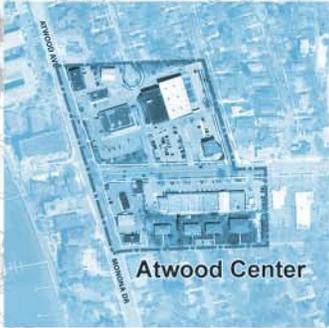
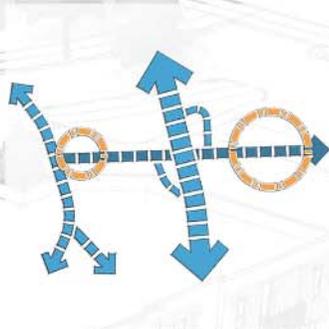


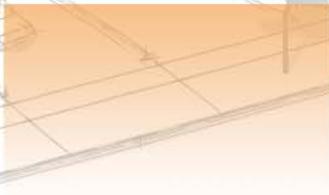
Acewood Center



Atwood Center



COTTAGE GROVE PARK



Cottage Grove Road

Activity Centers Plan

DRAFT Plan
September 5, 2017

Acknowledgments

Cottage Grove Road Activity Centers Plan

Adopted by the City of Madison Common Council on _____, 2017 by Enactment No. Res-_____,
Legislative File ID _____

Mayor, Officials, and Administrators

- Paul Soglin, Mayor
- David Ahrens, District 15 Alderperson
- Denise DeMarb, District 16 Alderperson
- Amanda Hall, District 3 Alderperson
- Natalie Erdman, Director, Department of Planning & Community & Economic Development
- Heather Stouder, Director, Planning Division
- William A. Fruhling, Principal Planner, Planning Division
- David Trowbridge, Principal Planner, Planning Division

Planning Division Project Staff

- Rebecca Cnare, Urban Design Planner
- Jeff Greger, Comprehensive Planner
- Urvashi Martin, Transportation Planner
- Ryan Jonely, Neighborhood Planner
- Jessica Vaughn, *Former City Planner

Economic Development Division Project Staff

- Michael Miller, Business Development Specialist, Office of Business Resources

Photo Credits

- Rebecca Cnare, Urvashi Martin, Jessica Vaughn, Jeff Greger, Ryan Jonely, Michael Stumpf

Table of Contents

Introduction	Page 2
Planning Boundary / Maps	
Why Plan Here	
Existing Conditions and Context	Page 4
Atwood and Acewood Activity Centers	
Visual Characteristics	
Environment and Landscape	
Businesses Mix	
Traffic, Circulation, and Parking	
Socio-Economic Characteristics	
Land Use and Zoning	
Community Engagement	Page 6
Public Engagement Timeline	
Market Analysis	
Corridor Visioning	
Community SWOT Analysis	
Business Roundtables and Survey	
Interactive Design Exercise	
Neighborhood Internet Survey	
Eastmorland Community Meeting	
Initial Draft Concept Illustrations	
Development of Draft Recommendations	
Market Analysis Summary	Page 10
Challenging Retail Environment	
Entrepreneurial Opportunities	
A Market For Housing	
Trade Area Market Data	
Key Findings of the Market Analysis	
Goals and Recommendations	Page 12
Economic Development	
Transportation	
Identity and Placemaking	
Land Use and Urban Design	
Illustrations of Potential Development	Page 20
Next Steps and Implementation Strategies	Page 24
Adopting Resolution	Page 26
Appendix: Market Analysis Report	Page 27

INTRODUCTION

What is the Cottage Grove Road Activity Centers Plan?

This plan is the result of a targeted planning effort to analyze opportunities for creating exciting and viable neighborhood activity centers along Cottage Grove Road. The Cottage Grove Road Corridor has several intersections of activity that could inspire future growth. The plan will focus on two areas along Cottage Grove Road as shown on the map below. This plan provides guidance on how to address economic development, transportation, neighborhood identity and placemaking, land use and urban design, as well as issues regarding relationships and connectivity to the abutting residential neighborhoods.

The Cottage Grove Road Activity Centers Plan focuses on two important mixed-use activity centers along Cottage Grove Road, at the Atwood Avenue and Acewood Boulevard intersections. While most of the recommendations in the plan relate directly to the activity centers, this plan considers a larger neighborhood context, and relationship to adjacent neighborhoods, the *Royster Clark Plan Special Area Plan* from 2009, as well as the citywide *Imagine Madison* comprehensive planning process.

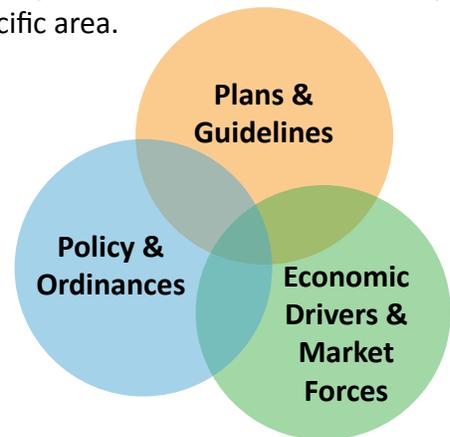
How will this plan be used?

This Plan, and its recommendations, will help elected City officials, professional staff, and members of City boards and commissions and committees evaluate

potential land use development proposals. This Plan will also be a guide for proposed public infrastructure projects, economic development policies, and other ordinances and budgeting decisions as they relate to the two Activity Centers. Plans are only pieces of the puzzle that affects how our neighborhoods and city as a whole change over time.

Forces that Guide Change in Neighborhoods

There are three main forces that affect how land uses change over time. *Plans and Guidelines* provide recommendations that reflect widely held community goals and expectations, and are based on a professional analysis of conditions. *Policies and Ordinances* are the local laws that policymakers, such as Alderpersons, the Plan Commission and others create to enforce and regulate land use decisions. *Economic Drivers and Market Forces* affect what kind of risk people and businesses are willing to take to build new developments, start a business, or buy a home in a specific area.



Why Plan Here?

Plans provide opportunities for community input from property owners, residents, and stakeholders and help shape the future character of the activity centers. Plans also provide some predictability to property owners, existing businesses, and residents to help manage expectations for change. Several recent changes along the Cottage Grove Road Corridor have prompted this planning effort.

Store Closings and Vacant Parcels

There are two significant large vacant parcels along the corridor. Each parcel is about two acres or more in size and includes large parking lots that face the street. The Sentry Foods store closed in 2015 and sits on a prominent corner at Acewood Boulevard and Cottage Grove Road. The Habitat for Humanity ReStore, and the soon to be relocated Pinney Branch Library will also leave a significant vacant parcel at the Atwood Avenue intersection. Together, these two sites, along with new development at Royster Corners, provide the largest potential for change along the corridor that will shape and influence the character of the whole gateway corridor for decades.

Prior to this planning process, there was a redevelopment proposal on the Sentry Foods site that drew mixed reactions from the neighborhood and City policymakers. This re-enforced the need to have a plan for the area that could represent a shared vision from which to evaluate future redevelopment proposals.

Cottage Grove Road Construction

Cottage Grove Road was recently reconstructed, a project that affected businesses and residents along the corridor. Now that the construction is finished, there is an opportunity to take stock of lessons learned and ideas for how to improve and promote growth along the corridor.

Relationship to Other Plans

There are several plans that directly relate to the Cottage Grove Road Corridor. The goals and recommendations from these combined efforts will together help shape its future.

2008 Royster Clark Plan - Royster Corners

This Plan focused on a 33-acre site of a former fertilizer plant. While a national economic downturn slowed redevelopment efforts here, development that

will add a significant amount of new housing, and a relocated Pinney Branch Library has begun.

Stoughton Road Revitalization Plan

This 2006 Plan brought over eight neighborhoods together to try to identify common goals and themes around the larger Stoughton Road/Highway 51 transportation and regional commercial corridor. This plan intersects with Cottage Grove Road and showcases the importance of an adjacent regional transportation link that could help make potential redevelopment along Cottage Grove Road more attractive.

Imagine Madison 2018 Comprehensive Plan

Imagine Madison, the process to develop Madison's new Comprehensive Plan, was well underway when this plan was initiated. Several draft goals from the Imagine Madison process relate to this plan and have had a direct influence on the recommendations:

- Have a full range of quality and affordable housing opportunities throughout the city.
- Make land use and transportation decisions in a mutually supportive manner to provide access for all.
- Be comprised of compact, interconnected, neighborhoods anchored by a network of mixed-use activity centers.
- Have a unique character and strong sense of place in its neighborhoods and the city as a whole.

Madison expects to add over 70,000 new residents between now and 2040. This translates to roughly 40,000 new housing units, or roughly 1,800 per year, just to meet the needs of Madison's growing population. The Imagine Madison process has also found a great need for housing that is affordable for middle class families who wish to live in the city.

Smart planning and growth strategies encourage the location of new housing to areas already connected to existing transit corridors and well served by public city facilities, such as police, fire, and community services. This larger context is an important consideration when developing goals and recommendations for smaller areas of the city.



Imagine Madison
People Powered Planning

*Imagine Madison is the name for the
2018 Madison Comprehensive Plan Process*

EXISTING CONDITIONS AND CONTEXT

Visual Characteristics

Cottage Grove Road has several uses along its length from Atwood Avenue to Interstate 90. The stretch of Cottage Grove Road from Atwood Avenue to Acewood Boulevard has more of a commercial character, while east of the Acewood Activity Center, the corridor has a more residential character, with a few office buildings.

Both the Atwood and Acewood Activity Centers are sites that are currently developed with various auto-oriented commercial uses in either stand-alone buildings or small strip centers. There are also several gas stations, and independent bars, and restaurants along the corridor. Most commercial buildings are either one or two stories in height. Many of the uses that are currently supported in the corridor contribute to an auto-oriented environment.

Environment and Landscape

The neighborhoods surrounding the Cottage Grove Road corridor have a suburban character, predominantly consisting of low-density single-family homes. These are attractive neighborhoods with tree-lined streets and well-maintained properties. There are several neighborhood parks and assets, such as Lake Monona, Olbrich Park, and Olbrich Botanical Gardens. The Park and Botanical Gardens are located in close proximity to both the Atwood and Acewood Activity Centers along the Capital City Trail, and include over 100 acres of parkland with a wide variety of passive and active recreational and educational opportunities serving the entire region.

Business Mix

The Atwood Center houses several anchor businesses and institutions such as Walgreens, Ace Hardware, Old National Bank, and the YMCA. It also includes restaurants/taverns such as Jade Monkey, Java Cat, the VFW, and Buck's Pizza, along with other small retail and service oriented businesses.

The Acewood Center is also anchored by a Walgreen's Pharmacy on the northwest corner. The northeast corner has a vacant building that once housed a grocery store. Further east is the Rolling Meadows Shopping Center that includes a variety of retail and service oriented businesses including MSCR, an

insurance office, a chiropractor, and several small restaurants, including Dairy Queen, Good Food restaurant, and Domino's. There is a dentist office, real estate office, Pizza Hut, and a Chinese restaurant along the street frontage. A large antiques mall is located in the building further east of the shopping center.

Traffic, Circulation, and Parking

Cottage Grove Road is a major east-west arterial street that carries very high volumes of regional traffic. It is also called County Highway BB and connects to the Village of Cottage Grove. Atwood Avenue eventually turns into Monona Drive, and forms the western edge, and Interstate 90 forms the eastern edge of the study area. Stoughton Road (Highway 51), which is a limited access highway, bisects the area on a north-south axis. Within the study area both Atwood Avenue and Acewood Boulevard are arterial streets, Dempsey Road is a collector street, and all other streets are local residential streets.

Most parking in the area is currently provided on surface parking lots. There are several lots scattered along the corridor that front Cottage Grove Road.

Socio Economic Characteristics

According to the 2014 American Community Survey (ACS) data, the Medium Household Income (MHI) at the Atwood Center north of Cottage Grove Road is in the range of \$70,000 to \$75,000 and the MHI for the area south of Cottage Grove Road is in the range of \$55,000 to \$60,000.

At the Acewood Center, the MHI north of Cottage Grove Road is in the range of \$50,000 to \$55,000 and the MHI for the area south of Cottage Grove Road is in the range of \$55,000 to \$60,000. These numbers compare closely to the city's Median Household Income of \$61,074.

Land Use and Zoning

Atwood Land Use

There are approximately 10 acres of land in the Atwood Activity Center, including 8.5 acres of commercial and 1.5 acres of residential. The commercial businesses are single story in height and the businesses are generally service oriented. The residential component of the activity center is two stories in height and consists of 4-8 unit apartment buildings built in the early 1960's.

Atwood Zoning

The current zoning for the Atwood Activity Center is NMX (Neighborhood Mixed-Use), CC-T (Commercial Corridor – Transitional District), and SR-V1 (Suburban Residential – Varied District 1.) See maps below. These districts are consistent with the City’s adopted 2006 Comprehensive Plan.

