

MEETING:	JOINT PLAN COMMISSION & ECONOMIC DEVELOPMENT COMMISSION MEETING
DATE & TIME:	Monday, January 22, 2024 at 6:30 PM
LOCATION:	Germantown Village Hall Board Room N112 W17001 Mequon Road

Any member of the body and/or citizen also attend the meeting virtually through the WebEx platform, Meeting #: **2558 498 7308** Password: **P4utcK2mPv7** which can be accessed by phone at 408-418-9388 or by logging on at <https://villageofgermantown.my.webex.com/villageofgermantown.my/j.php?MTID=m73341626c23e8a281ffd0bb97fd7df32>

Previously recorded Village Board Meeting Videos can be viewed at https://www.youtube.com/channel/UCOYp0EgELzTCa9X_iCohyhQ.

AGENDA

- I. **CALL TO ORDER:** *This meeting has been given public notice in accordance with Section 19.83 and 19.84, Wis. Stats, in such form that will apprise the general public and news media of subject matter that is intended for consideration and action.*
- II. **ROLL CALL:**
- III. **PRESENTATION:**
 - A. Presentation and discussion of the Residential Market Analysis and Strategy Planning Guidelines draft report by Erik Doersching, Tracy Cross & Associates, Inc
- IV. **ADJOURNMENT:**

UPON REASONABLE NOTICE, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request this service, please contact the Village Clerk at (262)250-4745 at least 2 days prior to the meeting.

Notice is given that a majority of the Village Board may attend this meeting to gather information about an item over which they have decision-making responsibility. This may constitute a meeting of the Village Board per State ex rel. Badke v Greendale Village Board, even though the Village Board will not take formal action at this meeting.

DRAFT
(FOR REVIEW AND COMMENT)

**Residential Market Analysis
-- Strategy Planning Guidelines --
Germantown, Wisconsin**

Prepared on behalf of:

Village of Germantown
N112 W17001 Mequon Road
Germantown, WI 53022

January 4, 2024



TRACY CROSS & ASSOCIATES, INC.
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TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

EXECUTIVE SUMMARY

At the request of the Village of Germantown, Tracy Cross & Associates, Inc. evaluated the market potential for residential development in Germantown, Washington County, Wisconsin. Specifically, this analysis provides a comprehensive evaluation of the housing market in and around Germantown, together with detailed conclusions regarding the demand/need for new construction housing. It also identifies opportunities that exist (or voids that need to be filled) for certain types of homes, along with the specific direction that should be taken to address/meet demand.

Based upon a thorough evaluation of all relevant economic, demographic, socio-economic and residential market conditions in the village of Germantown and surrounding areas (both today and going forward), it was concluded that the state of the new construction home market throughout the area shows a significant opportunity for the development of, primarily, mainstream or workforce housing (i.e., the middle of the market). The words *mainstream*, *workforce* or *middle of the market*, as used throughout the body of this report, refer to new housing units that target households earning between roughly 50 and 150 percent of the area's \$86,185 median income, or approximately \$40,000 to \$125,000+ annually).

The identified need for new mainstream housing is founded on the basis of supply deficiencies (both rental and for sale) that exist in the market, along with the extreme price disparity that can be found in the for sale sector between new construction alternatives and resale units. In other words, given current market conditions in both the rental apartment and for sale/ownership sectors, the potential or need for properly positioned housing targeting renters earning, primarily, between \$40,000 and \$125,000 annually and ownership households earning from \$75,000 to \$150,000+ is viewed as *significant*.

Because new/newer apartment developments throughout Germantown and surrounding areas are, for the most part, already offering product that targets the threshold of renter households earning between \$40,000 and \$125,000, the area simply needs more properly positioned rental product given the tightness of this market and only marginal new/newer supply.

In the for sale sector, however, the large disparity that exists between new construction price points and those incomes represented by the middle of the market (again, those earning between roughly 50 and 150 percent of median), reflects the reality that a different approach must be taken for the introduction of new for sale housing in the marketplace. This new approach will require discipline by all stakeholders and builders/developers as it relates to land planning, densities, product design, and most importantly, implementation. *Note: the rising cost of land, development, materials and labor is the primary reason new for sale housing prices have risen so dramatically, coupled with the lack of new product initiatives.*

As outlined in our full report, the introduction of **new apartment product** can occur within a reasonable time period simply by following our recommendations for three specific products, all of which are efficient to build from a construction cost standpoint and have proven successful throughout the Midwest and southeast Wisconsin. These products can be readily produced (with a manageable level of discipline) at rental rates generally consistent with the new/newer offerings in the market today.

As it relates to **new for sale housing**, our recommendations represent a departure from the status quo in the new construction ownership sector in and around Germantown and will require a *much greater* level of discipline to produce properly positioned new homes – homes that the workforce can afford, but still represent a comparable quality to that which Germantown is accustomed. To achieve this objective, it will be imperative for the Village of Germantown, and other stakeholders, to work closely with builders/developers so that our recommendations regarding four (4) very specific ownership product lines are understood and embraced. Specifically, builders/developers (and governing bodies) will need to think differently in terms of land planning, densities, development, approvals, product design (and possibly some

form of incentives) in order to *substantially reduce costs*, a key component to meeting the price requirements for the local workforce or middle of the market.

In addition to the disparity that exists between local area incomes and the current price alignment of new construction for sale housing, demand potentials for ownership housing over the next five years in the Germantown Primary Market Area (PMA), which includes Washington County, along with the neighboring areas of northeast Waukesha County, southern Ozaukee County and the northern edge of Milwaukee County, are expected to exceed supply given what is formally in the planning pipeline at this time. For example, a total of at least 2,975 for sale housing units could be absorbed in the Germantown PMA through 2028 (595 yearly), although just 1,139 for sale housing units are currently in the planning pipeline, many of which may never come to fruition. Likewise, demand for new rental housing in the Germantown PMA stands at 2,075 total units through 2028 (415 annually), yet only 1,271 units are in the pipeline, some of which may not move forward. *Moreover, not only is “derived demand” likely to outstrip supply near term, but the overall base of residential construction requirements could actually be much higher (i.e., double) during any given year where properly positioned supply is made available. This doubling of demand factors pent-up demand; upside household growth potentials if properly positioned development were actually to occur; the limited amount of new construction housing alternatives throughout the PMA (to be discussed later); and spillover potentials from areas outside the local market area.*

Focusing on the for sale/ownership sector, and to highlight the importance of working diligently in order to cost-effectively produce mainstream/workforce ownership housing units, the following text table outlines the qualitative distribution of annual for sale housing demand based solely on incomes, then cast against where new construction closings are occurring today. This table shows the need for new for sale housing largely concentrated at price points below \$400,000, which corresponds with the mainstream, workforce or middle of the market. Currently, the majority of new construction offerings in the market are concentrated at prices between \$400,000 and \$700,000, thus leaving workforce ownership households disenfranchised by the current alignment of new construction for sale product.

**THE CURRENT DISCONNECT IN THE FOR SALE SECTOR OF THE NEW CONSTRUCTION HOUSING MARKET
GERMANTOWN PRIMARY MARKET AREA (PMA)**

Price Range	Annual For Sale Housing Demand (Based Upon Current Incomes)		Qualitative Distribution of New Construction Residential Closings ⁽¹⁾	
	Number	Percent	Number	Percent
Under 250,000	30	5.0	---	---
250,000 - 299,999	108	18.1	5	1.2
300,000 - 349,999	100	16.8	6	1.5
350,000 - 399,999	84	14.1	36	8.8
400,000 - 449,999	66	11.1	67	16.3
450,000 - 499,999	48	8.1	76	18.5
500,000 - 549,999	38	6.4	65	15.9
550,000 - 599,999	26	4.4	53	12.9
600,000 - 699,999	20	3.4	59	14.4
700,000 & Above	75	12.6	43	10.5
Total	595	100.0	410	100.0
Median	----- \$385,815 -----		----- \$511,634 -----	

⁽¹⁾ Reflects new construction townhome/duplex/condominium and single family closings recorded in 2023

Source: Tracy Cross & Associates, Inc. and Southeast Wisconsin Multiple Listing Service

**For Sale Housing Price Points Required for
Mainstream/Workforce/Middle Market
Households**

**Current Threshold of Homes Being Produced,
Which Cannot be Afforded by the Bulk of the
Market**

NEXT GENERATION HOUSING INITIATIVE – WASHINGTON COUNTY

With the village of Germantown situated within the boundaries of Washington County, the municipality is in a position to benefit from the county's *Next Generations Housing* initiative, which aims to assist communities, developers, builders, etc. in filling voids that exist in the market relative to ownership housing forms. As highlighted in this executive summary, and detailed throughout the full report, recent price escalation among virtually all new construction for sale developments throughout Germantown and surrounding areas has created a significant void for more properly positioned for sale housing. As such, our analysis, which independently and objectively identified this void, provides specific product/price recommendations in order to fill it – recommendations that conform to the goals of the Next Generation Housing initiative. With this said, and because several of Germantown's identified development/redevelopment properties are already being considered for Next Generation Housing, *the municipality should continue to consider this opportunity*. Note: our detailed recommendations can be found in Section I of the full report.

All told, the effort involved with bringing for sale housing product to market in Germantown (at the prices outlined in Section I), along with a variety of new rental products, will be rewarded by significant sales/absorption volumes per development, which will translate to increases in population and households and, in turn, foster economic growth locally that will have a measurable fiscal impact.





INTRODUCTION

At the request of the Village of Germantown, Tracy Cross & Associates, Inc. evaluated the market potential for residential development in Germantown, Washington County, Wisconsin – a northwest suburb of Milwaukee. Specifically focusing upon *new construction housing* opportunities throughout the village, this analysis establishes the following:

- Conclusions regarding the depth of the market (demand) for new construction residential development throughout Germantown based upon pertinent economic, demographic, and residential trends which define the marketplace.
- Conclusions regarding highest-and-best residential uses within the village over the next 5+ years. These conclusions are based upon factors associated with the location of Germantown, depth of market, demographic and socio-economic characteristics of existing and future households, and the alignment of residential developments, both existing and planned.
- Detailed recommendations regarding those housing forms viewed to hold measurable market support near- to mid-term. Investigative uses range from a variety of rental housing idioms to all forms of for sale housing such as condominiums, townhomes, villas/duplexes, single family, etc. These recommendations address specific product types, plan styles/sizes, features/amenities, etc., along with benchmark rent/pricing strategies necessary to achieve acceptable levels of absorption. Please note that these recommendations will focus on all segments of the conventional market ranging from younger (entry level) profiles to active adult (55+) households.
- A detailed development matrix summarizing the most marketable mix of residential uses (and their absorption/sales potentials) in order to facilitate/inform future planning efforts, architecture, financial modeling, approvals, marketing, builder/developer participation, etc.
- A geographic positioning strategy for the introduction of new housing development in Germantown.

WORK PLAN

The work plan for this assignment involved a series of inter-related research investigations as summarized below:

- A thorough investigation of Germantown and surrounding areas to determine geographic boundaries of the local market area; identify factors which may impact residential potentials within the municipality; and examine areas that may be suitable for residential development.
- A detailed analysis of all relevant employment, demographic, and residential trends/statistics including a comprehensive evaluation of key socio-economic and income variables of area households.
- A thorough assessment of both the *for rent* and *for sale* sectors of the local housing market (and adjoining areas as applicable).
- A demand forecast for residential development in and around Germantown over the next 5+ years.

- A case study evaluation of “like” residential initiatives throughout similar markets in the Midwest in order to assess trends, products, performance levels, etc.

THE REPORT

This report is divided into four sections. Of particular importance is **Section 1** which forwards detailed conclusions and recommendations regarding the highest-and-best housing options for development in Germantown over the next several years. Not to be dismissed, however, are the remaining three sections which can be defined as *fundamentals*. **Section 2**, for instance, provides an outlook for future residential development in the market area based upon all demand-related variables, while **Sections 3 and 4** present a thorough analysis of market’s current and future residential marketplace, i.e., both the rental and for sale.

CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding the market potential for new construction housing development within Germantown, Washington County, Wisconsin as certified below:

TRACY CROSS & ASSOCIATES, INC.
An Illinois Corporation

By: 
Erik A. Doersching
Its: President & CEO

Date: January 4, 2024





1. A FRAMEWORK FOR PLANNING

The demand/need for **properly positioned** new construction housing product in the village of Germantown is considered *substantial*. In other words, future new construction housing potentials in the village of Germantown (and throughout Washington County and other adjoining areas to the south and east) are *ample* provided specific criteria can be met relative to product and price. Specifically, the market is showing a clear need for both *market rate and mainstream/workforce housing* ranging from additional rental idioms to various forms of conventional for sale offerings.

This favorable conclusion, which is supported in Sections 2, 3 and 4 of this report, is based upon: 1) more than adequate demand support for a variety of new construction housing alternatives; 2) notable supply-side constraints, especially for product that targets the mainstream of the market, i.e., those households earning between 50 and 150 percent of the market area's \$86,185 median annual income; 3) an ample base of existing (and future) households with strong demographic profiles; 4) tightness (and certain disjointedness) in both the rental and for sale sectors of the market; 5) an excellent localized environment characterized by in-place employment, transportation, shopping/services, entertainment and recreation, along with quality schools; and 6) the opportunity to introduce new and differentiated housing product in a market where such product is definitely needed.

Overall, the village of Germantown is in a unique position to help guide future residential development efforts in a direction of discipline and insight as it relates to specific products that meet the demands of the market relative to densities/lot sizes, product forms, unit types/styles, and most importantly, rent/price positioning. At the same, the village of Germantown has land available within its boundaries for multiple residential development initiatives.

A PLANNING STRATEGY: THE PRODUCT

Because supply-side issues throughout Germantown and adjoining areas are largely driven by the type of product being offered, together with current density allocations for such product idioms (and the cost to produce it), the village of Germantown must think *strategically* in order guide future development efforts to meet the demands/needs of the market, primarily as it relates to the rather large gap that exists between area incomes and new residential development, especially in the for sale sector.

With this said, the following bullet-point summary provides specific product guidelines for establishing the most practical and marketable hierarchy of conventional, mainstream and/or workforce housing – to serve as a guide for future planning and implementation efforts:

- Mirroring a number of successful mainstream rental housing communities throughout the Midwest, including southern Wisconsin, strong consideration should be given to the introduction of three different market rate rental housing series, one consisting of a two-story garden-style walkup idiom directed to all renter households; one representing a ranch villa rental program targeting the active adult aged 55-74, but not restricted to this segment since other profiles will find this product desirable; and one reflecting a single family detached alternative appealing to a cross-section of the market. Together, these three product forms, which are extremely efficient and cost effective to build, will allow for a broad and varied mix of unit types, sizes, and rents capable of penetrating the threshold of mainstream conventional renter households in the marketplace – and those emanating to Germantown in the years to come. In other words, the introduction of these three new construction product lines in Germantown would allow the full breadth of mainstream renter profiles to be targeted. These include Millennials, also known as Echo Boomers or Generation Y, along with Centennials, also known as Generation Z (i.e., younger singles and couples without

children), together with traditional and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition, young families, etc., and, of course, the move-down empty-nester/active adult/pre-retiree/retiree aged 55 to 74 – a segment which shows substantial growth near term – many of which desire a rental alternative in lieu of home ownership.

