

Interim Report:

Market Analysis and Retail Trends

Ensuring a Vibrant Downtown Retail Destination:
A Retail Assessment and Strategy for Downtown Madison

Prepared for:
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Introduction

Background

Healthy, vibrant retail districts serve a variety of important functions for a community. They provide essential goods and services to local residents; they provide critical amenities that help attract employers and visitors; and, they are an important source of community building because of the inherently social nature of shopping and dining.

With over 300 retail and food options all within an easy walk from one another, Downtown Madison is the premier destination in southcentral Wisconsin for a unique shopping and dining experience. However, retailing is rapidly changing due to new tools for communication, socialization, and transportation. Given such rapid change, it is imperative that community leaders have a good foundation of the dynamics driving these changes so they can create appropriate and effective policy in response to market changes.

The market and retail trends analysis is one of three analyses designed to assist Downtown Madison stakeholders to better understand the current and future retail dynamics in the downtown and in particular along State Street and in the Capitol Square/King Street areas. This analysis builds upon previous research conducted in 2007 as well as on-going efforts by the City of Madison to track market conditions in the downtown.

The report is organized into sections: 1) Review of broad trends affecting the retail industry; 2) Profiles of important consumer segments (e.g., residents, employees, and visitors) supporting Downtown retailers; 3) Current and projected market conditions, such as vacancies, rents, and the business mix of

retailers in the Downtown; and 4) Key findings and conclusions regarding how broad industry changes, evolving consumer markets, and the condition of existing space are impacting the future demand and need for retail space in Downtown Madison.

The findings from the market and trends analysis will be synthesized with two other reports (a retail vitality assessment and case studies of other communities adapting to new retail conditions) to come up with specific strategies and policies designed to address identified needs and opportunities for change.

Sources of Information

A variety of data sources were used in the market and retail trends analysis:

- ◆ Demographic data provided by US Census, the Wisconsin Department of Administration, and the City of Madison;
- ◆ Previous market and economic studies prepared by UW Extension, the City of Madison, the Greater Madison Convention Visitors Bureau, and the Wisconsin State Department of Tourism;
- ◆ Interviews with local real estate professionals and businesses; and
- ◆ Field work

Information is filtered against the previous experience of the analyst.

All proposed strategies are preliminary suggestions for consideration. They are to be shaped, augmented, or rejected by further findings, as well as communication with policy makers, stakeholders, and others, over the course of the retail vibrancy study.

Retail Dynamics and Industry Trends

Retail is one of the most highly competitive and fluid real estate market sectors. Existing stores are constantly being challenged by new concepts, locations and competitors. Turnover is very common and tenants and landlords must constantly be listening to the market and making strategic reinvestments or tenant mix changes to ensure their properties are vibrant and profitable.

It is important to monitor this constant market change to ensure that the total size of available retail space is in line with retail demand. When available retail space is beyond the size that can be supported by market demand, vacancies become more common.

Excess retail supply also puts downward pressure on lease rates which can reduce the cash flow available to landlords for making the strategic reinvestments necessary for their property to remain competitive. This can lead to an overall decline in retail quality and can lead to negative impacts that can be a community concern.

The other reason to monitor the size and condition of the retail market is to prevent an overly restrictive retail environment. When a community does not provide sufficient retail area to satisfy market demand, then the variety of retail options available to its customers may be reduced and economic activity is diverted to other retail districts or communities.

It is therefore very important that communities attempt to find a balance between the amount of retail development and retail market demand.

Types of Retail Districts and Goods

The design of retail districts in urban areas has changed significantly over the past 100 years, expanding from walkable town centers to auto-oriented shopping centers to the diverse types of retail centers and districts we see today. Many of the changes have been linked to metropolitan growth patterns, changes in urban transportation systems – including the rising dominance of the automobile – and evolving retailing technologies.

One result of this change is that communities have inherited a mix of current and older retail districts and centers that vary in economic performance and

physical character. Whether a retail location is older, such as a downtown, or brand new strip mall, there is a promising opportunity to create pedestrian-friendly uses by adopting urban design approaches that emphasize links to local neighborhoods, walkability, transit access, complementary land uses, and natural amenities.

A clear understanding of the form and dynamics of retail districts is helpful when positioning them in a community. They can vary dramatically based on:

- ◆ Physical size
- ◆ Built form
- ◆ Metropolitan location
- ◆ Transportation access
- ◆ Size of Trade Area
- ◆ Mix of services and tenants
- ◆ Presence of competing districts

Many forces can affect the performance of retail districts over time:

- ◆ Changes in the regional transportation system can alter the relative situation of districts, e.g. freeway or transit station proximity
- ◆ Aging retail districts and centers often need major renovation, expansion, or repositioning to be competitive
- ◆ Changing demographics in the Trade Area may reduce buying power or create a market mismatch for a retail district
- ◆ Smaller retail districts often lack space for expansion and struggle to compete with areas that can accommodate stores that are increasingly larger, e.g. supermarkets and discount stores
- ◆ Competition can increase due to new and expanding retail districts within five miles
- ◆ Diversification of shopping center types with new formats and popular tenants increases the competitive challenge

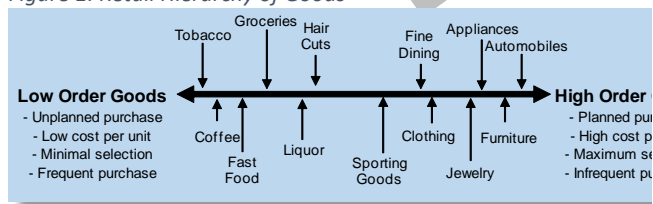
The area from which a retail district draws the majority of its business is known as the Trade Area. The boundary for a Trade Area is determined by many

factors, but mostly by the location of the next closest district offering a similar complement of goods and services. Ideally, the trade area for a given district has no other competitors for several miles in each direction, giving the district the strong advantage of convenience to the households and employers surrounding it. In reality, travel routes and intervening land uses (e.g. large rail yards with no crossings) often make one district more convenient than another retail district that is closer “as the crow flies.”

Determining the trade area around a retail district depends on the amount of goods and services it can offer to the surrounding household base; the level of offering is usually related to the size of the district and the order of goods and services available.

Goods are often classified on a relative scale from lower order to higher order goods. Lower order goods are those goods which consumers need frequently and therefore are willing to travel only short distances for them. Higher order goods are needed less frequently so consumers are willing to travel farther for them. These longer trips are usually undertaken for not only purchasing purposes but other activities as well. Figure 1 demonstrates where some of the common goods and services might fall along this continuum.

Figure 1: Retail Hierarchy of Goods



It is also important to keep in mind that retail trade areas vary considerably, depending on surrounding housing density and the attraction of the specific retail tenants. Stores in higher-density areas, especially those that focus on lower order or essential goods and services, can thrive with smaller trade areas. Conversely, districts fed by large numbers of outside visitors or destination shoppers can support a wide complement of specialty goods and services not typically found at most neighborhood-scale retail districts and thus have very large trade areas, many times including several counties or entire portions of a state. The location, density of uses, and volume of visitors means Downtown Madison supports both types of trade areas.

Relationship between Retail Demand and Demographics

Downtown retailers capture sales from four main categories of consumers: residents, daily workers, visitors, and destination shoppers. Of these, residents are usually the main source of income for most retailers. In the case of Downtown Madison, however, the sheer number of daily workers and the volume and frequency of events that drive visitors to the Downtown means that these other consumer groups often rival residents as a main source of income.

In general, neighborhood retailers perform best when they are surrounded by “rooftops,” rather than simply trying to capture “drive-by” or “walk-by” traffic in the case of the Downtown. Conversely, specialty retailers perform best when supported by high volumes of visitors and a unique atmosphere driven by strong design elements that seamlessly connect storefronts to the public realm and nearby destinations and amenities. The strongest retail locations do a bit of both; they serve the residents living in the surrounding area and, because they are located on high-traffic streets, they capture business from daily workers, visitors, and destination shoppers as well. Below are characteristics that best define the shopping habits and patterns of the four major Downtown consumer types.

Resident Consumers/Students

- ◆ Spend, on average, between 10%-20% of household income at local retailers (not including auto spending); this is far more per capita and per-trip than other consumer types
- ◆ Support a wider variety of retail goods and personal services than daily workers or visitors; everything from haircuts to hardware to prescriptions

Daily Workers

- ◆ Spend just a fraction on local retail compared to residents, but can be regular customers for restaurants, coffee shops, and other specific retailers
- ◆ Generally limit their spending time to the working hours during Monday-Friday

- ◆ Spend in narrow categories such as restaurants and convenience stores

Visitors

- ◆ Seasonality in northern climates means retailers must orient operations (e.g., hours, staffing, types of goods, etc.) to peak periods
- ◆ Retailers are dependent on a steady flow of events and activities that bring people to the Downtown
- ◆ Generally, do not support neighborhood retailers
- ◆ Often spend a substantial amount of money at one visit

Destination Shoppers

- ◆ Will drive significant distances and make special trips to shop at specific stores
- ◆ Can be very loyal customers for the retailers they patronize
- ◆ Often spend a substantial amount of money at one visit, or over the course of a year

Given that residents (the consumer unit being a “household”) generate the bulk of income for most retailers, the alignment between the demographic characteristics of the surrounding population and the tenant mix of a retail district is crucial. In an ideal world, the mix of tenants at a retail district would satisfy all of the regular needs of the surrounding population.

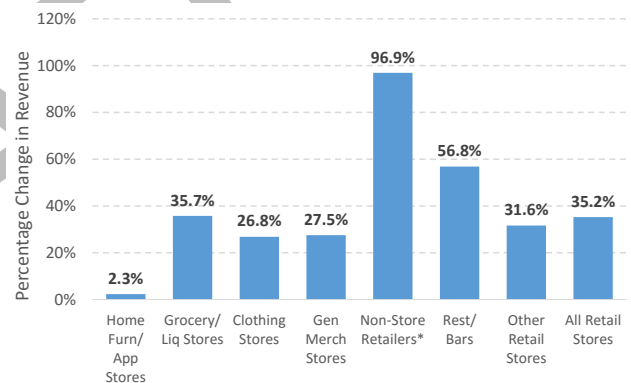
For example, a strip retail center located adjacent to a subdivision of starter homes with young families would offer such tenants as a grocery store, a hardware store, a drugstore/pharmacy, and family restaurants among others. A retail district in an inner-city urban area with few families would offer independent coffee shops, bookstores, niche restaurants with bars, and other specialty stores catering to singles and professionals.

Quantification of these consumer groups and their direct impact on Downtown Madison is addressed in a subsequent section of the report.

Revenue Trends by Retail Category

The US Census tracks national revenue by retail category. Figure 2 displays the percentage change in retail revenue from 2005 to 2015, a period of time that spans the recession of 2007-08 and its subsequent recovery. During the 10-year period, Non-Store Retailers and Restaurants/Bars clearly had the largest revenues by a wide margin. Although brick-and-mortar storefronts are not going away, this is evidence that they are no longer the only channel for consumers to receive goods and services.

Figure 2: Growth in US Retail Revenue by Category 2005-2015

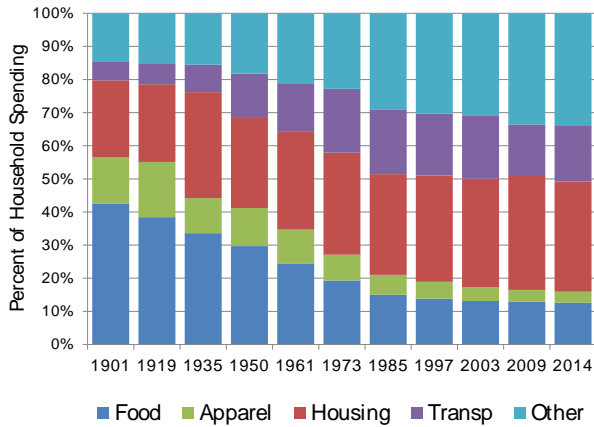


* Includes e-Commerce operations of brick and mortar stores
Source: US Census

Impact of Other Household Needs

Over the course of 100+ years, consumer spending patterns have shifted dramatically. Categories that typically consist of retail purchases have been squeezed by other categories, namely housing, transportation, and a rapidly growing “other” category, which consists mostly of healthcare, education, and savings. Although the proportion we spend on food and apparel has dropped dramatically due to the industrialization of their processing, Figure 3 below still underscores the fact that an increasing share of spending is being diverted into non-retail categories.