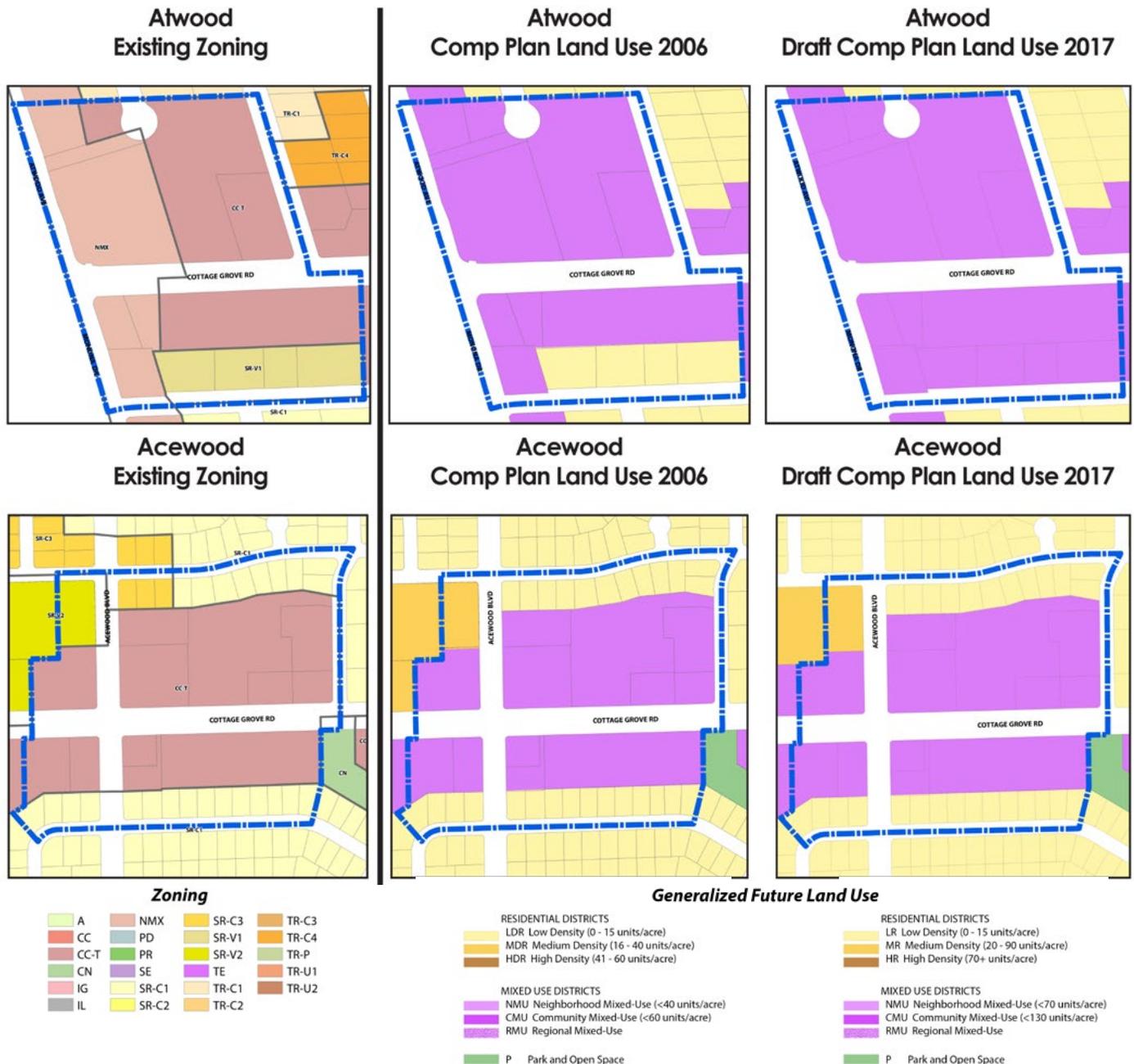
Acewood Land Use

There are approximately 25.6 acres of land in the Acewood Activity Center, including 12.6 acres of commercial and 13.0 acres of residential. The commercial businesses are single story in height and the business type is service oriented. The residential

component of the activity center consists of 1-2 story single-family homes, 1-2 story two-family homes, and 2 story multi-family buildings with 20+ units. The single-family and two-family homes were built in the 1960’s and 1970’s. The multi-family buildings were constructed in the 1990’s and early 2000’s.

Acewood Zoning

The current zoning for the Acewood Activity Center is CC-T (Commercial Corridor – Transitional District), SR-V2 (Suburban Residential – Varied District 2), SR-C3 (Suburban Residential – Consistent District 3), and SR-C1 (Suburban Residential – Consistent District 1.) See maps below. These districts are consistent with the City’s adopted 2006 Comprehensive Plan.



COMMUNITY ENGAGEMENT

Public Engagement Timeline

When considering Madison’s potential growth, the City’s Planning Division sees this plan as a model to advance a lighter and quicker planning effort for many of the City’s smaller, but crucial commercial activity centers. Modeling a six to eight month process, this Plan started by commissioning a professional market analysis to provide City planners with data that could inform and shape recommendations that would be practical and more easily implemented.

The diagram, at right, illustrates the overall project timeline for this planning process. Orange circles indicate opportunities for public input, advice, and interactions. Blue squares indicate process milestones for collecting and processing data and input.

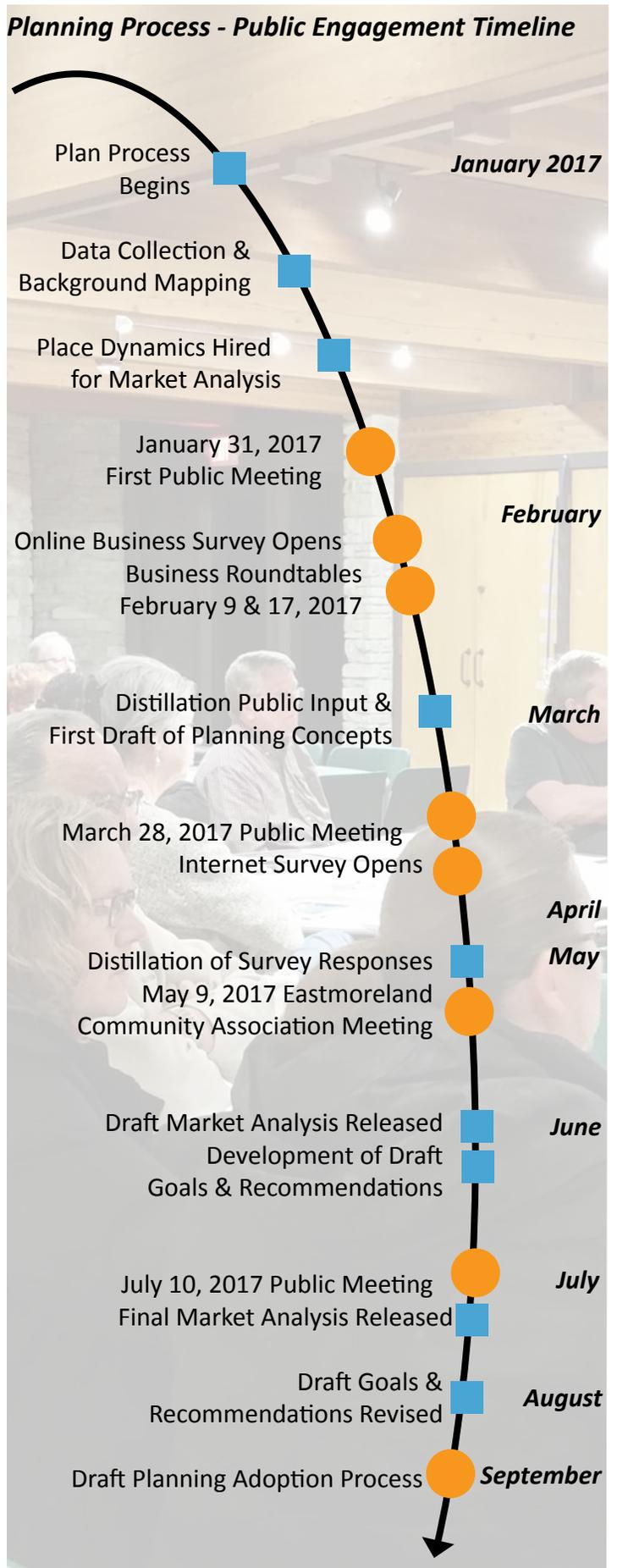
Market Analysis

The City commissioned a Market Analysis from Place Dynamics, Inc. A major objective and benefit of including a market study as a component of the planning process is to gain an understanding, backed by professional research and expertise, of which uses and combinations of uses would find the location attractive and have the best chance of success, and under what conditions.

Corridor Visioning

The January 31, 2017 public kick-off meeting, attended by over 60 neighbors, business and property owners, and other stakeholders, provided a baseline that shaped the remainder of the planning process. City planning staff led participants through a corridor and activity center visioning exercise. The highlights of the vision exercise included the following priorities:

- Restaurants / outdoor seating
- Fitness / wellness opportunities
- Neighborhood scale businesses / variety
- Connectivity - all modes
- Urban gardens, placemaking and public art
- Senior and family activities
- Increased density, mixed-use, multistory
- Curb appeal
- Incubator / flex space for start-up businesses



Community SWOT Analysis

Public meeting attendees participated in an interactive SWOT exercise to help find the Strengths, Weaknesses, Opportunities, and Threats of the two activity centers. This analysis helped both the public and planning staff hear neighbors concerns and ideas for the future. Key findings of this exercise led City staff to understand the neighborhoods' concern about commercial vacancies and other root causes of instability along the corridor. The analysis also illustrated the neighborhoods' desire to support business development and placemaking that could relate well to existing uses, build upon existing strengths, and provide a new energy to the corridor.

Neighborhood SWOT Analysis: Atwood Activity Center

	Helpful	Harmful
Internal Factors	Strengths <ul style="list-style-type: none"> ➤ Stable neighborhood ➤ Lake ➤ Less crime ➤ Affordable homes ➤ YMCA / Library ➤ Hardware store, Walgreen's and other local businesses 	Weaknesses <ul style="list-style-type: none"> ➤ Lack of dining options ➤ Vacant businesses ➤ Lack of tree canopy ➤ Limited bus service ➤ Low density ➤ No benches, park space ➤ Rundown bars
External Factors	Opportunities <ul style="list-style-type: none"> ➤ Mixed-use development ➤ Create destinations ➤ Royster ➤ Close to lake ➤ More local businesses ➤ Create good public spaces 	Threats <ul style="list-style-type: none"> ➤ Increased traffic in neighborhood ➤ Instability with Royster development ➤ Grandview Commons ➤ US-51 disconnects the area ➤ Decreased investments in the area

Neighborhood SWOT Analysis: Acewood Activity Center

	Helpful	Harmful
Internal Factors	Strengths <ul style="list-style-type: none"> ➤ Great for first time homebuyers ➤ Flea markets on weekends ➤ Engaged and stable neighborhood ➤ Good schools ➤ Safe, less crime ➤ Proximity to Interstate/ US 51 	Weaknesses <ul style="list-style-type: none"> ➤ Business turnover – not stable ➤ Tired/old façade design ➤ Homes need maintenance ➤ Lack public/civic spaces ➤ Lack retail variety – no options ➤ Pedestrian and bike safety/connectivity ➤ Public transit
External Factors	Opportunities <ul style="list-style-type: none"> ➤ Local business and job growth ➤ Create green spaces ➤ Senior housing ➤ Royster TID ➤ Entertainment uses 	Threats <ul style="list-style-type: none"> ➤ Redevelopment going elsewhere ➤ Older buildings ➤ Declining strip mall - appearance ➤ High traffic attracts sprawl ➤ Lots of bars ➤ Competition with Grandview ➤ Rising traffic speeds

Business Roundtables and Survey

City planning staff held two separate business roundtables and offered business and property owners in the activity centers a chance to fill out an on-line survey. Several key themes emerged from these discussions:

- Create synergy between Olbrich Park/Lake Monona and Atwood/Acewood Activity Centers
- Businesses like heavy traffic, and location on a major commercial and commuter corridor
- Businesses appreciate local community support
- Hard to attract customers with nearby vacant properties
- Need more redevelopment to increase businesses and potential customers
- Existing local businesses are concerned about rising rents that come with new development

Interactive Design Exercise

At the March public meeting, attendees participated in an interactive design exercise that explored their reactions to potential development scenarios, land uses, and building design and layout. Participants were asked to rate images and discuss their likes and dislikes about different types of development. Two examples of results can be seen below.



Example of a 3-5 story mixed-use building with mixed reviews.



Example of a 3-4 story residential design with favorable reviews.

Initial Draft of Development Concept Illustrations

Early in the planning process, City planning staff developed several different draft illustrations of potential development scenarios for each activity center. These images were only created to gauge public reaction and opinions to varied levels of development, land use types, and site layout throughout the Activity Centers and did not reflect actual development proposals, or plan recommendations.

Neighborhood Internet Survey

In order to augment input received at public meetings, an on-line survey was created to engage a large number of interested residents, businesses and stakeholders that would not necessarily be able to attend an evening public meeting. The surveys asked participants to rate and review several different redevelopment scenarios, as described above, for each of the two activity centers. The survey had over 200 survey responses.

In addition to rating each concept illustration, the survey asked for open ended comments. This resulted in a rich array of public feedback that significantly influenced the final goals and recommendations in the plan.

Common Consensus Comments:

- Want to have existing businesses remain / thrive
- Interested in open space and community gardens
- Worried about traffic impacts of new development
- Want a walkable, bike friendly, interesting neighborhood, with appropriate development
- Want more activities for people of all ages

Common Divergent Themes:

- Respondents either interested in new urban 4-5 story mixed use development, or conversely no development over 2-3 stories
- Concern about potential Busse Street extensions, although there was support for bike connections
- Concern about too much density, or conversely, concern that retail won't be viable without more density
- Varied opinions on future land uses, mixed response on senior housing, retail, and other uses
- Varied opinions on specific building design/layout

Eastmorland Community Association Meeting (ECA)

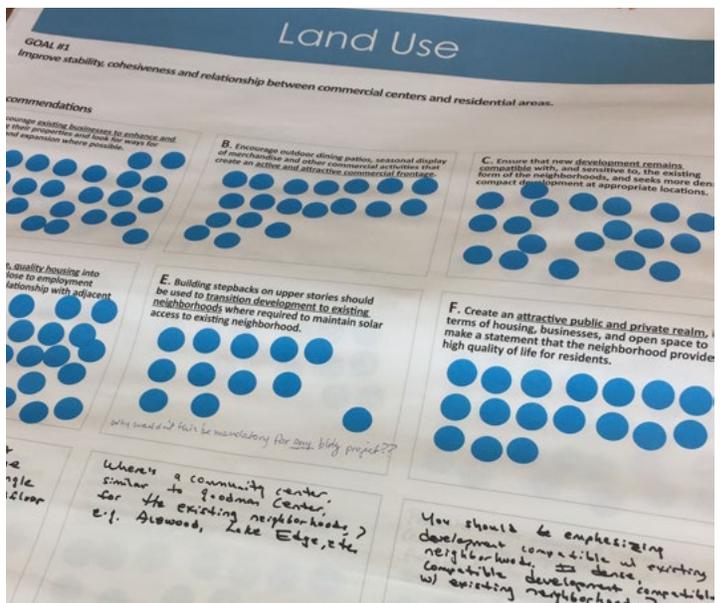
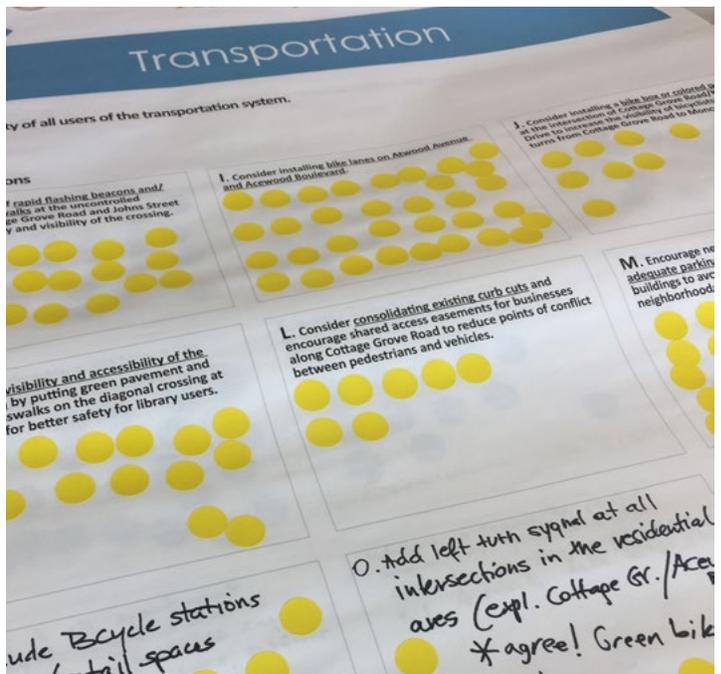
Over 120 people came to a May 2017 ECA meeting concerned that there was an imminent plan to demolish and redevelop the entirety of the Atwood Activity Center. City Planning staff gave a presentation and held a question and answer session to explain the process, limitations, and goals of the Cottage Grove Road Activity Centers Plan. Staff explained that the City was not a developer, and draft illustrations were created only to gauge public reaction and support for different types of land uses in advance of proposed plan recommendations. This meeting gave residents an opportunity to give additional input on their vision for their neighborhood, and the Activity Centers, as well as offer concerns and raise issues about future development along the corridor.

