

## **CHAPTER 2**

### **MADISON GENERAL MARKET AREA ANALYSIS**

Local market area characteristics influence the demand potential for convention centers and hotels. This section profiles the metropolitan area, and characteristics of the area that affect the hotel and convention industry and also provides a brief overview of the economic characteristics of the market.

#### **Overview**

The City of Madison, Wisconsin is part of the Madison Metropolitan Statistical Area (MSA) located in south central Wisconsin. The Madison MSA includes the Wisconsin counties of Dane, Columbia, and Iowa. The Madison Combined Statistical Area, which ranks 31st in U.S. with a 2007 population of 614,073, includes the Baraboo (Sauk county) Micropolitan area.

#### *Brief History*

Before the arrival of European settlers, the Madison area was home to Native Americans for nearly 12,000 years. Beginning in 1837, Yankee, English, Irish, German and Scandinavian settlers flocked to the rapidly growing community named for James Madison. Known for its natural beauty and healthful conditions, Madison's designation as the capital of Wisconsin guaranteed its growth as a center of state politics and education. By the time Madison became a city in 1856, the community had grown to more than 9,000 residents. The state's university was founded there in 1849, one year after statehood.

Madison was created in 1836 when former federal judge James Duane Doty purchased over a thousand acres of swamp and forest land on the isthmus between Lakes Mendota and Monona within the Four Lakes region, with the intention of building a city on the site. He lobbied that the site was central to Wisconsin's most important and oldest cities, Milwaukee, Prairie du Chien, and Green Bay. He also named streets for the 39 signers of the Constitution, and gave plots of land to state officials in exchange for making his planned new town the state's capital city.

Madison has grown as a government and higher education center in the last 150 years. Today it is the state's second largest city, metropolitan area, and routinely ranks at the top of national livability ratings.

#### **Regional Access**

Madison is located between the major metropolitan cities of Chicago and Minneapolis-St. Paul, Minnesota on Interstates 90 and 94, designations that run concurrently on the same roadway with the north-south interstate 39. I-90 is a

major coast-to-coast highway connecting Boston and Seattle. I-94 generally runs a northern parallel route to I-90, from Detroit to where I-90 once again meets it at Billings, MT. I-39 acts as a north-south regional highway connecting a series of small and mid-sized cities from far northern Wisconsin southward to central Illinois.

The city lies one hour (by highway) west of the large and industrial Milwaukee metropolitan area. Madison is a kind of central crossroads for the state's population, which is denser in the south and east parts of the state, than north and west. The state of Wisconsin has encouraged this pattern of travel in recent years by extending freeways to the southwest to Dubuque, Iowa and points west, and to the northeast connecting to the populated region consisting of Fond du Lac, Oshkosh, Appleton (Fox Cities), and Green Bay.

The figure below shows a map of the region.

**Figure 2-1**



### *Airport Access*

The region's airport, the 11-gate Dane County Regional Airport (MSN) is home to just over 50 daily departures flying to fifteen cities, on six different airlines. In 2006 the airport recorded 803,000 enplanements, making it the second largest airport in the state after Milwaukee. Because larger cities are a relatively short drive away, Chicago's airports (ORD and MDW) and Milwaukee's airport (MKE) serve the Madison area population as well. The following six airlines service the Dane County Regional Airport:

- American Eagle
- Continental Express
- Midwest Connect
- Northwest Airlines
- Delta Connection
- United Express

The airport began construction in fall 2007 on a \$30 million project to add a three-story parking ramp to the existing ramp and a new, "green" exit plaza. The 500,000-square foot ramp will be adjacent to the existing ramp, adding 1,200 parking spaces to meet current and expected demand for close-in parking.

A study released by the U.S. Department of Transportation's Bureau of Transportation statistics show that in the first quarter of 2007, airfare rose 4.4 percent nationwide, one of the highest increases on record. However, the issue of most concern to Madison is that of the top 100 airports based on originating passengers, Madison had the third highest average air fare. Additionally, residents and businesses feel frustration that Dane County Regional Airport offers far fewer direct flight destinations than Chicago O'Hare, Midway, or Milwaukee's Mitchell International Airports. Each of those airports is a 1 1/2 to 2 1/2-hour drive from Madison.

Another recent trend does not favor small-to-middle sized airport markets such as Madison. As many airlines are forced to cut costs, they are cutting service to more and more cities. Many commercial airlines have gone out of business altogether, meaning Madison's chances of gaining direct service to more cities is not likely in the current economy.

## **Economic and Demographic Overview**

The following text and tables summarize important characteristics of the local market defined by various geographical regions such as the city of Madison, Dane County, and the Madison MSA. These characteristics will help define the strength of the market, and will support the demand projections developed later in this report.

### *Population*

A strong population base is important to the success of a convention center and full-service hotel because a share of its users will be local businesses and residents, especially regarding amenities such as function space. In the case of a hotel, other amenities (such as a restaurant) will also be used by locals.

Table 2-1 shows the population characteristics of the region, state, MSA and County.

