# MILWAUKEE | *open for business*

**DOWNTOWN MILWAUKEE HAS EXPERIENCED A RENAISSANCE OVER THE LAST FIFTEEN YEARS.**

One of the contributing factors to this revitalization is the completion of numerous high-profile public projects, including the Midwest Airlines Center, Milwaukee Art Museum Calatrava addition, Discovery World at Pier Wisconsin, Milwaukee Public Market and the expanding RiverWalk. Complementing these large-scale projects is a growing amount of private investment in the housing and office building market, not to mention the clean, safe, and friendly programs established by Milwaukee Downtown, Business Improvement District #21.

As a city on the rise, Downtown Milwaukee is addressing its retail environment, office space vacancies, and varying public perceptions about Milwaukee to foster continued growth in the central business district. Strong partnerships among downtown businesses, property owners, and downtown organizations are key for Downtown Milwaukee to evolve. Milwaukee Downtown, Business Improvement District #21 has spearheaded this downtown market analysis to aid and enhance downtown business retention, expansion and recruitment efforts.

## DOWNTOWN MILWAUKEE PLAN OBJECTIVES

**Residential Development:**
To increase the amount and variety of Downtown housing.

**Destination Entertainment:**
To expand the number and variety of destination entertainment venues in Downtown.

**Balanced Transportation:**
To provide attractive options for travel within Downtown.

**Office Prominence:**
To maintain Downtown as the metropolitan area's single largest concentration of office development.

**Quality of Pedestrian Realm:**
To make walking attractive, easier, and convenient.

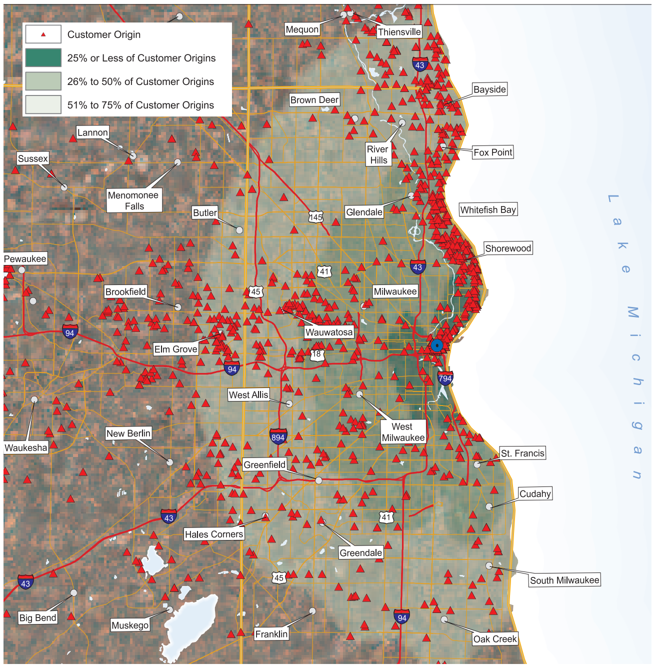
**Downtown's Unique Assets:**
To take maximum advantage of the special features found downtown.

**Catalytic Projects:**
To achieve maximum benefit from major private and public investments.

# MILWAUKEE | *destination trade area*

A trade area is the geographic region that generates the majority of customers for a given business or business district. Depending on the type of business, Downtown Milwaukee's customers originate from a variety of distances, including small convenience-based trade areas or large destination trade areas. Other customers, such as tourists and visitors, reside at even greater distances. Accordingly, the geographic trade area defined here may not align with each of the consumer segments described later in this market analysis.

***Business #1: Customer Origins by Street Address***



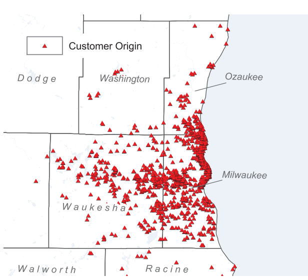

## DESTINATION TRADE AREA BASED ON CUSTOMER ORIGIN

Actual customer street addresses from a sample of representative Downtown Milwaukee businesses were used to examine the potential drawing power of the Study Area. Customer addresses from these destination-type businesses were mapped and analyzed using Geographic Information Systems (GIS) to determine customer origins (see accompanying map for an example). While each business has a unique trade area, patterns emerged as a result of the analysis:

### Five-Mile Concentration

Most businesses generated 50 percent of their customers from within a five mile distance of their establishment.