Development of Draft Recommendations

All of the data collection, public engagement and community input, including roundtable discussions, emails, comments, surveys, and market analysis resulted in the development of draft goals and recommendations in each of four areas: *Economic Development, Transportation, Placemaking and Neighborhood Identity, and Land Use.*

These draft recommendations were presented at a final large public meeting in July 2017, at which participants were able to help staff prioritize, suggest changes, as well as propose new ideas for recommendations they felt had been missed throughout the process.

This final community exercise affirmed the general direction of the plan recommendations, and resulted in several revisions and additions that more fully addressed both existing concerns, as well as potential for change, in the activity centers.



Outdoor seating under canopy and inside re-purposed shipping container brings activity out to the street.

Examples from the draft goals and recommendations input and prioritizing exercise that occurred at the July meeting.

MARKET ANALYSIS SUMMARY

The market analysis performed by Place Dynamics, Inc. provided a baseline of data and economic conditions that were essential to this planning process. While the entire analysis is available for review on the City of Madison's website, it is important to highlight some of the key findings that greatly shaped the recommendations in the plan.

The market analysis illustrated that there has been a decline in businesses serving the neighborhood over the past several years, resulting in an increase in vacant commercial spaces. This trend is not unique to this neighborhood, and mirrors a national picture that shows a decline in "bricks and mortar" retail spending overall, with an increase in on-line spending.

The analysis looked at trends, challenges, and opportunities for this area in retail, dining, and services. Trends in this area, as across the nation, show the retail industry tends to be overbuilt, while demand has declined. The combination of fewer neighborhood residents, changing household sizes, falling aggregate income, and changing spending patterns, combined with the emerging on-line retail and experience economy, also affect the employment picture in the planning area.

Challenging Retail Environment

All of these findings result in a challenging economic picture where the market analysis identifies several types of businesses that could fill a void and be successful in the corridor. However, many of these business and retail types, such as auto parts stores, caterers, and medical offices do not necessarily contribute to a walkable mix-use environment that our community input shows is desired by the neighborhood. When this market reality was presented to the public meeting in March 2017, the data showing that retail opportunities at both activity centers were limited was disheartening to many attendees.

Entrepreneurial Opportunities

The market analysis did find there could be some opportunities for smaller independent businesses to take advantage of lower rents in existing vacancies along the corridor. Lower lease rates offer accessibility to businesses whose sales volume does not support

Potential Successful Retail Sectors

According to the market data, in both activity centers there are commonalities about potential commercial uses likely to succeed that include the following types of businesses:

- Auto parts and service stores
- Health care, medical, dental, wellness, fitness
- Hobby, toy, game, pet stores
- Gas/convenience stores
- Variety (dollar) or used merchandise stores
- Restaurants/ bars/ taverns/ caterers
- Financial / professional services
- Personal care services
- Laundry/dry cleaning
- Co-working / Entrepreneurial Spaces



the higher rent of newer and heavily traveled developments. It notes businesses that can be successful on Cottage Grove Road are also ones that are sensitive to space cost, noting current leasing rates are in the range of \$6 to \$12 per square foot with new space like that at Grandview Commons leasing for \$23 to \$29 per square foot. The market analysis evaluates past trends and current conditions and looks forward based on this history. Future events will have impacts on any conclusions made and typically will be considered current for two to five years.

A Market for Housing

Despite a challenging retail environment, the market analysis findings indicate that the corridor shows a great potential for new housing units at both Activity Centers. Madison's overall apartment vacancy rate was 2.79% in the first quarter of 2017, and has ranged from a low of 1.88% to a high of only 3.71%, even while the market has added a substantial number of new apartments. A 5% vacancy rate is generally considered a healthy balance of supply and demand. This data is consistent with the larger housing growth

picture for the entire City of Madison. The City continues to see growth in all sectors of multi-family developments, including for seniors, families and young professionals at a variety of price points. While adding a considerable amount of housing units in the Activity Centers will not dramatically change the retail picture, some very limited neighborhood serving retail could successfully accompany some of this development.



Key Findings of the Market Analysis

Atwood Activity Center

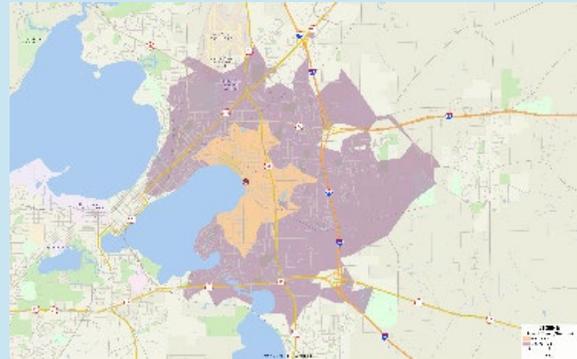
Along with a significant market for new housing, the Atwood Activity Center has some potential for new retail, restaurant, office, and service uses. As development from Schenk-Atwood begins to fill in, business will be looking for the next area for redevelopment opportunities along the Williamson-Atwood-Monona corridor.

The Cottage Grove Corridor offers more affordability, larger redevelopment sites, and opportunities to take advantage of adjacency to amenities and transportation infrastructure.

Acewood Activity Center

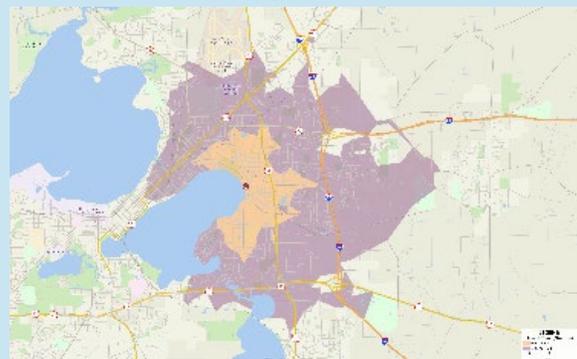
As Acewood lacks anchors, or a position at the intersection of two commercial corridors, new housing is the most viable new use for any new development. This center is a much tougher sell for new retail. There is greater competition at Grandview Commons to the east, and the site lacks anchors. However, there may be an opportunity for some limited entrepreneurial or co-working space opportunities, but housing with some very limited mixed-use retail will most likely be the best option for redevelopment.

Atwood Activity Center Trade Area



- Trade Area: 15,786 people - 7,262 households
- Average Daily Traffic:
Atwood Ave: 17,250, Cottage Grove Rd: 12,000
- Visibility: Atwood Activity Center has more traffic and improved visibility, which will be attractive to more commercial users.
- Key Characteristics / Adjacencies: Proximity to Schenk's Corners, Olbrich Park, and Lake Monona offers opportunities to take advantage of open space, and nearby other successful walkable mixed-use activity centers.
- *Key Recommendation: Mixed-use housing and service oriented business development.*

Acewood Activity Center Trade Area



- Trade Area: 15,517 people - 6,687 households
- Average Daily Traffic:
Acewood Blvd: 4,550, Cottage Grove Rd: 22,350
- Key Characteristics / Adjacencies: Acewood Activity Center lacks anchors and has mostly drive by commuter traffic. Nearby employment centers and retail competition to the east at Grandview Commons makes successful retail more difficult.
- *Key Recommendation: Concentration on new housing with some very limited commercial that could have an entrepreneurial role, some limited mixed-use development.*

GOALS AND RECOMMENDATIONS

The synthesis of the plan’s public engagement process, market analysis, and the Comprehensive Plan process culminated in the development of goals and recommendations in four general themes:

- Economic Development
- Transportation
- Neighborhood Identity and Placemaking
- Land Use

These goals and their associated recommendations were affirmed and prioritized by the neighborhoods and stakeholders during the public engagement process and are valid for both the Atwood and Acewood Activity Centers. In general this plan calls for the support and revitalization of the existing core activity centers, while encouraging redevelopment on vacant and corner lots where appropriate.

In addition, this plan provides some development illustrations and urban design recommendations for any future redevelopment that could happen in the activity centers over time.



Madison School & Community Recreation’s (MSCR) Fit-to-Go Van brings placemaking activities to kids around the city.



Innovative design in new or adaptively reused buildings allow indoor/outdoor experiences.

Economic Development Goals and Recommendations

Economic development goals and recommendations were developed based upon both the professional market data and analysis, as well as the input received during the public engagement process. It was essential to make sure that the desires and goals of business and property owners, residents and stakeholders could be aligned with the collected data as much as possible.

It became very clear that the larger neighborhood and businesses as a whole strongly feel it is important to assist existing businesses through current public resources (City’s Façade Grant Program) and also help to create a business support systems (Business and Property Owners Associations) that could help both existing and new businesses prosper and grow. The market analysis also showed a need to consider recruiting new businesses offering products and services that are unique to the local market.

This plan also emphasizes the need to understand the realities of changing economic forces. Events like the 2008 housing crisis could alter many of the economic development priorities identified. As such, it is important to look at the larger picture of how these activity centers can be resilient and be adaptable to changing market forces.

These findings led to two main goals for the plan; support and strengthen the existing commercial corridor while also creating opportunities for new unique business in mixed-use redevelopment projects on vacant and corner sites where appropriate. By making these activity centers a focal point for adjacent neighborhood, as well as a part of the larger network of strong activity centers across the City, they will more likely weather changing economic environments.



Support existing retail uses.

Economic Development Goal #1:

Promote and support local business development by strengthening partnerships and coordinating business initiatives between business and property owners, neighborhoods, and community groups to enhance and expand the local business climate.

Recommendations:

- A. Explore the expansion of the City's **Facade Grant Program** to include Cottage Grove Road to help support and invest in improvements to existing buildings.
- B. Encourage the creation of a new Cottage Grove Road Corridor **Business and Property Owners Association** and seek guidance from nearby business alliances and communities.
- C. Use "Groove On Cottage Grove Road" as an example to develop a **coordinated entity, branding, and marketing plan** and create opportunities for outreach to attract new businesses.
- D. Look for opportunities to **identify the business district** with gateway signage, public art, and landscaping.
- E. Encourage local property owners to **recruit users into existing vacant spaces** that could become co-working space where start-up businesses could innovate, explore, and grow.
- F. Work with business alliances and the City of Madison Office of Business Resources to **recruit and/or retain small to medium sized businesses** whose services or products are unique to the local market.
- G. Support a **strong business climate** that includes commercial, industrial and office spaces and builds relationships that help people find jobs and start new businesses.



Ribbon cutting ceremony at the end of the road construction.

Economic Development Goal #2:

Encourage new development, where appropriate, that serves the neighborhood and provides stability to the activity centers.

Recommendations:

- H. Prioritize and encourage significant multi-story residential and **mixed-use development on vacant lots and corner sites** that will anchor, stabilize and revitalize both activity centers.
- I. Support existing businesses by **adding new residents** through new development that includes a variety of housing choices for people in different stages of life and with various income levels.
- J. Encourage a **mix of uses** like neighborhood serving retail, personal services, and restaurants that serve the daily needs of residents and attract newcomers to live in the neighborhood.
- K. Consider Tax Incremental Financing or other **financial resources to support desired development** and investment; this should include assessment and accountability of public assistance.



Example of a co-working space.



Example of pop-up retail in a vacant storefront.



Groove On coordinated branding and marketing effort.

Transportation Goals and Recommendations

Cottage Grove Road is the major transportation roadway that connects the two Activity Centers. It is a major east-west arterial that links the area east of the Interstate to central Madison.

Traffic volume on Cottage Grove Road near Atwood Avenue is 12,000 ADT (Average Daily Traffic) and 22,350 ADT near Acewood Boulevard. Within the planning area, Atwood Avenue (17,250 ADT) and Acewood Boulevard (4,550 ADT) are both arterial streets, Dempsey Road is a collector street, and all other streets are local residential streets.

For transit service in the area, Atwood Avenue gets full day transit service, however Dempsey and Acewood intersections only have peak hour transit service.

Within the area, the Capital City Trail is an off-street regional bicycle path that runs parallel to the railroad corridor. This paved path is part of a larger bicycle network and provides residents of the neighborhoods direct access to downtown.

Reconstruction of Cottage Grove Road was completed recently. Several elements such as bike lanes, pedestrian refuge islands at crossings, street trees and landscaped medians were added to enhance the streetscape and make it more pedestrian and bicycle friendly.

This plan emphasizes two main transportation goals: to enhance connections to destinations within and outside of the neighborhood and to promote all forms of transportation while improving safety for all users.

Being a major commuter corridor, commuter traffic will probably continue to use Cottage Grove Road. Thus the goal is to reduce its impact as much as possible without increasing traffic on neighborhood streets by encouraging use of alternative modes of transportation and by making the area safe for pedestrians and bicyclists. The plan also includes recommendations dealing with parking in the area. Most parking is currently provided on surface parking lots. The plan calls for additional parking underneath or behind buildings to support new developments and to support local businesses.



Example of a multi-use path at end of cul-de-sac.



Wayfinding signs on a multi-use path encourage better connectivity.



Example of a continental crosswalk on Cottage Grove Road.



A rapid flashing beacon at a difficult crossing increases visibility of pedestrians.

Transportation Goal #1:

Improve connectivity between neighborhoods, shopping districts, community centers, employment centers, schools, and recreational areas across multiple transportation modes.