- ❑ The **two-story garden apartment program** would consist of a “private entry” product with a component of attached, direct-access garages. In this regard, one of the most successful garden-style developments in the Midwest (and in other portions of southern Wisconsin) consists of a series of eight-unit buildings (each with four direct-access one-car garages) or 16-unit buildings (each with eight direct-access one-car garages). With just 50 percent direct-access garages suggested per structure, two different versions of the garden apartment building should be designed in order for each of the individual floorplans to be offered *with a direct access garage* in one of the two building types. By following this formula, each plan offering would have a 50 percent representation of direct-access one-car garages.



- ❑ Individual designs for the garden apartment product should be broad and varied consisting of eight (8) plan offerings including one-, two- and three-bedroom options ranging in size from 600 to 1,250 square feet. Please note that this product line would also be accompanied by buildings with optional detached garages. As such, renter profiles could elect either surface parking only; a detached garage; or a unit with an attached garage, thus giving future residents a full continuum of rental options to choose from as it relates to their choice of parking cast against their desired (or needed) monthly payment based upon income. This scenario will also provide competitive consistency with other developments in the market, current and future.

- ❑ The **ranch villa apartment program**, which would target households aged 55+, although not be restricted to this consumer segment, would consist of direct-entry single-level ranch-type townhome plans, most with one-car attached garages, but also including a two-car garage offering. Modeled, in part, after very successful empty nester ranches in other parts of Wisconsin and elsewhere throughout the Midwest, this product line would consist of four different plan designs ranging from a one-bedroom residence at 725 square feet to a three-bedroom unit with 1,275 square feet. This product line would be configured in 3-, 4-, 5- and 6-unit buildings (duplexed where necessary).



- ❑ Representing a compliment to both the garden apartments and attached ranch villa rentals, and as an extension of the overall continuum of rental housing product within Germantown, strong consideration should be given to introducing a **small-lot single family detached rental program**. Targeting a broad range of consumer profiles ranging from younger households to empty-nesters not interested in homeownership, but desirous of a new detached single family housing form, this product line would include one ranch plan at 1,300 square feet and three two-story offerings in the 1,500-1,700 square foot band (all with two-car garages).



- ❑ Mirroring competitive counterparts overall, size increments between floorplans (for all three rental products) should not exceed 200 square feet (and be narrower in many instances). This discipline will keep lease rate differentials between plans small and in concert with the gradual upward movement of mainstream (and workforce) household incomes.
- ❑ If elevated properly, the three rental housing products can exemplify tasteful suburban architecture and be very complimentary to other development initiatives (including for sale developments) both internal to an individual community and elsewhere throughout the municipality.
- ❑ Representing the first of four product lines in the “for sale” sector of the market, and in an effort to establish an overall hierarchy of ownership product starting with an alternative that should be able to achieve price points directly in-line with the lower-end of the qualitative distribution of mainstream/workforce incomes, is an efficiently designed mid-density **townhome/rowhome series**. This product line would include three separate three-story plan types, each with two main living areas configured over an integral two-car garage and a finished lower level, all with two-car garages. Plan sizes for this series, which will average 1,400 square feet, should range from 1,200 to 1,550 square feet including finished lower levels. This can be achieved in very efficient and cost effective 20’ wide modules. With rear-entry garages, individual buildings are generally designed to face one another, thus allowing for a small pedestrian greenway between buildings, or they can be configured fronting a street. Combined, the three individual plan offerings will be capable of attracting a broad range of buyer profiles, with attentive focus directed toward young singles and couples without children, couples in their initial stages of family formation and young families.

- ❑ Architecturally, the townhome/rowhome product line can support either a traditional elevation scheme, or it can command something more contemporary/urban oriented, i.e., at the builder’s discretion and dependent upon cost. Overall, this product line can achieve a density of 12+ units per acre, thus allowing builders to distribute land and development costs across more units – in an attempt to bring prices down from the current representation of condominium products (i.e., luxury duplexes/fourplexes) that dot the landscape throughout the market.



- ❑ Representing a more “cost conscious” age-targeted alternative to the highly stylized ranch duplex/fourplex condominiums currently found in Germantown and surrounding areas, yet still directed toward the more mature, move-down home purchasers aged 55-74+, a very efficient **attached ranch villa** for sale series is recommended. This product line, which could be configured in 3-, 4-, 5 and/or 6-unit linear buildings (duplexed only where necessary) would consist exclusively of single-level ranch plans, each with a front-load two-car garage and a small, but usable, back-yard or patio area. Ranging in size from 1,375 to 1,675 square feet, the average attached villa unit would carry 1,525 square feet of living space. These homes would be configured slab-on-grade, although a modicum of lots could/should be designated to accommodate optional basements. While directed toward the move-down consumer or empty-nester, this product line would be capable of attracting other segments of the market as well. Ultimately, the goal of creating a villa product slab on grade (as opposed to straight duplex or fourplex buildings with full basements) would be to achieve a higher-density and construction efficiencies which, again, would allow lower costs to be distributed across more units – ultimately leading to more competitive (and appropriate) prices.



- In the single family sector, and representing a departure from the current larger-lot semi-custom/custom home development currently represented among new developments in and around Germantown, would be an urban/suburban detached product line with rear-load garages. Representing a derivation of the neo-traditional planning concept, i.e. Traditional Neighborhood Development (TND), this single family series, ideally, would be comprised of two single-level “ranch” plans, two traditional two-story units (with second floor master bedrooms) and one two-story unit with a first-floor master bedroom, all with optional basements. Ranging in size from 1,500 to 1,900 square feet, and averaging roughly 1,700 square feet across the group, homes in this series should be approximately 30'-35' wide configured on 40'-45' wide homesites. At the Harmony community in Westfield, Indiana, this particular product line has been extremely successful as it has allowed new construction single family housing (through density and unit sizes) to meet a mainstream or workforce price point – one not typically seen among more traditional counterparts on larger lots. In Madison, Wisconsin, Veridian Homes carries a similar style of homes, which allows the builder to offer more mainstream price points. Because of the escalation of new construction single family prices throughout the local market, a similar strategy is warranted. The TND single family product line will be able to attract a broad spectrum of mainstream detached home purchasers including young childless married couples, couples in their initial stages of family formation, and young families. And, with the incorporation of several ranch plans and a two-story master-down design, this program will be in a position to also appeal to the 55 and older empty-nester segment desirous of detached ownership housing.



- The second single family product line should consist of a smaller-lot, more traditional single family series with front-access, two-car garages and optional basements. This product line should be comprised of two single-level “ranch” plans and four traditional two-story units. Ranging in size from 1,750 to 2,400 square feet, and averaging roughly 2,050 square feet across the group, homes in this program should be configured on 50'-55" wide homesites. The smaller lot sizes would, once again, assist in reducing costs, thus allowing for a more competitive price position. Together, the six single family plans will also appeal to a broad spectrum of single family home purchasers including young childless married couples, couples in their initial stages of family formation, and first- and second-time move up families. And, with the inclusion of two ranch plans on small low-maintenance lots, this series will appeal to the 55 and older empty-nester segment as well. *While the price points for this product line align the upper end of mainstream incomes, they more closely align the resale sector. As such, this series will provide a reasonably priced move-up alternative in an effort to alleviate pressure among area resales and open up more options for the mainstream of the market or workforce in the existing home market as well.*



- It is important to note that with proper land planning and architecture, smaller single family lots (both TND and traditional) can still provide for aesthetically appealing community orientation and, most importantly, at the price points not widely represented in the new construction single family sector of the market – price points necessary for the bulk of the market.

For a detailed outline of each recommended mainstream housing idiom including individual product/plan criteria, unit sizes, *current dollar* rents/prices, features, etc., consult **Exhibits 1.1 through 1.7**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful “like” products throughout the Midwest.

It is important to note that the detailed planning guidelines and benchmark rent/price suggestions for the various housing products are not arbitrary, but rather *strategic*. Specially, these guidelines will allow five important goals to be met. First, the continuum of home types, styles and rents/prices will directly align mainstream household incomes in the market. Second, the for sale product lines (and their prices) will assist builders in bridging the rather large price gap that exists between area resales and new construction alternatives which, in turn, will provide for “above average” absorption/sales rates. Third, the suggested products (and their typical density allocations) will allow each home series to improve upon total unit counts per acre, which will help minimize raw land costs per unit. Fourth, each suggested product line and plan offering can be built in an efficient manner, which will assist in keeping direct construction costs at a minimum. Finally, the rents/prices assigned to each product line will allow each housing idiom to draw consumers from both the village of Germantown itself, as well as other areas throughout the Milwaukee region, primarily its north/northwest/west suburbs.

Because each product line has been positioned competitively (and strategically) relative to the market, absorption rates for the rental products and sales rates for the ownership offerings are expected to be “at” or “above the market average.” And, while absorption and sales are dependent upon other factors such as the scale of a development, i.e., number of total units; site location; community amenities, etc., the following text table offers a general outline of what an individual location would be capable of attaining per product series:

**ABSORPTION / SALES SUMMARY - A GUIDE
SUGGESTED HOUSING PRODUCTS: GERMANTOWN, WISCONSIN**

Product Line	Estimated Total Units For a Typical Development or Phase (of Relative Scale)	Annual Absorption/ Sales Potential (In Units) At Benchmark Rents/Prices	Marketing Life (In Years)
Two-Story Garden Apts	240	144	1.7 ⁽¹⁾
Ranch Villa Rentals	140	84	1.7 ⁽¹⁾
Single Family Rentals	100	60	1.7 ⁽¹⁾
Townhomes/Rowhomes	60	30	2.0
Attached Ranch Villas	60	30	2.0
TND Single Family	60	30	2.0
Conventional Single Family	40	20	2.0
⁽¹⁾ Marketing life will actually be slightly shorter to get to a stabilized occupancy level of 95 percent.			

Source: Tracy Cross & Associates, Inc.

The absorption/sales volumes outlined above are reflective of a series of residential product lines that will appeal to households earning incomes, generally, in the \$50,000 to \$125,000 range for the rental products and in the \$75,000 to \$150,000+ range for the ownership idioms. These income segments, which are some of the deepest in the village of Germantown and surrounding communities (including all of Washington County), have been disenfranchised of late relative to new construction alternatives.

PRODUCT CRITERIA AND BENCHMARK RENTS - TWO-STORY GARDEN APARTMENTS
-- CONVENTIONAL/MAINSTREAM HOUSING --
GERMANTOWN, WISCONSIN

1.1

Product Line Summary

Product Form: *Two-Story Garden Apartments*
(8- or 16-Unit Buildings with 4 or 8 Direct Access One-Car Garages Per Building)

Density in Units Per Acre: 20.0

Average Plan Size (Sq. Ft.): 925

Average Benchmark Base Rent w/50 % Garages: \$1,716
Per Sq. Ft.:(1) \$1.86



Plan Detail

Plan Designation	A-1	A-2	A-3	B	C-1	C-2	C-3	D
Percent Distribution	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Plan Type	1BR	1BR	1BR	1BR DEN	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	600	700	775	875	975	1,075	1,150	1,250
Benchmark Base Rent w/o Garage:(1) Per Sq. Ft.:(1)	\$1,245 \$2.08	\$1,370 \$1.96	\$1,465 \$1.89	\$1,590 \$1.82	\$1,715 \$1.76	\$1,840 \$1.71	\$1,935 \$1.68	\$2,060 \$1.65
Benchmark Base Rent w/ Garage:(2) Per Sq. Ft.:(2)	\$1,370 \$2.28	\$1,495 \$2.14	\$1,590 \$2.05	\$1,715 \$1.96	\$1,840 \$1.89	\$1,965 \$1.83	\$2,060 \$1.79	\$2,185 \$1.75

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Quality Door Hardware
- Quality Lighting Package
- Private Balcony/Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Plank Flooring
- Self Clean Range Oven
- Built-In Dishwasher
- Refrigerator with Ice-Maker
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Plank Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

COMMUNITY FEATURES/AMENITIES (LARGE-SCALE DEVELOPMENTS)
(SHARED W/RANCH VILLA AND/OR SF RENTALS)

- Architecturally-enhanced Exteriors
- Secured Access Entry Per Unit
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Dog Park & Dog Washing Station
- Trail System
- Sport Courts/Playground
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 50%
- Adequate Surface Parking
- Detached Garages @ \$65 Monthly Per Space

(1) Benchmark base monthly rents, which are presented in January 2024 dollars, reflect the posted base rents for units without direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.