**Table 2-1**

<b>Madison, WI MSA, and State Population and Growth Rates</b>				
	Population			Percent Change 2000-2007
	1990	2000	2007	
United States	248,709,873	281,421,906	299,389,484	6.0%
State of Wisconsin	4,891,769	5,363,675	5,601,640	4.2%
State of Illinois	11,430,602	12,419,293	12,852,548	3.4%
State of Iowa	2,776,755	2,926,324	2,988,046	2.1%
Madison Combined Metro	479,298	556,999	614,103	9.3%
Sauk County	46,975	55,225	58,447	5.5%
Madison MSA	433,797	504,073	547,869	8.0%
Columbia County	45,088	52,468	55,280	5.1%
Dane County	367,085	426,526	476,785	10.5%
Iowa County	20,150	22,780	23,561	3.3%
<b>City of Madison</b>	<b>191,262</b>	<b>207,054</b>	<b>228,775</b>	<b>9.5%</b>
City Pop. As % of MSA	44.1%	41.1%	41.8%	

Source: U.S. Census Bureau, HSP

The State of Wisconsin and much of the Midwest experienced moderate population growth from 1990 to 2007. Wisconsin surpassed the other states in the region in terms of growth. The metropolitan area population increased 8.0 percent in the past seven years, faster than the state and nation. Impressively, Dane County increased its population by 10.5 percent in the past seven years. Since 1990, it has added approximately 110,000 citizens. The city has grown almost as quickly, but this is due to a combination of natural growth and annexation. Regardless, the city continues to grow and prosper.

As stated, Madison continues to annex unincorporated surrounding areas, as do several suburban satellite communities such as Sun Prairie, Fitchburg, Waunakee, De Forest, McFarland, Middleton, Verona, and Cottage Grove.

### *Diversified Economy*

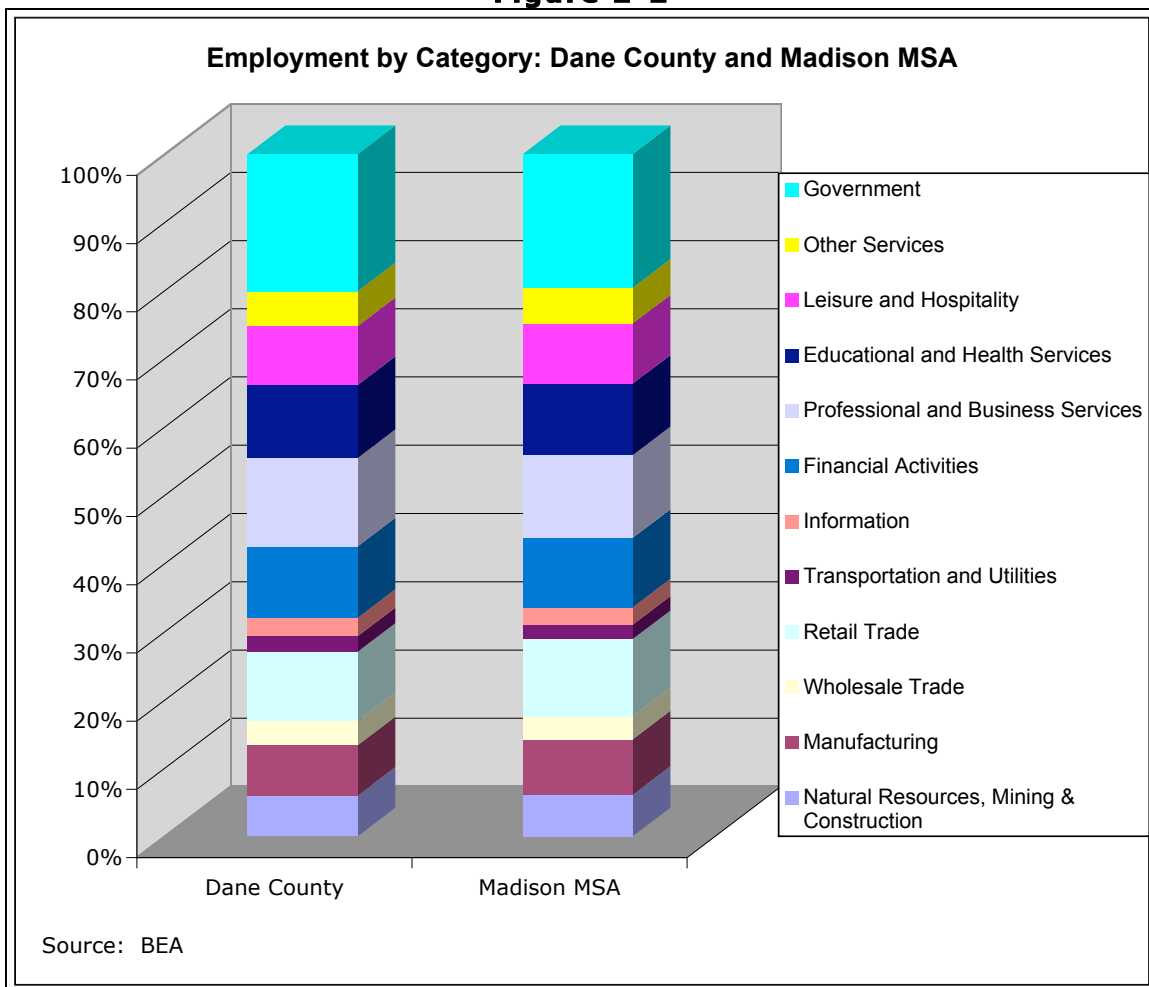
A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns. Markets that have historically relied on one sector, such as manufacturing, have often had difficulty recovering from market shifts to other sectors, which lead to an overall loss of local income and employment. This situation will often lead to declining population trends, as has been the case in many industrial cities, as residents move to other areas with better opportunities. This has happened in many Great Lakes states' manufacturing cities, including Milwaukee, Racine, Kenosha, WI, and Rockford, IL.

However, this is not the case for the Madison MSA. Heavy industry and manufacturing have never been a large part of the employment base. Instead, the

city has relied both on government and education, two relatively recession-proof revenue and job sources. Other prominent areas of employment include insurance and service-oriented companies, and high-tech and bio-technology firms that are located in Madison as a direct or indirect result of their proximity to the University of Wisconsin-Madison.

The figure below shows the diversification of the Madison MSA and Dane County employment totals, as provided by the Bureau of Economic Analysis (BEA).

