



TRACY CROSS & ASSOCIATES, INC.

***An Analysis of the Market Potential
For Condominium and Townhome Development
--- A Strategy Planning Analysis ---
Sheboygan, Wisconsin***

May 3, 2017

INTRODUCTION

At the request of Sheboygan County Economic Development Corporation (SCEDC), Tracy Cross & Associates, Inc. evaluated the market potential for *attached for sale housing development* in the city of Sheboygan, Sheboygan County, Wisconsin. Specifically focusing upon development opportunities within the downtown/waterfront area for mid- to higher-density condominium and moderate-density townhome forms, this summary analysis establishes the following:

- ❑ Conclusions regarding the depth of Sheboygan County, and the city of Sheboygan in particular, for condominium and townhome development over the next five years based upon pertinent economic, demographic, and residential trends which define the marketplace.
- ❑ Conclusions regarding the overall marketability of new condominium and townhome units within the downtown/waterfront area of Sheboygan based upon factors associated with depth of market and the alignment of competitive alternatives.
- ❑ Detailed development guidelines relative to product form(s), unit count potentials and unit size/mix requirements necessary to attain acceptable rates of absorption at market-driven price points.
- ❑ Strategic planning guidelines regarding specific areas of downtown Sheboygan viewed suitable for condominium/townhome development over the next several years. These guidelines give full consideration to several investigative properties currently identified by SCEDC.

***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 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.

INVESTIGATIVE PROPERTIES

As highlighted in **Exhibit 1**, the SCEDC has identified eight (8) properties in the downtown/waterfront area of Sheboygan that could accommodate some form of attached for sale housing. As depicted, these parcels range in size from 1.5 acres to 14 acres, and occupy locations extending from Lake Michigan on the east to areas along the Sheboygan River on the west. While some of the properties are privately owned, it is the intention of the SCEDC to work with the land owners and various developers to help facilitate the introduction of new multifamily for sale housing units in the local market.

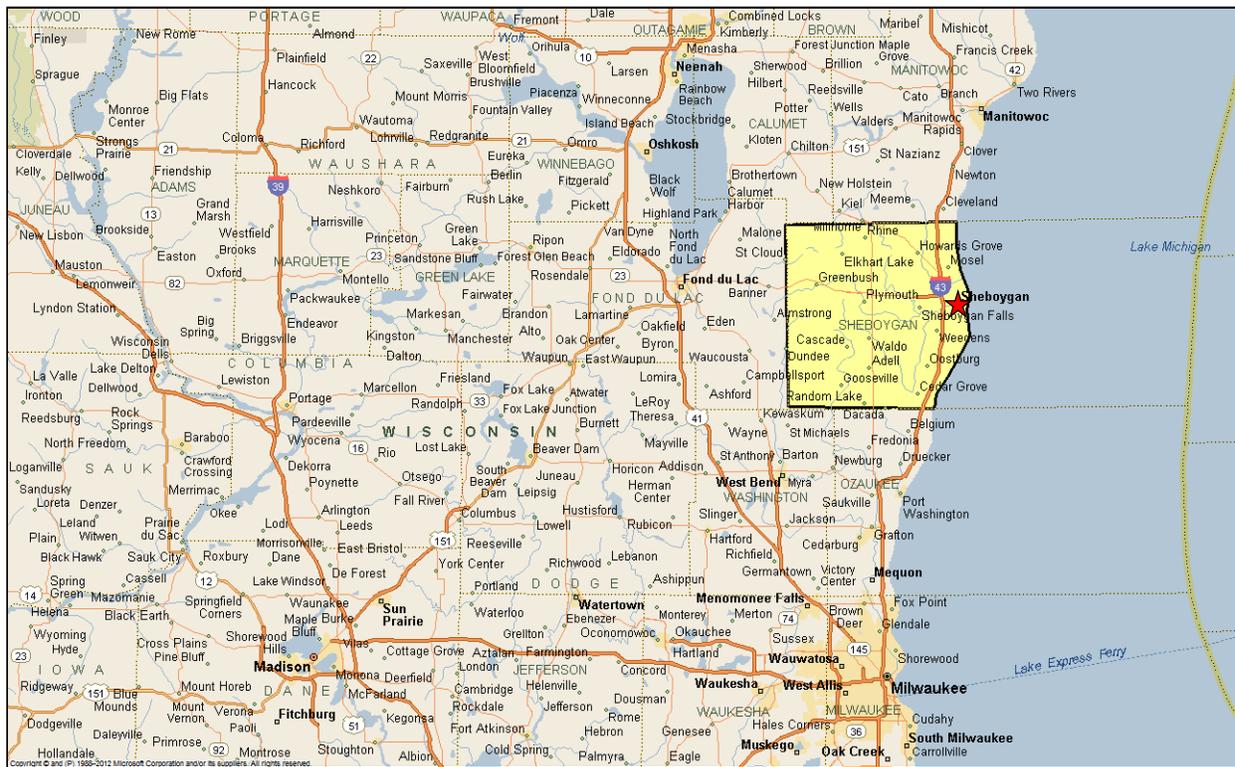
SHEBOYGAN COUNTY – A PERSPECTIVE

Economic, demographic and residential conditions providing the overall backdrop for condominium and townhome potentials in downtown Sheboygan will emanate from the host Sheboygan County area, which fully encompasses the city of Sheboygan.

Sheboygan County is situated 35 miles north of Milwaukee and 50 miles south of Green Bay. This east central Wisconsin county supports an estimated (2017) population base of 115,852 persons distributed among 47,347 households. The city of Sheboygan, which is the county seat and most densely populated portion of the county, has 47,897 persons distributed among 20,221 households. The city of Sheboygan is located in the easternmost portion of the county aligning Lake Michigan. The area’s primary transportation arterial is Interstate 43 located two miles west of downtown, a major north-south expressway which connects Sheboygan County with Milwaukee and Green Bay.