**Southeast Wisconsin Overview**




### Eastside and North Shore

Sample businesses generated a sizeable amount of customers from more affluent areas such as Milwaukee's Eastside and the North Shore. In contrast, a limited number of customers originated from the less affluent Northwest portion of Milwaukee. As more diverse retail options develop in Downtown Milwaukee, opportunities for reaching consumers in Northwest Milwaukee could increase. Other efforts could help expand market penetration into these untapped areas.

## DESTINATION TRADE AREA BASED ON DRIVE TIME AND GRAVITY MODELS

The destination trade area was also examined by analyzing the distribution of regional shopping destinations throughout the metropolitan area.

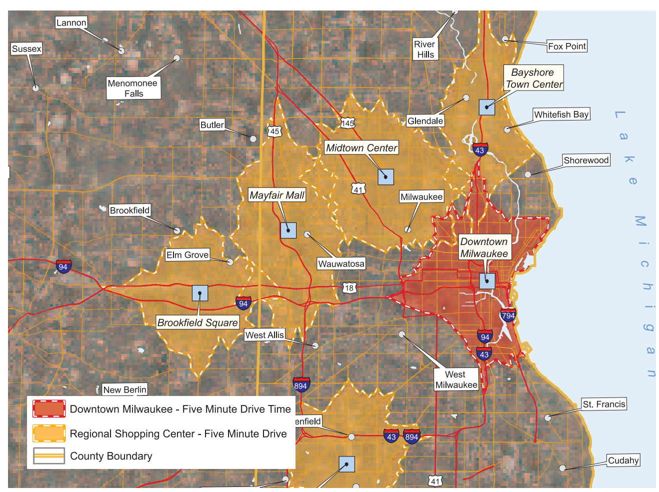
### Drive Time Analysis

Drive time analysis was used to analyze Downtown Milwaukee's geographic separation from surrounding regional and super-regional shopping opportunities. These shopping centers include Mayfair Mall, Brookfield Square/Bluemound Road, Southridge Mall, Bayshore Town Center, and Midtown Center. The accompanying map illustrates a distinct five-minute drive time around Downtown Milwaukee that shares little overlap with these other shopping destinations.

### Gravity Modeling

Another geographic analysis known as gravity modeling used estimates of customer attractiveness to examine the likely draw of Downtown Milwaukee relative to surrounding regional shopping destinations. The destination trade area developed from this analysis is somewhat consistent with the drive time analysis.

***Downtown Milwaukee Competitive Drive Time Analysis***




## CONVENIENCE TRADE AREAS

In addition to the destination trade area, many businesses sell goods and services that consumers purchase with little travel effort, often at easily accessible locations. Groceries, dry cleaners and many personal services are examples. Given the number of potential convenience businesses and the number of neighborhoods within the Study Area, this analysis does not attempt to define one convenience trade area for Downtown Milwaukee.

**DOWNTOWN EMPLOYEES FROM THE DESTINATION TRADE AREA AND BEYOND**

Year 2000 estimates from the U.S. Census Bureau showed 78,000 employees working in the Downtown Study Area. Many of these workers live in the City of Milwaukee and other nearby communities such as Shorewood, Whitefish Bay, and Wauwatosa. Others are located around Brookfield, Mequon, Glendale, and Franklin.

- Almost 60 percent of downtown workers live more than five miles from the Downtown Study Area. Approximately 30 percent live more than ten miles away.
- Many employees reside near large commercial districts such as Bluemound Road in Brookfield, Mayfair Mall and Mayfair Road in Wauwatosa, Bayshore Town Center in Glendale, and the Southridge Shopping Center commercial district along South 76th Street in Greendale.
- More distant employees also reside adjacent to growing retail concentrations in Delafield and Grafton.

