely, the study area has a very low concentration of retail jobs and professional services, indicating that there is a lack of retail activity within the study area and that most residents and other visitors to the study area must travel outside the study area for many retail goods and services.

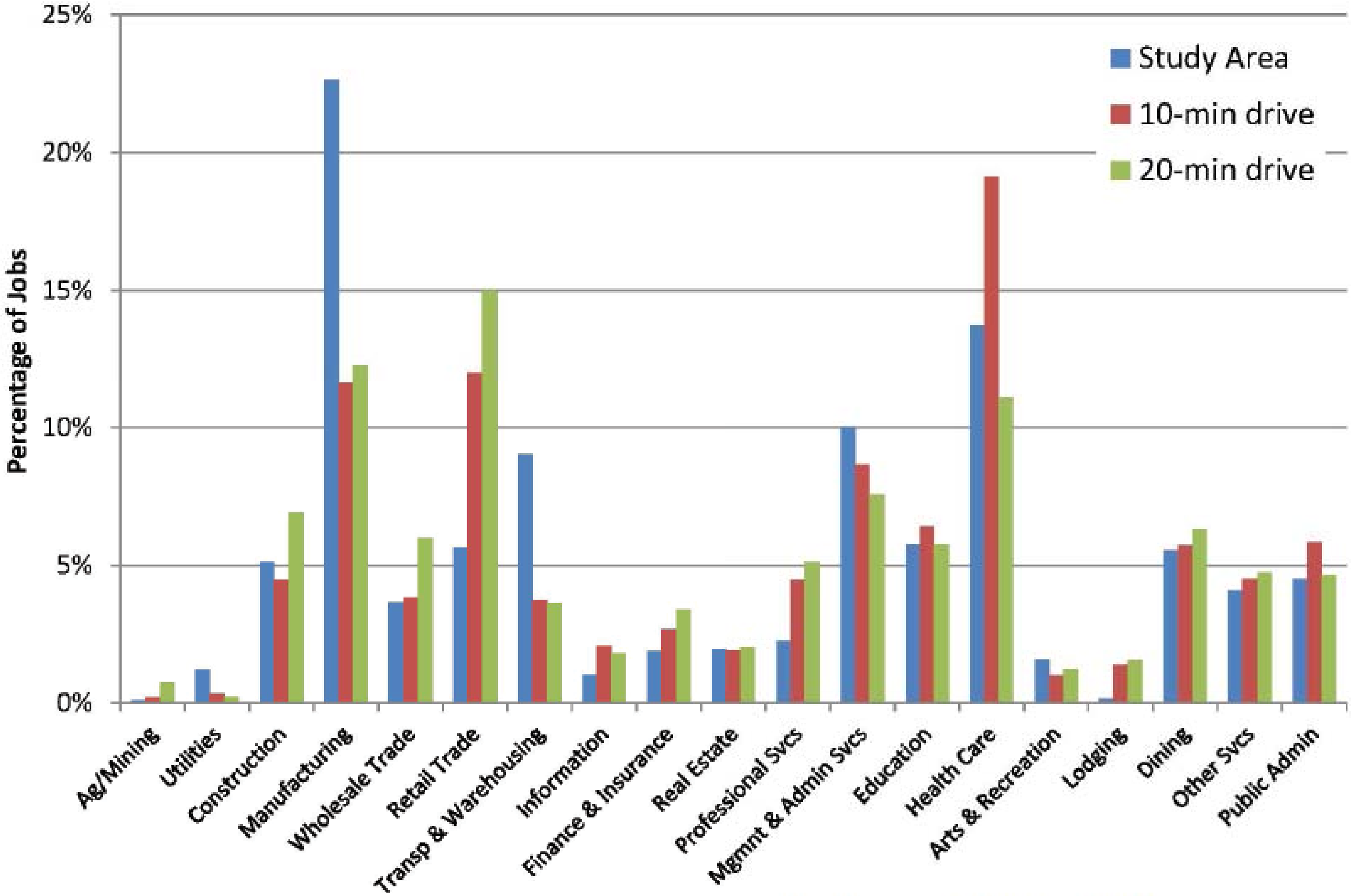

Figure 2.3L: 2012 Employment by Industry in the study area, ten and twenty-minute drive trade areas and nationally. (Source: Dun & Bradstreet & ESRI)

Market Sectors

Retail Sector

The demand for retail goods and services in the study area is estimated at $176,000,000. This exceeds the supply found within the study area, estimated at $44,000,000, by about four times. This results in a retail gap of $132,000,000 that is leaking from within the study area to other parts of the City. Much of this spending likely occurs within the 20-minute drive region, which contains enough retail to support a much larger trade area.

Although the demand for food and drink in the study area also exceeds the supply, the gap is much smaller than the gap for retail goods and services. This result is not surprising considering that food and drink tends to be purchased much closer to where people live and work than other goods such as home furnishings and apparel. Food and drink demand and supply for the 10 and 20 minute drive areas also appears to be closer in balance as well.

