

Development heats up in area around U.S. Bank Center

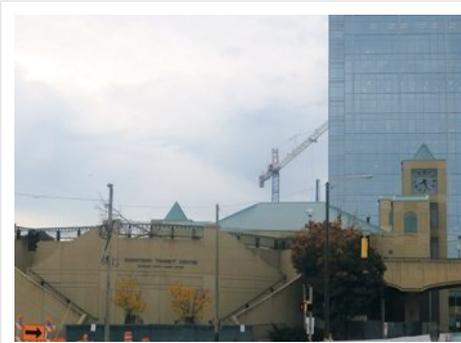
Real Estate & Development

by Corrinne Hess | November 14, 2016, 1:00 AM

<https://www.biztimes.com/2016/11/14/development-heats-up-in-area-around-u-s-bank-center/>

When the Milwaukee Streetcar launches its Lakefront Line extension in 2019, riders will have access to the Westin Hotel, the 833 East office tower, two upscale steakhouses, The Couture development and the Lakefront Gateway Plaza.

Less than a year ago, none of this existed.



The Downtown Transit Center will be demolished to make way for The Couture, a 44-story tower with 302 apartments and 50,000 square feet of retail space.

For decades, the state's tallest building, the U.S. Bank Center at 777 E. Wisconsin Ave., was the only substantial building in the two-block area bordered by Wisconsin Avenue on the north, Lincoln Memorial Drive on the east, Clybourn Street on the south and Van Buren Street on the west, despite the prime location in the downtown central business district.

U.S. Bank owned the majority of the land surrounding its building and for years, those valuable parcels sat vacant or were used for parking. In 2003, U.S. Bank and Milwaukee-based developer Irgens transformed a surface parking lot at 875 E. Wisconsin Ave. into a 225,000-square-foot office building. The building, now owned by Wangard Partners, is occupied by Ernst & Young LLP, Roundy's and Artisan Partners, drawing hundreds of employees to the site daily.

From there, U.S. Bank created a master plan for its remaining property, said Joseph Ullrich, U.S. Bank vice president and director of real estate leasing.

"We had multiple lots that were underutilized," Ullrich said. "We don't see ourselves as the main catalyst for what has happened here, but hopefully this did spark some of the redevelopment."

In 2009, U.S. Bank replaced its 36-year-old parking structure at 716 E. Clybourn St. with a larger parking structure on a smaller footprint. During this time, another plan emerged, drafted by a task force led by the Milwaukee County Parks Department, that included demolishing the Downtown Transit Center immediately east of the U.S. Bank annex garage and the redevelopment of the U.S. Bank annex garage.

The Downtown Transit Center currently is being demolished to make way for The Couture, a \$122 million, 44-story luxury apartment tower that will include 302 units and about 50,000 square feet of retail space, public parking, transit connections and numerous

public amenities, including a connection to the Lakefront Gateway Plaza.

Several developers who wanted to purchase the U.S. Bank annex garage came forward and Irgens ultimately was chosen to develop it into the 833 East Michigan building, which opened in March.

The 17-floor, 358,017-square-foot, Class A office building includes Rare Steakhouse on the ground floor and is anchored by law firm Godfrey & Kahn S.C. The building is currently about 80 percent leased.

Shortly after negotiations began with Irgens, U.S. Bank began talking to Milwaukee hotel developer Jackson Street Holdings LLC about building a Westin on the parcel of bank-owned property that was freed up when the new parking structure was built in 2009. The 220-room Westin Hotel, which will include an Italian steakhouse on the ground floor, will open next summer on the east side of Van Buren Street, just south of the U.S. Bank Center.

"That site was very complicated," Ullrich said. "It took extra time and gymnastics putting the pieces together to make sure we had the right balance, the right flow and to make sure we knew we had the right package to have a hotel and the right mix of everything to connect."

Douglas Nysse, principal at Arrival Partners LLC, which is developing the Westin project with Jackson Street, said the goal of the U.S. Bank block has been to replace vacant lots and underutilized buildings with higher and best use properties.

Nysse said development is happening in this area of the city now because Milwaukee is ready for it.

"It's a matter of the economic recovery, the new office demand and the new hotel demand," Nysse said.

Lyle Landowski, an office space broker and partner with Colliers International | Wisconsin, which is based in the 833 East building, believes the Irgens tower and Westin Hotel are just the beginning of what's to come for this area of the downtown.

"The U.S. Bank area has always performed really well, but now Mark (Irgens) has developed an exceptional building here," Landowski said. "I don't think people really have an appreciation for the infrastructure going on along Clybourn and Michigan (streets) daily to make it more pedestrian-friendly."

Other big changes coming to the area near the U.S. Bank Center include the 32-story office tower at the Northwestern Mutual campus and road improvements as part of the Lakefront Gateway project, including the extension of North Lincoln Memorial Drive, which will improve the connection between the central business district, the Historic Third Ward and the lakefront.

"It's different today, but in five years when you look back, this is going to be a totally different neighborhood," Landowski said. "There are so many more people down here, and when you add the residential with The Couture, it's going to actually start to feel like a neighborhood."

When U.S. Bank began selling its land, competitors thought the company was crazy to invite competition in, Ullrich said.

Today, the only piece of surplus property U.S. Bank still owns is a small parking structure south of the 833 East building, which Ullrich said the company does not view as having any development potential. If anything, the parcel will be used for additional parking, he said.

"Selling our underutilized property wasn't a matter of what we were giving up. That wasn't how we see the world," Ullrich said. "Hopefully, others see it as connectivity of the city to the lake."

U.S. Bank leases a 92,000-square-foot office building at 615 E. Michigan St., which is connected by a skywalk to the 42-story U.S. Bank Center. That building, and the parking lot to the south of it, was sold this summer to a Midwest-based partnership in a 1031 tax exchange for \$14 million. The four-story office building, built in 1963, occupies about half the block. However, there are no immediate plans for redevelopment of the site and U.S. Bank has a lease through December 2026.

On the block to the north, a seven-story office building at 611 E. Wisconsin Ave. is owned by Northwestern Mutual Life Insurance Co. Built in 1964, the 131,040-square-foot building occupies less than half of the block.

11/14/2016

Development heats up in area around U.S. Bank Center | BizTimes Media

"U.S. Bank has sold off its two best sites," Landowski said. "In general, downtown development sites are a lot more challenging to find than they used to be. The biggest key here (for the neighborhood) is what, if anything, does Johnson Controls do?"

Since early 2015, many have speculated that Johnson Controls will build an office tower at a site southwest of the intersection of East Clybourn Street and North Lincoln Memorial Drive, which is being opened up by the relocation of freeway ramps. Last year, Johnson Controls and the City of Milwaukee agreed to split the cost of a \$500,000 feasibility study for development of the site. Last month, a Johnson Controls spokesman said it would be at least a year before a decision is made on the company's "facilities master planning for Milwaukee."

BizTimes Media LLC

All information on this site subject to copyright of BizTimes Media LLC. All images are the sole property of BizTimes Media LLC and no rights are granted for any use without the express written consent of BizTimes Media LLC.