

# Appraisal Institute Year in Review

November 11, 2010

## MULTI-FAMILY



Don Lindeman

President of Property Management



# Mandel Group

- Developer
  - Over \$550 million within Wisconsin
  - \$400 million in downtown Milwaukee
- Operator
  - 24 Apartment and Condominium developments
  - 3,500 Homes under Management
- Investor
  - Measured Risk-Taker on Development
  - Conservative Underwriter on Acquisitions

# Mandel Group

## 2007-2010

- Business Activity
- Changing Strategies
- Trends in Key Statistics
- Outlook for Future

# Business Activity

## ■ 2007

- Seller (Downtown Apts to converters, Retail)
- Buyer (Suburban, garden-style apartments)
- Developer (Condos)

## ■ 2008

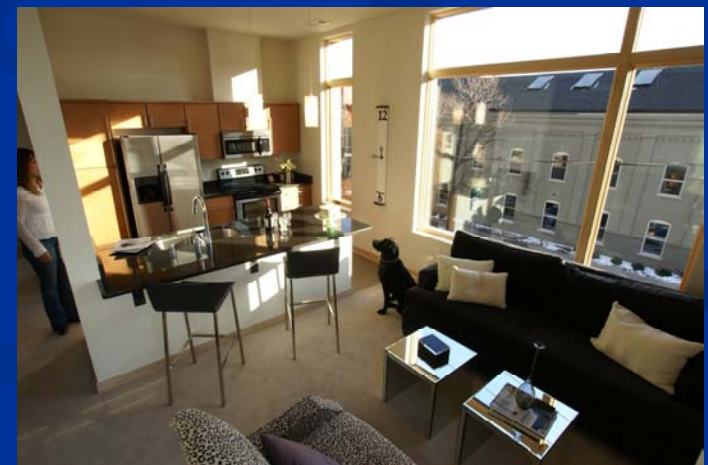
- Developer - Finish any Condos, Start Apts)
- Fee Business – Troubled Condominiums
  - First Place on the River became *The Point on the River*

## ■ 2009

- New Lease-up for Apts (ONE @ North End)
- Buyer (Madison-area, suburban garden apts)

# 2009-2010 Development

- ONE @ North End - 2009
- Corcoran Lofts - 2010
- Cambridge Commons Dorm for UW-Milwaukee - 2010



# New Downtown Apartments

## Square Footage is *SHRINKING*

- One @ North End (83) **960 sq. ft.**
  - 15% Studio, 50% One Bed, 35% Two Bed plus
- Corcoran Lofts at Gaslight (76) **824 sq. ft.**
  - 40% Studio, 40% One Bed, 20% Two Bed plus
- Next Phase at North End (155) **818 sq. ft.**
  - 20% Studio, 45% One Bed, 35% Two Bed plus
  - Affordable Component

# The North End



# North End

## Apartment vs Condo Mix

- **2001** – 80% Apartments – 20% Condos
- **2006** – 20% Apartments – 80% Condos
- **2008** – 35% Apartments – 65% Condos
- **2009** – Phase 1 - 83 Apartments
  
- **2011** – Phase 2 Planning for 155 Apartments  
(20% affordable)



