

City of Madison Economic Development and Real Estate Outlook



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January 25, 2018

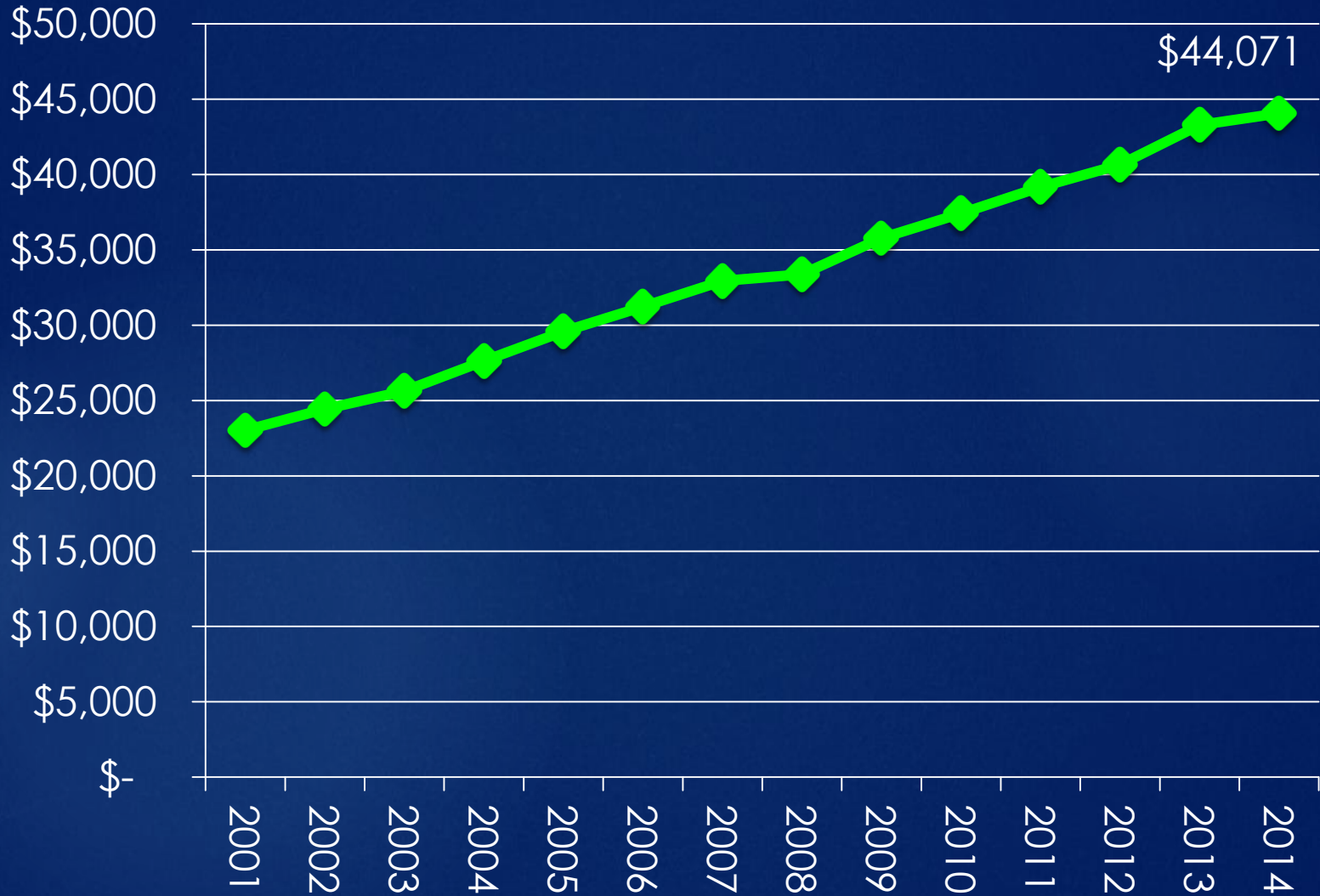
Topics:

- ▶ Growth and Demand Trends
- ▶ Growth Challenges
- ▶ A Few Solutions
- ▶ Case Study: Capitol East District



Growth and Demand Trends

Madison MSA GDP (\$m) 2001-2013



Total Jobs in Dane County



Between 2001 and 2016, total jobs in Dane County grew by 15%, compared to 3% Statewide

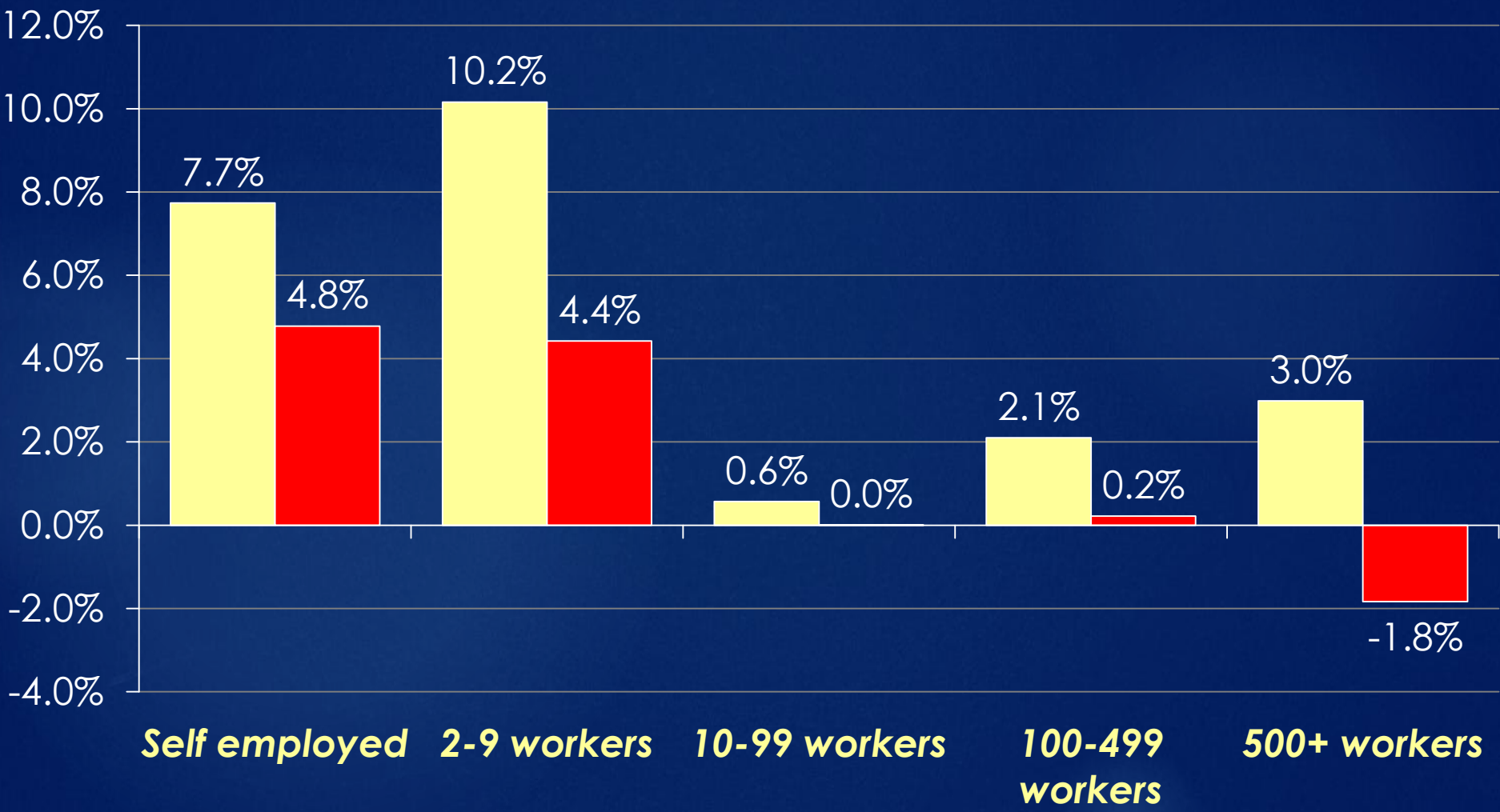
	Total Jobs in Wisconsin	Total Jobs in Dane County
2001	2,717,660	279,208
2016	2,794,170	322,184
Total Job Growth (2001-2016)	76,510	42,976
Percentage Job Growth	3%	15%

**Dane County is 9% of Wisconsin's population
and 56% of it's net growth since 2001**

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Total Job Growth (2001-2016)	76,510	42,976
Percentage Job Growth	3%	15%
Percentage of net Wisconsin Job growth occurring in Dane County	$42,976 / 76,510 =$	56%

