

South Madison Draft Market Study

Madison, WI

Findings and Recommendations

Teska Associates, Inc.

March 12, 2021



Table of Contents

Introduction	3
Study Area and Market Area	4
General Characteristics	7
Retail	10
For-Sale Housing	18
Rental Housing	24
Office	29
Non-Profit	33
Industry, Distribution	37
Hospitality	40

Introduction

The City of Madison retained Teska Associates, Inc. to undertake a market study of South Madison, defined as the area surrounding South Park Street, West Badger Road, and Fish Hatchery Road commercial corridors. The Market Study focuses on defining the market demand for retail, housing, office, non-profit use, hospitality and industry in this area for the next 10-15 years. The findings and recommendations are based on data analysis, interviews with local businesses, property owners, property managers, major institutions, and coordination with City of Madison staff research and mapping. This report and data used was compiled prior to the COVID-19 pandemic. The general recommendations in this report are still valid but economic recovery from the pandemic will delay overall growth in South Madison.

The Study Area boundary includes roughly West Wingra Drive on the north, Lake Monona on the east, W Beltline Highway on the south, and Fish Hatchery Road on the west as shown in Figure 1.

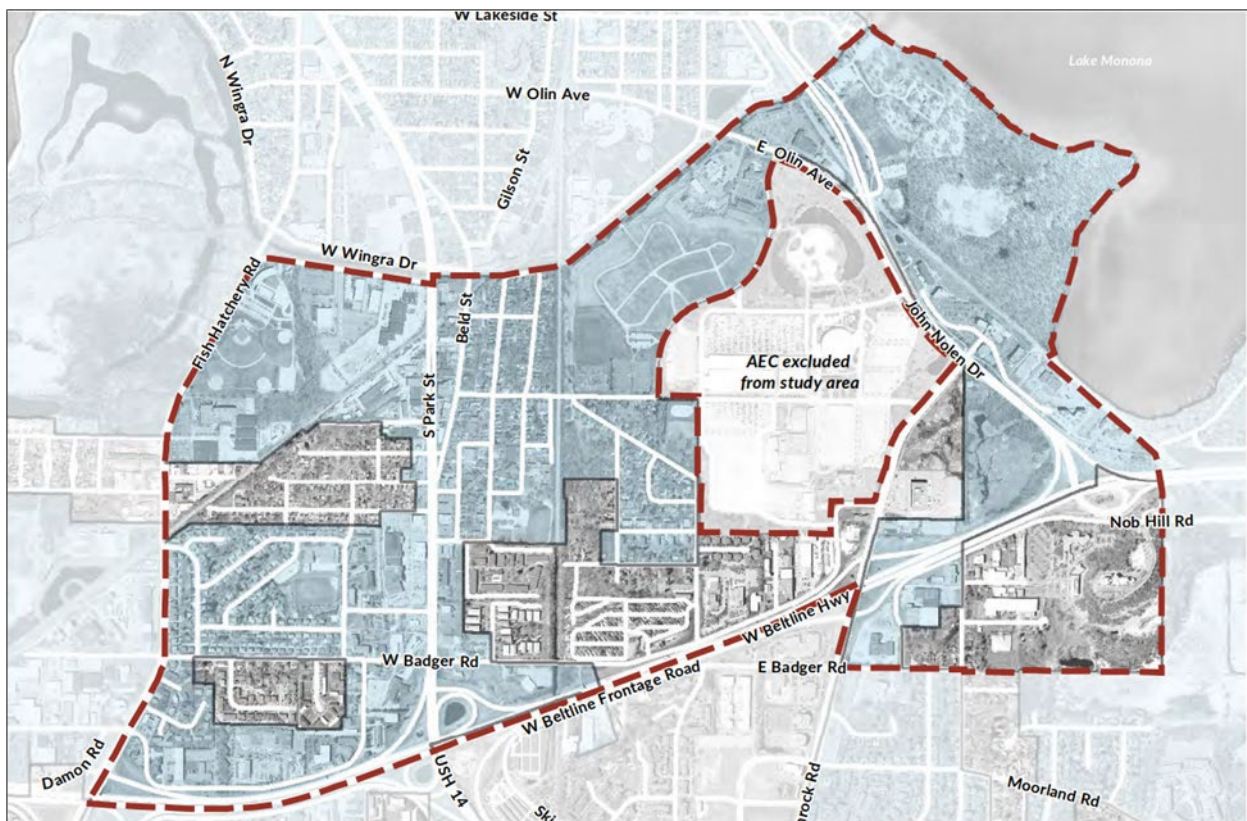


Figure 1: South Madison Study Area Boundary

The market study is intended to inform current planning efforts being accomplished by the City of Madison Department of Planning & Community & Economic Development including two simultaneous planning projects for South Madison:

- An update to the 2005 South Madison Plan, which entails extending the area's boundaries to properties located within the Town of Madison scheduled to be incorporated into the City of Madison in October 2022; and
- A Town of Madison inventory, which will encompass fieldwork on physical assets, assess service delivery and operational impacts/cost, and Transition Report.

Summary of Findings

1. There are approximately 6,400 residents who live in South Madison. There has been a small increase of 3% in population in South Madison compared to 25% growth in population in the City of Madison.
2. South Madison is a very diverse area with approximately 36% White, 23% Black, 16% Asian, 20% Some Other Race Alone and 6% Two or More Races. Of the total population, approximately 36% of residents identify as of Hispanic Origin. Additionally, 27% of residents speak Spanish at home, 9% speak Indo-European languages and 5% speak Asian languages at home.
3. The median income of South Madison is \$35,000 compared with \$63,000 in the City of Madison and \$53,000 in a 10 Minute Drive Time Market Area.
4. There is a retail surplus (supply exceeds demand) in South Madison and \$1.3 billion retail surplus in the 10 Minute Market Area. This means that people are coming into South Madison from other parts of the city and region to do their shopping and eat at restaurants.
5. Due to the central location and thru corridors, an even greater share of retail and restaurant spending can be captured in this area. The three components that have the greatest match to South Madison are general merchandise, food & beverage and restaurants, but there may also be demand for miscellaneous retail and a focus on ethnic and cultural stores and restaurants to build on the diverse population as well as the large number of people that come to the area for services and health care.
6. Total additional retail sales of approximately \$40,750,000 could be captured in South Madison that would be equivalent to approximately 115,000 sq ft of new retail and restaurant space. While retail and restaurants have been hard hit during the pandemic, those retailers and restaurants that can provide specialized services, have strong logistics and supply-chain management, will be more successful as the economy returns.
7. The demand for new housing units ranges from a low of 924 units to a high of 2,260 units. While the majority of this demand will be for rental units, a range of housing types, from owner-occupied townhomes to a variety of multi-family rental projects would be appropriate for this market.
8. New office development should target health care, non-profit institutions and organizations, Madison College as well as life sciences and growing sectors in the Madison area economy. The central location can attract development that had been developed on greenfield locations that can be closer to downtown, the hospitals and UW facilities.
9. Light industrial development will be based on the demand for new users that may want an in-town location that has convenient access to the Beltline and road network.
10. Prior to COVID-19 pandemic, there was demand for additional hotel and conference space that is planned to be located at the Alliant Center. We believe that this demand will return once the economy and travel fully recovers. Efforts to create linkages between these facilities and businesses in South Madison that can serve them can provide additional opportunities to local businesses and employees.

Study Area and Market Area

The South Madison Study Area was compared to the City of Madison and a 10 Minute Drive Time Market Area as it is influenced by customers, businesses and residents of both areas. South Madison is located on the southern border of the City of Madison, while it is centrally located within a 10 Minute Drive Time that defines the Market Area, as shown in Figures 2-4 below.

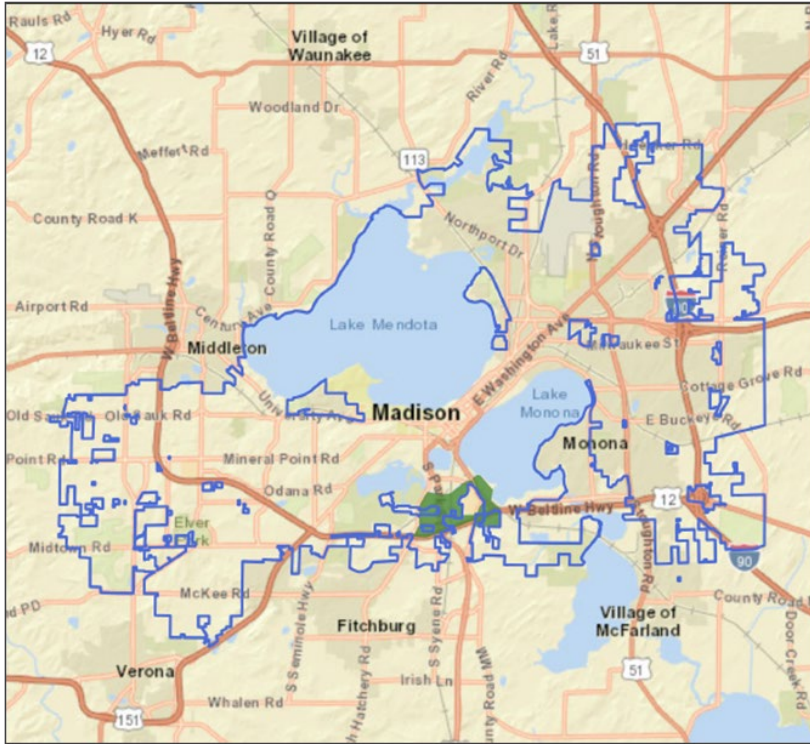


Figure 2: South Madison Study Area (green fill) and City of Madison (blue border)

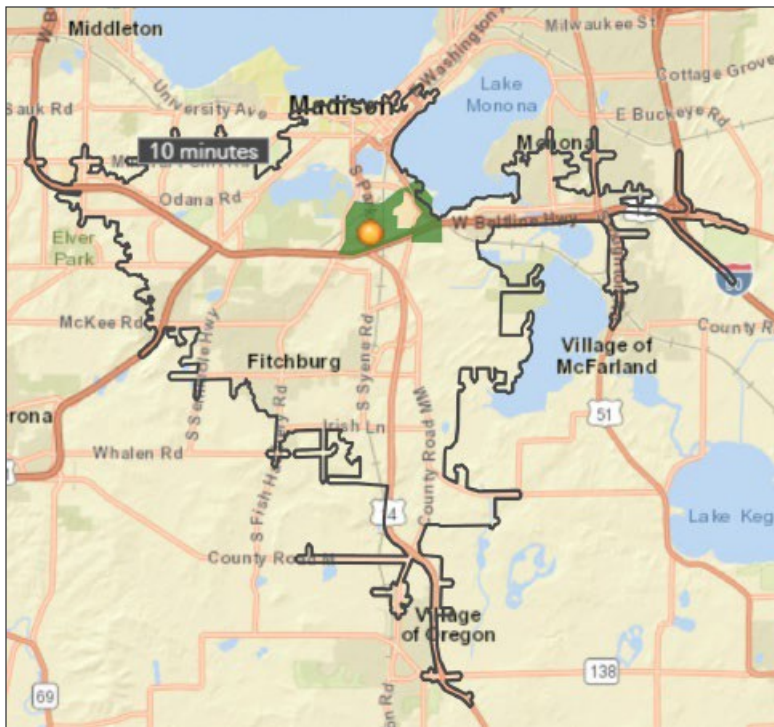


Figure 3: South Madison Study Area (green fill) and 10 Minute Drive Time Market Area (black border)

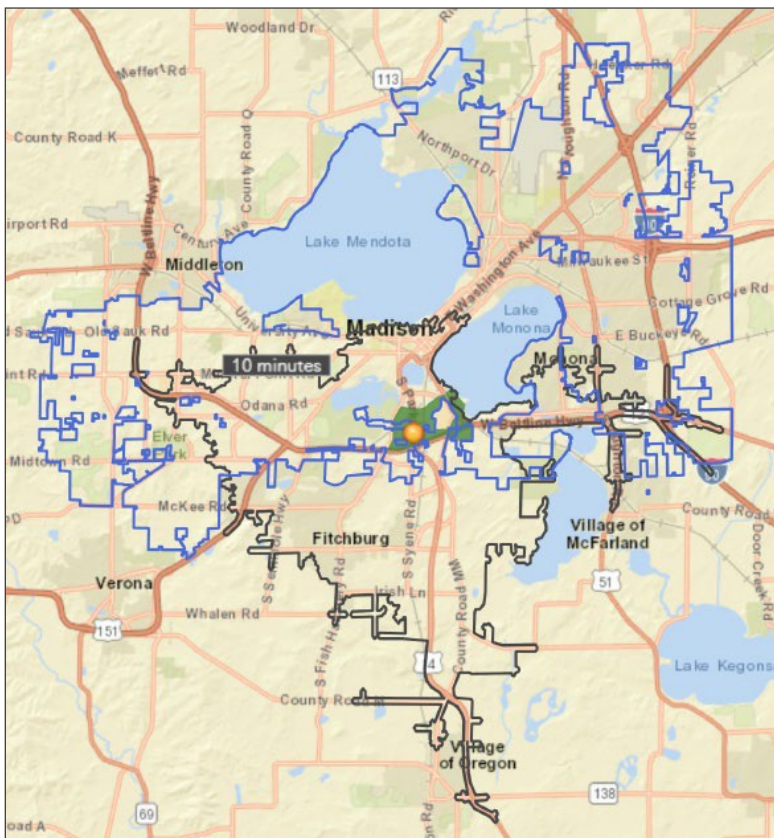


Figure 4: South Madison Study Area (green fill), City of Madison (blue border), 10 Minute Drive Time Market Area (black border)

General Demographics

The population of the Study Area is estimated by Esri to be 6,395 residents. The population has only increased by 164 residents, or 3% since the year 2000, compared with an increase of over 52,000 (25%) residents in the City of Madison and approximately 21,000 (21%) residents in the 10 Minute Market Area.