SHEBOYGAN COUNTY, WISCONSIN

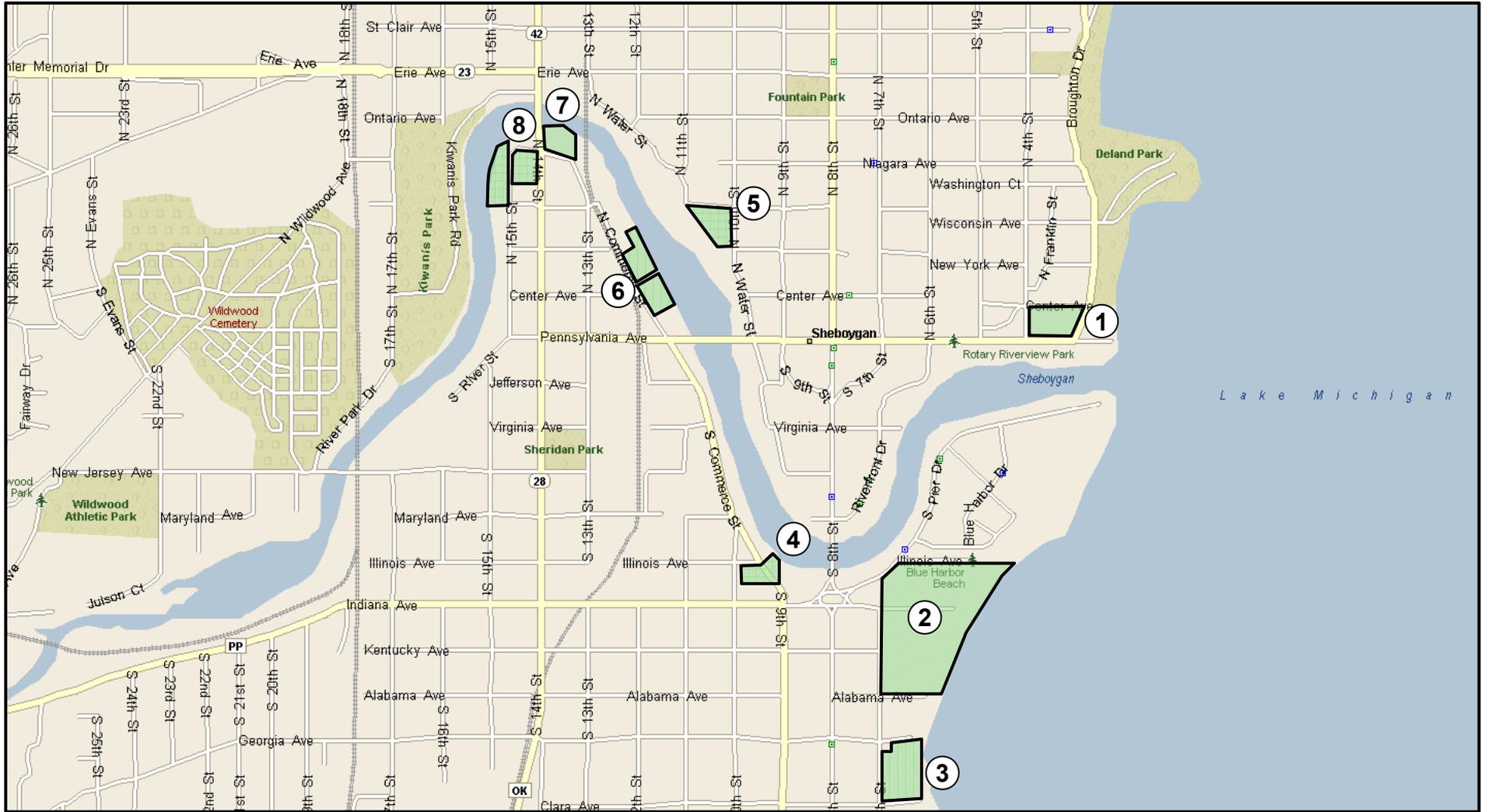


Source: Microsoft Streets & Trips





GEOGRAPHIC DELINEATION OF INVESTIGATIVE PROPERTIES SHEBOYGAN'S DOWNTOWN/WATERFRONT AREA



Key Property

- ① Armory Property (+/- 2 Acres)
- ② Blue Harbor Property (+/- 14 Acres)
- ③ Optenburg Property (+/- 3 Acres)

Key Property

- ④ Koepsell Property (+/- 1.5 Acres)
- ⑤ Kingsbury Property (+/- 2 Acres)
- ⑥ Mayline Property (+/- 2 Acres)

Key Property

- ⑦ Boat Doctors/Launch Property (+/- 1.5 Acres)
- ⑧ Richardson Lumber Property (+/- 2 Acres)

Sheboygan County enjoys a diverse economic base with employment rosters totaling over 60,000 workers. Moreover, it is home to an array of privately held corporations, many of which are household names. As highlighted in the following text table, there are ten (10) separate companies with at least 500 employees, along with another 14 companies with 250-499 employees. Most notable is the county's largest employer, Kohler Co., with a worker base of more than 5,000. Given the recent completion of Kohler's new Communications and Advertising building, the company is continuing its expansion initiatives locally. In addition, Acuity, American Orthodontics Corp., Aurora Health Care, Bemis Manufacturing Co., Carl Budding & Co., HSHS St. Nicholas Hospital, Johnsonville Sausage, Millpore-Sigma, Nemak, Rockline Industries and Sargento Foods all have expansion projects either planned, under construction or recently completed.



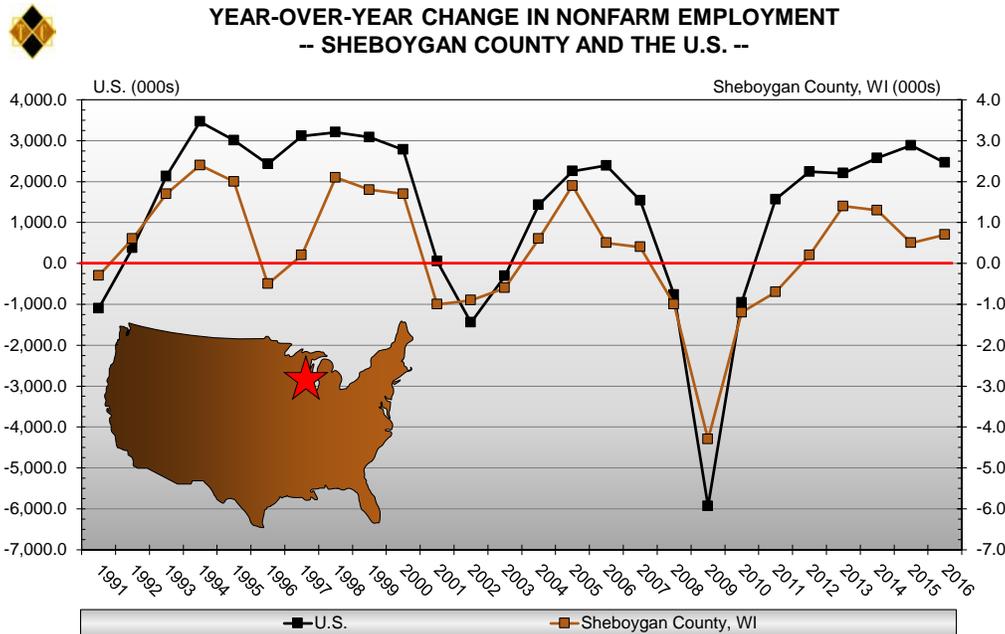
**TOP PRIVATELY HELD EMPLOYERS
SHEBOYGAN COUNTY: 2017**

Employer	Industry	Total Employment
Kohler Company	Enameled Iron/Metal Sanitary Ware Manufacturing	5,000+
Bemis Manufacturing Co.	Plastic Products Manufacturing	1,000-4,999
Aurora Health Care	General Medical & Hospital Services	1,000-4,999
Nemak	Aluminum Die-Casting	1,000-4,999
Sargento Foods, Inc.	Cheese Manufacturing	1,000-4,999
Johnsonville Sausage	Meat Processing	500-999
Acuity	Direct Property & Casualty Insurance	500-999
Rockline Industries	Converted Paper Product Manufacturing	500-999
Fresh Breads	Product Distribution	500-999
HSHS St. Nicholas Hospital	General Medical & Hospital Services	500-999
Masters Gallery Foods, Inc.	Dairy Products-Merchant Wholesalers	250-499
The Vollrath Co.	Kitchen Utensil, Pot and Pan Manufacturing	250-499
Car Budding & Co.	Old Wisconsin Sausage Meats	250-499
Pine Haven Christian	Senior Living Communities	250-499
Nemschoff Chairs, Inc.	Institutional Furniture Manufacturing	250-499
Blue Harbor Resort	Hotel	250-499
Plastics Engineering Co.	Plastic Products and Resin Manufacturing	250-499
Lakeland University	4-Year Private University	250-499
Millpore-Sigma	Chemical Manufacturing	250-499
Curt G. Joa Inc.	Paper Industry Machinery Manufacturing	250-499
American Orthodontics Corp.	Dental Equipment Manufacturing	250-499
Great Lakes Cheese Inc.	Dairy Products-Merchant Wholesalers	250-499
The Osthoff Resort	Hotel	250-499
Dutchland Plastics Corp.	Plastics Products Manufacturing	250-499

Source: Wisconsin Department of Workforce Development and SCEDC

While one cannot discount the effect that the most recent recession had on Sheboygan County's economy, and giving full consideration to the fact that the county has historically lagged behind the nation as a whole, overall employment growth has been on the positive side for five years in a row. After losing 10 percent of its total nonagricultural wage and salary employed workforce from 2007 through 2011, the metropolitan area saw its job rosters grow by 3,900 workers during the subsequent 2012-2016 period, averaging 780 annually. This translates to a growth rate of 1.3 percent. Most recently, employment gains county-wide during the January-March 2017 period experienced net gains of another 1,500 workers year-over-year, equal to an *above average* growth rate of 2.5 percent.





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

The most recent Census revealed that during the 2000-2010 time period, household growth in Sheboygan County totaled 2,845, or 285 yearly. And, while the last seven years saw a reversal of this trend due, in large part, to the rather severe employment losses between 2007 and 2011, household growth during the next five years will be generally comparable to growth levels seen during the last decade. This return-to-trend will be fueled by continued economic expansion as evidenced by the significant number of companies county-wide undergoing growth initiatives.