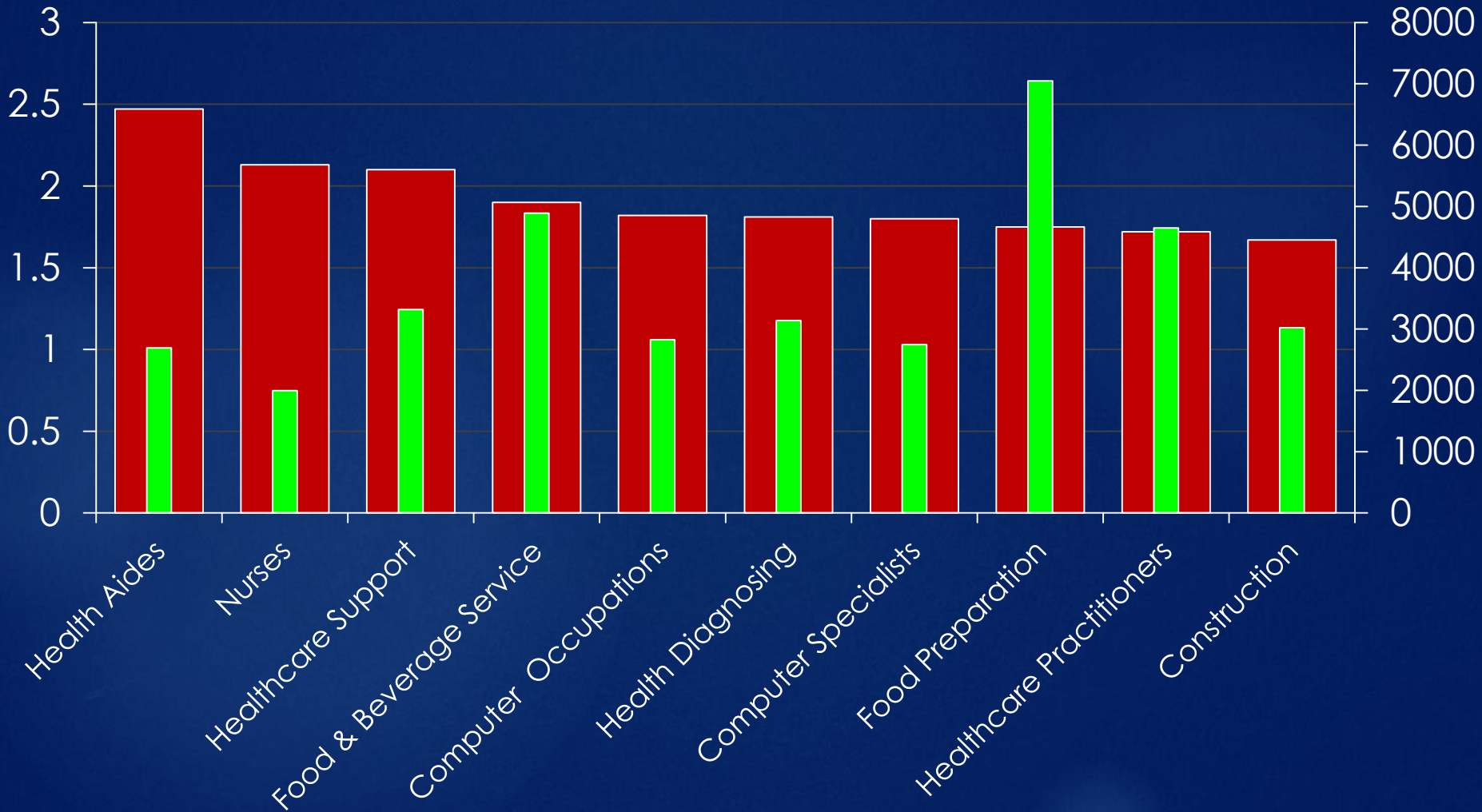
2002-2014 Change in Number of Businesses by Business Size (Employment)

■ Dane County ■ Wisconsin



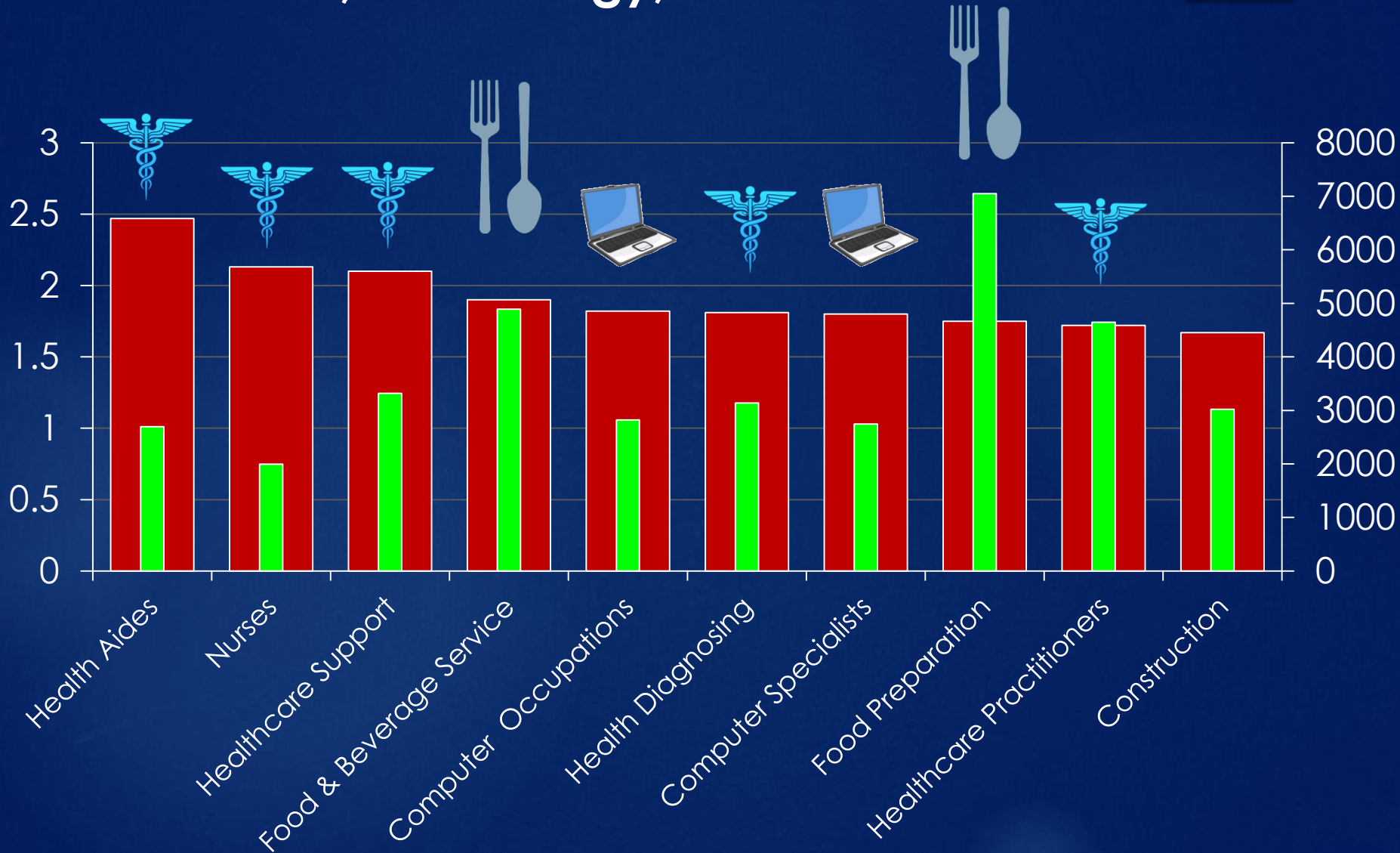
Top 10 Growth Occupations for Dane County

■ Annual Growth Rate ■ Employment Growth



Where are the New Jobs??