Table 1: Population Growth for South Madison, City of Madison, 10 Minute Drive area

	South Madison ¹	City of Madison ²	10 Minute ¹
2000 Population	6,231	209,727	102,444
2010 Population	5,804	232,729	107,737
2019 Population	6,395	258,163	123,491
Change in Population			
2000-2019	164	52,691	21,047
% Change	3%	25%	21%

Source: Esri 2019, American Community Survey 2013-2017

South Madison has a unique distinction in that the two major racial groups present are White, 35.5%, followed by Hispanic origin, 36%. Black, Asian, some other race and two+ races are also represented, indicating there is a much higher diversity in racial groups in South Madison overall compared to the demographics in City of Madison and 10-Minute Market Area. Note that Hispanic Origin overlaps with the other categories as they may be of any race.

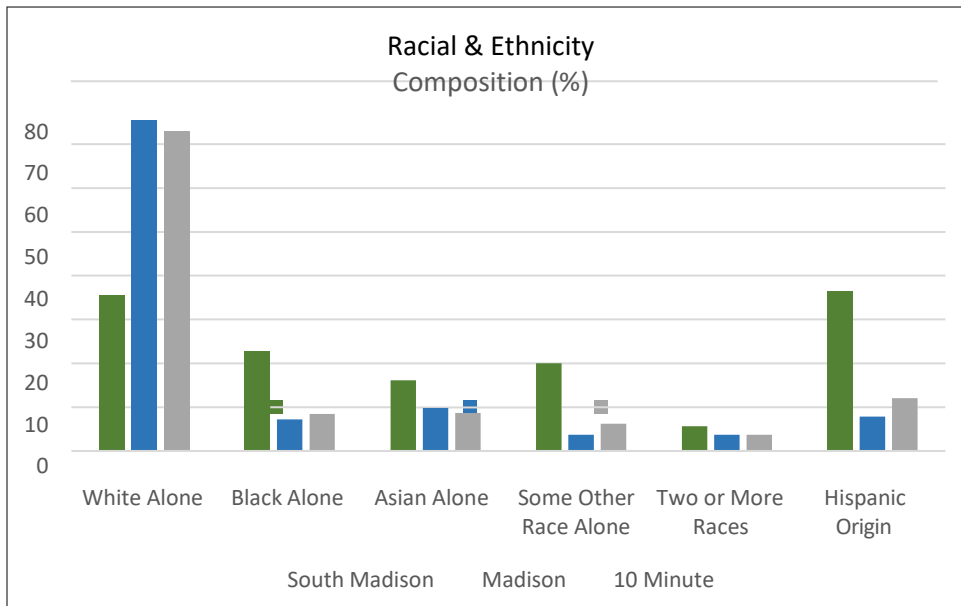


Figure 5: Racial & Ethnicity Composition in South Madison, City of Madison and 10 Minute Market Area

¹ Esri, 2019 estimate based on U.S. Census 2010 and American Community Survey 2013-2017

² U.S. Census, 2010 and U.S. Census Population Estimate, 2018

English is the primary language spoken in South Madison; however, 27% of the population speak Spanish. Through site visits and interviews, it was noted that some businesses such as Latino or Hispanic convenient stores and restaurants often use Spanish as their preferred method to communicate with other native speakers in the area. There are also a number of Asian and other ethnic stores and restaurants.

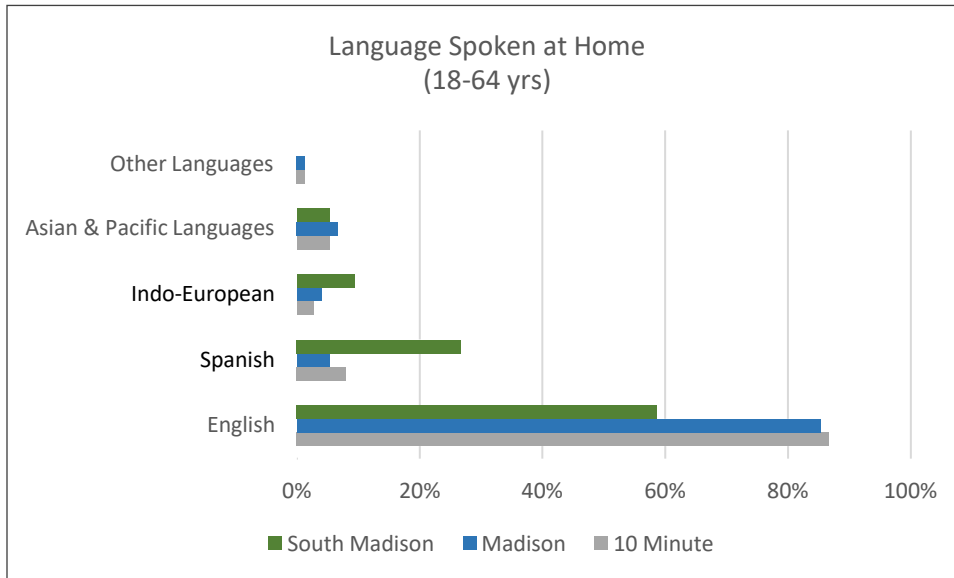


Figure 6: Language Spoken at Home
Source: Esri, 2019, American Community Survey 2013-2017

Table 2: Languages Spoken at Home in South Madison, City of Madison; 10 Minute Drive Area

Language	South Madison	Madison	10 Minute
English	59%	85%	87%
Spanish	27%	5%	8%
Indo-European	9%	4%	3%
Asian & Pacific Languages	5%	7%	5%
Other Languages	0%	1%	1%

Source: Esri, 2019, American Community Survey 2013-2017

The City of Madison has a median income of \$63,000, followed by the 10 Minute Market Area with almost \$53,000. South Madison is at \$35,000.

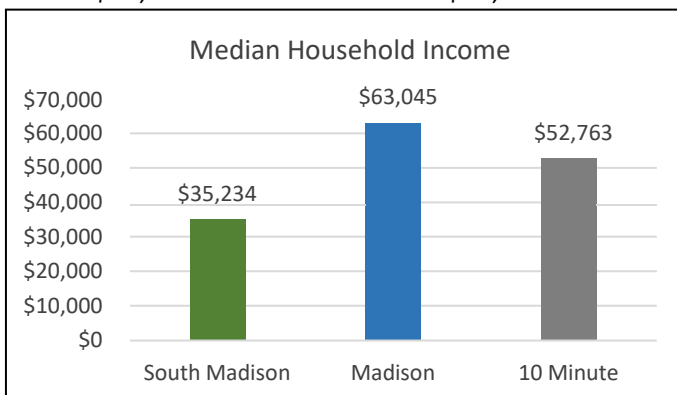


Figure 7: Median Household Income 2019, South Madison, City of Madison, 10 Minute Trade Area

Source: Esri, 2019, American Community Survey 2013-2017

General Characteristics

There are two major north-south corridors in South Madison. South Park Street is a thru corridor with a full interchange on the W Beltline and travels north to the University of Wisconsin campus. The corridor is home to various types of retail, ethnic restaurants, nonprofits, financial institutions, and educational services. Fish Hatchery Road also has an interchange with the W Beltline and merges into South Park Street at Parr Street near Lake Monona. Fish Hatchery Road, located on western end of the study area, is composed of residential with few businesses in the southern end. West Badger Road is an east west street, with residential and businesses dispersed to the east and west larger businesses with the new campus of Madison College located along Perry Street. One block to the south is Ann Street, which functions as a service road along the W Beltline. The Alliant Center is located in the eastern portion of South Madison. In addition, portions of South Madison are located south of the Beltline and are home to larger businesses and some multi-family residential.

The convenient central location of these corridors is one of the major assets of South Madison, as there is close proximity to the W Beltline to travel east west quickly throughout the Madison region, as well as a short drive, bike ride or bus ride to the University of Wisconsin Campus and Downtown Madison.

Overall, South Madison faces various challenges that has traditionally impeded growth and development. Several of these challenges are relevant to outdated structures and property layouts, development constraints, streetscape and walkability limitations, and substandard parking.

The building inventory and current infrastructure requires evaluation. Some structures are outdated and or vacant, which causes obstacles in trying to market them to developers. South Park Street is a thoroughfare, with high volumes of traffic. Pedestrians have difficulty crossing the street, even at designated walking paths and intersections. Street parking is restrictive to certain times of the day, thus impeding potential customers from visiting businesses as they are commuting to jobs.

The South Madison Market Study consists of a SWOT analysis (strengths, weaknesses opportunities and threats), market recommendations and key data points. These findings are tailored to serve specific points of the study area now and for potential future trends. Topics include retail, for-sale housing, rental housing, office and business services, non-profit and institutional, light industry, transportation and distribution, and hospitality.

A. Retail

Table 1: Retail Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Lower land costs / more affordable rent than other areas in Madison ▪ Mix of types and sizes of businesses ▪ Concentration of ethnic stores and restaurants 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Good visibility, traffic counts ▪ Central location ▪ Excellent access to downtown, UW Madison, Beltline ▪ Widest diversity in ethnic restaurants and small groceries and stores in Madison ▪ Major employers with thousands of employees nearby (St. Mary’s, Alliant Center, etc.) ▪ Recent opening of Madison College South Campus bringing students, teachers and employees in from wide area 	<ul style="list-style-type: none"> ▪ Small lots, outdated retail buildings ▪ Limited parking ▪ Lack of walkable environment ▪ Cut through traffic speeding through South Madison and not in the habit of stopping ▪ Lack of knowledge of existing programs ▪ Limited programs for businesses that were located in Town of Madison until attachment
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Attachment to City will open economic development programs for both existing and new businesses (e.g. facade improvement) ▪ Opportunity to attract new mixed-use development ▪ Increase population density will support additional retail ▪ BRT (Bus Rapid Transit) will reinforce location and increase access to stores and restaurants ▪ Rising rents and land prices downtown will make South Madison more attractive 	<ul style="list-style-type: none"> ▪ Rising rents as South Madison improves ▪ Fragmented land parcels and ownership ▪ Land area to support additional parking ▪ Retail rent not high enough to support new single-use retail development
Market Recommendations	
<ul style="list-style-type: none"> ▪ Provide multi-lingual and culturally sensitive services, materials and programs to small businesses ▪ Provide assistance to small businesses for business plans, marketing, supply chain, etc. Recruit UW School of Business and Wisconsin Women’s Business Initiative Corporation (WWBIC) to help small, women and minority-owned businesses. ▪ Rezone to allow mixed-use development in which residential demand can offset cost to provide retail space and parking ▪ Create nodes and clusters of similar types of businesses at key intersections and adjacent blocks ▪ Create public parking through small lots and by providing public parking spaces as a part of mixed-use development ▪ Provide additional parking for Madison College and South Madison Transfer Station ▪ Improve walkability and bike amenities 	

Strengths and Challenges

The major retail strengths for South Madison are the central location, access to major corridors, mix of ethnic stores and restaurants, and proximity to major employers.

