

Via Email

To: Economic & Community Development Committee of Milwaukee County

From: Park East Square, LLC

Date: February 15, 2012

Block One, located in the Park East Corridor, was purchased by Park East Square LLC ("Park East Square") from Milwaukee County in December 2007 for \$2,725,000. The development team was set to break ground on the proposed project when the economic downturn resulted in the project lender rescinding the loan commitment.

Since the closing on the land, Park East Square has worked diligently to modify the project in form and function to conform to the unprecedented financing environment we continue to experience. To further enhance the success of the project, we made the decision to expand the development team to include a strong local firm. We are very excited to advise the Committee that we have entered into a partnership with a local Milwaukee developer who is a very strong, well respected real estate development firm headquartered in Milwaukee with experience in almost all types of real estate including multifamily comprising the Park East Square project.

Due to this very positive development, we are requesting an opportunity to appear at the ECD meeting on March 5th to provide an informational briefing to introduce our partner and present a summary of the current project.

The strength of the expanded Park East Square project team will move Phase 1 of the project forward, which is designed to include 85 market rate apartment units, 14,600 square feet of retail and 246 parking spaces with a total development cost of approximately \$20 million.

The Milwaukee rental market is strong and is expected to continue the positive momentum based upon the market study and research reports related to the transition from the purchasing of condominiums to the very strong demand to rent quality market rate apartments.

The bank financing market for apartment construction loans has improved quite a bit over the last year and the project team is actively working with conventional lenders who have indicated a strong desire to underwrite the project.

Our architect is developing updated massing diagrams and elevations for the new proposed project and is working closely with the City to review and approve the modifications. We expect to receive approval to move forward with the hopes of starting construction by mid-year.

We sincerely appreciate Milwaukee County's patience and cooperation during the past, very difficult years, and look forward to sharing the benefits of our collective diligence to bring this project forward.