Recommendations:

- A. Conduct a **bike/walk audit** with businesses and residents to identify areas of improvement for the bike/pedestrian network.
- B. **Promote walking and biking** among residents of all ages: neighborhood associations and community partners should explore conducting bike education activities, identify and promote safe walk/bike routes to school, and distribute bikes.
- C. Create a **multi-use path between Busse Street and Johns Street** to improve bike/pedestrian connectivity.
- D. Work with Metro Transit to **assess the need for bus shelters** at bus stops without a bus shelter and consider programs such as ‘adopt a bus shelter’ for maintenance.
- E. Consider installing a **bus shelter on Cottage Grove and Dempsey Roads** when the Pinney Library moves to that location.
- F. Evaluate the potential of providing **all day transit service** if new development occurs, including budgetary impacts.
- G. Consider installing **wayfinding signs on the bike path** to direct visitors to area schools, parks, library, restaurants, and shops.
- H. Encourage **Bicycle shared bike stations** in new developments as the larger shared network system expands eastward.



Bus stops can also promote local business districts or be a location for public art.

Transportation Goal #2:

Improve the safety of all users of the transportation system.

Recommendations:

- I. **Explore additional pedestrian safety and amenities** at Cottage Grove Road and Atwood Avenue.
- J. Explore the use of **rapid flashing beacons (RFBs) and/or continental crosswalks**, along with driver education of how RFBs work, at the uncontrolled intersection at Cottage Grove Road and Johns Street to improve the safety and visibility of the crossing.
- K. **Explore left turn light cycles into residential neighborhoods** at all existing signalized intersections along Cottage Grove Road.
- L. Consider installing **bike lanes on Atwood Avenue and Acewood Boulevard** and green bicycle boxes at signalized intersections.
- M. Consider installing a **bike box or colored pavement** at the intersection of Cottage Grove/Monona to increase the visibility of bicyclists making left turns from Cottage Grove Road to Monona Drive.
- N. Increase the **visibility and accessibility of the Capital City Path** by putting green pavement and continental crosswalks on the diagonal crossing at Dempsey Road for better safety for library users.
- O. Consider **consolidating existing curb cuts** and encourage shared access easements for businesses along Cottage Grove Road to reduce points of conflict between pedestrians and vehicles.
- P. Encourage new developments to **provide adequate parking underneath or behind the buildings** to avoid spillover parking in the neighborhoods.



Bike lanes and markings improve safety of intersections.

Identity & Placemaking Goals & Recommendations

Neighborhood identity and placemaking is about bringing neighbors together to activate spaces and build community. It is not just about public art or performing arts centers; it is about making places better for everyone.

Placemaking has two general components that help neighborhoods and corridors to become places for residents to make community connections: One, there have to be places that people want to gather, and two, there have to be people actively using the space, whether it be passively, or through programming, events and other activities.

There was an overwhelming response by neighbors and businesses who both loved their existing neighborhoods, and also wanted to enhance and increase open space and places for people to gather. This plan makes recommendations to enhance the Cottage Grove Road Corridor as a destination rather than just a route to get to other places. Placemaking recommendations also support and encourage art, programming, and other events and activities that make the community special and a place people want to call home.



Community gardens offer chances for neighbor interactions.



This neighborhood sign integrates public art.



The Secret Places neighborhood hosts a rubber duck race.



This Lake Edge Park neighborhood gathering space project helped create community connections and cohesion.



Placemaking events often offer local vending and food carts to increase activity and encourage attendance.

Identity and Placemaking Goal #1:

Increase opportunities for community gathering and strengthen neighborhood identity through the creation and enhancement of existing and new open spaces along and adjacent to the Cottage Grove Road Corridor.

Recommendations:

- A. Strengthen neighborhood identity and create a greater sense of place by **enhancing neighborhood gateways** to create a sense of arrival and connect the corridor to adjacent neighborhoods.
- B. Support the installation of **neighborhood signs** for Eastmoreland and Lake Edge and enhance existing neighborhood signs at Atwood, Elvehjem, and Rolling Meadows with public art, additional landscaping, and lighting.
- C. Encourage new development to **incorporate public open spaces**, plazas or other community gathering spaces and public art components.
- D. Encourage neighborhood associations to partner with property owners to create publicly **accessible gathering spaces** and help activate these spaces through programming and placemaking events.
- E. Transform **streets and parking lots into multi-dimensional attractive placemaking destinations** through public amenities such as landscaping, seating, drinking fountains, bike parking, and public art.



Placemaking & economic development can go together.

Identity and Placemaking Goal #2:

Support placemaking initiatives, art opportunities and social interactions among community members by the design, activation, and programming of shared spaces.

Recommendations:

- F. Support **creative temporary uses at vacant sites** and in vacant buildings to energize the environment with uses like galleries, events, seasonal retail, art installations, and storefront murals to generate foot traffic, exposure, and interest.
- G. Encourage installation of permanent and/or temporary **art exhibits along the corridor**, such as artistic banners, bike racks, sculptural works, benches, murals, mosaics, or utility box wraps.
- H. Encourage neighborhood associations to consider funding public art and placemaking in their neighborhoods, as well as applying for City sponsored **art and neighborhood grants**.
- I. Consider opportunities for installing **public Wi-Fi** in community gathering spaces.
- J. Create partnerships with local businesses and community resources to **schedule events**, such as food cart events and farmers markets, or to establish community gardens.
- K. Encourage local community partners such as the library, YMCA, MSCR, and City Parks to consider placemaking and programming opportunities to enhance the sense of place along the corridor, and **increase community connectedness** and cohesion between people of different ethnic and cultural backgrounds.
- L. Take advantage of Atwood Activity Center's **location on the City's Lake Loop**, and tie identity and placemaking into events and activities associated with such a major recreational corridor.



Outdoor cafes help activate street frontages.

Land Use and Urban Design Goals and Recommendations

The two Activity Centers studied in this plan have similar land uses. The Atwood Activity Center is a mix of service oriented commercial uses and smaller multi-family residential buildings. The Acewood Activity Center is a mix of service oriented commercial, multi-family, and single-family residential.

The Zoning Districts map on page 5 shows current zoning districts for the study area. These districts are consistent with the City's Comprehensive Plan adopted in 2006, and with this neighborhood plan's land use recommendations.

Based on community input from multiple public meetings, a business roundtable, survey, market study, and review of the Comprehensive Plan, these land use recommendations will provide guidance to City boards and commissions on potential future development in the Atwood and Acewood Activity Centers.

Goal 1 and recommendations address development strategies that focus on enhancing neighborhood identity and improving local business success, while incorporating new businesses and affordable, quality housing in areas of new development.

Goal 2 and recommendations address urban design guidelines for the activity centers, such as building heights and setbacks, parking locations, and orientation to the street. The recommendations also encourage architectural and landscape design that embodies the character of the neighborhoods.



Townhomes and porches create a neighborhood rhythm and are respectful of adjacent residential uses.



Example of a modern five-story mixed-use building.



Example of a high quality four-story residential building.



Sequoia Commons is a four-story mixed-use development with multiple entrances, and a design that deemphasizes its size.

Land Use and Urban Design Goal #1:

Improve stability, cohesiveness, and relationship between commercial centers and residential areas.

Recommendations:

- A. Encourage **existing businesses to enhance and improve** their properties and look for ways for growth and expansion where possible.
- B. Encourage outdoor dining patios, seasonal display of merchandise, and commercial activities that create an **active, attractive commercial frontage**.
- C. Ensure that new **development remains compatible** with, and sensitive to, the existing form of the neighborhoods, and seeks more dense, compact development at appropriate locations.
- D. Incorporate **affordable, quality housing** into new development that is close to employment centers and respectful of relationship with adjacent residential uses, and consider housing that meets the needs of seniors, and others transitioning and/or downsizing from ownership to renting.
- E. Look for opportunities to **include 2 - 3 story apartments, town-homes**, and housing that meet the needs of the “missing middle” between single-family homes and apartment buildings.
- F. Promote and **support owner occupied housing opportunities** within adjacent neighborhoods as they are affordable and offer opportunities for renters to move into home ownership.
- G. Building setbacks on upper stories should be used to **transition development to existing neighborhoods** where required to maintain solar access to existing neighborhood.
- H. Create an **attractive public and private realm**, in terms of housing, businesses, and open space to make a statement that the neighborhood provides a high quality of life for residents.



Seating and awnings can give existing buildings character.

Land Use and Urban Design Goal #2:

Ensure new infill mixed-use, housing, or commercial development incorporate traditional neighborhood design elements.

Recommendations:

- I. Encourage **mixed-use and multi-family residential development** of 2 – 5 stories (Atwood), 2 – 4 stories (Acewood) where appropriate to anchor activity centers.
- J. **Buildings should front on the street** with parking placed behind or to the side of buildings.
- K. Encourage **streetscape amenities** like benches, lighting, bike racks, and planters that promote and protect the pedestrian environment.
- L. Design buildings with **storefronts, stoops, or patios** along the front ground floor facade along the primary abutting street.
- M. Encourage **outdoor patios, dining, awnings, and display windows** for commercial uses.
- N. Encourage **compact, green building, and site design** that minimizes resource consumption and environmental impacts; new buildings should look for opportunities to promote renewable energy and sustainable landscaping practices.
- O. Add **publicly accessible passive and active open space** whenever possible to new development concepts.
- P. **Revitalize commercial frontages** over time, and where appropriate, incorporate existing and new businesses into multi-story structures with pedestrian/bike and vehicular connections to adjoining residential areas.



Example of a mixed-use building with ground floor retail.

ILLUSTRATIONS OF DEVELOPMENT POTENTIAL **Atwood Activity Center Illustrations**

In early phases of the planning process, City staff developed a number of draft development concepts for the entire areas of the Atwood and Acewood Activity Centers to gauge public input and get feedback from neighbors, property owners, and stakeholders. These illustrations showed varying levels of density, height, and scale as well as different design, land use, and street layouts.

After extensive public feedback, and concern that the City was promoting the removal of beloved and important existing businesses, City staff reexamined and refined the draft concepts and made significant changes to illustrations and concept examples. City staff presented these refined concepts to the public that focused on specific properties that showed an increased potential for change.

The following illustrations show hypothetical examples of development that reflect how this Plan's Land Use Goals and Recommendations could be interpreted. Illustrations were developed for vacant or soon to be vacant sites in the Atwood and Acewood Activity Centers to illustrate the design guidelines outlined in the plan's Land Use Goals and Recommendations. These refined concepts, while providing guidance for expectations and goals for redevelopment on vacant sites, also can be used as a guide for what to expect when and if other property owners were interested in redeveloping land in other parts of the Activity Centers and along Cottage Grove Road commercial corridor as a whole.

The Atwood illustrations were developed in accordance with the Plan's Land Use Recommendations for the Pinney Library/Habitat Restore site that will soon be vacant. The drawings show a four-story mixed-use building along Cottage Grove Road, a three-story apartment building, and three-story townhomes on the interior of the site and along Johns Street. Parking for these buildings is primarily underground with additional surface parking shown to the rear or side of the buildings. The drawings also show a new pedestrian connection at the end of Busse Street that runs along the northern border of the site through a small open space that will buffer the existing neighborhood from the proposed buildings.

Other Adjacent Future Redevelopment

If redevelopment is proposed for other sites within or adjacent to the Atwood Activity Center, and along this commercial length of Cottage Grove Road, it should use these same general development and design guidelines. The bottom image on page 21, illustrates how a hypothetical redevelopment could look if either Walgreen's Pharmacy or Old National Bank were to vacate their sites.

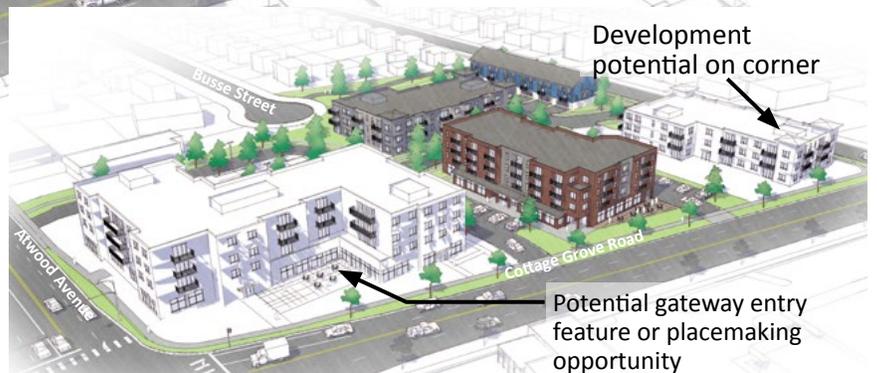
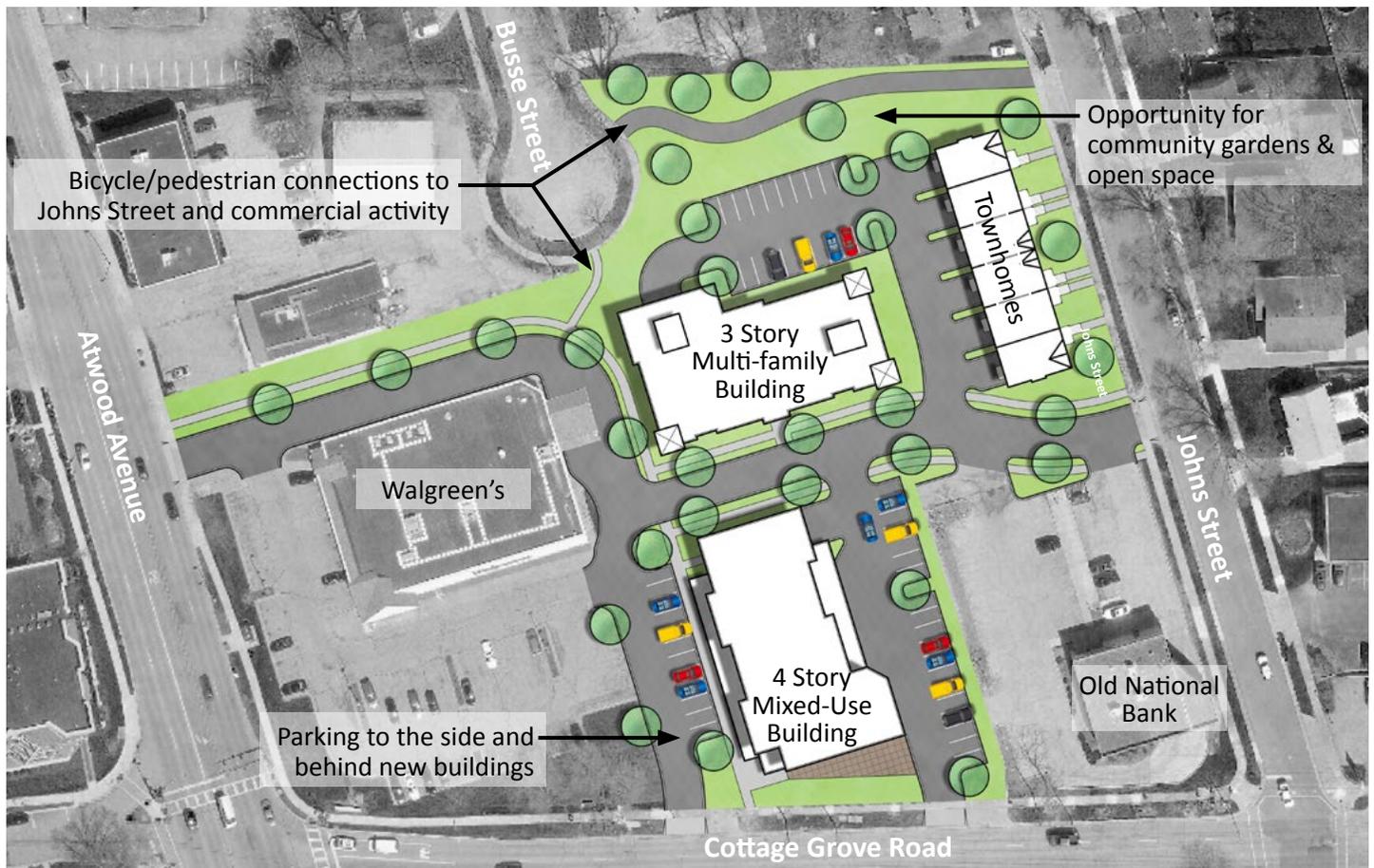


Pinney Library and ReStore site photo



Existing aerial photo of the Atwood Activity Center.