But these strengths also present challenges. Thoroughfares with limited parking at individual businesses means that it is difficult for commuters or those passing through to be able to see the local businesses and have a place to park. Ethnic restaurants are a hidden gem to people that know that they are there, but limited marketing, outdated structures and signage and parking challenges mean that residents and employees from outside of South Madison may not frequent these stores and restaurants.

Figure 8 shows the various businesses located within the South Madison Study Area. Most are clustered along South Park Street, Fish Hatchery Road, Ann Street and John Nolen Drive.

Tables 4 and 5 presents summary retail characteristics, retail gaps and surpluses, in order to identify market demand. Retail stores and restaurants are business clusters that consumers are drawn to in this area.

Key points include:

- There is an overall surplus of \$39 million of spending in South Madison as shown in Table 4. This means that residents are coming into South Madison to do their shopping and eating. Some of this surplus is most likely due to employees that shop and eat in South Madison.
- For those categories with a retail gap, the gap is not large enough on its own to warrant additional retail to serve South Madison residents solely. Instead, additional retail development will need to attract the spending power of a larger market area.
- As shown in Table 5, there is a total of \$1.3 billion surplus of spending in the 10 Minute Market Area. This Market Area covers the area between the UW-Madison Campus on the north, Fitchburg on the south, Monona on the east and portions of the west side of the City of Madison.
- Due to the central location and thru corridors, we do believe it is possible to capture a greater portion of this surplus spending in the South Madison Study Area.
- The three retail components that have the greatest match to South Madison's strengths are:
 - General Merchandise has a \$63 million gap, meaning that residents are leaving the market area to shop at stores like Target and Walmart in further out suburban locations. Either smaller general merchandise stores or smaller versions of stores like Target could anchor redevelopment sites in South Madison while still reinforcing a walkable environment.
 - Food & Beverage has a \$3 million gap in the Study Area and a \$211 million surplus in the 10 Minute Market Area. Efforts that the City of Madison has taken to attract a new grocery store just north of the Study Area are commended to bring these vital goods convenient to South Madison residents.
 - Restaurants (called Food Services & Drinking Places) have a \$1 million surplus in the Study Area and a \$167 million surplus in the 10 Minute Market Area. There are already several restaurants along Park Street, but limited parking, few marketing efforts, and outdated facilities have limited business expansion. In discussions with larger businesses and employers in and near the Study Area, there was a desire for more restaurants and more variety of options. It was reported that employees often travel to Downtown or the UW-Madison Campus area where parking is even harder to come by in the search for restaurants.

- Based on this data, Teska projects total sales of approximately \$40,750,000 that could be captured in South Madison that would be equivalent to approximately 115,000 sq ft of new retail and restaurant space.

COVID-19 Implications

It is too early to project what the short- and long-term impacts will be of the Covid-19 pandemic. Nationally, the e-commerce sales as a percent of total quarterly retail sales increased from 11.5% in 1st Quarter 2020 to 15.5% in 2nd Quarter, but then went back down to 14.3% in the 3rd Quarter.¹ Some retail experts point to trends including more use of curbside delivery will stay, and that shoppers going to visit stores and restaurants will be looking for convenience and variety, reinforcing trends that were already taking place pre-Covid-19. According to ULI's *Emerging Trends in Real Estate 2021*, COVID-19 accelerated "structural drivers" including e-commerce, speed-to-consumer supply chain strategies, and logistics users' adoption of high-throughput modern logistics facilities. Those retail stores that have invested in this infrastructure are proving to be more resilient. The implication for South Madison retailers and restaurants is to take advantage of location and invest in the types of supply chain management and technology to be able to compete with e-commerce in an effective and efficient manner. The City, Urban League, Madison College and UW-Madison may look into ways to further assist the small businesses in this area on specific skills from marketing to e-commerce platforms to supply-chain management.

¹ U.S. Census Bureau News: Quarterly Retail E-Commerce Sales, 3rd Quarter 2020
South Madison Market Study

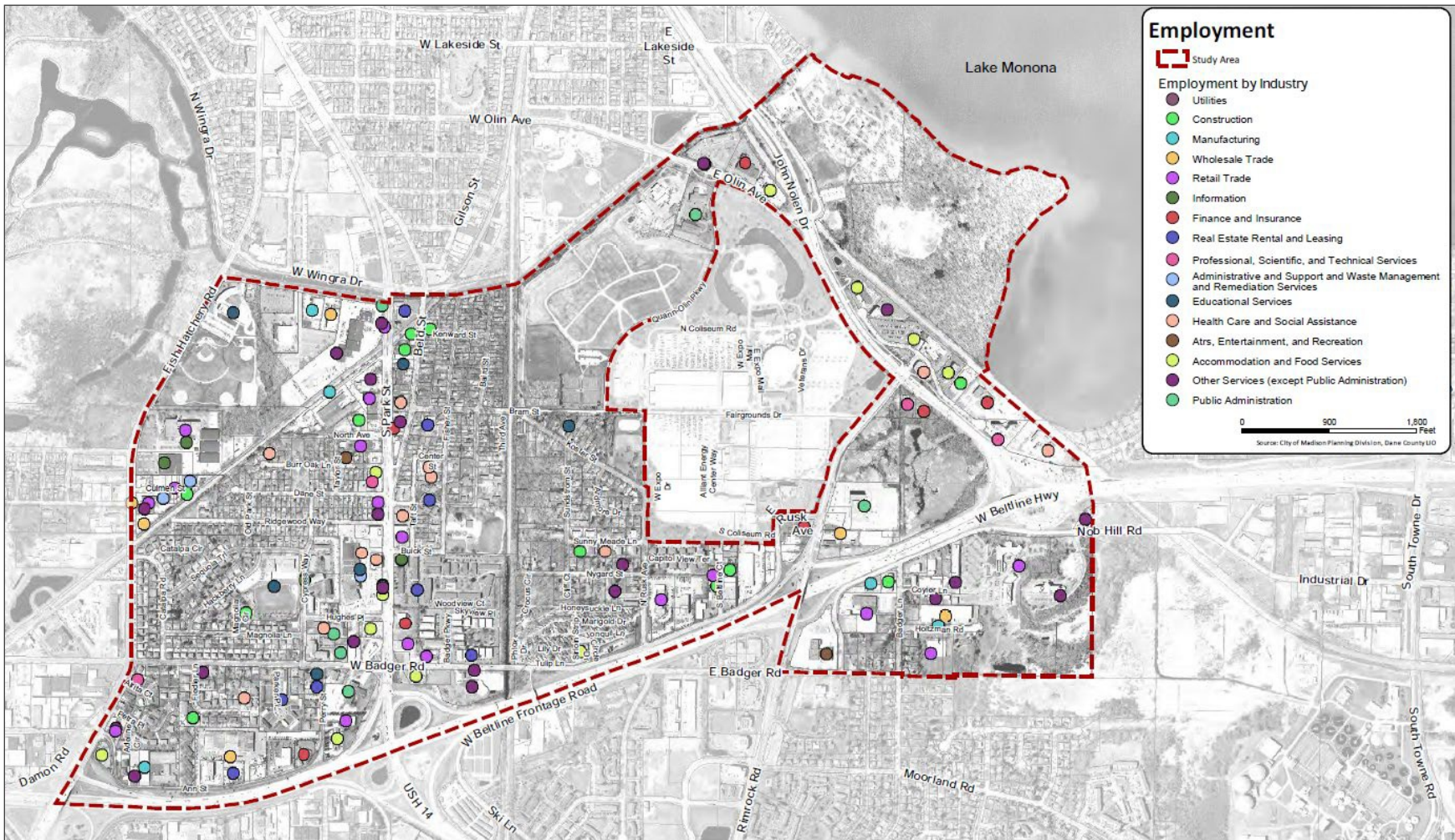


Figure 8: Business Locations in South Madison

Table 4: South Madison Study Area Retail Characteristics

2019 Population					6,395
2019 Households					2,583
2019 Median Disposable Income					\$29,805
2019 Per Capita Income					\$17,691
2017 Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Surplus)	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	\$48,809,011	\$88,145,632	-\$39,336,621	-28.7	37
Total Retail Trade	\$43,868,854	\$81,885,559	-\$38,016,705	-30.2	27
Total Food & Drink	\$4,940,157	\$6,260,073	-\$1,319,916	-11.8	9
2017 Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Surplus)	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	\$9,393,082	\$20,357,277	-\$10,964,195	-36.9	4
Furniture & Home Furnishings Stores	\$1,342,736	\$31,552,333	-\$30,209,597	-91.8	4
Electronics & Appliance Stores	\$1,442,952	\$0	\$1,442,952	100	0
Bldg Materials, Garden Equip. & Supply Stores	\$2,259,244	\$2,193,944	\$65,300	1.5	3
Food & Beverage Stores	\$7,299,668	\$4,321,728	\$2,977,940	25.6	4
Health & Personal Care Stores	\$2,583,566	\$4,212,634	-\$1,629,068	-24	2
Gasoline Stations	\$5,559,808	\$1,237,461	\$4,322,347	63.6	1
Clothing & Clothing Accessories Stores	\$1,962,139	\$412,697	\$1,549,442	65.2	1
Sporting Goods, Hobby, Book & Music Stores	\$1,159,186	\$1,690,092	-\$530,906	-18.6	1
General Merchandise Stores	\$7,986,316	\$11,088,275	-\$3,101,959	-16.3	1
Miscellaneous Store Retailers	\$1,647,671	\$2,428,660	-\$780,989	-19.2	5
Nonstore Retailers	\$1,232,488	\$1,853,078	-\$620,590	-20.1	1
Food Services & Drinking Places	\$4,940,157	\$6,260,073	-\$1,319,916	-11.8	9

Source: Esri and Infogroup. Esri 2019 Updated Demographics. Esri 2017 Retail Market Place.

Examples of Retail Gaps (South Madison)	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Surplus)	Number of Businesses
General Merchandise Stores	\$7,986,316	\$11,088,275	-\$3,101,959	1
Clothing & Clothing Accessories Stores	\$1,962,139	\$412,697	\$1,549,442	1
Food & Beverage Stores	\$7,299,668	\$4,321,728	\$2,977,940	4
Food Services & Drinking Places	\$4,940,157	\$6,260,073	-\$1,319,916	9

Table 5: 10 Minute Drive Market Area Retail Characteristics

2019 Population					123,491
2019 Households					52,271
2019 Median Disposable Income					\$42,205
2019 Per Capita Income					\$33,747
2017 Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Surplus)	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	\$1,660,207,275	\$2,943,563,919	-\$1,283,356,644	-27.9	1199
Total Retail Trade	\$1,492,875,746	\$2,608,974,487	-\$1,116,098,741	-27.2	735
Total Food & Drink	\$167,331,528	\$334,589,433	-\$167,257,905	-33.3	464
2017 Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Surplus)	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	\$317,638,676	\$939,700,496	-\$622,061,820	-49.5	73
Furniture & Home Furnishings Stores	\$48,709,076	\$197,682,648	-\$148,973,572	-60.5	57
Electronics & Appliance Stores	\$50,947,780	\$151,419,520	-\$100,471,740	-49.6	45
Bldg Materials, Garden Equip. & Supply Stores	\$92,851,903	\$122,231,951	-\$29,380,048	-13.7	49
Food & Beverage Stores	\$235,886,935	\$447,787,317	-\$211,900,382	-31	88
Health & Personal Care Stores	\$91,547,976	\$164,822,679	-\$73,274,703	-28.6	63
Gasoline Stations	\$177,627,557	\$66,130,560	\$111,496,997	45.7	25
Clothing & Clothing Accessories Stores	\$67,888,827	\$121,451,219	-\$53,562,392	-28.3	97
Sporting Goods, Hobby, Book & Music Stores	\$39,705,291	\$116,248,074	-\$76,542,783	-49.1	78
General Merchandise Stores	\$268,629,153	\$205,598,831	\$63,030,322	13.3	21
Miscellaneous Store Retailers	\$58,199,811	\$58,054,734	\$145,077	0.1	118
Nonstore Retailers	\$43,242,761	\$17,846,459	\$25,396,302	41.6	20
Food Services & Drinking Places	\$167,331,528	\$334,589,433	-\$167,257,905	-33.3	464

Source: Esri and Infogroup. Esri 2019 Updated Demographics. Esri 2017 Retail Market Place.