(2) Benchmark base monthly rents, which are presented in January 2024 dollars, reflect the posted base rents for units with direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, storage rental, utilities, or detached garages.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK RENTS - RANCH VILLA RENTALS
-- CONVENTIONAL/MAINSTREAM HOUSING --
GERMANTOWN, WISCONSIN

1.2

Product Line Summary

Product Form: *Single-Level Ranch Villas w/Attached Garages - Slab on Grade/No Basements (3-, 4-, 5- and/or 6-Unit Buildings-Duplexed Where Necessary)*

Density in Units Per Acre: 12.0

Average Plan Size (Sq. Ft.): 1,000

Average Benchmark Base Rent: \$1,981
Per Sq. Ft.:(1) \$1.98



Plan Detail

Plan Designation	A	B	C	D
Percent Distribution	25.0	25.0	25.0	25.0
Plan Type	1BR	1BR DEN	2BR	3BR
Garage Condition	1-Car	1-Car	1-Car	2-Car
Bedroom/Bath Mix	1/1.0	1+Den/1.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	725	925	1,075	1,275
Benchmark Base Rent:(1)	\$1,625	\$1,850	\$2,050	\$2,400
Per Sq. Ft.:(1)	\$2.24	\$2.00	\$1.91	\$1.88

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Quality Door Hardware and Lighting Package
- Private Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Plank Flooring
- Self Clean Range Oven
- Built-In Dishwasher
- Refrigerator with Ice-Maker
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Plank Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

**COMMUNITY FEATURES/AMENITIES (LARGE-SCALE DEVELOPMENTS)
(SHARED W/GARDEN APARTMENTS AND/OR SF RENTALS)**

- Architecturally-enhanced Exteriors
- Secured Access Entry Per Unit
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Trail System
- Dog Park
- Dog Washing Station
- Sport Courts/Playground
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 100%
- Additional Surface Parking

(1) Benchmark base monthly rents, which are presented in January 2024 dollars, reflect the posted base rents, each of which includes an attached garage. They do not include potential premiums for end units or view. They also do not include application/administration fees, pet fees, storage rental, or utilities.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK RENTS - SINGLE FAMILY RENTALS
-- CONVENTIONAL/MAINSTREAM HOUSING --
GERMANTOWN, WISCONSIN

1.3

Product Line Summary

Product Form: *Single Family Rentals w/Attached Garages - Slab on Grade/No Basements (35'-40' Wide Homes on 45'-50' Wide Homesites)*

Density in Units Per Acre: 8.0

Average Plan Size (Sq. Ft.): 1,525

Average Benchmark Base Rent: \$2,906
Per Sq. Ft.:(1) \$1.91



Plan Detail

Plan Designation	A	B	C	D
Percent Distribution	25.0	25.0	25.0	25.0
Plan Type	Ranch	2-Story	2-Story	2-Story
Garage Condition	2-Car	2-Car	2-Car	2-Car
Bedroom/Bath Mix	2+Den/2.0	3/2.5	3/2.5	3+Loft/2.5
Unit Size (Sq. Ft.)	1,300	1,500	1,600	1,700
Benchmark Base Rent:(1)	\$2,625	\$2,875	\$3,000	\$3,125
Per Sq. Ft.:(1)	\$2.02	\$1.92	\$1.88	\$1.84

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Quality Door Hardware and Lighting Package
- Private Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Plank Flooring
- Self Clean Range Oven
- Built-In Dishwasher
- Refrigerator with Ice-Maker
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Plank Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

**COMMUNITY FEATURES/AMENITIES (LARGE-SCALE DEVELOPMENTS)
 (SHARED W/GARDEN APARTMENTS AND/OR RANCH VILLA RENTALS)**



- Architecturally-enhanced Exteriors
- Secured Access Entry Per Unit
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Trail System
- Dog Park
- Dog Washing Station
- Sport Courts/Playground
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 100%
- Additional Surface Parking

(1) Benchmark base monthly rents, which are presented in January 2024 dollars, reflect the posted base rents, each of which includes an attached garage. They do not include potential premiums for end units or view. They also do not include application/administration fees, pet fees, storage rental, or utilities.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE TOWNHOMES/ROWHOMES
-- CONVENTIONAL/MAINSTREAM HOUSING --
GERMANTOWN, WISCONSIN


1.4

Product Line Summary			
Product Form:	Townhomes/Rowhomes		
Garage Condition:	2-Car (Rear Load)		
Lower Level of Townhomes/Rowhomes	Finished		
Average Plan Size (Sq. Ft.):	1,400		
Average Benchmark Base Price:⁽¹⁾	\$266,990		
Per Sq. Ft.:	\$190.71		
Average Anticipated Closing Price:⁽²⁾	\$283,000		
Per Sq. Ft.:	\$202.14		
			
Plan Detail			
Plan Designation	A	B	C
Plan Style	3-Story	3-Story	3-Story
Bedrooms	2	2+Loft+Flex	3+Flex
Baths	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,200	1,450	1,550
Benchmark Base Price: ⁽¹⁾	\$254,990	\$269,990	\$275,990
Per Sq. Ft.:	\$212.49	\$186.20	\$178.06
Anticipated Closing Price:⁽²⁾	\$270,300	\$286,200	\$292,500
Per Sq. Ft.:	\$225.25	\$197.38	\$188.71
Features and Amenities			
UNIT STANDARDS	KITCHEN FEATURES	BATH/POWDER ROOM STANDARDS	
<ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Balcony 	<ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Granite or Quartz Countertops ■ Double Bowl Stainless Steel Sink 	<ul style="list-style-type: none"> ■ Ceramic Flooring ■ Granite or Quartz Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 	
CLOSETS, UTILITIES, AND LAUNDRY	BUILDING FEATURES/AMENITIES		
<ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 	<ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Finished Lower Level <p align="center">(Note: Lower Level in the Smallest Unit is Limited to A Laundry Room, Closet, Etc.)</p>		<ul style="list-style-type: none"> ■ Front-Oriented Sidewalks ■ Modest, But Desirable Community Amenities (Depends on Size of Development)
<p>⁽¹⁾ Benchmark base sales prices, which are presented in January 2024 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 6.0 percent above the base sales price.</p>			

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE ATTACHED RANCH VILLAS
-- CONVENTIONAL/MAINSTREAM HOUSING --
GERMANTOWN, WISCONSIN

1.5

Product Line Summary				
Product Form:	Attached Ranch Villas (3-, 4-, 5 and 6-Unit Buildings - Duplexed Where Necessary)			
Garage Condition:	2-Car (Front)			
Average Plan Size (Sq. Ft.):	1,525			
Average Benchmark Base Price:⁽¹⁾	\$288,990			
Per Sq. Ft.:	\$189.50			
Average Anticipated Closing Price:⁽²⁾	\$309,200			
Per Sq. Ft.:	\$202.75			
				
Plan Detail				
Plan Designation	A	B	C	
Plan Style	Ranch	Ranch	Ranch	
Bedrooms	2	2+Den	3	
Baths	2	2	2	
Unit Size (Sq. Ft.)	1,375	1,525	1,675	
Benchmark Base Price: ⁽¹⁾	\$279,990	\$288,990	\$297,990	
Per Sq. Ft.:	\$203.63	\$189.50	\$177.90	
Anticipated Closing Price:⁽²⁾	\$299,600	\$309,200	\$318,800	
Per Sq. Ft.:	\$217.89	\$202.75	\$190.33	
Features and Amenities				
<p>UNIT STANDARDS</p> <ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Patio Area <p>CLOSETS, UTILITIES, AND LAUNDRY</p> <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 	<p>KITCHEN FEATURES</p> <ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Double Bowl Stainless Steel Sink 	<p>BATH/POWDER ROOM STANDARDS</p> <ul style="list-style-type: none"> ■ Ceramic Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 	<p>HOME FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Basements Optional on Select Lots 	<p>HOME FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Front-Oriented Sidewalks ■ Modest, But Desirable Community Amenities (Depends on Size of Development)
<p>⁽¹⁾ Benchmark base sales prices, which are presented in January 2024 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</p>				

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - SMALL LOT TND FOR SALE SINGLE FAMILY
-- CONVENTIONAL/MAINSTREAM HOUSING --
GERMANTOWN, WISCONSIN

1.6

Product Line Summary	
Product Form:	Single Family
Lot Dimensions:	40'-45" x 100'-110'
Garage Condition:	2-Car (Rear Load) (Front-Load As Necessary)
Average Plan Size (Sq. Ft.):	1,700
Average Benchmark Base Price:⁽¹⁾	\$329,990
Per Sq. Ft.:	\$194.11
Average Anticipated Closing Price:⁽²⁾	\$353,100
Per Sq. Ft.:	\$207.71




Plan Detail					
Plan Designation	A	B	C	D	E
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story (1st Floor MBR)
Bedrooms	2 + Den	2 + Flex	3	3 + Flex	3 + Loft
Baths	2	2	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,500	1,600	1,700	1,800	1,900
Benchmark Base Price: ⁽¹⁾	\$311,990	\$320,990	\$329,990	\$338,990	\$347,990
Per Sq. Ft.:	\$207.99	\$200.62	\$194.11	\$188.33	\$183.15
Anticipated Closing Price:⁽²⁾	\$333,800	\$343,500	\$353,100	\$362,700	\$372,300
Per Sq. Ft.:	\$222.53	\$214.69	\$207.71	\$201.50	\$195.95

Features and Amenities		
<p>UNIT STANDARDS</p> <ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Private Patio Area 	<p>KITCHEN FEATURES</p> <ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Double Bowl Stainless Steel Sink 	<p>BATH/POWDER ROOM STANDARDS</p> <ul style="list-style-type: none"> ■ Ceramic Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity
<p>CLOSETS, UTILITIES, AND LAUNDRY</p> <ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 	<p>HOME FEATURES/AMENITIES</p> <ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Optional Basements 	<ul style="list-style-type: none"> ■ Front-Oriented Sidewalks ■ Modest, But Desirable Community Amenities (Depends on Size of Development)

⁽¹⁾ Benchmark base sales prices, which are presented in January 2024 dollars, do not include options, upgrades or premiums.

⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.

PRODUCT CRITERIA AND BENCHMARK PRICES - CONVENTIONAL FOR SALE SINGLE FAMILY
-- CONVENTIONAL/MAINSTREAM/MOVE-UP HOUSING --
GERMANTOWN, WISCONSIN

Product Line Summary						
Product Form:	Single Family					
Lot Dimensions:	55'-60' x 120'					
Garage Condition:	2-Car (Front)					
Average Plan Size (Sq. Ft.):	2,050					
Average Benchmark Base Price:⁽¹⁾	\$386,490					
Per Sq. Ft.:	\$188.53					
Average Anticipated Closing Price:⁽²⁾	\$413,600					
Per Sq. Ft.:	\$201.76					
						
Plan Detail						
Plan Designation	A	B	C	D	E	F
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story	2-Story
Bedrooms	3	3	3+Flex	4	4 + Loft	4 + Den
Baths	2.0	2.0	2.5	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,750	1,850	1,950	2,100	2,250	2,400
Benchmark Base Price: ⁽¹⁾	\$359,990	\$368,990	\$377,990	\$390,990	\$403,990	\$416,990
Per Sq. Ft.:	\$205.71	\$199.45	\$193.84	\$186.19	\$179.55	\$173.75
Anticipated Closing Price:⁽²⁾	\$385,200	\$394,800	\$404,400	\$418,400	\$432,300	\$446,200
Per Sq. Ft.:	\$220.11	\$213.41	\$207.38	\$199.24	\$192.13	\$185.92
Features and Amenities						
UNIT STANDARDS		KITCHEN FEATURES		BATH/POWDER ROOM STANDARDS		
<ul style="list-style-type: none"> ■ Luxury Plank Flooring in Main Living Areas ■ Carpeting in Bedroom Areas ■ "White" Interior Paint Finish ■ Painted Trim ■ Direct-Wire Smoke Detectors Per Code ■ Cable/Satellite/Telephone Prewire ■ Paneled Doors ■ High-Speed Internet Connectivity ■ Air Conditioning ■ Designer Door Hardware ■ Designer Lighting Package ■ Large Private Patio Area 		<ul style="list-style-type: none"> ■ Quality Cabinetry ■ Luxury Plank Flooring ■ Four Burner Cooktop ■ Self Clean Single Oven-Stainless Steel ■ Built-In 5-Cycle Dishwasher-Stainless Steel ■ Refrigerator with Ice-Maker-Stainless Steel ■ Garbage Disposal ■ Microwave with Vent ■ Hard Surface Countertops ■ Double Bowl Stainless Steel Sink 		<ul style="list-style-type: none"> ■ Ceramic Flooring ■ Hard Surface Vanity Tops ■ Quality Cabinetry ■ Ceramic Tub/Shower Surround ■ Framed Glass Mirror Over Vanity 		
CLOSETS, UTILITIES, AND LAUNDRY		HOME FEATURES/AMENITIES				
<ul style="list-style-type: none"> ■ Walk-In MBR Closet (Per Plan) ■ Laminate Closet Shelving ■ Washer/Dryer Hook-Up ■ Linen Closet(s) ■ Programmable Thermostat 		<ul style="list-style-type: none"> ■ Architecturally-Enhanced Exteriors ■ Extensive Hardscaping/Landscaping ■ Optional Basements 			<ul style="list-style-type: none"> ■ Modest, But Desirable Community Amenities (Depends on Size of Development) 	
<p>⁽¹⁾ Benchmark base sales prices, which are presented in January 2024 dollars, do not include options, upgrades or premiums.</p> <p>⁽²⁾ Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.</p>						

Source: Tracy Cross & Associates, Inc.

Please keep in mind that the product recommendations outlined in the previous paragraphs (and in Exhibits 1.1 through 1.7) reflect the most strategic approach for filling the voids that exist in Germantown and surrounding areas and for penetrating the threshold or mainstream of the market. This is not to suggest that the higher-end of the new construction for sale home market (at price points of \$450,000 and above) will not still have its place locally (it will), but with lower sales volumes much akin to those currently being generated by area builders, i.e., 12 units annually per product line. Nevertheless, highly-stylized duplex/fourplex residences and larger-lot single family homes (with more square footage, three-car garages, etc.) will continue to reflect an important part of the hierarchy of new construction product in the market and should also be viewed as viable (at the appropriate scale).

MARKET POSITIONING

It is important to reiterate that the benchmark rents/prices outlined in Exhibits 1.1 through 1.7 have been *carefully* established so that each product line can penetrate the mainstream of the new construction housing market based, primarily, on incomes, while at the same time supporting a value position necessary to appeal to consumers from inside and outside the local area. For example, the three rental products will each occupy an appropriate (and competitive) rent/value variance when cast against some of the newer, most proximate apartment communities of scale, i.e., those developments of 100+ units introduced in the last 10 years within 4-5 miles of Germantown (see **Exhibits 1.8 and 1.9**).

The various for sale products, in turn, will occupy much lower/more competitive value positions in the market considering the higher price points currently represented in the new construction sector (see **Exhibits 1.10 and 1.11**). As such, these product lines can expect higher absorption rates than what is typically seen among area developments, especially considering the lack of competitive substitution at benchmark prices. In other words, the more value-oriented nature of the for sale products will allow for 20-30 sales annually per series – in a market where the typical annual sales rate hovers at 12 units annually *or lower*.

