Residential Market Analysis
-- Strategy Planning Guidelines --
Racine, Wisconsin

Prepared on behalf of:

City of Racine
730 Washington Avenue, Room 102
Racine, WI 53403

June 17, 2025

TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

1375 E. WOODFIELD ROAD, SUITE 520
SCHAUMBURG, IL 60173
847.925.5400 / info@tcrossinc.com
www.tcrossinc.com

TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS

INTRODUCTION

At the request of the City of Racine, Tracy Cross & Associates, Inc. evaluated the market potential for residential development throughout the municipality. Specifically addressing new construction housing opportunities, with a focus on areas in and around downtown Racine, this analysis establishes the following:

- Conclusions regarding the depth of market for new housing throughout the city of Racine based upon pertinent economic, demographic, and residential trends which define the marketplace.

- Conclusions regarding highest-and-best mid- to higher-density residential uses within the city over the next 5-10 years in order to facilitate/inform future planning efforts, architecture, financial modeling, approvals, marketing, builder/developer participation, etc. These conclusions are based upon factors associated with location, depth of market, demographic and socio-economic characteristics of existing and future households, and the alignment of residential developments, both existing and planned.

- Detailed recommendations regarding those housing forms viewed to hold measurable market support near- to mid-term. Investigative uses range from multifamily rental apartments to various forms of mid- to higher-density for sale housing. These recommendations provide details regarding the most marketable product types, plan styles, home sizes, etc., along with benchmark rent/pricing strategies necessary to achieve acceptable levels of absorption. Please note that recommendations address all segments of the conventional housing market ranging from younger (entry level) profiles to active adult/empty nester households aged 55 and over.

- A geographic positioning strategy for the introduction of new housing throughout Racine, *focusing specifically on properties identified by the City of Racine as potential development candidates.*

- Action items for implementing the recommendations.

METHODOLOGY

In achieving the objectives outlined above, a series of inter-related research investigations and analyses were conducted as summarized below:

- A thorough investigation of Racine County as a whole and the city of Racine in particular to identify physical factors which may impact residential development over the next 5-10 years, while also reviewing areas suitable for residential development including the identified subject properties.

- An analysis of all relevant employment, demographic and residential construction trends and statistics including an evaluation of key socio-economic variables of area households.

- A detailed assessment of both the new construction and existing home markets internal to Racine County and the city of Racine (and adjoining areas as applicable).

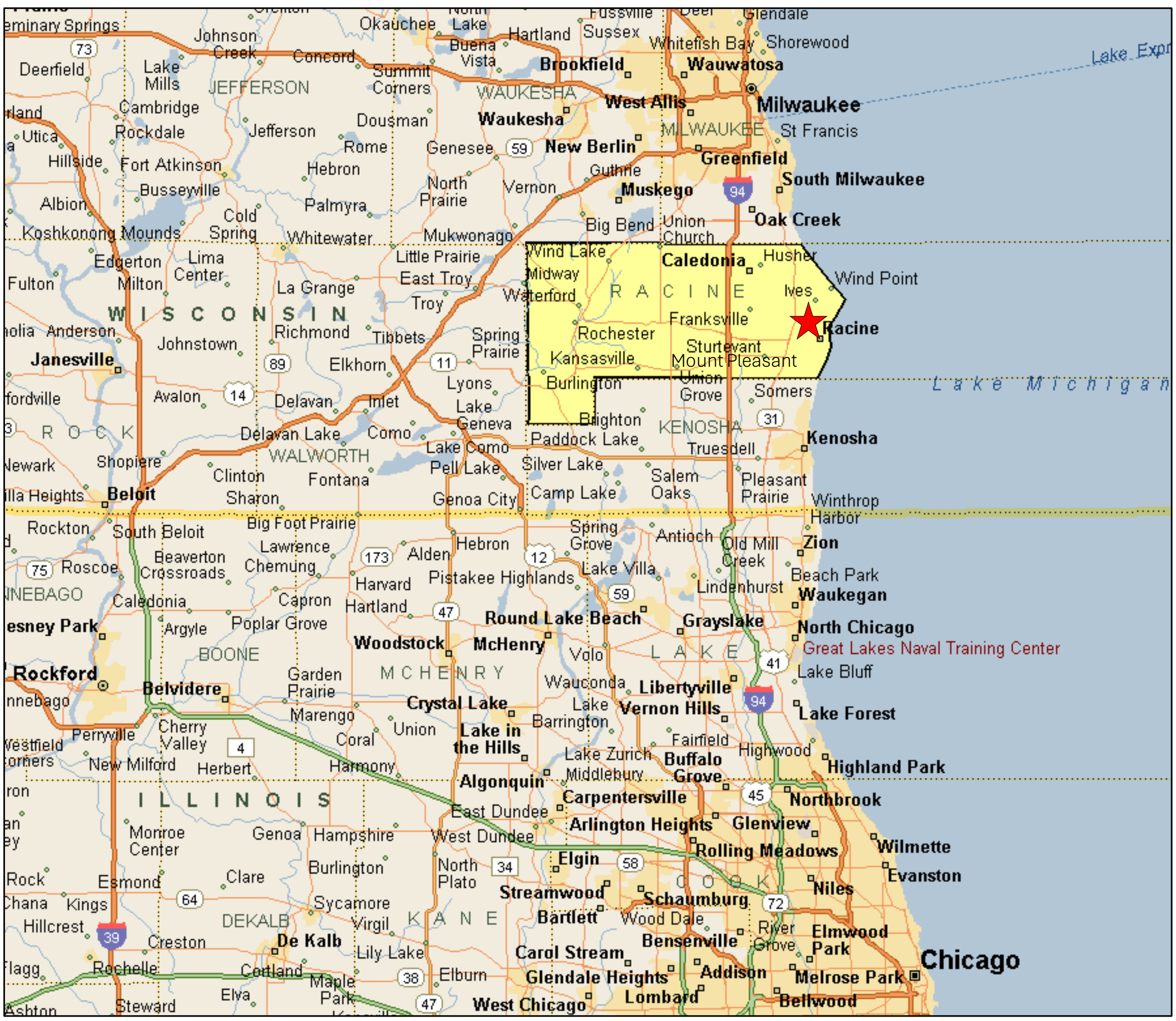
- Case study analyses of "like" development initiatives in other urban-oriented markets throughout the Midwest to evaluate product, performance levels, implementation efforts, etc.

CITY OF RACINE AND RACINE COUNTY – A PERSPECTIVE

The city of Racine is located in the easternmost portion of Racine County, some 20 miles south of Milwaukee and 60 miles north of Chicago. It is the county seat, and one of the more densely populated areas of southeast Wisconsin. Today, the city of Racine supports a population base of 76,378 persons distributed among 30,921 households. The county, in turn, contains an estimated population base of nearly 200,000 distributed among more than 80,000 households.

The host county spans some 300+ square miles and, from east to west, covers a stretch of nearly 30 miles from Lake Michigan to the Walworth County line. The primary transportation arterial serving Racine County is Interstate 94, which is located in the east central portion of the county and runs north-south from the northern suburbs of Chicago to Milwaukee. Principal municipalities located near the city of Racine (east of I-94) include Caledonia, Mount Pleasant and Sturtevant, while those located to the west include Burlington, Union Grove and Waterford, among others.

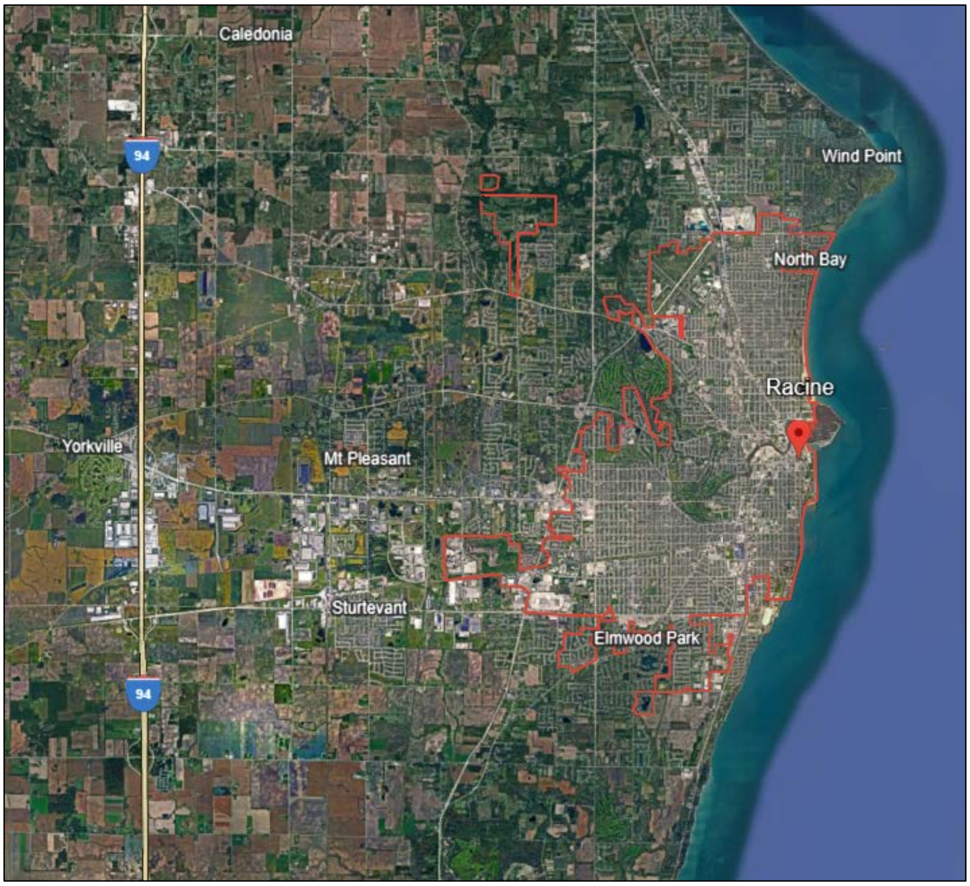
RACINE COUNTY, WISCONSIN



Source: Microsoft Streets & Trips

As mentioned, the city of Racine is densely populated. In fact, it currently accounts for just 5.0 percent of all land area within the county, yet over 38 percent of all population and households. The area is generally built out with most of its developable land representing redevelopment initiatives at various locations throughout the city. As outlined below, Racine's municipal boundaries are entirely east of I-94, hugging the Lake Michigan shoreline from just past Chicory Road on the south to just above 3 Mile Road on the north.

GEOGRAPHIC DELINEATION OF
RACINE'S MUNICIPAL BOUNDARIES



Source: Google Maps

In addition to its alignment with Lake Michigan waterfront, the city of Racine is home to a vibrant downtown area characterized by distinctive shopping, unique dining/entertainment and significant concentrations of employment. In addition, the city boasts the Racine Civic Center/Pavilion, the Racine Arts Museum, the Racine Zoo, the popular North Park Beach, the Pugh Lakefront Center, the Rooney Recreational Area and ReefPoint Marina, which is one of Lake Michigan's top-rated marinas. ReefPoint Marina is a full-service facility which contains more than 900 deep water slips. In season, the marina represents an integral part of the community and is almost always near capacity with the exception of several transient slips available for overnight or weekend guests. In and around ReefPoint Marina and North Park Beach are a wide variety of specialty shops, boutiques, service establishments, restaurants and night spots which further define the downtown area of Racine.

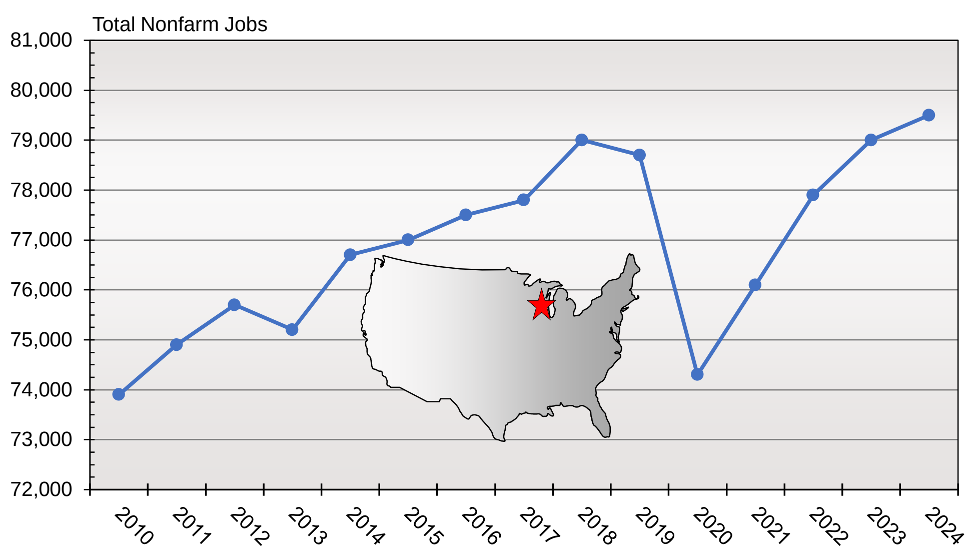
INVESTIGATIVE PROPERTIES

The City of Racine has identified nine (9) development/redevelopment sites (or a combination of sites) that are being considered for new residential offerings, i.e., *the subject of this housing study.* These properties, which are highlighted in detail in **Exhibits 1, 2 and 3,** range from smaller infill parcels containing less than one acre to a few larger assemblages. As depicted, most of the sites are located in and around downtown Racine and the lakefront, with a few carrying more interior locales.

