

Northwestern Mutual tower, The Corners to open in 2017

Other major projects ready to move forward this year

by Corrinne Hess | January 23, 2017, 1:00 AM

<https://www.biztimes.com/2017/01/23/northwestern-mutual-tower-the-corners-to-open-in-2017/>

In early December, the 617-foot yellow crane lifted its final load, a cooling tower, to the Northwestern Mutual Tower and Commons office building under construction in downtown Milwaukee.

The crane started at 150 feet two years ago, gradually growing along with the tower for two years to rise above much of the city's skyline. Now that much of the work on what will become the city's largest office building is complete, the crane has been dismantled.

Work these days is focused inside the building, with more than 500 workers installing the flooring, walls and drywall that will complete a \$450 million, 32-story, 1.1 million-square-foot office tower for Northwestern Mutual Life Insurance Co., which is scheduled to open in fall.

Meanwhile, Northwestern Mutual's \$100 million, 33-story parking and residential tower at 777 N. Van Buren St. is on schedule to be completed and occupied by spring 2018.



The long-awaited Couture projected is expected to break ground in the spring.

Nearby, the Downtown Transit Center is being demolished, making way for an expected spring groundbreaking of The Couture, a \$122 million, 44-story tower that will include 302 luxury apartments and about 50,000 square feet of retail space.

On the west side of downtown Milwaukee, another major project is progressing. The \$524 million Milwaukee Bucks arena broke ground June 17, just north of the BMO Harris Bradley Center.

While the arena itself won't be completed until August 2018, the first phase of the arena district development will wrap up this year. A 55,000-square-foot training center that will include two full-sized basketball courts, a weight room and a medical training area will be completed in July. Froedtert & the Medical College of Wisconsin is building a three-story, 37,000-square-foot community health center connected to the Bucks training facility.

A six-story parking structure that will include 10,000 square feet of retail space along West Juneau Avenue and 11,000 square feet of office space along West McKinley Avenue will be completed in November.

"This (arena and surrounding) development will be transformational for the people of Wisconsin, creating thousands of family-supporting careers while driving additional economic development in the heart of the city," said Bucks president Peter Feigin.

Construction will continue on the Milwaukee streetcar project through this year and 2018, although the first streetcar line will not be operational until fall 2018. The city will have its first look at what the Milwaukee streetcar will look like in December, when Pennsylvania-based Brookville Equipment Corp. is expected to deliver the first car.

Office

Several large office building projects were announced in 2016. Whether they all will break ground this year will depend on if developers can secure tenants.

This summer, the first phase of the \$137 million BMO Harris Financial Center project will begin when the bank demolishes its existing parking structure immediately north of its existing building at 770 N. Water St. to make room for a new 25-story office tower.



The Northwestern Mutual Tower and Commons office building in downtown Milwaukee is scheduled for completion in the fall.

Milwaukee-based Irgens Partners LLC will be the developer for the new building and also will redevelop the existing BMO Harris Bank building, a 20-story structure built in 1967, into a mixed-use building. Milwaukee law firm Michael Best & Friedrich plans to move from the 100 East building into the new BMO Harris Financial Center when it is complete in late 2019.

The Marcus Corp. might also move out of 100 East. The company is planning to break ground this fall on Edison Place, a 20-story, \$119 million mixed use development in the Park East Corridor that would include an eight-screen movie theater, 162,000 square feet of residential space and 113,800 square feet of office space. The company says it might move its headquarters to the building.

Milwaukee-based Mandel Group Inc. in late 2016 announced plans for a three-building, 275,000-square-foot office development along the Milwaukee River in the city's Walker's Point neighborhood.

Office buildings planned by Irgens in the Third Ward and Hammes Co. in the Park East corridor downtown also are expected to break ground in 2017. The Irgens project still needs an anchor tenant. Hammes will be the anchor tenant in its office building, moving downtown from Brookfield.

Vacancy rates for the area's office market continued to decline in the fourth quarter of 2016 and are expected to be even better in 2017, according to a report from Xceligent and the Commercial Association of Realtors Wisconsin. The fourth quarter net absorption was 52,817 square feet, bringing the year-to-date total to just over 638,000 square feet. The positive net gain is due to Irgens opening 833 East in downtown Milwaukee and the 150,000-square-foot Meadowland Research & Technology Center in the Milwaukee County Research Park. Irgens also has announced plans for two additional office buildings in the research park.

Retail

The Corners of Brookfield, a 750,000-square-foot mixed-use development with a heavy retail component, at I-94 and Barker Road in the Town of Brookfield, will open in April, bringing with it the state's first 140,000-square-foot Von Maur department store, an L.L.Bean store, Arhaus Furniture and many other first-to-market retailers.

"This is the most important (metro Milwaukee) retail development in a generation," said Bruce Westling, a principal of NAI MLG Commercial, who has worked closely on the project. "It will be catalytic to the entire region and expose the Milwaukee market to retailers who typically fly over from Chicago to Minneapolis."

84South, a mixed-use development by Cobalt Partners at I-894 between Layton Avenue, South 84th and South 92nd streets in Greenfield is expected to open its first phase in summer. It also will have a heavy retail component and tenants will include Total Wine & More and Fresh Thyme Farmers Market.

The Brookfield Fashion Center on Bluemound Road is a property to watch in 2017. HSA Commercial Real Estate, the Chicago-based developer of Wauwatosa's Mayfair Collection project, purchased the strip mall in late 2016 for \$43 million with plans to revitalize the center with new tenants.

Industrial

There is more than 3 million square feet of industrial space under construction in southeastern Wisconsin and the largest of those projects are in Kenosha County.

Uline is building a 880,000-square-foot distribution center in Pleasant Prairie. The next largest industrial project under construction in the region is First Park 94, building B, a 602,348-square-foot speculative industrial building in Somers, also in Kenosha County

The vacancy rate for the Milwaukee-area industrial market remains stable at 4.2 percent, which was the same figure as early 2016. The region's industrial real estate market absorbed 127,040 square feet of space during the fourth quarter and about 4 million square feet of space for all of 2016.

"Given the perceived level of tenant activity in the market, the lack of change in the vacancy rate could signal a shortage of available space in the market," said Tracy Johnson, president and chief executive officer of CARW.

Hotels

The biggest hotel news in 2017 will be how the city decides to move forward on two proposals for the development of a 2-acre, city-owned vacant site at North Fourth Street and West Wisconsin Avenue in downtown Milwaukee.

Milwaukee-based hotel development firm Jackson Street Holdings LLC is proposing a \$279.6 million plan, called Nexus, that would include three hotels totaling 506 rooms, 103,000 square feet of meeting space and 22,000 square feet of street-level restaurants, bars and cafés.



The BMO Harris Financial Center project will begin this summer with the demolition of the bank's existing parking structure.



The Corners, a mixed-use development with 400,000 square feet of retail in the Town of Brookfield, will open in April.

Marcus Hotels & Resorts also submitted a \$125 million proposal for the site, called eMbarKE, which calls for a 276-room expansion of the existing Hilton Milwaukee City Center hotel and a tower with up to 200 apartments.

A decision by city officials is expected in the spring.

A 10-story, 220-room Westin being developed by Jackson Street Holdings on the east side of North Van Buren Street between East Michigan Street and East Clybourn Street will open this summer. It will feature an Italian steakhouse on the first floor and add a new luxury hotel brand to the downtown hotel market.

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