**POPULATION AND HOUSEHOLD TRENDS
SHEBOYGAN COUNTY, WISCONSIN**

Area	2000	2010	2017 (Estimate)	2022 (Projected)	Average Annual Change		
					2000 - 2010	2010 - 2017	2017 - 2022
Population							
Sheboygan County	112,648	115,507	115,852	117,102	+286	+49	+250
City of Sheboygan	51,093	49,288	47,897	47,982	-181	-199	17
Percent of County	45.4	42.7	41.3	41.0	---	---	---
Households							
Sheboygan County	43,545	46,390	47,347	48,601	+285	+137	+251
City of Sheboygan	20,827	20,371	20,221	20,519	-46	-21	+60
Percent of County	47.8	43.9	42.7	42.2	---	---	---

Source: Claritas, LLC; 2017 Demographic Snapshot and Tracy Cross & Associates, Inc.



In the city of Sheboygan, the total number of households retracted during the 2000-2010 Census period, and again between 2010 and 2017, as new construction housing supply was virtually non-existent throughout the city. However, on the heels of recent and rather significant improvements in new residential supply, net gains are expected over the next five years.

Among the 47,347 households currently represented throughout all of Sheboygan County, 33,963 (71.7 percent) represent homeowners with the remaining 13,384 households (28.3 percent) consisting of renters. In the city of Sheboygan, 61.5 percent of all households are owners, while 38.5 percent rent the home in which they reside.

Since 1990 and through 2015, residential building activity in Sheboygan County averaged 440 units annually, distributed between 288 single family units including single address townhomes and duplexes and 152 in the multifamily sector, which includes higher density condominiums and rental apartments. As detailed in **Exhibit 2**, the strongest periods of residential construction in the market area since 1990 occurred during the 1992-2005 timeframe when volumes topped the 600-unit mark during most years averaging 638 units annually.

Residential construction volumes in Sheboygan County began to slide in 2006 and precipitously so after 2009. Between 2010 and 2013, for example, residential building activity dropped to a yearly average of only 76 units, representing a decline of 88.1 percent from 1992-2005 annual volumes. In 2014 and 2015, however, as employment rosters began to improve, residential permits volumes moved up to an average annual level of 117 units. And, while 2016 authorizations have yet to be finalized, it is estimated that almost 250 residential permits were issued county-wide.

Over the next five years, Sheboygan County can expect overall residential permit levels to average 330 units annually, up considerably from volumes recorded during the last several years. This compares with household growth levels estimated at 251 per annum through 2022. Offsetting the difference between permit levels and expected household additions are the non-household generating construction requirements for units, primarily apartments, lost through demolition or abandonment, as well as the impetus provided by the seasonal/second home sector. Of the 330 units expected to be constructed annually in Sheboygan County, 230 will occur among for sale housing forms with 100 found among rental apartment alternatives. Among the 230 for sale housing units, roughly 200 will occur in the primary sector of the market with 30 found in the seasonal/second home market. This allocation of seasonal/second home units is generally consistent with historical growth in this sector of the market.



**SEASONAL/SECOND HOME TRENDS
SHEBOYGAN COUNTY, WISCONSIN**

Year	Sheboygan County		City of Sheboygan	
	Number of Seasonal Second Homes ⁽¹⁾	Annual Change	Number of Seasonal Second Homes ⁽¹⁾	Annual Change
1990	761	---	81	---
2000	804	+4	77	NEG
2010	1,099	+30	128	+5
2017 (Estimate)	1,204	+15	149	+3
2022 (Forecast)	1,354	+30	184	+7

⁽¹⁾ As measured by the U.S. Department of Commerce, Bureau of the Census as: vacant housing units for seasonal, recreational or occasional use.

Source: U.S. Department of Commerce, Bureau of the Census and Tracy Cross & Associates, Inc.





**RESIDENTIAL BUILDING PERMIT ACTIVITY
SHEBOYGAN COUNTY, WISCONSIN
1990 - 2016⁽¹⁾**

Year	Sheboygan County			City of Sheboygan						Remainder of the County					
	Total	Single Family	Multi-Family	Total	Percent of MSA	Single Family	Percent of MSA	Multi-Family	Percent of MSA	Total	Percent of MSA	Single Family	Percent of MSA	Multi-Family	Percent of MSA
1990	326	265	61	96	29.4	84	31.7	12	19.7	230	70.6	181	68.3	49	80.3
1991	401	293	108	172	42.9	92	31.4	80	74.1	229	57.1	201	68.6	28	25.9
1992	525	359	166	225	42.9	107	29.8	118	71.1	300	57.1	252	70.2	48	28.9
1993	649	443	206	240	37.0	146	33.0	94	45.6	409	63.0	297	67.0	112	54.4
1994	712	463	249	205	28.8	147	31.7	58	23.3	507	71.2	316	68.3	191	76.7
1995	733	440	293	260	35.5	139	31.6	121	41.3	473	64.5	301	68.4	172	58.7
1996	720	458	262	344	47.8	154	33.6	190	72.5	376	52.2	304	66.4	72	27.5
1997	565	377	188	214	37.9	132	35.0	82	43.6	351	62.1	245	65.0	106	56.4
1998	694	440	254	314	45.2	156	35.5	158	62.2	380	54.8	284	64.5	96	37.8
1999	597	385	212	217	36.3	127	33.0	90	42.5	380	63.7	258	67.0	122	57.5
2000	675	361	314	274	40.6	98	27.1	176	56.1	401	59.4	263	72.9	138	43.9
2001	625	386	239	260	41.6	123	31.9	137	57.3	365	58.4	263	68.1	102	42.7
2002	680	405	275	290	42.6	127	31.4	163	59.3	390	57.4	278	68.6	112	40.7
2003	599	475	124	117	19.5	77	16.2	40	32.3	482	80.5	398	83.8	84	67.7
2004	657	439	218	153	23.3	85	19.4	68	31.2	504	76.7	354	80.6	150	68.8
2005	506	371	135	64	12.6	60	16.2	4	3.0	442	87.4	311	83.8	131	97.0
2006	476	277	199	123	25.8	46	16.6	77	38.7	353	74.2	231	83.4	122	61.3
2007	389	196	193	65	16.7	40	20.4	25	13.0	324	83.3	156	79.6	168	87.0
2008	203	115	88	24	11.8	22	19.1	2	2.3	179	88.2	93	80.9	86	97.7
2009	159	77	82	7	4.4	7	9.1	0	0.0	152	95.6	70	90.9	82	100.0
2010	69	65	4	10	14.5	10	15.4	0	0.0	59	85.5	55	84.6	4	100.0
2011	73	51	22	9	12.3	9	17.6	0	0.0	64	87.7	42	82.4	22	100.0
2012	63	61	2	11	17.5	9	14.8	2	100.0	52	82.5	52	85.2	0	0.0
2013	99	93	6	12	12.1	6	6.5	6	100.0	87	87.9	87	93.5	0	0.0
2014	111	87	24	13	11.7	13	14.9	0	0.0	98	88.3	74	85.1	24	100.0
2015	123	101	22	14	11.4	14	13.9	0	0.0	109	88.6	87	86.1	22	100.0
2016 ⁽¹⁾	247	121	126	117	47.4	17	14.0	100	79.4	130	52.6	104	86.0	26	20.6
Annual Averages															
1990 - 2015	440	288	152	144	32.7	78	27.1	66	43.2	296	67.3	210	72.9	86	56.8
1990 - 1992	417	306	112	164	39.4	94	30.9	70	62.7	253	60.6	211	69.1	42	37.3
1993 - 2000	668	421	247	259	38.7	137	32.6	121	49.0	410	61.3	284	67.4	126	51.0
2001 - 2003	635	422	213	222	35.0	109	25.8	113	53.3	412	65.0	313	74.2	99	46.7
2004 - 2006	546	362	184	113	20.7	64	17.6	50	27.0	433	79.3	299	82.4	134	73.0
2007 - 2008	296	156	141	45	15.0	31	19.9	14	9.6	252	85.0	125	80.1	127	90.4
2009 - 2015	100	76	23	11	10.9	10	12.7	1	4.9	89	89.1	67	87.3	22	95.1

⁽¹⁾ Preliminary figures.

DOWNTOWN SHEBOYGAN AND ITS WATERFRONT

Situated west of Lake Michigan and east of the Sheboygan River, generally between Pennsylvania Avenue on the south and Michigan Avenue on the north, is Sheboygan's Central Business/Arts/Entertainment District, i.e. downtown Sheboygan. Here, a variety of employment sources, restaurants, night spots, service-oriented shops, convenient-type stores and entertainment establishments can be found. Of particular note are the Sheboygan City Hall, the Sheboygan County Building, the Mead Public Library, the Stephanie H. Weill Center Performing Arts and the large-scale John Michael Kohler Arts Center. The John Michael Kohler Arts Center consists of a 100,000 square foot museum and arts complex including one major theater, 10 galleries, performance and meeting spaces, studio classrooms, an all ages/all abilities activity space, an on-site retail shop and a café.