Healthcare, Technology, and Food



Exports From Madison MSA



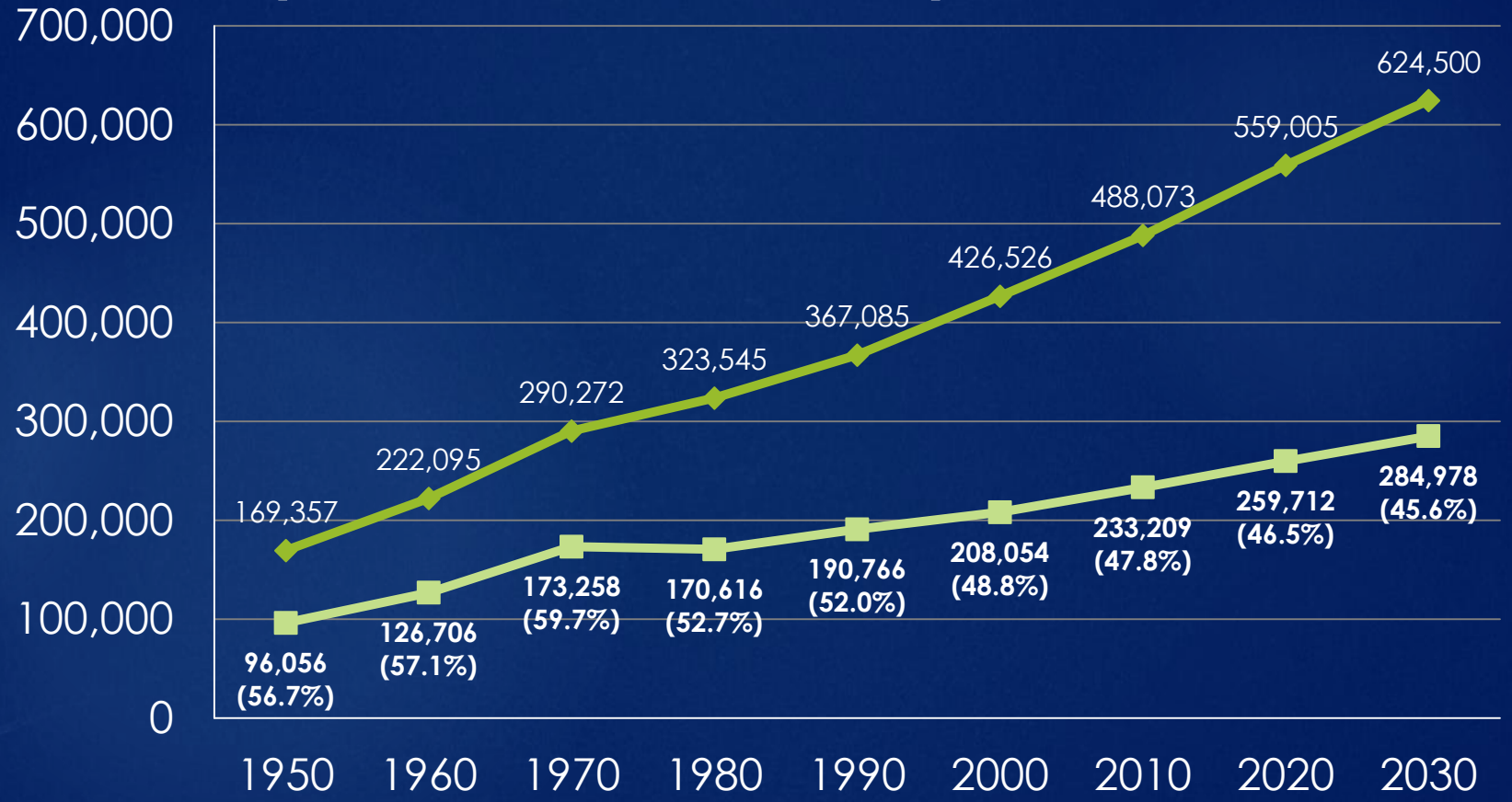
U.S. Patents Issued in Dane County



Population Growth

Population by Decade (and City Share of County)

◆ Dane County
■ City of Madison (% of County)