BACKGROUND TO THE MARKET

Residential development/redevelopment in the city of Racine will receive its primary demand support from Racine County as a whole, especially considering the draw potential of downtown Racine and the lakefront, where most of the investigative properties are located. With this said, it is first important to note that Racine County is on solid economic and demographic footing. In fact, prior to the coronavirus pandemic, Racine County had seen positive employment growth for six years in a row. Specifically, between 2013 and 2019, Racine County saw its nonagriculural job rosters grow by 3,800 workers, averaging 633 per year. This translates to a annual growth rate of 0.9 percent. More recently, and due entirely to the global/national coronavirus pandemic and its impact on the economy, Racine County witnessed job losses of 5.8 percent in 2020. However, this loss of jobs was short-lived and reversed course in 2021. In fact, by the close of 2023, total nonfarm employment in Racine County had already surpassed pre-pandemic levels with a total of 5,300 jobs added during the 2021-2023 timeframe. In addition, Racine County added another 500 non-farm jobs in 2024.

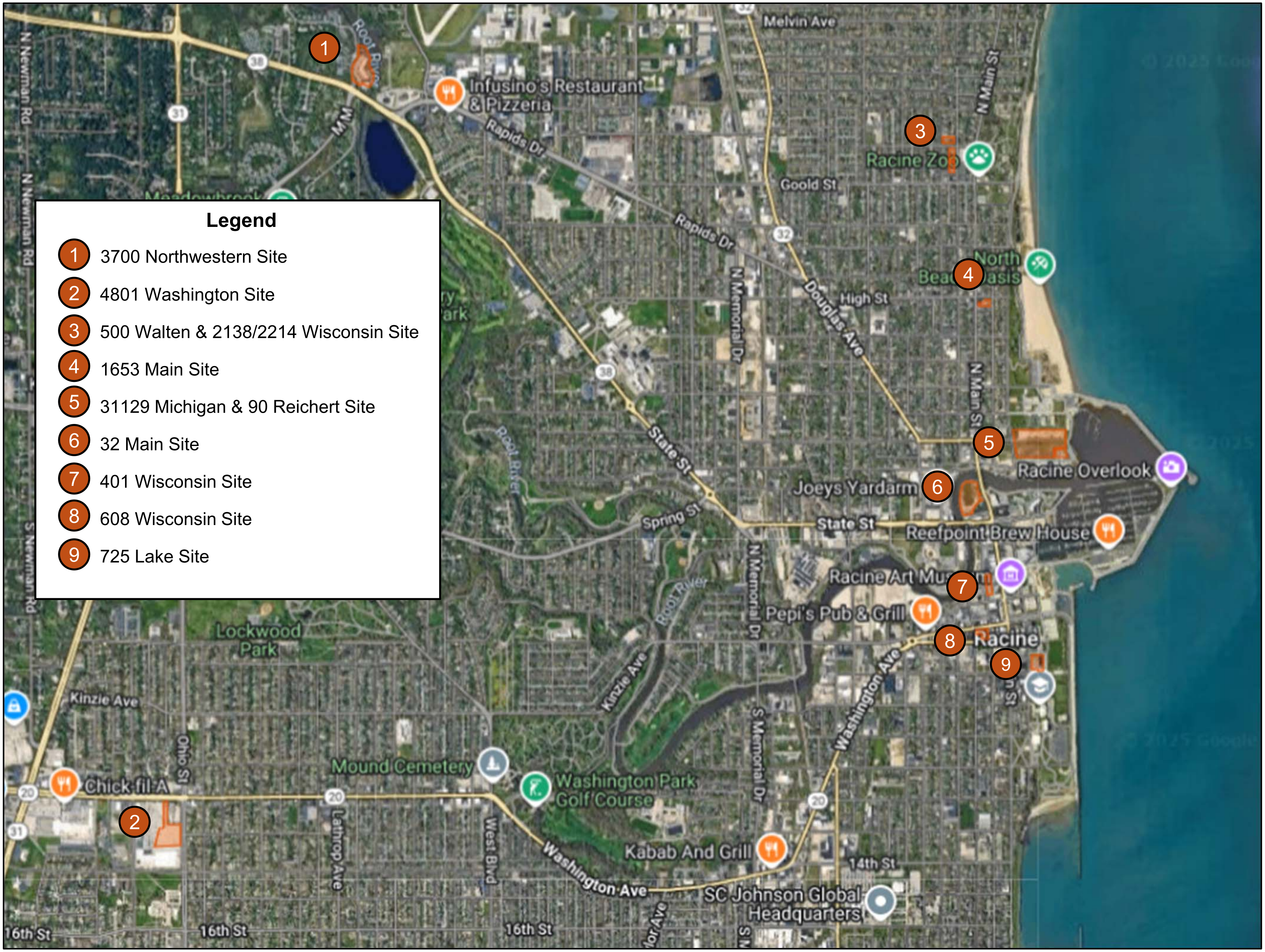
EMPLOYMENT GROWTH
RACINE COUNTY : 2010 – 2024



Source: U.S. Department of Labor, Bureau of Labor Statistics

Racine County's economic base, while diversified, is most closely aligned with the manufacturing of durable goods. Notable employers in this sector include S.C. Johnson & Sons, Inc.; CNH America, LLC; CREE, Inc.; InSinkErator, BRP US Inc., Andis Company, Modine Manufacturing Co. and Nestle. Together, these companies account for nearly 15 percent of the county's 80,000 nonfarm jobs, many with locations in or near downtown Racine.

GEOGRAPHIC DELINEATION OF INVESTIGATIVE PROPERTIES
RACINE, WISCONSIN



Source: City of Racine, Google Maps, and Tracy Cross & Associates, Inc.

2

GEOGRAPHIC DELINEATION OF INVESTIGATIVE PROPERTIES (CONTINUED)
RACINE, WISCONSIN

Source: City of Racine, Google Maps, and Tracy Cross & Associates, Inc.

3

GEOGRAPHIC DELINEATION OF INVESTIGATIVE PROPERTIES (CONTINUED)
RACINE, WISCONSIN

Source: City of Racine, Google Maps, and Tracy Cross & Associates, Inc.

Also anchoring Racine County's economic base are several major healthcare facilities including two Ascension All Saints hospitals in the city of Racine where more than 2,500 total jobs are represented. From 24/7 emergency services to specialized heart, vascular, orthopedic and obstetrics care, Ascension All Saints is committed to providing comprehensive services to Racine residents.

Equally important, Racine County and the city of Racine stand to benefit (to a significant degree) from the multiple data centers being developed by Microsoft in Mount Pleasant. Over the next five years alone, an estimated 2,000 jobs will be created by Microsoft, along with additional jobs by cottage industries serving Microsoft. The ongoing Foxconn development initiative in Mount Pleasant is also noteworthy. While plans continue to change and evolve for Foxconn, the company has already developed roughly 1.5 million square feet of space, distributed among four buildings, half of which are currently being utilized for the manufacturing of data servers. Foxconn has 1,000+ employees in Racine County and may add more jobs near- to mid-term. Additive to endeavors by Microsoft and Foxconn is other economic activity throughout the county including the redevelopment of the South Hills golf course into a large business park.

Fostered by a stable local economy, Census figures during the 2010-2020 timeframe revealed that household growth in Racine County was positive, totaling 3,308, or 331 yearly – moving up slightly to an average of 367 persons annually over the last five years. Moreover, based upon estimates provided by Environics Analytics through its review of the Census Bureau's on-going American Community surveys, household additions in Racine County will average 480 per year during the 2025-2030 forecast period, up nearly 40 percent from growth levels over the last 15 years.

POPULATION AND HOUSEHOLD TRENDS
-- RACINE COUNTY, WISCONSIN --

Area	2010	2020	2025 (Estimate)	Average Annual Change 2010 - 2020	Average Annual Change 2020 - 2025
Population					
Racine County	195,408	197,727	199,456	+232	+346
Households					
Racine County	75,651	78,959	80,792	+331	+367

Source: U.S. Census Bureau, Environics Analytics; *2025 Demographic Snapshot* and Tracy Cross & Associates, Inc.

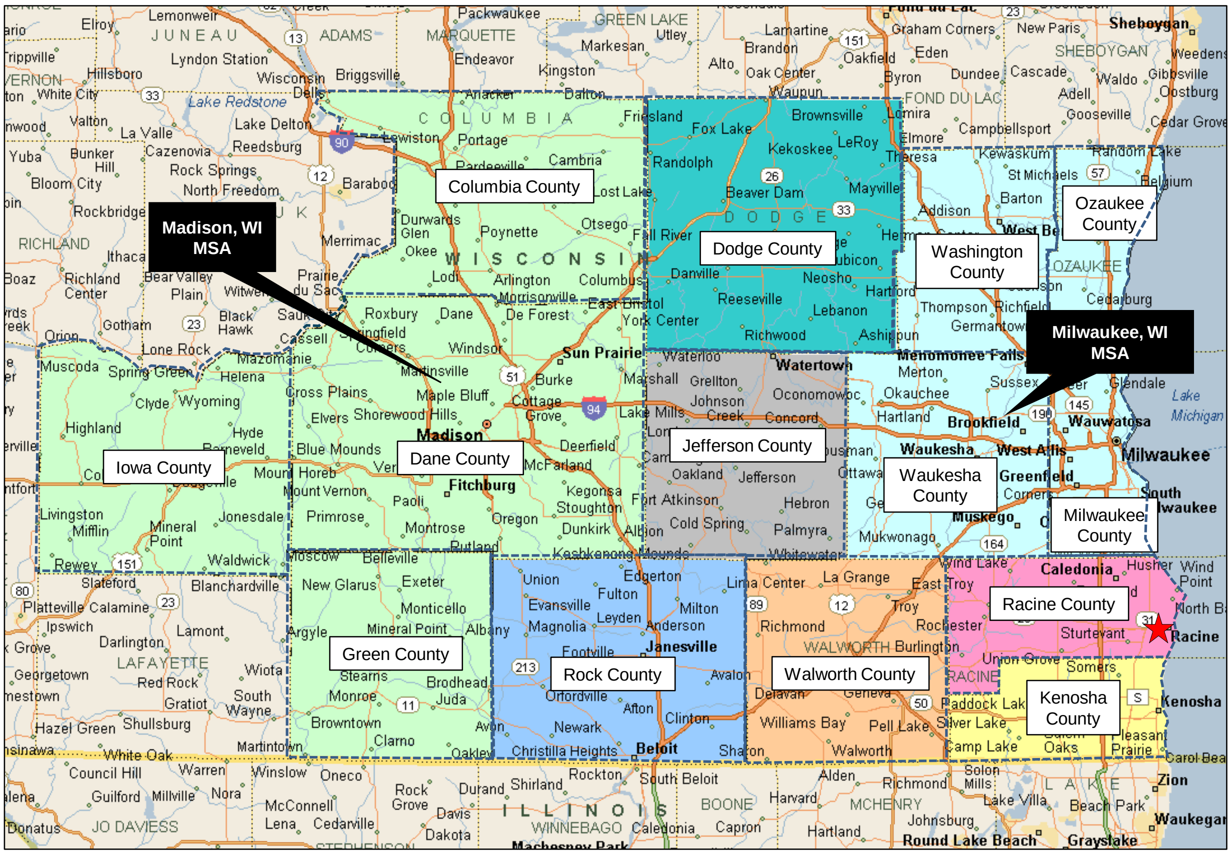
Among the estimated 80,792 households represented in Racine County in 2025, 54,696 (67.7 percent) represented homeowners with the remaining 26,096 households (32.3 percent) consisting of renters.

In the city of Racine, while both population and household levels declined slightly during the last decade (2010-2020), the market stabilized during the last five years, with projections by Environics Analytics showing positive growth over the next five years.

Today, the 30,921 households in the city of Racine are distributed between 16,267 homeowners (52.6 percent) and 14,654 renters (47.4 percent).