Figure 3: Historic US Consumer Spending as a Percentage of Income



Source: Bureau of Labor Statistics: Consumer Expenditure Survey

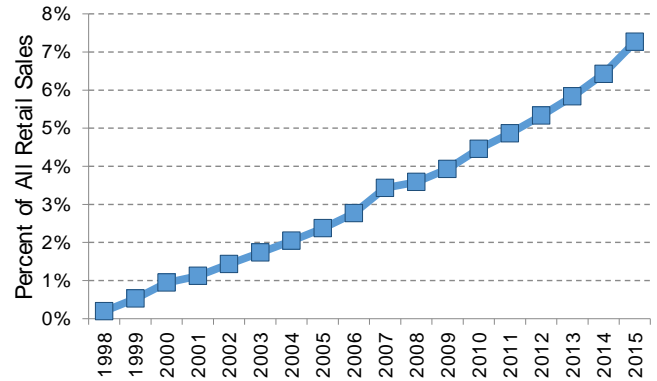
As the baby Boom generation ages into post-retirement years, it is expected that healthcare and other non-retail categories will continue to increase their share of household expenditures. One of the likely impacts of this dynamic is that many locations, which have been occupied by traditional retail stores that sell goods, will evolve into more healthcare-related retail concepts. Anecdotally, this can be seen in the emergence of the drug store/pharmacy as an anchor to many neighborhood retail districts and the proliferation of wellness/fitness retail locations.

Impact of e-Commerce and Other Technologies

More threatening to the long range prospects of traditional retail is the growth in e-Commerce or on-line purchasing of goods and services. Overall, e-Commerce remains a very small proportion of all retail spending (Figure 4). However, growth since the late 1990s has been almost exponential.

Although it will likely taper as retailers figure out how to more effectively combine the on-line and in-store experience, each half a percentage growth in e-commerce translates into millions of fewer square feet of traditional retail space that can be supported nationwide. However, neighborhood-oriented retail will likely feel less effect because the goods are generally consumed soon after purchase and therefore more immune from online competition.

Figure 4: Growth in e-Commerce Retail Spending



Source: US Census: E-Stats, E-Commerce Multi-sector Report

Not directly related to on-line retailing, but definitely a byproduct of an increasingly digital world is the emergence of a sharing economy. In this new economy, large data sets are being merged with smart phone technology to allow consumers to bypass traditional retailers and connect directly with other consumers in the exchanging of used goods in a secondary on-line market. Two notable progenitors of the sharing economy are Craigslist and eBay. Direct impacts of a sharing economy are:

- ◆ Access to cheaper goods and services than what can be provided through traditional retailing
- ◆ New ways for consumers to save money, but also earn money
- ◆ Less need for private storage (i.e., smaller homes)
- ◆ A need to be digitally literate



Facts about the Sharing Economy¹

19%

of the total US adult population has engaged in a sharing economy transaction

83%

agree it makes life more convenient and efficient

The technology, however, is evolving so rapidly that it will likely have a profound influence on not just retailing but other parts of society, such as transportation, housing, and even parenting. For example, as the technology influences travel patterns,

this will undoubtedly affect bricks and mortar retail by altering what are considered to be optimal retail locations. What may be a great retail location today may not be tomorrow.

Logistics, the movement of raw materials and finished products, is another area undergoing a profound transformation that is impacting traditional retailing. Investment into new ports, both coastal and inland, is allowing faster and more efficient movement of goods within and between countries. Just-In-Time (JIT) techniques are allowing retailers to decrease their in-store storage space. New digital delivery systems that efficiently match up drivers with stores and restaurants are capitalizing on pent-up demand delivered goods.

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¹ Price Waterhouse Coopers, *The Sharing Economy*, Consumer Intelligence Series,

<https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>

Consumer Profiles

This section examines the demographic and economic characteristics of the most important retail consumer groups in Downtown Madison. Changing demographic and economic trends can signal how the market may influence future demand for retail goods and services.

Study Area Definition

This analysis focuses on the market conditions for retail goods and services in Downtown Madison. The geographic area defined as Downtown Madison is indicated in Map 1. It shows the boundary of the Downtown as well as the boundaries of individual Census tracts that make up the Downtown. This is important because the US Census is primary and most important source of demographic data used in the analysis. Census tracts are small enough to reveal important demographic differences at the neighborhood level, which is essential for analyzing retail dynamics between and among districts. Also displayed on the map are the specific focus areas of the analysis, which center on State Street and the Capitol Square/King Street areas. These are the areas in which retail establishments are most concentrated in the Downtown.

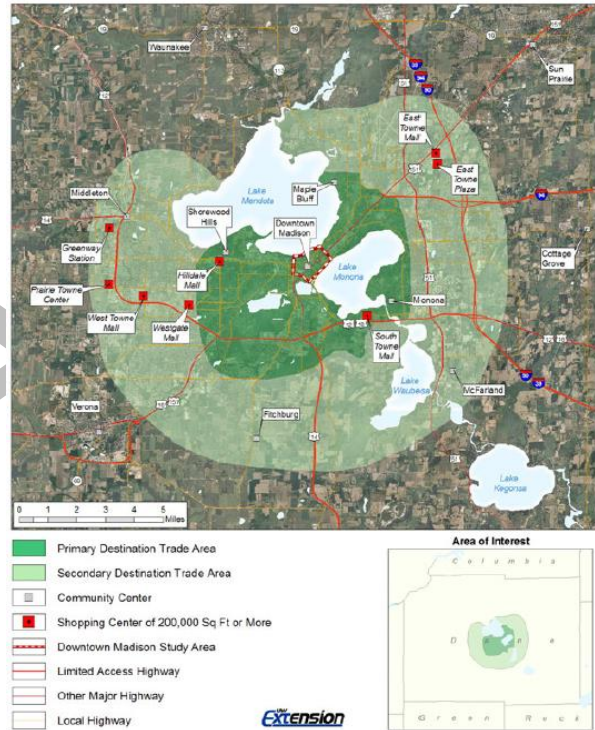
Map 1: Downtown Madison Retail Study Area



Although the Downtown is the focus of the study, Downtown retailing, because of its breadth and depth of store offerings, unique walkable environment, and proximity to important regional destinations, such as the Capitol complex, Monona Terrace Convention Center, Kohl Center, numerous performing arts venues, and the UW-Madison Campus, it has a sizable trade

area that extends well beyond the Downtown into the remainder of Madison and a large part of Dane County.

Map 2: Downtown Madison Primary and Secondary Retail Trade Areas (Source: 2007 Downtown Madison Market Analysis, UW Extension)



An analysis prepared by UW Extension in 2007 identified the primary and secondary retail trade areas for Downtown Madison (Maps 2). Due to the large reach of the Downtown's trade area, demographic data in the study typically includes Dane County or the City of Madison for analytic purposes.

Resident Characteristics

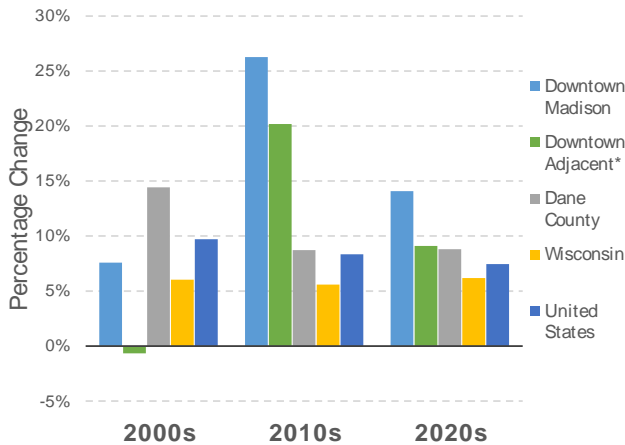
Population and Households

The population of the Madison metro area has been growing at or above the national rate of growth since 2000 (Figure 5). This sustained level of strong growth is an indicator that demand for retail goods and services will be growing throughout the region in coming years. This will positively impact Downtown Madison because

of its mix of retail stores and unique environment attract shoppers from throughout the region.

More importantly, though, growth in the region has been heavily concentrated in and near Downtown Madison in recent years. It is estimated that Downtown Madison’s resident population will increase a remarkable 26% between 2010 and 2020. A rapidly growing household base in the Downtown will directly impact retail opportunities in the Downtown because residents generally spend the majority of retail dollars at stores close and convenient to where they live.

Figure 5: Population Growth Trends

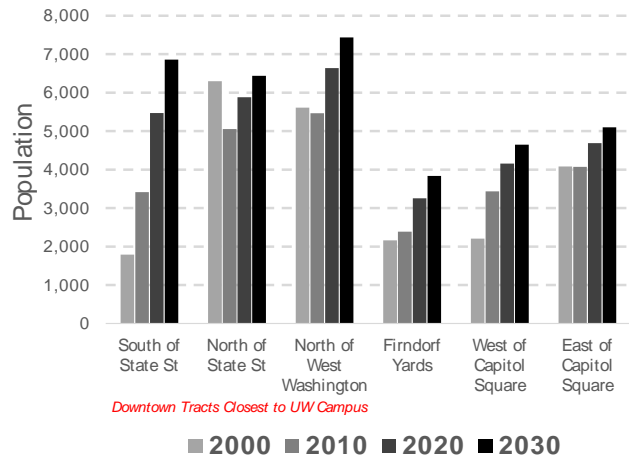


* Downtown adjacent areas include Census tracts 11.01, 11.02, 12, 18.02, 18.04, and 19
Sources: US Census; Wisconsin Department of Administration; Perkins+WILL

Population and household growth has been pronounced throughout the Downtown. All six Census tracts that make up the Downtown, have experienced significant growth since 2010 (Figure 6). Growth, however, has been especially strong in the blocks immediately south of State Street and north of West Washington.

Although many downtown areas throughout the country have been experiencing a population renaissance in recent years, the phenomenon is not new to Downtown Madison. In all but one tract, a pattern of strong growth has been occurring since 2000.

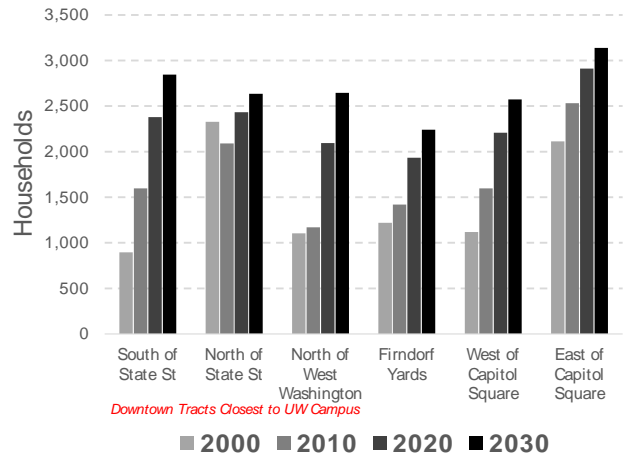
Figure 6: Population Growth by Downtown Census Tract



Sources: US Census; Wisconsin Department of Administration; Perkins+WILL

Much of the population growth has been driven by new housing development in the Downtown. Many of the new housing options are geared toward students and young professionals, which has also resulted in strong household growth (Figure 7).

Figure 7: Household Growth by Downtown Census Tract



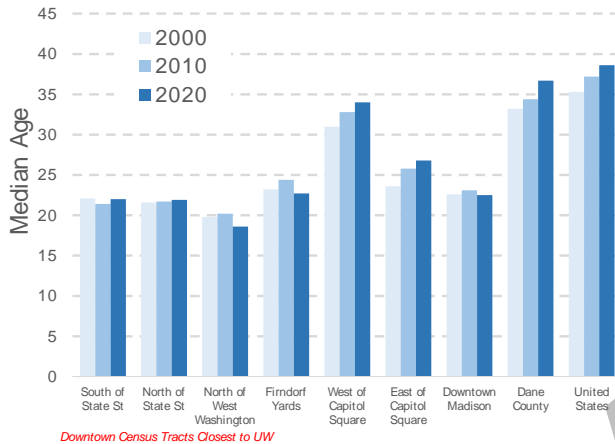
Sources: US Census; Wisconsin Department of Administration; Perkins+WILL

Age Distribution

The age profile of the population has important ramifications on the retail market. Younger persons have significantly different demands than older persons when it comes to desired goods and services. The challenge, however, is that the Downtown has a very young profile, and will likely continue to do so given the influence of UW-Madison and other nearby institutions. However, in the areas around Capitol Square, the population is older and is aging in a similar manner as the region and the nation (Figure 8).