Accordingly, employees living at greater distances will likely have a more limited influence on destination shopping Downtown. However, targeted strategies that accommodate the needs of downtown workers could aid in capturing the large spending potential represented by these more distant study area employees.

## CONCLUSION – PRIMARY AND SECONDARY DESTINATION TRADE AREAS

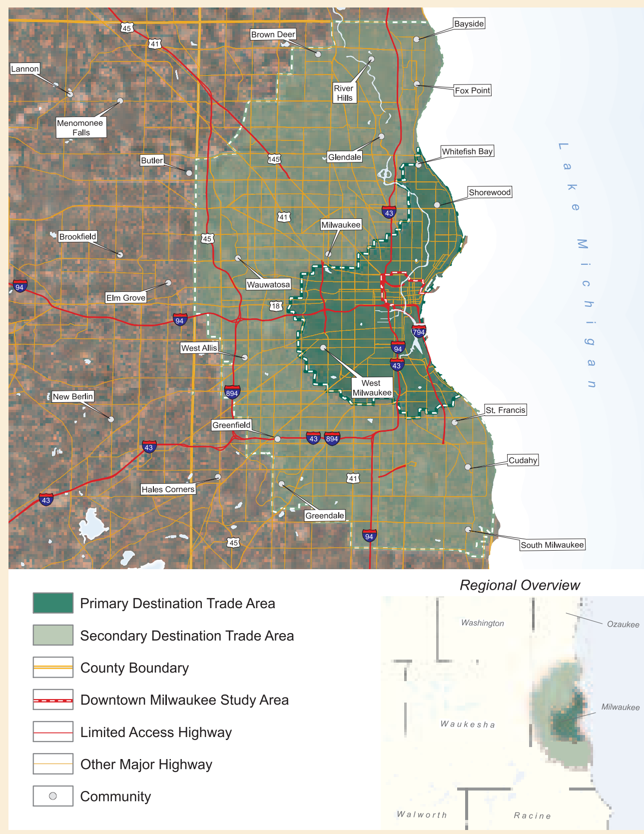
Using the analysis of existing customer origins, employee residences, drive times, and the distribution of competing shopping districts, primary and secondary destination trade areas were constructed for Downtown Milwaukee as shown in the accompanying map. These trade areas reflect the drawing power of the overall Downtown Study Area; not the trade areas of individual businesses. Furthermore, the boundaries of these trade areas are not rigid. Customers within these trade areas will travel to other commercial centers, while customers from outside the trade areas may support Downtown Milwaukee businesses. Prospective businesses that may have a unique draw may want to consider constructing their own individual trade area.

- The primary and secondary destination trade areas are based on conservative estimates of the Downtown Study Area's drawing power. However, continued marketing efforts and the growing number of strong non-retail anchors present in Downtown Milwaukee, such as the Milwaukee Art Museum's Calatrava addition, and Pier Wisconsin, should have a positive impact on the Study Area's ability to attract shoppers.

- The primary destination trade area partially considers those geographic areas that tended to generate 50 percent of the customers for existing Study Area businesses. The secondary destination trade area partly reflects the areas that produced an additional 25 percent of business patrons.

- As previously suggested, the primary destination trade area's extent to the northwest is somewhat limited as a result of the customer address analysis and the drive time analysis. Furthermore, the other analysis used in the trade area definition did not provide overwhelming evidence for extending the current boundary. Consequently, the primary destination trade area boundary reflects current market conditions. Future opportunities do exist to better serve customers living in neighborhoods northwest of the Downtown Study Area and to eventually extend the current primary destination trade area boundaries into this region.

***Downtown Milwaukee Primary and Secondary Destination Trade Areas***



# MILWAUKEE | *demographics and lifestyle*

Consumer demographic and lifestyle characteristics provide information useful in understanding resident spending potential and purchasing preferences. Data on the Downtown Study Area and the primary and secondary destination trade areas depict a large population that is diverse in both demographics and lifestyles.