One of Racine's unique attributes is its specific location in southeast Wisconsin. It is situated just north of the burgeoning Kenosha County area where economic activity has been robust in recent years; it is directly south of Milwaukee County and southeast of Waukesha County, which are the two core components of the greater Milwaukee metropolitan region; it is directly east of Walworth County, which receives spillover from the Milwaukee metro area given its alignment with Interstate 43 and its popular Lake Geneva/Fontana resort area: and it is just 10 miles north of the Wisconsin/Illinois state line.

GEOGRAPHIC DELINEATION OF RACINE AND SURROUNDING AREAS



Source: Microsoft Streets & Trips and Tracy Cross & Associates, Inc.

HOUSING POTENTIALS

In addition to the various locational attributes associated with Racine's position in southeast Wisconsin; its alignment with Lake Michigan; its appealing downtown area; and its economic/demographic size, stability and growth, current conditions in the residential marketplace lend *significant* support to the introduction of new housing near- to mid-term. In other words, the underlying potential for the introduction of both *for rent* and *for sale* housing in the city of Racine, and the subject properties in particular, is viewed as *strong*. This favorable conclusion is supported by the following key factors:

- ❑ When considering the demand or need for new construction residential offerings in the city of Racine (either for rent and/or for sale), initial support is garnered by the area's aging housing stock. Specifically, the median age of a dwelling unit in the city of Racine now stands at nearly 60 years, older than that represented in all of Racine County, although Racine County, too, has a decidedly aging housing stock. Overall, just 13.4 percent of all housing units in the city of Racine have been constructed since 1980. Contributing to the aging housing stock is the fact that, during the last 25 years, an average of just 37 residential building permits have been authorized annually in the city of Racine (see **Exhibit 4**), a modest number by any standard, especially considering the area's sizeable population base and expansive geographic area.

HOUSING UNITS BY YEAR STRUCTURE BUILT
-- RACINE, WISCONSIN --

Year Built	City of Racine		Racine County	
	Number	Percent	Number	Percent
2010 or Later	610	1.8	4,499	5.2
2000-2009	726	2.1	7,932	9.3
1990-1999	1,574	4.7	9,921	11.6
1980-1989	1,594	4.8	7,204	8.4
1970-1979	3,327	9.8	11,852	13.8
1960-1969	4,612	13.6	10,866	12.7
1950-1959	6,886	20.4	12,390	14.5
1940-1949	3,298	9.7	5,283	6.2
1939 or Earlier	11,208	33.1	15,638	18.3
Total	***33,835***	***100.0***	***85,585***	***100.0***
Median Age	***59.5 Years***		***54.7 Years***	

Source: Environics Analytics: 2025 Demographic Snapshot

- ❑ The limited amount of new/newer housing in the city of Racine for 20+ years is a condition that will ultimately lead to minimal competitive interference for future development initiatives – and should confirm (affirm) builder/developer participation. For example, in the last six years (2019-2024), 11 conventional apartment communities *of scale* (with a total of 1,758 units) have been introduced countywide, yet just three are located in the city of Racine (455 total units) with only one project situated in the downtown area. These three developments include the new Breakwater 233 community in downtown Racine, along with Avenues and William at Belle City Square (i.e., the Horlick Malt redevelopment site aligning Northwestern Avenue). All three projects have performed well, especially Breakwater 233, which is currently absorbing units at a sustaining rate of 13.8 per month at some of the highest rent levels in the market.

- ❑ In addition, despite the recent influx of conventional rental housing communities countywide, vacancies among stabilized developments remain in a *tight* condition. For example, among the 11 apartment developments *of scale* introduced during the 2019-2024 period, nine (9) had reached stabilized occupancy at the time of our 1st Quarter 2025 survey and were reporting a vacancy rate of just 2.2 percent. For perspective, in a normal or *balanced* market, vacancies of 5.0 to 6.0 percent

TRENDS IN RESIDENTIAL BUILDING PERMITS
-- CITY OF RACINE, WISCONSIN --

Year	Total	Single Family	Multi-Family
2000	14	11	3
2001	33	11	22
2002	53	13	40
2003	72	32	40
2004	32	28	4
2005	31	29	2
2006	179	12	167
2007	53	13	40
2008	13	13	0
2009	8	8	0
2010	76	4	72
2011	8	6	2
2012	11	11	0
2013	5	5	0
2014	3	3	0
2015	1	1	0
2016	3	3	0
2017	4	4	0
2018	5	5	0
2019	4	4	0
2020	0	0	0
2021	0	0	0
2022	8	8	0
2023	308	6	302
2024	10	8	2
Annual Average			
2000 - 2024	37	10	28

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports* and Tracy Cross & Associates, Inc.

are typically required for filtering, or movement between developments. In addition, these stabilized developments, along with the two communities still undergoing their initial lease-up periods, all reported healthy absorption rates as highlighted below:

COMPOSITE SUMMARY: 1ST QUARTER 2025
RENTAL HOUSING COMMUNITIES CONSTRUCTED 2019 - 2024: RACINE COUNTY, WISCONSIN

Development (Status)	Location	Year Built	Total Units	Average Plan Size (Sq. Ft.)	Average Base Rent (Not Incl. Extras)	Average Absorption Rate (In Units Per Month)	Current Vacancy Rate
Tivoli Green-Phase II (Leasing)	Mount Pleasant	2024	180	944	$1,770	15.3	---
Breakwater 233 (Leasing)	Racine	2024	203	813	1,615	13.8	---
Courtyard at Cobblestone Park (Stabilized)	Sturtevant	2023	228	996	1,728	17.5	1.8
Avenues at Belle City Square (Stabilized)	Racine	2023	166	867	1,459	9.5	3.6
Seasons at Mount Pleasant (Stabilized)	Mount Pleasant	2022	280	1,000	1,763	21.7	2.1
The Oaks of Canopy Hill (Stabilized)	Union Grove	2022	60	949	1,722	19.0	1.7
William at Belle City Square (Stabilized)	Racine	1885 / 2022	86	846	1,370	7.5	3.5
The Residences at Dunham Grove (Stabilized)	Union Grove	2021	120	1,102	1,672	8.8	0.8
The Cornerstone (Stabilized)	Waterford	2021	84	1,098	1,588	22.6	1.2
Tivoli Green-Phase I (Stabilized)	Mount Pleasant	2020	278	902	1,579	12.4	2.9
The Granary (Stabilized)	Union Grove	2019	73	1,011	1,533	5.9	0.0
			Average:	***949***	***$1,640***	***14.0***	***2.2***

Source: Tracy Cross & Associates, Inc.

- In addition, among a sampling of older-stock apartment developments in the city of Racine and elsewhere throughout the county, i.e. Adam's Trail, Bear Arbor, Belle Harbor Lofts, The Concord, Douglas Terrace, Green Bay Meadows, The Maples, Mitchell Wagon Factory Lofts, Orchard Springs, West Ridge and Windpoint, just 15 out of 1,615 total units were reported vacant at the time of our recent survey. This translates to a vacancy rate of 0.9 percent, reflecting even *tighter* market conditions.

- All told, new rental housing supply during the 2019-2024 was not sufficient enough to keep up with demand (both "net new" and "pent-up") – a condition that has resulted, in part, from the limited number of rental housing communities constructed county-wide during the 15-year period from 2004-2018.

- As it relates to the ownership sector, supply deficiencies are *even more pronounced*, especially for moderately priced mainstream housing. In fact, to say that both the city of Racine and Racine County as a whole are undersupplied relative to properly positioned new construction for sale product is an understatement. Currently, new construction for sale development throughout Racine County is generally limited to smaller- to modest-scale broker- or builder-represented communities reflecting conventional single family and duplex/townhome/condominium subdivisions or scattered-lot developments. The communities that do exist are directed to both primary and lifestyle consumer segments which (in many cases) have been marketed in phases over extended periods of time (and most recently at higher price points). In other words, there are only a few developments *of scale* actively marketing new units in "properly priced" proprietary communities throughout the county.

- Overall, the lack of new construction for sale production housing development in Racine County (with diversified and properly positioned product) is putting extreme pressure on the resale market. For example, the average market time among single family resale closings in Racine County in 2024 period stood at just 17 days, down from an already low 18 days in 2023 and 19 days in 2022 (see **Exhibit 5**). For reference, the typical marketing time for a single family detached resale in the Midwest ranges from 72-90 days. In addition, prices have jumped 18.8 percent since 2022, despite a higher mortgage interest rate environment and concerns with inflation and the national economy.

- In the duplex/townhome/condominium sector, similar conditions exist in Racine County (see **Exhibit 6**). For instance, resale closing activity during 2024 shows an average marketing time of just 17 days. In addition, prices are up 21.9 percent since 2022.

- The overall limited amount of *new construction* housing in Racine County as a whole is also having an impact on resale inventory levels. For example, among all residential resales (both detached and attached excluding what new construction does exist), inventory levels are low. As highlighted in **Exhibit 7**, with just a modest number of single family and duplex/townhome/condominium listings reported recently, and with closing activity far surpassing current listings, resale inventory levels are at or below two (2) months on average. This compares with the typical three- to four-month inventory period that exists in more normal, or balanced, existing home markets.

  The most notable areas of imbalance in the detached sector can be found at price points below $450,000, and in the attached sector, below $350,000.

- While resale prices have risen substantially in the last two years, so too have prices among the new construction homes being sold throughout the area. As such, there continues to be a *major disconnect* between the existing and new construction home markets – a result of limited and properly positioned supply. For example, the median price of a new construction single family home in Racine County is now $250,000+ higher than that of a resale counterpart – leaving a *substantial* gap between the resale and new construction sector. As a result, volumes are generally low in the new construction sector and days on market are higher than those seen among area resales. For a detailed outline of new construction closing activity since 2022 (in both the detached and attached sectors), consult **Exhibits 8 and 9.** Note: new construction closings recorded through the multiple listing service do not include all proprietary subdivision activity, especially where individual lots are sold directly to the end consumer, who in turn, builds a semi-custom or custom home; however, they do represent the majority.

  One recent anomaly (of importance) in the new construction housing market was the median sales price drop that occurred between 2023 and 2024 in the duplex/townhome/condominium sector. The reason – D.R. Horton introduced a value-oriented townhome/duplex community in Union Grove, i.e., Meadows at Canopy Hills at prices in the $290,000 to $325,000 range, well below any other new construction attached offerings. As a result, significant sales were recorded.

- In the city or Racine, the existing home market (i.e., resale sector) is essentially a microcosm of the overall county with prices escalating; marketing time decreasing; and inventory waning (see **Exhibits 10, 11 and 12**). However, prices in the city remain well below those of the county as a whole, again resulting, in large part, from its aging housing stock. With this said, there are a couple important items of note. First, the city of Racine's share of single family resale closings countywide has consistently averaged 40+ percent. Second, while the median closing price among duplex, townhome and condominium closings in the city of Racine is higher than that represented in the single family sector, this is a function of the lower number of overall closings, coupled with the higher prices being attained by waterfront condominiums at developments such as Gaslight Pointe, The Atwater and Lakeshore Towers.

SINGLE FAMILY RESALE CLOSINGS
RACINE COUNTY, WISCONSIN
2022 - 2024

Price Range	2022		2023		2024	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under $200,000	845	48.6	591	34.0	446	25.2
200,000 - 249,999	343	19.7	261	15.0	273	15.4
250,000 - 299,999	249	14.3	197	11.3	211	11.9
300,000 - 349,999	231	13.3	173	10.0	201	11.3
350,000 - 399,999	213	12.3	163	9.4	140	7.9
400,000 - 449,999	127	7.3	112	6.4	166	9.4
450,000 - 499,999	68	3.9	77	4.4	94	5.3
500,000 - 549,999	52	3.0	34	2.0	66	3.7
550,000 - 599,999	38	2.2	36	2.1	47	2.7
600,000 & Above	127	7.3	93	5.4	128	7.2
Total	***2,293***	***100.0***	***1,737***	***100.0***	***1,772***	***100.0***
Median	***- - - - - $243,666 - - - - -***		***- - - - - $254,424 - - - - -***		***- - - - - $289,495 - - - - -***	
Average Days on Market	***- - - - - - - 19 - - - - - - -***		***- - - - - - - 18 - - - - - - -***		***- - - - - - - 17 - - - - - - -***	

Source: Wisconsin Real Estate Exchange (WIREX).