Atwood Activity Center illustrations of development potential for soon to be vacant library/ReStore site



FUTURE PHASES: Atwood Activity Center illustration of hypothetical future development on adjacent sites

Acewood Activity Center Illustrations

The Acewood illustrations were developed in accordance with the Plan's Land Use Recommendations for the former Sentry Foods store site that has been vacant for some time. The drawing shows a hypothetical four story mixed-use building at the corner of Cottage Grove Road and Acewood Boulevard. Parking is primarily underground with additional surface parking shown to the rear the building. Vehicular access is maintained with the adjacent development.

Other Adjacent Future Redevelopment

If other redevelopment happens at other sites within or adjacent to the Acewood Activity Center, and along this commercial length of Cottage Grove Road, it should use these same general development and design guidelines.

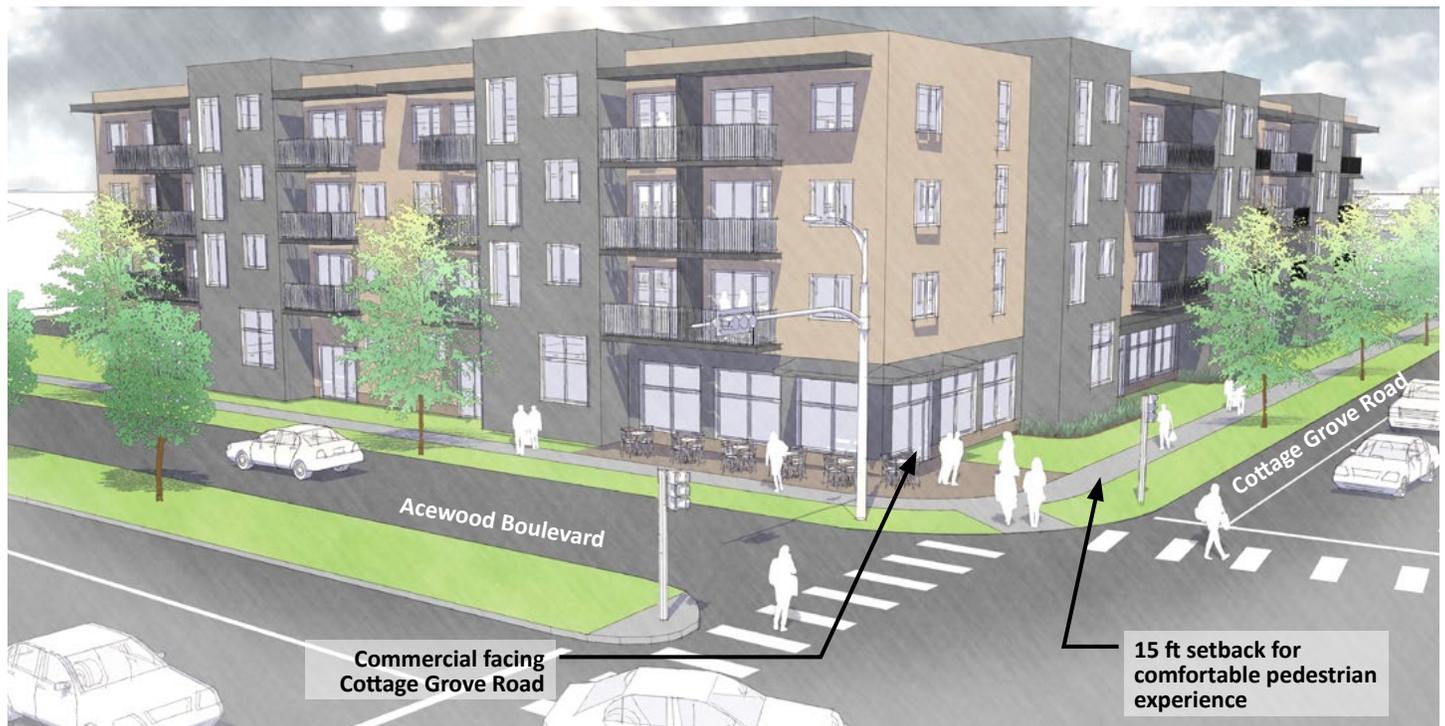
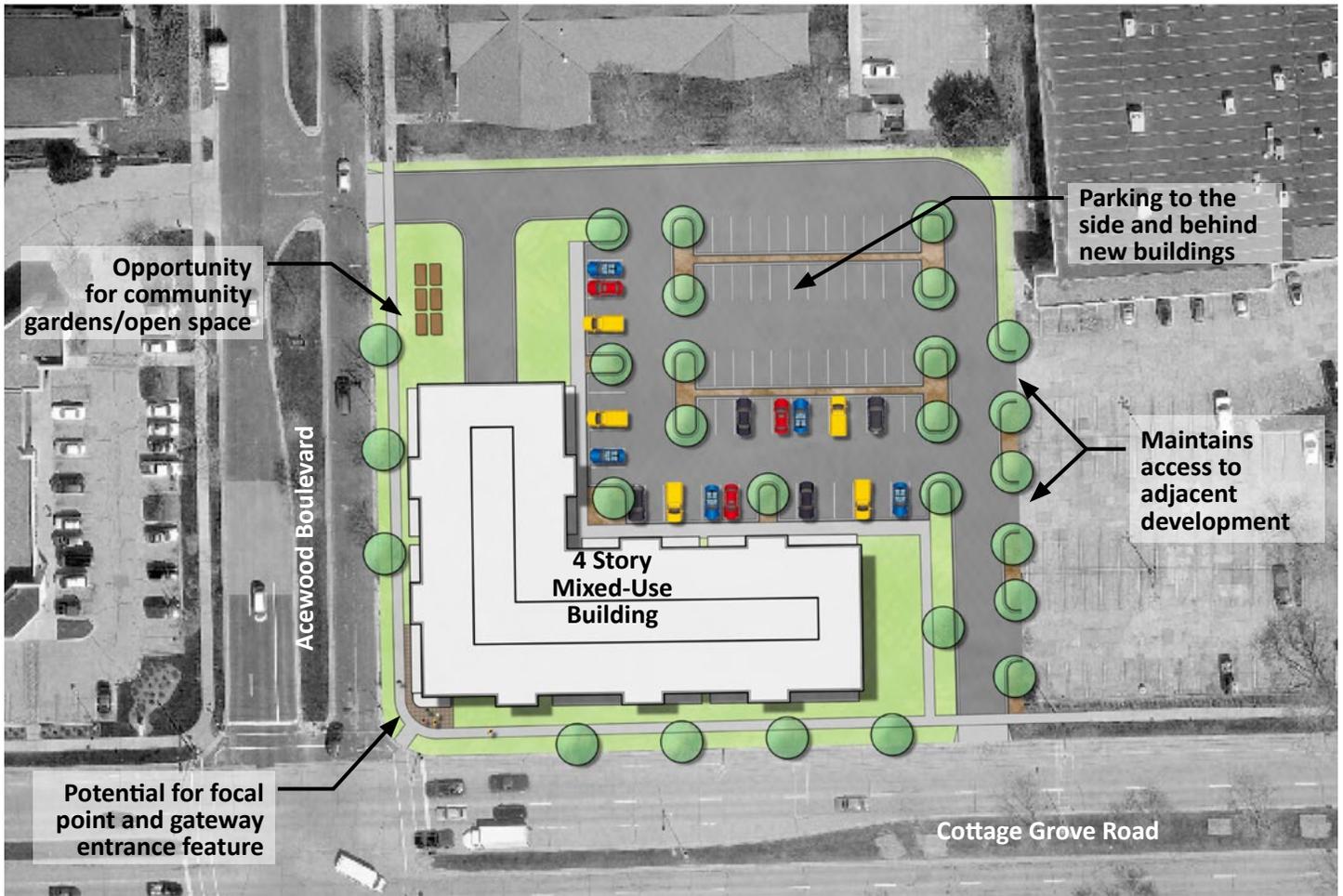


Vacant Sentry Foods site photos

Existing aerial photo of the Acewood Activity Center.



Acewood Activity Center illustration of development potential for vacant Sentry Foods site



PLAN IMPLEMENTATION MATRIX

The table below includes those recommendations, identified and prioritized by the community, that can be undertaken with minimal staff or budget resources within the next three years. The intent is to identify the parties primarily responsible for their implementation and suggest next step(s) to initiate the effort.

Recommendation	Lead Agency/Group	Next Step(s)
<i>Economic Development Recommendations</i>		
A. Explore the expansion of the City’s Facade Grant Program to include Cottage Grove Road to help support and invest in improvements to existing buildings.	Planning Division, Economic Development Division	Conduct an analysis of the existing program and inventory potential candidate buildings in the area to evaluate the benefits to expanding the program.
B. Encourage the creation of a new Cottage Grove Road Corridor Business and Property Owners Association and seek guidance from nearby business alliances and communities.	Business/Property Owners	Convene a meeting to gauge interest and discuss the benefits of such an association.
C. Use “Groove On Cottage Grove Road” as an example to develop a coordinated entity, branding and marketing plan, and create opportunities for outreach to attract new businesses.	Business/Property Owners	If a business and property owners association is formed, this should be one of its priority actions.
<i>Transportation Recommendations</i>		
A. Conduct a bike/walk audit with businesses and residents to identify areas of improvement for the bike/pedestrian network.	Traffic Engineering Division	Convene a neighborhood meeting to identify areas of concern and possible solutions.
B. Promote walking and biking among residents of all ages: neighborhood associations, and community partners should explore conducting bike education activities, identify and promote safe walk/bike routes to school, and distribute bikes.	Community Partners	Seek volunteers at the bike/walk audit meeting to take the lead on these and other ideas.
D. Work with Metro Transit to assess the need for bus shelters at bus stops without a bus shelter and consider programs such as ‘adopt a bus shelter’ for maintenance.	Metro Transit	Explore the feasibility of adding shelters at these locations.
I. Explore additional pedestrian safety and amenities at Cottage Grove Road and Atwood Avenue.	Traffic Engineering Division	Conduct a review of recommendations I-M and recommend specific improvements, if any.
J. Explore the use of rapid flashing beacons (RFBs) and/or continental crosswalks, along with driver education on how RFBs work, at the uncontrolled intersection at Cottage Grove Road and Johns Street to improve the safety and visibility of the crossing.	Traffic Engineering Division	Conduct a review of recommendations I-M and recommend specific improvements, if any.
L. Consider installing bike lanes on Atwood Avenue and Acewood Boulevard and green bicycle boxes at signalized intersections.	Traffic Engineering Division	Conduct a review of recommendations I-M and recommend specific improvements, if any.
M. Consider installing a bike box or colored pavement at the intersection of Cottage Grove/Monona to increase the visibility of bicyclists making left turns from Cottage Grove Road to Monona Drive.	Traffic Engineering Division	Conduct a review of recommendations I-M and recommend specific improvements, if any.

Recommendation	Lead Agency/Group	Next Step(s)
Identity and Placemaking Recommendations		
D. Encourage neighborhood associations to partner with property owners to create publicly accessible gathering spaces and help activate these spaces through programming and placemaking events.	Neighborhood Association(s)	Hold a neighborhood event (such as a picnic or Let’s Eat Out”) as a first step to more regular activities.
F. Support creative temporary uses at vacant sites and in vacant buildings to energize the environment with uses like galleries, events, seasonal retail, art installations, and storefront murals to generate foot traffic, exposure, and interest.	Business/Property Owners	Identify priority sites and buildings and work with the Planning Division to develop ideas to activate them.
H. Encourage neighborhood associations to consider funding public art and placemaking in their neighborhoods, as well as applying for City sponsored art and neighborhood grants.	Neighborhood Association(s)	Identify potential sites and concepts and work with Planning Division staff to help further develop them.
J. Create partnerships with local businesses and community resources to schedule events, such as food cart events and farmers markets, or to establish community gardens.	Neighborhood Association(s)	Meet with businesses and community partners to develop ideas.
K. Encourage local community partners such as the library, YMCA, MSCR, and City Parks to consider placemaking and programming opportunities to enhance the sense of place along the corridor and increase community connectedness and cohesion between people of different ethnic and cultural backgrounds.	Neighborhood Association(s)	Meet with community partners to develop ideas.
L. Take advantage of Atwood Activity Center’s location on the City’s Lake Loop, and tie identity and placemaking into events and activities associated with such a major recreational corridor.	Neighborhood Association(s) and Business/Property Owners	Consider this as part of the branding and marketing plan (see Economic Development Recommendation C).
Land Use Recommendations		
A. Encourage existing businesses to enhance and improve their properties and look for ways for growth and expansion where possible.	Business/Property Owners	If a business and property owners association is formed, it could promote this idea along the corridor.
B. Encourage outdoor dining patios, seasonal display of merchandise, and commercial activities that create an active, attractive commercial frontage.	Business/Property Owners	If a business and property owners association is formed, it could promote this idea along the corridor.
H. Create an attractive public and private realm, in terms of housing, businesses, and open space to make a statement that the neighborhood provides a high quality of life for residents.	Business/Property Owners	If a business and property owners association is formed, it could promote this idea along the corridor.
M. Encourage outdoor patios, dining, awnings, and display windows for commercial uses.	Business/Property Owners	If a business and property owners association is formed, it could promote this idea along the corridor.