**Figure 2-2**



As shown, employment in the Madison Metropolitan Statistical Area has several large components: Government, Professional and Business Services, Retail, Educational and Health Services, Financial Activities, and Leisure and Hospitality. The MSA is very consistent with Dane County terms of employment. Government accounts for about 20 percent of the local employment base due to being the seat of Wisconsin state government. Just a few blocks away, the University of Wisconsin-Madison, a

nationally respected institution of education and research, is the state's largest university, with over 41,400 students. The state government and university both flavor the city with a very high education level, which is reflected in the number of bookstores, publishers, and coffee shops. As a result, there is a strong representation in the Professional and Business Services sector, and education and Health Services sectors.

In terms of educational attainment, 48.2 percent of adults have a bachelors degree or higher and 20.9 percent have a graduate or higher degree, both very impressive figures relative to the U.S. (26.2 percent of U.S. adults have a bachelors or higher and 8.7 percent have a graduate or higher degree). Madison had the highest percentage of Ph.D.s in the nation according to Forbes Magazine in 2004, and the 3<sup>rd</sup> highest percentage of adults holding bachelors degrees or higher.

This high level of education provides the local workforce with a wealth of opportunity and as such, the local population is more educated than most other communities in the U.S.

## **Income and Employment**

The depth and strength of a market's employment base and income levels is a strong indicator of its potential ability to support a convention hotel. In general, higher income levels indicate a high quality base of employers, which create demand generators for meeting space and hotel room nights via corporate transient and group visitors.

Markets with more wealth also tend to be attractive regionally and nationally for events as such populations are more likely to support trade and consumer shows, concerts, educational events and other public events. In addition, an educated and wealthier community is more likely able to have the public resources to provide meeting facility amenities, such as Monona Terrace. Less wealthy markets will have less disposable income available to spend on special events, for example, and would generally be expected to provide a lower level of attendee demand. Indicators of a market's overall wealth and growth can include trends in its income and employment.

The following table summarizes the historical growth in income and employment in the Madison MSA from 1998 through 2005, based on the latest data provided by the Bureau of Economic Analysis.

**Table 2-2**

Madison MSA Income and Employment						
Year	Non-Farm Income		Non-Farm Employment		Income/ Employed	
	\$ (000s)	% Change	Employed	% Change		% Change
1998	\$14,409,598	--	371,810	--	\$38,755	--
1999	\$15,129,860	5.0%	382,141	2.7%	\$39,592	2.2%
2000	\$16,402,102	8.4%	390,311	2.1%	\$42,023	6.1%
2001	\$17,151,219	4.6%	397,700	1.9%	\$43,126	2.6%
2002	\$17,922,484	4.5%	402,459	1.2%	\$44,532	3.3%
2003	\$18,597,090	3.8%	407,815	1.3%	\$45,602	2.4%
2004	\$19,529,877	5.0%	419,320	2.7%	\$46,575	2.1%
2005	\$20,616,682	5.6%	429,286	2.3%	\$48,026	3.1%

Source: Bureau of Economic Analysis, HSP

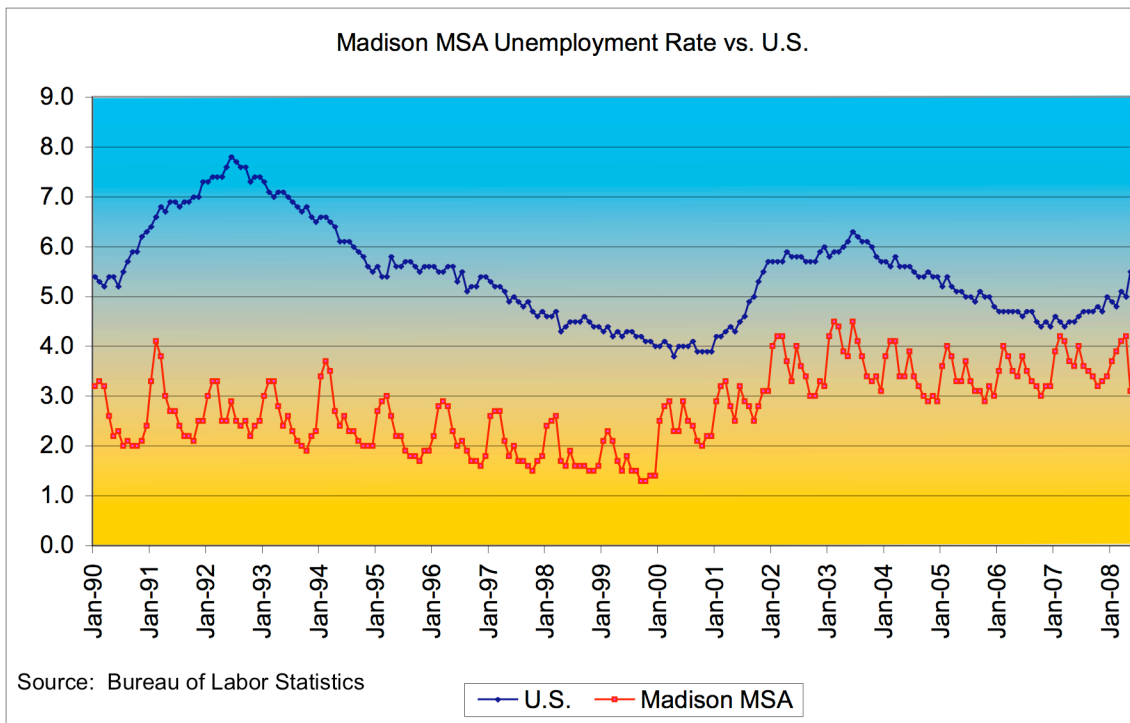
While the rate of growth has varied, each year since 1998 has shown an increase in income. Non-farm employment increased at a slower rate each year as well (leading to increased income per employee).