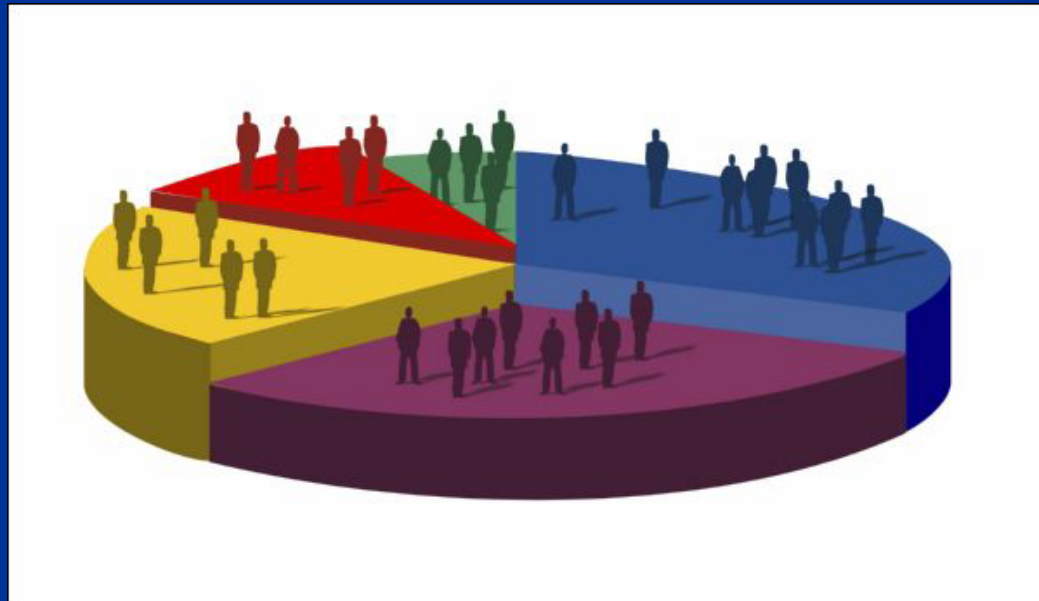
# Edgy Designs



# High-end Finishes

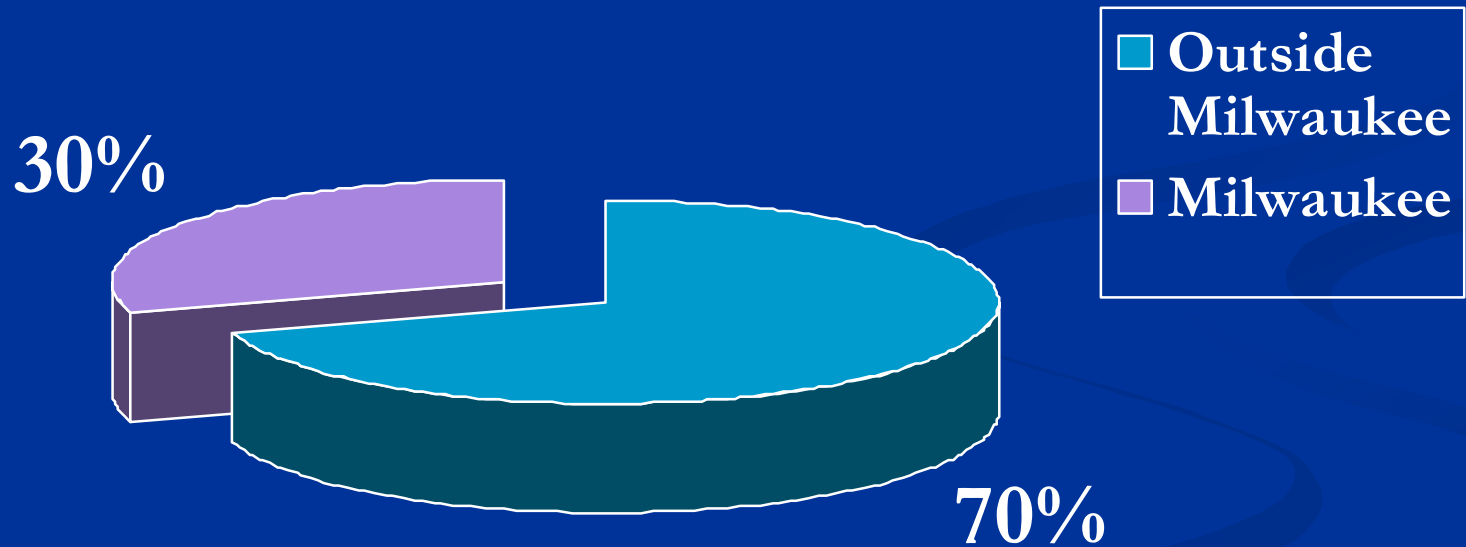