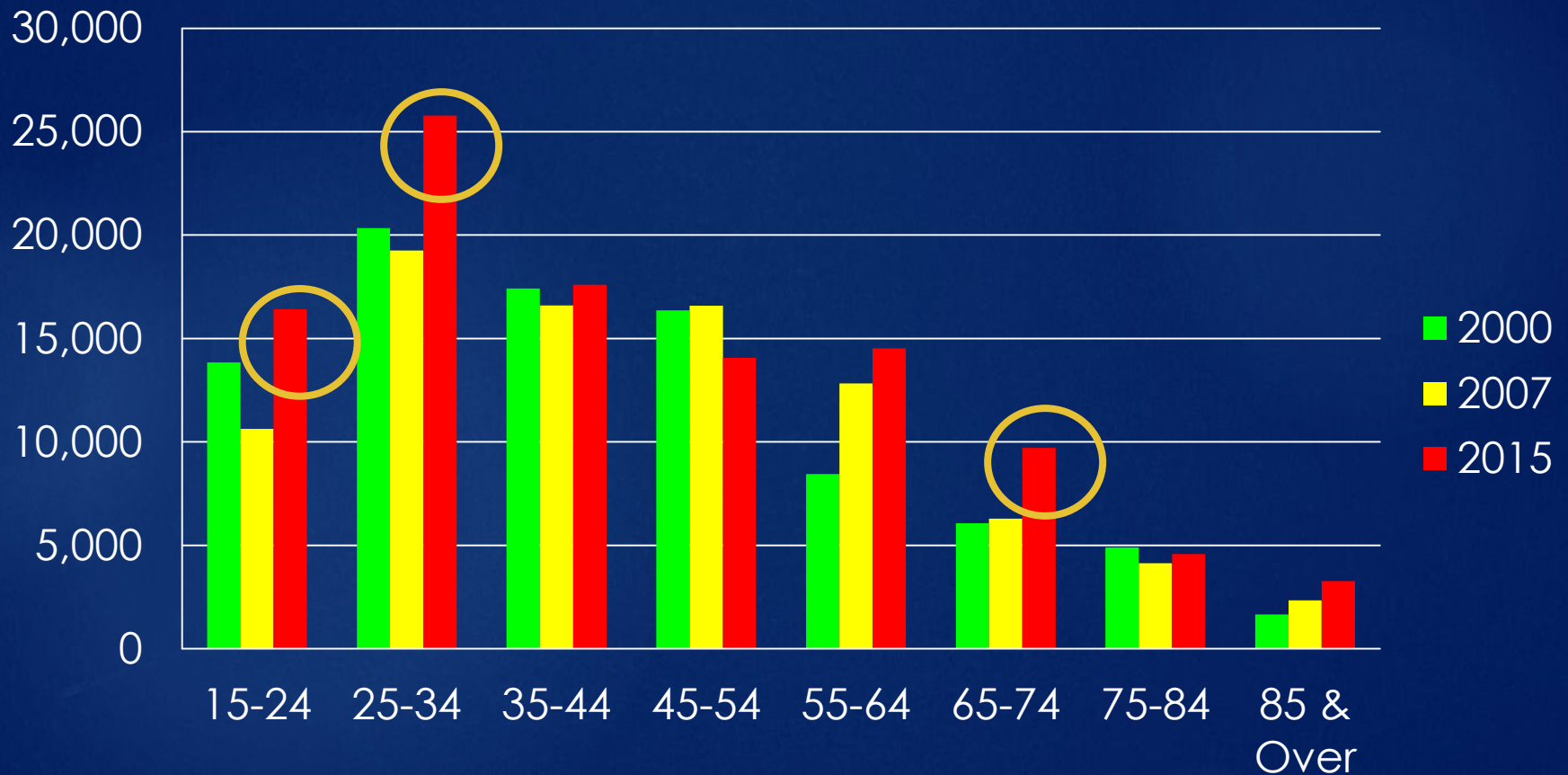
Source: 2010 Decennial Census

Growth Rates

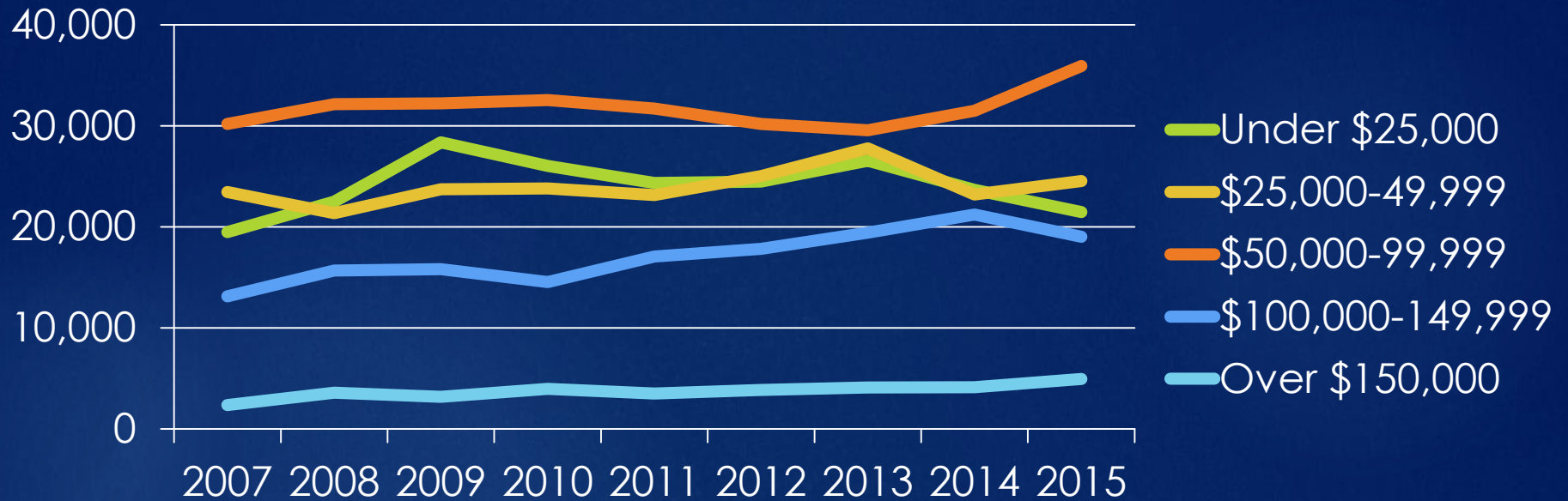
over 17,000 households between 2007 and 2015

	2000 Census to 2007 ACS		2007 ACS to 2015 ACS	
	Annual Growth Rate	Total Growth	Annual Growth Rate	Total Growth
Population	1%	7%	1.5%	12%
Households	0.0%	0%	2%	20%
Renter Households	-2%	-14%	4.5%	43%
Owner Households	2%	15%	0%	0%

of Households by Age



of Households by Income



Household Growth Rate 2007-2015

	Net New Households	Average Annual Growth Rate	Total Growth
Total Households	~17,300	2%	19%
Under \$25,000	~2,000	1%	10%
\$25,000-49,999	~1,100	0.5%	5%
\$50,000-99,999	~5,700	2%	19%
\$100,000-149,999	~4,300	5%	46%
Over \$150,000	~4,100	6%	68%

In 2016, City of Madison Approved

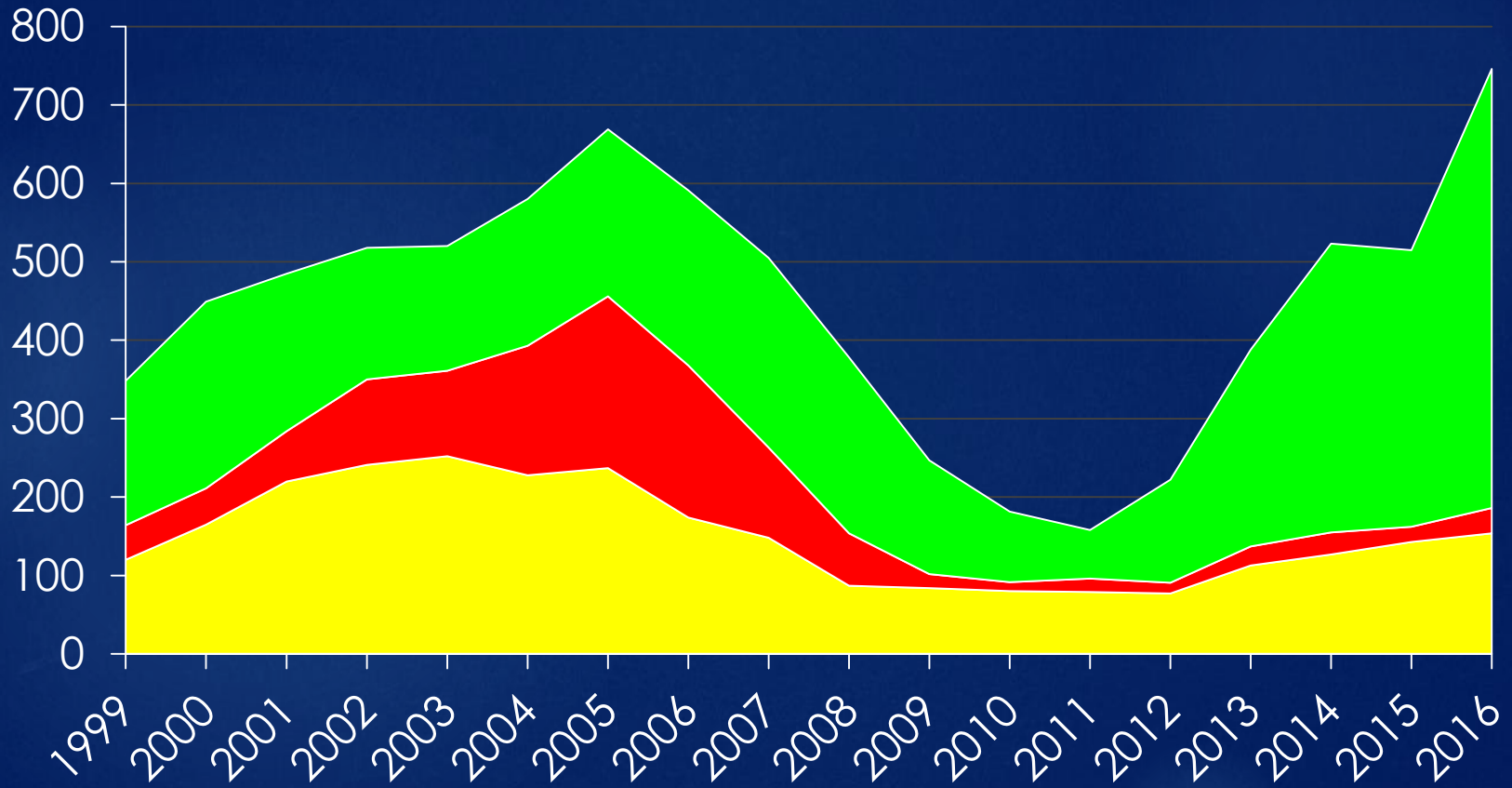
Multi-Family Dwelling Units	2,100 +
Commercial/Office sf	113,000 + sf
Office	445,000 + sf.
Hotel Rooms	100 +
Single-Family Lots	350+

In 2017, City of Madison Approved

Multi-Family Dwelling Units	2,000 +
Commercial/Office sf	400,000 + sf
Office	90,000 + sf.
Hotel Rooms	300 +
Single-Family Lots	400+

New Construction Added Value in \$m

- Commercial & 8-unit+ apartments
- Condos & 2-7 Unit Apartments
- Single Family Homes