Examples of Retail Gaps (Market Area)	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Surplus)	Number of Businesses
General Merchandise Stores	\$268,629,153	\$205,598,831	\$63,030,322	21
Clothing & Clothing Accessories Stores	\$67,888,827	\$121,451,219	-\$53,562,392	97
Food & Beverage Stores	\$235,886,935	\$447,787,317	-\$211,900,382	88
Food Services & Drinking Places	\$167,331,528	\$334,589,433	-\$167,257,905	390

Table 6: Revised Retail Gaps	Food Services & Drinking Places	
	UW-Madison Campus Area	Revised Market Area
Demand (Retail Potential)	\$47,353,701	\$119,977,827
Supply (Retail Sales)	\$204,838,853	\$129,750,580
Retail Gap (Surplus)	-\$157,485,152	-\$9,772,753
Leakage/Surplus Factor	-62.4	-29.1
Number of Businesses	269	195

Source: Esri 2019 RetailMarketPlace

In order to understand the dynamics further, a revised Market Area was determined that removed the UW Campus Area from the Market. Table 6 shows the retail gap for food services and drinking places in the UW Campus Area compared to the remainder of the 10 Minute Drive. Not surprisingly, most of the food services and drinking places retail surplus is located in the UW-Madison Campus Area.

The \$9.8 million surplus shown for the Revised Market Area represents an estimate of spending power coming into South Madison and excludes the campus area of downtown Madison. A successful retail strategy will aim to capture a greater share not only of the \$9.8 million surplus in the 10 Minute Market Area, but some of the surplus in the Campus Area as well. With a unique destination along S Park Street of ethnic residents, medical center employees, Alliant Center visitors, and residents from throughout the Madison Area could be attracted to an eclectic retail and restaurant location along S Park Street at the heart of the South Madison.

Retail Market Recommendations

- There is an overall retail surplus of approximately \$39 million, equivalent to approximately 110,000 sq ft of space. More targeted interventions call for approximately \$10 million in retail and restaurant gap exclusive of the campus area and downtown.
- Provide multi-lingual and culturally sensitive services, materials and programs to small businesses. The City of Madison has a number of important programs for small businesses. These programs should be made in bilingual materials and outreach provided by bilingual staff as many of the businesses have limited English proficiency.
- Provide assistance to small businesses for business plans, marketing, supply chain, etc. Recruit UW School of Business and Wisconsin Women’s Business Initiative Corporation (WWBIC) to help small, women and minority-owned businesses. While there are a number of programs available, there is a lack of knowledge in how to access these programs. In discussions with small businesses, few had a business plan or marketing strategy. With the high concentration of non-profit organizations and the new Madison College campus, a coordinated effort to reach small businesses could be a very effective strategy to assist existing retailers.
- Rezone to allow mixed-use development in which residential demand can offset cost to provide retail space and parking. Effective retailers and restaurants will require more modern facilities, but would most likely not be able to afford the development cost or rent on their own. Mixed use development will help defray the costs and provide additional parking if designed right.

- Create nodes and clusters of similar types of businesses at key intersections and adjacent blocks.
- Create public parking through small lots and by providing public parking spaces as a part of mixed-use development
- Provide additional parking for Madison College and South Madison Transfer Point – this is a critical need as commuters are now going into lots at the Village on Park and other businesses to park. Both Madison College and the South Madison Transfer Point can bring in additional customers to support local businesses, but need to have adequate parking to fill the demand.
- Improve walkability and bike amenities. Currently, not only is the corridor not functioning well for drivers who would otherwise stop to patronize local businesses, but not for pedestrians or bicyclists either. Intersection crossings are difficult. Cars speed through the area. The sidewalks, lighting and crosswalks all need to be improved to encourage a central city neighborhood business district that is attractive, safe, and pleasant for all users.

B. For-Sale Housing

Table 7: For-Sale Housing Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Demand for affordable homeownership ▪ Most affordable in-town location for homeownership ▪ Growing population ▪ Diversity of population drives demand ▪ Center of jobs – hospital, clinic, UW and downtown to the north, W Beltline access to jobs east west, tech sector growth to the south in Fitchburg 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Existing housing stock 1-4 units ▪ Modest density housing with yards, multiple bedrooms are suitable for families ▪ Nearby major employers ▪ Improved safety, and changing perception of South Madison ▪ Cultural resources and diversity ▪ Locally-based housing programs and resources such as Urban League ▪ Transportation and transit among strongest areas in Madison 	<ul style="list-style-type: none"> ▪ Competition with rental acquisition ▪ Low- moderate income of many households puts homeownership out of reach ▪ Car dependency in Madison competes with housing expenses ▪ Expense of rehab of older homes may require assistance ▪ Limited retail, amenities, restaurants ▪ Perception of area has limited homebuyers in past ▪ Limited single-family home inventory
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Affordable homeownership could stabilize and potentially ▪ Homeownership programs available ▪ Local banks products for first-time buyers ▪ South Madison non-profits have strong connection to residents and could create opportunities to increase homeownership ▪ Employer assisted housing ▪ Affordable homeownership would hedge against rising rental costs and displacement ▪ Take advantage of Wingra Creek bike path and views of the lakes and Capitol 	<ul style="list-style-type: none"> ▪ Rising housing costs without taking action ▪ Concern over rise in property taxes due to higher values that increase development and Town of Madison attachment could bring ▪ Student housing demand if areas near UW become more expensive and renters are displaced as well as demand for housing from Madison College that could compete with existing residents if new housing is not developed ▪ Speculative buying
Market Recommendations:	
<ul style="list-style-type: none"> ▪ Demand for new townhomes if designed and targeted appropriately to growing market segments of younger households and affordable as move up housing for existing South Madison working families ▪ Target first-time homeowner programs – down payment, credit improvement ▪ Continue to fund a non-profit to provide housing and financial counseling ▪ Expand the home repair program for income-eligible homeowners with greater funding, expand bi-lingual outreach, and provide to Town of Madison residents once within the City ▪ Earmark existing programs and promote programs to assist seniors to stay in their homes ▪ Establish an employer assisted housing program with major nearby employers ▪ Rebuild capacity and portfolio of a community land trust that will keep homes affordable ▪ Consider home-sharing program to match seniors 	

Strengths and Challenges

The housing stock in South Madison is one of its greatest strengths, although there is growing concern over rising prices, students competing for housing with those currently living in the area, and displacement of residents as homes are purchased and converted to rental housing.

The housing market in South Madison is 21% homeowners, 70% renters, and 9% vacant units. This contrasts with the 10 Minute Market Area which is 36% homeownership and the City of Madison is 44% homeownership. More research is needed to evaluate the potential number of renters, especially low-income renters, who want to purchase a home but are unable to because of a lack of ability to save for a down payment, unable to qualify for a mortgage due to credit, or availability of homes due to limited supply and high demand.

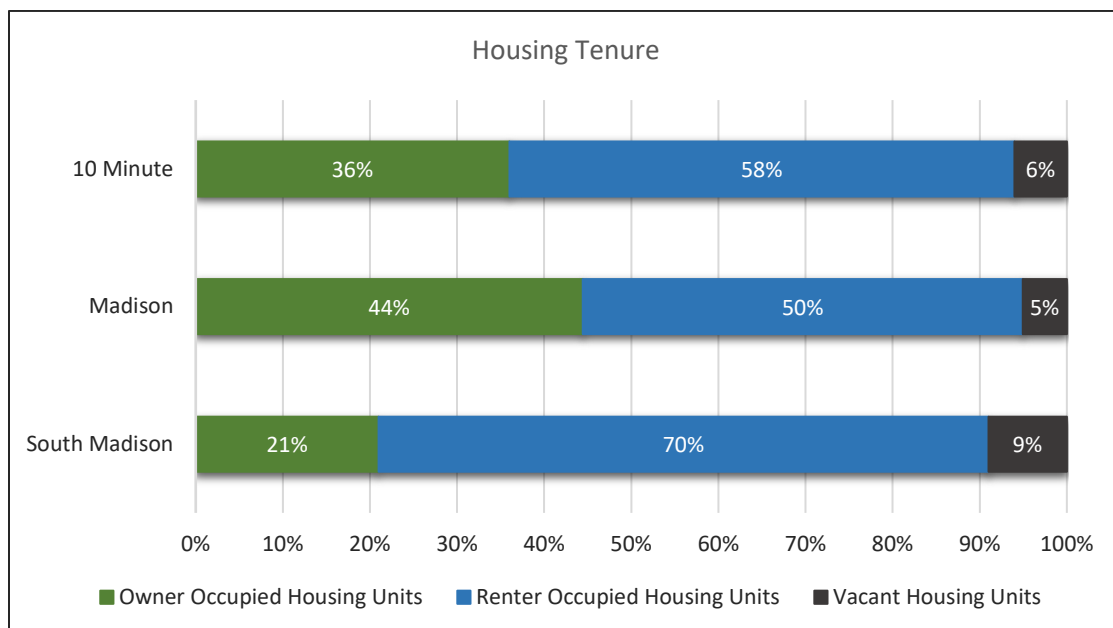


Figure 9: Housing Tenure in South Madison Study Area

Source: Esri, 2019, U.S. Census, American Community Survey, 2013-2017

For sale housing prices are lower than other Madison neighborhoods, but quickly rising. Figure 10 displays home prices and values over time, suggesting the home value index, which is the median of a home based on recent sales, will continue to rise in 2021. Note that the value of housing continued to increase during 2020 despite the pandemic. According to Zillow data, recorded through January 2020, home value index in South Madison was at \$229,000³.

³ <https://www.zillow.com/madison-wi-53713/home-values/>

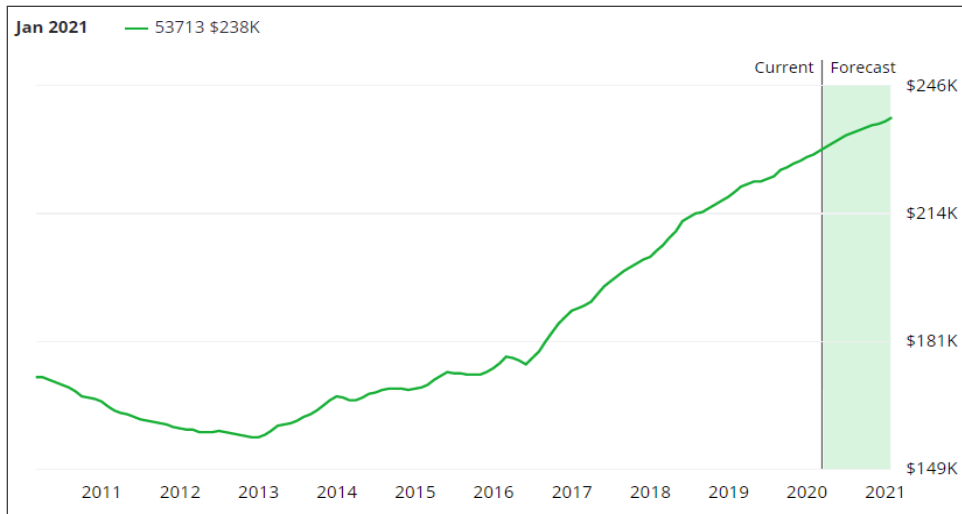


Figure 10: Rising Home Prices in Zip Code 53713

Source: Zillow.com, December, 2020

As shown in Figure 11, there is a much greater concentration of lower priced homes in South Madison between \$200,000, with very few over \$300,000. This housing stock is very important to provide affordable options so close to jobs but concerns over rising prices and conversion to rental may require additional approaches.

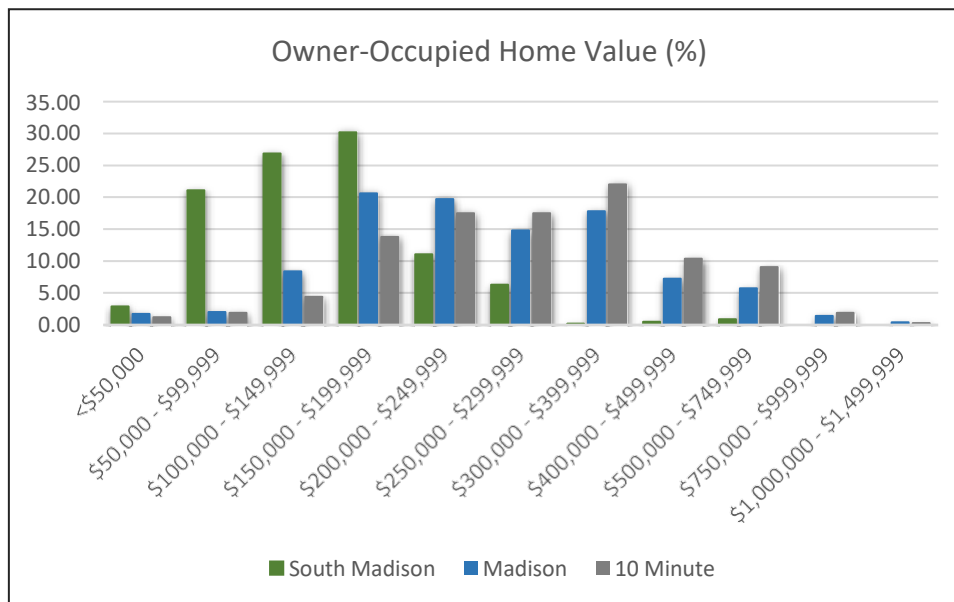


Figure 11: Owner-Occupied Home Value in South Madison Study Area

Source: Esri, 2019 U.S. Census, American Community Survey 2013-2017

COVID-19 Challenges

It is too early to determine the long-term impacts of COVID-19, but there has been no decrease in for-sale housing prices despite the strain on household income for many individuals and families. For example, the unemployment rate across the City of Madison increased from 2.3% in March, 2020, up to

11.1% in April, and has since decreased to a preliminary estimate of 3.6% in November 2020 according to the Bureau of Labor Statistics. It is likely that unemployment rates in South Madison are higher than citywide rates.