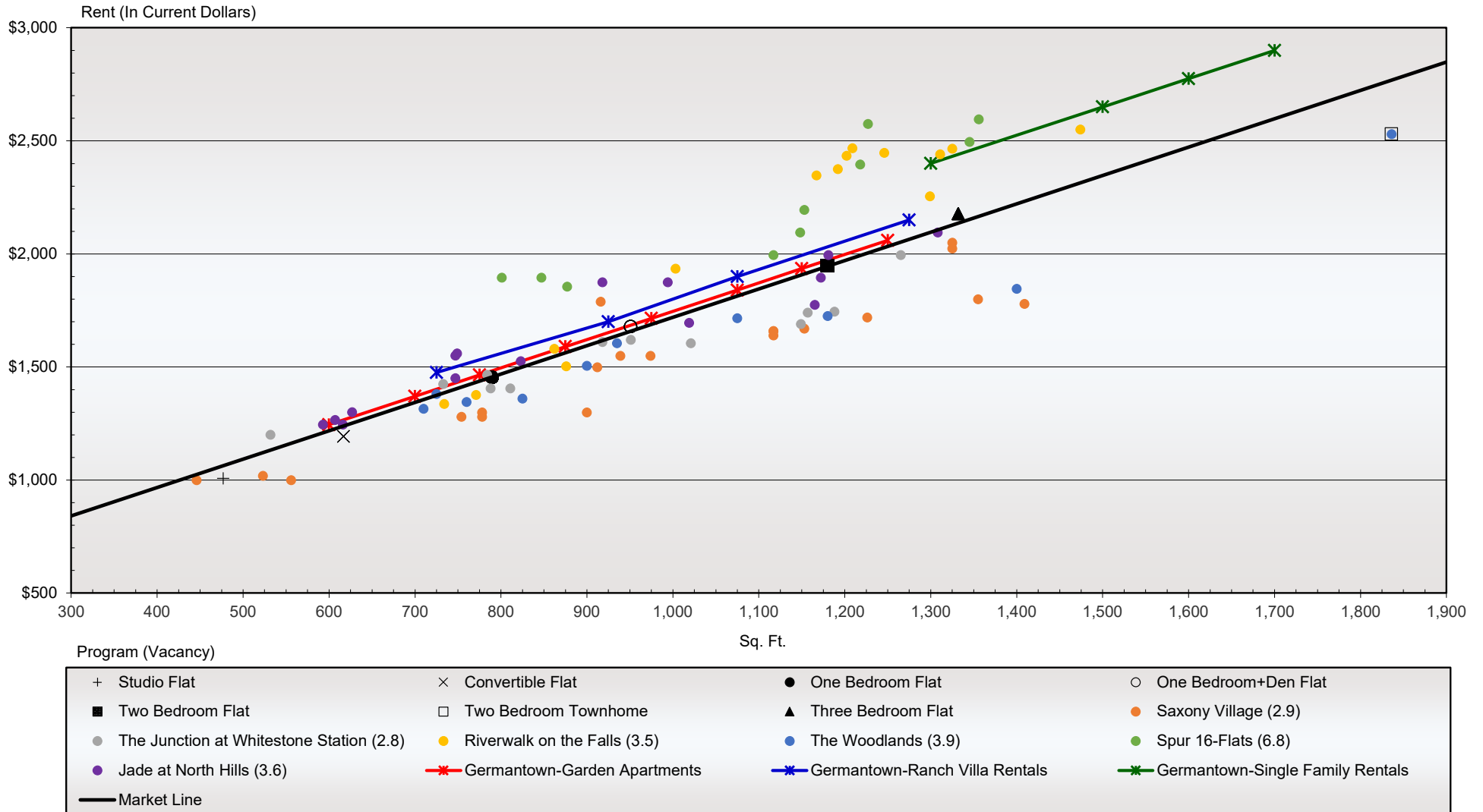
A DISCIPLINE APPROACH TO PRODUCT DEVELOPMENT

To achieve the rents/prices (and absorption) outlined for each product line, and apart from the requirement of higher densities, it will be imperative for the Village of Germantown, and other stakeholders, to work closely with builders/developers so that the recommendations are understood and embraced. Specifically, builders/developers (and governing bodies) will need to think differently in terms of land planning, development, and product design in order to *substantially reduce costs*, a key component to meeting the rent/price requirements. Provided below are number of guiding principles for bringing properly positioned conventional, mainstream and/or workforce housing to market, especially as it relates to the ownership products:

- Each product line must be efficient and cost effective to build from a design standpoint (value engineered). This can be achieved while still offering functional and desirable floorplan alternatives.
- The basis for design should be modeled after box-on-box/four-corner construction with no wasted space; however, exterior elevations should still be very appealing. Referencing the latter, a strong use of colors *not materials* is but one example of how quality can be portrayed to the consumer. This has been accomplished in numerous communities throughout the U.S. with specific reference made to re-development efforts at Stapleton Airport in Denver, among others. To reiterate, by creating value-oriented floorplans, we are not suggesting that quality be minimized, nor is there implication that overall curb appeal be comprised. It simply needs to be accomplished strategically “behind the scenes.”

1.8

Rent/Value Analysis Selected Rental Housing Communities Germantown Primary Market Area (PMA)



Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

1.9

Rent/Value Analysis Selected Rental Housing Communities Germantown Primary Market Area (PMA)

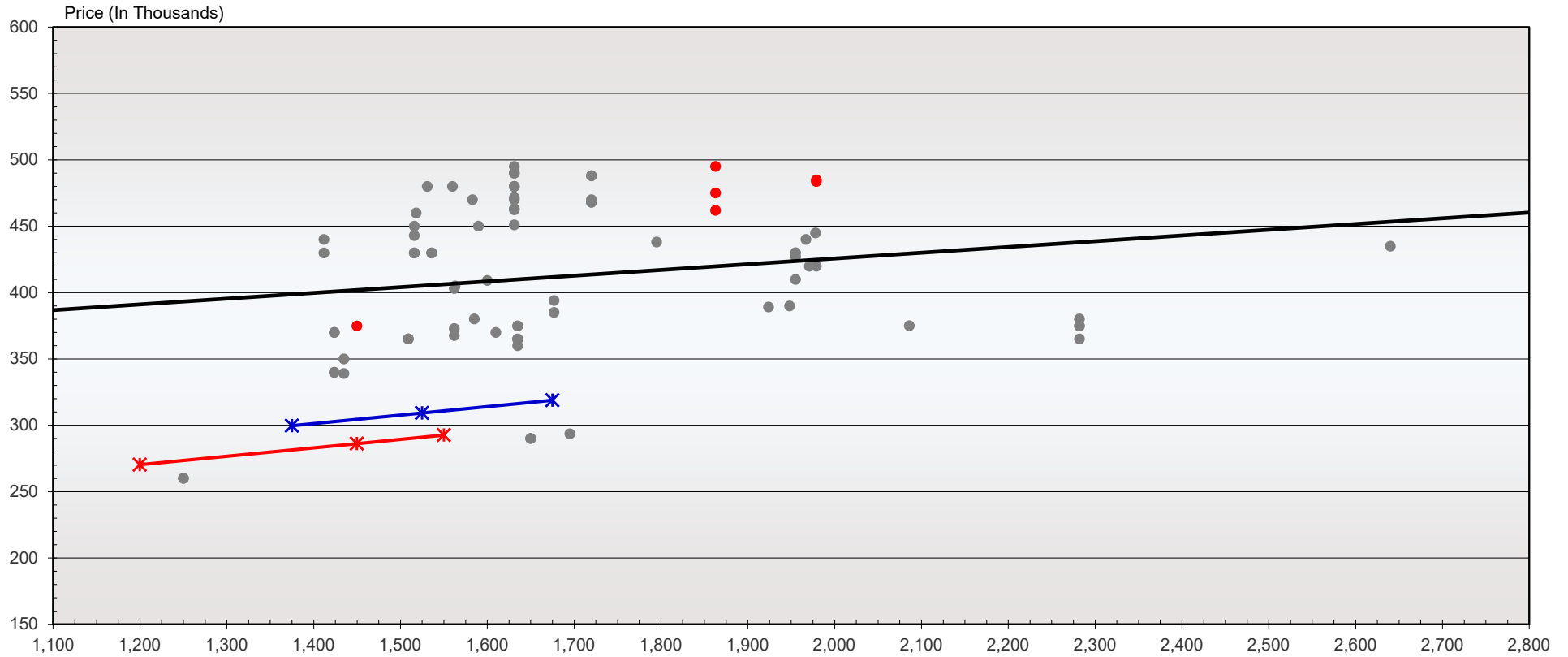
Plan Size (Sq. Ft.)	Average Market Rent	Program/Location	Year Built	Total Units	Average Plan Size (Sq. Ft.)	Average Posted Base Rent		Average Base Market Rent	Price Variance From Market	Vacancy Rate
						Dollars	Rent per Sq. Ft.			
300	\$844	Spur 16-Flats/Mequon	2019	146	1,163	\$2,257	\$1.94	\$1,923	+\$334	6.8
400	969	⁽¹⁾ Germantown-Single Family Rentals	---	---	1,525	2,681	1.76	2,375	+306	---
500	1,094	⁽¹⁾ Riverwalk on the Falls/Menomonee Falls	2018	114	1,057	1,973	1.87	1,791	+182	3.5
600	1,219	⁽¹⁾ Germantown-Ranch Villa Rentals	---	---	1,000	1,831	1.83	1,719	+112	---
700	1,344	Jade at North Hills/Menomonee Falls	2018	139	874	1,593	1.82	1,562	+31	3.6
800	1,469	⁽¹⁾ Germantown-Garden Apartments	---	---	925	1,653	1.79	1,625	+28	---
900	1,594									
1,000	1,719	---- Market Average ----	---	---	1,003	1,723	1.72	1,723	0	3.7
1,100	1,844									
1,200	1,969	⁽¹⁾ The Junction at Whitestone Station/Menomonee Falls	2016	318	954	1,589	1.67	1,662	-73	2.8
1,300	2,094	⁽¹⁾ Saxony Village/Germantown	2018	172	972	1,533	1.58	1,684	-151	2.9
1,400	2,219	⁽¹⁾ The Woodlands/Menomonee Falls	2015	153	1,066	1,649	1.55	1,802	-153	3.9
1,500	2,344									
1,600	2,469									
1,700	2,594									
1,800	2,719									
1,900	2,844									

Slope: \$1.25 per sq. ft.

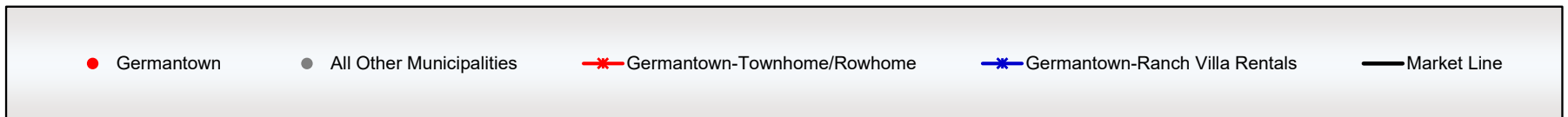
⁽¹⁾ Development includes one enclosed parking space in some or all of its units. As such, an adjustment has been made (for analytical purposes only) so each development can be assessed as if garages were optional.

1.10

Price/Value Analysis New Construction Duplex/Fourplex/Condominium Closings (Priced from \$250,000 - \$499,999) Germantown Primary Market Area (PMA): Last 12 Months



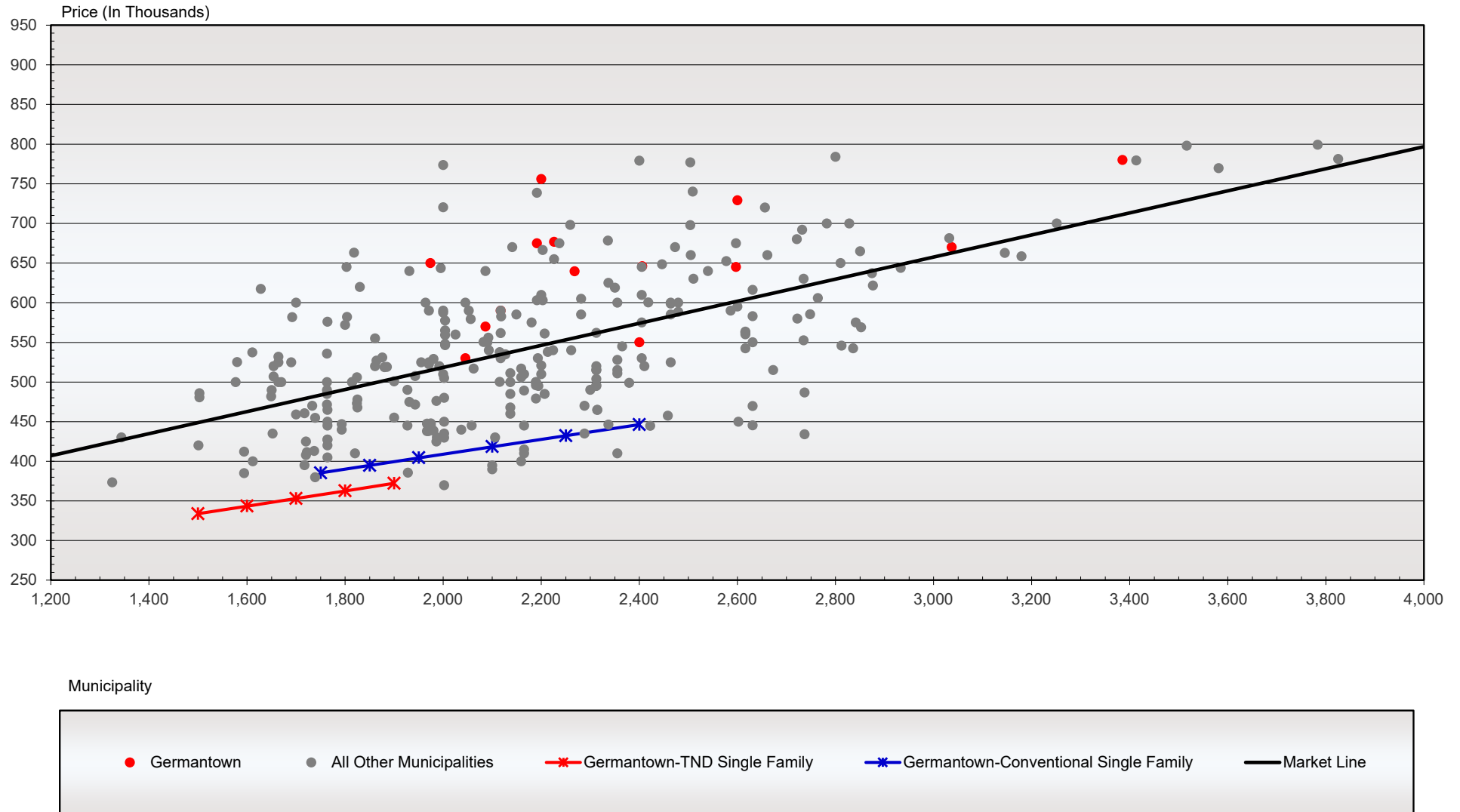
Municipality



Price/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

1.11

Price/Value Analysis New Construction Single Family Closings (Priced from \$350,000 - \$799,999) Germantown Primary Market Area (PMA): Last 12 Months



Price/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of models offered and their associated sales prices. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the sales rate of currently available product lines.