# New Development Demographics



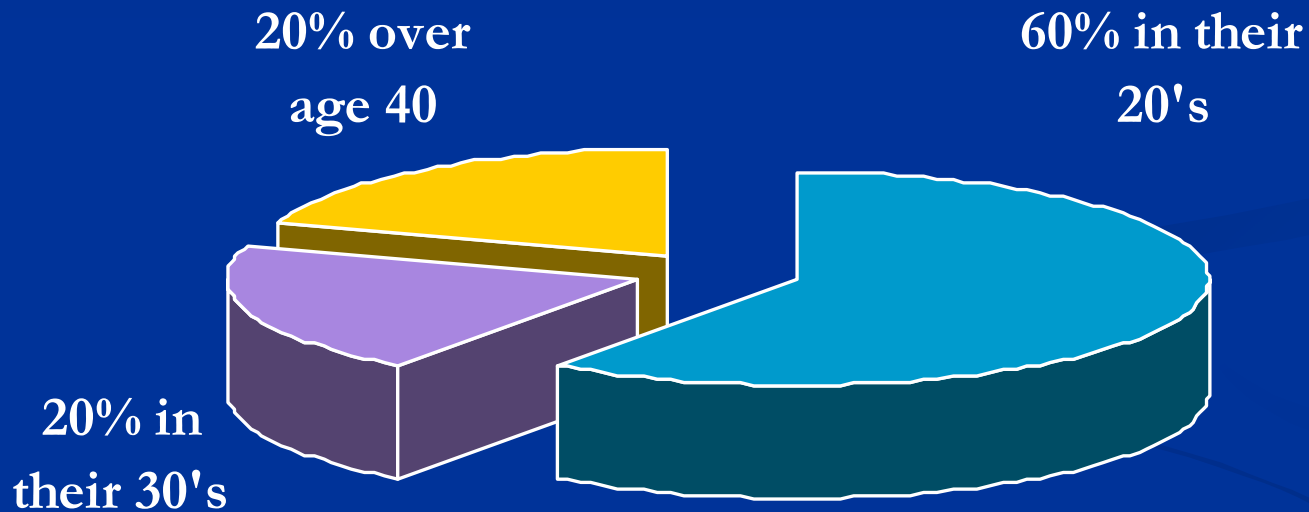
# Demographics

## From Where?



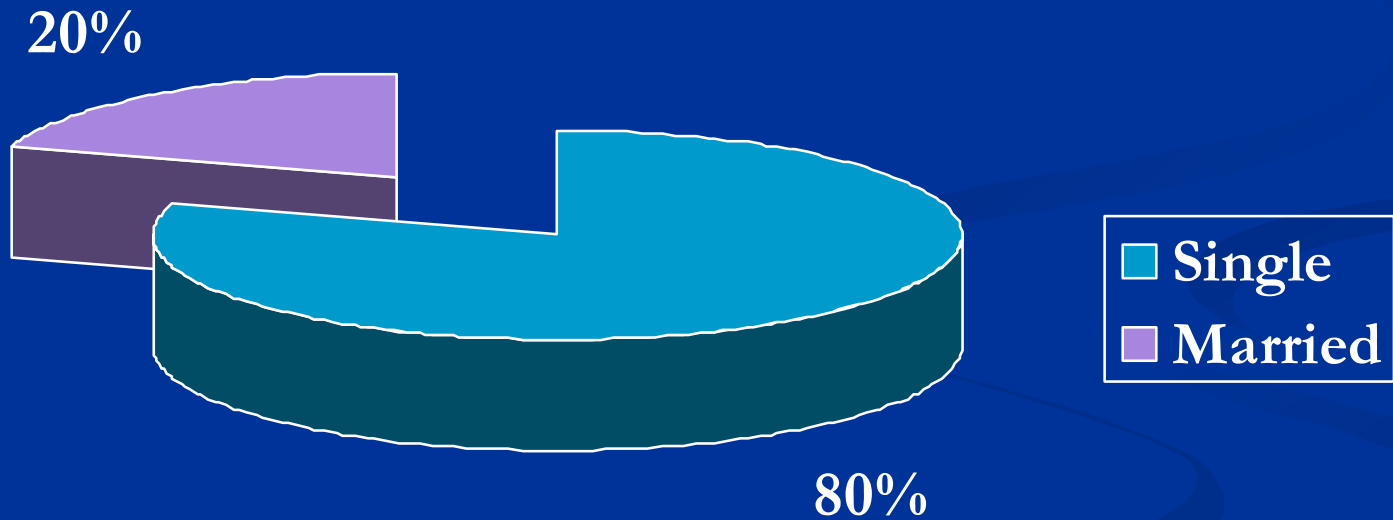