## GROWING DOWNTOWN POPULATION

Downtown Milwaukee has increased by more than 1,000 residents since 2000, with an annual growth rate of 1.3 percent. A share of this population growth can be attributed to individuals who are highly mobile such as college students and young professionals, as well as more rooted individuals such as empty-nesters or retirees. As many of these new residents do not have children, their household size is often smaller than the national or state average. The smaller average household size of these residents is also reflected in a faster household growth rate of 2.0 percent per year.

While the primary and secondary destination trade areas have not experienced the Downtown Study Area's population growth, Downtown Milwaukee has opportunities to better serve these consumers by understanding their purchasing preferences and increasing market penetration into these areas.

### *Population and Households*

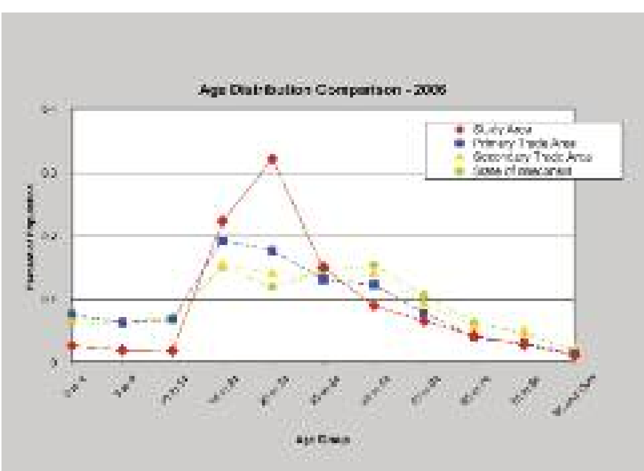
| Population and Households | Downtown Study Area | Primary Destination Trade Area | Secondary Destination Trade Area | State of Wisconsin |
|---|---|---|---|---|
| **1990 Population** (Census) | 12,701 | 300,190 | 921,803 | 4,891,769 |
| **2000 Population** (Census) | 13,829 | 285,097 | 888,854 | 5,363,675 |
| **2006 Population** (Estimate) | 14,898 | 283,169 | 878,203 | 5,667,706 |
| **2000 - 2006 Annual Change** | 1.3% | -0.1% | -0.2% | 0.9% |
| | | | | |
| **1990 Households** (Census) | 5,887 | 117,823 | 359,691 | 1,822,118 |
| **2000 Households** (Census) | 6,429 | 113,389 | 358,828 | 2,084,544 |
| **2006 Households** (Estimate) | 7,201 | 113,352 | 357,678 | 2,248,740 |
| **2000 - 2006 Annual Change** | 2.0% | 0.0% | -0.1% | 1.3% |

Source: ESRI Business Information Systems (ESRI BIS) and U.S. Census Bureau
Note: Demographic figures for the primary destination trade area include the numbers for the Downtown Study Area. Similarly, figures for the secondary destination trade area include the figures for the primary destination trade area.

## AGE DISTRIBUTION

Individuals between the ages of 15 and 34 comprise 54.5 percent of the Downtown Study Area's population, and 37.1 percent of residents living in the primary destination trade area. These younger residents include a mix of college students and young workers. Many of these students and young professionals have relatively high levels of disposable income with above average household spending patterns on personal services, alcoholic beverages, entertainment, home electronics, apparel, footwear, telephone services, and food away from home. Residents age 55 and over are also a growing segment of the Downtown Study Area as empty nesters and retirees move into Downtown Milwaukee.

### *Age Distribution Comparison – 2006*




## INCOME

Between 2000 and 2006, average household income in the Downtown Study Area and primary destination trade area increased at a rate faster than that of Wisconsin. Despite these changes, average household income in the Downtown Study Area remains below the state average. In contrast, per capita incomes in the Downtown Study Area are higher than that of Wisconsin. While the differences between these income measures may seem counterintuitive, they reflect several characteristics of Downtown Milwaukee residents:

- **The Downtown Study Area has a large percentage of one-person households with a single earner.** In contrast, larger households may have more than one person working and contributing to household income.
- **Downtown Milwaukee has a higher percentage of households with incomes under $15,000.** Many of these households represent college students with higher levels of disposable income not reflected in household income figures.