### *Unemployment*

The figure below shows the unemployment rate in Madison in comparison to the national rate for 1995 through 2007.



**Figure 2-3**



The unemployment rate for Madison was below the average for the entire country from 1995 through 2008. The seasonal range of unemployment has generally oscillated between 1 and 2 percent throughout each year, largely because of the college student population. Generally, unemployment in Madison is lower than the U.S. rate by a full 1.5-to-2.5 percent, and is remarkably stable from year to year. However, since 2000, local unemployment has been approximately one percent higher than pre-2000 levels, but more stable. Nevertheless, Madison’s unemployment rate remains lower than the national average. The steadily growing economic base has been able to provide employment for the influx of new residents, and keep pace with the historically substantial average family income.

*Income*

Residents’ effective buying income helps to demonstrate the amount of disposable income that is available locally. Effective Buying Income is income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Considered a bulk measurement of market potential, EBI indicates the ability to buy, and is essential for selecting, comparing, and grouping markets. Markets with higher EBI are important for hotels because the local population often attends and/or hosts events in function spaces, eats in hotel restaurants, and have outside functions catered by hotels or served by convention facilities. They also may

participate in putting up friends and families in hotel rooms when visiting. Effective Buying Income data is shown in the table below.

**Table 2-3**

<b>Effective Buying Income (EBI) 2005</b>			
	<b>Madison MSA</b>	<b>State of Wisconsin</b>	<b>United States</b>
<b>Total EBI (000)</b>	\$12,420,128	\$101,998,791	\$5,692,909,567
<b>Median Household EBI</b>	\$42,666	\$38,991	\$39,324
<b>EBI Group</b>			
Under \$20,000	16.9%	19.6%	21.5%
\$20,000-\$34,999	21.6%	23.5%	22.5%
\$35,000-\$49,999	22.3%	22.9%	19.3%
\$50,000+	39.2%	34.0%	36.7%
Source: Sales and Marketing Management			

As the table shows, Madison had a total effective buying income (EBI) of \$12.4 billion and a median household EBI of \$42,666 in 2005. This median EBI is higher than the State of Wisconsin as a whole (and the United States). The number of households with an EBI over \$50,000 is 39.2 percent, compared with just 34.0 percent in the state.

While college students tend to raise the level of cultural activity and awareness in the host city, they also tend to bring the average and median household income levels down, as they earn very little as a group. Typically, cities with a large number of college students will have a disproportionately high percentage of households at the lower end of the income scale. While that population segment exists in Madison, the 41,000 students at UW-Madison are a small segment compared to the entire metropolitan area of 547,869.

Traditional "college towns" such as Iowa City, IA, Columbia, MO, Bloomington, IN, Lawrence, KS, and State College, PA, are all small metro areas of between 100,000 and 175,000 including the 30,000 to 40,000 students, making up very large portions of that city's smaller metro populations. Thus the archetypal "college town" has a large percentage of low-income residents, and the city's entire EBI lags behind. How Madison differs is that it has a much larger, rapidly growing and healthy white-collar bio-research and service-oriented employment base that more than compensates for the lack of income in the student population. The power of the university lies in the concentration of students and resulting sports, arts and culture, and that is one of the major reasons these companies reside in the Madison area. The area attracts a highly educated and a more socially sophisticated workforce, thereby encouraging local companies to stay in Madison while becoming more competitive in their field.

The following table ranks U.S. metropolitan areas in terms of its Effective Buying Income.

**Table 2-4**

<b>Effective Buying Income by Designated Market Area - 2007- Ranked by EBI per Household</b>					
<b>Designated Media Area</b>	<b>Rank of Total Spending</b>	<b>% of U.S. Spending</b>	<b>Effective Buying Income/ Household</b>	<b>Index (Percent of National Average)</b>	<b>EBI/HH Rank</b>
San Francisco-Oakland-San Jose, CA	6	2.29	\$76,238	142	1
Washington, DC (Hagerstown, MD)	9	2.04	\$72,753	135	2
New York, NY	1	6.92	\$65,043	121	3
Boston, MA (Manchester, NH)	7	2.06	\$64,508	120	4
Monterey-Salinas, CA	124	0.24	\$63,773	119	5
Anchorage, AK	150	0.14	\$63,395	118	6
Chicago, IL	3	3.22	\$61,811	115	7
San Diego, CA	27	1.00	\$61,658	115	7
West Palm Beach-Ft. Pierce, FL	38	0.62	\$61,760	115	7
Denver, CO	18	1.26	\$60,505	113	10
Baltimore, MD	24	0.95	\$60,626	113	10
Hartford & New Haven, CT	29	0.87	\$60,166	112	12
Juneau, AK	207	0.02	\$60,417	112	12
Los Angeles, CA	2	5.91	\$59,731	111	14
Dallas-Ft. Worth, TX	5	2.21	\$59,743	111	14
Santa Barbara-Santa Maria-San Luis Obispo, CA	122	0.22	\$59,490	111	14
Philadelphia, PA	4	2.61	\$59,003	110	17
Seattle-Tacoma, WA	14	1.52	\$59,201	110	17
Austin, TX	51	0.55	\$59,064	110	17
Ft. Myers-Naples, FL	63	0.38	\$58,793	109	20
Honolulu, HI	73	0.43	\$58,828	109	20
Atlanta, GA	8	2.04	\$57,989	108	22
Houston, TX	10	1.93	\$58,048	108	22
Detroit, MI	11	1.67	\$57,975	108	22
Minneapolis-St. Paul, MN	15	1.47	\$57,812	108	22
Reno, NV	110	0.24	\$57,870	108	22
Fairbanks, AK	203	0.03	\$58,084	108	22
Las Vegas, NV	43	0.62	\$56,731	106	28
Phoenix, AZ	12	1.60	\$55,471	103	29
Sacramento-Stockton-Modesto, CA	20	1.33	\$54,767	102	30
Richmond-Petersburg, VA	59	0.45	\$54,880	102	30
Charlottesville, VA	181	0.07	\$55,025	102	30
Palm Springs, CA	144	0.14	\$54,208	101	33
Miami-Fort Lauderdale, FL	16	1.43	\$53,940	100	34
Cincinnati, OH	33	0.76	\$53,988	100	34
Salt Lake City, UT	35	0.90	\$53,875	100	34
Kansas City, MO	31	0.78	\$53,425	99	37
St. Louis, MO	21	1.06	\$52,571	98	38
Jacksonville, FL	49	0.56	\$52,660	98	38
Milwaukee, WI	34	0.75	\$52,178	97	40
Providence, RI-New Bedford, MA	52	0.54	\$52,214	97	40
Indianapolis, IN	26	0.90	\$51,523	96	42
Madison, WI	85	0.31	\$51,388	96	42