According to Zillow.com, single-family housing prices in the 53713 zip code have increased from \$266,000 in January 2020 to \$285,000 in November 2020, an increase of seven percent, while condominiums have increased from \$127,000 to \$142,000, an increase of 12%. As renters consider moving to townhomes and single-family homes with greater indoor and outdoor space, this can put further pressure on the housing market at a time that existing homeowners may be struggling to pay their mortgage.

Market Demand

Based on limited land available for 1-4 homes, and a lack of a demonstrated demand for condominium units, we would project that the driving force for new housing will be multi-family rental product. New rental product is a very important component to reduce the current conversion rate of for-sale housing into rental that is being driven by strong demand for rental product.

Demand for townhome product near amenities at a price point that would be attractive to homebuyers could be successful in this market. It would allow homebuyers to stay in, or move to, the central core of the region and not have to move to greenfield locations where most of this product is being built.

To be competitive, the price point would need to be competitive with suburban townhome product, although there could be some price premium over time to being located in the City. Amenities for townhome products would need to be carefully determined, as couples and young families typically like to see private yard space, while empty nesters want a master on the first floor and avoid staircases.

For-Sale Market Recommendations

- Target the City's first-time homeowner program – down payment assistance becomes important for first-time buyers in South Madison. As part of this effort, create a bi-lingual program and outreach sector to better reach our diverse communities.
- Continue to fund non-profits to provide housing and financial counseling – with such a high portion of renters the best market for homebuyers are renters already living in the area or working close-by. Earmark funding for multi-lingual housing and financial counseling to help these potential clients clean their credit, pay down student and car loans and save to purchase their home.
- Continue to fund a home repair program for income-eligible homeowners – many of the homes in the area were observed to need greater home maintenance. Limited wages may be a factor in preventing these repairs.
- Continue to fund programs to assist seniors to stay in their homes – such as the home repair program initiatives and the Property tax Assistance for Seniors Program that provides loans to income-eligible older adults who need help paying their property tax.
- Establish an employer assisted housing (EAH) program with major nearby employers. With major employers such as SSM Health St. Mary's Hospital and major biotech firms so close by, an employer assisted housing program would help retain valuable employees and provide increased stability to the housing market. EAH programs work by having the employer provide a downpayment assistance grant

or forgivable loan to the employee to help them buy a home close to the employer. Typically these grants or forgivable loan are \$5,000-\$7,500, much lower than the cost of recruiting a new employee. The employer typically does not develop housing, but allows the employee to find and purchase their own home in a nearby neighborhood. Harley Davidson in Milwaukee was one of the first major employers to offer this type of program. More recently, large hospitals have found this to be an effective way to retain employees, especially those fields with high potential turnover such as nurses, technicians and support staff.

- Work with existing land trust to rebuild its capacity and portfolio. Community land trusts are a way to keep housing prices affordable over time. There are two ways CLT's typically operate. They either purchase homes, retain the land, and sell the unit to an income-eligible household at an affordable price. Or, they take part in the development of new housing and retain ownership of the land. In either case, the homeowners makes a return on their purchase through a predetermined formula. When they sell the home, it must be at the formula that was determined in advance. They make a return on their initial investment, but their return may be lower than the overall market, meaning the home can be resold at an affordable price to a new income-eligible home purchaser.
- Consider home-sharing program to match seniors in order to assist seniors to stay in their homes. Typically a younger individual may agree to co-occupy the home as a way to supplement income of the senior while providing an affordable living space. This helps both parties with stable housing and prevents the senior from having to move to a senior living from having to sell their home and move in with family or to a senior living facility.
- Consider creating a mobile home purchase and home repair program by working with non-profits or faith-based organizations that could provide assistance to residents living at Madison Mobile Home Park.

Locations for New Housing

The Thorstad site at S. Park Street and Plaenert Drive has strong redevelopment potential that could accommodate several types of residential and mixed-use developments. The length of the site along the rail line means that most of the site is not suitable for retail and should instead be targeted for housing, particularly for-sale townhomes and the potential for 3-5 story condominium buildings depending on market conditions and preferences. In the foreseeable future, the demand for multi-story housing will continue to be for rental product, but this may shift over time.

The northern end of the Village on Park could also be a site for residential use, although it will likely be more suited to rental use. The residential units to the west of the Village on Park could be redeveloped into new residential uses such as for-sale townhomes or mid-density residential units.

Properties located at Fish Hatchery Road north of Cannonball Path lend themselves to mixed-use, retail and residential options. Residential development on the west side of Fish Hatchery (Conservancy Park Apartments and Arboretum Edge) take advantage of open space views. On the east side of Fish Hatchery, redevelopment could lead to improvements of the retail sites along Fish Hatchery with residential above the retail in some cases as well as residential uses at the northern end, near Bowman Park and on the eastern end of the site. These sites lend themselves from two to three-story for-sale townhomes to three-five story rental properties.

Sites along S. Park Street lend themselves to redevelopment in the medium to long-term. To the extent that the area is either rezoned or there is predictability in zoning, will be important to the development community to pursue projects that can provide public benefits from additional affordable housing units to sustainability features to improvements in parking availability and site layouts that can support modern retail.

C. Rental Housing

Table 8: Rental Housing Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Rising rents but still more affordable than other areas ▪ In-town location / proximity to jobs ▪ Transit and bike access ▪ Zoning limits new development ▪ Growing population in Madison looking for central location ▪ Diversity of population fuels demand ▪ Safety and perception of South Madison is improving ▪ Higher end rental housing has skipped over this area and development over past 10 years has been to the south, west and east 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Generally well-maintained rental housing stock ▪ Upgrades to rental stock being undertaken by property owners/managers/developers without subsidy ▪ Strong demand by families for rental housing ▪ Location / proximity to jobs at hospital, UW, downtown, and W Beltline ▪ Transit availability and South Madison Transfer Point 	<ul style="list-style-type: none"> ▪ Existing zoning limits mixed-use and moderate density housing ▪ Fragmented property ownership on corridors and shallow lots create challenges to assemble properties ▪ Car dependency to get to jobs, shopping and amenities
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Demand for new rental in 1-4 unit properties catering to families ▪ Demand for rental in moderate density new construction ▪ BRT will improve transit connections 	<ul style="list-style-type: none"> ▪ Rising rents in Madison could affect South Madison over time ▪ Stagnant wages and limited hours for lower paying jobs ▪ Students may crowd out existing residents due to relative affordability of South Madison
Market Recommendations	
<ul style="list-style-type: none"> ▪ New construction of moderate density (3-5 story) mixed-use development ▪ Potential for demand for higher density housing (6 + stories) in long-term based on competition with other submarkets such as Downtown and E. Market Street ▪ Consider set-asides for affordable units within moderate density new development ▪ Update zoning to allow for mixed-use development at appropriate densities as of right ▪ Connect renters to homebuyer assistance programs and ensure programs are available for multiple languages and cultures 	

Strengths and Challenges

As discussed in the prior section, 70% of the housing units in South Madison are rental. The median gross rent in South Madison is \$764, making it ideal for a mixture of working families, young professionals, and ethnic enclaves. There is a concern however that students are pushing up rents. Yet with the large quantity of rental development much closer to campus, the number of students (both undergraduate and graduate students) living in South Madison has been declining.⁴

⁴ The number of total UW students has decreased from 709 full-time students and 176 part-time students in the year 2000, down to 281 full-time and 34 part-time students in 2020 according to the Office of the Registrar, University of Wisconsin-Madison
South Madison Market Study

With the growth in jobs in Madison there has been a high demand for rental resulting in the purchase of 1-4 unit buildings, renovating the units and renting them through both small and large management companies.

Table 9: Median Gross Rent for South Madison, City of Madison, and 10 Minute Drive Area

Median Gross Rent	
South Madison	\$764
City of Madison	\$1,008
10-Minute Drive	\$957

Source: Esri 2019, American Community Survey, 2013-2017

Table 10: Rent Levels in South Madison:

Rent in South Madison		
Renter Occupied Units	Percent of Households	Number of Households
\$700-\$800	30%	617
\$800-\$900	7%	142
\$900-\$1,000	9%	177

Source: Esri 2019, American Community Survey, 2013-2017

As can be seen in Figure 12, most units are below \$1,250 with the greatest concentration between \$750 and \$800.

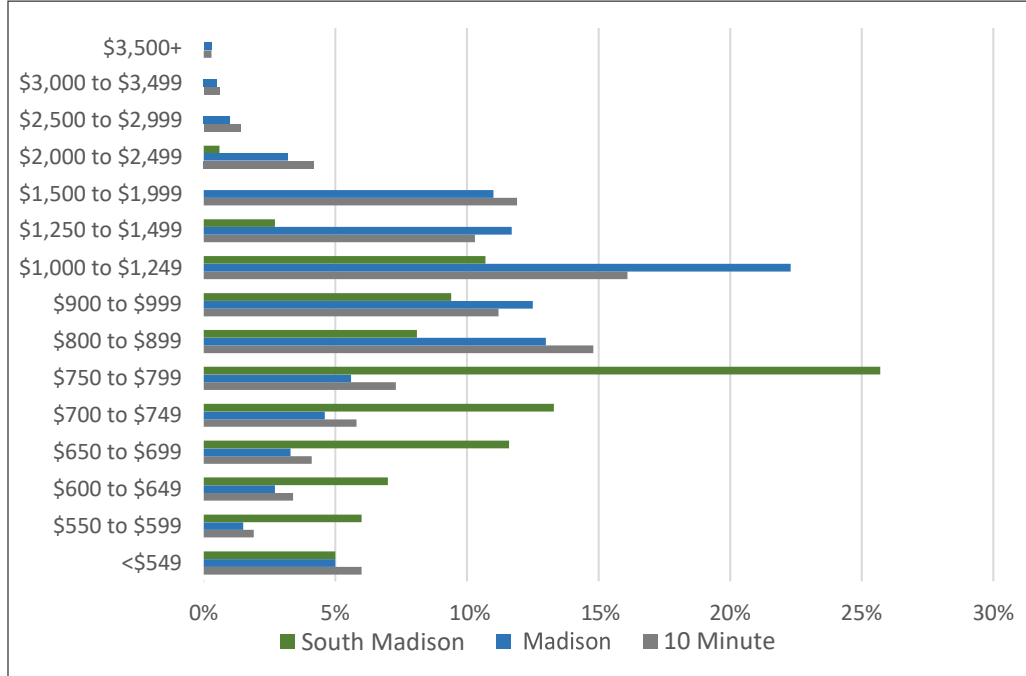


Figure 12: Rental Prices in South Madison, City of Madison and 10 Minute Market Area

Source: Esri 2019, American Community Survey, 2013-2017

Compared to the home value, the rental unit listing prices in Zip Code 53713 have fluctuated periodically, with the highest rent being paid at \$1,600 for all home types in June 2013 and August 2019⁶. In January 2020, rent began to decline to \$1,534. These levels are much higher than that reported through the Census as it covers a larger market area of the entire Zip Code, represents rental of single-family homes in addition to multi-family and the calculations are based on those units that are listed rather than rented through word of mouth and without agents. Note that as opposed to for-sale housing, rental prices remain high, but have been fluctuating over the past several years, rather than continuing to increase. However, the decline in monthly rent during the Pandemic in 2020, may be short lived as students return to UW-Madison.