Also located within the heart of the downtown area is *Metro Center*, which is the primary station for Shoreline Metro transit—Sheboygan's public transportation system. Shoreline Metro, owned and operated by the City of Sheboygan, offers hourly bus routes serving most parts of Sheboygan County including multiple destinations in the city of Sheboygan itself, along with the nearby municipalities of Sheboygan Falls and Kohler.

Aligning Lake Michigan a few blocks to the east are Deland Park, North Point Beach and the Harbor Centre Marina. The Harbor Centre Marina is a full service facility which contains more than 250 deep water slips. In season, the marina is almost always near capacity with the exception of several transient slips available for overnight or weekend guests. The marina features a main office building and yacht club, along with a staff that provides assistance to boaters, continuous weather updates, and charter fishing opportunities. Also, a private swimming pool and whirlpool, a beach, tennis courts, a general store, a fuel dock and pump-out station, public restrooms, a fish cleaning station, a picnic area with grills and tables, and a six-lane launch ramp are all located on site.



Just south of the marina is the newly developing Riverfront/South Pier Lakefront area, which includes the popular Blue Harbor Resort and Conference Center. Blue Harbor Resort is one of Wisconsin's premier vacation destinations. Nestled on the western shore of Lake Michigan, this picturesque and stately facility features 180 hotel suites, 64 villas, an expansive indoor waterpark, a spa, a conference center and meeting spaces, restaurants, bars, lounges, an outdoor swimming pool/deck area, an eco-friendly trail system, a beach, a miniature golf course, and a game room. In 2015, Blue Harbor was named one of the Top 10 family resorts in the U.S. by ResortsandLodges.com.



Sheboygan’s Riverfront/South Pier Lakefront district also includes a number of shops, restaurants and service establishments. These include, among others, the South Pier Ice Cream Parlor, Harry’s Prohibition Bistro and Bar, Lino Ristorante Italiano, Anglers Avenue Pub and Grill, McGinley Bakery, New Life Coffee House, and Jomaji Salon and Spa.



Residentially, the downtown Sheboygan area is characterized, primarily, by mixture of vintage and adaptive re-use apartment buildings and single family homes, along with a modicum of condominium units located closer to Lake Michigan. Up until recently, very little new construction development of *scale* had occurred in the downtown area of Sheboygan for more than 10 years. Currently under construction, however, are two new apartment communities, one in the Riverfront/South Pier area and one across from the John Michael Kohler Arts Center. In the Riverfront/South Pier area, on the front lawn of the Blue Harbor Resort, HCI Properties is constructing its 88-unit Portscape apartment community consisting of stacked flats with direct access one- and two-car garages. Posted base rents extend from roughly \$1,150 to \$1,500 monthly for one- and two-bedroom residences containing between 984 and 1,444 square feet of living space. First delivers are just now starting to occur.



Also under construction in downtown Sheboygan is Oakbrook Corporation’s 80-unit Encore apartment community located at 734 N. 7th Street. This higher-density complex will consist of flat-over-flat apartments within a four-story building configured over structured parking. At Encore, which is expected to deliver units in July or August 2017, a wide variety of one- and two-bedroom units will be offered.



A third new apartment development consisting of 91 total units is currently being proposed by LCM Funds at a site location aligning Virginia Avenue a few blocks south of Oakbrook’s Encore community. No other information is available at this time.

In the for sale sector, there are currently no single family or attached sector developments of *scale* that are under construction or actively marketing in the entire downtown/waterfront area, nor are any formally proposed at this time. However, some smaller-scale infill development is occurring at various locations such as River Park Place located at 1010-1034 Wisconsin Avenue. Here 8-10 single family condominiums and paired patio homes are being developed on “in town” lots at price points of \$250,000+/-.



THE COMPETITIVE MARKETPLACE

Like the downtown area of Sheboygan, the county as a whole is currently void of any *sizeable* new construction condominium/townhome/duplex development. Again, only a few smaller scale offerings can be found at either infill locations or on scattered lots, i.e. within predominantly single family detached communities. As a result, closing activity among both smaller-scale new construction offerings and previously developed attached for sale communities provides the most relevant gauge to understanding the state of the local competitive environment.

- ❑ In 2016, a total of 131 attached for sale housing units were sold/closed in Sheboygan County, representing a modest increase of 4.0 percent compared to the 126 closings recorded in 2015. However, as highlighted **Exhibit 3**, the number of closings registered at price points of \$150,000 and above in 2016 totaled 65, or 49.6 percent of all closings during the year. This level of activity reflects an increase of 32.7 percent compared to the 49 closings recorded in 2015 at price points of \$150,000 and above.
- ❑ In just the city of Sheboygan, the number of attached for sale housing units sold/closed during 2016 jumped 29.8 percent compared to volumes posted in 2015. During this same timeframe, the number of units sold at price points of \$150,000 and above almost *doubled*.
- ❑ Over the last three years, the average *market time* for a condominium/townhome/duplex unit sold in Sheboygan County dropped from a high of 159 days in 2014 to just 103 days in 2016. In the city of Sheboygan, as highlighted in **Exhibit 4**, the days on market for a sold attached sector residence stood at just 77, down 12 days from 2015's average and 28 days below that reflected in 2014.
- ❑ Among the 131 condominium/townhome/duplex closings recorded in 2016, 24 represented units constructed in the last 10 years, i.e. in 2007 or after, most of which were built during the 2007-2008 period. These 24 newer units recorded a median closing price of \$193,712, a level 29.6 percent higher than the \$149,520 median reflected among all 131 closed units.
- ❑ Focusing on 24 *newer construction* closings in 2016, several of the units were located within two notable mid-rise condominium communities located in the downtown/waterfront area of Sheboygan as described below:

- *Marina Vista* is a 21-unit condominium community located at 303 Pennsylvania Avenue near the mouth of the Sheboygan River and overlooking Lake Michigan and the Harbor Centre Marina. Constructed in 2008, this development is one of the newest attached sector communities of scale to be developed in downtown Sheboygan. Marina Vista contains a variety of floorplans, generally extending in size from 1,300 to 3,350 square feet, and includes higher-end unit features such as stainless steel appliances, granite countertops, custom kitchen cabinetry, wood flooring in kitchen and living areas, side-by-side washers and dryers and two enclosed parking spaces (per unit) in a first floor parking garage. In 2016, four (4) resale closings were recorded at Marina Vista. As highlighted in the following text table, closing prices ranged from \$185,000 for a 1,383 square foot unit to \$480,000 for a 3,350 square foot residence. With the exception of the largest unit, the Marina Vista condominiums sold last year were on the market for an average of just 52 days. At this time, no units are listed for sale within the community.





CONDOMINIUM/TOWNHOME/DUPLEX CLOSINGS
-- SHEBOYGAN COUNTY, WISCONSIN --
2014 - 2016

Price Range	2014		2015		2016	
	Number	Percent	Number	Percent	Number	Percent
Under \$100,000	42	30.7	34	27.0	25	19.0
100,000-149,999	41	29.9	43	34.1	41	31.3
150,000-199,999	31	22.6	27	21.4	36	27.5
200,000-249,999	12	8.8	11	8.7	9	6.9
250,000-299,999	3	2.2	3	2.4	10	7.6
300,000-349,999	5	3.6	3	2.4	6	4.6
350,000-399,999	1	0.7	3	2.4	2	1.5
400,000-449,999	---	---	1	0.8	---	---
450,000-499,999	---	---	---	---	1	0.8
500,000 & Above	2	1.5	1	0.8	1	0.8
Total	137	100.0	126	100.0	131	100.0
Median Closing Price	----- \$132,273 -----		----- \$133,723 -----		----- \$149,520 -----	
Average Days on Market	--159--		--135--		--103--	
Closings Priced at \$150,000+	54	39.4	49	38.9	65	49.6
Median Closing Price	----- \$189,999 -----		----- \$194,307 -----		----- \$191,374 -----	