DUPLEX/TOWNHOME/CONDOMINIUM RESALE CLOSINGS
RACINE COUNTY, WISCONSIN
2022 - 2024

Price Range	2022		2023		2024	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under $150,000	62	21.3	33	13.5	8	2.8
150,000 - 199,999	108	44.3	73	29.9	96	33.1
200,000 - 249,999	52	21.3	58	23.8	68	23.4
250,000 - 299,999	20	8.2	30	12.3	36	12.4
300,000 - 349,999	20	8.2	17	7.0	27	9.3
350,000 - 399,999	18	7.4	17	7.0	33	11.4
400,000 - 449,999	9	3.7	10	4.1	14	4.8
450,000 - 499,999	2	0.8	4	1.6	5	1.7
500,000 & Above	1	0.4	2	0.8	3	1.1
Total	***292***	***119.7***	***244***	***100.0***	***290***	***100.0***
Median	***- - - - - $188,783 - - - - -***		***- - - - - $213,865 - - - - -***		***- - - - - $230,128 - - - - -***	
Average Days on Market	***- - - - - - - 20 - - - - - - -***		***- - - - - - - 19 - - - - - - -***		***- - - - - - - 17 - - - - - - -***	

Source: Wisconsin Real Estate Exchange (WIREX).

RESALE INVENTORY ANALYSIS IN MONTH'S SUPPLY
RACINE COUNTY, WISCONSIN

Price Range	Resale Closings 2024	Current Resale Listings	Months of Inventory
Single Family Detached			
Under $200,000	446	41	1.10
200,000 - 249,999	273	36	1.58
250,000 - 299,999	211	32	1.82
300,000 - 349,999	201	24	1.43
350,000 - 399,999	140	21	1.80
400,000 - 449,999	166	27	1.95
450,000 - 499,999	94	24	3.06
500,000 - 549,999	66	18	3.27
550,000 - 599,999	47	16	4.09
600,000 & Above	128	55	5.16
Total	***1,772***	***294***	***1.99***
Duplex / Townhome / Condominium			
Under $150,000	8	1	1.50
150,000 - 199,999	96	15	1.88
200,000 - 249,999	68	10	1.76
250,000 - 299,999	36	5	1.67
300,000 - 349,999	27	4	1.78
350,000 - 399,999	33	10	3.64
400,000 - 449,999	14	8	6.86
450,000 - 499,999	5	3	7.20
500,000 & Above	3	3	12.00
Total	***290***	***59***	***2.44***

Source: Wisconsin Real Estate Exchange (WIREX) and Tracy Cross & Associates, Inc.

NEW CONSTRUCTION SINGLE FAMILY CLOSINGS
RACINE COUNTY, WISCONSIN
2022 - 2024

Price Range	2022		2023		2024	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under $300,000	0	0.0	2	2.7	2	2.7
300,000 - 349,999	8	10.7	4	5.3	3	4.0
350,000 - 399,999	21	28.0	5	6.7	4	5.3
400,000 - 449,999	26	34.7	18	24.0	12	16.0
450,000 - 499,999	11	14.7	12	16.0	18	24.0
500,000 - 549,999	8	10.7	11	14.7	12	16.0
550,000 - 599,999	2	2.7	10	13.3	11	14.7
600,000 - 649,999	2	2.7	8	10.7	7	9.3
650,000 & Above	5	6.7	5	6.6	6	8.0
Total	***83***	***100.0***	***75***	***100.0***	***75***	***100.0***
Median	***- - - - - $469,619 - - - - -***		***- - - - - $485,312 - - - - -***		***- - - - - $495,832 - - - - -***	
Average Days on Market	***- - - - - - - 42 - - - - - - -***		***- - - - - - - 65 - - - - - - -***		***- - - - - - - 78 - - - - - - -***	

Source: Wisconsin Real Estate Exchange (WIREX).

NEW CONSTRUCTION DUPLEX/TOWNHOME/CONDOMINIUM CLOSINGS
RACINE COUNTY, WISCONSIN
2022 - 2024

Price Range	2022		2023		2024	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under $250,000	0	0.0	0	0.0	0	0.0
250,000 - 299,999	0	0.0	0	0.0	2	6.9
300,000 - 349,999	1	5.5	0	0.0	14	48.3
350,000 - 399,999	14	53.8	19	73.1	3	10.3
400,000 - 449,999	3	11.5	7	26.9	10	34.5
450,000 - 499,999	0	0.0	0	0.0	0	0.0
500,000 - 549,999	0	0.0	0	0.0	0	0.0
550,000 - 599,999	0	0.0	0	0.0	0	0.0
600,000 & Above	0	0.0	0	0.0	0	0.0
Total	***18***	***69.2***	***26***	***100.0***	***29***	***100.0***
Median	***- - - - - $378,598 - - - - -***		***- - - - - $388,347 - - - - -***		***- - - - - $344,616 - - - - -***	
Average Days on Market	***- - - - - - - 97 - - - - - - -***		***- - - - - - - 102 - - - - - - -***		***- - - - - - - 62 - - - - - - -***	

Source: Wisconsin Real Estate Exchange (WIREX).

SINGLE FAMILY RESALE CLOSINGS
CITY OF RACINE, WISCONSIN
2022 - 2024

Price Range	2022 Number of Closings	2022 Percent of Total	2023 Number of Closings	2023 Percent of Total	2024 Number of Closings	2024 Percent of Total
Under $100,000	123	12.2	75	10.0	43	6.2
100,000 - 149,999	246	24.4	116	15.4	102	14.7
150,000 - 199,999	357	35.4	298	39.6	220	31.7
200,000 - 249,999	182	18.1	166	22.1	198	28.5
250,000 - 299,999	59	5.9	62	8.2	83	11.9
300,000 - 349,999	17	1.7	15	2.0	24	3.5
350,000 - 399,999	5	0.5	9	1.2	5	0.7
400,000 - 499,999	5	0.5	8	1.1	11	1.6
500,000 & Above	13	1.3	3	0.4	8	1.2
Total	***1,007***	***100.0***	***752***	***100.0***	***694***	***100.0***
Median	***- - - - - $168,926 - - - - -***		***- - - - - $181,060 - - - - -***		***- - - - - $195,898 - - - - -***	
Average Days on Market	***- - - - - - - 19 - - - - - - -***		***- - - - - - - 18 - - - - - - -***		***- - - - - - - 17 - - - - - - -***	

Source: Wisconsin Real Estate Exchange (WIREX).

DUPLEX/TOWNHOME/CONDOMINIUM RESALE CLOSINGS
CITY OF RACINE, WISCONSIN
2022 - 2024

Price Range	2022		2023		2024	
	Number of Closings	Percent of Total	Number of Closings	Percent of Total	Number of Closings	Percent of Total
Under $100,000	6	18.8	6	18.1	1	4.0
100,000 - 149,999	5	15.6	4	12.1	1	4.0
150,000 - 199,999	6	18.8	6	18.1	9	36.0
200,000 - 249,999	2	6.2	5	15.2	5	20.0
250,000 - 299,999	2	6.2	2	6.1	2	8.0
300,000 - 349,999	4	12.5	2	6.1	1	4.0
350,000 - 399,999	4	12.5	3	9.1	4	16.0
400,000 & Above	3	9.4	5	15.2	2	8.0
Total	***32***	***97.0***	***33***	***100.0***	***25***	***100.0***
Median	***- - - - - $191,488 - - - - -***		***- - - - - $205,591 - - - - -***		***- - - - - $214,999 - - - - -***	
Average Days on Market	***- - - - - - - 39 - - - - - - -***		***- - - - - - - 38 - - - - - - -***		***- - - - - - - 31 - - - - - - -***	

Source: Wisconsin Real Estate Exchange (WIREX).

RESALE INVENTORY ANALYSIS IN MONTH'S SUPPLY
CITY OF RACINE, WISCONSIN

Price Range	Resale Closings 2024	Current Resale Listings	Months of Inventory
Single Family Detached			
Under $100,000	43	3	0.84
100,000 - 149,999	102	10	1.18
150,000 - 199,999	220	35	1.91
200,000 - 249,999	198	29	1.76
250,000 - 299,999	83	15	2.17
300,000 - 349,999	24	9	4.50
350,000 - 399,999	5	3	7.20
400,000 - 499,999	11	3	3.27
500,000 & Above	8	2	3.00
Total	***694***	***109***	***1.88***
Duplex / Townhome / Condominium			
Under $100,000	1	0	0.00
100,000 - 149,999	1	0	0.00
150,000 - 199,999	9	3	4.00
200,000 - 249,999	5	1	2.40
250,000 - 299,999	2	1	6.00
300,000 - 349,999	1	1	12.00
350,000 - 399,999	4	1	3.00
400,000 & Above	2	2	12.00
Total	***25***	***9***	***4.32***

Source: Wisconsin Real Estate Exchange (WIREX) and Tracy Cross & Associates, Inc.

- Also, new construction single family and condominium/townhome/duplex closings in the city of Racine (as measured by the local multiple listing service) has been limited to just a handful of scattered lot redevelopment units each year at price points extending anywhere from $150,000 to $350,000+ depending upon the size of the home. Nothing of scale has been introduced for some 20+ years.

- Turning back to the new construction housing market throughout the county, the typical single family community offered by local builders (outside the city of Racine) such as Bear Homes, Korndoerfer Homes, Newport Builders and Stepping Stone Homes, is averaging at or below 1.0 home sale monthly, primarily on the basis of price, inventory depth, and lack of diversified product or community orientation. In the attached for sale sector, similar per-project volumes are being realized among new construction developments (for the same reasons), although some have reached the 1.5 unit-per-month mark given the more limited level of activity in this sector. However, there is currently one larger-scale residential community in Racine County that is posting *above average* sales/closing activity given its diversified product portfolio and a price position for its attached/townhome product in the more moderate ranges (as mentioned earlier). Specifically, at the new/newer *Canopy Hill* development in Union Grove, where D.R. Horton is offering townhome/twin product at or below the $300,000 mark, and where single family offerings by Bear Homes and others extend from the high $400,000s to over $700,000, 54 closings have been recorded over the last 24 months. Here too, however, a price gap currently exists between the townhome/twin product and the single family detached homes.


- Despite the overall limited amount of new construction residential supply in the city of Racine and throughout the host county, construction requirements for new housing in Racine County during the next five years will average 855 units annually. This 855-unit forecast can be tied to household growth levels estimated at 480 per annum, along with roughly 375 units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another. Of the 855 units that could be constructed annually during the 2025-2030 forecast period, 425 will occur among for sale housing forms with 430 represented in the rental apartment sector. As detailed in the adjacent table, for sale housing demand will be distributed among 275 single family detached homes and 150 in the attached sector, i.e., duplexes, townhomes and condominiums.

CONSTRUCTION REQUIREMENTS FOR NEW HOUSING (DEMAND)
-- RACINE COUNTY, WI --
2025 - 2030

Product Type	Annual	Total (Next 5 Years)
Total	***855***	***4,275***
For Sale	**425**	**2,125**
Single Family Detached	275	1,375
Townhome/Duplex/Condominium	150	750
For Rent	**430**	**2,150**

Source: Tracy Cross & Associates, Inc.

- While there has been only limited new construction development *of scale* in the city of Racine for several years, save for the most recent introduction of Breakwater 233 and a few others of more modest scale, the city could capture up to 35 percent of countywide demand *if properly positioned supply was made available.* This capture rate can be supported by: 1) the overall size of the city relative to population and households: 2) its continued share of the activity in the existing home market; and 3) the enhancement associated with its lakefront/downtown environment. To this end, provided below is a reasonable housing demand forecast for the city of Racine.

CONSTRUCTION REQUIREMENTS FOR NEW HOUSING (DEMAND)
-- CITY OF RACINE, WI --
2025 - 2030

Product Type	Annual	Total (Next 5 Years)
Total	***300***	***1,500***
For Sale	**145**	**725**
Single Family Detached	90	450
Townhome/Duplex/Condominium	55	275
For Rent	**155**	**775**

Source: Tracy Cross & Associates, Inc.

- The five-year demand forecasts for both Racine County and the city of Racine can realistically be extended out for another five years (to 2035), again given the lack of supply over the last many years, together with the expectation that growth in households will continue, especially given the area's current and planned economic activity.

- Despite ample demand for new housing in the city of Racine, it is highly likely this demand will continue to outstrip supply as only two sizeable residential developments are formally in the planning pipeline. These include Pritchard Apartments, a 266-unit garden style apartment community along Durand Avenue in southwest Racine (i.e., the mall redevelopment), along with a 33-unit infill townhome development both north and south of Prospect Street in central Racine. *All told, the expected disparity between demand and supply going forward is yet another impetus for promoting and implementing new residential development throughout the city.*

- The housing supply issue in the city of Racine is, again, exacerbated by broader supply deficiencies throughout the county, especially as it relates to for sale housing. In Racine County, single family building permits, which include single family detached homes as well as single-address townhomes, duplexes, and condominium/villa units, have averaged just 153 units annually over the last five years *in this broad geographic area* – despite demand potentials being much stronger based upon household growth levels and replacement derivatives. This lack of new construction for sale development activity is, again, a function of supply deficiencies, especially considering the market's ability to record an annual average of 800+ single family building permits annually between 2003 and 2005 (see **Exhibit 13**).