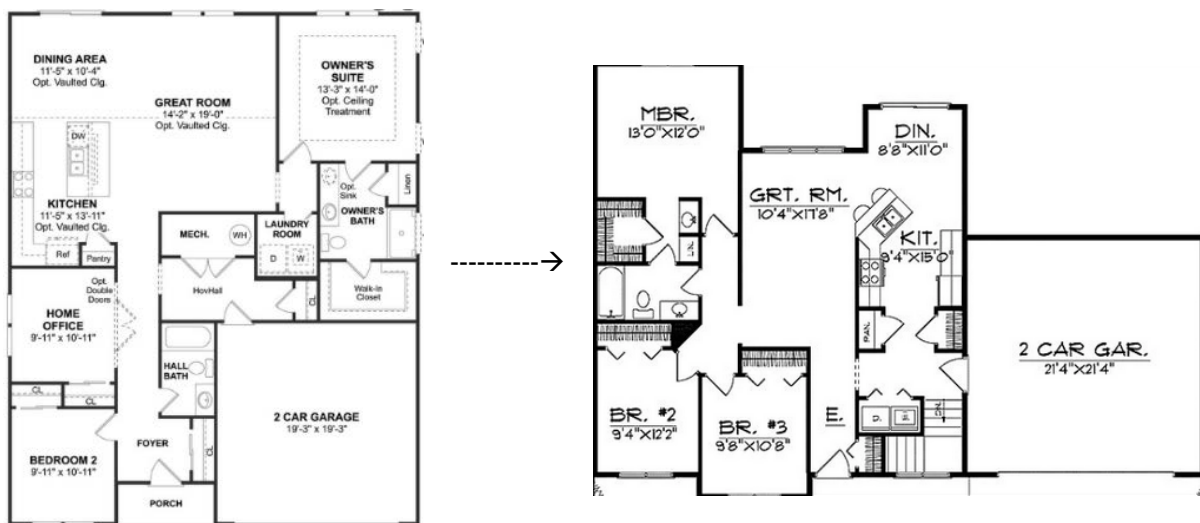
- ❑ Once value-engineering has taken place, and efficient/cost effective housing units/buildings are designed, these efficiencies must be conveyed to all subcontractors for bidding purposes.
- ❑ None of the product lines should offer standard (included) basements, although the option for a basement can be made available in certain series (as indicated).
- ❑ Additionally, outdoor living space for each residence (within each product line) is essential, but need not be extensive. Specifically, private balconies for both apartment series and the townhomes/rowhomes will be sufficient, along with private courtyards/patios/backyard areas for the attached ranch villas and most single family homes.

Provided below are a few floorplan examples that portray efficiency in design:

Efficient Three-Story Townhome/Rowhome Plan



Efficient Conventional SF Ranch Plan (Left) – As Opposed to Inefficient SF Ranch Plan (Right)



Finally, in achieving higher densities across the various product lines, strong consideration should be placed on “to the street” product, smaller lots, along with front-to-back living (i.e., narrower units). At the same time, the mixing of products within neighborhood areas will help improve densities, while also establishing a desirable architectural landscape. In reference to this latter point, in many instances, higher-density communities (with strong exterior elevations) can create an architectural landscape that is much more desirable in terms of community orientation compared to larger-lot developments with minimal landscaping and/or natural amenities.



PRODUCT CLARIFICATION

Please keep in mind that while our product guidelines are very specific, there are a number of derivatives to each of the recommended generic forms that could evolve through the design efforts of individual builders/developers – or through the overall implementation process. However, when considering any derivatives during the course of the planning process, it is still important to follow the general parameters outlined for each of the recommended products relative to unit types, bedroom counts, rents, prices, etc., in order to insure acceptable absorption and/or sales, and most importantly, the appeal to the mainstream or middle of the market.

In addition, consideration can certainly be given to the introduction of other generic forms on the basis of the imbalance that exists market-wide between supply and demand – but done so with the same general planning strategy in mind – that being differentiation, efficiency, tasteful architecture, and rent/price positioning.

GEOGRAPHIC AND COMMUNITY POSITIONING

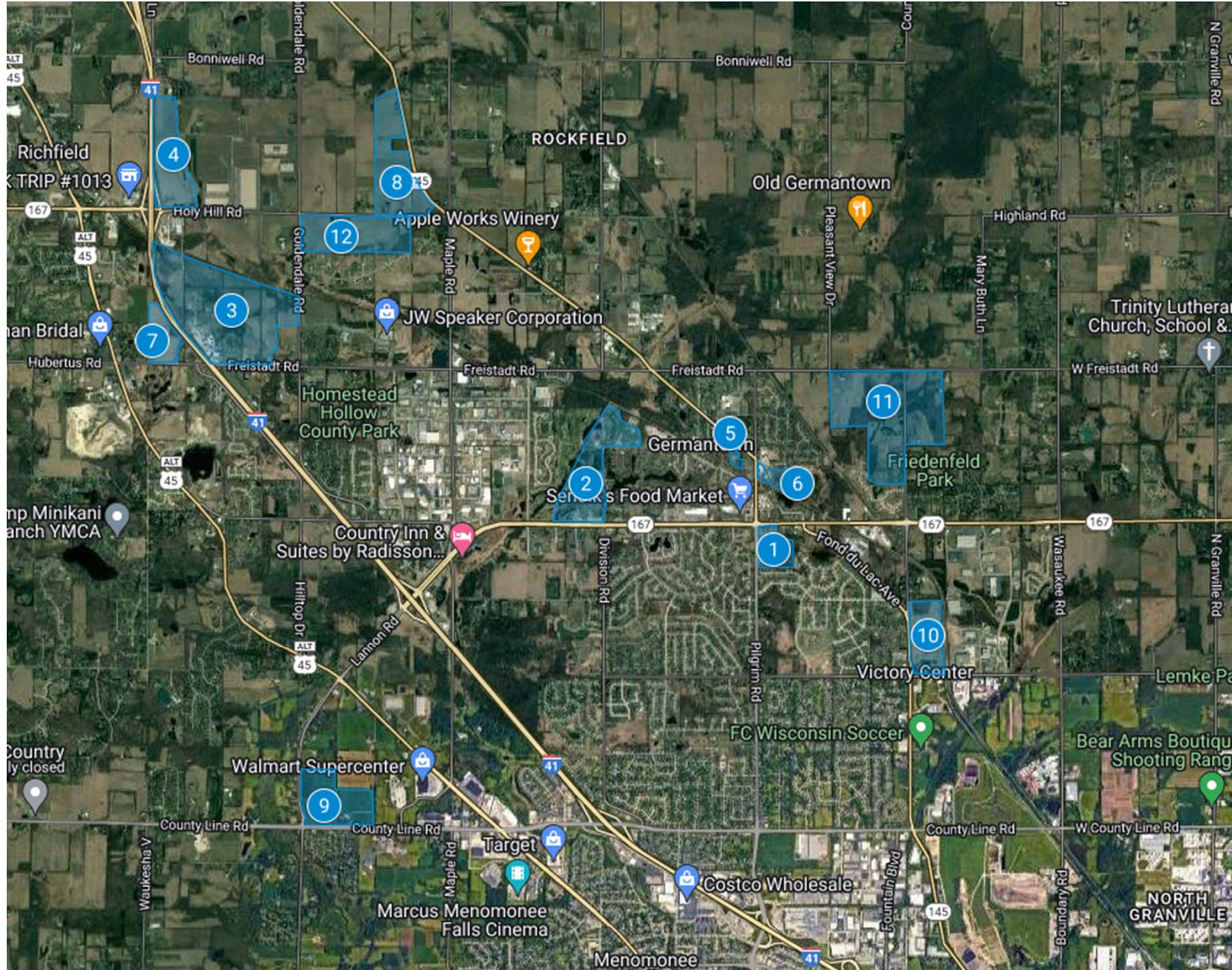
Given such severe supply-side constraints in the new construction housing market (i.e., deficiencies in supply for properly positioned product), practically any suitable location within Germantown could be considered for residential development or redevelopment. With this said, the Village of Germantown is in a position to move rather swiftly with its planning efforts considering the municipality has already identified 12 initial sites (both large and small) that could potentially contain a component (or components) of residential units (see **Exhibit 1.12**). In fact, most of the properties identified by the Village could contain multiple product lines given their size (and the higher density allocations of each recommended home series). As a general guide, among the various larger assemblages that are proximate to Interstate 41 and/or align some of Germantown’s most prominent business/industrial areas, communities offering a combination of the various rental products should be considered. For example, the Holy Hill Gateway District assemblage carries enough acreage for all three rental housing products to be introduced in a planned and be marketed concurrently. At the same time, larger assemblages on the east side of the municipality like the Country Aire North Neighborhood, which are more aesthetically appealing relative to surrounding residential uses and/or open space, should be earmarked for larger-scale ownership communities with multiple product lines/neighborhood areas.

With this said, and again considering the size of many of the identified development/redevelopment sites, strong consideration should be given to the creation of a true master-planned community (or two) whereby multiple product lines would be introduced within an amenity enhanced environment. Such a community could become a **destination point development** whereby a full hierarchy of residential products are combined with heavy landscaping and hardscaping, together with amenities such as pocket parks, walking/jogging/biking trails, playgrounds, sport courts, open space areas, etc. – *representing a true lifestyle environment*. Such a development in the new construction sector is generally absent in northwest suburban

**GEOGRAPHIC DELINEATION OF POTENTIAL DEVELOPMENT / REDEVELOPMENT SITES
GERMANTOWN, WISCONSIN**

Potential Development/Redevelopment Sites

- 1 Pilgrim Rd & Mequon Rd
- 2 Blackstone Crk Golf Course
- 3 Freistadt District-E of I-41
- 4 Holy Hill Gateway District
- 5 Grosenick Parcel
- 6 Fond du Lac Ave & Pilgrim
- 7 Freistadt District-W of I-41
- 8 Dheinsville Neighborhood
- 9 Lannon Rd & County Line Rd
- 10 Victory Center Corridor
- 11 Country Aire North Nghbrhd
- 12 Isabelle Farms Nghbrhd



Source: Village of Germantown, Tracy Cross & Associates, Inc. and Google Maps

Milwaukee, especially with the product and price points recommended, and would most certainly allow the village of Germantown to capture a *disproportionate share of market-wide demand*, while also inducing spillover from other areas.



Provided below are several items to consider if planning a destination-point master-planned community:

- To provide strong community infrastructure created around a theme of livability, functionality, walkability, and recreation/convenience.
- To create a community where emphasis is placed on all segments of the market ranging from younger childless singles and couples to families living, playing, and growing together; and where active adult residents can see and experience the vibrancy of youth. Establishing this reality includes the combination of all products with appropriate, but minimally expensive, amenities.
- To create a community in which a variety of densities are carefully combined with pocket parks and other recreational uses – and that all are highly integrated and exposed for everyone to enjoy. *Like the architecture and design of the homes, the land plan must be very efficient as well.*



OTHER CONSIDERATIONS

Even with a disciplined planning and design approach, it is possible that some incentives or concessions from the municipality might also be necessary to bring the *for sale products* (as positioned) to market, especially in larger-scale communities. While this will need to be determined through the planning process, it should be given due consideration. For the rental products, it is unlikely that incentives/concessions would be required at benchmark rents as they are more consistent with new/newer market comparables, although rising construction costs may also require some assistance in this regard.

NEXT GENERATION HOUSING INITIATIVE – WASHINGTON COUNTY

With the village of Germantown situated within the boundaries of Washington County, the municipality is in a position to benefit from the county's *Next Generations Housing* initiative, which aims to assist communities, developers, builders, etc. in filling voids that exist in the market relative to ownership housing forms. As highlighted thus far in this report, and detailed more thoroughly in Sections 2, 3 and 4 that follow, the recent price escalation among virtually all new construction for sale developments throughout Germantown and surrounding areas has created a significant void for properly positioned for sale idioms. As such, our analysis empirically identified this void and made specific product/price recommendations to fill it – recommendations that conform to the goals of the Next Generation Housing initiative. With this said, and because several of Germantown's identified development/redevelopment properties are already being considered for Next Generation Housing, *the municipality should continue to consider this opportunity.*

One only has to look at the first Pilot program under the Next Generation Housing banner to see the impact it is having and the success in terms of sales. In Jackson, roughly eight miles north of Germantown, Harbor Homes recently introduced new construction single family homes starting in the low \$300,000s (in a market where this price point is virtually non-existent). Within the first six months, 14 homes have been sold with closings pending – a sales rate stronger than any other development locally.

All told, the effort involved with bringing for sale housing product to market in Germantown (at the prices suggested), along with the variety of new rental products, will be rewarded by significant sales/absorption volumes per development, which will translate to increases in population and households and, in turn, foster economic growth locally that will have a measurable fiscal impact.

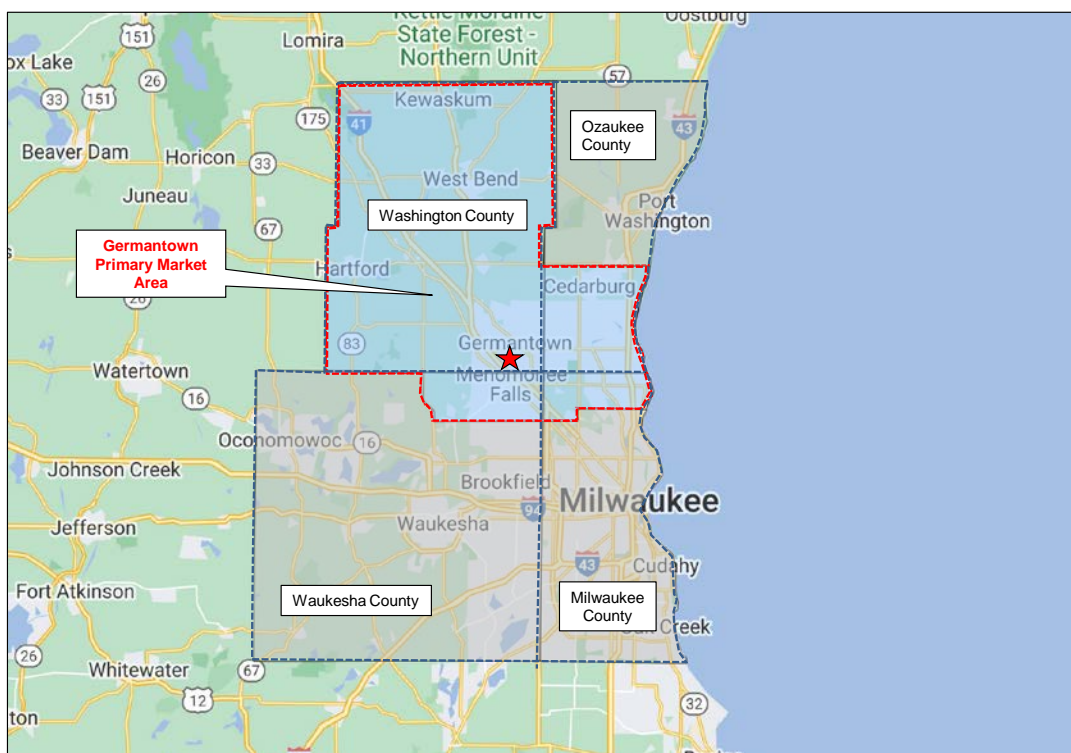




2. MARKET FUNDAMENTALS FOR NEW CONSTRUCTION HOUSING

Any new residential development within the village of Germantown will receive its primary demand support from its host county, Washington, along with several municipalities within the nearby areas of northeast Waukesha County, southern Ozaukee County and the northern edge of Milwaukee County. Defined for the purposes of this analysis as the Germantown Primary Market Area (PMA), this combined area shares commonalities relative to household composition, commutation patterns to major concentrations of employment and/or the alignment of residential developments which will serve as sources of competitive influence, both direct and indirect. As illustrated below, the Germantown PMA is a component of the Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area (MSA) which includes Milwaukee, Ozaukee, Washington and Waukesha counties in their entirety.