Health Care Sector

A key development catalyst for future improvements in the corridor is a $60 million Veterans Affairs Outpatient Clinic that recently opened at the northeast end of the corridor at 2800 University Avenue. The 193,000 sf development contains a 161,000 sf clinic that will provide outpatient services including cardiology, dentistry, gynecology, dialysis, mental health, physical therapy, and more. The new facility will serve up to 20,000 veterans a year, more than the number of patients admitted annually at any of the community's four major hospitals. This number is also several times the number of people who receive care at Green Bay's existing clinic, which serves approximately 3,500 patients a year in the existing 11,000 sf building. Although used as a federal facility, the clinic is privately owned and leased to the VA, thereby generating an estimated $400,000 in annual property tax revenue.

This state of the art clinic is expected to serve as a catalyst for future development along the corridor for support facilities such as hotels, housing for staff, medical offices, restaurants, and other amenity services.

Education Sector

Within, or immediately adjacent to, the UA Corridor are nine public and private schools/learning centers. The University of Wisconsin – Green Bay campus lies along the east end of the UA Corridor. There are currently 6,549 students enrolled at the University living (within the region) with approximately 2,000 to 2,300 on campus.

Arts & Cultural Sector

The Weidner Center for Performing Arts and the Kress Events Center, both located on the UW - Green Bay campus, bring regular sporting events, performing arts, conferences, and expos to locations within the 10 minute drive area. In addition, the Downtown KI Convention Center and Stadium District Research Center serve as venues for conferences and sporting events.

Industrial Sector

The UA Corridor has a legacy of intense industrial use, much of which is associated with area-wide contamination issues. The western portion of the corridor has a significant industrial heritage linked to the region's historical status housing the largest cluster of paper mills of any area in the world. The corridor also has a long history of meat processing plants which have been associated with surface water pollution.

Currently, large industrial facilities include American Foods Group, an active beef processing and packaging facilities located within the study area, and the Georgia Pacific Paper Mill located just north of the study area on the East River.

Market Opportunities

Housing Market

As indicated in Section 2.3, Economic Assessment, the housing market in the Green Bay area is beginning to strengthen after the recession. The for-sale market is starting to experience price increases in response to an improving economy, fewer foreclosures, and greater consumer confidence. Nevertheless, pricing on the whole has yet to return to pre-recession levels. Therefore, development opportunities are only limited to areas where amenities are the highest and demand is the strongest.

In the western half of the UA Corridor, housing is older and smaller and thus sells well below the region's average sales price. Therefore, demand is largely limited by the local market's ability to pay for new for-sale housing, which is almost non-existent. The exception would be the possibility that key sites nearest the downtown (e.g., American Foods or the transit center) were to be redeveloped into a large-scale project that transformed a broad area. The potential to directly connect to the downtown and leverage the East River as an amenity could conceivably unlock a market currently not drawn to the UA Corridor. However, the level of both public and private investment needed to attract buyers that could afford market rate pricing would be substantial.

> Demand for market rate, newly constructed housing in the western half of the UA Corridor is predicated on significant public investment

Further east and closer to I-43, the ability of the local market to afford new for-sale housing improves; however, the cost to prepare sites for for-sale housing may require higher densities compared to what is commonly found in this section of the UA Corridor. However, with several large opportunity sites that could accommodate significant new development, a variety of housing types at varying densities (e.g., single-family homes on smaller lots or townhomes) would have market support, especially if there are strong pedestrian connections to nearby recreational or commercial amenities.

> A variety of housing types at varying densities would have market support in the eastern half of the UA Corridor

The rental housing market is currently very strong. In the Green Bay region, as of 2014, apartment vacancy is below 3% and the average rent has increased more than 10% in the past three years. This indicates strong pent up demand for rental housing throughout the metro region. In east Green Bay, rents are generally 10-15% lower than the rest of the metro area; however, vacancies are well below market equilibrium and rents have been rising rapidly, thus indicating pent-up demand as well. Moreover, new apartment development in east Green Bay has lagged behind other areas of the metro region, which suggests that there is additional pent-up demand in the market for new rental product with features and amenities desired by today's renter.

The UA Corridor can support approximately 200 new apartment units over the next five years. This estimate is derived from two important findings. First, housing demand is closely associated with employment and household growth. Therefore, employees of the new VA Outpatient Clinic and students from UWGB will be important sources of demand for new housing, especially along the eastern end of the UA Corridor. Second, since 2010, the Green Bay metropolitan region has built on average about 400 multifamily units per year. If this rate of growth is to continue and 10% of it could be captured along the UA Corridor, given the presence of the VA Clinic, UWGB, and some strategic public investments, 40 units of housing per year on average could be developed (or 200 units over a five-year period).