These characteristics of Downtown Study Area residents suggest that the spending potential of these individuals is not properly described by their income levels and that other demographic and lifestyle traits should be used to provide insight into their purchasing preferences.

Household incomes show wide variation throughout the Downtown Study Area and the two destination trade areas (see accompanying map). High-income households are located within the Third Ward, in the Central Business District and along Lake Michigan's North Shore. Other areas within the two destination trade areas show lower household incomes. However, many of these areas have high population densities and represent concentrated demand for a variety of goods and services.

### *Educational Attainment*

| Educational Attainment Age 25 and Over | Downtown Study Area | Primary Destination Trade Area | Secondary Destination Trade Area | Wisconsin |
|---|---|---|---|---|
| Total Population Age 25+ | 8,802 | 166,722 | 519,950 | 3,475,878 |
| No High School Diploma | 15.7% | 26.9% | 20.7% | 15.7% |
| High School Graduate | 15.8% | 24.7% | 29.4% | 34.6% |
| Some College, No Degree | 17.8% | 17.4% | 20.8% | 20.6% |
| Associate Degree | 5.6% | 4.8% | 5.9% | 7.5% |
| Bachelor's Degree | 28.6% | 16.4% | 15.3% | 15.3% |
| Master's/Prof/Doctorate | 16.5% | 9.7% | 7.9% | 7.2% |

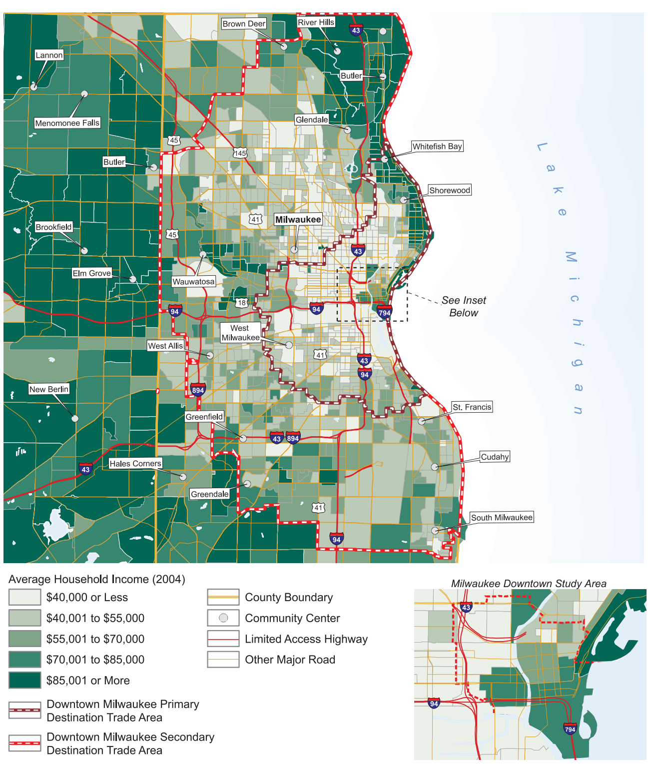
Source: ESRI Business Information Systems (ESRI BIS)

### *Population and Households*

| Geographic Area | Downtown Study Area | Primary Destination Trade Area | Secondary Destination Trade Area | Wisconsin |
|---|---|---|---|---|
| Number of Households | 7,195 | 113,346 | 357,669 | 2,248,731 |
| <$15,000 | 20.0% | 19.0% | 13.3% | 9.5% |
| $15,000 - $24,999 | 13.8% | 14.9% | 12.4% | 10.2% |
| $25,000 - $49,999 | 25.4% | 29.1% | 28.4% | 26.6% |
| $50,000 - $74,999 | 15.4% | 16.9% | 19.9% | 22.4% |
| $75,000 - $99,999 | 9.4% | 9.1% | 12.1% | 14.2% |
| $100,000 - $149,999 | 8.6% | 6.7% | 9.2% | 11.7% |
| $150,000 - $199,999 | 2.9% | 2.0% | 2.3% | 2.8% |
| $200,000+ | 4.4% | 2.2% | 2.4% | 2.6% |
| Avg. Household Income | $62,140 | $52,736 | $60,364 | $66,730 |
| Per Capita Income | $34,035 | $21,692 | $24,902 | $26,829 |