13

TRENDS IN RESIDENTIAL BUILDING PERMITS
-- RACINE COUNTY, WISCONSIN --

Year	Total	Single Family	Multi-Family
2000	867	536	331
2001	798	578	220
2002	951	642	309
2003	1,188	876	312
2004	1,278	939	339
2005	1,006	810	196
2006	806	484	322
2007	632	508	124
2008	277	271	6
2009	343	194	149
2010	240	156	84
2011	107	99	8
2012	163	143	20
2013	210	182	28
2014	207	159	48
2015	217	189	28
2016	358	222	136
2017	278	244	34
2018	379	282	97
2019	322	192	130
2020	224	144	80
2021	245	159	86
2022	163	145	18
2023	429	156	273
2024	277	163	114
Annual Average			
2000 - 2024	479	339	140

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports* and Tracy Cross & Associates, Inc.

- To put Racine County's supply issues in perspective, the county's share of residential construction activity in southeast Wisconsin is *considerably below* its share of total population and employment.

RACINE COUNTY'S MARKET SHARE POSITION IN SOUTHEAST WISCONSIN

County	2024 Population		County	2024 Employment Base		County	Annual Residential Construction (2023- 2024)	
	Number	Percent		Number of Jobs	Percent		Number of Units	Percent
Milwaukee	918,414	29.8	Milwaukee	467,790	29.9	Dane	5,271	49.3
Dane	585,854	19.0	Dane	358,099	22.9	Waukesha	1,363	12.7
Waukesha	412,967	13.4	Waukesha	246,996	15.8	Milwaukee	1,052	9.8
Racine	**199,012**	**6.4**	Kenosha	80,874	5.2	Kenosha	502	4.7
Kenosha	171,512	5.6	**Racine**	**79,400**	**5.1**	Rock	471	4.4
Rock	164,915	5.3	Rock	69,326	4.4	Washington	372	3.5
Washington	138,434	4.5	Washington	58,448	3.7	Walworth	363	3.4
Walworth	105,780	3.4	Walworth	45,207	2.9	**Racine**	**353**	**3.3**
Ozaukee	93,822	3.0	Ozaukee	41,137	2.6	Ozaukee	319	3.0
Dodge	87,945	2.9	Dodge	36,568	2.3	Dodge	244	2.3
Jefferson	85,848	2.8	Jefferson	34,100	2.2	Columbia	166	1.6
Columbia	57,817	1.9	Columbia	21,905	1.4	Jefferson	147	1.4
Green	37,083	1.2	Green	15,427	1.0	Green	68	0.6
Iowa	23,952	0.8	Iowa	10,606	0.7	Iowa	59	0.6

Source: U.S. Dept. of Commerce, Bureau of the Census: C-40 Construction Reports; U.S. Department of Labor and Environics Analytics

- Additive to a residential marketplace that clearly signifies a need for new housing, the current composition of area households in both Racine County and the city of Racine lends further support to the introduction of a broad continuum of housing options county-wide. As highlighted in the following table, there is an ample number of one- and two-person households (for multifamily for rent and attached for sale product) and also a significant number of three-, four- and five-person households (for mainstream single family product).

COMPOSITION OF AREA HOUSEHOLDS:
RACINE COUNTY AND CITY OF RACINE, WI - 2025

Attribute	Racine County	City of Racine
Total Households	**80,792**	**30,921**
1-Person Household	23,340	9,787
2-Person Household	28,171	9,539
3-Person Household	11,916	4,670
4-Person Household	9,890	3,687
5-Person Household	4,559	1,936
6 or More Person Household	2,916	1,302
1 Person Households		
Percent	28.9	31.7
Number	23,340	9,787
2 Person Households		
Percent	34.9	30.8
Number	28,171	9,539

Source: Environics Analytics; *2025 Demographic Snapshot*

- At the same time, the distribution of households by age category is generally even in both Racine County and the city of Racine – again boding well for the introduction of a broad range of housing options.

HOUSEHOLDS BY AGE GROUP
-- RACINE COUNTY AND CITY OF RACINE, WI --

Age Range	2025 Households	
	Racine County	City of Racine
Under 35	13,279	6,427
35-44	13,174	5,824
45-54	13,297	5,158
55-64	16,155	5,558
65-74	14,458	4,959
75 and Over	10,429	2,995
Total:	***80,792***	***30,921***

Source: Environics Analytics: 2025 Demographic Snapshot.

- Households in Racine County support a median household income similar to the nation as a whole as evidenced by an estimated 2025 level of $74,170. Upon close examination of area incomes in the host county, the highest concentrations of households earn between $35,000 and $124,999 annually, which represents the mainstream of the market, i.e., those earning between 50 and 150+ percent of the market area's median. This signifies the threshold of the market and a target point where the bulk of new housing (both for rent and for sale) should be directed.

HOUSEHOLDERS BY AGE AND INCOME: 2025
-- RACINE COUNTY, WISCONSIN --

Income Range	Number of Households by Age of Householder						
	Total Households	Under 35	35 - 44	45 - 54	55 - 64	65 - 74	75 and Over
Under $15,000	6,088	988	742	707	1,312	1,110	1,229
15,000 - 24,999	5,571	802	804	497	864	1,157	1,447
25,000 - 34,999	6,289	1,199	858	555	762	1,369	1,546
35,000 - 49,999	9,096	1,688	1,309	825	1,146	2,143	1,985
50,000 - 74,999	13,927	3,026	1,962	1,949	2,358	2,876	1,756
75,000 - 99,999	11,883	2,216	2,413	1,723	2,178	2,286	1,067
100,000 - 124,999	8,742	1,255	1,815	1,754	1,830	1,464	624
125,000 - 149,999	6,349	1,002	1,260	1,442	1,625	696	324
150,000 - 199,999	6,650	702	1,078	1,750	1,880	921	319
200,000 and Over	6,197	401	933	2,095	2,200	436	132
Total	***80,792***	***13,279***	***13,174***	***13,297***	***16,155***	***14,458***	***10,429***
Median	***$74,170***	***$68,915***	***$91,342***	***$105,242***	***$90,450***	***$58,189***	***$42,918***

Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

- In the city of Racine, while the median household income is lower than the county as a whole, 57.7 percent of all households (17,835 in total) earn incomes at mainstream levels, which, again, range from $35,000 to $124,999 annually, with another 13.4 percent earning $125,000 or more per year.

HOUSEHOLDERS BY AGE AND INCOME: 2025
-- CITY OF RACINE, WISCONSIN --

	Number of Households by Age of Householder						
Income Range	**Total Households**	**Under 35**	**35 - 44**	**45 - 54**	**55 - 64**	**65 - 74**	**75 and Over**
Under $15,000	3,338	467	295	542	894	649	491
15,000 - 24,999	3,054	451	339	309	473	817	665
25,000 - 34,999	2,538	880	543	242	313	329	231
35,000 - 49,999	4,755	1,051	879	644	785	841	555
50,000 - 74,999	6,666	1,689	1,321	1,064	1,138	973	481
75,000 - 99,999	3,962	821	855	653	608	716	309
100,000 - 124,999	2,452	521	647	490	406	272	116
125,000 - 149,999	1,710	261	398	469	369	152	61
150,000 - 199,999	1,516	233	427	397	308	108	43
200,000 and Over	930	53	120	348	264	102	43
Total	***30,921***	***6,427***	***5,824***	***5,158***	***5,558***	***4,959***	***2,995***
Median	***$55,981***	***$54,289***	***$65,395***	***$69,165***	***$56,221***	***$47,201***	***$37,796***

Sources: U.S. Bureau of the Census; Environics Analytics; and Tracy Cross & Associates, Inc.

THE RELATIONSHIP BETWEEN INCOMES AND NEW HOUSING

The current alignment of rents among new/newer apartment communities throughout Racine County (and the city of Racine) are generally positioned within the threshold of income-qualifying households. As a result, the recent performance of these developments has been noteworthy (as mentioned earlier) with healthy absorption rates expected among new market entrants if aligned in a similar fashion.

In the for sale sector of the housing market, however, not only is there a wide price gap between the resale market and the new construction home market, but there is a clear *disconnect* between the price of new construction housing and the bulk of area incomes. Specifically, when qualitatively distributing annual for sale housing demand based solely on income-qualification, then casting these results against where new construction closings are occurring today, tells the story (see **Exhibit 14**). This exhibit shows the need for new for sale housing largely concentrated at price points between $250,000 and $450,000, which corresponds with the mainstream or middle of the market. Currently, the majority of new construction offerings in the market are concentrated at prices between $350,000 and $600,000, thus leaving many ownership households disenfranchised by the current alignment of new construction for sale product.

A PLANNING STRATEGY

While Racine County, *and especially the city of Racine*, has seen only a modest amount of new residential construction activity during the last 20+ years, this has been a function of supply not demand (as outlined in the previous sections). In fact, the overall potential to successfully introduce new housing *within both the downtown/lakefront areas of Racine and other infill pockets* is considered *strong.* In other words, future new construction market rate residential opportunities are *significant* provided certain criteria can be met relative to product and price. Specifically, the market is showing clear signs of demand for a variety of

THE CURRENT DISCONNECT IN THE FOR SALE SECTOR OF THE NEW CONSTRUCTION HOUSING MARKET -- RACINE COUNTY, WISCONSIN --

Price Range	Annual For Sale Housing Demand (Based Upon Current Incomes)		Qualitative Distribution of New Construction Residential Closings[1]	
	Number	Percent	Number	Percent
Under $250,000	10	2.4	---	---
250,000 - 299,999	60	14.1	6	2.1
300,000 - 349,999	105	24.7	24	8.4
350,000 - 399,999	90	21.1	41	14.2
400,000 - 449,999	60	14.1	64	22.2
450,000 - 499,999	30	7.1	53	18.4
500,000 - 549,999	20	4.7	31	10.8
550,000 - 599,999	15	3.5	30	10.4
600,000 - 649,999	10	2.4	19	6.6
650,000 & Above	25	5.9	20	6.9
Total	***425***	***100.0***	***288***	***100.0***
Median	***- - - - - - - $370,852 - - - - - - -***		***- - - - - - - $458,423 - - - - - - -***	

[1] Reflects new construction single family (attached and detached) closings for 2023 and 2024 and current listings.

Source: Tracy Cross & Associates, Inc. and Wisconsin Real Estate Exchange (WIREX).

For Sale Housing Price Points Required for Mainstream/Middle Market Households

Current Threshold of Homes Being Produced, Which Cannot be Afforded by the Bulk of the Market

market rate housing options ranging from various forms of mid- to higher-density rental offerings to a number of for sale/ownership options.

Ultimately, the City of Racine is in a unique position to help guide future residential development efforts in the direction of discipline and insight as it relates to specific products and site locations that will meet the demands of the market relative to product forms, unit types/styles and price/rent positioning. With this said, and, again, considering the severe supply-side constraints in the overall market, practically any ***well-designed and properly positioned*** residential product form could be introduced. However, from a strategic planning perspective, the following paragraphs provide specific product guidelines for establishing the most practical and marketable ***primary*** hierarchy of mainstream conventional, market rate housing within the various urban-oriented sites previously identified. These guidelines are intended to serve as a guide for future planning and implementation efforts as the City of Racine seeks builder/developer partners and/or reviews various new housing proposals.

Mid- To Higher-Density Apartments (For Rent)

Taking the lead from a number of successful apartment endeavors throughout the Midwest (and particularly at various in-town locations throughout southeast Wisconsin including Breakwater 233 in Racine itself) where developers have capitalized on opportunities in underserved markets containing urban cores, full consideration should be given to promoting and supporting Class A ***mid- to higher-density rental apartment product***. This housing idiom has the potential to be successfully introduced at several locations within the core of downtown Racine and its lakefront. This generic product form, which consists of multiple residential floors over/around structured parking, is not only widely accepted throughout various urban areas in the Midwest and southeast Wisconsin, but it represents a building configuration whereby at least one-to-one enclosed parking can typically be provided in an efficient and cost-effective manner, and at a strong density. Ideally, individual floor plans for any mid- to higher-density apartment program in the downtown area should be broad and varied, ranging from small studio units starting around 425 square feet, extending through a variety of one- and two-bedroom alternatives, and ending with three-bedroom residences containing roughly 1,350 square feet.

A broad mix of unit types and sizes for mid- to higher-density apartments in and around downtown Racine will allow this product to capture the full breadth of renter profiles with attentive focus directed toward Millennials and Generation Z (i.e., younger singles and couples without children), together with empty-nesters and non-traditional households such as divorcees, middle-age singles, never-nested couples, singles living together as couples in a roommate condition (or in triplicate), etc.