Therefore, the kinds of goods and services demanded by residents of different neighborhoods in the Downtown no longer have same kind of overlap they may have had 40 years ago.

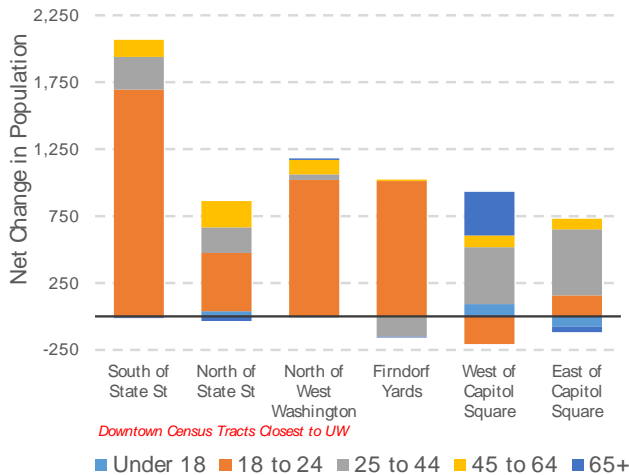
Figure 8: Change in Median Age (2000-2020)



Sources: US Census; Wisconsin Department of Administration; Perkins+Will

Figure 9 shows the breakdown of net population growth by age group for each Downtown Census tract. As expected, the growth in tracts closest to UW-Madison is dominated by persons 18 to 24. However, in the tracts surrounding Capitol Square, growth is highest among those age 25 to 44. It should be important to note that persons age 45 and older have not made up a significant portion of current growth.

Figure 9: Population Growth by Age Group (2010-2020)



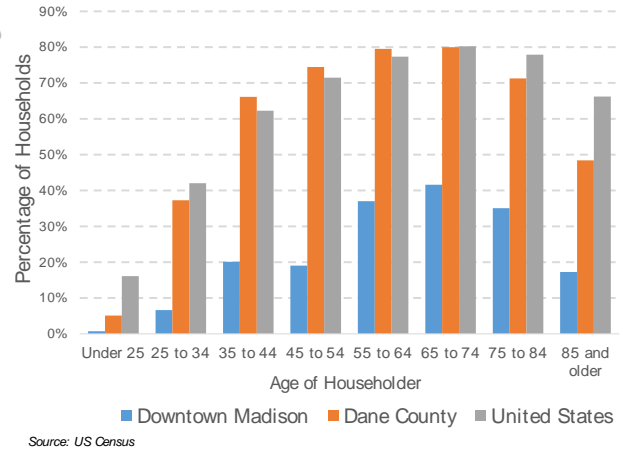
Sources: US Census; Wisconsin Department of Administration; Perkins+Will

Housing Tenure

Traditionally, low homeownership is indicative of a more transient population that lives in the neighborhood for short periods of time, and much of Downtown fits this description given the influence of UW-Madison. However, structural change in the for-sale housing market due to the housing bust of the late 2000s is making homeownership less attractive, especially among younger households who typically move out of downtown environments in search of their first owned home. This trend, if it persists, may result in more long-term or “lifestyle” renters who choose to not own their housing, though they may have the means to do so.

Typically, homeownership peaks in the years between 55 and 75. Although this holds true for households living Downtown, even older households are majority renters in the Downtown (Figure 10).

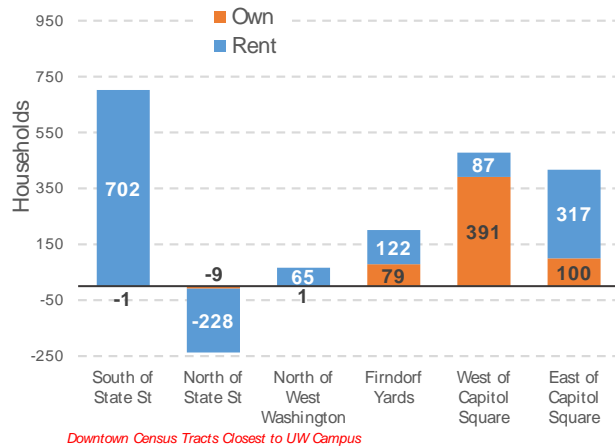
Figure 10: Homeownership by Age Group (2010)



Source: US Census

Figures 11 and 12 breakdown household growth by Downtown Census tract for the 2000s and 2010s. During the 2000s, the tracts closest to UW-Madison were dominated by growth of renter-occupied households, whereas tracts closer to Capitol Square included significant increases in homeowners as well as renters.

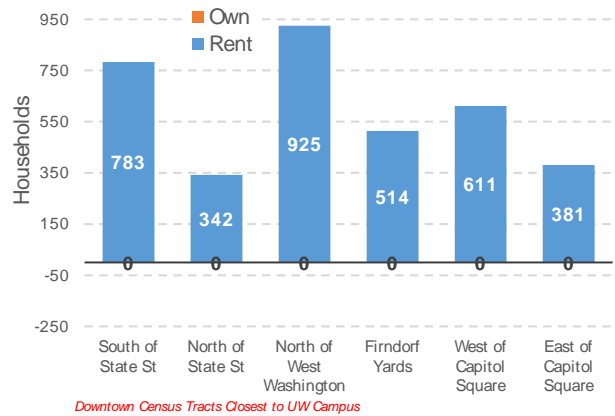
Figure 11: Net Household Change 2000-2010



Source: US Census

In contrast, based on the type of housing development that has occurred since 2010, there has been no appreciable growth in the number homeowners in the Downtown, yet a very significant growth in the number of renters.

Figure 12: Net Household Change 2010-2020*



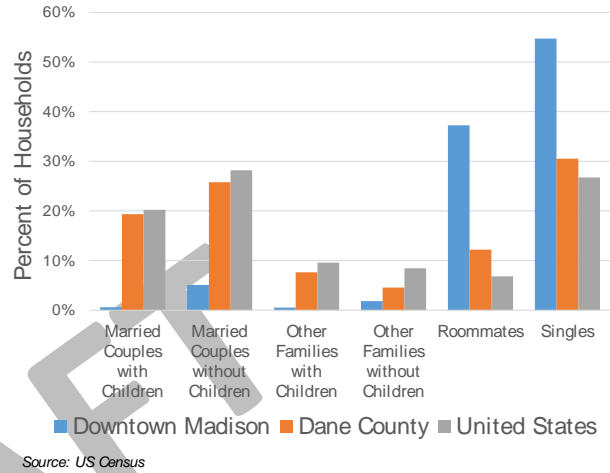
* Projection of tenure is based on housing development 2010-2015, which has been 100% rental properties
Source: US Census

Household Type

Figure 13 shows the distribution of household types for Downtown Madison, Dane County, and the nation. Compared to Dane County and the nation, Downtown Madison is overwhelmingly dominated by single-person and roommate households (92%). Although the trend nationally has been toward more single-person households, Downtown skews heavily toward these types of households. Single-person households can have an impact on the types of neighborhood retail that can be supported. For example, grocers have to

significantly increase the supply of packaged and prepared foods because singles do not cook meals at the same rate as family households.

Figure 13: Household Type (2010)

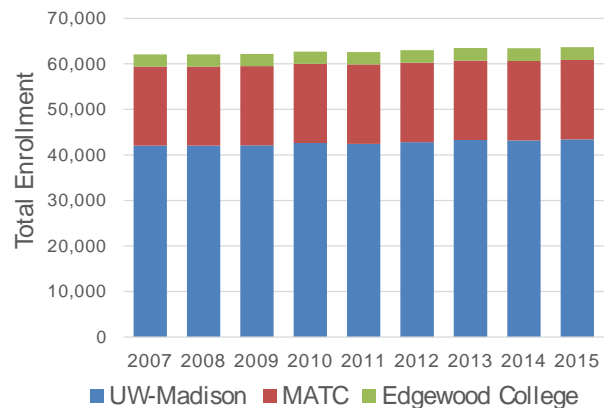


Source: US Census

Enrollment at Area Colleges and Universities

Increasing population in Downtown Madison can be somewhat explained by recent increases in enrollment at UW-Madison and other area institutions of higher learning (Figure 14). In 2007, total student enrollment at area colleges and universities was just over 62,000. By 2015, enrollment increased by about 1,600 to over 63,600.

Figure 14: Enrollment at Area Colleges and Universities



Source: College and University Websites

UW-Madison is currently updating a campus master plan, and, though future enrollment has not been addressed in early versions of the master plan, there is no goal to add more on-campus student housing in the

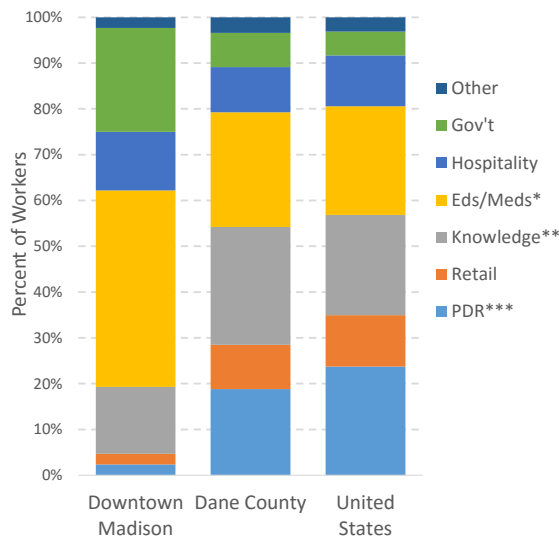
foreseeable future. Although this suggests that enrollment will not grow as well, which could possibly limit demand for off-campus housing, it does not indicate the level of pent-up demand among the student to live as close to campus as possible.

This is important because many large research-based institutions, such as UW-Madison and other Big Ten schools, have undergone a shift in academic priorities in recent years toward more emphasis on raising the school’s academic profile and reputation. The result has been higher standards for acceptance, which often results in a student body geared more toward a traditional collegiate experience defined by living on or near campus.

Worker Characteristics

Downtown workers are overwhelmingly concentrated in the Education/Healthcare Services and Government sectors (Figure 15). This is not surprising since Downtown Madison includes the Wisconsin State Capitol complex, Madison City Hall, Dane County offices, and UW-Madison. However, the Downtown also includes important concentrations of Knowledge-based industry jobs as well as Hospitality jobs.

Figure 15: Employment Distribution by Industry (2015)



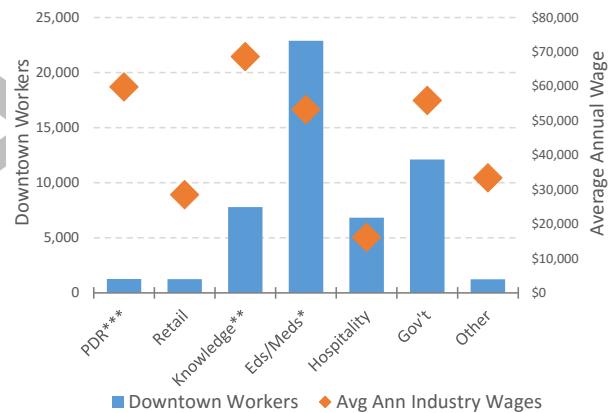
* Includes UW-Madison employees
 ** Knowledge = "Knowledge-based" sectors, such as Information, Finance, and Professional Svcs/Mgmt
 *** PDR = Production, Distribution, and Repair sectors (i.e., Mfg, Const, Transp, Util, etc.)
 Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

There are just over 53,000 jobs in Downtown Madison if UW-Madison is included in the data (Figure 16). This represents about 16.5% of all the jobs in Dane County.

Downtown has about 1,200 Retail sector jobs. Compared with 6,800 Hospitality jobs. This is notable because at the County level, there are roughly an equal number of Retail jobs and Hospitality jobs. The concentration of lodging establishments helps explain some of this difference, but it is also due to the high number of restaurants located Downtown as well.

Figure 16 also includes information on the average annual wage by industry. Education/Healthcare jobs tend to be well paying as well as Government and Knowledge sector jobs. A strong concentration of well-paying jobs is an important foundation for supporting a variety of retailers in the Downtown.