Source: Nielsen Media Research

As the table shows, the Madison Market Area had a median household EBI of \$51,388, ranking 42<sup>nd</sup> out of 210 metropolitan areas, slightly below the national average of \$53,900, but well above the vast majority of metro areas.

*Corporate Presence*

In general, a market’s corporations will provide event demand for convention centers and hotels via individual corporate transient travel, group training, new product launches, off-site meetings, banquets, and other events.

Table 2-5 shows the largest employers in the Madison MSA, by number of full-time employees.

**Table 2-5**

<b>Madison, WI Largest Employers (1,000 +)</b>		
<b>Name</b>	<b>Industry</b>	<b># of Employees</b>
State of Wisconsin	Government	15,500
University of Wisconsin	Education	13,695
UW Hospital	Health Care	10,299
Madison Metropolitan School District	Education	6,545
Mercy Health Systems	Health Care	3,844
Dean Health Systems	Health Care	3,607
Meriter Health Systems	Health Care	3,470
City of Madison	Government	3,000
Epic Systems	Health Care Information	3,000
UW Hospital Foundation	Health Care	2,987
General Motors	Automotive	2,799
St. Mary's Hospital	Health Care	2,677
Kraft/Oscar Mayer Foods	Food	2,200
CUNA Mutual Group	Financial Services	2,150
Wilderness Hotel and Golf Resort	Hotel	1,600
Covance	Pharmaceuticals	1,575
Ho-Chunk Nation	Hotel	1,399
TDS Telecom	Telecommunications	1,200
Kalahari Resort	Hotel	1,127
Stoughton Trailers	Transportation	1,100
Beloit Memorial Hospital	Health Care	1,100

Source: Madison.com

The State of Wisconsin is the largest employer in the MSA, with approximately 15,500 employees. The City of Madison employs an additional 3,000 workers. Furthermore, the University of Wisconsin- Madison employs a total of 13,695, of which 2,060 are faculty. The private-sector major employers are dominated by bio research and hospital facilities, a growing consumer service industries sector, and the remainder represent a balanced family of companies from food processing (especially Kraft/Oscar Mayer), to casinos and resorts, particularly in the Wisconsin Dells area in the northern reaches of the metropolitan area.

### Higher Education

The presence of colleges, universities, and educational institutions can serve not only as a demand base for hotels, but also a source of event demand for hotel function space.

The largest institution is the University of Wisconsin - Madison, with a student body of over 41,000, about 29,000 of which are undergraduates. UW routinely ranks as one of the nation's foremost public research universities, as well as ranking in the top 10 best public universities according to *U.S. News and World Report* in 2008. The university's influence on Madison's overall culture cannot be overstated, as the region's economics, arts scene, well-known college sports culture, and quality of life are generally regarded as the result of the campus's presence. About 48.2 percent of Madison's population over age 25 holds a bachelor's degree or higher, and Madison has the highest percentage of Ph.D.s in the nation according to *Forbes Magazine* in 2004, and the 3<sup>rd</sup> highest percentage of adults holding bachelors degrees or higher.

The University of Wisconsin is experiencing a great deal of growth and development. University representatives indicated that that the University is experiencing its largest building boom since the 1960's and the growth is guided by a comprehensive master plan. Below is a list of some of the development projects underway at UW.

- Work on the \$144 million Interdisciplinary Research Complex adjacent to UW Hospital and Clinics is nearing completion.
- The retail and housing portions of the University Square redevelopment have recently opened, with the university's \$57 million wing opening in January 2009. The campus portion will house student services including University Health Services, and offices for the registrar, bursar, financial services and a student activity center.
- A \$17.5 million renovation of Sterling Hall is to be completed by April 2010.
- A warehouse near Kohl Center is currently undergoing an \$8.8 million renovation to create instructional labs and studio space for the art program.
- The \$40 million addition to Grainger Hall, designed to house the School of Business' MBA program and Executive Education programs, has recently opened.
- A \$33.4 million expansion and renovation of the Education Building is scheduled to begin in September and be finished by September 2010.
- A \$117 million project that will create a new biochemistry building begins in the fall. The project will involve demolition of a 1956 wing of the biochemistry complex and construction of an eight-story tower.
- Work has begun to renovate the Washburn Observatory. Financed by \$2.5 million in gift funds, the renovation should be complete by May 2009.

- Groundbreaking was held this spring for the Wisconsin Institute for Discovery and the Morgridge Institute for Research, the public-private initiative designed to promote interdisciplinary research. The institute is set to open in late 2010.
- Scheduled to open in 2011, the new Union South building will be an upgraded facility from the previous Union South. The building will include a variety of uses including meeting space, retail, a theater and possible 60-room hotel.