GEOGRAPHIC DELINEATION OF THE GERMANTOWN PRIMARY MARKET AREA



Source: Google Maps and Tracy Cross & Associates, Inc.

As summarized in this section of the report, new residential development in Germantown *can clearly be supported* by empirical evidence found in the key demand variables of population, household, incomes, employment, residential construction, etc.

POPULATION AND HOUSEHOLDS

During the 2010-2020 time period, household additions in the Germantown PMA were *healthy* totaling 7,836, or 784 yearly. And, while not immune to the impacts of the recent Covid-19 pandemic, the PMA added another 381 households annually between 2020 and 2023. The village of Germantown, too, has witnessed continual household growth moving from a base of 7,773 in 2010 to a current estimated level of

8,583. As highlighted in the following text table, the village of Germantown has seen its share of total households in PMA grow slightly from 6.9 percent in 2010 to 7.1 percent in 2023.

**POPULATION AND HOUSEHOLD TRENDS
GERMANTOWN PMA AND THE VILLAGE OF GERMANTOWN, WISCONSIN**

Area	2010	2020	2023 (Estimate)	2028 (Projected)	Average Annual Change		
					2010 - 2020	2020 - 2023	2023 - 2028
Population							
Germantown PMA	281,258	292,587	293,822	298,266	+1,133	+412	+889
Village of Germantown	19,783	20,917	21,054	21,424	+113	+46	+74
Percent of PMA	7.0	7.1	7.2	7.2	---	---	---
Households							
Germantown PMA	112,429	120,265	121,407	124,889	+784	+381	+696
Village of Germantown	7,773	8,472	8,583	8,839	+70	+37	+51
Percent of PMA	6.9	7.0	7.1	7.1	---	---	---

Source: U.S. Census Bureau, Environics Analytics and Tracy Cross & Associates, Inc.

According to recent estimates provided by Environics Analytics through its evaluation of the Census Bureau’s annual American Community surveys, household growth in the Germantown PMA over the next five years will total another 3,480 new households, or 696 annually. As a result, the PMA will approach the 125,000-household mark by 2028.

HOUSEHOLD COMPOSITION

Relative to households by age group, not only is there a rather large base of existing households in each of the PMA’s various age categories, but all segments show growth over the next five years – led by the 65-74 segment and the Under 35 group.

Likewise, the village of Germantown shows growth in each of its various household age classifications as highlighted in the adjacent text table.

**HOUSEHOLD GROWTH BY AGE GROUP
-- GERMANTOWN PMA AND THE VILLAGE OF GERMANTOWN, WISCONSIN --**

Age Range	Germantown PMA		Village of Germantown	
	2023	2028	2023	2028
Under 35	17,385	17,920	1,129	1,154
35-44	18,687	18,772	1,315	1,320
45-54	19,948	19,987	1,467	1,470
55-64	25,573	26,203	1,939	1,958
65-74	22,372	24,069	1,610	1,760
75 and over	17,442	17,938	1,123	1,177
Total	121,407	124,889	8,583	8,839

Source: Environics Analytics: 2023 Demographic Snapshot Report.

The current composition of area households lends support to the development of a variety of residential product forms at various locations throughout the PMA and the village of Germantown in particular. As highlighted in the adjacent table, there is an ample number of one- and two- person households (for rental apartments and for sale townhomes, duplexes and/or condominiums), and also a significant number of three-, four- and five-person households (for both attached for sale housing products and single family detached homes).

Most notable are one- and two-person occupied housing units which, together, comprise 64.4 percent of the PMA's household base and 64.5 percent in the village of Germantown.

**2023 COMPOSITION OF AREA HOUSEHOLDS:
GERMANTOWN PMA AND THE VILLAGE OF GERMANTOWN, WISCONSIN**

Attribute	Germantown PMA	Village of Germantown
Total Households	121,407	8,583
1-Person Household	31,776	2,114
2-Person Household	46,353	3,422
3-Person Household	17,908	1,231
4-Person Household	16,134	1,072
5-Person Household	6,313	574
6 or More Person Household	2,923	170
1 Person Households		
Percent	26.2	24.6
Number	31,776	2,114
2 Person Households		
Percent	38.2	39.9
Number	46,353	3,422

Source: Environics Analytics; 2023 Demographic Snapshot

INCOMES

Households in the Germantown PMA support higher incomes than the overall region as evidenced by an estimated 2023 median of \$86,185, a level 19.2 percent higher than the \$72,303 median noted for the entire Milwaukee-Waukesha-West Allis, WI MSA. *Market wide, 52.5 percent of all current households earn between \$40,000 and \$124,999 annually, which generally represents the mainstream or middle of the market (the workforce), i.e., those earning between 50 and 150 percent of the PMA's median. Another 30.9 percent of all households earn \$125,000 or more annually with the balance (16.6 percent) earning less than \$40,000 per year. Overall, the concentration of household incomes in the \$40,000-\$124,999 and \$125,000+ categories signifies significant income support locally for new construction mainstream/workforce and market rate housing development, both rental and for sale.*

**HOUSEHOLDERS BY AGE AND INCOME: 2023
-- GERMANTOWN PMA --**

Income Range	Number of Households by Age of Householder						
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 and Over
Under \$15,000	6,389	1,196	549	466	989	1,380	1,809
15,000 - 24,999	6,227	635	457	381	703	1,616	2,435
25,000 - 39,999	7,821	1,403	640	654	970	1,829	2,325
40,000 - 49,999	12,842	2,104	1,426	1,333	2,012	3,090	2,877
50,000 - 74,999	19,602	3,258	2,778	2,487	3,330	4,437	3,312
75,000 - 99,999	16,779	2,789	3,070	2,610	3,421	3,195	1,694
100,000 - 124,999	14,558	1,827	2,727	3,062	3,539	2,278	1,125
125,000 - 149,999	11,043	1,525	2,318	2,310	2,774	1,383	733
150,000 - 199,999	12,144	1,672	2,603	2,886	3,274	1,233	476
200,000 and Over	14,002	976	2,119	3,759	4,561	1,931	656
Total	121,407	17,385	18,687	19,948	25,573	22,372	17,442
Median	\$86,185	\$75,926	\$103,674	\$116,392	\$109,412	\$67,776	\$46,023

Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

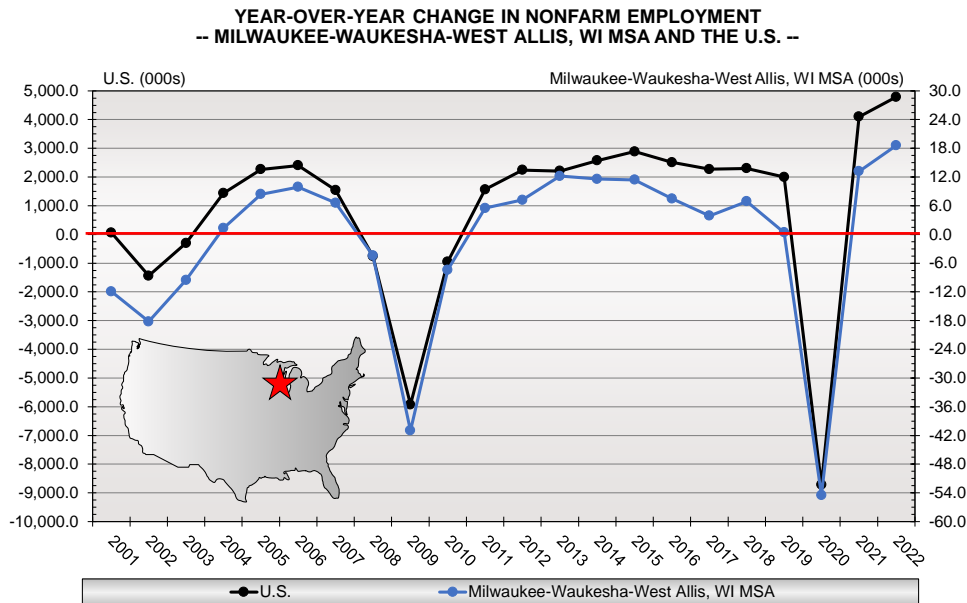
Note: The median household income in the host Washington County currently stands at \$84,794, generally consistent with the defined Germantown PMA.

EMPLOYMENT

Germantown, while supporting its own internal economy and concentrations of localized employment (i.e., the community’s major business/industrial parks and standalone office buildings/retail centers), is also within a reasonable driving distance to employment clusters in other areas of the Milwaukee region given its immediate access to the US-45/I-41 expressway system, and their connection with other major arterials. Overall, employment sources throughout much of the Milwaukee metropolitan area are accessible to Germantown residents, especially those situated in the northwestern and western suburban areas including Menomonee Falls, Wauwatosa, and Brookfield.

While one cannot discount the effect that the Great Recession had on the region’s economy, not to mention the more recent Covid-19 pandemic, employment growth throughout the four-county Milwaukee-Waukesha-West Allis, WI MSA had been on the positive side for nine years in a row through 2019. For example, after losing 6.1 percent of its total nonagricultural wage and salary employed workforce from 2007 through 2010 (during the heart of the Great Recession), the metropolitan area saw its job rosters grow by 66,600 workers during the subsequent 2011-2019 period, averaging 7,400 annually, and equal to a growth rate of approximately 1.1 percent.

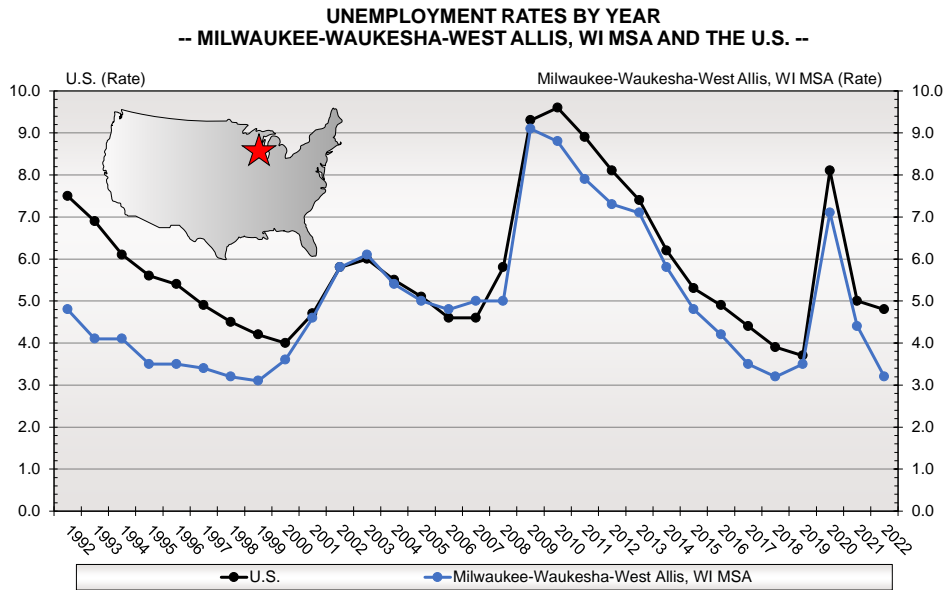
Most recently, and due entirely to the global/national pandemic and its impact on the economy, the MSA witnessed job losses of 54,500 in 2020 – erasing roughly 80 percent of the net gains witnessed during the 2011-2019 period. However, this severe loss of jobs is/was temporary, and primarily affected those sectors of the economy most impacted by the pandemic. Moreover, this most recent Covid-related downturn reversed course quickly – bolstering the economy. As illustrated in the following graphic, most of the employment losses in 2020 were replenished in 2021 and 2022.



Moreover, year-over-year employment gains during the January-November 2023 period totaled over 3,200 jobs. In addition, the Wisconsin Department of Revenue, the Job Center of Wisconsin, and the Wisconsin

Department of Workforce Development expect the Milwaukee region’s employment rosters to increase by an average of 0.9 percent annually over the next five years. As such, the four-county MSA is expected to witness the addition of at least 38,000 total new jobs through 2028, once again supporting the development of new housing throughout the area.

During the Milwaukee region’s economic growth period of 2011 through 2019 (prior to the pandemic), the area’s unemployment rate had been dropping steadily. As highlighted in the following graphic, the Milwaukee area unemployment rate decreased from 8.8 percent in 2010 to just 3.5 in 2019. During this entire timeframe, the four-county MSA’s unemployment rate remained at or *below* the nation as a whole. In addition, while unemployment in Milwaukee rose to 7.1 percent in 2020, i.e., the Covid-19 crisis, it remained lower than the 8.1 percent unemployment rate posted nationally. In addition, by 2022, Milwaukee’s unemployment rate had already retreated to 3.3 percent compared to a national average of 4.8 percent during the same period.



Source: U.S. Department of Labor, Bureau of Labor Statistics

Recently, the MSA’s unemployment rate during the first 11 months of 2023 averaged just 3.1 percent.

RESIDENTIAL BUILDING ACTIVITY

Since 2000, the Germantown PMA has recorded an average of 1,020 residential building permits per year ranging from a recessionary-impacted low of 313 units in 2011 to a high of 1,839 units during the boom period of 2003 (see **Exhibit 2.1**).

Historically, single family permit authorizations have outpaced multifamily issuances at a ratio of roughly two-to-one. For example, between 2000 and 2022, single family permits, which include single-address duplex/townhome/villa units, averaged 696 units yearly, while multifamily volumes, which include both rental apartments and high-density condominiums, averaged 324 units per annum. More recently, and due to an increase in apartment construction over the last few years, primarily in Menomonee Falls and Mequon, the PMA’s ratio between single family and multifamily permits narrowed to a level of less than two-to-one during the 2015-2022 timeframe.