Source: ESRI Business Information Systems (ESRI BIS)

### *Average 2004 Household Incomes by Census Block Group*




## EDUCATION AND OCCUPATIONS

- **The Downtown Study Area has an exceptionally high percentage of residents with a college degree.** In the year 2000, 45.1 percent of Study Area residents had obtained either a bachelor's or advanced degree, compared to 22.5 percent of Wisconsin residents. Relative to the state, the primary destination trade area has a higher percentage of college-educated residents (26.1 percent). However, it also has a high percentage of residents without a high school diploma. New and ongoing efforts are needed to further the educational attainment of these residents.

- **Almost 77 percent of Downtown Milwaukee's residents are employed in white-collar occupations compared to 58 percent in the state.** Large shares of downtown residents are employed in either professional occupations (31.8 percent) or management, business, or financial occupations (18.6 percent). Professional occupations is also the largest occupational category for residents of the primary destination trade area (23.4 percent).

## DIVERSE LIFESTYLE SEGMENTS

According to ESRI's Community Tapestry™ lifestyle segmentation system, the Downtown Study Area's predominant lifestyle segment is Metro Renters, which comprises 56 percent of the population. The Metro Renters segment is young, single, and middle-income with careers in professional and management occupations. In contrast, the primary and secondary destination trade areas have a large number of lifestyle segments (33 different segments in the primary destination trade area). The largest segment, City Dimensions, accounts for 23 percent of the population. It is ethnically diverse, young, with lower to middle incomes.

While the lifestyle segmentation data can provide additional consumer insight, caution should be used in placing too much emphasis on this information. Research suggests that lifestyle segmentation data often underestimates the true spending potential of urban markets.

## USING DEMOGRAPHICS TO MEASURE CONSUMER SPENDING POTENTIAL

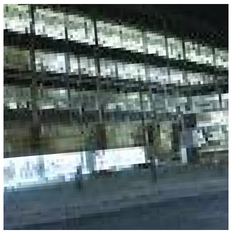
Consumer spending potential for a variety of retail and service categories can be estimated using demographic data. Two methods are available:

- **Spending by Business Category -** Expenditure potential can be calculated based on the Census Bureau's 2002 Economic Census data for Wisconsin after adjusting for population and per capita income. These calculations are provided in Supplement A, Table A.1 of the Market Analysis.

- **Spending by Product Type** - Another approach examines spending by product type. The University of Wisconsin-Milwaukee Employment and Training Institute provides comparison data on purchasing power for various products by census tracts and zip codes in the Milwaukee area. The profiles are designed to help assess the advantages of urban density for underserved city neighborhoods.