# Demographics

## Age



# Demographics

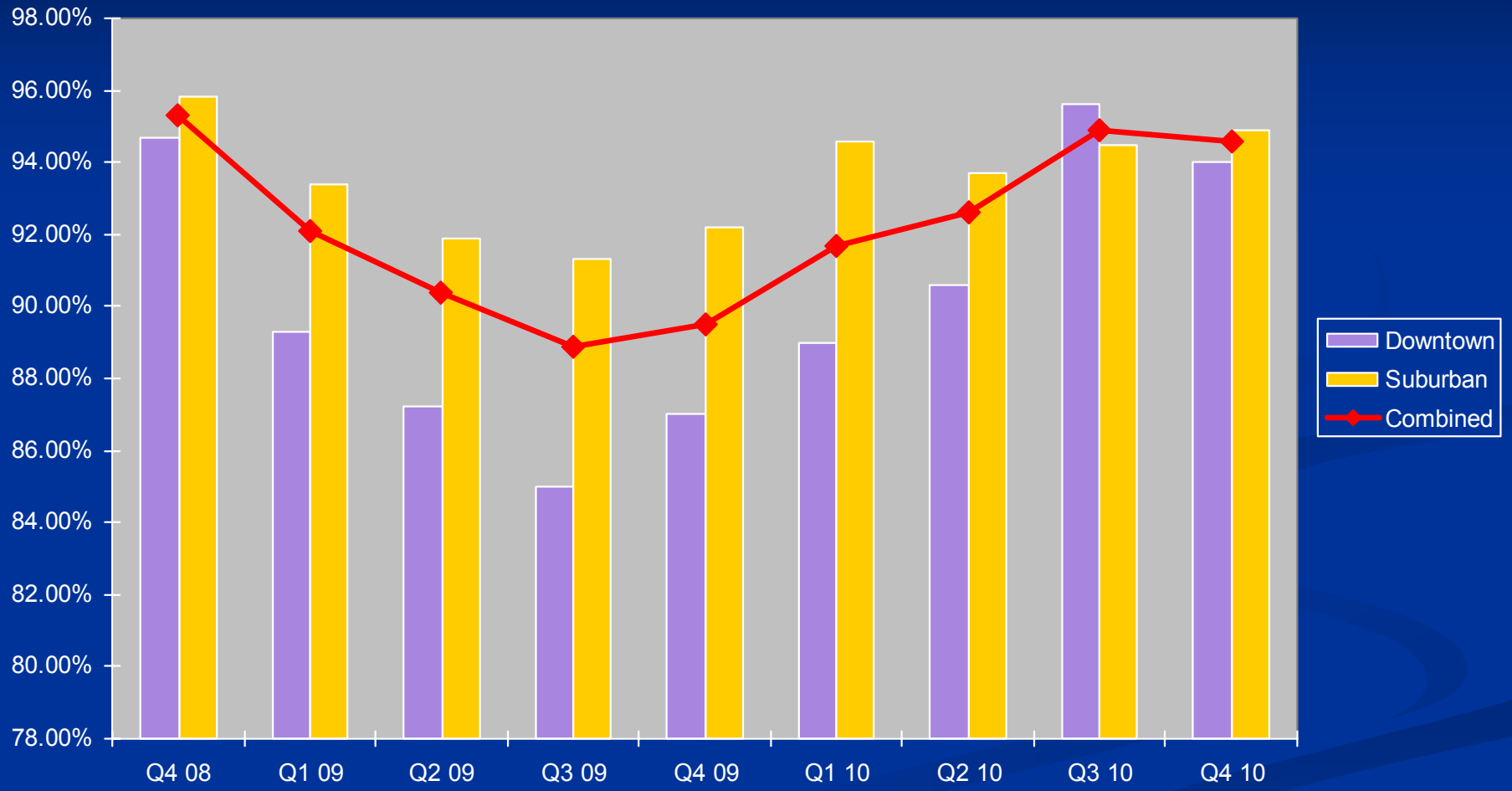
## Marital Status



# Trends in