RESIDENTIAL BUILDING PERMIT TRENDS

GERMANTOWN PMA

2000 - 2022

2.1

Year	Total	Single Family	Multi-Family
2000	1,445	977	468
2001	1,683	1,084	599
2002	1,530	1,054	476
2003	1,839	1,314	525
2004	1,709	1,284	425
2005	1,719	1,143	576
2006	1,453	905	548
2007	907	741	166
2008	506	414	92
2009	399	324	75
2010	436	348	88
2011	313	244	69
2012	386	346	40
2013	581	507	74
2014	660	472	188
2015	875	522	353
2016	1,213	616	597
2017	946	662	284
2018	854	627	227
2019	1,077	572	505
2020	1,033	621	412
2021	915	687	228
2022	983	542	441
Averages			
2000 - 2022	1,020	696	324

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports*

From a regional capture rate perspective, between 2000 and 2022, the Germantown PMA accounted for a healthy 28.5 percent of all residential permit activity in the four-county Milwaukee metropolitan region, with the Washington County portion of the PMA accounting for a 17.1 percent share by itself. However, during the eight-year period from 2015 through 2022, as the PMA’s regional capture rate jumped to 30.5 percent, the Washington County portion of the PMA dropped to 14.7 percent. In other words, residential development in areas of the PMA just outside of Washington County (i.e., Cedarburg, Grafton, Mequon, and Menomonee Falls) gained significant momentum relative to residential construction on a regional basis, while Washington County failed to keep pace with other portions of the PMA and the region. All told, as the four-county MSA moved upward in overall residential construction volumes during the last eight years (compared to the eight years prior), as did those areas of the PMA near Germantown outside of Washington County, municipalities in the host county (including the village of Germantown) did not increase proportionately (see **Exhibit 2.2**). This resulted, primarily, from supply-side constraints (not demand) – as will be discussed in more detail in Sections 3 and 4 of this report.

HOUSING DEMAND – AN OUTLOOK

During the 2023-2028 timeframe, construction requirements for new housing in the Germantown PMA will average 1,010 units annually. This forecast can be tied to household growth levels estimated at 696 per annum through 2026, along with 300+/- units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another.

Of the 1,010 units expected to be constructed annually in the PMA during the five-year forecast period, 595 will occur among for sale housing forms with 415 represented in the rental housing sector. As detailed in the adjacent text table, for sale housing demand will be distributed among 395 single family detached homes and 200 in the attached sector, i.e., duplexes, fourplexes, and condominiums.

**RESIDENTIAL ABSORPTION POTENTIALS BY PRODUCT TYPE
-- GERMANTOWN PMA --
2023 - 2028**

Product Type	Annual	Total Through 2028
Total	1,010	5,050
For Sale	595	2,975
Single Family Detached	395	1,975
Duplex/Fourplex/Condominium	200	1,000
For Rent	415	2,075

Source: Tracy Cross & Associates, Inc.

Given the supply-side constraints throughout the PMA (which, again, will be discussed in the following sections of the report), it is highly likely that demand will exceed supply near term, especially in the for sale sector, but also among multifamily rental forms as well. This market reality bodes extremely well for housing initiatives in the village of Germantown, if properly planned and executed.

In addition, not only is “derived demand” likely to outstrip supply near term, but the overall base of residential construction requirements could actually be *much higher* (i.e., double) during any given year where properly positioned supply is made available. This *doubling of demand* factors pent-up demand; upside household growth potentials if properly positioned development were actually to occur; the limited amount of new construction housing alternatives throughout the PMA (again, to be discussed later); and spillover potentials from areas outside the defined primary market area.



2.2

RESIDENTIAL BUILDING PERMIT TRENDS MILWAUKEE-WAUKESHA-WEST ALLIS, WI METROPOLITAN STATISTICAL AREA (MSA) 2000 - 2022

Year	Milwaukee-Waukesha-West Allis, WI MSA			Milwaukee County, WI			Ozaukee County, WI			Washington County, WI			Waukesha County, WI		
	Total	Single Family	Multi-Family	Total	Single Family	Multi-Family	Total	Single Family	Multi-Family	Total	Single Family	Multi-Family	Total	Single Family	Multi-Family
2000	5,631	3,581	2,050	1,750	736	1,014	502	360	142	931	637	294	2,448	1,848	600
2001	5,879	3,564	2,315	1,524	671	853	737	335	402	890	736	154	2,728	1,822	906
2002	5,936	3,456	2,480	2,061	645	1,416	502	353	149	1,006	682	324	2,367	1,776	591
2003	6,467	3,939	2,528	2,138	742	1,396	596	406	190	1,226	929	297	2,507	1,862	645
2004	5,902	3,840	2,062	2,117	773	1,344	380	302	78	1,205	921	284	2,200	1,844	356
2005	5,444	3,361	2,083	1,697	785	912	406	277	129	1,371	850	521	1,970	1,449	521
2006	4,290	2,624	1,666	1,436	550	886	304	256	48	995	609	386	1,555	1,209	346
2007	3,266	2,082	1,184	1,230	378	852	252	232	20	661	501	160	1,123	971	152
2008	2,444	1,234	1,210	1,032	247	785	166	142	24	356	270	86	890	575	315
2009	1,443	891	552	584	160	424	163	107	56	263	233	30	433	391	42
2010	1,941	967	974	1,006	178	828	121	105	16	328	242	86	486	442	44
2011	1,593	915	678	802	231	571	132	110	22	202	133	69	457	441	16
2012	1,793	1,064	729	654	164	490	123	113	10	242	206	36	774	581	193
2013	2,000	1,326	674	411	154	257	279	181	98	383	309	74	927	682	245
2014	2,416	1,318	1,098	795	138	657	264	176	88	337	291	46	1,020	713	307
2015	3,048	1,416	1,632	1,269	128	1,141	170	170	0	444	315	129	1,165	803	362
2016	4,055	1,671	2,384	1,721	146	1,575	443	213	230	585	356	229	1,306	956	350
2017	3,693	1,588	2,105	1,579	101	1,478	376	230	146	504	360	144	1,234	897	337
2018	3,791	1,734	2,057	1,535	127	1,408	260	221	39	416	344	72	1,580	1,042	538
2019	2,440	1,509	931	548	170	378	452	234	218	460	294	166	980	811	169
2020	2,753	1,586	1,167	749	218	531	396	219	177	407	345	62	1,201	804	397
2021	2,981	1,811	1,170	371	145	226	298	247	51	520	410	110	1,792	1,009	783
2022	3,127	1,603	1,524	882	167	715	345	293	52	461	232	229	1,439	911	528
Averages 2000 - 2022	3,580	2,047	1,533	1,213	337	876	333	230	104	617	444	173	1,417	1,036	380

Source: U.S. Department of Commerce, Bureau of the Census: C-40 Construction Reports



3. THE RENTAL HOUSING MARKET

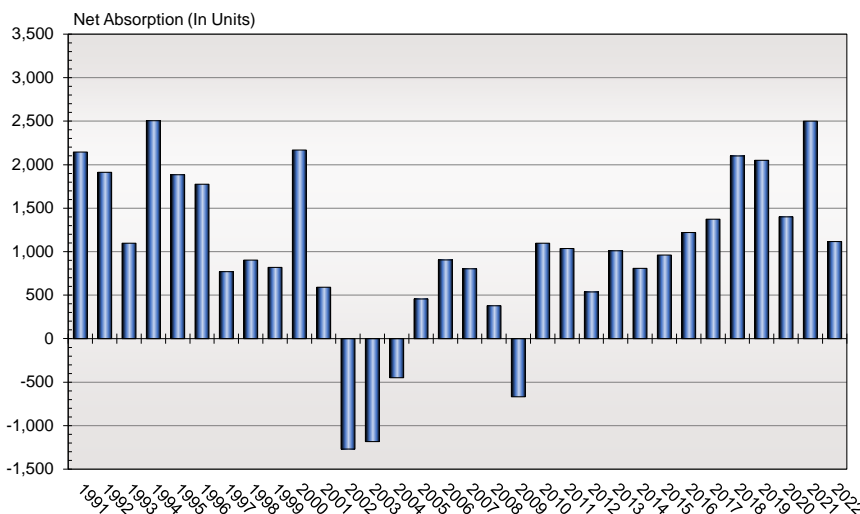
The current condition of the rental housing market in and around Germantown *lends full support* to the development of additional units throughout the area and within the village of Germantown in particular. Specifically, given the overall strength of this sector of the market (as highlighted in the following bullet-point summary), the introduction of additional *for rent* housing product is *definitely warranted*.

THE REGIONAL APARTMENT MARKET

☐ Serving as a backdrop to rental housing potentials within the Germantown PMA is the overall health of the market in the greater Milwaukee region. For example, according to Moody's Analytics, among all asset classifications of apartments in the two core counties of the greater Milwaukee region, i.e., Milwaukee and Waukesha, a vacancy rate of 3.6 percent was reported at the close of the 3rd Quarter 2023, reflecting tight market conditions. For reference, in a normal (or balanced) market, vacancies of 5.0 to 6.0 percent are typically required for filtering, or movement between developments. In addition, the overall 3.6 percent vacancy rate includes new “un-leased” units among those developments still undergoing their initial absorption periods. When these communities are excluded, the vacancy rate in Milwaukee and Waukesha counties drops to an even tighter 3.1 percent.

☐ At the same time, net rental absorption in the two core counties of the Milwaukee region has averaged over 1,400 units annually during the last 12 years – reaching or exceeding the 2,000-unit mark in three of the last five including 2,500 units in 2021. For perspective, during the 11-year period from 1990 through 2000, Waukesha and Milwaukee counties saw their occupied apartment stock, among all asset classifications, increase by a total of 19,191 units, or an annual average of 1,745. Following this period of positive absorption, the 2001-2009 timeframe saw net absorption drop into negative territory for four of the eight years during the period due to recessionary overtones during the first part of the decade, a dramatic increase in home ownership at the time, and a fair amount of rental-to-condominium conversion activity.

RENTAL APARTMENT ABSORPTION TRENDS: 1991-2022
-- MILWAUKEE & WAUKESHA COUNTIES, WI --



Source: Moody's Analytics

THE LOCAL APARTMENT MARKET

- ❑ Not only are vacancies among all asset classifications of apartments in nearby Milwaukee and Waukesha counties in a relatively tight condition at 3.6 percent (3.1 percent excluding new/unabsorbed units), but vacancies are *even tighter* in the Germantown PMA. For example, among 40 conventional rental housing communities that have been constructed market-wide in the last 10 years, i.e., since 2013, 35 developments (containing 3,587 total units) have reached stabilized occupancy and reported a vacancy rate of just 2.1 percent at the time of our December 2023 survey.
- ❑ In Washington County alone, newer stabilized developments in the communities of Germantown, Hartford, Jackson, Slinger and West Bend reported a vacancy rate of only 1.3 percent.
- ❑ The five communities in the Germantown PMA still undergoing their initial lease-up periods at the time of our recent survey have performed well. These developments, which include Fox Run-Flats and Fox Run-Townhomes in Grafton; Creekside Crossing and Highlands/Aero Park-Flats-AA in Menomonee Falls; and The District-Lithia Lofts in West Bend, are absorbing units at an average per-project rate of 10.0 monthly.
- ❑ While 40 market rate apartment communities have opened in the Germantown PMA since 2013, only two developments were constructed from 2000-2012 in this broad geographic area. Given the lack of supply during this timeframe, which has led to significant levels of pent-up demand for new apartment product throughout the area, the 40 developments that have been introduced in the market area over the last ten years have all been well received. In fact, despite the introduction of the 40 newest developments, vacancies remain *extremely tight* among stabilized communities. In other words, the amount of new development activity in the PMA over the past 10 years has not been sufficient enough to provide balance in the market and satisfy both pent-up and net-new demand.
- ❑ In Germantown itself, only two apartment communities with a combined 190 total units have been introduced in the last 10 years, i.e., Hillstone (18 units) and Saxony (172 units). These apartments were all absorbed quickly and are currently at a collective occupancy level of nearly 98.0 percent.
- ❑ As highlighted in **Exhibit 3.1**, the average posted base rent level among new/newer apartment communities in the Germantown PMA, not including premiums or extras, currently stands at \$1,779 monthly which includes a typical 1,104 square foot apartment. This translates to a value ratio of \$1.61 per square foot. The effective rent is nearly the same as only a handful of developments were offering any type of incentive or concession at the time of our survey. Base rents are the highest in the highly desirable Cedarburg, Mequon and Menomonee Falls areas where rents approach or exceed the \$2.00 per-square-foot mark in several instances.

FUTURE SUPPLY

- ❑ It is important to note that the *demand for rental housing in the Germantown PMA will likely exceed supply* near term given the fact that just six communities (1,271 total units) are currently in the planning pipeline or under construction and not yet leasing. This compares with net-new demand of 2,075+ units through 2028 as highlighted earlier in Section 2. *In Germantown itself, there are currently no multifamily developments formally in the pipeline.*