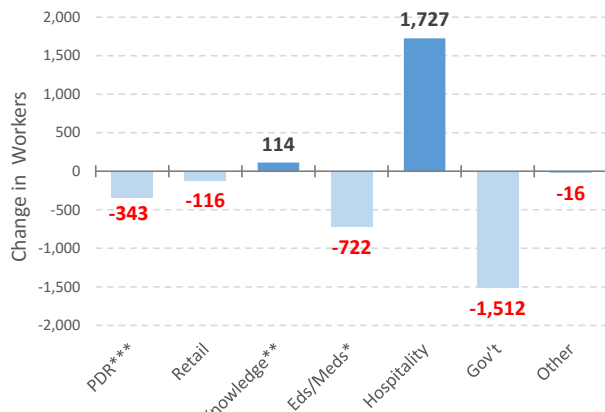
Figure 16: Number of Workers in the Downtown by Industry and Associated Annual Wages (2015)



* Includes UW-Madison employees
 ** Knowledge = "Knowledge-based" sectors, such as Information, Finance, and Professional Svcs/Mgmt
 *** PDR = Production, Distribution, and Repair industry sectors (i.e., Mfg, Const, Transp, Util, etc.)
 Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

Since 2010, overall employment in the Downtown has decreased -1.6% or -869 jobs. The losses have been concentrated in the Education/Healthcare Service and Government sectors (Figure 17). The only sector with any appreciable job gains during this time has been in the Hospitality sector, which has added over 1,700 jobs, which is 34% increase. Although Hospitality exhibited strong job gains, it is the lowest paying industry sector and, therefore, will not translate into significant retail spending power.

Figure 17: Change in Downtown Employment by Industry (2010-2015)



* Includes UW-Madison employees

** Knowledge = "Knowledge-based" sectors, such as Information, Finance, and Professional Svcs/Mgmt

*** PDR = Production, Distribution, and Repair industry sectors (i.e., Mfg, Const, Transp, Util, etc.)

Source: US Census Bureau's LEHD Origin-Destination Employment Statistics program

Visitor Characteristics

Unlike most retail districts in the Madison region, visitors are a very significant consumer segment for Downtown Madison retailers. A survey of business owners conducted as part of the related Vitality Assessment noted that 70% of respondents stated visitors were a primary customer and 40% indicated that visitors are a growth opportunity.

There are three primary types of visitors that come to Downtown Madison:

- ◆ **Business Travelers:** Because this group travels for business purposes, demand tends to be consistent throughout the year. However, peak travel times are typically Monday through Friday.
- ◆ **Leisure Travelers:** This group includes vacationers, attendees to sporting or cultural events, and those visiting friends and family. Peak travel times for vacationers are the summer months, but those

visiting friends and family are oriented to important events associated with UW-Madison.

- ◆ **Meeting and Convention Attendees:** This group's primary reason for travel is for business, but is often structured and combined with many leisure activities. Peak travel times for this group are Spring and Fall.

Based on research cited in the 2007 Downtown Market Analysis, approximately two-thirds of visitors to Dane County who stayed overnight at a hotel were there for business or a convention. The remaining one-third were there for leisure.

According to the Greater Madison Visitors and Conventions Bureau, the typical Madison visitor profile is as follows:

- ◆ Age 35-54: 55% of visitors
- ◆ Married/Domestic Partner: 75% of visitors
- ◆ Post-secondary Degree: 65% of visitors
- ◆ \$50-100K Household Income: 42% of visitors

Given this profile, many visitors to Madison have the resources and propensity for significant discretionary spending. Furthermore, the GMVCB also reports that 65% of visitors will dine at a restaurant during their visit and 48% will shop.

Although overall employment in the Downtown has remained somewhat flat since 2010, indicating that business travelers may not be increasing in significant numbers, data indicate that leisure travelers may indeed be increasing. According to the 2015 State of the Downtown Report produced by the City of Madison, the top 15 destinations in Downtown Madison generated 10.8 million visitors in 2015. This was up 32% since 2010, which is an annual increase 7.7%.

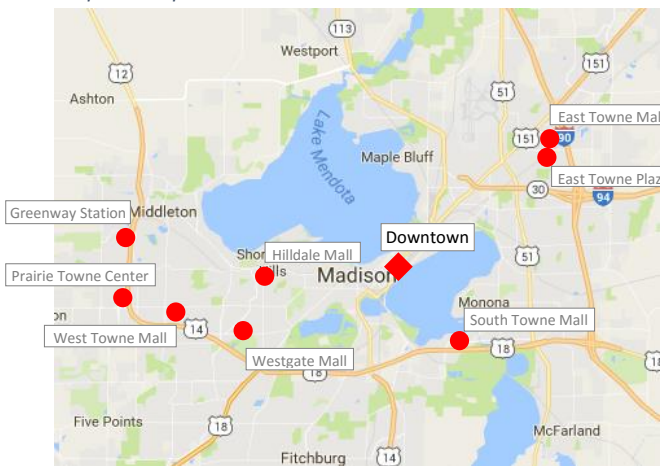
Retail Market Condition

This section presents data about the supply, condition, and use of commercial retail space in Downtown Madison. As with any market dynamic, when supply and demand become out of balance, this can have important consequences on the community through rising prices or an inability to deliver those goods and services that are most needed and desired.

Competitive Retail Districts

Downtown Madison with its breadth of retail and entertainment options (i.e., specialty shops, neighborhood stores, fine dining, and nightlife), pedestrian scale, and access to numerous institutions and open space is a unique retail market that draws shoppers from a large trade area. Nevertheless, as more national chains appear in Downtown Madison that have multiple stores throughout the region, the ability of Downtown Madison to pull shoppers from a large trade area will decrease because shoppers will be able to find similar goods at more convenient locations.

Map 3: Competitive Madison Area Retail Centers



Map 3 shows the location of Madison’s largest shopping centers and malls. These retail centers generally serve surrounding residential areas and rely on convenient automobile access as all of them are located along major highways or arterials. Many of these retail centers are also dependent on large-format anchor stores that generate traffic that other retailers

can then benefit from. In most cases, these retailers, both large and small, are national chains.

Vacancy Trends

A certain amount of vacant space is natural, healthy, and a necessary byproduct of a dynamic, fluid market that evolves to meet changing consumer tastes, profiles, and behaviors. However, it is important to measure and track vacancy for a couple reasons.

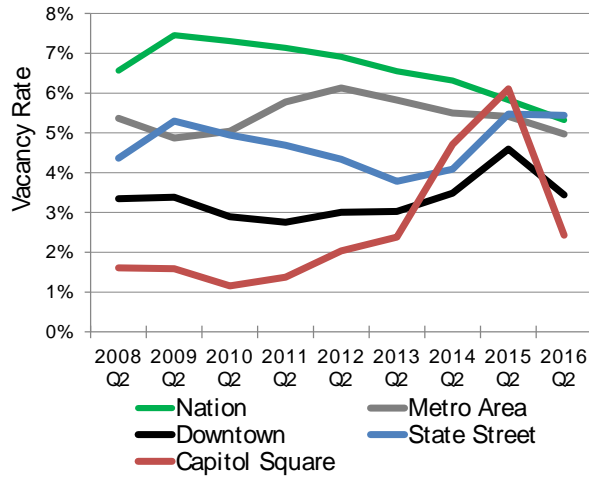
First, too much vacancy in a given area can depress rental rates, which results in less revenue for property owners to maintain and reinvest into their properties. Without continuous reinvestment, properties can become obsolete or blighted and thus create a downward cycle until wide scale disinvestment fundamentally alters the function of the district.

Second, too little vacancy can put upward pressure on rents. Although this is good for property owners and their ability to maintain and update properties, a rapid increase in rents can “price out” certain types of retailers. Because retailing is about selling an experience as much as it is about selling a good, a complementary mixture of stores is vital to achieving a desirable experience for shoppers. Therefore, if rising rents leads to a narrowing or stratification of store types this can negatively impact the shopping experience and ultimately result in a decline of certain target markets who will seek other competitive retail districts for a more preferable experience or, at minimum, the types of stores they desire.

Third, tracking vacancy can also be used as a benchmark to evaluate a retail district against broader economic trends.

Figure 18 displays eight years of vacancy trends for the nation, the Madison region, Downtown Madison, as well as the State Street and Capitol Square sub-districts. The data is from CoStar, a nationally-based commercial real estate data services firm. According to CoStar’s figures, the national trend since the end of the recession in 2009 has been a consistent decline in vacancy, which is now just over 5%, and would be considered healthy and near market equilibrium using CoStar’s figures.

Figure 18: Retail Vacancy Rates 2008-2016



Source: CoStar

In the Madison region, and the Downtown in particular, retail vacancy has consistently been below the national rate since 2008 and would be considered healthy. However, from 2013 to 2015, vacancies rose somewhat rapidly in the Downtown. Along State Street, the rise in vacancy appears to have subsided into 2016 and currently is around 5.5%. In the Capitol Square area, vacancy has declined once again to below 3% in 2016. It should be noted, though, that smaller sub-districts with large spaces can often have dramatic shifts in its vacancy rate when space becomes vacant or, conversely, occupied.

A final observation when tracking vacancy is to note when multiple vacant spaces are adjacent or nearby one another. In these instances this can have a micro-market effect that skews perception of the overall health of the larger district. Although the scope of this analysis did not include a detailed inventory of retail spaces in the study area, data provided by the City of Madison indicated that in 2014 the 100 and 200 blocks of State Street had substantially more vacant space than the western portions of the street.

Rent Trends

Rents directly rate to the market dynamic within a given retail district. However, obtaining accurate and comparable information is very difficult. First, most parties are not willing to disclose their rent. Second, every negotiated lease is unique and may represent terms and conditions not included in other deals.

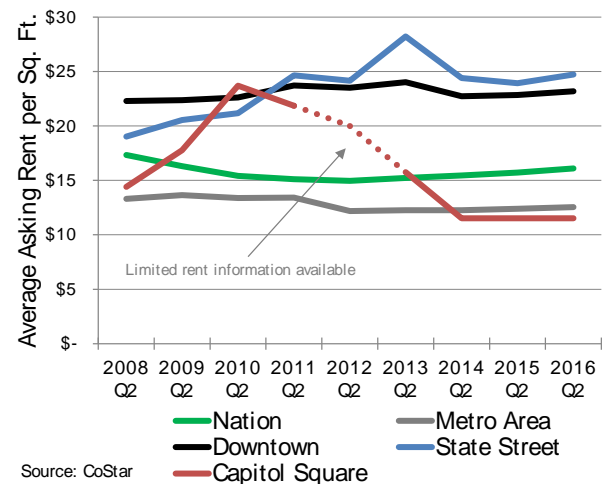
Nonetheless, even less than ideal data can often provide meaningful insight.

Figure 19 presents the average retail asking rent per square foot for the nation, the Madison region, the Downtown, and the sub-districts of State Street and Capitol Square from 2008 to 2016.

According to data from CoStar, the average asking rent for Downtown Madison is currently about \$24 per square foot. This is significantly above the national and Greater Madison averages, which is not surprising given that downtowns typically have more expensive land and Downtown Madison, in particular, has a strong mixture of uses and attracts numerous visitors.

Anecdotally, however, research conducted as part of the related Vitality Assessment, has indicated that rents can often exceed \$45 per square foot along State Street, especially for smaller stores with higher sales per square foot. Moreover, newly constructed retail space has evidently even been able to achieve a top rent of \$60 per square foot, a truly remarkable level for a community the size of Madison.

Figure 19: Average Asking Retail Rents 2008-2016



Source: CoStar

With evidence of achievable rents routinely in excess of \$45 per square foot, this is strong evidence that additional newly constructed retail space could likely be supported by the market.

Since 2008, the average asking rent has risen slightly in the Downtown and along State Street, which is in contrast to the national and Greater Madison experience, which have seen a slight decline. This indicates that the retail market in Downtown Madison

appears to be strengthening despite broader retail trends.

It should be noted, though, that limited data can have a skewing effect. For example, in the Capitol Square area, average asking rent was similar to State Street and Downtown overall in 2010, but then precipitously declined to just over \$11 per square foot. Since this is only an average of asking rents, it does not represent actual rents and is only based on spaces that are actively being marketed. The fewer the number of spaces being actively marketed, the less likely the statistic is good representation of the market.