Key Statistics

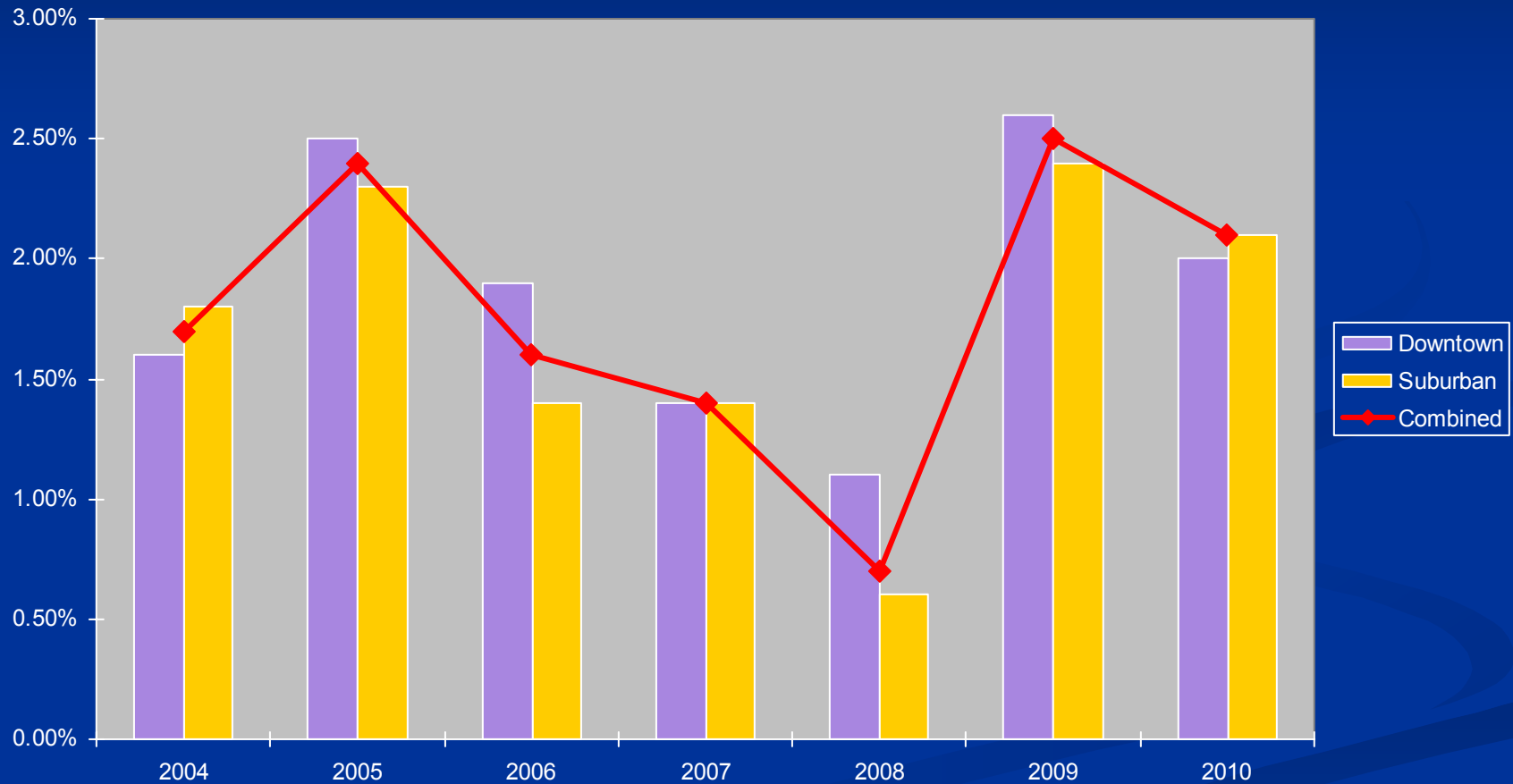
- Occupancy
- Concessions
- Economic Occupancy
- Net Operating Income