Edgewood College, a small Dominican Catholic liberal arts college, Madison Area Technical College, the largest of the state's technical and community college system with over 44,000 enrolled on ten area campuses, Herzing College, and Madison Media Institute round out the city's higher education lineup. Community and technical college do not generate the visitor and hotel activity of traditional four-year institutions.

### **Madison Area Tourist Destinations**

Madison and south central Wisconsin have tourist destinations that are an important packaging opportunity for a convention center hotel. The Midwest's top family tourist destination is the Wisconsin Dells area, which includes Baraboo, part of the northern reaches of the Madison metropolitan area. For the purposes of demonstrating tourism demand in Madison, the Wisconsin Dells area will not be included in Madison's area of tourism influence. Madison's proximity to "The Dells" is a significant part of the greater regional tourism culture, however, the city of Madison itself is too distant from those attractions to be considered a major reason tourists stay at Madison-area hotels.

The table below shows Madison's top tourist attractions.

**Table 2-6**

<b>Madison's Top Tourist Attractions</b>	
<b>University of Wisconsin Sports</b>	
Camp Randall Stadium - Football	
Kohl Center - Basketball & Hockey	
<b>Sightseeing</b>	
Betty Lou Cruises	
Capital Brewery	
Cave of the Mounds National Park	
Olbrich Botanical Gardens	
Cedar Grove Cheese Tours	
Olbrich Botanical Gardens	
University of Wisconsin Arboretum	
Monona Terrace Community and Convention Center	
The House on the Rock	
Taliesin & Frank Lloyd Wright Visitors Center	
Tyrol Basin Ski Area	
New Glarus Swiss Village	
Mid Continent Railway Museum	
Wollersheim Winery	
State Street	
Henry Vilas Zoo	
<b>Cultural</b>	
Chazen Museum of Art	
Governors Mansion	
Overture Center for the Arts	
Madison's Children's Museum	
Madison's Museum of Contemporary Art	
Wisconsin State Capitol	
Wisconsin Historical Museum	
Wisconsin Veterans Museum	
Source: Madison CVB	

The following attractions are in Madison.

**University of Wisconsin Division I Athletics** – This is the heart of the state’s college sports scene. Over 80,000 fans from around the state converge upon **Camp Randall Stadium** for Big Ten football games. Top-tier college basketball and hockey are played in the modern 1998 **Kohl Center** between the main campus and Downtown Madison.

**Betty Lou Cruises** – provides group charters and public cruises on Lake Mendota and Lake Monona, and includes a bar and buffet food service.

**Capital Brewery** – Brewers of award-winning, world-class beers since 1986

**Olbrich Botanical Gardens** – One of Madison's most popular attractions, this oasis of green includes a sunken garden, perennial garden, rose garden, rock garden, herb garden, wildflower garden and a tropical conservatory.

**Cedar Grove Cheese Tours** – Wisconsin is noted for its dairy farms. Cedar Grove offers factory tours to the public.

**Henry Vilas Zoo** – This free zoo, located inside Vilas Park, features over 800 animals of over 200 different species from around the world including African lions, South American alpacas and tortoises from the Galapagos Islands.

**University of Wisconsin Arboretum** – is a 1,260-acre forestland that borders the southern half of Lake Wingra, and is owned by the University. There are cross-country ski trails, a paved 10-K loop for runners and an educational visitors center.

**Monona Terrace Community and Convention Center** - is a 5-level convention center on the shores of Lake Monona in downtown Madison. It is famous for being designed by Frank Lloyd Wright in 1938, yet not being built until sixty years after Wright's passing. It opened in 1997, and features a gift shop that specializes in books and gifts inspired by Frank Lloyd Wright and Prairie Style architecture. The facility is discussed in more detail throughout the report, as it is the primary demand generator for meetings and event activity at a proposed hotel. This report provides additional information regarding the MTCCC in other chapters.

**State Street** - This seven-block bustling pedestrian-only street, which runs between Capitol Square and the university campus, is the main shopping and entertainment district for UW students, Madison's arts scene, and downtown workers alike, offering a diverse array of coffeehouses, ethnic restaurants, bookstores, art galleries and specialty shops.

The following attractions are just outside Madison within a one-hour auto trip by car.

**The House on the Rock** – is a uniquely designed house built on an exposed column of rock to parody Frank Lloyd Wright's architecture. Since opening in 1961, it has added a museum complex of architecturally unique rooms, automated musical rooms, streets, gardens and shops, including the world's largest carousel. More than 500,000 visitors annually come to the House on the Rock.

**Taliesin preservation & Frank Lloyd Wright Visitors Center** – This was Frank Lloyd Wright's home later in his career where he lived and worked for the majority of his career, later converted into the home of the Taliesin Fellowship. Visitors may tour Frank Lloyd Wright's home and school, and visit the bookshop.



**Cave of the Mounds National Natural Landmark** – is a natural limestone cave located in Blue Mounds, Wisconsin, and is named for two nearby hills called the Blue Mounds. In 1988, the United States Department of the Interior and the National Park Service designated the cave as a National Natural Landmark. The cave is noted for its unique beauty.

**New Glarus Swiss Village** – This town is known as “America’s Little Switzerland.” It was founded in 1845 by immigrants from Glarus, Switzerland, and is a popular tourist destination best known for its Swiss heritage, old world architecture, fine dining, outdoor festivals, and many forms of recreation.

**Mid Continent Railway Museum** - is an outdoor living history museum and operating railroad recreating, preserving, and interpreting the small town/shortline way of life from the "Golden Age of Railroading" spanning the years 1880 to 1916.

**Wollersheim Winery** – is a historic winery known for its distinctive wines. It is open year-round for guided tours and tastings.