ADOPTING RESOLUTION

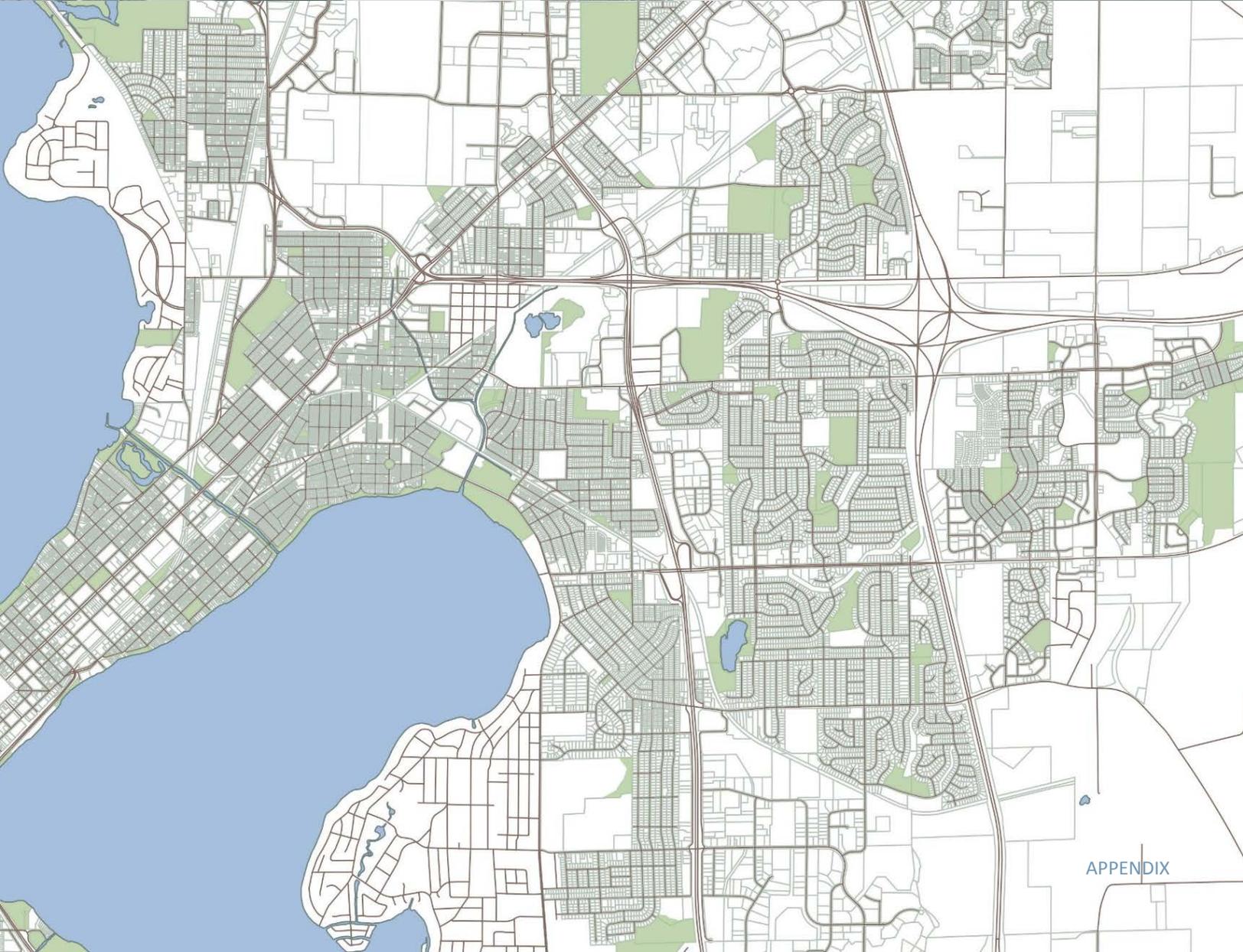
(Will be added to published report.)

APPENDIX: Market Analysis Report

Place Dynamics Inc.

COTTAGE GROVE ROAD ACTIVITY CENTERS

MARKET ANALYSIS





Prepared for the City of Madison

By Place Dynamics LLC



June 2017

CONTENTS

- Introduction 1
- Study Area Description 3
 - The Activity Centers..... 5
 - Atwood Avenue..... 6
 - Acewood Boulevard 6
 - Competitive Environment 7
- Market Demand 8
 - Market Trends..... 8
 - Retail Market Opportunities..... 9
 - Dining Market Opportunities 12
 - Service Market Opportunities 13
 - Residential Market Opportunities 14

INTRODUCTION

Residents' desires for more vibrant commercial nodes have prompted this study of the commercial nodes on Cottage Grove Road. The plan specifically targets two nodes, or activity centers, at Atwood Avenue and at Acewood Boulevard. As planning began, the City retained Place Dynamics to conduct a market analysis for the area, advising the City concerning uses that may be suited to the activity centers, the character of those uses, and strategies for their development. This report summarizes the market analysis and recommendations.

The past several years have seen a decline in the number of businesses serving the neighborhood and an increasing number of vacant spaces. This is not a symptom of changes in the neighborhood, but of the evolving commercial landscape in Madison, and structural changes in the retail industry. The local area mirrors a national picture in which spending has declined while an increasing portion of that spending is diverted online. The chain retail industry is generally reducing its footprint to the most viable locations, from which they serve a larger customer base. On the east side of Madison, this tends to mean the East Washington Avenue corridor.

There certainly are opportunities to be realized at either of the Cottage Grove Road activity centers, or elsewhere in the corridor. These are good locations from which to serve the adjacent neighborhoods and commuters who use Cottage Grove Road. The current building stock is available at affordable lease rates, which make it accessible to independent businesses and others whose sales volume does not support the higher rent in more heavily traveled districts. As a related issue, gentrification on Madison's east side is causing an escalation in rents or design changes that can push some businesses out of those areas. Cottage Grove Road, and especially the activity center at Atwood Avenue, can be an attractive location in that it is close enough to be able to serve those neighborhoods.

The City and nearby residents will need to grapple with a challenge. Many of the uses that can be supported in the corridor are not those that typically contribute to a walkable mixed use environment. They can include the likes of auto parts stores, auto repair, medical and professional offices, personal services, and fast food restaurants. Few of the coffee shops, restaurants, and specialty shops desired by residents will find the corridor an attractive place to locate. There are simply too few customers in the neighborhood, too little ability to draw from a broader region, and too many established centers like Monroe Street or Schenk's Corners that offer a more attractive environment for those uses.

Along with use comes the related questions of design and cost. The businesses that can be successful on Cottage Grove Road are also ones that are sensitive to the cost of space. Existing space in the corridor leases in a range from \$6 to \$12 per square foot. New space such as that at Grandview Commons leases from \$23 to \$29 per square foot, which is comparable in cost to space in mixed use buildings in other corridors in Madison (ex., Park Street or Monroe Street).

Madison's strong housing market presents another opportunity for the corridor. Apartments at Schenk's corners are leasing between \$1,300 and \$2,000 per month. Closer to the Isthmus, the costs are higher and/or unit size is smaller. The Cottage Grove corridor has the potential to develop units of a similar quality at a lower cost, and offer renters the chance to live in a quieter suburban location. Apartments

near Grandview Commons lease around \$1,000 for a one-bedroom, and up to \$1,400 for a two-bedroom unit.

Owner occupied housing is also a feasible use in either of the activity centers. The Atwood Avenue location is better suited to mixed use buildings, while a strictly residential building will be more marketable at the Acewood site.

The following is a summary of the uses found most likely to locate within the Cottage Grove Road activity nodes, given existing conditions in the area. It is important to note that significant changes, such as redevelopment that substantially increases prevailing lease rates, may impact the viability of these uses. Most of these uses will be small, independently-owned businesses rather than chain establishments, due to the limited market.

SUMMARY OF POTENTIAL USES IN THE COTTAGE GROVE ROAD ACTIVITY CENTERS

	POTENTIAL USE	APPROXIMATE FLOOR AREA
RETAIL	Auto parts and accessories stores	5,000-8,000 square feet
	Other home furnishings stores	1,500-5,000 square feet
	Window treatment stores	1,500-5,000 square feet
	Paint and wallpaper stores	1,500-5,000 square feet
	Other building material dealers	1,500-5,000 square feet
	Beer, wine, and liquor stores	1,500-5,000 square feet
	Beauty supply stores	1,000-3,000 square feet
	Optical goods stores	1,000-5,000 square feet
	Other health and personal care stores	1,000-5,000 square feet
	Gas stations with convenience stores	5,000-8,000 square feet
	Sporting goods stores	1,000-5,000 square feet
	Hobby, toy, and game stores	1,000-3,000 square feet
	Sewing and piece goods stores	1,000-3,000 square feet
	Florists	1,000-3,000 square feet
	Used merchandise stores	1,000-8,000 square feet
Pet and pet supply stores	1,000-3,000 square feet	
DINING	Limited Service Restaurants	1,000-5,000 square feet
	Full Service Restaurants	3,000-8,000 square feet
	Bars or Taverns	1,500-5,000 square feet
SERVICES	Barber shops and beauty salons	1,000-3,000 square feet
	Child care centers	2,000-5,000 square feet
	Fitness centers	3,000-10,000 square feet
	Weight loss services	1,000-2,000 square feet
	Veterinary and pet care services	1,000-5,000 square feet
	Funeral parlors	5,000-10,000 square feet
	Accounting and tax preparation	1,500-3,000 square feet
	Legal services	1,000-3,000 square feet
	Medical and dental offices	2,000-6,000 square feet
	Auto repair and maintenance	2,000-5,000 square feet

LONGEVITY OF A MARKET ANALYSIS

A market analysis evaluates past trends and current conditions. It looks forward based on this history, but future events immediately begin to impact its conclusions. Such was the case with the 2007 market analysis, prepared at the height of a commercial boom and the start of a housing crisis. Madison's housing market is now several years into an unprecedented boom which has brought not only a great many new buyers and renters, but also a shift in the kinds of housing desired. Meanwhile, the retail industry is in a sustained decline. More retail stores have closed than have been opened in every year since 2007, and halfway into 2017, more stores have closed than in any full year since these numbers were tracked.

Given these significant changes, the 2007 market analysis will have little validity. That is going to be true of any market analysis that is a decade old. In the real estate and financial community, a market analysis is typically not going to be considered current after only two or three years. For planning purposes, this might be extended to five years before an update would be warranted.

STUDY AREA DESCRIPTION

Madison’s east side, between Lake Monona and Interstate 90, and south of Highway 30, developed over a period of several decades from the 1950’s through the 1980’s. It has a suburban character, predominantly consisting of small to moderately-sized single family homes. These are attractive neighborhoods with tree-lined streets and well-maintained properties. There are several neighborhood parks, and assets such as Lake Monona and the Olbrich Botanical Gardens. Its location puts it within a short commute to downtown, major employment centers, and regional shopping districts.

There is a significant concentration of light industrial and office uses along the entire length of Stoughton Road. One of two larger clusters of these businesses is located north of Cottage Grove Road along the east side of Stoughton Road. These businesses bring a significant number of employees into the area on weekdays. While these industrial districts remain attractive, there has been a trend toward fewer employees within the businesses located there – mirroring national trends to smaller businesses.

Stoughton Road (Highway 51) bisects the area on a north-south axis. It is a limited access highway with interchanges at all major east-west arterial streets, but otherwise divides the study area. Interstate 90 forms the eastern edge of the study area. There are no interchanges along this stretch of the highway, and only Milwaukee Street, Cottage Grove Road, and Buckeye Road cross the interstate. Of these, Cottage Grove Road carries the greatest volume of regional traffic, as it is also County Highway BB and connects to the Village of Cottage Grove. Additionally, it serves new development in the City of Madison, occurring east of Interstate 90.

Cottage Grove Road has a mix of uses along its length from Atwood Avenue to Interstate 90. Between the two activity centers, these include single family and multifamily residential buildings, commercial and light industrial uses, and public anchors including Madison Fire Department Station No. 5, and the Lussier Family East YMCA. This segment of the corridor also contains the Royster-Clark redevelopment site, where a combination of single family and apartment units, and commercial or mixed use buildings are planned.

The YMCA, Veterans of Foreign Wars Post 7591, and Madison School and Community Recreation are significant public or quasi-public occupants of the corridor, helping to generate traffic and serving as community gathering places.

East of the Acewood activity center, the corridor has a more residential character, with a few office buildings interspersed among single family



View looking west along Cottage Grove Road, from in front of Ace Hardware

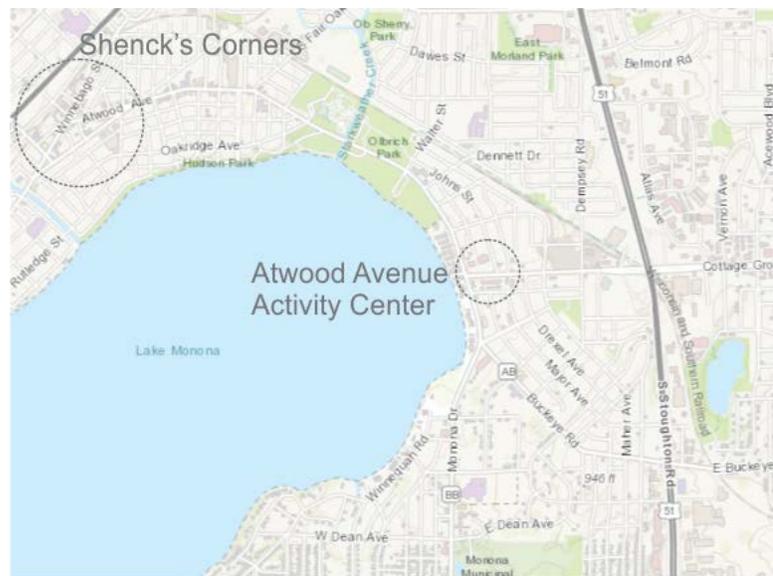
homes and apartment buildings. The few offices are mostly health-related. Madison's East District Police Station and Messiah Lutheran Church are also located on this stretch of the corridor.

Current commercial leases are among the more affordable in Madison. Two properties have recently been listed in the corridor. The Habitat for Humanity space adjacent to the library is listed at \$6.00 per square foot. Five spaces in the Rolling Meadows strip center (Acewood Avenue) command \$8.50 to \$10.00 per square foot. Two nearby properties are listed on Monona Drive at \$12.00 and \$14.00 per square foot. The rates listed for six spaces at Grandview Commons are \$23.00 to \$29.00 per square foot. For comparative purposes, two newer mixed use buildings on Park Street and on Monroe Street are listed at \$26.00 and \$27.00 per square feet, where a greater volume of customer traffic justifies higher rents.