> VA employees and UWGB students are important sources of demand for new housing in the UA Corridor

Multifamily Housing:

40 units/year

200 units in a 5-year period

Retail Market

As presented in Section 2.3, a significant amount of local household dollars are spent outside of the UA Corridor. This is due to several reasons. First, a small trade area constrains the retail potential of the UA Corridor, which is hemmed in by downtown Green Bay to the west, the Bay to the north, sparse settlement to the east, and the East Town retail district to the south. East Town is east Green Bay's preeminent retail district with 1 million square feet of retail space compared to the UA Corridor's ½ million square feet of retail space.

Second, lower than average household incomes surrounding the UA Corridor means there are fewer discretionary dollars that can support a wide variety of retailers. For example, many chain retailers often have minimum income thresholds that need to be met before they locate in a trade area.

Third, the UA Corridor's retail presence lacks a physical and visual cohesion. This is because many properties are scattered and cannot take advantage of being in close proximity to complementary businesses. Also, there are no easily recognizable entry signs, banners, monuments, landmarks, or other features that help visitors orient themselves to the Corridor. The lack of cohesion is a barrier to creating an identity for the Corridor that can be branded and used to attract visitors from beyond the immediate neighborhoods.

There is opportunity to capture demand near Sturgeon Bay Road and I-43

On the positive side, the retail market is currently on an upswing. Retail vacancy throughout the metro area and in the UA Corridor has been steadily declining over the past 24 to 36 months. Also, the segment of the Corridor near Sturgeon Bay Road and I-43 does not take full advantage of the freeway interchange. Thus, there is an opportunity to alter transportation patterns and capture a greater share of local demand and, more importantly, demand from outside the trade area.

Concentrate retail activity at several key nodes

There is potential to enhance retail opportunities by concentrating activity at key nodes instead of letting it spread along the entire Corridor. Allowing it to spread has contributed to a disjointed feel and new investment can often be overwhelmed by numerous older properties that have not been reinvested in. Key nodes would include the intersections at Sturgeon Bay Road, Danz Avenue, and Henry Street.

It should be noted that the retail industry has been undergoing significant change in recent years due to the impact of on-line shopping and demographic shifts. Internet retail has forced traditional brick-and-mortar retailers to emphasize quality of the shopping experience over value. To some degree, retailers can manipulate their store settings to enhance the shopping experience. However, the public sector is more and more likely to play a bigger role in helping to make the shopping experience more interesting through improvements to the public realm, such as enhanced streetscapes, more pedestrian connections between blocks, improved wayfinding, strategically placed open space/public art, etc. This is especially true along traditional commercial corridors such as the UA Corridor where the public realm and right-of-way are essential to the visitor experience.

The other significant change to the retail industry is demographic. The Baby Boom generation is aging into retirement, which means their spending habits have shifted away from convenience in support of raising families to more experiential activities. At the same time, the children of the Baby Boom generation, the Millennials, are starting to form their own households and impact the retail industry in important ways. For example, the Millennials are the first truly internet-based generation. As a result, they have a strong propensity to shop for goods and services on the Internet. However, their digital lifestyles, dominated by smart phone technologies, also mean they place a high value on experiences that can't be "virtualized" or adapted to an electronic medium. Therefore, places that facilitate social interaction by using all five senses (sight, smell, hearing, touch, and taste) and merge it with discretionary shopping are rapidly rising in demand.

Places that merge ***social interaction*** with ***discretionary shopping*** are rapidly rising in ***demand***

Office Market

Across the Green Bay region the office market has generally remained stable over the last several years with overall vacancy that has oscillated between 10% and 12%. Despite a stable market, a large office building under development in the downtown (320 North Adams) with over 250,000 square feet of space will increase supply in the market and thus likely absorb most of the short-term demand for office space. Further limiting future demand for office space is a trend toward less space per employee. Less space per worker is being driven by increased levels of telecommuting and greater emphasis on smaller workstations.

The market for office space along the UA Corridor is negligible. The Corridor contains just over 100,000 square feet of office space, which is less than 1% of the metro market. Furthermore, the current vacancy rate is close to 20%, which is almost twice the metro-wide vacancy rate. In addition, the close proximity of the Corridor to the downtown clearly has an impact on office demand because any large user that would benefit from a location on or near the Corridor would likely prefer a downtown location. Also, the vast majority of office needs in the Corridor mostly consist of small professional service firms catering to the local household base (e.g., attorneys, accountants, tax preparers, chiropractors, dentists, etc.). In addition, because of the lower rents at many of the aging retail spaces along the Corridor, many professional service firms can afford retail space and benefit from its greater visibility.

The market for office space along the University Avenue corridor is negligible

Although current market conditions do not support significant office development along the UA Corridor, there are two possible segments of the Corridor that may be exceptions. First, as noted previously, the American Foods site is very close to the downtown. Therefore, any future redevelopment of the site, in which it is connected to the downtown, would present opportunity for significant new office development. Second, the VA Outpatient Clinic will likely be a catalyst for ancillary medical office space (e.g., specialty clinics, labs, records storage, etc.) in the vicinity of the clinic. These office users will prefer to be as close to the medical center as possible and also have visibility from I-43.

The ***VA Outpatient Clinic*** will likely be a ***catalyst for*** ancillary ***medical office*** space