Source: Central Wisconsin Multiple Listing Service



CONDOMINIUM/TOWNHOME/DUPLEX CLOSINGS
-- CITY OF SHEBOYGAN, WISCONSIN --
2014 - 2016

Price Range	2014		2015		2016	
	Number	Percent	Number	Percent	Number	Percent
Under \$100,000	33	52.4	20	43.5	19	31.2
100,000-149,999	10	15.9	13	28.3	21	34.4
150,000-199,999	14	22.2	8	17.4	13	21.3
200,000-249,999	5	7.9	4	8.7	2	3.3
250,000-299,999	1	---	1	5.4	3	4.9
300,000-349,999	---	---	---	---	2	3.3
350,000-399,999	---	---	---	---	---	---
400,000-449,999	---	---	---	---	---	---
450,000-499,999	---	---	---	---	1	1.6
500,000 & Above	---	---	---	---	---	---
Total	63	100.0	46	100.0	61	100.0
Median	----- \$97,408 -----		----- \$111,483 -----		----- \$127,324 -----	
Average Days on Market	----- -105-- -----		----- -89-- -----		----- -77-- -----	
Closings Priced at \$150,000+	20	31.7	13	28.3	21	34.4
Median Closing Price	----- \$174,999 -----		----- \$187,445 -----		----- \$187,499 -----	

Source: Central Wisconsin Multiple Listing Service



**RESALE CLOSING ACTIVITY: 2016
MARINA VISTA CONDOMINIUMS - SHEBOYGAN, WISCONSIN**

Address	Plan Size (Sq. Ft.)	Closing Price	Price Per Sq. Ft.	Closing Date	Days on Market
Unit 202	1,383	\$185,000	\$133.77	2/17/16	31
Unit 205	1,650	289,000	175.15	11/11/16	50
Unit 303 (Furnished)	1,945	345,000	177.38	9/23/16	75
Unit 406	3,350	480,000	143.28	1/19/16	223
Average:	2,082	\$324,750	\$155.98	---	95

Source: Central Wisconsin Multiple Listing Service

- Roughly four blocks removed from Lake Michigan closer to the heart of downtown Sheboygan is the 72-unit *Landmark Square* condominium community, also constructed in 2008. This development, which consists of four residential floors over structured parking, is comprised of one- and two-bedroom plan offerings generally extending in size from 700 to 1,200 square feet. Like Marina Vista, standard unit features include stainless steel appliances, granite countertops, wood flooring and in-unit washers and dryers, although the wood flooring is located just in the kitchen and the washers and dryers are stacked. Landmark Square includes one enclosed garage space per unit. In 2016, Landmark recorded four (4) resales closings, which ranged in price from \$132,500 to \$215,000. As highlighted below, the average *days on market* stood at 75. Currently, five units are listed for sale within the community with the average condominium containing 977 square feet of living space priced at \$125,900, or a value ratio of \$128.86 per square foot.



**RESALE CLOSING ACTIVITY: 2016
LANDMARK SQUARE CONDOMINIUMS - SHEBOYGAN, WISCONSIN**

Address	Plan Size (Sq. Ft.)	Closing Price	Price Per Sq. Ft.	Closing Date	Days on Market
Unit 112	1,100	\$132,500	\$120.45	8/24/16	99
Unit 304	1,032	136,000	131.78	3/11/16	36
Unit 319	1,028	169,000	164.40	7/12/16	64
Unit 313	1,358	215,000	158.32	8/24/16	99
Average:	1,130	\$163,125	\$144.36	---	75

Source: Central Wisconsin Multiple Listing Service

- Also located in the downtown/waterfront area of Sheboygan is the 12-unit Harbor Pointe condominium community at 525 Pennsylvania Avenue. While smaller in scale, and constructed 20 years ago, the one unit listed and sold at Harbor Pointe within the past 24 months did so in just 57 days. This particular condominium residence contained two bedrooms and two baths, 1,673 square feet of living space, and closed at a price point of \$205,000 (\$122.53 per square foot).



Harbor Pointe, which overlooks the Sheboygan River roughly two block west of the Marina Vista community, consists of two stories of flat-over-flat condominiums configured above structured parking.



A PLANNING STRATEGY

With residential *for sale* construction requirements throughout all of Sheboygan County expected to average 230 units annually over the next five years, including both the primary and seasonal/second home sectors, any new construction condominium or townhome development in downtown Sheboygan will be operating in a market with a finite level of demand. However, with almost a complete lack of new construction supply in the market; with measurable activity among condominium, townhome and duplex resales; with a positive employment picture county-side; and considering an increasingly vibrant downtown/waterfront area, it can be viewed that there is adequate potential to introduce up to two developments (of a modest scale) at any given time over the next several years *if positioned properly* relative to product forms, unit offerings, price and location. With this said, the following paragraphs provide planning guidelines for the successful introduction of multifamily for sale housing in the downtown/waterfront area of Sheboygan:

- First and foremost, a logical hierarchy of product and price points must be established in order to capture the broadest range of consumer segments desirous of new construction for sale *attached sector* offerings, i.e. primary home purchasers who value a downtown and/or waterfront location, along with seasonal/second home buyers. By creating this hierarchy, not only will the products/prices appeal to a wide range of potential buyers, but cross-competition will be limited when the two developments are being marketed concurrently.
- By embracing the strategy to develop two differentiated product lines, new construction offerings can also be developed in context with their immediate surroundings or neighborhood. In other words, because of the many unique characteristics inherent to individual parcels throughout the downtown/waterfront area, especially those with water orientation, separate and distinct product lines will be needed to maximize potentials on a site-by-site basis.
- Taking the lead from better selling resale units in the downtown/waterfront area, as well as successful development initiatives in similar environments throughout the Midwest, the two product lines that should be considered for future development include a luxury mid-rise condominium idiom with structured parking, along with a flat-over- flat/townhome combination product with direct-access one- and two-car garages. These two attached sector products are viewed as appropriate for near-term market entry.



Among the eight properties the SCEDC has identified as potential multifamily for sale development sites, three represent ideal candidates for the introduction of the two suggested product forms near term. As depicted in **Exhibit 5**, each of the three properties has exposure to Lake Michigan and is within a reasonable distance of the many other amenities that downtown Sheboygan and the South Pier area have to offer.

Focusing upon these particular properties, **Exhibits 6 and 7** provide detailed product criteria, pricing guidelines, features/finishes and absorption estimates for the suggested product lines. The direction given in these exhibits is described further in the following paragraphs:

- ❑ The two-acre Armory property, which is located adjacent to the Harbor Centre Marina and Lake Michigan, along with the easternmost portion of the larger Blue Harbor assemblage, could accommodate the ***luxury mid-rise condominium*** idiom at a density allocation of 20+/- units per acre. While the exact configuration of the building(s) will ultimately be determined by the developer, consideration should be given to efficiently designed structures consisting of the ***three-over-parking*** concept whereby three residential floors of single-level luxury condominiums are configured over structured/podium parking. Because this product line should be developed on premium sites with direct exposure to Lake Michigan, the ideal scenario would be to create 12- or 18-unit buildings containing all “through units”, i.e. no common corridor which forces units on both sides of the hallway. This would allow each and every condominium residence to be oriented toward Lake Michigan. If a larger, corridor-type building is designed, all attempts should be made to maximize views of the lake. Either way, plan sizes should range from 1,300 to 2,200 square feet priced, at base, from \$249,990 to \$353,990 including floor and terrace premiums, but not including premiums for enhanced views and corner units and options/upgrades. At these prices, which reflects a generally high level of standard features, a development of, say, 36 units could achieve final sell-out in 30 months at an overall average sales rate of 1.2 units monthly. Once complete (or nearly completed), this particular product concept could then be repeated. It is important to note that two enclosed garage spaces should accompany each unit. As such, the first floor parking garage is likely to be a podium, i.e. larger than the residential footprint established for the three residential floors above. While not as efficient as a uniform building envelope, a podium parking structure will allow units on the first residential floor to carry private terraces, thus creating a premium for these particular units.