The following are cultural attractions in Madison.

**Chazen Museum of Art** – is the resident art museum of the University of Wisconsin. This art museum's impressive collection includes, prints, photographs, paintings and sculptures from prehistoric times to modern day. Special exhibitions showcasing local artists take place throughout the year.

**Madison’s Museum of Contemporary Art** – Cesar Pelli designed the Overture Center for the Arts, completed in 2006, of which 51,000 sq feet is dedicated to this 106 year-old museum. It also features an outdoor rooftop sculpture garden.

**Overture Center for the Arts** – The 2,251-seat hall presents internationally acclaimed jazz, classical, opera, musicals, dance, world music, family entertainment and more.

**Madison Children’s Museum** - Children of all ages can dig for dinosaur bones, freeze their shadow on a phosphorescent wall and brush, groom and milk cows as they learn about the Wisconsin dairy industry.

**Wisconsin Historical Museum** – brings Wisconsin's history to life through exhibits on the material culture of the state and the Upper Midwest, from prehistoric times to the present day.

**Wisconsin State Capitol** – Rising between the picturesque waters of Lake Monona and Lake Mendota, the majestic dome of Wisconsin's Capitol building glows like a beacon above the Madison skyline and can be seen for miles around. The current Capitol was built between 1906 and 1917 at a cost of \$7.25 million, and climbs to a height of over 200 feet while sitting on a hill on an isthmus between the two lakes. The majestic Roman Renaissance-style State Capitol has the only granite dome in

the U.S. and inside has over 40 different types of stone from around the world as well as murals and handmade furniture.

**Wisconsin Veterans Museum** – is a museum honoring all Wisconsin veterans with dioramas on all wars from the Civil War to the present.

### *Additional Tourism Data*

In 2004 Sports Illustrated on Campus named Madison the number one college sports town in the nation. The top attraction in Madison is seven annual University of Wisconsin home football games, accounting for 560,000 visitors in total attendance. Basketball home dates (18 annually) are filled to the rafters in the Kohl Center totaling another 309,600 visits. Another 20 dates for college hockey games (including the Badger Hockey Showdown just after Christmas) add 304,740 fans. Those events are responsible for approximately 1,174,000 attendees, and by far the largest driver of visits to Madison. Special football weekends such as Homecoming and Hall of Fame Day/Alumni Band days bring many more thousands of alumni and parents who do not attend the football game, but stay at area hotels during the weekend's activities.

Another major contributor to local tourism are the Wisconsin state high school athletic tournaments and championships in wrestling, hockey, and basketball. These events account for 238,700 annual room nights.

The most significant non-university related generator of traffic to Madison is state government activity, and business associated with the capital. Madison's burgeoning technology, bio-research, and consumer service oriented base have become a major regional force as the city's employment base has become less dominated by government.

Madison is also proud to be a leader in outdoor recreational sports. Parks and hundreds of miles of trails weave around five lakes that provide water sports and recreation. Although this is not necessarily a reason for a visitor to make the journey to Madison, it can be a reason for a visitor, to stay an additional night or possibly more. It also encourages visitors to become residents, which is how tourism becomes the ultimate economic development tool.

Contributing to the tourism appeal of Madison are a number of independent destinations for tourists outside the urbanized area, but are within a one-hour drive, mostly to the west of the city. Wisconsin Dells/Lake Delton area to the north is the Midwest's single most popular family destination, however, few hotel room nights result from Madison's proximity, and cannot be considered a significant factor for Madison's room occupancy.

However, Madison lies at the edge of a region called the Driftless Area, a landscape of hills, serpentine valleys, ridges, and coulees with exposed rock formations and other geographic curiosities. This made the region too rugged for farming or large

cities, but later in the 20<sup>th</sup> century became a popular weekend tourist destination with the residents in nearby cities such as Chicago, Milwaukee, Rockford, and Madison.

The Driftless Area is the result of four major ice-age glaciers all missing this area (thus not scraping the land flat upon the glacier's retreat and leaving "drift" in its wake). Adding to its already-varied topography, huge amounts of glacial melt water flooded the land, carving out some deep valleys and leaving exposed rocky cliffs.

Madison hotels are in a position to take some advantage of the easy access to these nearby Driftless Area tourist destinations, the most popular of which are House on the Rock and just a few miles away, Taliesin, Frank Lloyd Wright's Wisconsin home. New Glarus Swiss village, Cave of the Mounds, Tyrol Basin Ski Area, and six popular state parks including Devil's Lake are other popular destinations nearby to Madison, and are part of the local flavor that make Madison a moderate regional tourist destination.

As a progressive arts-focused university town and government center, there is no lack for street fairs, festivals, farmers markets, and other events. Some annual events include Art Fair on the Square, Taste of Madison, Crazy Legs Run, the World's Largest Brat Fest, the Wisconsin Film Festival, Africafest, Capital City Jazz Fest, Dane County Fair, Sugar Maple Traditional Music Festival, Great Taste of the Midwest craft beer festival, Willy Street Fair, and Winter Art Fair. The number of public festivals and events rivals most other cities many times its size, making Madison one of the liveliest cities of its size in the nation, and that aspect of city life continues to grow as the metropolitan area grows.

The following is a more in-depth discussion of some critical demand generators for hotels in the region.

## **Downtown Madison**

Downtown Madison has experienced significant growth due to the strong and stable influence of government and college life. State Street is a 3/4 mile-long connector pedestrian street with hundreds of bars, shops, restaurants, and arts venues very popular with students and visitors to downtown Madison. The Capital Square features the Dane County Farmers' Market each week in summer on the green.