Total City of Madison Tax Base

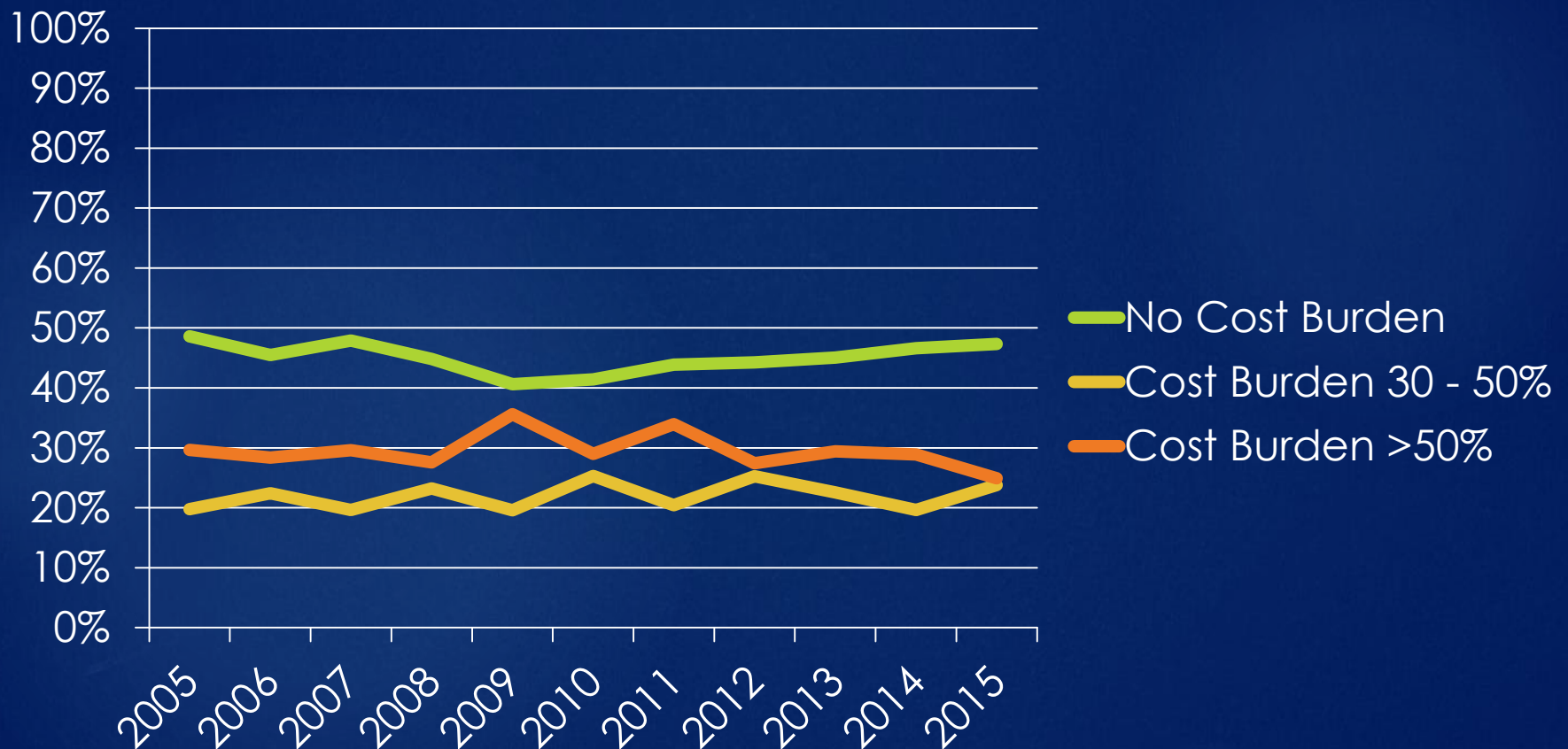




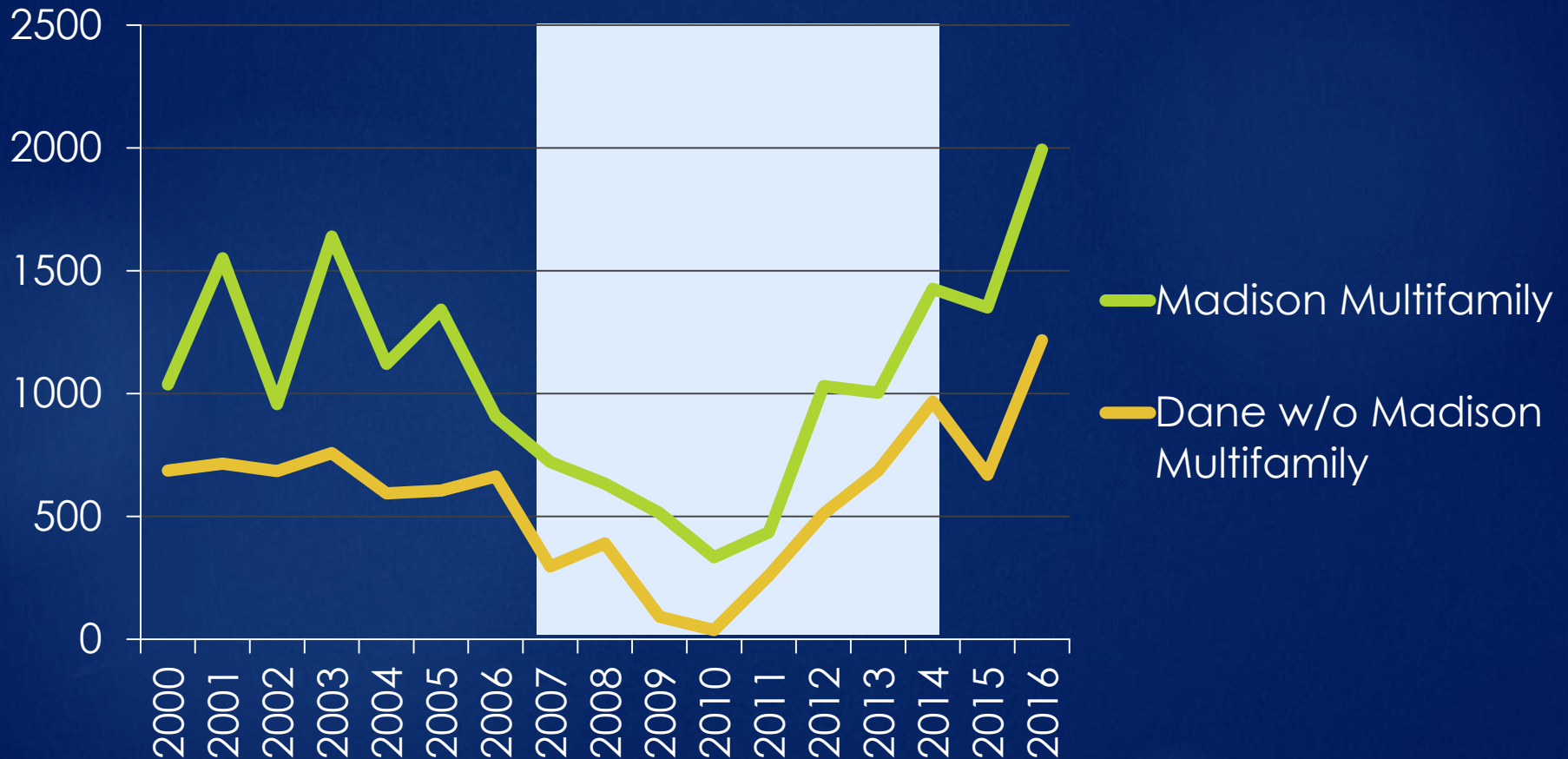


Growth Challenges

Most Renters are Cost Burdened



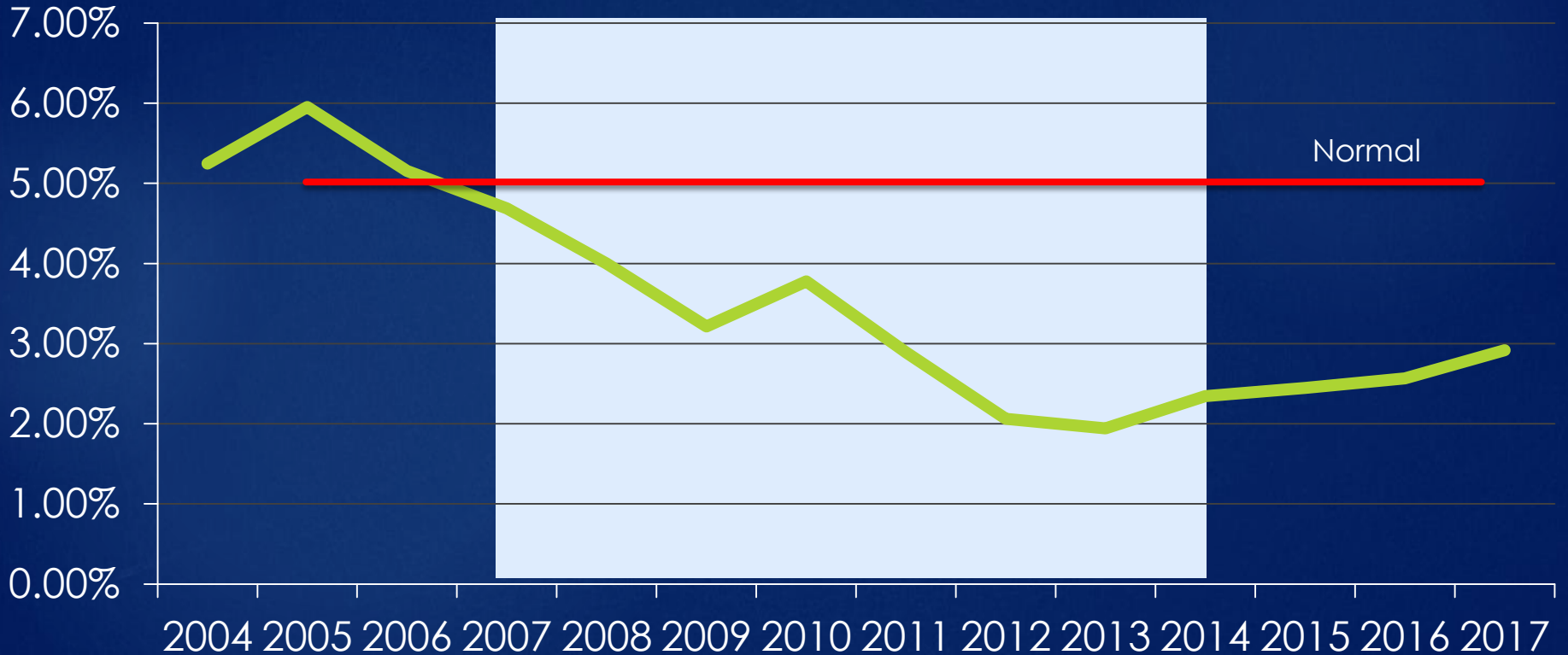