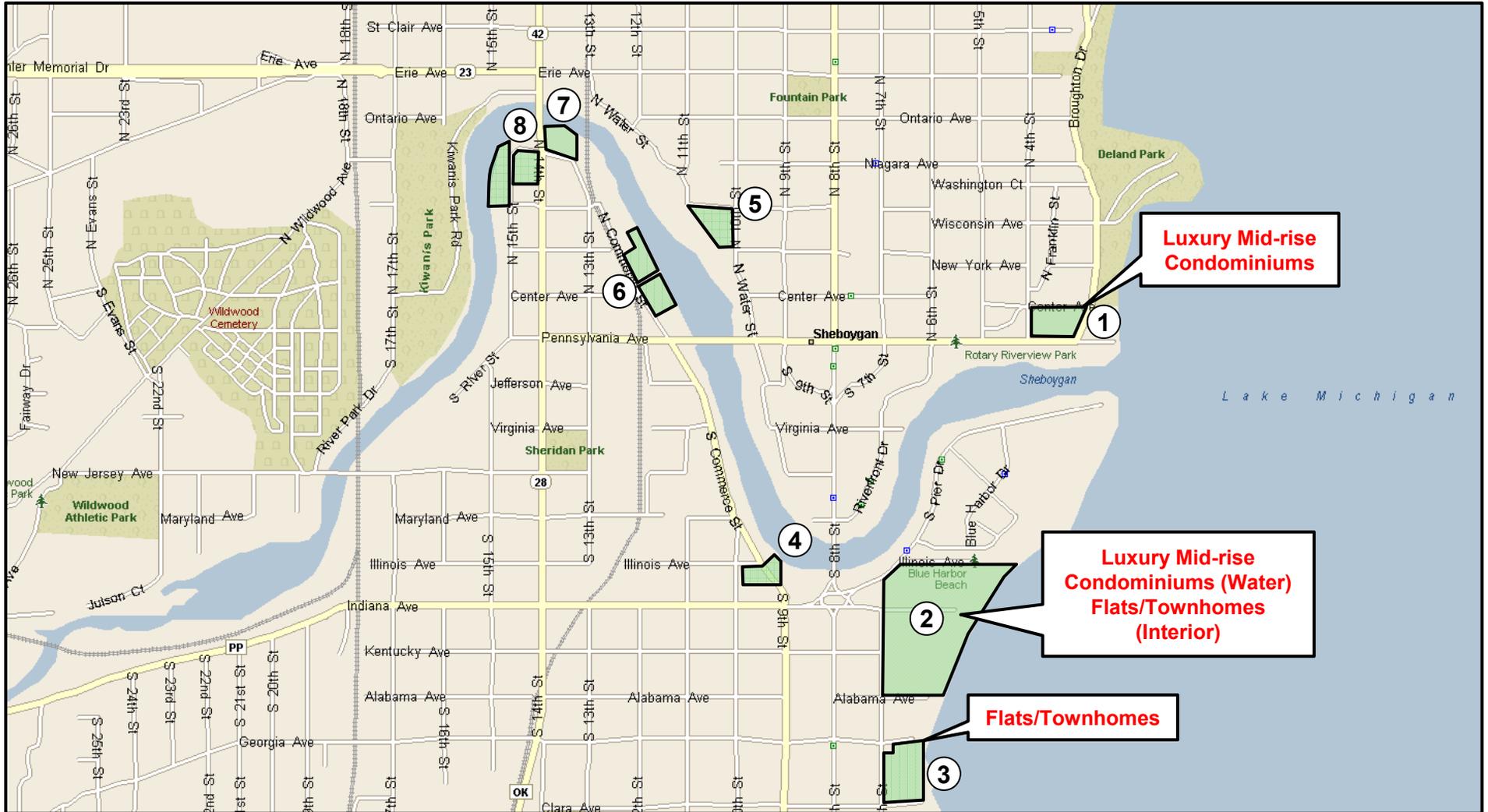


- ❑ Within the interior of Blue Harbor property closest to South Pier Drive and/or within the Optenburg property to the south, the ***flat-over-flat/townhome*** product line represents a very viable development alternative. This particular product form, which would blend well with the new Portscape apartment community in the South Pier area, could be configured in four-, five and six-unit buildings with each residence maintaining its own private entrance and direct access garage. Representing just a notch below the luxury condominiums relative to interior appointments, unit sizes, price points and site location(s), the introduction of this series would help round out the hierarchy of attached sector offerings in the downtown/waterfront area. At base sales prices ranging from \$209,990 to \$242,990 for residences containing between 1,250 and 1,650 square feet of living space, a development of, say, 45 units could be absorbed within 30 months, translating to an average sales rate of 1.5 units per month.





GEOGRAPHIC DELINEATION OF INVESTIGATIVE PROPERTIES SHEBOYGAN'S DOWNTOWN/WATERFRONT AREA



Key Property

① Armory Property (+/- 2 Acres)

② Blue Harbor Property (+/- 14 Acres)

③ Optenburg Property (+/- 3 Acres)

Key Property

④ Koepsell Property (+/- 1.5 Acres)

⑤ Kingsbury Property (+/- 2 Acres)

⑥ Mayline Property (+/- 2 Acres)

Key Property

⑦ Boat Doctors/Launch Property (+/- 1.5 Acres)

⑧ Richardson Lumber Property (+/- 2 Acres)



PRODUCT DEVELOPMENT CRITERIA AND BENCHMARK PRICES - A 36-UNIT PROTOTYPE
MID-RISE CONDOMINIUMS
SHEBOYGAN, WISCONSIN

Product Line Summary

Product Form:	3 Residential Floors of Flat-Over-Flat Condominiums Above Structured/Podium Parking
Total Units:	36
Enclosed Parking:	72
Average Plan Size (Sq. Ft.):	1,730
Average Benchmark Price (All Floors):	\$306,221
Per Sq. Ft.:	\$177.01
Average Monthly Sales Rate (In Units):	1.2
Marketing Life (In Months):	30.0



Plan Detail

Plan Designation	CO-1	CO-2	CO-3	CO-4	CO-5
Percent Distribution	20.0	20.0	20.0	20.0	20.0
Plan Type	2BR	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	2/2.0	2/2.0	2/2.0	2+Den/2.0	3/2.0
Unit Size (Sq. Ft.)	1,300	1,500	1,700	1,950	2,200
Benchmark Price Per Floor: ⁽¹⁾					
3rd Residential Floor	\$259,990	\$282,990	\$305,990	\$334,990	\$363,990
2nd Residential Floor	\$249,990	\$272,990	\$295,990	\$324,990	\$353,990
1st Residential Floor ⁽²⁾	\$259,990	\$282,990	\$305,990	\$334,990	\$363,990
Average:	\$256,657	\$279,567	\$302,657	\$332,657	\$360,657
Per Sq. Ft.:	\$197.43	\$186.38	\$178.03	\$170.59	\$163.94

Features and Amenities

UNIT STANDARDS

- Hardwood Flooring in Main Living Areas
- Upgraded Carpeting in Bedroom Areas
- "White" Interior Paint Finish
- Painted Trim
- Direct-Wire Smoke Detectors Per Code
- Cable/Satellite Prewire
- Telephone Prewire
- High-Speed Internet Connectivity
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Patio/Balcony/Terrace

KITCHEN FEATURES

- Higher-End Wood Cabinetry
- Hardwood 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

BATH/POWDER ROOM STANDARDS

- Ceramic Flooring
- Granite or Quartz Vanity Tops
- Wood Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND LAUNDRY

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Washer/Dryer Hook-Up
- Linen Closet(s)
- Programmable Thermostat

BUILDING/COMMUNITY FEATURES

- Architecturally-Enhanced Exteriors
- Extensive Hardscaping/Landscaping
- Outdoor Courtyard Area
- Secure Building
- Car Wash Area in Garage
- Two Garage Spaces Included

⁽¹⁾ Benchmark sales prices, which are presented in current dollars, include two enclosed garage spaces per unit, along with premiums for floor and terrace units, but do not include options, upgrades or premiums for enhanced views or corner units.

⁽²⁾ Reflects terrace unit.