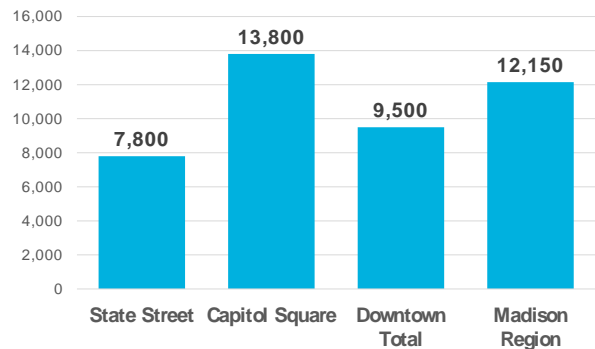
Building Size

Building size can be an important indicator of how well the physical stock of buildings can respond to changing market dynamics. For example, larger spaces are important to be able to accommodate stores that might serve as anchors for a retail district. However, buildings that cannot be subdivided, especially into sufficiently small spaces, have limited potential to adapt to changing market conditions. This is particularly important in urban districts undergoing significant redevelopment. Many of the newer retail properties being developed, in particular those with housing or office space above them, are being designed to cater to larger users and do not have the same flexibility as many older, smaller retail properties.

Smaller, older properties, therefore, are well suited to accommodate independent and start-up businesses for two important reasons: 1) they do not need to rent as much unneeded space; and 2) the rents are more affordable regardless of the amount of space needed. Having this type of space is important because independent and start-up retailers often bring innovative concepts and goods to the market that national chains are unwilling to try because of the risk.

Figure 20 displays the average size of retail properties for State Street, Capitol Square, Downtown, and the Madison region. State Street's average property size is well below that of the region and, interestingly, Capitol Square. Therefore, it is well positioned to leverage its supply of smaller, older retail buildings to incubate new, fresh retailing concepts.

Figure 20: Average Size of Retail Properties

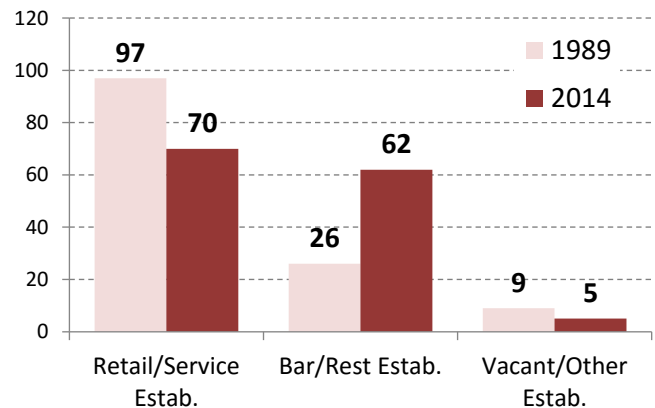


Evolution of the Retail Mix

The City of Madison has tracked the evolution of uses for ground floor spaces along State Street and in the Capitol Square area for the years 1989, 1994, and 2014. This is a remarkable data set because historic data of this detail and type is almost never available.

Figure 21 displays the change in the number of State Street establishments from 1989 to 2014 based on type of use (i.e., retail/service businesses, bars/restaurants, or other/vacant uses). During the 25-year period, there has been a dramatic shift in the types of uses. Retail/service businesses declined from 97 to 70, while bars/restaurants increased from 26 to 62 establishments.

Figure 21: State Street Ground Floor Establishments

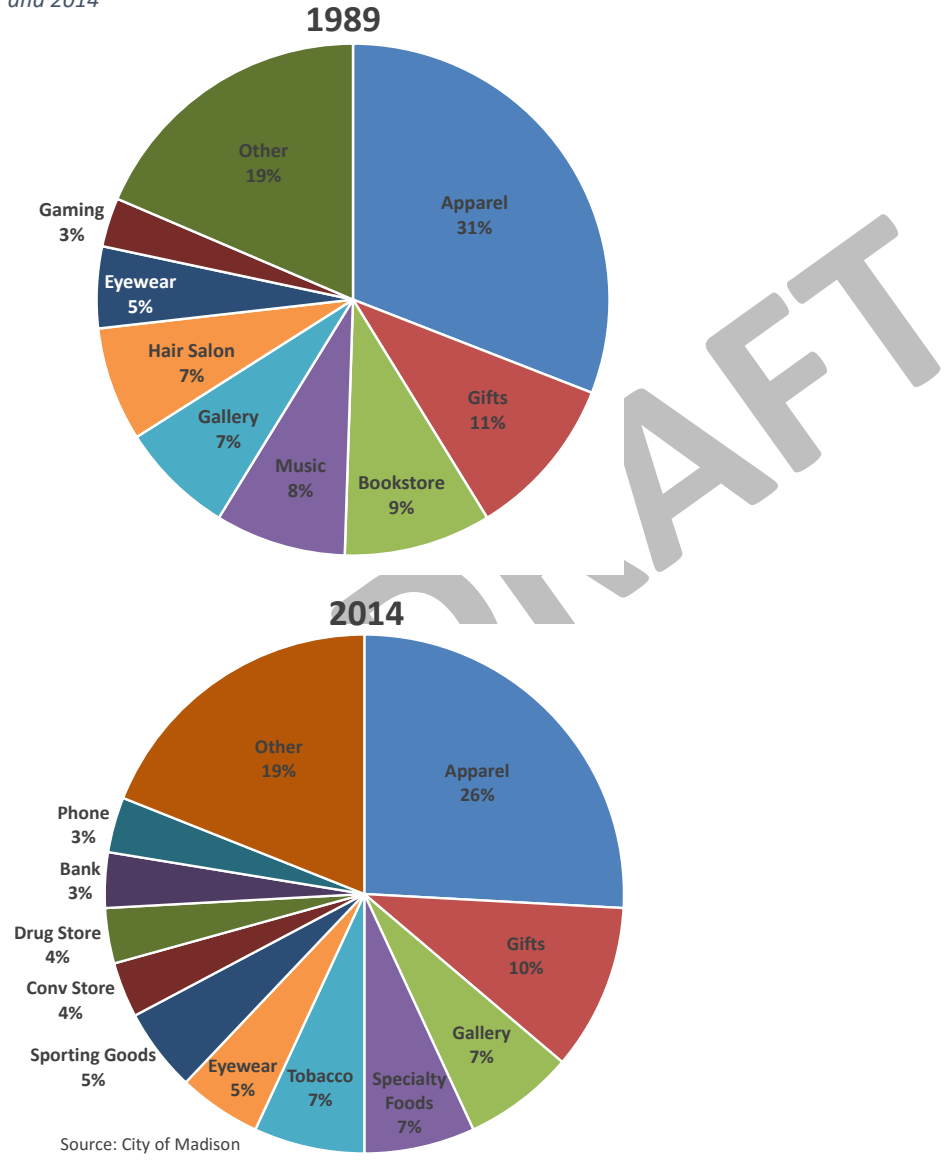


Source: City of Madison

Figure 22 delves more deeply into the mix of retail/service establishments and presents a breakdown by category in 1989 and 2014. Apparel decreased from its proportion of stores from 31% to 26%. More significantly, though, Bookstores, Music/Record shops, and Hair Salons, dramatically

decreased in number and proportion during this time. Despite the decrease in the number of retail establishments, though, Figure 23 also conveys that the variety of stores actually increased.

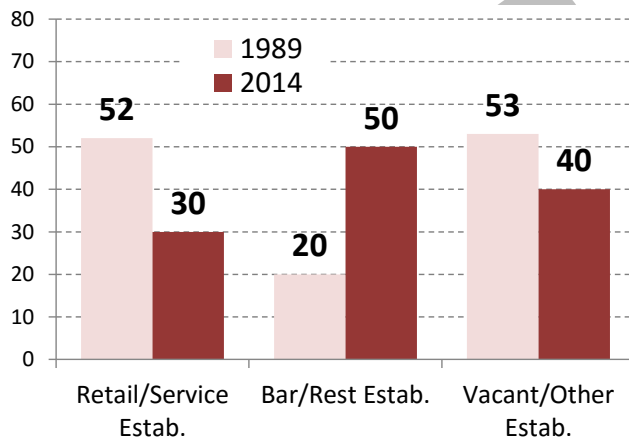
Figure 22: State Street Ground Floor Retailers by Type 1989 and 2014



Figures 24 and 25 present similar data for the Capitol Square/King Street area. The same dynamic found along State Street can be seen here as well. In 1989 there were 52 retail/service establishments, which then declined to 30 establishments by 2014. Bars/restaurants, however, increased from 20 in 1989 to 50 in 2014.

Unlike State Street, Capitol Square/King Street has a significant number of office and/or institutional uses occupying ground floor space. This is not surprising because the area also includes a number of large office buildings as well. Interestingly, though, such spaces declined in number from 1989 to 2014, which suggests that the market for bars/restaurants has been strong enough to not only transform a number of retail/service spaces into new bars/restaurants but also a number of office and institutional spaces as well.

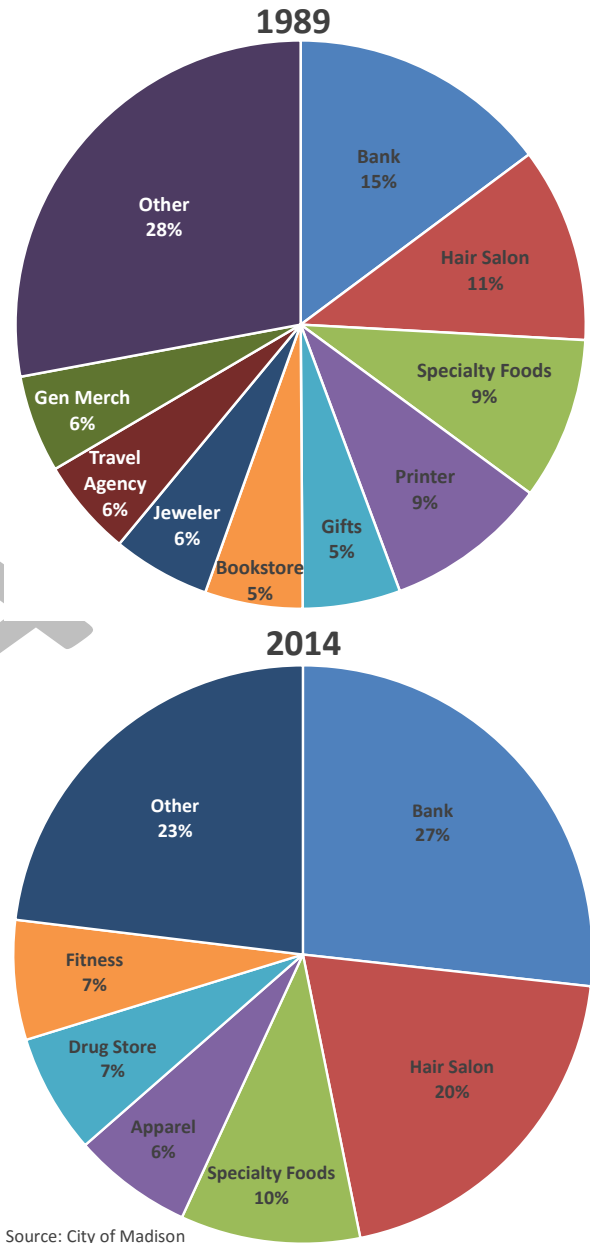
Figure 23: Capitol Square/King Street Ground Floor Establishments



Source: City of Madison

With a shrinking number of retail stores, banks and hair salons have become the dominant retail presence in the Capitol Square/King Street area. Such a high concentration of banks is a barrier to retail vitality because banks no longer generate the level of pedestrian traffic that they once used to. In today's banking era, a lot of the retail functions of banks occurs on-line. Instead, banks now use high profile branch locations as a way to advertise their wide array of services and are no longer dependent on them as customer service locations.

Figure 24: Capitol Square Ground Floor Retailers by Type 1989 and 2014



Source: City of Madison

Table 1 displays the retail/service categories that incurred the greatest store losses between 1989 and 2014 for both State Street and the Capitol Square/King

Street area. Apparel stores lost the most number of establishments (-15) followed by bookstores (-11), gift stores (-7), and music stores (-7). In terms of overall percentage losses, the travel agencies and general merchandise stores can no longer be found anywhere on either State Street or in Capitol Square. Other categories in which the number of stores has been dramatically reduced are bookstores (-92%), music stores (-88%), printers (-83%), and jewelers (-80%).

Indicated in red are retail categories that have been profoundly impacted by technological and/or cultural change. In all likelihood, these stores would have gone away or been dramatically reduced regardless of the growth in the number of bars/restaurants.