If elevated properly, the mid-to higher-density concept can exemplify tasteful, urban architecture, and be very complimentary to other redevelopment initiatives throughout Racine. This product concept can also be combined with first floor retail space if offered within pedestrian-oriented, mixed-use environments.

Garden Apartments (For Rent)

Outside of smaller- to medium-sized development/redevelopment sites in the downtown/lakefront area of Racine, which are naturally (and practically) well suited for mid- to higher-density Class A rental apartments, the City of Racine should consider another form of Class A rental housing on larger assemblages. This second rental offering would consist of a ***two-story garden apartment*** program. *Garden apartments consist of two-story walk-up buildings with stacked flats (i.e., ground floor and second floor single-story flats). Each residence has a private entrance (i.e., there are no hallways), and some of the units include an attached direct-access garage.* The garden apartments should emulate some of the most desirable, well received "like" products throughout the Midwest and southeast Wisconsin in particular. They should be designed in a very functional, livable, and efficient manner, and include enhanced by tasteful elevations. By doing so, this housing form will allow for a very appealing residential environment, one with building configurations and spatial relationships that will complement surrounding uses. Visually, the garden apartment buildings, while rentals, should look and feel like for sale townhome product.

Individual floor plan designs should be as broad and varied as possible, consisting of a variety of one-, two- and three-bedroom options. This expansive mix of units will also allow the product to capture the full breadth of renter profiles.

Ideally, this product line should be configured in a series of 8-, 16- or 24-unit buildings (each with a 50 percent direct access one-car garage allocation).

Eight different floorplan choices extending in size from a 600 square foot one-bedroom one-bath residence to a 1,300 square foot three-bedroom two-bath apartment have been suggested. Among these, a mix of 50 percent one-bedroom and one-bedroom den units and 50 percent two- and three-bedroom plans is represented, i.e., to provide balance, while also emulating successful garden apartment products throughout the Midwest.

With a 50 percent representation of direct access garages per building, two different versions of a standard building can be designed in order for each of the individual floorplans to be offered *with and without a direct access garage* in one of the two building types. By following this formula and maintaining an equal distribution of the two building types, each plan offering would have a 50 percent representation of direct access one-car garages throughout the community.

This product line could also be accompanied by buildings with optional detached garages (if land is available). As such, renter profiles could elect 1) surface parking only; 2) a detached garage; or 3) a unit with an attached, direct-access garage, thus giving future residents a full continuum of rental options to choose from as it relates to their choice of unit and bedroom/bath ratio, along with their choice of parking – cast against their desired (or needed) monthly payment based upon income.

Architecturally, the garden apartments can support either a traditional elevation scheme, or they can command something more contemporary/urban oriented, i.e., at the developer's discretion and dependent upon cost of construction, coupled with the overall architectural theme desired and within the City's design guidelines.




Townhomes/Rowhomes (For Sale)

Representing the first of three product lines in the "for sale" sector of the market, and configurable on both larger assemblages and smaller-scale infill sites in the city of Racine, is an efficiently designed mid-density ***townhome/rowhome series***. This product line, which will be able to achieve price points directly in line with the lower-end of the qualitative distribution of mainstream incomes, would include three separate three-story plan types, each with two main living areas configured over an integral rear-load two-car garage and a finished lower level. Plan sizes for this series, which will average 1,400 square feet, should range from 1,200 to 1,550 square feet including finished lower levels. This can be achieved in a very efficient and cost effective 20' wide modules. With rear-entry garages, individual buildings are generally designed to face one another, thus allowing for a small pedestrian greenway between buildings, or they can be configured fronting a street. Combined, the three individual plan offerings will be capable of attracting a broad range of buyer profiles, with attentive focus directed toward young singles and couples without children, couples in their initial stages of family formation and young families.

Architecturally, the townhome/rowhome product line can also support either a traditional elevation scheme, or it can command something more contemporary/urban oriented, i.e., again at the builder's discretion. Overall, this product line, which is a staple throughout the Midwest, can achieve a density of 12+ units per acre, thus allowing builders to distribute land and development costs across more units – in an attempt to offer price points that align the mainstream of the market.

Urban Single Family (For Sale)

The second for sale/ownership product, which would also be configurable within larger assemblages or smaller-scale infill properties, is an urban-oriented detached product line on narrow lots, most with rear-load garages. Representing a derivation of the neo-traditional planning concept, i.e., Traditional Neighborhood Development (TND), this ***urban single family series***, ideally, would be comprised of two single-level "ranch" plans, two traditional two-story units (with second floor master bedrooms) and one two-story unit with a first-floor master bedroom (slab-on-grade but with optional basements if possible). Ranging in size from 1,500 to 1,900 square feet, and averaging roughly 1,700 square feet across the group, homes in this series should be approximately 30' wide positioned on 40' wide homesites. The small lot single family product line will be able to attract a broad spectrum of mainstream detached home purchasers including young childless married couples, couples in their initial stages of family formation, and young families. And, with the incorporation of several ranch plans and a two-story master-down design, this program will also appeal to the 55 and older empty-nester segment desirous of lower maintenance detached housing. While most homes should accommodate rear-load garages to maximize density, a plan or two could be configured with a front-load garge if a particular site calls for such a configuration.

Midrise Condominiums (For Sale)

Rounding out the three for sale/ownership products, and reserved for premium downtown/waterfront sites, a boutique-type ***midrise condominium*** program should be considered. Similar in generic form to the mid- to higher-density Class A apartments, albeit with a different unit mix and *much smaller total unit counts*, this product line would consist of multiple residential levels of stacked flats over structured parking. Directed primarily toward the more mature, move-down home purchaser aged 55-74+, along with other lifestyle market segments, plan sizes would range from 900 to 1,700 square feet (mostly two-bedroom plan styles), with the average residence containing 1,300+ square feet.

PRODUCT DETAILS AND ABSORPTION POTENTIALS

For a detailed outline of each recommended housing idiom including individual product/plan criteria, unit sizes, rents/prices, features, etc., consult **Exhibits 15 through 19**. As depicted, plan offerings are broad and varied, and reflect some of the best-selling floorplan alternatives among successful "like" products throughout the Midwest and southeast Wisconsin.

When reviewing these tables, please note that the rents reflected for the two apartment products (as footnoted) do not include extras such as certain premiums, pet fees, enclosed parking for the midrise product, etc. – which will be billed separately. When factored, overall revenue per apartment unit will actually be higher than indicated.

It is important to point out that the detailed planning guidelines and rent/price suggestions for the various mainstream housing products are not arbitrary, but rather *strategic.* Specially, these guidelines will allow four important goals to be met. First, the continuum of home types, styles and rents/prices will directly align the threshold of household incomes in the market, i.e., middle to upper-middle/upper. Second, the product lines (collectively) represent a very straightforward and logical hierarchy of urban-oriented for rent and for sale residential forms that "step well" from one to the other with very little overlap in order to alleviate any significant cross-competition between products. Third, each product line is configurable on one or more of the properties identified by the City of Racine. Finally, each product line will be capable of achieving a successful absorption or sales rate at the assigned rents/prices. While the scale of each development will, in large part, dictate the rate of absorption or sales, the following table provides a general guide for planning purposes.

ABSORPTION / SALES SUMMARY - RECOMMENDED HOUSING PRODUCTS
CITY OF RACINE, WISCONSIN

Product Line	Estimated Total Units Per Development Or Development Area	Monthly Absorption/ Sales Potential (In Units) At Benchmark Rents/Prices[1]
Mid- To Higher-Density Apartments	100-200+	7.0-14.0+
Garden Apartments	150-200+	10.5-14.0+
For Sale Townhomes/Rowhomes	30-60+	1.5-2.5+
For Sale Urban Single Family	20-40+	1.5-2.0+
Midrise Condominiums	40-50+	1.5-2.0+

[1] Actual absorption/sales rate will be dependent upon total unit count within development site or development area, i.e., each actual marketing unit.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK RENTS: MID- TO HIGHER-DENSITY URBAN APARTMENTS
-- 100- TO 200+-UNIT PROTOTYPE PER DEVELOPMENT --
CITY OF RACINE, WISCONSIN

Product Line Summary

Product Form:	***Multiple Residential Floors Over/Around Structured Parking w/Elevator (Possibly Part of a Mixed-Use Building Including Ground Floor Retail)***
Total Units:	***150-200+***
Enclosed Parking:	***150-200+***
Density in Units Per Acre:	***40.0+***
Average Plan Size (Sq. Ft.):	***850***
Average Benchmark Base Monthly Rent (Floor 1 Only):	***$1,698***
Per Sq. Ft.:	***$2.00***
Average Benchmark Monthly Rent (All Floors):	***$1,718***
Per Sq. Ft.:	***$2.02***

Plan Detail

Plan Designation	A	B	C-1	C-2	D	E-1	E-2	E-3	F
Percent Distribution	10.0	15.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0
Plan Type	Studio	Junior 1BR	1BR	1BR	1BR Den	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	--/1.0	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	425	550	650	750	875	1,000	1,100	1,200	1,350
Benchmark Rent Per Floor:(1)									
Floor 4	$1,190	$1,350	$1,475	$1,600	$1,760	$1,970	$2,095	$2,220	$2,410
Floor 3	$1,160	$1,320	$1,445	$1,570	$1,730	$1,940	$2,065	$2,190	$2,380
Floor 2	$1,150	$1,310	$1,435	$1,560	$1,720	$1,930	$2,055	$2,180	$2,370
Floor 1	$1,140	$1,300	$1,425	$1,550	$1,710	$1,920	$2,045	$2,170	$2,360
Average:	**$1,160**	**$1,320**	**$1,445**	**$1,570**	**$1,730**	**$1,940**	**$2,065**	**$2,190**	**$2,380**
Per Sq. Ft.:	**$2.73**	**$2.40**	**$2.22**	**$2.09**	**$1.98**	**$1.94**	**$1.88**	**$1.83**	**$1.76**

Features and Amenities

UNIT STANDARDS

- Painted Trim
- Luxury Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite/Telephone Access
- Carpeting in Bedrooms
- High-Speed Internet Connectivity
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Balcony

KITCHEN FEATURES

- Wood Cabinetry
- Luxury Plank Flooring
- Four Burner Cooktop
- Self Clean Single Oven-Stainless Steel
- Built-In Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent
- Granite or Quartz Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Ceramic Flooring
- Granite or Quartz Vanity Tops
- Wood Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Washer/Dryer (Stacked or Side-by-Side)
- Linen Closet(s)
- Programmable Thermostat
- Storage Lockers

GENERAL BUILDING FEATURES/AMENITIES

- Architecturally-Enhanced Exteriors
- Secured Access Entry
- Community Room w/Kitchen
- Fitness Center
- E-Lounge w/Coffee Bar
- Fireside Lounge & Grilling Stations
- Swimming Pool/Deck Area (Larger Communities Only)
- Pet Spa
- Extensive Landscaping/Hardscaping
- Car Wash Area in Garage
- EV Charging Stations in Garage
- Wi-Fi in All Common Areas
- Enclosed Parking Leased Separately at $75 Per Space

(1) Benchmark monthly rents, which are presented in June 2025 dollars, include premiums for floor (assuming four residential levels); however, they do not include additional floor premiums for buildings with more than five residential levels, nor do they include incremental premiums for corner units or enhanced views. Benchmark rents also exclude enclosed garage parking, application/administration fees, pet fees, storage rental, or utilities, all of which would be separate charges.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK RENTS - TWO-STORY GARDEN APARTMENTS
-- 150- TO 200-UNIT PROTOTYPE PER DEVELOPMENT --
CITY OF RACINE, WISCONSIN

Product Line Summary

Product Form: *Two-Story Garden Apartments (8-, 16- or 24-Unit Buildings with 4, 8 or 12 Direct Access One-Car Garages Per Building)*

Total Units: ***150-200+***

Density in Units Per Acre: ***15.0-18.0***

Average Plan Size (Sq. Ft.): ***950***

Average Benchmark Base Rent w/50 % Garages: ***$1,836***
Per Sq. Ft.: [(1)] ***$1.93***

Plan Detail

Plan Designation	A-1	A-2	A-3	B	C-1	C-2	C-3	D
Percent Distribution	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Plan Type	1BR	1BR	1BR	1BR DEN	2BR	2BR	2BR	3BR
Bedroom/Bath Mix	1/1.0	1/1.0	1/1.0	1+Den/1.0	2/2.0	2/2.0	2/2.0	3/2.0
Unit Size (Sq. Ft.)	600	700	800	900	1,000	1,100	1,200	1,300
Benchmark Base Rent w/o Garage:[(1)]	$1,320	$1,445	$1,570	$1,700	$1,850	$1,975	$2,090	$2,235
Per Sq. Ft.:[(1)]	$2.20	$2.06	$1.96	$1.89	$1.85	$1.80	$1.74	$1.72
Benchmark Base Rent w/ Garage:[(2)]	**$1,445**	**$1,570**	**$1,695**	**$1,825**	**$1,975**	**$2,100**	**$2,215**	**$2,360**
Per Sq. Ft.:[(2)]	**$2.41**	**$2.24**	**$2.12**	**$2.03**	**$1.98**	**$1.91**	**$1.85**	**$1.82**