New Rental Supply



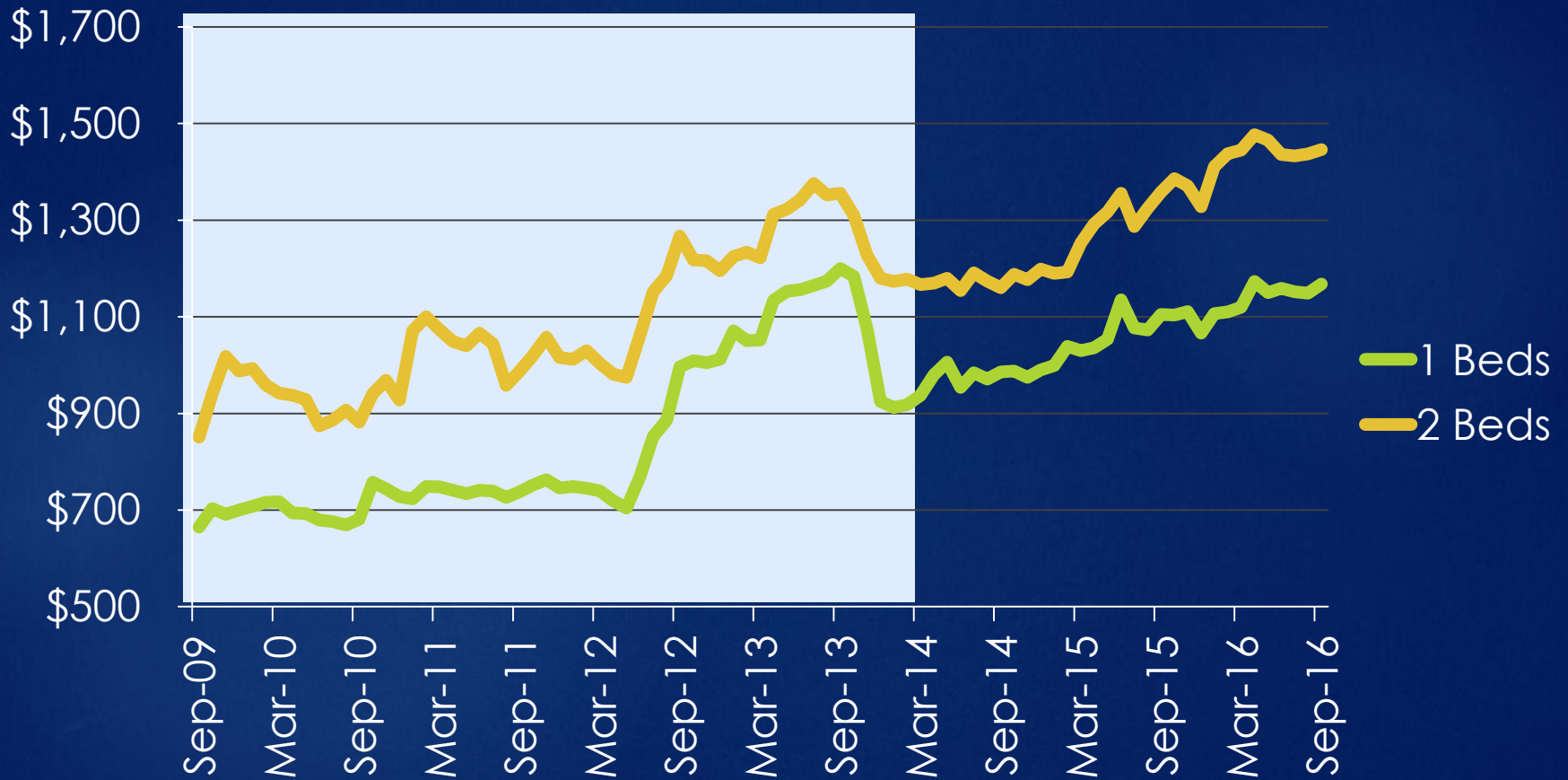
Rental Vacancy



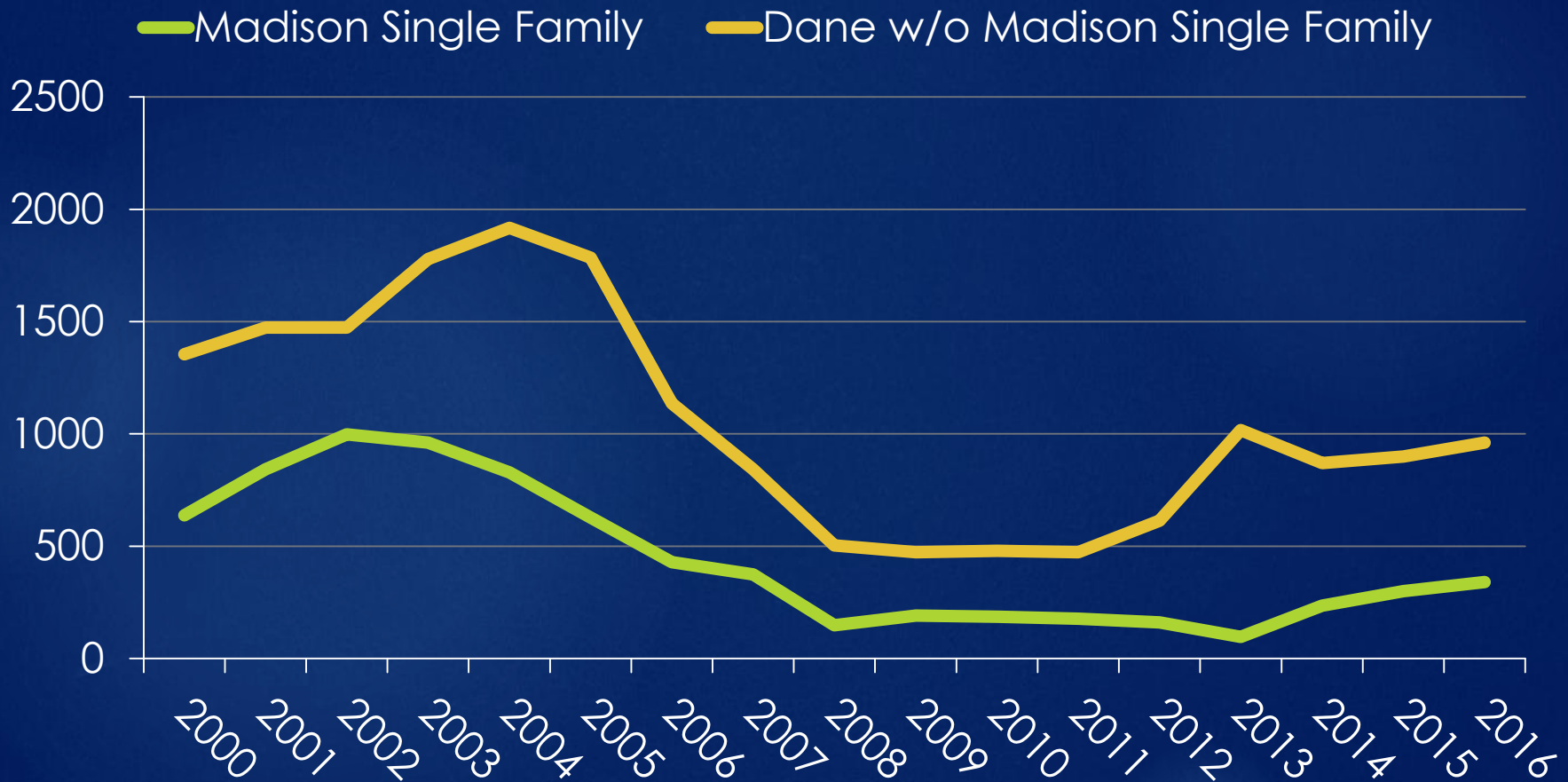
1st Quarter Vacancy



Average Listed Rent




New Ownership Supply




Legend