Table 1: Retail/Service Categories with the Greatest Loss of Establishments between 1989 and 2014 along State Street and in Capitol Square

By Number	
Apparel Stores	-15
Bookstores	-11
Gift Stores	-7
Music Stores	-7
Hair Salons/Barbers	-6
Printers	-5
Jewelers	-4
Travel Agencies	-4

By Percentage	
Travel Agencies (-4)	-100%
General Merchandisers (-3)	-100%
Bookstores (-11)	-92%
Music Stores (-7)	-88%
Printers (-5)	-83%
Jewelers (-4)	-80%
Camera/Photo Shops (-2)	-67%
Gaming (-2)	-67%

*Categories in red have been profoundly impacted by technological and cultural change

Key Findings and Conclusions

The previous sections analyzed industry-wide trends, the profile of Downtown consumer segments, and the condition of the Downtown market. This section synthesizes those findings into a set of key observations and conclusions.

1. **The Downtown resident base is growing rapidly and will likely support additional neighborhood-scale retail.** Our projections, even accounting for a slowdown in the rate of new housing development, indicate that the population in and near the Downtown may grow by another 12,000 persons through 2030, provided developable sites continue to become available.

Despite changes in the retail industry, this amount of growth will still generate demand for new retail space. In particular will be the demand for more basic or essential goods and services, which typically include categories such as full-service grocery stores, drug stores, personal care services, phone stores, liquor stores, and group fitness centers.

Currently, these retail categories are not typically found along State Street or in Capitol Square. However, when development becomes supportable caution should be taken when considering if such uses should be incorporated into these areas. Depending on the location, they may not necessarily be the best fit in either setting. For example, a mid-block location for a full-service grocery store would not be ideal.

Therefore, consideration should be given to where such growth can occur that both meets the needs of its primary customer base, namely residents, and complements State Street and Capitol Square as regional destinations for shopping and dining.

2. **Under certain conditions, ground floor retail rents along State Street can support the cost of newly constructed retail spaces.** This is especially true when rents can routinely exceed \$45 per square foot. Supporting construction of new retail space based solely on achievable market rents is no easy feat in a fully developed, highly amenitized area

that would likely incur significant redevelopment costs (i.e., entitlements, demolition, and land) on top of typical construction costs (i.e., materials and labor).

Of course, such high rents require certain conditions, such as the right mix of nearby retailers, very high pedestrian counts, and “relatively” affordable properties.

The potential impact of this market dynamic is that many independent retailers are unable to afford such high rents. If a significant amount of space is redeveloped at such high rents, then the risk would be a decline in the types of unique, innovative stores that so many shoppers find endearing about the Downtown experience.

3. **Daytime employment has declined in the Downtown since 2010.** This has likely had an impact on some of the full-service restaurants in the Downtown, especially those near government office buildings where the employment declines have been the most pronounced. Many full-service restaurants are dependent on both a lunch and dinner business to be viable. If lunch business begins to decrease, many restaurants will shift toward a nightlife model based on alcohol consumption in order to cover expenses.
4. **E-Commerce has done most of its damage to Downtown retailing.** For example, State Street has already lost most of the stores in categories directly impacted by e-Commerce, such as bookstores, music stores, travel agencies, printers, etc. Stores in those categories that have been able to survive have done so because they have created a model focused on personal service and a sense of community.

Undoubtedly, e-Commerce will continue to evolve and thus impact bricks-and-mortar establishments. However, bricks-and-mortar stores will not go away, and, if anything, may thrive as retailers adapt to new communication technologies and transportation patterns by using physical stores as

important portals for engaging customers in non-virtual ways.

What is already evident, though, is that bricks-and-mortar stores will not require the same amount of space that they historically occupied. This is because less space will be needed for storage due to enhanced logistics but also because certain types of retail stores may likely morph with any number of other traditionally non-retail uses (e.g., dining, office space, personal/pet/child care, etc.).

5. **Capitol Square for all intents and purposes no longer has a critical mass of traditional retail stores that sell goods.** Based on data from the City of Madison that was collected in 2014, banks and hair salons already account for nearly half of the spaces occupied by retail/service establishments in Capitol Square. After accounting for the other service establishments in Capitol Square, that leaves a total of 11 traditional retail stores spread over a 23 block area.
6. **Coffee shops, delis, and cafes have proliferated along State Street since 1994.** This of course can be partially explained by the meteoric rise in specialty coffee shops during the 1990s, but it is also indicative of changing habits in how people work and study.

Coffee shops, in particular, for better or worse, have become de facto offices for small entrepreneurs whose only overhead is a laptop computer. Moreover, students no longer limit their study time to small carrels in libraries and now prefer more active, public settings as long as they have earphones or earbuds to reduce distractions when necessary.

Although this is an easily recognizable example of how spaces are being used differently than compared to a generation ago, it is symptomatic of something much larger about how activities are no longer being as separated as they once were. For example, the concept of maker space is catching on, and it is only a matter of time before retailing and the store experience merges with certain types of product manufacturing.

7. **As retailing continues to evolve, State Street and Capitol Square have a massive advantage over competitive retail locations.** If bricks-and-mortar retailing are fundamentally about satisfying our cravings for the non-virtual, then all the existing attributes that make State Street and Capitol Square unique today will make them that much more desirable in the future: pedestrian-scaled, connected to other nearby destinations, not dominated by automobile traffic, nearby density of workers and residents, and a mixture of flexible, older properties that are affordable to innovative, risk-taking retailers.

The primary caution in this evolving retail environment will be the same one as today, which is to become a victim of one's own success. Rents are already too high for many retailers in the Downtown, especially along State Street. This puts the area at risk for becoming too stratified in the types of stores and, more importantly, the store experience.

Appendix

Table A: Population and Household Growth Trends 2000-2030

POPULATION					----- Numeric Change -----			----- Percentage Change -----		
	2000	2010	2020 [†]	2030 [‡]	'00-'10	'10-'20	'20-'30	'00-'10	'10-'20	'20-'30
South of State St	1,793	3,414	5,468	6,857	1,621	2,054	1,389	90.4%	60.2%	25.4%
North of State St	6,295	5,053	5,880	6,440	-1,242	827	560	-19.7%	16.4%	9.5%
North of West Washington	5,611	5,463	6,639	7,434	-148	1,176	795	-2.6%	21.5%	12.0%
Firndorf Yards	2,161	2,389	3,253	3,838	228	864	585	10.6%	36.2%	18.0%
West of Capitol Square	2,205	3,434	4,159	4,649	1,229	725	490	55.7%	21.1%	11.8%
East of Capitol Square	4,082	4,073	4,686	5,101	-9	613	415	-0.2%	15.0%	8.8%
Downtown Madison	22,147	23,826	30,085	34,319	1,679	6,259	4,234	7.6%	26.3%	14.1%
Downtown Adjacent Neighborhoods ¹	25,631	25,461	30,601	33,384	-170	5,140	2,783	-0.7%	20.2%	9.1%
City of Madison	208,054	233,209	251,550	270,350	25,155	18,341	18,800	12.1%	7.9%	7.5%
Dane County	426,526	488,073	530,620	577,300	61,547	42,547	46,680	14.4%	8.7%	8.8%
Wisconsin	5,363,675	5,686,986	6,005,080	6,375,910	323,311	318,094	370,830	6.0%	5.6%	6.2%
United States	281,421,906	308,745,538	334,503,000	359,402,000	27,323,632	25,757,462	24,899,000	9.7%	8.3%	7.4%

HOUSEHOLDS					----- Numeric Change -----			----- Percentage Change -----		
	2000	2010	2020 [†]	2030 [‡]	'00-'10	'10-'20	'20-'30	'00-'10	'10-'20	'20-'30
South of State St	896	1,597	2,380	2,846	701	783	467	78.2%	49.0%	19.6%
North of State St	2,327	2,090	2,432	2,636	-237	342	204	-10.2%	16.4%	8.4%
North of West Washington	1,104	1,170	2,095	2,646	66	925	551	6.0%	79.0%	26.3%
Firndorf Yards	1,219	1,420	1,934	2,240	201	514	306	16.5%	36.2%	15.8%
West of Capitol Square	1,119	1,597	2,208	2,572	478	611	364	42.7%	38.3%	16.5%
East of Capitol Square	2,114	2,531	2,912	3,139	417	381	227	19.7%	15.0%	7.8%
Downtown Madison	8,779	10,405	13,960	16,080	1,626	3,555	2,120	18.5%	34.2%	15.2%
Downtown Adjacent Neighborhoods ¹	10,271	10,396	13,027	14,595	125	2,631	1,569	1.2%	25.3%	12.0%
City of Madison	89,019	102,516	114,245	124,842	13,497	11,729	10,597	15.2%	11.4%	9.3%
Dane County	173,484	203,750	228,371	252,479	30,266	24,621	24,108	17.4%	12.1%	10.6%
Wisconsin	2,084,544	2,279,768	2,491,982	2,697,884	195,224	212,214	205,902	9.4%	9.3%	8.3%
United States	105,480,101	116,716,292	126,999,465	136,747,986	11,236,191	10,283,173	9,748,520	10.7%	8.8%	7.7%

[†] 2020 Projections for Downtown Madison are calculated by Perkins+Will based on housing units developed between 2010-2015 and those currently in the development pipeline. 2030 projections for Downtown Madison are calculated by Perkins+Will based on proportion of overall Madison growth during same time period. 2020 and 2030 projections for Madison, Dane County, and Wisconsin are from the Wisconsin Department of Administration. 2020 and 2030 projections for the United States are from the US Census.

¹ Includes Census tracts 11.01, 11.02, 12, 18.02, 18.04, and 19.

Note: South of State St = Census Tract 16.03; North of State St = Census Tract 16.04; Firndorf Yards = Census Tract 16.05; North of West Washington = Census Tract 16.06; West of Capitol Square = Census Tract 17.04; East of Capitol Square = Census Tract 17.05

