

Southeast Wisconsin is in the midst of a commercial real estate development boom. While the \$3 billion dollars of investment that is occurring within downtown Milwaukee drives the headlines, the region has successfully attracted signature developments such as IKEA, Uline, Amazon, The Mayfair Collection, The Corridor and The Corners. In 2016 alone, southeast Wisconsin brought over 10 million square feet of new commercial real estate construction to the State. The impact to the State's economy has been broad based and diverse as the following breakdown of market segments provides:

- 5.3 Million square feet of **Industrial space** completed or under construction
- 2.5 Million square feet of **Office space** completed or under construction
- 2.4 Million square feet of **Retail space** completed or under construction

The common denominator between nearly all of these projects is the predictable and efficient access to the robust transportation network that southeast Wisconsin provides. Transportation is the lifeblood of an economy and a reliable transportation network consistently ranks as a Top 5 issue with business executives in determining the desirability of placing an investment in a location.

The contentious debate that is occurring within the state of Wisconsin to address the ongoing structural deficit of the Wisconsin Department of Transportation (WISDOT) is absolutely necessary and it is very important to resolve in order to ensure that Wisconsin can continue providing world-class infrastructure that benefits its businesses and residents. CARW (Commercial Association of Realtors Wisconsin) applauds the joint efforts of Lawmakers and the Department in turning their immediate focus to eliminating all waste and inefficiencies within the current system prior to resorting to revenue enhancements.

The process of re-creating a sustainable funding model for Wisconsin's critical roads, bridges and highways will require extensive negotiations and patience. However, the proposed State budget presents an immediate consequence to southeast Wisconsin with the proposed elimination of the \$31 million enumeration for the reconstruction of I-94 between 16th Street and 70th Street. Bookended by an \$800 million investment in the Marquette Interchange and a \$1.7 billion dollar investment in the soon to be completed Zoo Interchange, this crucial 3.5 mile stretch of interstate carries between 140,000-160,000 vehicles per day and is a main artery for commerce in the State of Wisconsin.

As budget negotiations advance throughout the spring session, it is paramount for the entire State to understand what is at stake.

- The Environmental Impact Study (EIS) for the 16th -70th Street corridor commenced in 2012 and was concluded in 2016 with a Record of Decision agreed to by the Federal Highway Administration (FHWA). In addition to the great deal of time that was invested into this process, approximately \$25 million dollars has been spent by Wisconsin taxpayers to reach the Record of Decision.

- Governor Walker sent a letter to the FHWA in July of 2016 and stated that the project would be enumerated at the state level and continue as planned. Without continued state support, the project stops immediately and the Record of Decision will not only be put on hold for the immediate future, it will likely jeopardize the legal standing of the decision and trigger the requirement to start the project review process over again from the beginning.
- Given the deteriorated state of this stretch of highway, it is projected that a resurfacing of this entire section will be needed by 2020. The resurfacing project is currently estimated to cost \$40 million and the FHWA has made it clear that there will be no federal money available for a resurfacing. As such, resurfacing will actually cost Wisconsin taxpayers and motorists more money than reconstruction in the long run.
- Should enumeration not occur within this budget cycle, the project would not be able to participate in any national infrastructure stimulus package forwarded by the new administration in Washington, DC or be eligible for FHWA funding.

There are 21,000 businesses, 310,000 jobs and 540,000 residents within a five (5) – mile radius of the Stadium Interchange. Given the significant investments that the state has placed into the bookends of this system, and the known financial consequences that will occur should this project not continue as planned, finding a way to add enumeration of this project to the state budget is critical. The Governor and Legislature have made tremendous strides in creating an environment in which Wisconsin is perceived to be “Open for Business” and there have been measurable results, including 10 million square feet of commercial real estate development in the region in the past year alone. You cannot be “Open for Business,” however, if there is a “Road Closed” sign on one of the most critical stretches of highway in the state. Failure to enumerate this project in this state budget has negative consequences that will reverberate throughout the entire state economy for years to come.

On behalf of the Commercial Association of REALTORS® Wisconsin

CARW is a trade association representing more than 650 Commercial Real Estate professionals and more than 300 Wisconsin businesses including REALTORS®, contractors, developers and more. CARW REALTOR® members are part of the REALTOR® network, the world's largest professional association with over 1.1 million members worldwide and over 12,000 just in the State of Wisconsin.