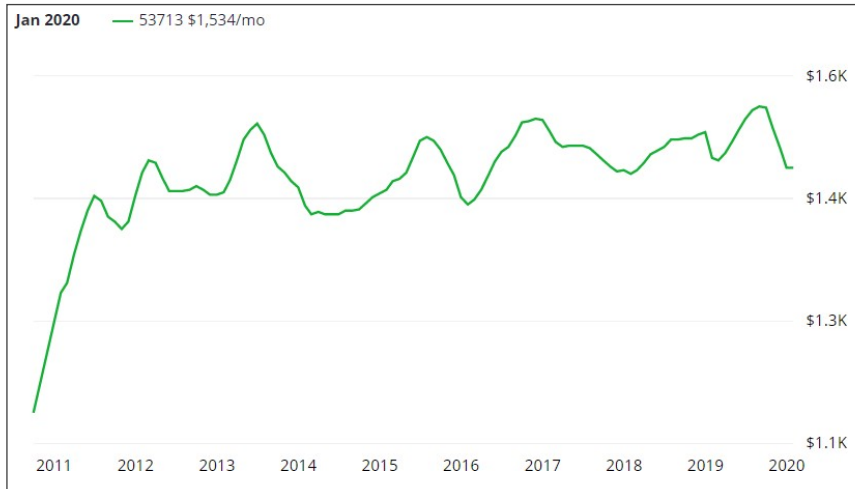


Figure 13: Rental Prices in South Madison
 Source: Zillow.com, January 2020

As a result of relatively low wages and rising rents, housing cost burden (defined as paying more than 30% of household income toward housing expenses) is very high in South Madison. In fact, as shown in Table 11, a majority of renters are cost burdened, including one in five who spend more than 50% of their income towards rent.

Table 11: Rental Cost Burden⁵:

Cost Burdened Rent in South Madison		
Households without a Mortgage	No. of People with Cost Burden	% with Cost Burden
30-50%	482	31%
50% and more	442	22%

Source: Esri, 2019, American Community Survey 2013-2017

Market Demand

All evidence points to built-up demand for more rental housing in South Madison. It’s central location near jobs throughout the City and region, active market in converting existing housing stock to rental, and rising rental levels point to this demand.

In order to project the demand for the year 2040, two methodologies were used. First, a low- and high-projected units was determined based on the proportional share of South Madison compared with growth in projected citywide. The low projection is based on the current share of housing units in South Madison compared to the city as a whole, while the high is based on increasing the share of South Madison relative to the City from 2.3% of units to 4.6% of units. Using this method, the “low” projection would yield 924 units while the “high” would yield 1,847 units. We believe that the “high” projection is reasonable due to the potential for redevelopment in South Madison, its central location, access to both downtown, the Beltline and nearby employers at SSM Health and UW campus. This will require a number of strategies including zoning changes that would allow for increased density in this area.

Table 12: 2040 Projected Housing Demand

	South Madison Current Units	South Madison Low Projected Units	South Madison High Projected Units	City of Madison Current Units	City of Madison Projected Units
Owner Occupied Housing Units	598	212	424	54,288	17,600
Renter Occupied Housing Units	1,994	711	1,423	61,691	20,000
Total Units	2,592	924	1,847	123,381	40,000

The second methodology that was used was to compare South Madison to a comparable area that has been experiencing growth – East Washington Street. Several developers pointed to this area due to the recent trajectory of growth and transitioning from an underutilized area near downtown to a mixed-use area that has added significant housing and retail space. From 2010 through early 2020, 1,130 units have been built in the Capitol East area of Madison, virtually all rental units, nearly 10% of the 12,131 units built citywide. Based on this rate of growth, an additional 2,260 units in Capitol East could be expected. If South Madison experiences a similar rate of growth, that could yield to an additional 2,260 in South Madison.

Table 13: Projected Housing Units

	New Units 2010-2020	Projected 2020-2040	Total 2010- 2040
Capitol East	1,130	2,260	3,390
South Madison		2,260	2,260
Other Areas	11,001	19,742	30,743
City of Madison	12,131	24,262	36,393

Based on these two methodologies, housing unit projections for South Madison range from a low of 924 units to a high of 2,260 units over the next 20 years.

A number of factors will influence this projection including:

- Overall market absorption
- Land availability in South Madison
- Zoning and Regulatory Limitations
- Competitive markets in other core areas of the City of Madison (Campus, Downtown, E. Washington Street)
- Pace of recovery in the post COVID-19 economy

Rental Market Recommendations:

- New construction of moderate density mixed-use development. Growing strength of rental market can be met with new multifamily housing along Park Street and other key nodes in South Madison. Demand is estimated between 1,420 and 1,740 new rental units over the next 20 years.
- In order to keep the area affordable for working individuals and families of low- to moderate-incomes, the City should continue to work with developers interested in applying for the City of Madison's Affordable Housing Program which provides loans to developers who construct or preserve income and rent restricted housing.
- Update zoning to allow for mixed-use development at appropriate densities as-of-right. Developers will need predictability that projects will be approved, especially for the first few projects, before investing in land and predevelopment costs.
- Connect renters to homebuyer assistance programs and ensure programs are available for multiple languages and cultures. This will allow their units to be absorbed in the rental market to meet demand, while providing these households with opportunities to purchase homes and build home equity.

Locations for Rental Housing

As discussed in the For-Sale portion of this study, there are several sites that would be appropriate for new housing.

The Thorstad site at S. Park Street and Plaenert Drive lends itself to residential uses including mixed-use of rental over retail on S. Park Street and 3-5 story rental buildings in the southwest portion of the site. This location is appropriate for a mix of market-rate and affordable product, especially due to the close proximity to retail and services along S. Park Street, non-profit organizations and The Village on Park Street.

The northern end of the Village on Park is an excellent site for a rental or mixed-use building. The residential units to the west of the Village on Park could be renovated as rental units or redeveloped as rental properties, from townhome to 3-4 story stacked flats.

Properties located at Fish Hatchery Road north of Cannonball Path lend themselves to mixed-use, retail and residential options. These sites lend themselves from two to three-story for-sale townhomes and/or three-five story rental properties.

Additional sites along S. Park Street may be appropriate for redevelopment in the medium to long-term. Ensuring there is a predictable zoning process will be an important factor in developer interest in the corridor.

D. Office and Business Services

Table 13: Office and Business Services Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Limited office and business services in retail locations along Park and Badger ▪ Office, tech and biomedical has been growing downtown, East and West Sides and south of Beltline 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Proximity to downtown and growing office markets with more affordable land prices for redevelopment ▪ Health care is a major jobs generator just north of study area ▪ Park Bank has been a long-time community anchor and lender ▪ Madison College, Urban League, Centro Hispano, YWCA, WWBIC (Wisconsin Women’s Business Initiative Corporation) all provide workforce and entrepreneurial training ▪ Alliant Energy Center, exhibition center and Coliseum ▪ Cultural diversity and location can be a plus for employers wanting an authentic experience 	<ul style="list-style-type: none"> ▪ Lack of quality, move-in space ▪ Limited transit and parking ▪ Perception of the area as a cut-through district ▪ Limited connections between businesses ▪ Language barriers among existing businesses has limited business networks across South Madison ▪ No co-working spaces nearby
Opportunities	Threats
<ul style="list-style-type: none"> ▪ There is a growing demand for office, tech and biomedical that could be captured in mixed-use projects along Park Street ▪ Single users with large floorplates are appropriate for former industrial and distribution sites south of Beltline ▪ Purchasing business services from Alliant Energy Center ▪ BRT could reinforce this area as an employment district 	<ul style="list-style-type: none"> ▪ Employers will continue to skip over South Madison to invest South, West and East as those areas are heavily marketed ▪ Risk of displacement of existing businesses if new development does not incorporate affordable spaces for local and minority-owned businesses
Market Recommendations	
<ul style="list-style-type: none"> ▪ Focus on mixed-use development with office over retail or business services ▪ Allow business services as first floor use ▪ Redevelop large auto-related parcels for new development on both sides of Beltline ▪ Expand Madison College, Urban League and Centro Hispano, YWCA, WWBIC training and support for entrepreneurs, workers and small businesses 	

Strengths and Challenges

There are two drivers of office space in the South Madison Study Area – health care located to the north and the large concentration of non-profit organizations. Non-profit demand is discussed in the next section of this analysis while this section will focus on business services.

There is very little traditional office space with business services. In fact, searches through CBRE, LoopNet, and local brokerage sites uncovered no current listings within the Study Area boundaries. However, large office users are located along the W Beltline in single-purpose buildings as part of a

thriving regional economy. The question would be whether new development could accommodate these types of users and if it can be done in a way that enhances jobs for local residents rather than displacing existing businesses.

Most individuals in all three market areas are employed by service industries, an assortment of employers such as health, legal, social, & educational services, hotel, and miscellaneous as shown in Figure 14. Service industry employment ranges between 58% and 64% in the three market areas.

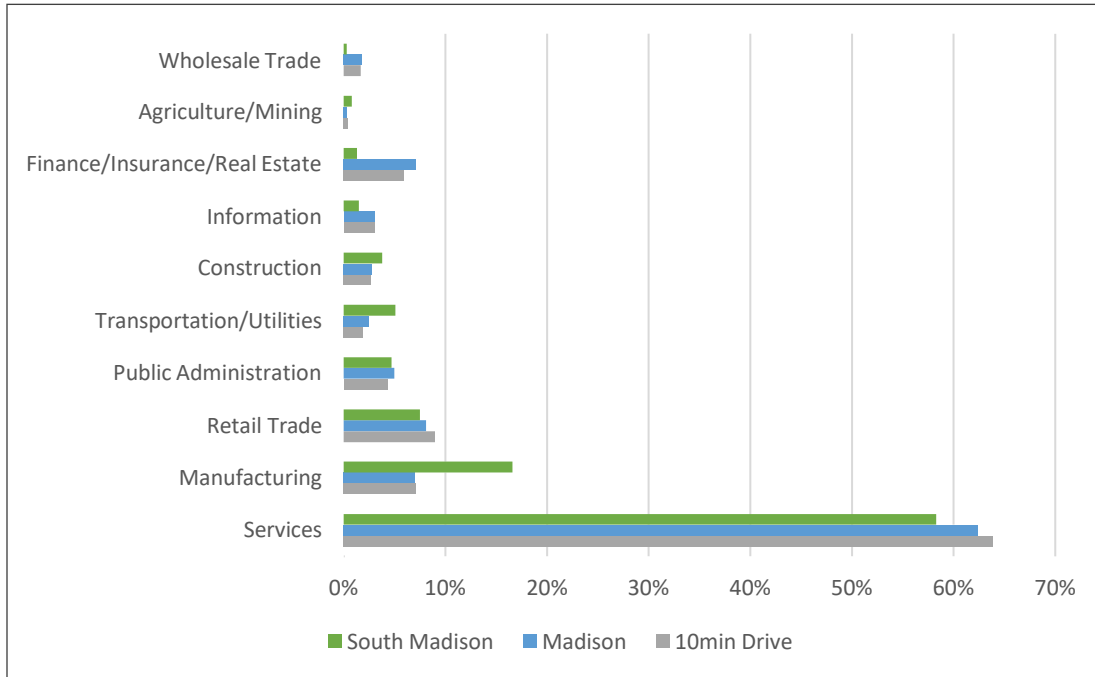


Figure 14: Employees by Industry for South Madison, City of Madison, and 10 Minute Drive Area

Source: Esri, 2019, American Community Survey 2013-2017

A further assessment of looking where people work and live shows South Madison has a 97.8% of population area employed in the area but living outside. About 96% are living within the area but employed outside. While this makes sense based on its central location, it leaves a disconnect between workers and residents, increases traffic congestion and limits economic opportunities for South Madison residents.