The opening of Monona Terrace in 1997, and ancillary development in the surrounding blocks added a more recent growth district in the adjacent blocks, along with the nearby revitalized King Street restaurant and bar area next to popular residential areas lining Lake Monona immediately east of downtown. The King Street area has more of an upper-scale feel as the restaurants cater to professional residents, rather than State Street's college student budgets.

North of the capitol building, new construction of condominium towers have reshaped the neighborhood. Transforming the city's arts scene on the west side of the Capitol

Square is the \$205 million Overture Center built in 2004, with many performance halls and a contemporary art museum, as previously discussed. It features the historic and renovated Oscar Mayer Theater, re-christened The Capitol Theater, seating 1,000. The largest performing hall is the completely new 2,251-seat Overture Hall. These are only the highlights in recent development in a downtown that has made great inroads in coming out from the shadow of the University's own magnetism to the region's population and culture. Downtown Madison has emerged as a desirable place to live with an uncharacteristically urban lifestyle for a city of its size.

## **Primary Area Visitor Demand Generators**

Demand generators are those community assets (whether ongoing or event-based) that generate hotel room nights for the community. Below is a discussion of some of the primary demand generators. In addition to those discussed below, the State Capitol and related legal and support businesses are a major demand generator, as is the university.

### *Camp Randall Stadium*

This 80,321-seat oval horseshoe-shaped, double-decked stadium is the home of Wisconsin Badgers football program, and is the oldest (1917) and fourth largest football stadium in the Big Ten conference. Madison's nickname "Mad-town" or "Mad City" generally has been earned by the fans of the college football team, although hockey and basketball fans have a reputation to be just as vocal and behaviorally expressive. The stadium grew in phases, most recently adding three levels of suites to the east side of the stadium above the top row of seats. The sold-out home games each welcome as many as 83,000 fans (despite the official capacity of 80,321), totaling between 560,000 and 581,000 annually. This facility is the largest in capacity after Notre Dame and the University of Nebraska (both can seat only a few hundred more fans). Even Green Bay's legendary Lambeau Field has a smaller capacity than Camp Randall Stadium. Despite its size, or possibly because of it, Camp Randall is rarely used for any other purpose than Badger football, except the WIAA Annual State High School Football Championship. During football weekends, hotel rooms are booked well in advance.

### *Kohl Center*

The Kohl center, opened in 1998, is a three-tiered, modern arena, named in honor of Senator Herb Kohl, department and grocery store owner, who donated \$25 million to its creation. It is the home of the UW-Madison men's and women's basketball teams and the mens' and womens' ice hockey teams. It seats 17,190 for basketball and 15,237 for hockey. Other amenities include restaurants and athletic offices for coaches. The facility replaced the Wisconsin Fieldhouse for basketball and hockey, however other sports are still played there. The student section, called the Grateful Red at basketball games, help make the building a tough place for opponents to win,

and UW has a nearly unbeatable record at home, of 125 wins, and 11 losses. Kohl Center is home to the highest average attendance in the U.S. for NCAA Hockey games. Other events include WIAA High School Annual State Wrestling and Basketball Championships, figure skating shows, concerts, political gatherings, and convention exhibitions. An expansion of a practice rink for hockey is currently being discussed, but years away from fruition.

### *Monona Terrace Community and Convention Center*

The most famous architect of the last century, Frank Lloyd Wright, designed Monona Terrace for Madison, first revealing it in 1938. Its construction was denied by only one vote. Although he tweaked its design over the years, by the time of his death in 1959, it was no closer to being built. Finally in 1992, Mayor Paul Soglin revived the plan and it was narrowly approved. It opened in 1997 and has been a catalyst for development on the south side of Capital Square and downtown Madison since that time. Monona Terrace has been featured in numerous magazines, won national acclaim from both architectural critics and the public, and is a tourist stop for fans of architecture.

### *Alliant Energy Center*

This Dane County-owned convention and entertainment complex features a 255,000-square-foot exhibition hall (the state's largest unobstructed exposition facility in the state, built in 1995), hosting conventions and consumer shows, the 22,000 square-foot Dane County Arena, and Veterans Memorial Coliseum that holds up to 10,200 people for live concerts and other events. In addition, there are nine agricultural exhibit buildings, mostly used during the Dane County Fair and World Dairy Expo. Over 500 events draw more than one million people annually. Exhibition Hall is connected by a climate-controlled walkway to the 140-room Clarion Suites Madison-Central.

### *Warner Park "Duck Pond"*

Warner Park is a city-owned baseball facility seating 7,500. It was constructed in 1982, and has been home to four minor-league teams playing in different leagues. The current tenant is the Northern League's "Madison Mallards" baseball organization. This park resides in a mostly residential part of Madison on the city's northeast side, and is locally famous for an enormous annual fireworks show.

## **Market Area Conclusion**

The Madison market has seen investment, expansion and redevelopment in a broad cross-section of areas from arts centers, sports and convention facilities, restaurants, stores, attractions, and employers. Madison has evolved, especially over the last fifteen years, into a cohesive destination with its own brand of progressive lifestyle

amenities. In this current economic climate, there are few major new destinations and developments planned, however the economic reality for Madison as a university and government center usually means much more stable growth despite the broader Midwestern economic slowdown. The area is still poised to be a growing presence in the world of regional tourism.

The quality-of-life attractiveness spills over positively to downtown Madison in terms of local residential opportunities, jobs, and hotel stays. Madison's regional and national profile has been raised to new levels as the local breadth of employment opportunity has grown and strengthened, and as national media attention lavishes praise on a nearly annual basis. That can only help continued urban growth prospects and revitalization efforts in older neighborhoods, downtown, as well as in suburban and metropolitan areas. The opportunities for support facilities and other attractions also are increased by these developments. The destination appeal of the metro area and local area residential and business growth presents the support structure for the consideration of a proposed convention hotel development.