3.1

COMPOSITE RENTAL SUMMARY: APARTMENT COMMUNITIES CONSTRUCTED IN 2013 OR AFTER GERMANTOWN PMA DECEMBER 2023

Development	Municipality	Year Built	Total Units	Number Vacant	Percent Vacant (Absorption Rate in Units)	Average Unit Size (Sq. Ft.)	Average Posted Base Monthly Rent	
							\$	\$/Sq. Ft.
The Bevy	Brown Deer	2020	175	0	0.0	979	\$1,608	\$1.64
Arabelle	Cedarburg	2019	69	3	4.3	1,147	2,358	2.06
Cedar Place	Cedarburg	2019	192	4	2.1	1,102	1,739	1.58
Fox Run-Flats ⁽¹⁾	Cedarburg	2023	160	154	96.3 (12.0/Mo)	1,110	2,118	1.91
Fox Run-Townhomes ⁽¹⁾	Cedarburg	2023	44	40	90.9 (8.0/Mo)	2,040	3,084	1.51
Hillstone	Germantown	2015	18	0	0.0	1,211	1,802	1.49
Saxony Village	Germantown	2018	172	5	2.9	972	1,583	1.63
1505	Grafton	2017	130	5	3.8	889	1,640	1.84
2185 On Wisconsin-THR	Grafton	2023	18	0	0.0	1,424	2,495	1.75
Birch Crossing	Hartford	2017	84	1	1.2	1,152	1,539	1.34
Oriole Pond	Hartford	2017	156	0	0.0	1,051	1,130	1.08
Rincon 225	Hartford	2020	82	1	1.2	804	1,326	1.65
Wilson Heights	Hartford	2017	82	1	1.2	1,305	1,493	1.14
Cranberry Creek	Jackson	2013	16	1	6.3	1,269	1,550	1.22
Rosewood Commons	Jackson	2021	72	2	2.8	1,088	1,531	1.41
Sherman Heights	Jackson	2020	36	0	0.0	1,280	1,488	1.16
Rock Pointe Village	Lannon	2021	264	1	0.4	972	1,559	1.60
Creekside Crossing ⁽¹⁾	Menomonee Falls	2022	120	13	10.8 (11.6/Mo)	1,409	2,123	1.51
Highlands/Aero Park CO-AA	Menomonee Falls	2021	32	0	0.0	1,384	2,938	2.12
Highlands/Aero Park Flt-AA ⁽¹⁾	Menomonee Falls	2023	95	56	58.9 (9.2/Mo)	1,177	2,178	1.85
Jade at North Hills	Menomonee Falls	2018	139	5	3.6	874	1,593	1.82
Junction at Whitestone Stn	Menomonee Falls	2016	318	9	2.8	954	1,639	1.72
Riverwalk on the Falls	Menomonee Falls	2018	114	4	3.5	1,057	2,023	1.91
Tamarack Springs	Menomonee Falls	2021	152	6	3.9	1,429	2,094	1.47
The Woodlands	Menomonee Falls	2015	153	6	3.9	1,066	1,699	1.59
Artesa	Mequon	2017	33	3	9.1	1,215	2,114	1.74
Encore	Mequon	2015	28	0	0.0	1,733	2,931	1.69
The Reserve	Mequon	2017	81	4	4.9	1,200	2,202	1.84
Spur 16-Flats	Mequon	2019	146	10	6.8	1,163	2,257	1.94
Spur 16-THs	Mequon	2019	10	0	0.0	2,368	4,995	2.11
West House at Foxtown-Apt	Mequon	2020	96	0	0.0	1,245	2,146	1.72
West House at Foxtown-TH	Mequon	2023	42	1	2.4	1,751	2,662	1.52
Ridge View Terrace	Slinger	2019	48	0	0.0	1,220	1,369	1.12
Stonefield Terrace	Slinger	2021	80	3	3.8	1,224	1,481	1.21
Mammoth Springs-Ph 1	Sussex	2014	153	0	0.0	976	1,521	1.56
Mammoth Springs-Ph 2	Sussex	2017	107	2	1.9	1,285	2,018	1.57
Mammoth Springs-Ph 3	Sussex	2020	40	0	0.0	855	1,498	1.75
Cast Iron (Conversion)	West Bend	2016	129	0	0.0	950	1,288	1.36
The District-Lithia Lofts ⁽¹⁾	West Bend	2022	46	6	13.0 (8.9/Mo)	1,046	1,766	1.69
Trails Edge	West Bend	2022	120	0	0.0	912	1,500	1.64
Total/ Weighted Average	---	---	4,052 / 3,587 ⁽²⁾	346 / 77 ⁽²⁾	8.5 / 2.1 ⁽²⁾	1,104	\$1,779	\$1.61

⁽¹⁾ Community is still undergoing its initial absorption period.

⁽²⁾ Excludes communities still undergoing their initial absorption periods.



4. THE FOR SALE HOUSING MARKET

New construction for sale development throughout the Germantown PMA is generally characterized by smaller- to moderate-scale broker- or builder-represented communities reflecting single family and duplex/fourplex/condominium subdivisions directed to both primary and lifestyle consumer segments which (in many cases) have been marketed in phases over extended periods of time, although some larger-scale communities of 100+ units have been developed in recent years, primarily in areas of Menomonee Falls and Cedarburg (outside of Washington County). Overall, however, there has been a limited number of recently introduced developments of *significant scale* actively marketing new units in proprietary communities throughout the PMA, yet some scattered site/lot sale development and/or larger-scale, more custom-oriented product is also evident.

In the entirety of the PMA, single family building permits which, again, include single family detached homes as well as single-address duplexes, fourplexes and condominium/villa units, has generally ranged from 450 to 675 units annually over the last ten years *in this very broad geographic area*, despite “upside” demand potentials being stronger. This current level of new construction for sale development activity is due, in large part, to the higher price points that now accompany newly built for sale developments which, in turn, has resulted in more modest per-project sales volumes. In fact, most proprietary subdivisions throughout the county are generating sales volumes at or below 12 homes per year – a rate viewed as modest by most standards, i.e., a typical builder, in most instances, desires 18-24+ sales annually per product series.

In Germantown itself, active for sale development currently includes just a few condominium and single family communities priced in the higher ranges and generating sales volumes viewed as moderate. As highlighted in the following table, notable new construction for sale communities in Germantown generated a total of 17 sales/closings over the last 12 months, or roughly 4-5 per development during the period, on average.



**NOTABLE NEW CONSTRUCTION FOR SALE RESIDENTIAL DEVELOPMENTS
-- GERMANTOWN, WISCONSIN --**

Development / Builder(s)	Product Type	Number of Sales/Closings (Last 12 Months)	Average Plan Size (Sq. Ft.)	Average Sales/Closing Price	Average Price Per Sq. Ft.
The Reserve at Wrenwood / Harbor	Fourplex/Condo	7	1,921	\$484,267	\$252.09
Wrenwood North / Tim O'Brien & Aspen	Single Family	5	2,320	740,175	319.04
Prairie Glen / Bielinski	Single Family	3	2,393	767,900	320.89
Heritage Park North / Stepping Stone	Single Family	2	2,209	675,858	305.96

Source: Tracy Cross & Associates, Inc.

Note: Not included in the above table are a few recently completed developments such as Veridian Homes’ Kinderberg Estates community, i.e., single family homes priced primarily in the \$600,000s, along with smaller-scale attached projects such as Stepping Stone’s Seven Pines condominiums.

SINGLE FAMILY DETACHED ACTIVITY – GERMANTOWN PMA

In the entirety of the Germantown PMA, new construction *single family* closing activity has been generally steady over the last three years, with little improvement, mainly because of the overall limited number of new developments entering the market—and, most importantly, *escalating prices*. As highlighted in the

following text table, roughly 300 new single family detached homes are sold/closed annually in the PMA (through the local multiple listing service), at price points now supporting a median above \$500,000. In fact, with the median closing price of a new construction single family home in the PMA approaching \$550,000 in 2023, and considering a less-than-favorable interest rate environment, the average marketing time of a new single family home (days on market) rose precipitously between 2022 and 2023.

**NEW CONSTRUCTION SINGLE FAMILY CLOSINGS
GERMANTOWN PMA
2021-2023**

Price Range	2021		2022		2023	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$250,000	---	---	---	---	---	---
250,000 - 299,999	1	0.3	---	---	---	---
300,000 - 349,999	10	3.3	---	---	---	---
350,000 - 399,999	43	14.1	20	6.8	10	3.2
400,000 - 449,999	47	15.4	47	15.9	45	14.4
450,000 - 499,999	63	20.7	46	15.6	48	15.3
500,000 - 549,999	29	9.5	57	19.3	60	19.2
550,000 - 599,999	40	13.1	36	12.2	48	15.3
600,000 - 699,999	35	11.5	51	17.3	59	18.8
700,000 & Above	37	12.1	38	12.9	43	13.8
Total	305	100.0	295	100.0	313	100.0
Median	----- \$490,820 -----		----- \$530,310 -----		----- \$544,530 -----	
Avg. Days on Market	----- 45 -----		----- 41 -----		----- 67 -----	

Source: Southeast Wisconsin Multiple Listing Service

Please note that new construction closings recorded by the multiple listing service, while representing the majority, do not include all proprietary subdivision activity among single family developments, especially where individual lots are sold directly to the end consumer, who in turn, builds a semi-custom or custom home.

While the overall limited amount of new single family development (of scale) is keeping volumes in the more modest ranges, especially when demand could be stronger, so, too, is the overall higher price position of the new construction homes being built (as mentioned earlier). In fact, with the median price of a new/newer single family closing (as recorded through the multiple listing service) standing at \$544,530 in 2023, there is a disconnect with the distribution of household incomes, which is putting extreme pressure on the existing home market, i.e. the resale sector. For example, the median closing price among new construction units in the PMA is now almost \$150,000 higher than that of a resale counterpart. As a result, prices in the existing home market have been increasing even more rapidly and the average “days on market” in the resale sector are extremely low. Moreover, the volume of resale closings has dropped each year since 2021 as inventory continues to wane.

As highlighted in the following text table, the average market time of an older-stock single family resale closing in 2023 period stood at just 15 days, down from an already-low 16 days in 2022 and 20 days in 2021. For reference, the typically marketing time for a single family detached resale in the Midwest ranges from 72-90 days. *In the village of Germantown, the average market time of a single family resale during the last six months stood at just 11 days, and at closing prices 10 percent higher than to those reflected throughout the PMA as a whole.*

**SINGLE FAMILY RESALE CLOSINGS
GERMANTOWN PMA
2021-2023**

Price Range	2021		2022		2023	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$200,000	200	6.6	68	2.8	39	2.0
200,000 - 249,999	310	10.3	233	9.7	129	6.6
250,000 - 299,999	536	17.8	332	13.8	228	11.7
300,000 - 349,999	478	15.9	382	15.9	288	14.7
350,000 - 399,999	337	11.2	310	12.9	298	15.3
400,000 - 449,999	244	8.1	290	12.1	216	11.1
450,000 - 499,999	204	6.8	166	7.0	175	9.0
500,000 - 549,999	169	5.6	127	5.3	118	6.0
550,000 - 599,999	126	4.2	106	4.4	75	3.8
600,000 - 699,999	165	5.5	147	6.2	151	7.7
700,000 & Above	242	8.0	237	9.9	237	12.1
Total	3,011	100.0	2,398	100.0	1,954	100.0
Median	----- \$348,112 -----		----- \$380,232 -----		----- \$399,019 -----	
Avg. Days on Market	----- 20 -----		----- 16 -----		----- 15 -----	

Source: Southeast Wisconsin Multiple Listing Service

DUPLEX/FOURPLEX/CONDOMINIUM ACTIVITY

In the **duplex/fourplex/condominium** sector, a similar condition exists in the Germantown PMA relative to pricing differentials between new construction units and resales. As highlighted in the adjacent table, there are currently roughly 100 new attached units being sold annually market-wide, again a relatively modest volume because of limited supply in this sector, coupled with a median price point that now exceeds \$425,000.

**NEW CONSTRUCTION DUPLEX/FOURPLEX/CONDOMINIUM CLOSINGS
GERMANTOWN PMA
2021-2023**

Price Range	2021		2022		2023	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$100,000	---	---	---	---	---	---
100,000 - 149,999	---	---	---	---	---	---
150,000 - 199,999	1	0.9	---	---	---	---
200,000 - 249,999	13	11.6	1	1.0	---	---
250,000 - 299,999	22	19.6	17	17.7	5	5.1
300,000 - 349,999	29	25.9	12	12.5	6	6.2
350,000 - 399,999	16	14.3	22	22.9	26	26.8
400,000 - 449,999	15	13.4	28	29.2	22	22.7
450,000 - 499,999	7	6.3	6	6.3	28	28.9
500,000 & Above	9	8.0	10	10.4	10	10.3
Total	112	100.0	96	100.0	97	100.0
Median	----- \$334,555 -----		----- \$391,047 -----		----- \$426,210 -----	
Avg. Days on Market	----- 99 -----		----- 54 -----		----- 80 -----	

Source: Southeast Wisconsin Multiple Listing Service

Again, the higher price position found in the new construction attached sector is putting tremendous pressure on the existing home market as evidenced by duplex/fourplex/condominium resale closings averaging just 12 days on market in 2023, down from 18 and 16 days in 2021 and 2022, respectively. As highlighted in the following text table (compared to the table on the previous page), the difference in price between typical resale and new construction attached sector units is approximately \$175,000.

**DUPLEX/FOURPLEX/CONDOMINIUM RESALE CLOSINGS
GERMANTOWN PMA
2021-2023**

Price Range	2021		2022		2023	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under \$100,000	73	9.3	39	5.4	31	5.1
100,000 - 149,999	116	14.9	69	9.7	60	9.9
150,000 - 199,999	173	22.2	179	25.0	92	15.2
200,000 - 249,999	156	20.1	140	19.6	119	19.6
250,000 - 299,999	91	11.7	113	15.8	93	15.3
300,000 - 349,999	72	9.3	65	9.1	63	10.4
350,000 - 399,999	35	4.5	40	5.6	57	9.4
400,000 - 449,999	25	3.2	28	3.9	39	6.4
450,000 - 499,999	20	2.6	17	2.4	22	3.7
500,000 & Above	17	2.2	25	3.5	30	5.0
Total	778	100.0	715	100.0	606	100.0
Median	----- \$208,954 -----		----- \$225,254 -----		----- \$250,653 -----	
Avg. Days on Market	----- 18 -----		----- 16 -----		----- 12 -----	

Source: Southeast Wisconsin Multiple Listing Service

The moderate amount of *new construction* product in the overall market, especially at price points more in-line with typical “new versus resale” differentials, is also having an impact on overall inventory levels among both newly built homes and resale units. For example, among all residential activity in the PMA (both detached and attached, and including both new construction and resales), *inventory levels are low*. With only 429 single family listings reported at the beginning of January 2024, and with overall closing activity totaling 2,267 units in 2023, single family inventory levels in PMA stand at just 2.27 months, which falls below the typical three-month inventory period that exists in more normal, or balanced, home markets. In the attached sector, a similar level of inventory exists at just 2.30 months (see **Exhibit 4.1**). *The most notable areas of imbalance in the detached sector can be found at price points below \$500,000, and in the attached sector, below \$400,000 where little (if any) new construction listings are represented. In fact, at the higher price points (where new construction listings are concentrated), inventory levels exceed three months in all instances.*

FUTURE FOR SALE COMPETITION

According to planning and zoning officials throughout the PMA’s constituent municipalities, just a modicum of for sale housing communities are in the pipeline, i.e., less 1,139 units market-wide. These proposed developments, which consist of various single family and duplex/fourplex/condominium projects, appear to be very similar to other new construction products that exist today. Overall, future “known” supply further indicates a clear imbalance relative to underlying demand potentials.



4.1

RESIDENTIAL INVENTORY ANALYSIS IN MONTH'S SUPPLY GERMANTOWN PMA

Price Range	Closings 2023	Current Listings As of 1/1/2023	Months of Inventory
Single Family Detached			
Under \$200,000	39	6	1.85
200,000 - 249,999	129	18	1.67
250,000 - 299,999	228	32	1.68
300,000 - 349,999	288	42	1.75
350,000 - 399,999	308	32	1.25
400,000 - 449,999	261	28	1.29
450,000 - 499,999	223	37	1.99
500,000 - 549,999	178	46	3.10
550,000 - 599,999	123	42	4.10
600,000 - 699,999	210	56	3.20
700,000 & Above	280	90	3.86
Total	2,267	429	2.27
Duplex/Fourplex/Condominium			
Under \$100,000	31	1	0.39
100,000 - 149,999	60	3	0.60
150,000 - 199,999	92	13	1.70
200,000 - 249,999	119	17	1.71
250,000 - 299,999	98	11	1.35
300,000 - 349,999	69	12	2.09
350,000 - 399,999	83	16	2.31
400,000 - 449,999	61	17	3.34
450,000 - 499,999	50	18	4.32
500,000 & Above	40	27	8.10
Total	703	135	2.30

Source: Southeast Wisconsin Multiple Listing Service

GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers/property managers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.



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