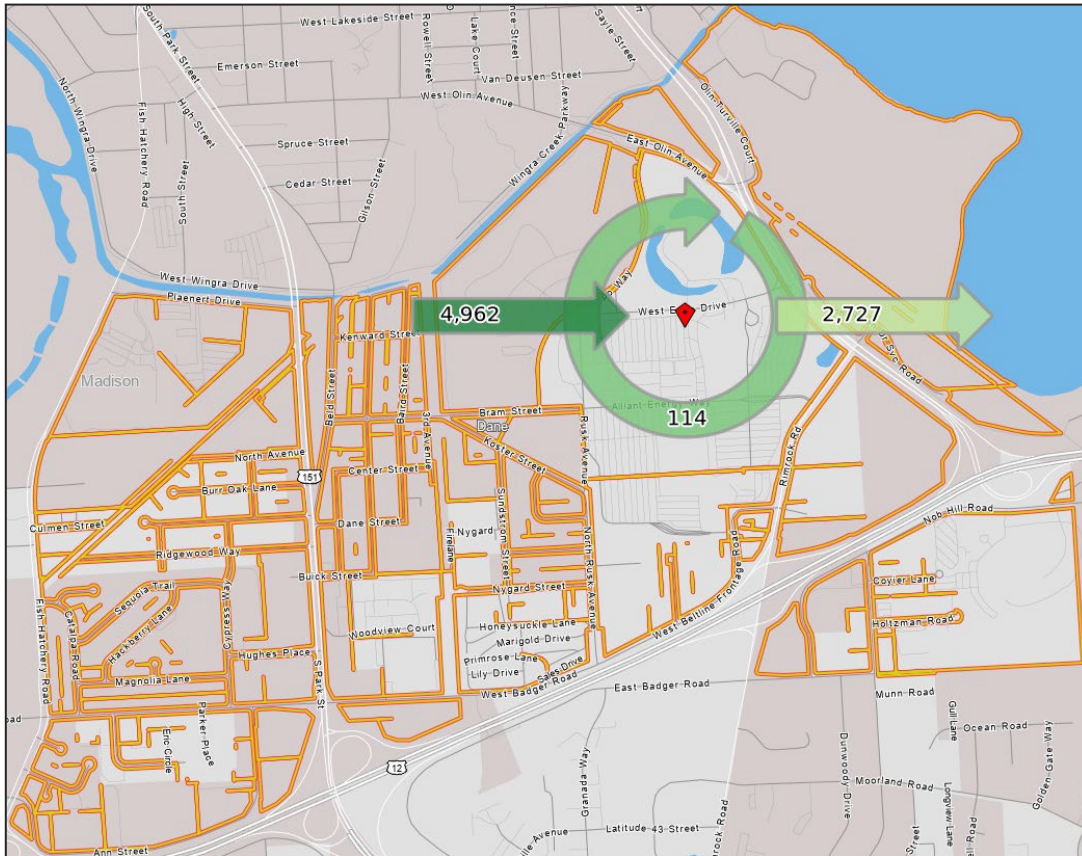


Figure 15: Employment Inflow and Outflow

Local Businesses

South Madison is an ideal location for small, local and minority or women owned businesses. Lower land costs, rent levels and accessibility make this area appropriate for locating these types of businesses, providing a more affordable alternative to locating downtown, near UW or more expensive suburban locations.

Industry Sectoral Growth: Biosciences and Health Care

Two of the fastest growing sectors of the Madison economy are biosciences and health care industry sector. SSM Health is in the process of a major expansion of their campus just to the north of the Study Area, as well as UW Hospital further north and west. Currently they have 2,000 employees at their St. Mary's campus and will be adding 400 additional employees in their new facility on Fish Hatchery Road. In addition, they currently have 500-600 employees at their Wisconsin Regional Office at 1802 W. Beltline and may move that to a more central location. This may be a strong anchor to attract related health care industries to South Madison rather than locating in locations further out of the central area.

Market Recommendations:

- Focus on mixed-use development with office over retail or business services. While business services are ideal for second floor use, zoning should not restrict services from ground floor use if they bring needed services and employment to South Madison.
- Redevelop large auto-related parcels for new development on both sides of Beltline. There are a number of underutilized sites in South Madison that can be redeveloped for office and business use for larger employers in biosciences, health care or other industries.
- Expand Madison College, Urban League and Centro Hispano training and support for entrepreneurs, workers and small businesses. Consider partnering with a local organization to create a business incubator that would provide the environment for small and BIPOC businesses with the skills and support they need. An incubator can either be a shared space in a new or renovated building or a technical assistance and support system that would provide the infrastructure – technological and knowledge-based – to support small businesses, expanding on existing programs.

E. Non-Profit and Institutional

Table 14: Non Profit and Institutional Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Concentration of regional service non-profits including Urban League, Centro Hispano, Planned Parenthood ▪ New Madison College South Madison Campus has reinforced the area and changed perception ▪ Health-care cluster just north of study area 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Strategic location for regional non-profits who can serve the historic local need in South Madison as well as conveniently reach their target demographics regionally ▪ South Madison Transfer Point is helpful for transit-dependent ▪ Established relationships and knowledge of services across non-profits (although can always be improved) ▪ UW outreach at Village on Park 	<ul style="list-style-type: none"> ▪ Lack of parking is the greatest challenge identified by providers ▪ Constant need to enhance communications to reach families who need services
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Non-profit institutions are job anchors that should be encouraged to expand in South Madison ▪ Expand model of Village on Park repurposing and renovation and Goodman South Madison Library / Urban League joint development ▪ Collaboration by area non-profits on shared goals 	<ul style="list-style-type: none"> ▪ Development and construction cost for modern facilities
Market Recommendations	
<ul style="list-style-type: none"> ▪ Continue to support Village on Park with signage, landscaping and additional parking ▪ Create more parking along the corridor in tandem with new development ▪ Expand Madison College campus and find new sites to relocate businesses elsewhere in South Madison ▪ Pursue joint development opportunities on underutilized, auto-oriented parcels ▪ Determine ways for non-profits to earn income ▪ Consider support for the creation of a community development corporation to lead community engagement, housing and economic development efforts in South Madison 	

Strengths and Challenges

The South Madison local economy is anchored by non-profit organizations. These are anchor institutions that help with education, financial literacy, and employment for people which consequently helps increase stability of the study area. Table 15 highlights the variety of organizations in South Madison.

Non-profit organization and institutions are located in clusters throughout Study Area, as shown in Figure 16, creating density by inhabiting most of the commercial office space and becoming established anchors. This results as a beneficial asset to the community. However, some of the organizations have also conveyed they would like to expand, if space were to become available.

Table 15: Examples of Non-Profit Organizations in South Madison

Nonprofit Organization	Category	Service
ATTIC Correctional Services, Inc.	Social Rehab Program	Providing offenders with structure and supervision, promoting offender acquisition of appropriate social behavior, preparation for offender self-sufficiency, and emphasizing community/victim compensation for loss due to crime
Boys and Girls Club of Dane County Taft Street Club	Youth Club	After school and summer camp, teen programs, sports, recreation and fitness programs.
Catholic Multicultural Center	Community Center	Provides basic needs (food pantry, personal essentials, free meals, shower and laundry), education & employment, immigration legal services and community engagement.
YWCA Empowerment Center	Job Readiness	Resources for individuals seeking to find, change, or maintain employment and acquire skills for workplace advancement, assistance with resume & cover letter writing, and job application completion
Freedom Inc.	Community Activism	Engages low- to no-income communities of color in Dane County, working to end violence against people of color, women, those that non-traditionally gender identify, youth, and elders, to promote a healthy lifestyle
Literacy Network	Career & Life Preparedness	Teaches reading, writing, communication and computer skills to Dane County adults to achieve financial security, well-being and deeper engagement with their families and community
Centro Hispano of Dane County	Community Activism	Empowering Youth, Strengthening Families, Engaging the Community in Dane County, Wisconsin, where Latino families can aspire upward, to reach their personal goals and dreams with civic engagement and tools for success
Urban League	Career & Life Preparedness	Ensure African Americans and other community members are educated, employed and empowered to live well, advance professionally and contribute to the common good in the 21st Century
Nehemiah Community Development Corporation	Career & Life Preparedness	Engaging the greater Madison community to empower African American individuals, families, and communities to bring about hope, transformation, and justice

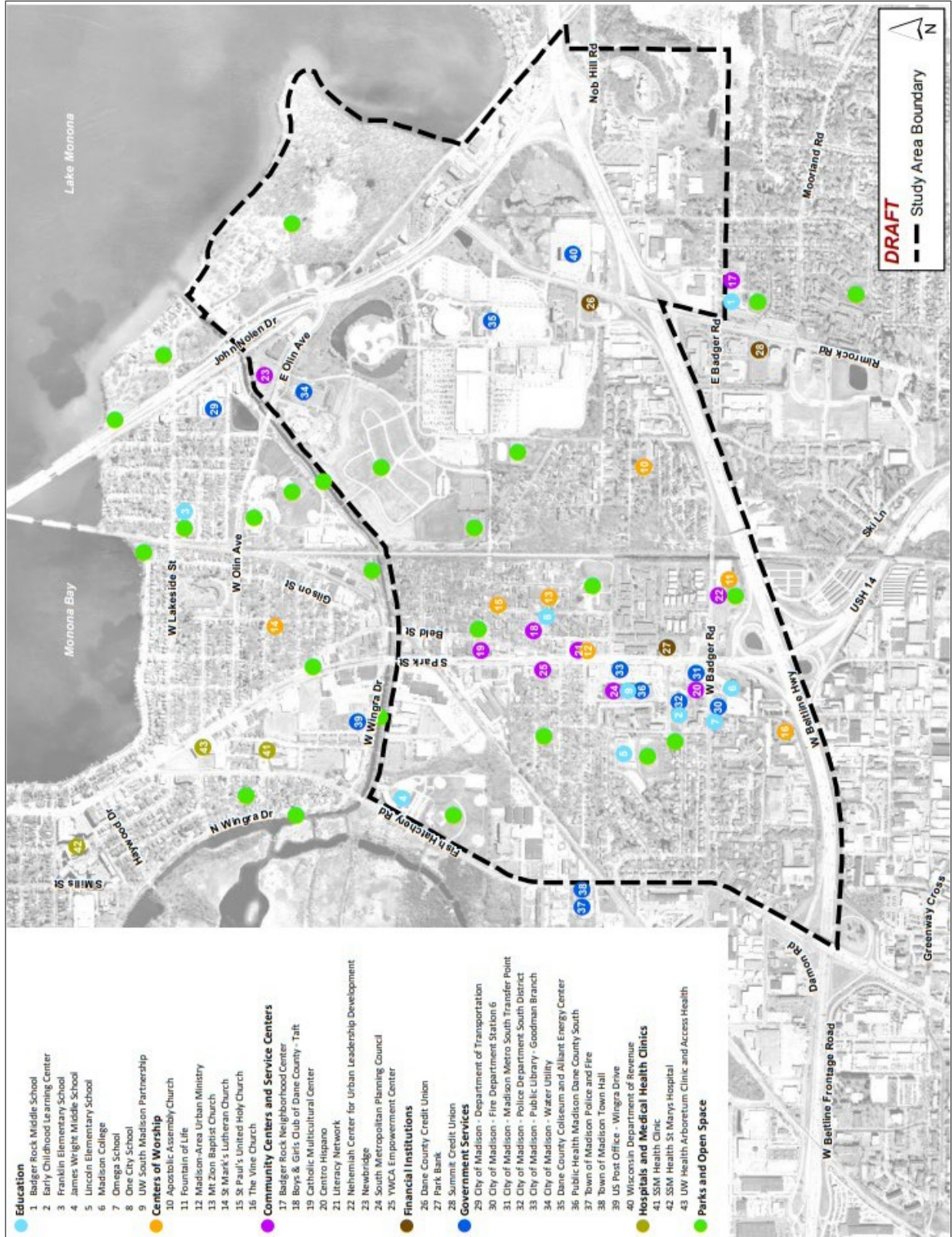


Figure 16: Non-Profit Organizations in South Madison

The Village on Park Street is a successful example of retrofitting commercial space into a vibrant center that mostly caters to non-profit organizations. There is currently a vacant space at the north end of the center that can either be released or redeveloped into a new use.

The largest new employer in South Madison is the new Madison College. After opening in the Fall of 2019, it has already exceeded enrollment projections, with over 2,000 students enrolled at the South Madison campus, 500 more than the initial projection. Madison College capital campaign for this campus was \$23.5 million that was raised in just seven months. According to the President of Madison College, there is demand to expand the campus to build an additional building if they had enough land and parking.

Market Demand

Forecasting the need for non-profit facilities will require understanding the facility needs of local non-profits to thrive as community anchors. Some may be able to share space or pursue joint development efforts, similar to the Urban League, Madison Public Library building at Village on Park Street.

The City and community should consider whether there is a need for a community development corporation to foster business networking, coordinate activities among non-profits and move critical projects forward.

Market Recommendations

- Continue to support Village on Park with signage, landscaping and additional parking. New development can be planned at the northern end and in surrounding underutilized land around the site.
- Create more parking along the Park Street corridor in tandem with new development. The City should consider adding parking lots for multiple users at certain locations along Park Street.
- Expand Madison College campus and find new sites to relocate businesses elsewhere in South Madison.
- Pursue joint development opportunities on underutilized, auto-oriented parcels.
- Determine ways for non-profits to earn income through social enterprises.
- Consider support for the creation of a community development corporation (CDC) to lead community engagement, housing and economic development efforts in South Madison. CDC's can raise funds, pursue development projects and manage properties for non-profit, housing or business use.