Unit Features and Community Amenities

UNIT STANDARDS

- Painted Trim
- Plank Flooring in Living Areas
- "White" Interior Paint Finish
- Direct Wire Smoke Detectors
- Cable/Satellite Access
- High-Speed Internet Connectivity
- USB Ports
- Air Conditioning
- Quality Door Hardware
- Quality Lighting Package
- Private Balcony/Patio

KITCHEN FEATURES

- Quality Wood Cabinetry
- Plank Flooring
- Self Clean Range Oven
- Built-In Dishwasher
- Refrigerator with Ice-Maker
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Plank Flooring
- Hard Surface Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND STORAGE

- Walk-In MBR Closet (Per Plan)
- Wire Closet Shelving
- Full Size Washer/Dryer (Stacked or Side-by-Side)
- Storage Area (Either In-Unit or Separate)
- Linen Closet(s)
- Programmable Thermostat

GENERAL BUILDING FEATURES/AMENITIES

- Architecturally-enhanced Exteriors
- Secured Access Entry Per Unit
- Clubhouse w/ Community Room, Kitchen, Fitness Center, E-Lounge, Etc.
- Outdoor Fireside Lounge & Grilling Stations
- Outdoor Swimming Pool/Deck Area
- Dog Park & Dog Washing Station
- Trail System (If Possible)
- Sport Courts/Playground
- Extensive Landscaping/Hardscaping
- Wi-Fi in all Common Areas
- Direct Access Garages at 50%
- Adequate Surface Parking
- Detached Garages @ $75 Monthly Per Space

(1) Benchmark base monthly rents, which are presented in June 2025 dollars, reflect the posted base rents for units without direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, utilities, or detached garages.

(2) Benchmark base monthly rents, which are presented in June 2025 dollars, reflect the posted base rents for units with direct access garages. They do not include potential premiums for corner units, floor or view. They also do not include application/administration fees, pet fees, utilities, or detached garages.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - FOR SALE TOWNHOMES/ROWHOMES
-- 30- TO 60-UNIT PROTOTYPE PER DEVELOPMENT --
CITY OF RACINE, WISCONSIN

Product Line Summary

Product Form:	***Townhomes/Rowhomes***
Garage Condition:	***2-Car (Rear Load)***
Lower Level of Townhomes/Rowhomes:	***Finished***
Density in Units Per Acre:	***12+***
Average Plan Size (Sq. Ft.):	***1,400***
Average Benchmark Base Price: (1)	***$276,990***
Per Sq. Ft.:	***$197.85***
Average Anticipated Closing Price: (2)	***$296,400***
Per Sq. Ft.:	***$211.71***

Plan Detail

Plan Designation	A	B	C
Plan Style	3-Story	3-Story	3-Story
Bedrooms	2	2+Loft+Flex	3+Flex
Baths	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,200	1,450	1,550
Benchmark Base Price:(1)	$264,990	$279,990	$285,990
Per Sq. Ft.:	$220.83	$193.10	$184.51
Anticipated Closing Price: (2)	***$283,500***	***$299,600***	***$306,000***
Per Sq. Ft.:	***$236.25***	***$206.62***	***$197.42***

Features and Amenities

UNIT STANDARDS

- Luxury Plank Flooring in Main Living Areas
- Carpeting in Bedroom Areas
- "White" Interior Paint Finish
- Painted Trim
- Direct-Wire Smoke Detectors Per Code
- Cable/Satellite/Telephone Prewire
- Paneled Doors
- High-Speed Internet Connectivity
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Balcony

KITCHEN FEATURES

- Quality Cabinetry
- Luxury Plank Flooring
- Four Burner Cooktop
- Self Clean Single Oven-Stainless Steel
- Built-In 5-Cycle Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent
- Granite or Quartz Countertops
- Double Bowl Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Ceramic Flooring
- Granite or Quartz Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND LAUNDRY

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Washer/Dryer Hook-Up
- Linen Closet(s)
- Programmable Thermostat

BUILDING FEATURES/AMENITIES

- Architecturally-Enhanced Exteriors
- Extensive Hardscaping/Landscaping
- Finished Lower Level
- Front-Oriented Sidewalks
- Pocket Parks (If Possible)
- Additional Amenities (For Larger Communities)

(1) Benchmark base sales prices, which are presented in June 2025 dollars, do not include options, upgrades or premiums.
(2) Includes an estimate for options, upgrades and premiums, i.e. 7.0 percent above the base sales price.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - URBAN FOR SALE SINGLE FAMILY
-- 20- TO 40-UNIT PROTOTYPE PER DEVELOPMENT--
CITY OF RACINE, WISCONSIN

Product Line Summary

Product Form:	***Single Family***
Lot Dimensions:	***40' x 100'***
Garage Condition:	***2-Car (Rear Load)***
Average Plan Size (Sq. Ft.):	***1,700***
Average Benchmark Base Price: [(1)]	***$339,990***
Per Sq. Ft.:	***$199.99***
Average Anticipated Closing Price: [(2)]	***$367,200***
Per Sq. Ft.:	***$216.00***

Plan Detail

Plan Designation	A	B	C	D	E
Plan Style	Ranch	Ranch	2-Story	2-Story	2-Story (1st Floor MBR)
Bedrooms	2+Den	2 + Flex	3	3 + Flex	3 + Loft
Baths	2.0	2.0	2.5	2.5	2.5
Unit Size (Sq. Ft.)	1,500	1,600	1,700	1,800	1,900
Benchmark Base Price:[(1)]	$321,990	$330,990	$339,990	$348,990	$357,990
Per Sq. Ft.:	$214.66	$206.87	$199.99	$193.88	$188.42
Anticipated Closing Price: [(2)]	***$347,700***	***$357,500***	***$367,200***	***$376,900***	***$386,600***
Per Sq. Ft.:	***$231.80***	***$223.44***	***$216.00***	***$209.39***	***$203.47***

Features and Amenities

UNIT STANDARDS

- Luxury Plank Flooring in Main Living Areas
- Carpeting in Bedroom Areas
- "White" Interior Paint Finish
- Painted Trim
- Direct-Wire Smoke Detectors Per Code
- Cable/Satellite/Telephone Prewire
- Paneled Doors
- High-Speed Internet Connectivity
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Private Patio Area

KITCHEN FEATURES

- Quality Cabinetry
- Luxury Plank Flooring
- Four Burner Cooktop
- Self Clean Single Oven-Stainless Steel
- Built-In 5-Cycle Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent
- Granite or Quartz Countertops
- Double Bowl Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Ceramic Flooring
- Granite or Quartz Vanity Tops
- Quality Cabinetry
- Ceramic Tub/Shower Surround
- Framed Glass Mirror Over Vanity

CLOSETS, UTILITIES, AND LAUNDRY

- Walk-In MBR Closet (Per Plan)
- Laminate Closet Shelving
- Washer/Dryer Hook-Up
- Linen Closet(s)
- Programmable Thermostat

HOME FEATURES/AMENITIES

- Architecturally-Enhanced Exteriors
- Extensive Hardscaping/Landscaping
- Slab-On-Grade (Optional Basements)
- Front-Oriented Sidewalks
- Pocket Parks (If Possible)
- Additional Amenities (For Larger Communities)

[(1)] Benchmark base sales prices, which are presented in June 2025 dollars, do not include options, upgrades or premiums.
[(2)] Includes an estimate for options, upgrades and premiums, i.e. 8.0 percent above the base sales price.

Source: Tracy Cross & Associates, Inc.

PRODUCT CRITERIA AND BENCHMARK PRICES - MIDRISE CONDOMINIUMS
-- 40- TO 50-UNIT PROTOTYPE PER DEVELOPMENT --
CITY OF RACINE, WISCONSIN

Product Line Summary

Product Form:	***Midrise Condominiums (Multiple Residential Floors Over Structured Parking w/Elevator)***
Total Units	***40-50***
Average Plan Size (Sq. Ft.):	***1,317***
Average Benchmark Base Price: [1]	***$365,823***
Per Sq. Ft.:	***$277.77***
Average Anticipated Closing Price: [2]	***$387,800***
Per Sq. Ft.:	***$294.46***

Plan Detail

Plan Designation	A	B	C	D	E	F
Plan Style	Flat	Flat	Flat	Flat	Flat	Flat
Bedrooms	1+Flex	2	2	2+Flex	3	3
Baths	1.5	2.0	2.0	2.5	2.5	2.5
Unit Size (Sq. Ft.)	900	1,100	1,250	1,400	1,550	1,700
Benchmark Base Price:[1]	$254,990	$307,990	$347,990	$387,990	$427,990	$467,990
Per Sq. Ft.:	$283.32	$279.99	$278.39	$277.14	$276.12	$275.29
Anticipated Closing Price: [2]	***$270,300***	***$326,500***	***$368,900***	***$411,300***	***$453,700***	***$496,100***
Per Sq. Ft.:	***$300.33***	***$296.82***	***$295.12***	***$293.79***	***$292.71***	***$291.82***

Features and Amenities

UNIT STANDARDS

- Luxury Plank Flooring in Main Living Areas
- High Quality Carpeting in Bedroom Areas
- "White" Interior Paint Finish
- Painted Trim
- Direct-Wire Smoke Detectors Per Code
- Cable/Satellite/Telephone Prewire
- Paneled Doors
- High-Speed Internet Connectivity
- Air Conditioning
- Designer Door Hardware
- Designer Lighting Package
- Large Private Balcony

KITCHEN FEATURES

- Quality Cabinetry
- Luxury Plank Flooring
- Four Burner Cooktop
- Self Clean Single Oven-Stainless Steel
- Built-In 5-Cycle Dishwasher-Stainless Steel
- Refrigerator with Ice-Maker-Stainless Steel
- Garbage Disposal
- Microwave with Vent
- Hard Surface Countertops
- Double Bowl Stainless Steel Sink

BATH/POWDER ROOM STANDARDS

- Ceramic Flooring
- Hard Surface Vanity Tops
- High-End Cabinetry
- Ceramic Tub/Shower Surround
- Custom Mirror Over Vanity

CLOSETS, UTILITIES, AND LAUNDRY

- Walk-In MBR Closet (Per Plan)
- Custom Closet Shelving
- Washer/Dryer Hook-Up
- Linen Closet(s)
- Programmable Thermostat

HOME FEATURES/AMENITIES

- Architecturally-Enhanced Exteriors
- Extensive Hardscaping/Landscaping
- Rooftop Terrace w/Fireside Grill
- Fitness Center
- Library/Lounge
- 1 Enclosed Parking Space Included in Base Price (Additional Parking Sold Separately at $30,000 Per Space)

[1] Benchmark base sales prices, which are presented in June 2025 dollars, do not include options, upgrades or premiums.
[2] Includes an estimate for options, upgrades and premiums, i.e. roughly 6.0 percent above the base sales price.

Source: Tracy Cross & Associates, Inc.

The forecasts presented in the previous table assume a 3- to 4-month pre-leasing period for any apartment community (prior to initial deliveries), along with a similar pre-sale period for the ownership units. They also assume professional, aggressive, and all-encompassing marketing/leasing/sales campaigns and a continuous construction cycle/delivery schedule of all products

MARKET POSITIONING

Please note that the benchmark rents/prices for the suggested housing products outlined in Exhibits 15 through 19 have been *carefully* established so that each product line can penetrate the bulk of the new construction housing market based, primarily, on area incomes and with a close eye to competitive substitution. In reference to the latter, the two apartment products have been positioned generally consistent with the newest market rate communities in Racine County (and downtown Racine) as depicted in **Exhibits 20 and 21**, albeit slightly higher considering the likely placement of these products on premium sites in downtown Racine and the lakefront. At the same time, the two rental product lines will occupy competitive value positions when cast against like Class A projects to the south in Kenosha County and to the north in southern Milwaukee County, i.e., Oak Creek and St. Francis. As such, market comparable absorption rates have been assigned.