PRODUCT DEVELOPMENT CRITERIA AND BENCHMARK PRICES - A 45-UNIT PROTOTYPE
FLATS AND TOWNHOMES
SHEBOYGAN, WISCONSIN

Product Line Summary

Product Form:	Flats and Townhomes with Direct Access Garages (Four-, Five- and Six-Unit Buildings)
Total Units:	45
Average Plan Size (Sq. Ft.):	1,465
Average Benchmark Base Sales Price:	\$227,790
Per Sq. Ft.:	\$155.49
Average Monthly Sales Rate (In Units):	1.5
Marketing Life (In Months):	30.0



Plan Detail

Plan Designation	FL/TH-1	FL/TH-2	FL/TH-3	FL/TH-4	FL/TH-5
Percent Distribution	20.0	20.0	20.0	20.0	20.0
Plan Type	Flat	2-Story TH	Flat	2-Story TH	2-Story TH
Garage	1-Car	1-Car	2-Car	2-Car	2-Car
Bedroom/Bath Mix	2/2.0	2+Loft/2.5	3/2.0	2+Loft/2.5	3/2.5
Unit Size (Sq. Ft.)	1,250	1,350	1,475	1,600	1,650
Benchmark Base Sales Price⁽¹⁾	\$209,990	\$217,990	\$229,990	\$237,990	\$242,990
Per Sq. Ft.:	\$167.99	\$161.47	\$155.93	\$148.74	\$147.27

Features and Amenities

UNIT STANDARDS

- Laminate Wood Flooring in Main Living Area:
- Base Grade Carpeting in Bedroom Areas
- "White" Interior Paint Finish
- Painted Trim
- Direct-Wire Smoke Detectors Per Code
- Cable/Satellite Prewire
- Telephone Prewire
- High-Speed Internet Connectivity
- Air Conditioning
- Base Grade Door Hardware
- Base Grade Lighting Package
- Private Patio/Balcony

KITCHEN FEATURES

- Wood Cabinetry
- Laminate Wood Flooring
- Double Bowl Stainless Steel Sink
- Self Clean Single Oven/Range
- Built-In 5-Cycle Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent
- Granite or Quartz Countertops

BATH/POWDER ROOM STANDARDS

- Vinyl Flooring
- Cultured Marble Vanity Tops
- Wood Cabinetry
- Fiberglass Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND LAUNDRY

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Washer/Dryer Hook-Up
- Linen Closet(s)
- Programmable Thermostat

BUILDING/COMMUNITY FEATURES

- Architecturally-Enhanced Exteriors
- Extensive Hardscaping/Landscaping
- Private Entrances

⁽¹⁾ Benchmark base sales prices, which are presented in current dollars, do not include options, upgrades or premiums for enhanced views or end-unit conditions.

SUPPORTIVE RATIONALE

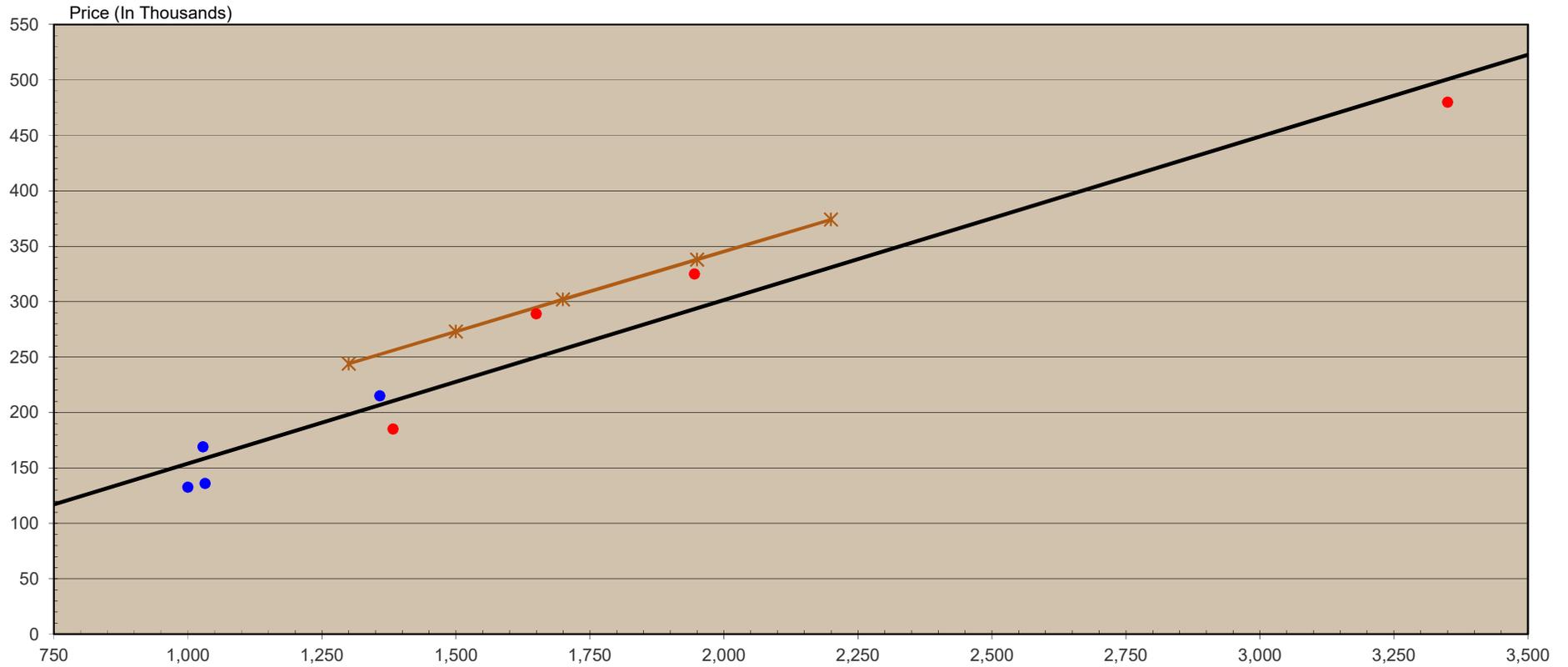
Rationale supporting benchmark prices and the absorption forecast is provided below:

- When cast against recent resale closings at the Marina Vista condominium community, which is located immediately south of the Armory property and a short distance north of the Blue Harbor site, the **mid-rise condominium development** will be priced 15 percent (\$40,000) higher for comparable footage (see **Exhibit 8**). Like the Armory and Blue Harbor properties, Marina Vista has direct exposure to Lake Michigan. It also includes two enclosed garage space per unit and higher-end standard features. However, Marina Vista was constructed 10 years ago with the \$40,000 differential viewed as appropriate on the basis of new construction. 
- Also depicted in Exhibit 8, the suggested mid-rise condominium development, at benchmark prices, will be positioned some 20 percent higher than Landmark Square for comparable footage. Landmark Square, which was also constructed 10 years ago, is located four blocks removed from Lake Michigan and its resale units come with just one enclosed parking space. In addition, unit features at Landmark Square are of a slightly lower standard than Marina Vista. 
- The suggested **flat-over-flat/townhome** product line, as priced, will occupy a value position approximately 15 percent lower than the mid-rise condominium program for comparable footage. This value differential is viewed as appropriate considering its orientation toward interior land parcels without direct exposure to the lake, a combination of one- and two-car garages as opposed to all two-car garages, and a lower level of standard features compared to that recommended for the mid-rise condominiums. At the same time, and on the basis of its new construction status, the flats and townhomes will be priced 5.0 percent higher than Landmark Square.
- As a potential alternative to the various ranch duplex units being constructed in smaller increments throughout Sheboygan County, the flat-over-flat/townhome development will be priced competitively. For example, a new construction duplex unit recently sold within the Willow Creek subdivision located in Sheboygan Falls (well removed from Lake Michigan) and carried a closing price of \$221,750 for a single-level residence with a two-car garage containing 1,528 square feet of living space. This compares with the benchmark base sales price of \$217,990 for the two-car garage second floor flat unit with 1,350 square feet of space. 
- At a combined total of 2.7 sales monthly, or 32 sales per year, the two suggested product lines will capture nearly 50 percent of the current condominium/townhome/duplex market in Sheboygan County as defined by resale closings priced at \$150,000 and above. This capture rate, while aggressive, can be supported on the basis of virtually no new construction competition at this time, coupled with the lack of attached sector development of scale for the last 10 years. In fact, with employment gains county-wide totaling over 5,000 since 2011, it is likely that some level of pent-up demand for properly positioned condominiums and townhomes exists. In addition, the two suggested for sale product lines will also benefit from demand emanating through new household formations on the basis of continued job growth, as well as new seasonal/second home purchasers attracted to Sheboygan's downtown/waterfront area.





Price/Value Analysis
Condominium Closings⁽¹⁾: 2016
Marina Vista and Landmark Square
Sheboygan, Wisconsin



Program



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⁾ Adjustments have been made to furnished units.