F. Light Industry, Transportation and Distribution

Table 16: Light Industry, Transportation and Distribution Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Legacy of industrial and distribution uses to serve region ▪ Demand for logistics is growing quickly ▪ In-town location for last mile delivery makes South Madison desirable for investment 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Strategic location off W Beltline serves City and region ▪ Larger sites of antiquated industry and auto-related uses can be redeveloped 	<ul style="list-style-type: none"> ▪ Conflicts between land uses, particularly recycling facility and neighboring businesses ▪ Patchwork of sites and jurisdictions south of W Beltline
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Modern light industry can be compatible with neighboring uses in the appropriate locations ▪ Identify sites for potential redevelopment ▪ Expand workforce training programs at Madison College, YWCA, Urban League, Centro Hispano and others to raise wages of South Madison residents and connect them to steady, good-paying jobs 	<ul style="list-style-type: none"> ▪ Delivery traffic volume ▪ Incompatible adjacencies
Market Recommendations	
<ul style="list-style-type: none"> ▪ Market employment uses to larger sites particularly south of Beltline to keep large trucks away from other business and residential uses ▪ Continue workforce training programs at Madison College, YWCA, Urban League, Centro Hispano and others to seek better opportunities for South Madison residents and connect them to steady, good-paying jobs 	

Data analysis:

The area south of the W Beltline provides a number of opportunities to identify areas for light industry, transportation and distribution that can provide jobs and logistical support for the City’s economy. Existing industrial or quasi-industrial uses north of the Beltline can be moved to other sites to free up sites for development in the core of South Madison.

South Madison is well position to serve transportation, logistics & distribution (TDL) and light manufacturing/production industries due to its highway access, proximity to downtown Madison & nearby counties, and overall road circulation. A report released by Deloitte and The Manufacturing Institute, indicated that for Madison, “many companies expect job categories where they have rated the current shortage “very high”—digital talent, skilled production, operational managers—to triple in difficulty in terms of filling positions in the next three years.”⁷ The U.S. Bureau of Labor Statistics presented data on occupational projections and worker characteristics, which reported positions such as “Operations Specialties Managers and subcategories” are anticipated to increase between 2018 and 2028⁸. As companies expand to meet the demand of various production means, Madison can be proactive in marketing appropriate sites to these types of industries. This can be supported by the

⁷

http://www.themanufacturinginstitute.org/~media/E323C4D8F75A470E8C96D7A07F0A14FB/DI_2018_Deloitte_MFI_skills_gap_FoW_study.pdf

⁸ <https://www.bls.gov/emp/tables/occupational-projections-and-characteristics.htm>

School of Workforce and Economic Development at Madison College, which can meet the demand highlighted in the Deloitte report.

South Madison has the components needed to attract TDL and light manufacturing/production industries, with sites & infrastructure and a local workforce demographic. The 2019 State of the Madison Report, which provides a snapshot of the economic performance of the Madison Region, and captures progress and outcomes from year-five implementation of the *Advance Now* Strategy, noted that a site in Fitchburg was acquired for Phoenix's new R&D and production facility, creating between 70-120 jobs.^{9,10} Industrial leasing activity was high in the west, east, and northeast submarkets of Madison in the 4th quarter of 2018, according to market trends from the Commercial Association of Realtors report.¹¹ South Madison is more than capable of capturing some of this market and has the potential to explore other high-end industries relevant to healthcare and tech. Whether its renovation or new construction, South Madison can generate high quality class A space using infill development than greenfield locations and bring in tax dollars to the region.

Market Recommendations

- Market employment uses to larger sites particularly south of the W Beltline to keep large trucks away from other business and residential uses. The City should pursue rezoning based on proposals that bring quality economic development projects to the City. This may require upgrades in infrastructure as sites are attached from the Town of Madison.
- Continue workforce training programs at Madison College, Urban League, Centro Hispano and others to seek better opportunities for South Madison residents and connect them to steady, good-paying jobs.

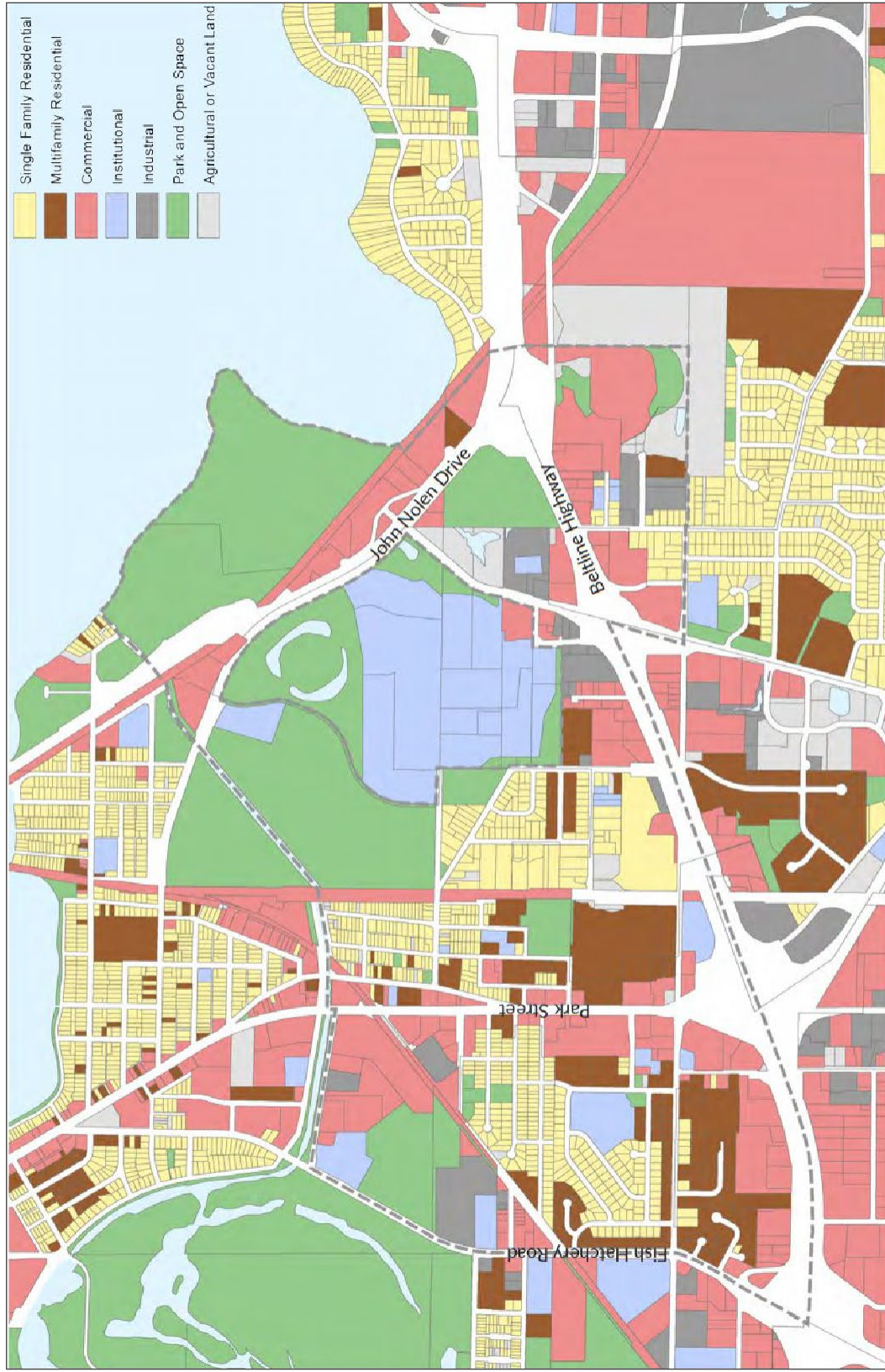
COVID-19 Implications

While it is too early to predict the long-term impacts of COVID-19 on real estate, early signs show that the importance of distribution and supply-chain management that had already been taking place prior to the pandemic have greatly accelerated. There implications both in supply chain management (discussed above in the Retail section of this study) and last mile delivery from national delivery services. The extent to which these elements can be balanced to take advantage of the economic benefits along W Beltline, South Madison could benefit due to its strategic location in the region.

⁹ <http://madisonregion.org/about/research-and-reports/>

¹⁰ http://madisonregion.org/wp-content/uploads/2019/05/4540390-BOO-862074-02_Web.pdf

¹¹ <https://carw.com/>



G. Hospitality

Table 17: Hospitality Key Findings

Market Characteristics	
<ul style="list-style-type: none"> ▪ Existing hotels along W Beltline in South Madison ▪ Demand from Alliant Energy Center Coliseum and Exhibition spaces ▪ Demand from health care institutions, UW and other employers for hotels and meeting spaces 	
Assets	Challenges
<ul style="list-style-type: none"> ▪ Alliant Energy Center facilities ▪ St. Mary's, UW Health and related health care facilities may require hotels and business services 	<ul style="list-style-type: none"> ▪ Limited connections and linkages between major institutions and local businesses
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Opportunities for new, modern hotels that can serve demand in Madison metro ▪ Improved linkages between local businesses and large institutions ▪ Identify sites along W Beltline (on either side) to serve regional demand for growth in hotels, conference and meeting space 	<ul style="list-style-type: none"> ▪ Displacement of existing uses if not planned and developed correctly
Market Recommendations	
<ul style="list-style-type: none"> ▪ Identify sites along W Beltline (on either side) to serve regional demand for growth in hotels, conference and meeting space ▪ Upgrade / redevelop older hotel sites to meet current demands and required amenities in the hotel marketplace 	

Strengths and Challenges

The Alliant Energy Center (AEC) is undergoing a major renovation and expansion that will provide modern facilities to attract more events and conventions to South Madison.

The 2018 Alliant Center Master Plan and Destination District Vision and Strategy lay out specific proposals for expansion and modernization of the campus to make sure it is competitive. Currently, implementation includes an 80,000 sq ft expansion of the Exhibition Hall.

Yet, AEC/Nolen is largely disconnected from the rest of South Madison. It is set in a campus-like setting off of John Nolan Drive and is better connected to Downtown than it is through the road network to the west. On the one hand, this prevents car traffic from going through the residential areas of South Madison, but it also means that there are few positive spillover effects between AEC and the rest of South Madison.

The Alliant Center Master Plan noted a significant realization that the best way forward for financial sustainability as well as integration into the surrounding areas, is for a mix of public and private developments that would add density, walkability, taxable private development, more flexible event spaces and related improvements¹². This applies to South Madison, as both entities need to be cohesive to have a unified and compatible atmosphere that attracts event attendees, residents, and investment.

Market Demand

There are approximately five (5) hotels located in the south and east side of the study area, the majority surrounding the Alliant Energy Center (AEC) ranging between upper upscale and upper midscale with various room quantities. The 2017 *Alliant Energy Center Market, Financial, Facility, and Impact Analysis* report observed that the AEC did not meet hotel walkability and ease of access expectations and stated it would have to develop more than 400 walkable adjacent hotel rooms to meet minimum industry expectations without considering potential facility expansion.¹³

Dated motels and hotels along the W Beltline in South Madison should be considered for either redevelopment as modern hotels or as new uses for residential development or mixed-use development to meet the demand.

Market Recommendations

- Identify sites along W Beltline (on either side) to serve regional demand for growth in hotels, conference and meeting space. While the first focus should be ensure AEC has adequate facilities, other sites along the W Beltline could be sites for new or redeveloped hotels. Currently, much of the hotel inventory to serve Madison is located much further west or east, while these sites would be much more convenient to the central core of the City of Madison and UW Campus.
- Upgrade / redevelop older hotel sites to meet current demands and required amenities in the hotel marketplace. Some of these sites are either too small for modern hotel uses or at less than optimum sites and could be better repurposed for other uses.

COVID-19 Implications

Hospitality industries have been among the hardest hit elements of the economy. Much of the demand for hospitality at the Alliant Center is based on meetings, conventions and events. In addition, hotel demand is driven by demand derived from close by UW-Madison to the north. As sports, events, students and visitors return to campus, demand will begin to return, but this is likely to be much delayed from the projections produced in prior studies. In addition, the shape, form and design of hotels and event space may be impacted as new considerations of public health are incorporated into the design.

¹³ <https://aecstudy.countyofdane.com/Documents-and-Presentations>