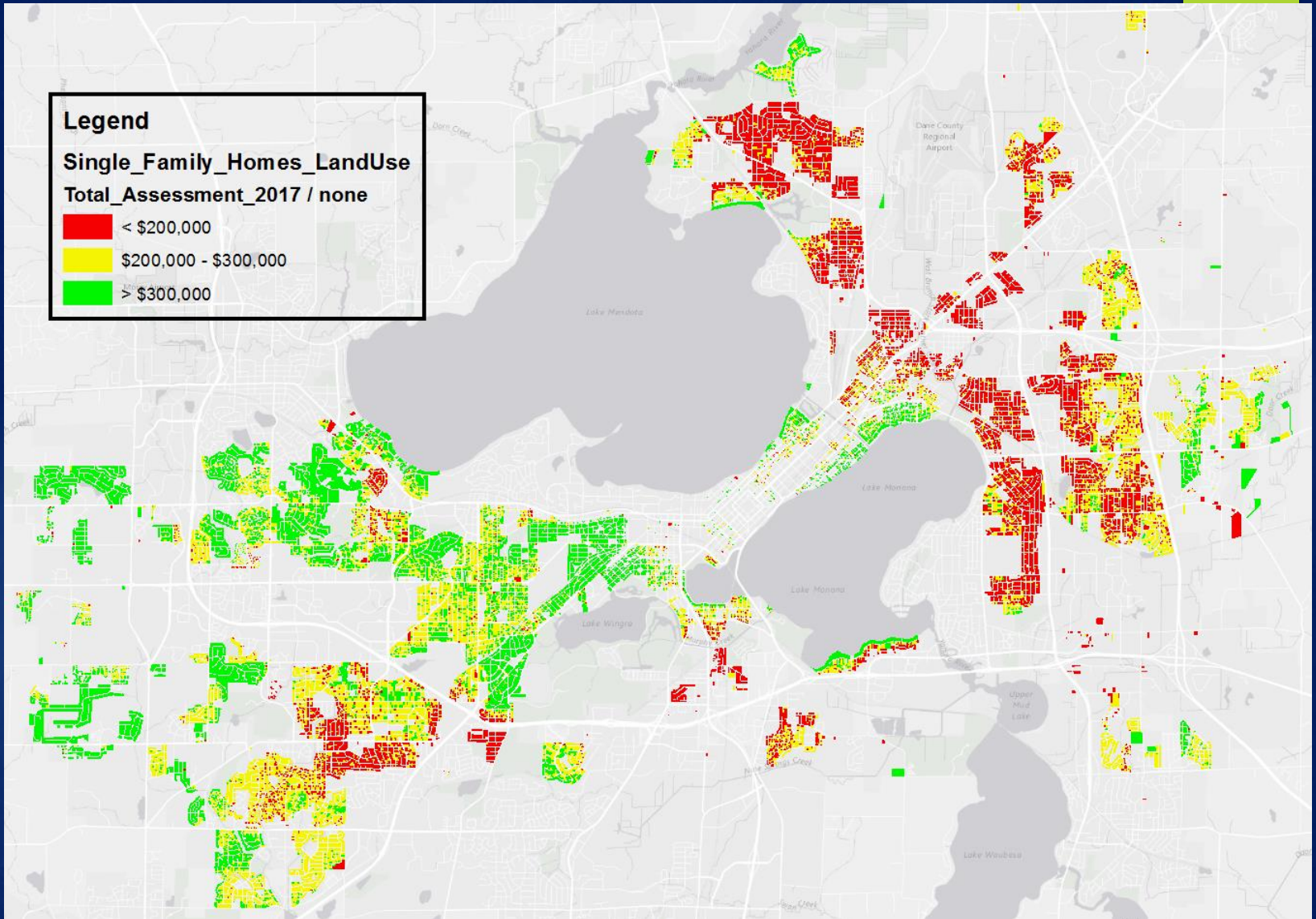
Single_Family_Homes_LandUse

Total_Assessment_2017 / none

 < \$200,000

 \$200,000 - \$300,000

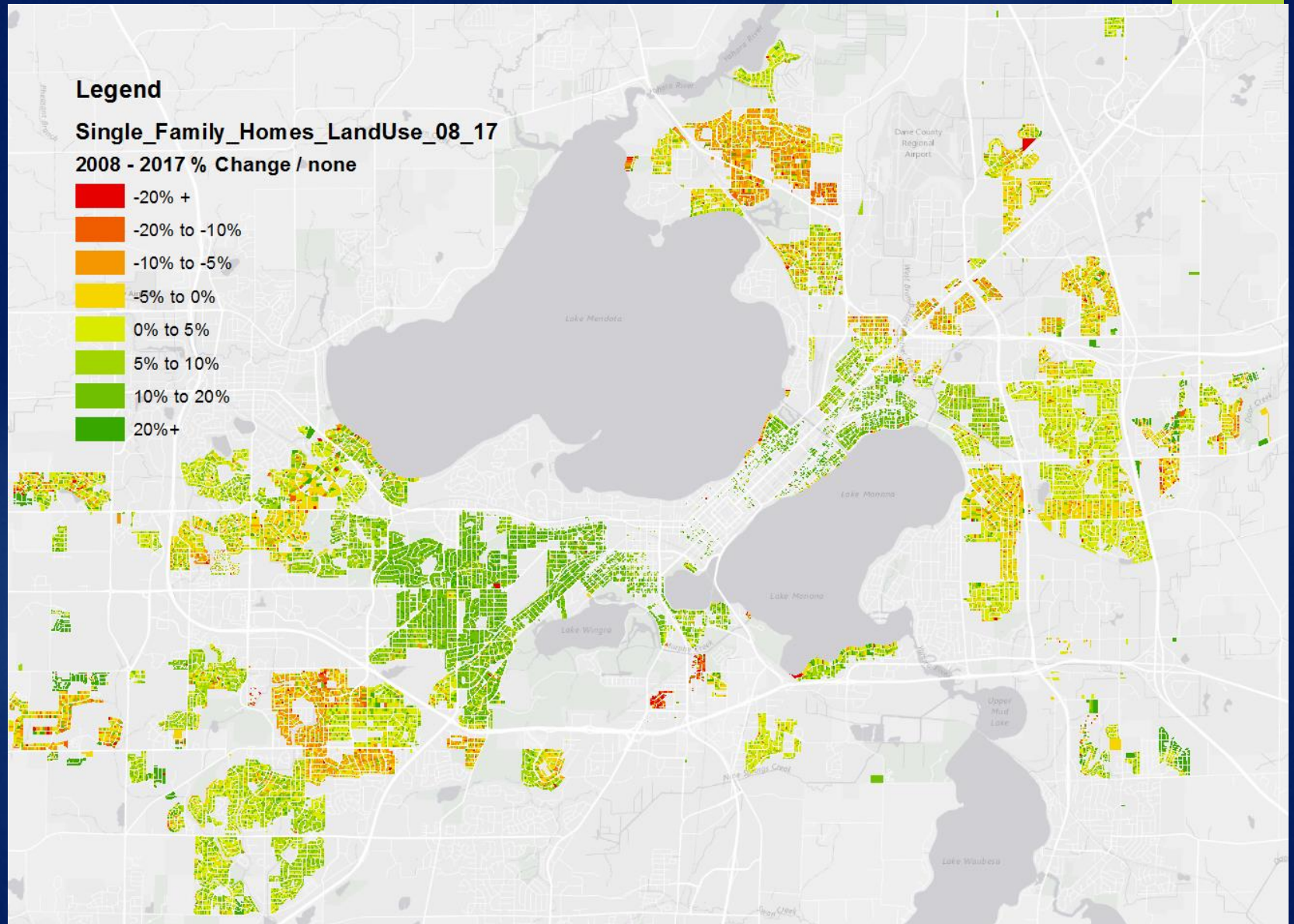
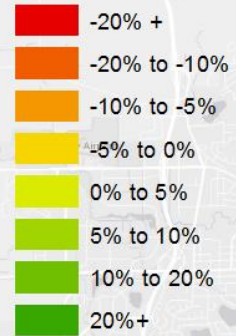
 > \$300,000