Sources: US Census; Wisconsin Department of Administration; Perkins+Will

Table B: Age Distribution of the Population 2000-2020

Age Group	Population Count			Numeric Change		Percent Change		Distribution			Change in Dist	
	2000	2010	2020 ¹	'00-'10	'10-'20	'00-'10	'10-'20	2000	2010	2020	'00-'10	'10-'20
<i>South of State St (Tract 16.03)</i>												
Under 5	2	8	0	6	-8	N/A	-100.0%	0.1%	0.2%	0.0%	0.1%	-0.2%
5 to 17 years	3	6	6	3	0	88.4%	-3.9%	0.2%	0.2%	0.1%	0.0%	-0.1%
18 to 24 years	1,506	3,141	4,835	1,635	1,694	108.6%	53.9%	84.0%	92.0%	88.4%	8.0%	-3.6%
25 to 44 years	240	222	467	-18	245	-7.5%	110.2%	13.4%	6.5%	8.5%	-6.9%	2.0%
45 to 64 years	35	32	160	-3	128	-8.6%	400.8%	2.0%	0.9%	2.9%	-1.0%	2.0%
65 years and over	7	5	0	-2	-5	-28.6%	-100.0%	0.4%	0.1%	0.0%	-0.2%	-0.1%
Total	1,793	3,414	5,468	1,621	2,054	90.4%	60.2%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>North of State St (Tract 16.04)</i>												
Under 5	5	15	18	10	3	200.0%	22.0%	0.1%	0.3%	0.3%	0.2%	0.0%
5 to 17 years	9	5	41	-4	36	-44.3%	764.8%	0.1%	0.1%	0.7%	0.0%	0.6%
18 to 24 years	5,488	4,294	4,728	-1,194	434	-21.8%	10.1%	87.2%	85.0%	80.4%	-2.2%	-4.6%
25 to 44 years	636	565	757	-71	192	-11.2%	33.9%	10.1%	11.2%	12.9%	1.1%	1.7%
45 to 64 years	125	140	336	15	196	12.0%	139.8%	2.0%	2.8%	5.7%	0.8%	2.9%
65 years and over	32	34	0	2	-34	6.3%	-100.0%	0.5%	0.7%	0.0%	0.2%	-0.7%
Total	6,295	5,053	5,880	-1,242	827	-19.7%	16.4%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>North of West Washington (Tract 16.06)</i>												
Under 5	5	7	0	2	-7	40.0%	-100.0%	0.1%	0.1%	0.0%	0.0%	-0.1%
5 to 17 years	11	6	7	-5	1	-43.3%	20.7%	0.2%	0.1%	0.1%	-0.1%	0.0%
18 to 24 years	5,188	5,054	6,074	-134	1,020	-2.6%	20.2%	92.5%	92.5%	91.5%	0.0%	-1.0%
25 to 44 years	349	336	377	-13	41	-3.7%	12.3%	6.2%	6.2%	5.7%	-0.1%	-0.5%
45 to 64 years	48	50	158	2	108	4.2%	215.5%	0.9%	0.9%	2.4%	0.1%	1.5%
65 years and over	10	10	22	0	12	0.0%	122.0%	0.2%	0.2%	0.3%	0.0%	0.2%
Total	5,611	5,463	6,639	-148	1,176	-2.6%	21.5%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>Fimdorf Yards (Tract 16.05)</i>												
Under 5	18	15	0	-3	-15	-16.7%	-100.0%	0.8%	0.6%	0.0%	-0.2%	-0.6%
5 to 17 years	20	17	28	-3	11	-16.8%	63.2%	0.9%	0.7%	0.9%	-0.2%	0.1%
18 to 24 years	1,283	1,259	2,270	-24	1,011	-1.8%	80.3%	59.4%	52.7%	69.8%	-6.7%	17.1%
25 to 44 years	665	853	706	188	-147	28.3%	-17.2%	30.8%	35.7%	21.7%	4.9%	-14.0%
45 to 64 years	137	204	216	67	12	48.9%	5.6%	6.3%	8.5%	6.6%	2.2%	-1.9%
65 years and over	38	41	34	3	-7	7.9%	-17.4%	1.8%	1.7%	1.0%	0.0%	-0.7%
Total	2,161	2,389	3,253	228	864	10.6%	36.2%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>West of Capitol Square (Tract 17.04)</i>												
Under 5	11	22	61	11	39	100.0%	179.3%	0.5%	0.6%	1.5%	0.1%	0.8%
5 to 17 years	28	40	92	12	52	42.3%	130.3%	1.3%	1.2%	2.2%	-0.1%	1.1%
18 to 24 years	735	880	674	145	-206	19.7%	-23.4%	33.3%	25.6%	16.2%	-7.7%	-9.4%
25 to 44 years	744	1,286	1,712	542	426	72.8%	33.1%	33.7%	37.4%	41.2%	3.7%	3.7%
45 to 64 years	223	694	781	471	87	211.2%	12.6%	10.1%	20.2%	18.8%	10.1%	-1.4%
65 years and over	464	512	838	48	326	10.3%	63.7%	21.0%	14.9%	20.2%	-6.1%	5.2%
Total	2,205	3,434	4,159	1,229	725	55.7%	21.1%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>East of Capitol Square (Tract 17.05)</i>												
Under 5	45	42	0	-3	-42	-6.7%	-100.0%	1.1%	1.0%	0.0%	-0.1%	-1.0%
5 to 17 years	48	40	6	-8	-34	-16.9%	-83.9%	1.2%	1.0%	0.1%	-0.2%	-0.8%
18 to 24 years	2,165	1,679	1,836	-486	157	-22.4%	9.4%	53.0%	41.2%	39.2%	-11.8%	-2.0%
25 to 44 years	1,390	1,768	2,262	378	494	27.2%	27.9%	34.1%	43.4%	48.3%	9.4%	4.9%
45 to 64 years	362	404	483	42	79	11.6%	19.5%	8.9%	9.9%	10.3%	1.1%	0.4%
65 years and over	72	140	99	68	-41	94.4%	-29.6%	1.8%	3.4%	2.1%	1.7%	-1.3%
Total	4,082	4,073	4,686	-9	613	-0.2%	15.0%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>Downtown Madison</i>												
Under 5	86	109	80	23	-29	26.7%	-26.8%	0.4%	0.5%	0.3%	0.1%	-0.2%
5 to 17 years	137	114	200	-22	85	-16.3%	74.8%	0.6%	0.5%	0.7%	-0.1%	0.2%
18 to 24 years	16,347	16,307	20,399	-41	4,092	-0.2%	25.1%	73.8%	68.4%	67.8%	-5.4%	-0.6%
25 to 44 years	4,024	5,030	6,280	1,006	1,250	25.0%	24.9%	18.2%	21.1%	20.9%	2.9%	-0.2%
45 to 64 years	930	1,524	2,133	594	609	63.9%	40.0%	4.2%	6.4%	7.1%	2.2%	0.7%
65 years and over	623	742	993	119	251	19.1%	33.8%	2.8%	3.1%	3.3%	0.3%	0.2%
Total	22,147	23,826	30,085	1,679	6,259	7.6%	26.3%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>Dane County</i>												
Under 5	25,818	30,240	32,550	4,422	2,310	17.1%	7.6%	6.1%	6.2%	6.1%	0.1%	-0.1%
5 to 17 years	70,553	75,839	79,958	5,286	4,119	7.5%	5.4%	16.5%	15.5%	15.1%	-1.0%	-0.5%
18 to 24 years	60,771	63,029	60,992	2,258	-2,037	3.7%	-3.2%	14.2%	12.9%	11.5%	-1.3%	-1.4%
25 to 44 years	138,494	143,637	152,350	5,143	8,713	3.7%	6.1%	32.5%	29.4%	28.7%	-3.0%	-0.7%
45 to 64 years	91,021	125,184	126,750	34,163	1,566	37.5%	1.3%	21.3%	25.6%	23.9%	4.3%	-1.8%
65 years and over	39,869	50,144	78,020	10,275	27,876	25.8%	55.6%	9.3%	10.3%	14.7%	0.9%	4.4%
Total	426,526	488,073	530,620	61,547	42,547	14.4%	8.7%	100.0%	100.0%	100.0%	0.0%	0.0%
<i>United States</i>												
Under 5	19,175,798	20,201,362	20,568,000	1,025,564	366,638	5.3%	1.8%	6.8%	6.5%	6.1%	-0.3%	-0.4%
5 to 17 years	53,209,511	53,985,573	53,385,224	776,062	-600,349	1.5%	-1.1%	18.9%	17.5%	16.0%	-1.4%	-1.5%
18 to 24 years	27,051,957	30,666,620	30,730,776	3,614,663	64,156	13.4%	0.2%	9.6%	9.9%	9.2%	0.3%	-0.7%
25 to 44 years	85,040,251	82,134,554	89,518,000	-2,905,697	7,383,446	-3.4%	9.0%	30.2%	26.6%	26.8%	-3.6%	0.2%
45 to 64 years	61,952,636	81,489,445	83,862,000	19,536,809	2,372,555	31.5%	2.9%	22.0%	26.4%	25.1%	4.4%	-1.3%
65 years and over	34,991,753	40,267,984	56,439,000	5,276,231	16,171,016	15.1%	40.2%	12.4%	13.0%	16.9%	0.6%	3.8%
Total	281,421,906	308,745,538	334,503,000	27,323,632	25,757,462	9.7%	8.3%	100.0%	100.0%	100.0%	0.0%	0.0%

¹ 2020 Projections for Downtown Madison and individual census tracts are calculated by Perkins+Will based on housing units developed between 2010-2015 and those currently in the development pipeline and historic patterns of age distributions. 2030 projections for Downtown Madison are calculated by Perkins+Will based on proportion of overall Madison growth during same time period. 2020 projections for Dane County are from the Wisconsin Department of Administration. 2020 projections for the United States are from the US Census.

Sources: US Census; Wisconsin Department of Administration; Perkins+Will

Table C: Householders by Age and Tenure 2000 and 2010

Age of Householder	2000				2010				2000-2010 Change			
	Total	Own	Rent	% Own	Total	Own	Rent	% Own	Total	Own	Rent	% Own
<i>South of State St</i>												
Under 25	672	2	670	0.3%	1,396	2	1,394	0.1%	724	0	724	N/A
25 to 34	146	1	145	0.7%	137	0	137	0.0%	-9	-1	-8	-0.7%
35 to 44	42	0	42	0.0%	32	1	31	3.1%	-10	1	-11	-3.1%
45 to 54	22	0	22	0.0%	11	0	11	0.0%	-11	0	-11	0.0%
55 to 64	9	0	9	0.0%	16	0	16	0.0%	7	0	7	0.0%
65 to 74	4	0	4	0.0%	5	0	5	0.0%	1	0	1	0.0%
75 to 84	0	0	0	#DIV/0!	0	0	0	#DIV/0!	0	0	0	N/A
85 and older	1	1	0	100.0%	0	0	0	#DIV/0!	-1	-1	0	N/A
Total	896	4	892	0.4%	1,597	3	1,594	0.2%	701	-1	702	-0.3%
<i>North of State St</i>												
Under 25	1,794	11	1,783	0.6%	1,521	2	1,519	0.1%	-273	-9	-264	-0.5%
25 to 34	321	3	318	0.9%	358	5	353	1.4%	37	2	35	0.5%
35 to 44	83	1	82	1.2%	61	0	61	0.0%	-22	-1	-21	-1.2%
45 to 54	70	3	67	4.3%	69	0	69	0.0%	-1	-3	2	-4.3%
55 to 64	33	2	31	6.1%	50	3	47	6.0%	17	1	16	-0.1%
65 to 74	13	1	12	7.7%	23	4	19	17.4%	10	3	7	9.7%
75 to 84	9	2	7	22.2%	5	0	5	0.0%	-4	-2	-2	-22.2%
85 and older	4	0	4	0.0%	3	0	3	0.0%	-1	0	-1	0.0%
Total	2,327	23	2,304	1.0%	2,090	14	2,076	0.7%	-237	-9	-228	-0.3%
<i>North of West Washington</i>												
Under 25	833	1	832	N/A	902	0	902	0.0%	69	-1	70	N/A
25 to 34	193	0	193	0.0%	194	1	193	0.5%	1	1	0	0.5%
35 to 44	43	1	42	2.3%	30	0	30	0.0%	-13	-1	-12	-2.3%
45 to 54	26	0	26	0.0%	16	1	15	6.3%	-10	1	-11	6.3%
55 to 64	4	0	4	0.0%	22	0	22	0.0%	18	0	18	0.0%
65 to 74	2	0	2	0.0%	5	2	3	40.0%	3	2	1	40.0%
75 to 84	1	0	1	0.0%	1	0	1	0.0%	0	0	0	N/A
85 and older	2	1	1	50.0%	0	0	0	#DIV/0!	-2	-1	-1	N/A
Total	1,104	3	1,101	0.3%	1,170	4	1,166	0.3%	66	1	65	0.1%
<i>Filmcor Yard</i>												
Under 25	561	0	561	0.0%	599	5	594	0.8%	38	5	33	0.8%
25 to 34	361	3	358	0.8%	501	28	473	5.6%	140	25	115	4.8%
35 to 44	153	5	148	3.3%	113	22	91	19.5%	-40	17	-57	16.2%
45 to 54	79	4	75	5.1%	103	14	89	13.6%	24	10	14	8.5%
55 to 64	35	4	31	11.4%	71	23	48	32.4%	36	19	17	21.0%
65 to 74	14	3	11	21.4%	17	8	9	47.1%	3	5	-2	-25.6%
75 to 84	7	4	3	57.1%	14	5	9	35.7%	7	1	6	-21.4%
85 and older	9	4	5	44.4%	2	1	1	50.0%	-7	-3	-4	5.6%
Total	1,219	27	1,192	2.2%	1,420	106	1,314	7.5%	201	79	122	5.2%
<i>West of Capitol Square</i>												
Under 25	332	5	327	N/A	331	30	301	9.1%	-1	25	-26	N/A
25 to 34	244	11	233	4.5%	416	88	328	21.2%	172	77	95	16.6%
35 to 44	114	7	107	6.1%	148	56	92	37.8%	34	49	-15	31.7%
45 to 54	78	4	74	5.1%	162	51	111	31.5%	84	47	37	26.4%
55 to 64	61	2	59	3.3%	205	108	97	52.7%	144	106	38	49.4%
65 to 74	69	4	65	5.8%	101	49	52	48.5%	32	45	-13	42.7%
75 to 84	118	3	115	N/A	106	30	76	28.3%	-12	27	-39	N/A
85 and older	103	4	99	N/A	128	19	109	14.8%	25	15	10	N/A
Total	1,119	40	1,079	3.6%	1,597	431	1,166	27.0%	478	391	87	23.4%
<i>East of Capitol Square</i>												
Under 25	970	4	966	0.4%	864	3	861	0.3%	-106	-1	-105	-0.1%
25 to 34	659	30	629	4.6%	1,027	53	974	5.2%	368	23	345	0.6%
35 to 44	199	24	175	12.1%	218	42	176	19.3%	19	18	1	7.2%
45 to 54	163	39	124	23.9%	169	35	134	20.7%	6	-4	10	-3.2%
55 to 64	71	24	47	33.8%	149	56	93	37.6%	78	32	46	3.8%
65 to 74	26	6	20	23.1%	70	29	41	41.4%	44	23	21	18.4%
75 to 84	15	8	7	53.3%	28	19	9	67.9%	13	11	2	14.5%
85 and older	11	6	5	54.5%	6	4	2	66.7%	-5	-2	-3	12.1%
Total	2,114	141	1,973	6.7%	2,531	241	2,290	9.5%	417	100	317	2.9%
<i>Downtown Madison</i>												
Under 25	5,162	23	5,139	0.4%	5,613	42	5,571	0.7%	451	19	432	0.3%
25 to 34	1,924	48	1,876	2.5%	2,633	175	2,458	6.6%	709	127	582	4.2%
35 to 44	634	38	596	6.0%	602	121	481	20.1%	-32	83	-115	14.1%
45 to 54	438	50	388	11.4%	530	101	429	19.1%	92	51	41	7.6%
55 to 64	213	32	181	15.0%	513	190	323	37.0%	300	158	142	22.0%
65 to 74	128	14	114	10.9%	221	92	129	41.6%	93	78	15	30.7%
75 to 84	150	17	133	11.3%	154	54	100	35.1%	4	37	-33	23.7%
85 and older	130	16	114	12.3%	139	24	115	17.3%	9	8	1	5.0%
Total	8,779	238	8,541	2.7%	10,405	799	9,606	7.7%	1,626	561	1,065	5.0%
<i>Dane County</i>												
Under 25	18,238	772	17,466	4.2%	18,144	924	17,220	5.1%	-94	152	-246	0.9%
25 to 34	36,118	12,844	23,274	35.6%	41,655	15,522	26,133	37.3%	5,537	2,678	2,859	1.7%
35 to 44	39,297	26,096	13,201	66.4%	36,307	24,010	12,297	66.1%	-2,990	-2,086	-904	-3.3%
45 to 54	35,639	27,111	8,528	76.1%	40,011	29,786	10,225	74.4%	4,372	2,675	1,697	-1.6%
55 to 64	18,597	14,838	3,759	79.8%	34,439	27,386	7,053	79.5%	15,842	12,548	3,294	-0.3%
65 to 74	12,708	10,040	2,668	79.0%	16,860	13,487	3,373	80.0%	4,152	3,447	705	1.0%
75 to 84	9,736	6,599	3,137	67.8%	10,880	7,753	3,127	71.3%	1,144	1,154	-10	3.5%
85 and older	3,151	1,595	1,556	50.6%	5,454	2,641	2,813	48.4%	2,303	1,046	1,257	-2.2%
Total	173,484	99,895	73,589	57.6%	203,750	121,509	82,241	59.6%	30,266	21,614	8,652	2.1%
<i>United States</i>												
Under 25	5,533,613	989,651	4,543,962	17.9%	5,400,799	869,610	4,531,189	16.1%	-132,814	-120,041	-12,773	-1.8%
25 to 34	18,297,815	8,336,485	9,961,330	45.6%	17,957,375	7,547,421	10,409,954	42.0%	-340,440	-789,064	448,624	-3.5%
35 to 44	23,968,233	15,866,915	8,101,318	66.2%	21,290,880	13,255,629	8,035,251	62.3%	-2,677,353	-2,611,286	-66,067	-3.9%
45 to 54	21,292,629	15,957,121	5,335,508	74.9%	24,907,064	17,804,066	7,102,998	71.5%	3,614,435	1,846,945	1,767,490	-3.5%
55 to 64	14,247,057	11,367,265	2,879,792	79.8%	21,340,338	16,502,732	4,837,606	77.3%	7,093,281	5,135,467	1,957,814	-2.5%
65 to 74	11,507,562	9,353,177	2,154,385	81.3%	13,504,517	10,834,028	2,670,489	80.2%	1,996,955	1,480,851	516,104	-1.1%
75 to 84	8,205,480	6,339,602	1,865,878	77.3%	8,716,367	6,788,967	1,927,400	77.9%	510,887	449,365	61,522	0.6%
85 and older	2,427,712	1,605,537	822,175	66.1%	3,598,952	2,383,621	1,215,331	66.2%	1,171,240	778,084	393,156	0.1%
Total	105,480,101	69,815,753	35,664,348	66.2%	116,716,292	75,986,074	40,730,218	65.1%	11,236,191	6,170,321	5,065,870	-1.1%