# Occupancy

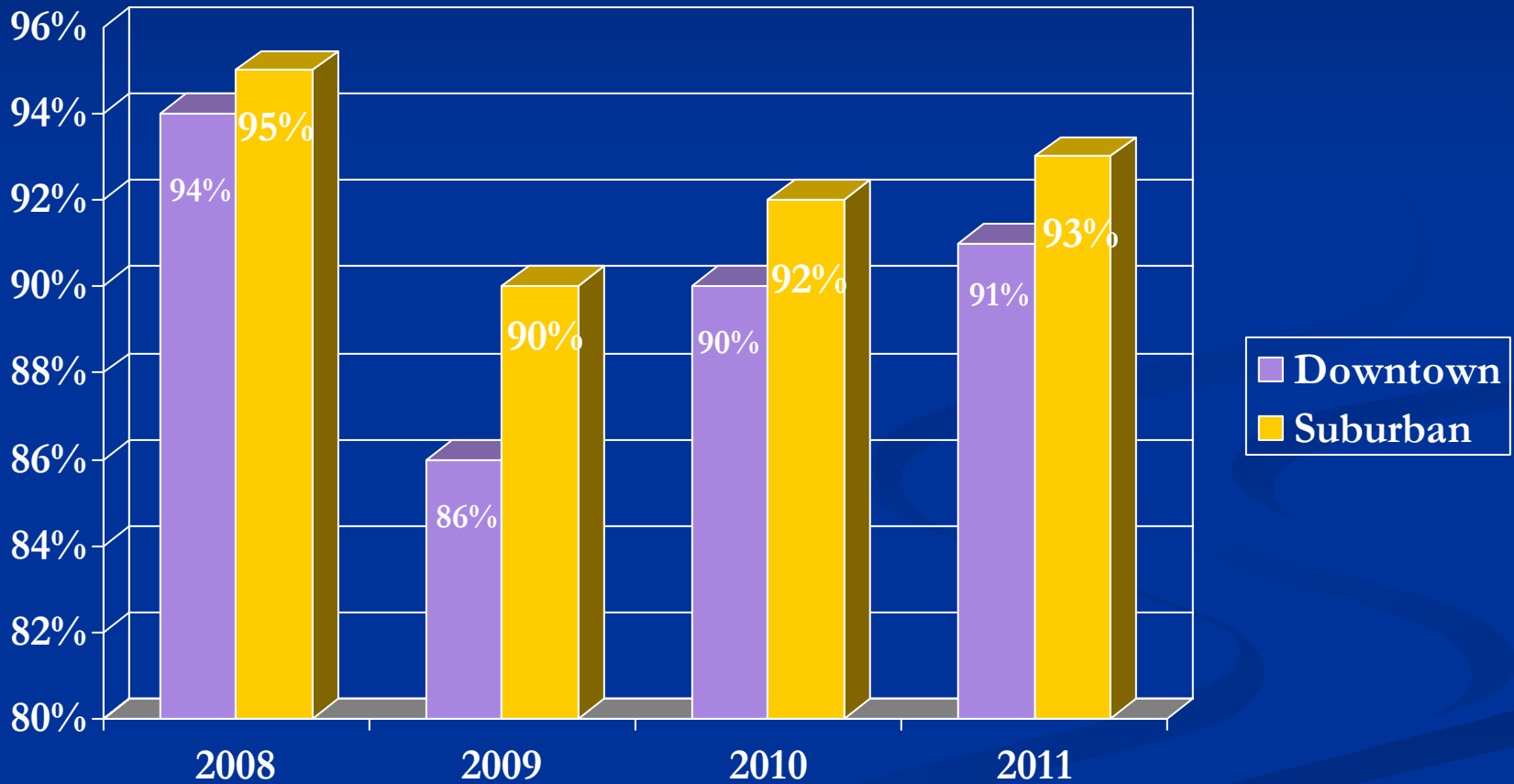




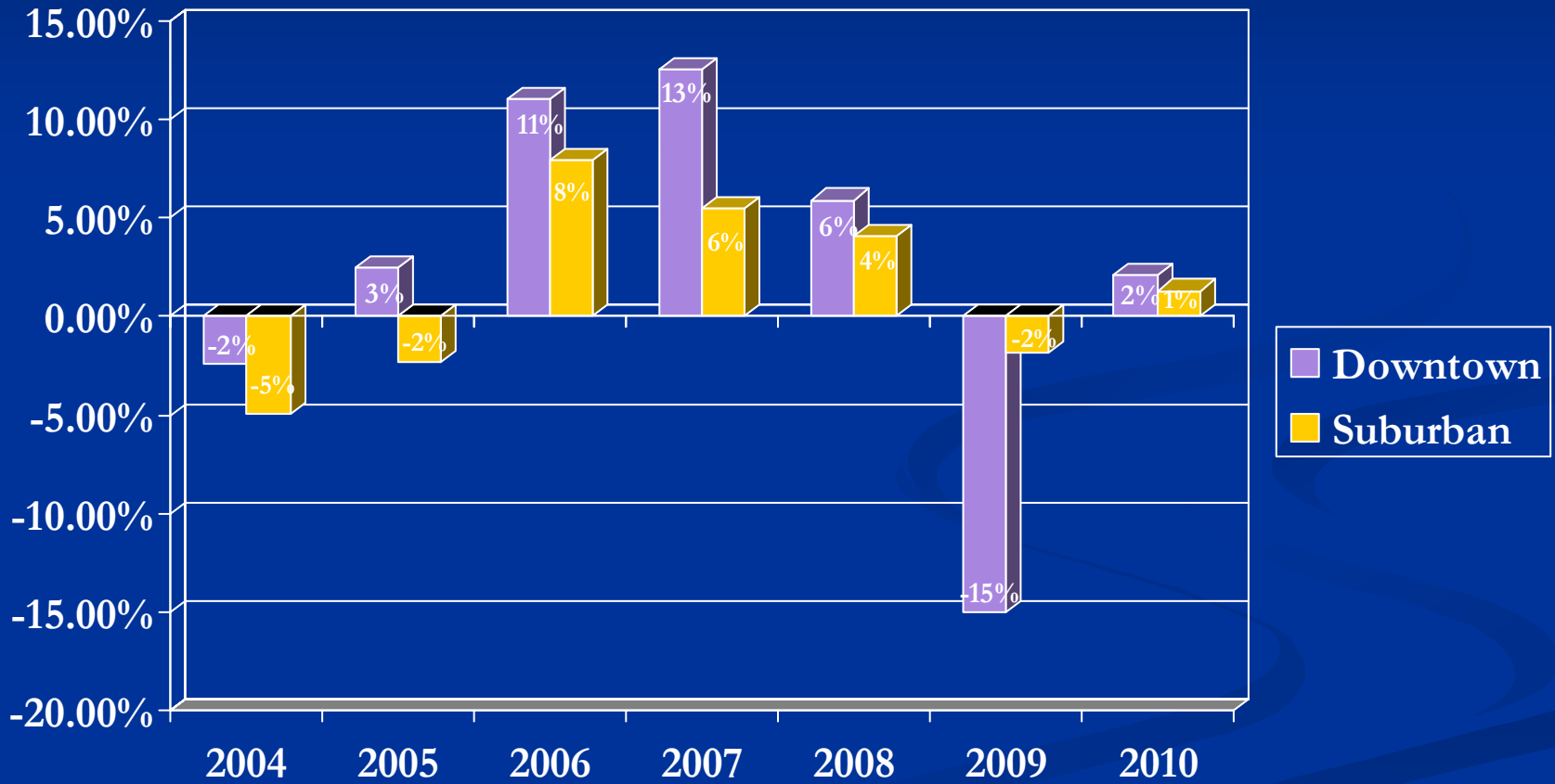
# Concessions (as % of GPR)



# Economic Occupancy



# Same Store Sales NOI



# What's in the future?



# Sunrise Again over Milwaukee?



# For Mandel Group

- Continued Search for Options on Carried Land
- Development of Prime Locations
  - Including Joint Venture opportunities
- Acquisitions only when Lower Risk
  - Solid local market, historic strength
  - Stabilized Occupancy, or Recoverable quickly
  - Cap Rates of 7.5 or higher. +8 is likely
  - Financing available

# 2011 and Beyond

- Return of rent growth, stabilized occupancies
- Demographic shifts encourage Apartments
- Limited development leading to shortfall of rental housing for 2012-2015
- Economic Recovery depends on JOBS
- Wisconsin is “*Open for Business*”



Thank You