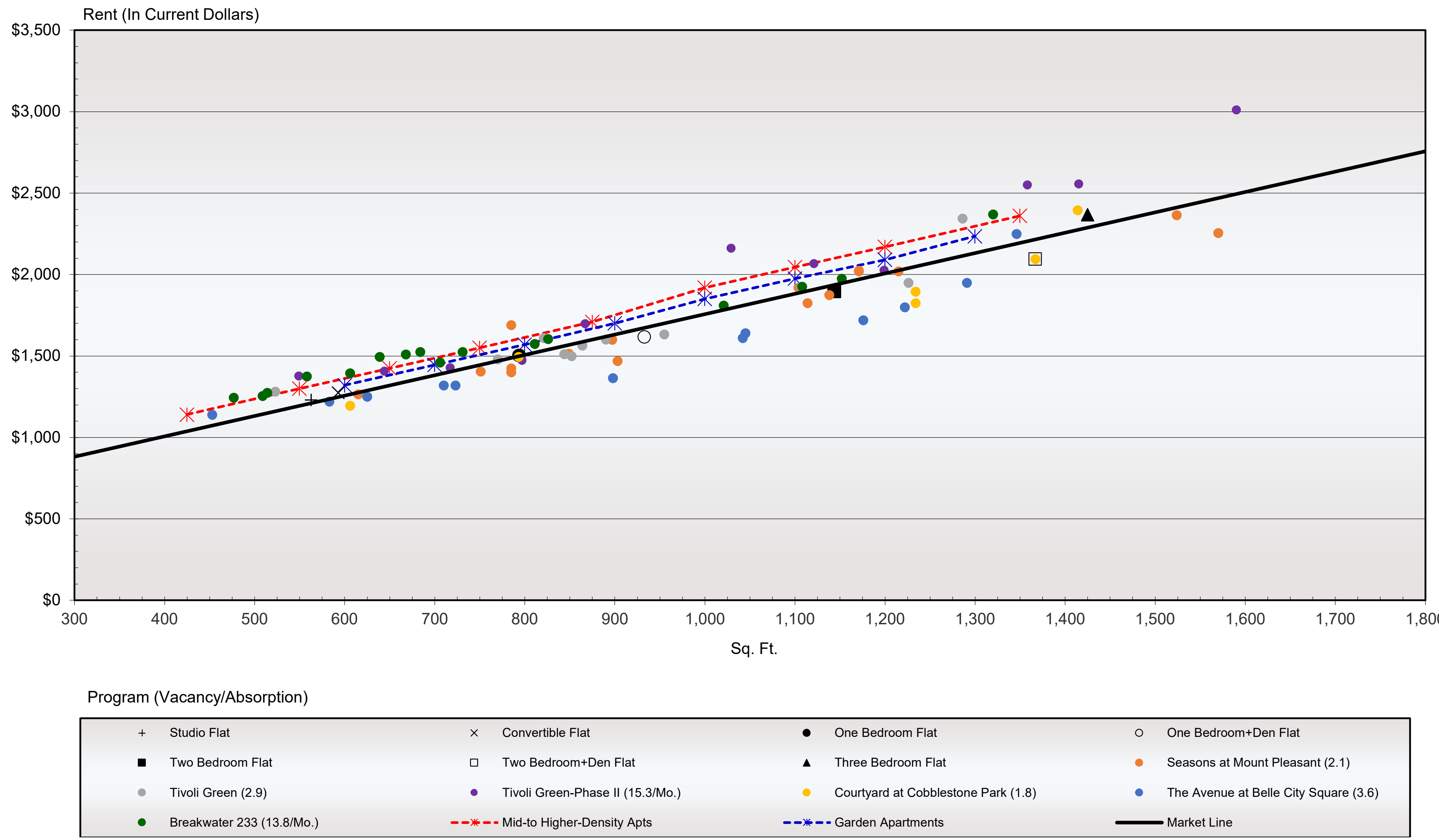
The townhome/rowhome and narrow lot single family for sale products, on the other hand, will occupy lower/more competitive value positions when cast against current new construction developments elsewhere in Racine County given the higher price points currently represented in this sector of the market, while also considering the likelihood that these idioms will be developed on internal/infill sites in the city of Racine outside of the downtown area. With price points in direct alignment with the qualitative distribution of mainstream/middle market incomes, these product lines can expect higher absorption rates than what is typically seen among area developments, especially considering the lack of competitive substitution at benchmark prices. In other words, the more value-oriented nature of the for sale products will allow for 18-30 sales on an annual basis per series/per development – in a market where the typical annual sales rate hovers at 12 units annually *or lower*.

The midrise condominiums, which are expected to occupy premium locations along the lakefront in downtown Racine, have been priced roughly 15 percent higher than resale counterparts at developments such as Gaslight Pointe, The Atwater and Lakeshore Towers where 13 closings were recorded in 2024 at an average closing price of $340,975 for 1,435 square feet, or $237.61 per square foot. At these three developments, condominium resales turn rather quickly with the average days on market standing at just 19 in 2024. Among the newest of the group, i.e., The Atwater (circa, 2007), the average resale closing price in 2024 stood at $375,000 for 1,521 square feet, or $246.55 per square foot. Here, the average market time was just 14 days.

A DISCIPLINE APPROACH TO PRODUCT DEVELOPMENT

To achieve the rents/prices (and absorption) outlined for each product line, especially the mainstream townhome/rowhome and single family series, it will be important for stakeholders to work closely with builders/developers so that the recommendations are understood and embraced. Specifically, builders/developers (and governing bodies) will need to think differently in terms of product design in order to *substantially reduce costs*, a key component to meeting the price requirements. Provided below are number of guiding principles for bringing properly positioned conventional, mainstream housing to market, especially as it relates to the townhome/rowhome and single family products:

Rent/Value Analysis
Selected Apartment Communities
Racine County, Wisconsin



Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.

Source: Tracy Cross & Associates, Inc.

2025.06 AVG

Rent/Value Analysis
Selected Apartment Communities
Racine County, Wisconsin

Plan Size (Sq. Ft.)	Average Market Rent
300	$882
400	1,007
500	1,132
600	1,257
700	1,382
800	1,507
900	1,632
1,000	1,757
1,100	1,882
1,200	2,007
1,300	2,132
1,400	2,257
1,500	2,382
1,600	2,507
1,700	2,632

Slope: $1.25 per sq. ft.

Program/Location	Year Built	Total Units	Average Plan Size (Sq. Ft.)	Average Posted Base Rent: Dollars	Average Posted Base Rent: Rent per Sq. Ft.	Average Base Market Rent	Price Variance From Market	Vacancy Rate / Absorption (Units/Mo.)
[1] Tivoli Green-Phase II/Mount Pleasant	2024	180	944	$1,834	$1.94	$1,687	$+147	15.3/Mo.
Suggested Mid- To Higher-Density Apts	---	---	***850***	***1,698***	***2.00***	***1,570***	***+128***	---
Breakwater 233/Racine	2024	203	813	1,615	1.99	1,523	+92	13.8/Mo.
[1] ***Suggested Garden Apts***	---	---	***950***	***1,773***	***1.87***	***1,695***	***+78***	---
[1] Tivoli Green/Mount Pleasant	2020	278	902	1,637	1.81	1,635	+2	2.9
---- Market Average ----	---	---	***926***	***1,665***	***1.80***	***1,665***	***0***	***2.4 / 14.6/Mo.***
Courtyard at Cobblestone Park/Sturtevant	2023	228	996	1,728	1.73	1,752	-24	1.8
[1] Seasons at Mount Pleasant/Mount Pleasant	2022	280	1,000	1,726	1.73	1,757	-31	2.1
The Avenue at Belle City Square/Racine	2023	84	878	1,500	1.71	1,605	-105	3.6

[1] Development includes an attached garage in some or all of its units. For these apartments, an adjustment has been made (for analytical purposes only) so that all developments can be assessed as if garages were optional.

Source: Tracy Cross & Associates, Inc.

- Each product line must be efficient and cost effective to build from a design standpoint (i.e., value engineered). This can be achieved while still offering functional/desirable floorplan alternatives.

- The basis for design should be modeled after box-on-box/four-corner construction with no wasted space; however, exterior elevations should still be very appealing. Referring to the latter, a strong use of colors *not materials* is but one example of how quality can be portrayed to the consumer. This has been accomplished in numerous communities throughout the U.S. To reiterate, by creating value-oriented floor plans, we are not suggesting that quality be minimized, nor is there implication that overall curb appeal be comprised. It simply needs to be accomplished strategically "behind the scenes."

  Provided below is an example of a townhome/rowhome floor plan that portrays efficiency in design:

- Once value-engineering has taken place, and efficient/cost effective housing units/buildings are designed, these efficiencies must be conveyed to all subcontractors for bidding and construction purposes.

PRODUCT/RENT/PRICE CLARIFICATIONS

Please keep in mind that while our product guidelines are very specific, and represent those market driven mid- to higher-density alternatives that could/should be introduced in the city of Racine. there are a number of derivatives to each of the recommended generic forms that could evolve through the design efforts of individual builders/developers – or through the overall implementation process. However, when considering any derivatives during the planning process, it is still important to follow the general parameters outlined for each of the recommended products relative to unit types, bedroom counts, rents, prices, etc., in order to ensure acceptable absorption and/or sales, and most importantly, the appeal to the mainstream or middle of the market.

In addition, consideration can certainly be given to the introduction of other generic forms on the basis of the imbalance that exists market-wide between supply and demand – but done so with the same general planning strategy in mind – that being differentiation, efficiency, tasteful architecture, and rent/price positioning. For instance, ranch villas/duplexes, while not a mid- to higher-density idiom per se, are in high demand, provided they are positioned properly.

As it relates to rents/prices, differentials can be expected between site locations (and environments) given the diversity of downtown and the lakefront compared to more internal/infill locations, although still remaining with a reasonable range of the parameters provided.

GEOGRAPHIC POSITIONING

Given such significant supply-side constraints in the new construction housing market (i.e., deficiencies in supply for properly positioned product), practically any suitable site location within the city of Racine could be considered for one of the suggested residential product lines, or a derivative of the recommended core products.

However, focusing specifically on the City of Racine's identified properties (as outlined earlier), and after carefully assessing the size, location and surrounding environments of each site, the following text table provides a general guide for marrying the products to the properties based upon a logical/practical progression of the continuum.

GEOGRAPHIC POSITIONING STRATEGY - A GUIDE
INVESTIGATIVE PROPERTIES: RACINE, WISCONSIN

Property Designation	Acreage	Product Line(s) for Initial Consideration
3700 Northwestern	4.750	Mid- To Higher-Density Apartments
4801 Washington	7.000	Garden Apartments or a Combination of For Sales Townhomes/Rowhomes and Urban Single Family
500 Walton & 2138/2214 Wisconsin	1.890	For Sale Townhomes/Rowhomes and/or Urban Single Family
1653 Main	0.594	Mid- To Higher-Density Apartments
31129 Michigan & 90 Reichert	10.400	Multiple Products (Mid- To Higher-Density Apartments, Midrise Condos, Etc.)
32 Main	4.153	Mid- To Higher-Density Apartments and/or Midrise Condos
401 Wisconsin	1.052	Mid- To Higher-Density Apartments or Townhome/Rowhomes
608 Wisconsin	0.785	Mid- To Higher-Density Apartments
725 Lake	1.633	Midrise Condominiums

Source: Tracy Cross & Associates, Inc.

CLOSING REMARKS

Even with a disciplined planning and design approach for all products, it is possible that some incentives or concessions might also be necessary to bring the *products* (as positioned) to market, especially among for sale alternatives. While this will need to be determined through the planning process, it should be given due consideration. For the rental products, it is unlikely that any type of heavy incentive/concession would be required at benchmark rents as they are more consistent with new/newer market comparables, although rising construction costs may also require some assistance in this regard.

Examples of the types of incentives being utilized by others to bring the gap between costs and "needed" housing prices include Tax Increment Financing (TIF) and/or land subsidies or land subordination, i.e., reducing the cost of land or eliminating the cost whatsoever. Also, raising funds from major employers to assist in the cost of development (i.e., the Sheboygan County approach) is yet another example to bring mainstream product to market, along with down-payment assistance programs for the end consumer.

CERTIFICATION AND SIGNATURE

This analysis represents our objective and independent opinion regarding new construction housing potentials throughout the city of Racine as certified below:

TRACY CROSS & ASSOCIATES, INC.
An Illinois Corporation

By:____________________
Erik A. Doersching
Its: President & CEO

Date: June 17, 2025

GENERAL LIMITING CONDITIONS

Tracy Cross & Associates, Inc. has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with developers/property managers and their agents, government officials, and other third parties. Although Tracy Cross & Associates, Inc. believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information provided by third parties.

Conclusions and recommendations established in this analysis represent a professional opinion and are based upon forecasts into the future which could be significantly altered by outside occurrences. These include, among others, the possible interplay of unforeseen social, economic, physical/environmental, and governmental actions. In this regard, Tracy Cross & Associates, Inc., its owners, and its employees shall be held harmless of changes in conditions that may materially result from these occurrences.

TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS
1375 E. WOODFIELD ROAD, SUITE 520
SCHAUMBURG, IL 60173
847.925.5400 / info@tcrossinc.com
www.tcrossinc.com