THE ACTIVITY CENTERS

Two commercial nodes (activity centers) along Cottage Grove Road are the primary focus of this study. These have historically met the neighborhood-level shopping and service needs of the surrounding area, anchored by uses such as a grocery store, hardware store, pharmacies, and many small businesses.

A Sentry grocery store, which had anchored the Acewood commercial center since 1972, closed in 2014. By the time it closed the store was substantially smaller than a modern supermarket and faced new competition from the Pick 'n Save at Grandview Commons. Two Walgreen's pharmacies and Ace Hardware continue to be successful, and the Ace Hardware store has made several recent improvements. Many other buildings in the corridor do not meet modern standards for their use (such as the older gas stations) or have attracted small, independent tenants. Lower asking rents are likely a factor in this, as they will appeal to startup businesses and those that do not have a high sales volume. The independent bars and restaurants along the corridor are an example of this trend, which has a beneficial aspect in that these are unique businesses, as opposed to the chains that dominate some other commercial districts in Madison.



Atwood Avenue

Atwood Avenue is a primary corridor through Madison's near east side, becoming Monona Drive south of Cottage Grove Road. It is an important corridor for commuting as well as for adjacent neighborhoods to access shopping or other parts of the city. These include Madison's near east side and Schenk's Corners, which have seen sustained redevelopment as walkable mixed-use areas. That redevelopment is adding residents and is also creating conditions that make it difficult for some businesses to locate there, either due to higher lease costs or issues of design and use. Cottage Grove Road can be the beneficiary of these conditions.

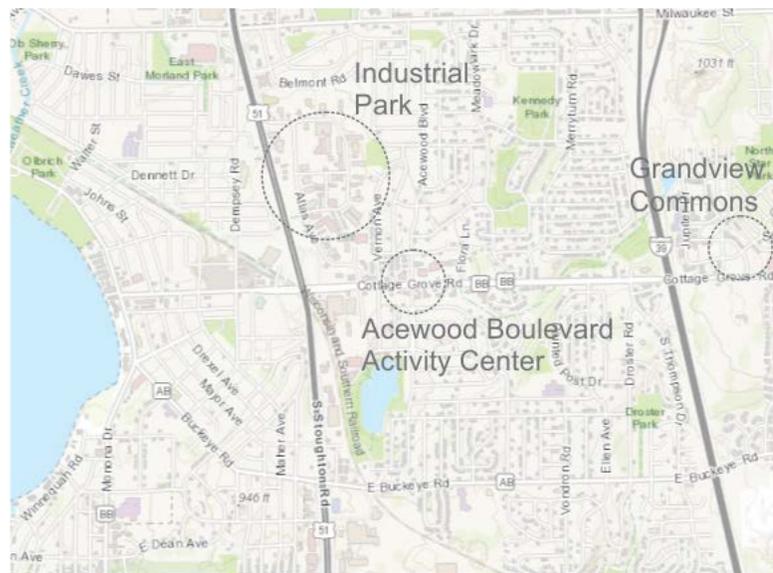
The site is currently developed with auto-oriented commercial uses in stand-alone buildings or small strip centers. Anchor uses include a Walgreen's drug store, Ace Hardware, and a branch of the Madison Public Library. That library will be relocating to the Royster-Clark redevelopment site, which will present competition as the commercial portion of the project is completed. Although it will have a head start since the site is cleared and ready to develop, the corner of Atwood Avenue and Cottage Grove Road carries more traffic and has improved visibility, which will be attractive to more commercial users.

Acewood Boulevard

The activity center at Acewood Boulevard is presently anchored by a Walgreen's on the northwest corner. The northeast corner has a building that once housed a Sentry grocery store. This closed as more modern stores were opened in locations that are more competitive. Since the store closed there have been proposals for a gas station with convenience store, and for a credit union to replace it. The building remains vacant.

Further east is a strip center with several small uses such as MSCR, an insurance office, chiropractor, Dairy Queen, a new restaurant serving healthy food, Domino's, a nail salon, and other uses. There is an office building, Pizza Hut, and Chinese restaurant along the street frontage. An antiques mall has been located in a third large building east of the strip mall.

This activity center sits at the heart of the 1960's-80's neighborhood.



The industrial area along Stoughton Road lies just to the east. For many years this was the outlying commercial area on the east side, until development began to occur east of the interstate. The commercial area within the new neighborhood (Grandview Commons) is increasingly cutting off consumers commuting into Madison along Cottage Grove Road, and siphoning business from the neighborhood.

COMPETITIVE ENVIRONMENT

At the time the activity centers on Cottage Grove Road developed, there was far less direct competition for the kinds of uses that once were (or still may be) located there. New commercial development over the past two or three decades has not only impacted corridors like Cottage Grove Road. Just to the north, Milwaukee Street has also lost many of its retail and related businesses. New stores nearer the edge of the city have captured the customers that once shopped in these areas. East Washington Avenue is the primary competing corridor, though more recently, Grandview Commons has provided direct competition with the businesses at Acewood Avenue.

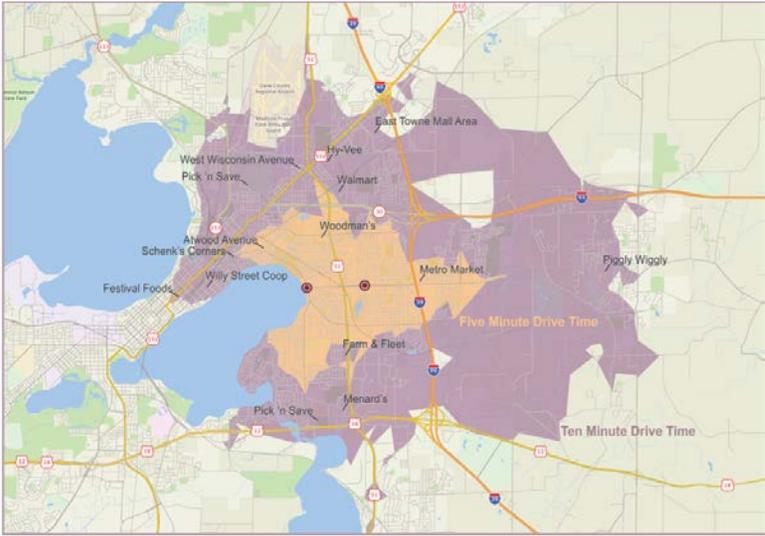
MARKET DEMAND

Both of the activity centers on Cottage Grove Road serve a neighborhood population. Over time, these areas have become less dynamic due to shifting demographics and competitive forces, but both can continue to support businesses serving commuters along with nearby residents. The activity center at Atwood Avenue will support a broader number of uses as it can also draw from neighborhoods north and south. Options for the Acewood activity node are more constrained due to its location and the limited number of households it serves.

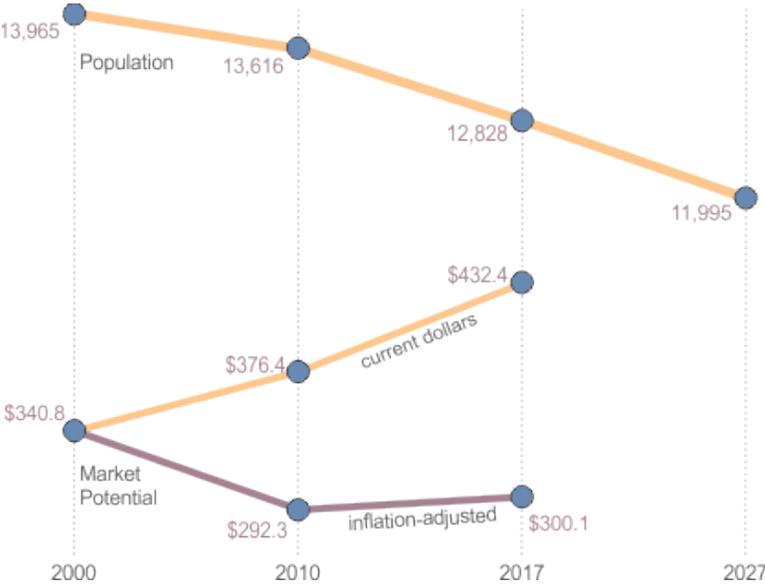
MARKET TRENDS

Overall market conditions within the area are not different from many established and similarly attractive suburban neighborhoods across the nation. The retail industry tends to be overbuilt, and that problem has been exacerbated as demand has declined for a variety of factors.

- Fewer people are living in the area. As neighborhoods were built out they stopped adding additional households. The ones already there matured and grew smaller as children moved out. Between 2000 and 2017 the median age increased from an already high 40.64 years to 41.93 years. The population in an area bounded by Milwaukee Street, the interstate, Starkweather Creek, and Buckeye Road dropped from 13,965 people in 2000, to 12,828 in 2017. Over the next decade, that population is expected to drop nearly another thousand to 11,995.
- Aggregate income is falling, when adjusted for inflation. This is not universally a bad sign, as a decline in income is normal as people transition into

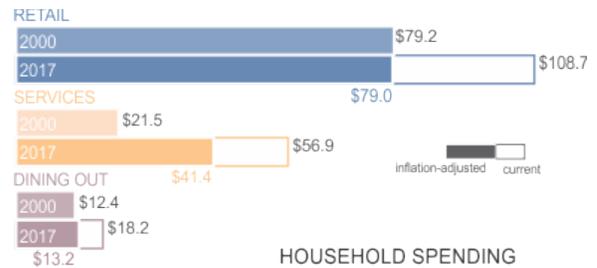


Five and ten minute drive times from the Cottage Grove Road activity centers



retirement, which is occurring in the area. Aggregate income increased from \$340.8 million in 2000 to \$432.4 million in 2017, but adjusted for inflation, that becomes a loss of over \$40 million (to a total of \$300.1 million when adjusted).

- Spending patterns have changed. This has hurt retail the most. While spending on retail goods by people in the area increased from 79.2 million to \$108.7 million in current dollars, when adjusted for inflation, this is a decline of about \$200,000. Dining out saw a mild increase from \$12.4 to \$13.2 million in inflation-adjusted potential, or \$18.2 million in current dollars. The largest increases in spending have been in services, increasing from \$21.5 million to 56.9 million, or \$41.4 million when adjusted for inflation. Health care makes up a significant amount of the increase.
- More sales are shifting online. Online sales accounted for less than one percent of retail spending in 2000. By the third quarter of 2016 they had reached 8.4 percent of the total. That equates to \$9.1 million in purchases from the neighborhood, that are made online instead of in stores. Many services have also shifted online, though only 3.4 of the total. That is likely to increase over time.
- Fewer people work in the area. In 2004 there were 3,631 people working in the neighborhood. By 2014 that number had fallen to 2,909. Most of these workers commute in from elsewhere. Their purchases on the way to or from work, or over the lunch hour, can be a significant boost to the sales of businesses on Cottage Grove Road.

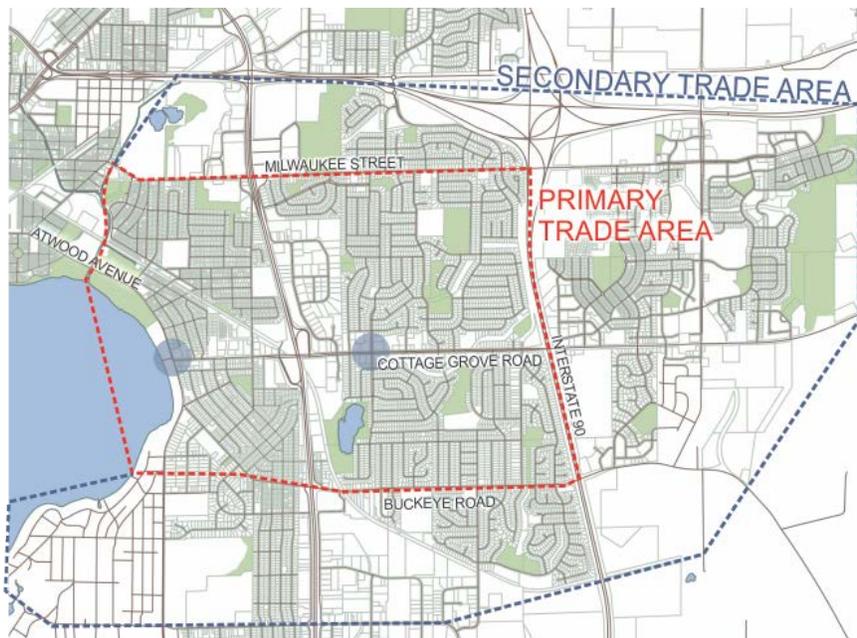


These changes have occurred even as competition increased and then most chain retailers began to close their least competitive locations, paring their total store counts. That does not mean that commercial uses can't be successful on Cottage Grove Road. The unique qualities of the location make it attractive for several kinds of uses.

RETAIL MARKET OPPORTUNITIES

Trade areas are defined so that a location will draw 75 to 80 percent of its customers from a primary trade area, and 15 to 20 percent from a secondary trade area. These are somewhat generic, as the circumstances of any business may be different.

The primary trade area generates \$131.2 million in aggregate annual sales,



distributed across all types of retail stores. Another \$177.1 million is spent in the secondary trade area. The table of market potential estimates identifies the total spending by households within the trade area, broken out to type of retail business. Estimates are provided for the current year and future years, contemplating changes in the area demographics and inflation.