- ❑ The 1.2 and 1.5 unit-per-month sales forecasts at benchmark prices are further supported by the performance of condominium and townhome developments actively marketing in and around the Lake Michigan shoreline prior to the most recent housing recession. As highlighted in **Exhibit 9**, condominium/townhome communities in the Kenosha/Racine area of southeast Wisconsin, southwest Michigan and northern Indiana that carried average sales prices in the general range of \$150,000-\$399,999, generated sales volumes ranging from 0.4 to 2.2 sales monthly, and averaging 1.0 per month across the group. For perspective, among those developments with average price points exceeding \$400,000, per project sales rates were considerably lower with the average community generating just 0.3 sales per month.
- ❑ Of particular note is the Harbor Park community aligning Lake Michigan in downtown Kenosha, Wisconsin. Harbor Park, which was completed 12 years ago, offered four different attached product lines including two mid-rise condominium developments and two townhome programs. Priced, on average, from \$174,900 to \$391,400, the four product series, when marketing concurrently, generated 6.0 sales per month, equal to a monthly rate of 1.5 units per product line.



- ❑ Finally, income levels in Sheboygan County, as well as the current composition of area households, lend additional support for the development of condominium and townhome units in the downtown/waterfront area. For example, one-third of all households (13,853 in total) fall within the age categories of 25 to 64 years and earn \$75,000 or more annually. This represents a substantial pool of potential purchasers based upon the development directive. In addition, as highlighted in the following text table, nearly 80 percent of all households in Sheboygan County maintain a household size of three persons or less, which represent the typical household sizes attracted to attached sector for sale offerings.



**COMPOSITION OF AREA HOUSEHOLDS:
SHEBOYGAN COUNTY, WISCONSIN - 2017**

Attribute	Sheboygan County	City of Sheboygan
Total Households	47,347	20,221
1-Person Household	13,761	6,999
2-Person Household	17,260	6,562
3-Person Household	6,780	2,791
4-Person Household	5,661	2,136
5-Person Household	2,426	957
6 or More Person Household	1,459	776
1 and 2 Person Households		
Percent	65.5	67.1
Number	31,021	13,561
3 Person Households		
Percent	14.3	13.8
Number	6,780	2,791

Source: Claritas, LLC; 2017 Demographic Snapshot





**CONDOMINIUM/TOWNHOME DEVELOPMENTS
LAKE MICHIGAN MARKET AREA - 2005-2008**

Development	Product Type	Location	Builder	Total Units	Average Sales Price	Average Plan Size (Sq. Ft.)	Monthly Sales Rate Since Opening
Atwater at Gaslight Pointe	Mid-Rise Condo	Racine, WI	New England Builders	40	\$266,067	1,245	1.2
Cottage Creek	Townhomes	New Buffalo, MI	Jim Sima Homes	12	454,000	3,250	0.2
Downtown Place Condominiums	Loft New Construction	Holland, MI	Lakewood, Inc.	28	269,900	1,425	0.5
Dunescape-Thompson Villas	Townhomes	New Buffalo, MI	LM View	12	469,000	1,454	0.3
Grand Landing-The Village	Mid-Rise Condo	Grand Haven, MI	Grand Landing, LLC	48	252,133	1,316	0.4
Grand Landing-Waterford Condominiums	Mid-Rise Condo	Grand Haven, MI	Grand Landing, LLC	24	514,150	1,540	0.1
Grand Landing-Adams Avenue Rowhomes	Mid-Rise Condo	Grand Haven, MI	Grand Landing, LLC	14	285,000	1,540	0.5
Harbor Isle-Condos	Mid-Rise Condo	St. Joseph, MI	Silver Beach Development	171	446,975	1,502	0.4
Harbor Park-Marina Condos	Mid-Rise Condo	Kenosha, WI	New England Builders	48	391,400	2,606	0.8
Harbor Park-Park Residences	Mid-Rise Condo	Kenosha, WI	New England Builders	161	174,900	1,326	2.2
Harbor Park Villas	Townhomes	Kenosha, WI	New England Builders	72	215,400	2,110	1.5
Harbor Park Townhomes	Townhomes	Kenosha, WI	New England Builders	24	315,000	1,952	1.5
Harbor Place-Townhomes	Townhomes	Kenosha, WI	Direct Development	11	487,250	2,019	0.5
Harbor Place-Condos	Mid-Rise Condo	Kenosha, WI	Direct Development	45	366,500	1,403	1.0
Lake Pointe	Mid-Rise Condo	Spring Lake, MI	Wolverine Development	36	242,450	1,608	0.8
Lakeview Virginia Towers	Highrise Condo	Kenosha, WI	R.M. Lakeshore Investments	34	644,239	1,716	0.3
Light Harbor Preserve	Mid-Rise Condo	New Buffalo, MI	Gierczyk Companies	41	448,375	1,615	0.5
Lighthouse Point-Condos	Mid-Rise Condo	St. Joseph, MI	Intercontinental Real Estate	21	1,111,517	2,063	0.4
Marina Bay	Mid-Rise Condo	Spring Lake, MI	Pioneer Construction	48	439,000	1,400	0.6
Marina Shores at Dune Harbor-Bayshore	3-Story Walkup	Portage, IN	Brant Construction	72	337,900	1,074	0.4
Outlook Cove	Mid-Rise Condo	La Porte, IN	G.M. Fedorchak & Assocs.	78	349,900	1,837	0.7
Riverwatch-Phase I	Mid-Rise Condo	South Haven, MI	Filing Construction	25	337,900	1,231	0.5
Tailwind	Mid-Rise Condo	St. Joseph, MI	Vernon Group	11	310,080	1,412	1.1
The Villas at the River	Townhomes/Villas	Benton Harbor, MI	Epcon Communities	92	199,600	1,753	1.8
Zephyr Condominiums	Mid-Rise Condo	Grand Haven, MI	Westwind Construction	16	503,000	1,335	0.2
			Averages:	47	\$393,265	1,669	0.7

ALTERNATIVE PRICING/ABSORPTION SCENARIOS

While a great deal of care has been taken to properly position the two product lines within the marketplace, we are not suggesting that an alternative sales rate would not ultimately yield a better rate of economic return for a particular developer as a different pricing strategy may prove to be more advantageous. For this reason, the following text table provides a variety of price/absorption scenarios for the purposes of financial modeling.



MONTHLY ABSORPTION FORECASTS AT VARYING PRICE POINTS SUGGESTED PRODUCT LINES: SHEBOYGAN, WISCONSIN

Average Benchmark Sales Price	Variance From Benchmark Prices	Anticipated Sales Monthly	Marketing Life (In Months)
Mid-rise Condominiums (36 Units)			
\$336,221	+\$30,000	0.6	60.0
326,221	+20,000	0.8	45.0
316,221	+10,000	1.0	36.0
306,221	Benchmark	1.2	30.0
296,221	-10,000	1.4	25.7
286,221	-20,000	1.6	22.5
276,221	-30,000	1.8	20.0
Flats and Townhomes (45 Units)			
\$257,790	+\$30,000	0.7	64.3
247,790	+20,000	0.9	50.0
237,790	+10,000	1.2	37.5
227,790	Benchmark	1.5	30.0
217,790	-10,000	1.7	26.5
207,790	-20,000	2.0	22.5
197,790	-30,000	2.3	19.6

Source: Tracy Cross & Associates, Inc.

OTHER CONSIDERATIONS

When applying the strategic plan outlined in this report, please consider the following:

- While we have earmarked specific properties that could readily accommodate the suggested product lines, these housing forms could be applied to other parcels provided they support the same general locational characteristics as those suggested. In other words, it is important for the initial wave of for sale development in downtown Sheboygan to occur as close as possible to Lake Michigan, generally between Deland Park on the north and General King Park on the south. At present, the various investigative properties that align the Sheboygan River in the industrial area *west of downtown* should not be considered for attached for sale development, but rather for rental apartments over time.



- ❑ With this said, the Armory, Blue Harbor and Optenburg properties, together, represent *ideal candidates* for the implementation of the strategic plan with enough land area to accommodate two separate phases of each product line. In other words, over the next five years, 162 units could be successfully marketed, distributed between 72 mid-rise condominiums and 90 flats and townhomes.

- ❑ While the flat-over-flat/townhome series has been positioned with the assumption that it would not directly align Lake Michigan, should the Optenburg property be fully planned with this generic form, significant premiums will apply to those units with unobstructed views of the lake. Also, when planning the flats and townhomes, please understand that this generic form can be designed with either front- or rear-load garages.