Source: US Census

Table D: Household Type 2000 and 2010

Household Type	Household Count		No. Change	% Change	Distribution		Change
	2000	2010	'00-'10	'00-'10	2000	2010	'00-'10
<i>Downtown Madison</i>							
Married Couples with Children	36	60	24	66.7%	0.4%	0.6%	0.2%
Married Couples without Children	278	530	252	90.6%	3.1%	5.1%	2.0%
Other Families with Children	61	55	-6	-9.8%	0.7%	0.5%	-0.2%
Other Families without Children	334	188	-146	-43.7%	3.7%	1.8%	-1.9%
Roommates	3,251	3,877	626	19.3%	36.2%	37.3%	1.1%
Singles	5,029	5,695	666	13.2%	55.9%	54.7%	-1.2%
Total Households	8,989	10,405	1,416	15.8%	100.0%	100.0%	0.0%
<i>Dane County</i>							
Married Couples with Children	38,067	39,413	1,346	3.5%	21.9%	19.3%	-2.6%
Married Couples without Children	43,582	52,508	8,926	20.5%	25.1%	25.8%	0.6%
Other Families with Children	12,226	15,550	3,324	27.2%	7.0%	7.6%	0.6%
Other Families without Children	6,981	9,281	2,300	32.9%	4.0%	4.6%	0.5%
Roommates	21,614	24,809	3,195	14.8%	12.5%	12.2%	-0.3%
Singles	51,014	62,189	11,175	21.9%	29.4%	30.5%	1.1%
Total Households	173,484	203,750	30,266	17.4%	100.0%	100.0%	0.0%
<i>United States</i>							
Married Couples with Children	24,835,505	23,588,268	-1,247,237	-5.0%	23.5%	20.2%	-3.3%
Married Couples without Children	29,657,727	32,922,109	3,264,382	11.0%	28.1%	28.2%	0.1%
Other Families with Children	9,752,863	11,155,336	1,402,473	14.4%	9.2%	9.6%	0.3%
Other Families without Children	7,541,252	9,872,583	2,331,331	30.9%	7.1%	8.5%	1.3%
Roommates	6,462,679	7,973,087	1,510,408	23.4%	6.1%	6.8%	0.7%
Singles	27,230,075	31,204,909	3,974,834	14.6%	25.8%	26.7%	0.9%
Total Households	105,480,101	116,716,292	11,236,191	10.7%	100.0%	100.0%	0.0%

Source: US Census

Table E: Employment by Industry Sector 2000-2015

Downtown				Employment Counts				Distribution				Numeric Change			Percentage Change		
Industry	2000	2005	2010	2015	2000	2005	2010	2015	'00-'05	'05-'10	'10-'15	'00-'05	'05-'10	'10-'15			
PDR***	1,277	1,522	1,595	1,252	2.6%	3.0%	2.9%	2.3%	245	73	-343	19.2%	4.8%	-21.5%			
Retail	1,336	1,627	1,355	1,239	2.8%	3.2%	2.5%	2.3%	291	-272	-116	21.8%	-16.7%	-8.6%			
Knowledge**	7,391	7,474	7,680	7,794	15.3%	14.6%	14.2%	14.6%	83	206	114	1.1%	2.8%	1.5%			
Eds/Meds*	19,273	21,085	23,608	22,886	39.9%	41.3%	43.6%	42.9%	1,812	2,523	-722	9.4%	12.0%	-3.1%			
Hospitality	4,785	5,083	5,098	6,825	9.9%	10.0%	9.4%	12.8%	298	15	1,727	6.2%	0.3%	33.9%			
Gov't	13,087	13,010	13,619	12,107	27.1%	25.5%	25.1%	22.7%	-77	609	-1,512	-0.6%	4.7%	-11.1%			
Other	1,206	1,221	1,253	1,237	2.5%	2.4%	2.3%	2.3%	15	32	-16	1.3%	2.6%	-1.3%			
Total	48,355	51,022	54,208	53,339	100.0%	100.0%	100.0%	100.0%	2,667	3,186	-869	5.5%	6.2%	-1.6%			

Dane County				Employment Counts				Distribution				Numeric Change			Percentage Change		
Industry	2000	2005	2010	2015	2000	2005	2010	2015	'00-'05	'05-'10	'10-'15	'00-'05	'05-'10	'10-'15			
PDR***	66,842	64,827	54,746	60,636	24.4%	21.8%	18.6%	18.8%	-2,015	-10,081	5,890	-3.0%	-15.6%	10.8%			
Retail	30,935	31,854	29,512	31,080	11.3%	10.7%	10.0%	9.7%	919	-2,342	1,568	3.0%	-7.4%	5.3%			
Knowledge**	58,467	68,780	71,228	82,824	21.3%	23.2%	24.2%	25.7%	10,313	2,448	11,596	17.6%	3.6%	16.3%			
Eds/Meds*	61,401	69,932	77,342	80,607	22.4%	23.6%	26.2%	25.0%	8,531	7,410	3,265	13.9%	10.6%	4.2%			
Hospitality	23,330	27,456	27,313	31,737	8.5%	9.3%	9.3%	9.9%	4,126	-143	4,424	17.7%	-0.5%	16.2%			
Gov't	24,141	22,980	23,558	24,016	8.8%	7.7%	8.0%	7.5%	-1,161	578	458	-4.8%	2.5%	1.9%			
Other	9,361	10,951	11,096	10,950	3.4%	3.7%	3.8%	3.4%	1,590	145	-146	17.0%	1.3%	-1.3%			
Total	274,477	296,780	294,795	321,850	100.0%	100.0%	100.0%	100.0%	22,303	-1,985	27,055	8.1%	-0.7%	9.2%			

United States				Employment Counts				Distribution				Numeric Change			Percentage Change		
Industry	2000	2005	2010	2015	2000	2005	2010	2015	'00-'05	'05-'10	'10-'15	'00-'05	'05-'10	'10-'15			
PDR***	37,900,038	35,194,199	30,226,593	32,787,642	29.3%	26.8%	23.7%	23.8%	-2,705,839	-4,967,606	2,561,048	-7.1%	-14.1%	8.5%			
Retail	15,344,488	15,321,421	14,547,773	15,459,457	11.8%	11.7%	11.4%	11.2%	-23,067	-773,647	911,683	-0.2%	-5.0%	6.3%			
Knowledge**	28,238,310	28,385,876	27,236,236	30,212,264	21.8%	21.6%	21.3%	21.9%	147,566	-1,149,641	2,976,028	0.5%	-4.1%	10.9%			
Eds/Meds*	24,788,001	27,691,167	30,235,490	32,782,750	19.1%	21.1%	23.7%	23.7%	2,903,166	2,544,323	2,547,261	11.7%	9.2%	8.4%			
Hospitality	12,127,146	13,187,637	13,479,279	15,297,094	9.4%	10.0%	10.6%	11.1%	1,060,491	291,642	1,817,815	8.7%	2.2%	13.5%			
Gov't	6,961,572	7,149,265	7,543,200	7,202,374	5.4%	5.4%	5.9%	5.2%	187,692	393,935	-340,826	2.7%	5.5%	-4.5%			
Other	4,200,335	4,379,841	4,404,848	4,305,658	3.2%	3.3%	3.5%	3.1%	179,506	25,007	-99,190	4.3%	0.6%	-2.3%			
Total	129,559,890	131,309,404	127,673,418	138,047,236	100.0%	100.0%	100.0%	100.0%	1,749,515	-3,635,986	10,373,818	1.4%	-2.8%	8.1%			

***PDR = Production, Distribution, and Repair industry sectors (i.e., Manufacturing, Construction, Transportation, Utilities, etc.)

**Knowledge = Consists of "knowledge-based" industry sectors, such as Information, Finance, and Professional Services/Management

*Includes UW-Madison employees

Data Sources: Minnesota Department of Employment and Economic Development, Quarterly Census of Employment and Wages (QCEW); US Census Bureau's LEHD Origin-Destination Employment Statistics program (<http://lehd.did.census.gov/>)