Legend

Single_Family_Homes_LandUse_08_17

2008 - 2017 % Change / none



Summary of Challenges



- ▶ **Shrinking or Flat Federal Assistance**
- ▶ **Rising Construction Costs**
- ▶ **Lack of New Housing Supply During Recession**
- ▶ **Physical Capacity to Add Supply**
- ▶ **Racial Economic Disparities**
- ▶ **“Dumbbell” Shaped Job Growth**
- ▶ **Workforce Shortages**
- ▶ **Housing/Jobs Spatial Mismatch**
- ▶ **Growth & Investment Not Distributed Across City**



A Few Solutions

Housing Strategy



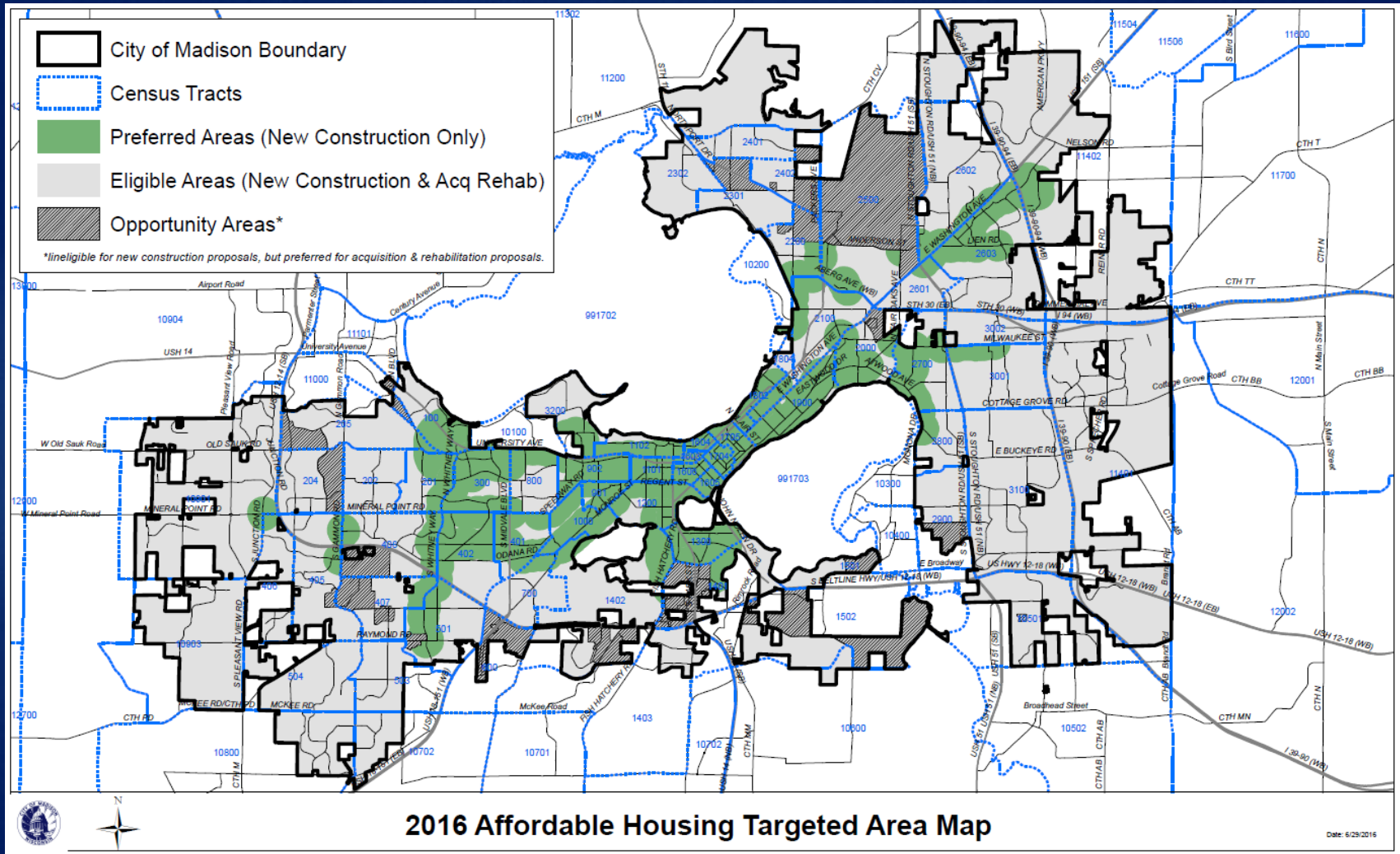
- ▶ Homelessness
- ▶ Low Income Rental
- ▶ Market Rate Rental
- ▶ Ownership

Homelessness: Permanent Supportive Housing



Low Inc. Rental: Affordable Housing Fund

(Geographically Targeted, Fueled by Private-Sector, & Layered with Tax Credits)



Affordable Housing Fund Results

Year	Developer	Total Development Cost	CDD Award/ Recommendation	Total Units	Total Affordable Units
2016	Gorman & Company	\$12m	\$950,000	59	56
2016	MSP Real Estate	\$14m	\$850,000	57	48
			\$1,800,000	116	104
2015	Stone House	\$11m	\$1,000,000	65	55
2015	JTKlein & DCHA	\$13m	\$1,250,000	67	58
2015	Mirus Partners & Movin Out	\$10m	\$530,000	48	40
			\$2,780,000	180	153
2014	Oakbrook Corporation	\$13m	\$1,000,000	80	68
2014	Gorman & Company	\$17m	\$1,000,000	90	76
2014	Sather & Lutheran Social Services	\$10m	\$1,000,000	72	61
			\$3,000,000	242	205
Total		\$100,000,000	\$7,580,000	538	462

Market-Rate Rental

- ▶ Better Information
- ▶ Development Districts



Ownership

- ▶ Consolidate Programs
- ▶ Better Education
- ▶ Increase Amenities in “Opportunity Neighborhoods”
- ▶ Encourage Middle Density Housing in Amenity-Rich Neighborhoods



Connect Madison Economic Development Strategy

5 Priority 1 Projects:

- ▶ Business Assistance Team
- ▶ Development Districts
- ▶ Targeted Business Retention/Expansion
- ▶ Transportation
- ▶ Career Pathways



Capital East District

EXAMPLE OF STRATEGIC ALIGNMENT OF TOOLS

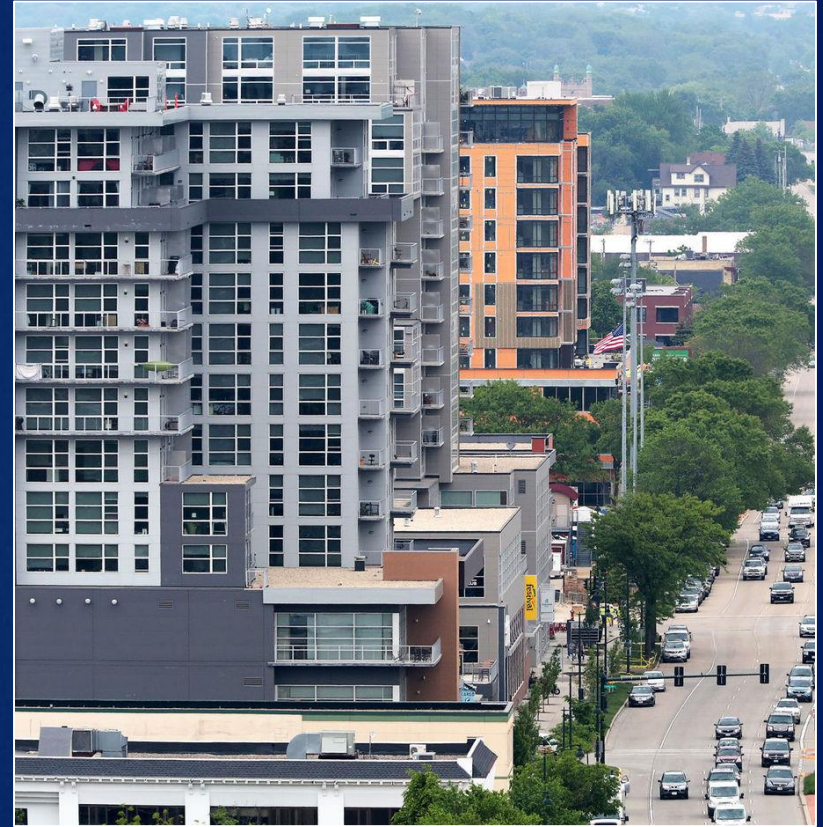




Cap East Recipe



Results: Mixed-Income Housing



Results: Corporate Investment, Entrepreneurs, Jobs, & Tax Base



Results: Entertainment & Amenities





Thanks!

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