ESTIMATED PRIMARY TRADE AREA MARKET POTENTIAL BY RETAIL STORE TYPE

DESCRIPTION	NAICS	2017	2022	2027
New car dealers	441110	\$21,037,450	\$25,283,895	\$27,421,838
Used car dealers	441120	\$1,970,846	\$2,368,664	\$2,568,952
Recreational vehicle dealers	441210	\$389,066	\$467,599	\$507,138
Motorcycle, boat, and other motor vehicle dealers	441220	\$1,556,458	\$1,870,632	\$2,028,808
Automotive parts and accessories stores	441310	\$1,451,031	\$1,743,924	\$1,891,385
Tire dealers	441320	\$962,545	\$1,156,836	\$1,254,656
Furniture stores	442110	\$1,671,671	\$2,009,101	\$2,178,985
Floor covering stores	442210	\$702,000	\$843,700	\$915,041
Other home furnishings stores	442290	\$1,049,392	\$1,261,214	\$1,367,859
Appliance, television, and other electronics stores	443110	\$2,929,442	\$3,520,754	\$3,818,461
Computer and software stores	443120	\$686,046	\$824,526	\$894,245
Camera and photographic supplies stores	443130	\$129,084	\$155,139	\$168,258
Home centers	444110	\$5,010,292	\$6,021,627	\$6,530,801
Paint and wallpaper stores	444120	\$370,467	\$445,247	\$482,896
Hardware stores	444130	\$767,743	\$922,714	\$1,000,736
Other building material dealers	444190	\$4,549,826	\$5,468,216	\$5,930,595
Outdoor power equipment stores	444210	\$214,433	\$257,717	\$279,509
Nursery, garden center, and farm supply stores	444220	\$1,223,078	\$1,469,958	\$1,594,255
Supermarkets and other grocery stores	445110	\$16,334,813	\$19,632,023	\$21,292,058
Meat markets	445210	\$181,762	\$218,451	\$236,923
Fish and seafood markets	445220	\$59,907	\$71,999	\$78,087
Fruit and vegetable markets	445230	\$112,398	\$135,085	\$146,508
Other specialty food stores	445290	\$181,797	\$218,493	\$236,968
Beer, wine, and liquor stores	445310	\$1,103,717	\$1,326,504	\$1,438,670
Pharmacies and drug stores	446110	\$9,056,725	\$10,884,840	\$11,805,235
Cosmetics, beauty supplies, and perfume stores	446120	\$456,835	\$549,048	\$595,474
Optical goods stores	446130	\$340,653	\$409,415	\$444,034
Other health and personal care stores	446190	\$635,636	\$763,940	\$828,537
Gasoline service stations with convenience stores	447110	\$10,337,591	\$12,424,251	\$13,474,815
Other gasoline stations	447190	\$3,641,022	\$4,375,968	\$4,745,989
Men's clothing stores	448110	\$237,468	\$285,401	\$309,534
Women's clothing stores	448120	\$1,200,493	\$1,442,815	\$1,564,816
Children's and infant's clothing stores	448130	\$264,934	\$318,412	\$345,336
Family clothing stores	448140	\$2,869,497	\$3,448,710	\$3,740,324
Clothing accessories stores	448150	\$173,434	\$208,442	\$226,067

ESTIMATED MARKET POTENTIAL BY RETAIL STORE TYPE (Continued)

DESCRIPTION	NAICS	2017	2022	2027
Other clothing stores	448190	\$339,017	\$407,449	\$441,901
Shoe stores	448210	\$753,405	\$905,481	\$982,046
Jewelry stores	448310	\$855,691	\$1,028,414	\$1,115,374
Luggage and leather goods stores	448320	\$70,436	\$84,654	\$91,812
Sporting goods stores	451110	\$1,141,430	\$1,371,830	\$1,487,829
Hobby, toy, and game stores	451120	\$596,417	\$716,805	\$777,416
Sewing, needlework, and piece goods stores	451130	\$184,873	\$222,190	\$240,978
Musical instruments and supplies stores	451140	\$185,536	\$222,986	\$241,842
Book stores and news dealers	451210	\$701,970	\$843,664	\$915,002
Prerecorded tape, compact disc, and record stores	451220	\$125,214	\$150,489	\$163,214
Department stores (excl. discount department stores)	452111	\$2,504,585	\$3,010,139	\$3,264,669
Discount department stores	452112	\$4,687,404	\$5,633,564	\$6,109,925
Warehouse clubs and supercenters	452910	\$10,727,550	\$12,892,923	\$13,983,117
All other general merchandise stores	452990	\$1,546,083	\$1,858,162	\$2,015,284
Florists	453110	\$231,344	\$278,041	\$301,551
Office supplies and stationery stores	453210	\$800,184	\$961,702	\$1,043,021
Gift, novelty, and souvenir stores	453220	\$642,904	\$772,675	\$838,010
Used merchandise stores	453310	\$338,415	\$406,725	\$441,117
Pet and pet supplies stores	453910	\$394,448	\$474,067	\$514,153
Art dealers	453920	\$593,845	\$713,713	\$774,063
Manufactured (mobile) home dealers	453930	\$23,438	\$28,169	\$30,551
All other miscellaneous store retailers	453990	\$740,823	\$890,359	\$965,646
Non-store retailer	999900	\$9,251,421	\$11,118,835	\$12,059,016
TOTAL		\$131,295,984	\$157,798,297	\$171,141,328

From the standpoint of a retailer evaluating new store locations, the numbers produced in this trade area are not substantial. The total sales potential exceeds Wisconsin’s average store sales for only twelve of the 58 store types for which the potential was calculated. These include businesses such as other building materials dealers (ex., glass shops, plumbing fixtures, cabinet shops, etc.), auto parts stores, liquor stores, pharmacies, and gas stations with convenience stores. These are businesses that typically serve a neighborhood population, while specialty retailers will usually require a larger population and aggregate near each other to encourage cross-shopping.

Gentrification in neighborhoods closer to the city center will create the possibility of attracting businesses that are pressured by higher rent and stricter design standards in areas like Williamson Street and Schenk’s Corners. Examples include types of businesses that are often independently owned, such as optical shops, beauty supply stores, small sporting goods stores, game and hobby shops, or paint and wallpaper stores. Several of these types of businesses are already found in the corridor.

The following is a list of the types of retail business, by NAICS description, that are most likely to locate within the Cottage Grove Road corridor and its activity nodes. The list should also include drug stores, however, with the presence of two Walgreen’s stores, this use was left off the list. Some of the other uses

on the list are already represented in the corridor, which may support additional businesses or replacements (such as if a modern gas station with convenience store were to replace one of the existing small stores.

- Window treatment stores
- Paint and wallpaper stores
- Other home furnishings stores
- Other building material dealers
- Beer, wine, and liquor stores
- Beauty supply stores
- Optical goods stores
- Other health and personal care stores
- Gas stations with convenience stores
- Auto parts and accessories stores
- Sporting goods stores
- Hobby, toy, and game stores
- Sewing and piece goods stores
- Florists
- Used merchandise stores
- Pet and pet supply stores

DINING MARKET OPPORTUNITIES

There are limited opportunities to bring new eating and drinking establishments onto Cottage Grove Road. That opportunity is due in part to the presence of a large workforce in close proximity, creating lunchtime demand that is typically met by fast food and fast casual restaurants. This is also a kind of business for which people will come into a neighborhood, and because they are on a route into the city, the activity centers are a more attractive location than sites further east.

The opportunity is limited by competition from businesses already located on Cottage Grove Road. There are at least 21 existing restaurants representing a spectrum of possible formats, including take-out, fast food, coffee shops, full-service restaurants, and taverns.

The trade area itself generates about \$18.0 million in total eating and drinking expenditures. Another \$24.2 million is realized in the secondary trade area, and workers contribute \$1.6 million in potential. In total, this comes to \$43.8 million spent annually on eating and drinking establishments.

EATING AND DRINKING PLACES ALREADY ON COTTAGE GROVE ROAD

- Michael’s Frozen Custard
- Jade Monkey
- Java Cat
- Buck’s Pizza
- Chief’s Tavern
- JoBeck’s Bar
- Mike’s Horseshoe Bar and Grill
- KFC
- Dairyland Family Restaurant
- Lagartos Restaurant
- North of the Bayou
- Culver’s
- Cottage Café
- Mr. Torta’s
- China Inn
- Pizza Hut
- Good Food
- Subway
- Dairy Queen
- Papa Murphy’s*
- Great Dane Brewpub*

* located at Grandview Commons

Existing restaurants on Cottage Grove Road are estimated to capture \$10.8 million in aggregate sales. This comes to 24.7 percent of the total market available. Location, light traffic, and the desire of most diners to visit multiple different restaurants will make it difficult for the activity centers to approach even a 50 percent market share, but there is certainly room to introduce new restaurants into the area.

ESTIMATED POTENTIAL FOR DINING OUT IN THE COTTAGE GROVE ROAD ACTIVITY CENTERS

PRIMARY TRADE AREA SPENDING	2017	2022	2027
Full Service Restaurants	\$9,158,754	\$10,396,986	\$10,422,303
Limited Service Restaurants	\$7,901,670	\$8,969,949	\$8,991,791
Other venues	\$897,917	\$1,019,312	\$1,021,794
SECONDARY TRADE AREA SPENDING	2017	2022	2027
Full Service Restaurants	\$12,364,318	\$14,035,931	\$14,070,109
Limited Service Restaurants	\$10,667,255	\$12,109,431	\$12,138,918
Other venues	\$1,212,188	\$1,376,072	\$1,379,422
WORKER SPENDING	2017	2022	2027
Full Service Restaurants	\$792,198	\$853,422	\$919,378
Limited Service Restaurants	\$765,791	\$824,975	\$888,732
TOTAL SPENDING	2017	2022	2027
Full Service Restaurants	\$22,315,271	\$25,286,340	\$25,411,791
Limited Service Restaurants	\$19,334,717	\$21,904,355	\$22,019,441
Other venues	\$2,110,105	\$2,395,384	\$2,401,217

One of the challenges for Cottage Grove Road is that there is a low daytime population. Aside from some residents and the area’s workforce, not many people are traveling through the neighborhood at lunchtime. This is a critical portion of the business for most fast food restaurants. Given the presence of several along the corridor already, there is a low probability that other chains will be attracted to the activity centers, though independent restaurants may be. For the same reasons, businesses such as coffee shops and snack shops that rely on daytime traffic will not find the Acewood activity center attractive, although they may be more attracted to the Atwood activity center.

With the area’s traffic, adjacent uses, and demographics not meeting the site requirements for most chain restaurants, the businesses attracted to these activity centers are going to be predominantly independent, or franchise operations. Examples include Cottage Café, Mr. Torta’s, and Subway.

SERVICE MARKET OPPORTUNITIES

Services have been a growth area in the economy overall. There are several types found within commercial districts.

Personal services include activities like barber shops and beauty salons, child care centers, fitness centers, weight loss services, home health care, laundry and dry cleaning services, pet care services, and

funeral parlors. The professional and health care sectors contribute services such as accounting and tax preparation, attorneys, medical and dental offices, and veterinarians. Repair and maintenance services include auto repair, small electronics repair, lawn and garden care, housekeeping, and others.

Many of these businesses are independently owned as opposed to franchises or branches of larger chains. As with retail, some of these uses show a sensitivity to lease costs and will be more receptive to locations, such as Cottage Grove Road, that offer quality space at a lower cost than may be available closer to gentrifying neighborhoods.

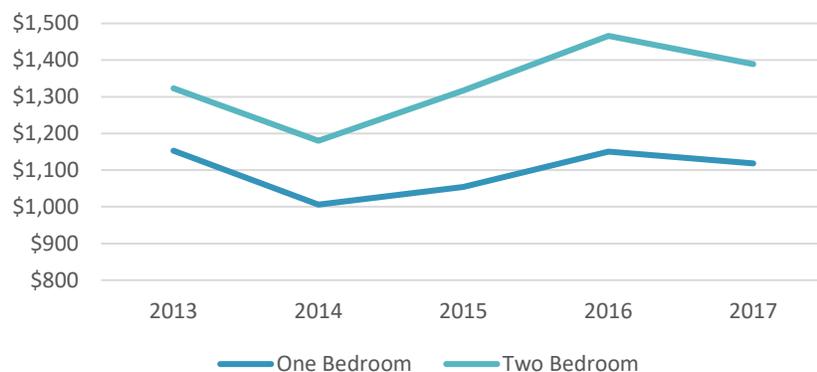
Madison’s continued growth east of Interstate 90, along with redevelopment in more central areas near the corridor (such as Schenk’s Corners) will create increased demand for these services. At the same time, the cost of commercial space in those growing areas is roughly twice the cost of space along Cottage Grove Road. Many of the new businesses will be drawn to locate in the activity centers where they can find suitable space that is still very accessible to their clients.

RESIDENTIAL MARKET OPPORTUNITIES

The vacancy rate for apartments in Madison was 2.79 percent in the first quarter of 2017.¹ Over the past five years it has ranged from a low of 1.88 percent to a high of only 3.71 percent, even while the market has added a substantial number of new apartments. Five percent is generally considered a healthy balance of supply and demand. The market could add a number of units equal to the 1,695 apartments vacant in the first quarter, and still be considered to be performing well.

According to MG&E’s figures, 7,921 new units were added since the first quarter of 2013. The City’s 2015 Market Rate Rental Housing Report asserts that this growth has been fueled by rapid population and household growth among those in the 25-34 age group, lower rates of home ownership, and shifting preferences toward renting as a reaction to the still-recent housing crisis. Demand is projected to continue in a range from a very conservative 500 units per year, to as many as 2,000 units per year. In fact, Madison has added about 2,000 new apartments in each of the two years since the study was completed, with little impact on vacancy.

AVERAGE APARTMENT RENTS IN MADISON



The rental housing near the two activity centers is located within older multifamily buildings constructed from the 1960’s to 1980’s. Because of its age, this housing tends to be more affordable, but also lacking the finishes and amenities common in newer apartment complexes. ESRI, a commercial provider of local area market data, reports a median rent of \$779 within the trade area. Units currently listed online, in

¹ MG&E, <https://www.mge.com/customer-service/multifamily/vacancy-rates/>

newer apartment developments near Grandview Commons, are renting from \$1,000 for a one bedroom apartment, to a high of \$1,400 for a two bedroom apartment.

The increase in supply of apartments has not had a significant impact on monthly rental rates. While fluctuating some, the overall trend is slightly higher over time, according to listing tracked by Rent Jungle.

In considering alternative locations where apartments can be added in Madison, there are distinct advantages and disadvantages to them. Leaving out student housing, locations near the Capitol Square are very much in demand, where they offer walkability, lake views, and proximity to many of Madison's urban amenities. Among other redeveloping areas, University Hill Farms is also popular. It is also walkable and has access to shopping, dining, and entertainment at Hilldale Mall. These areas are able to achieve much higher rents than most other places in the city.

The corner of Atwood Avenue and Cottage Grove Road can provide some of the same desirable amenities as the near east side or University Hill Farms. Some apartments may have lake views, and Olbrich Park is very close. There are some businesses within walking distance, and it is close to Schenk's Corners. The Acewood Avenue activity center has fewer of these amenities, but it is in a quiet, mostly residential neighborhood that will appeal to some renters.

Redevelopment sites on Cottage Grove Road might also be considered for condominium projects. As with rental housing, there are a shortage of units versus the demand from a growing market. According to data from the South Central Wisconsin MLS, condo sales since 2013 have been at levels comparable to the housing boom of the mid-2000's. The number of listings, meanwhile, has dropped considerably. This has created a steadily tighter market where supply is not keeping up with demand. The average condo spent just 50 days on the market in 2016 – the lowest number in two decades.

The Atwood Avenue activity center lends itself better to a mixed use building with residential condominiums. Again, the proximity to the lake, Olbrich Park, and commercial areas are advantages to the location. The Acewood Avenue site, meanwhile, would be more suited to a purely residential condominium building, either as flats or rowhouses. Built at the interior of the site, it would offer a product meant to feel part of a quiet residential neighborhood.