Source: http://www.uwm.edu/Dept/ETI/PurchasingPower/purchasing.htm

# MILWAUKEE | *regional economic position*



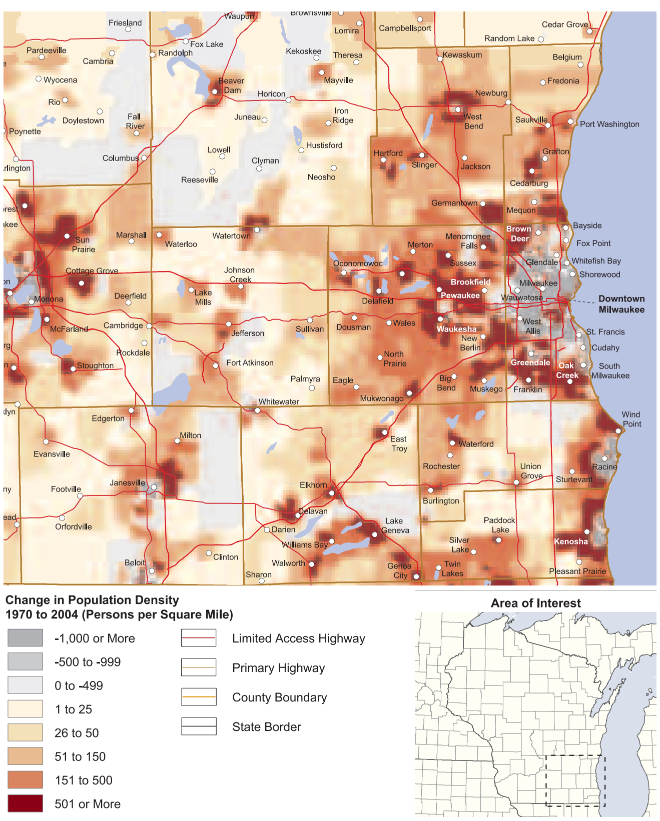
Opportunities and challenges facing Downtown Milwaukee are influenced by broader economic conditions in the Milwaukee 7 region. Understanding these regional economic trends provides context and insight into possible economic development strategies that could be employed in the Downtown Study Area.

## MILWAUKEE REGION 7

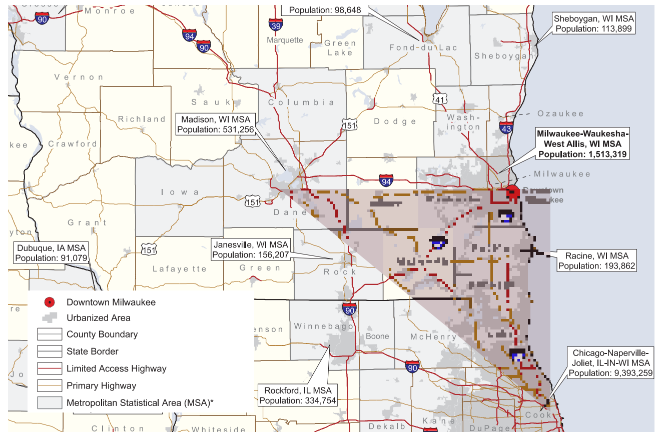
Downtown Milwaukee is located at the center of the Milwaukee 7 region,[1] a geographic position that places it within 75 miles of both Madison and Chicago. The triangular area formed by these three metropolitan regions contains 2.2 million college graduates (five percent of the nation's total) and provides access to Wisconsin's government center, the nation's third largest metro area, several world class research universities (UW-Madison, Northwestern University, the University of Chicago), and a wide range of cultural and natural amenities. The Milwaukee 7 region is home to companies such as Briggs & Stratton, Harley-Davidson, Jockey International, Kohl's Department Stores, Manpower, Miller Brewing Company, Northwestern Mutual, Rockwell Automation, and SC Johnson. A number of leaders in business-to-business commerce are also found in the Milwaukee 7 region, including A.O. Smith, Brady Corp, Fiserv, GE Healthcare Technologies, Johnson Controls, Joy Global, and Modine Manufacturing.[2]

1. The Milwaukee 7 Region includes Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha counties.
2. Source: Milwaukee 7 www.choosemilwaukee.com
3. A portion of the population increases in these counties can be attributed to the out-migration of former Milwaukee County residents.

## *Population Change in the Milwaukee 7 Region*




## *Regional Geographic Position of Downtown Milwaukee*




## REGIONAL TRENDS

- **Population** – Between 1969 and 2004, the Milwaukee 7 Region's population increased by 12 percent. While the region's growth rate during this period was slower than that of Wisconsin (26 percent) and the United States (46 percent), there were wide variations in population change throughout the Milwaukee 7 Region. Specifically, Waukesha, Ozaukee, Walworth, and Washington counties all experienced population growth rates that exceeded the national average.[3] While Milwaukee County lost a share of its residents during this time period, Downtown Milwaukee has shown an increase in population since 1970.

- **Per Capita Income** – While the Milwaukee 7 region's per capita income was 10 to 12 percent higher than the national average throughout the 1970s, the 1982 recession signaled a period of declining regional incomes relative to the national average. However, the region's per capita income has rebounded somewhat and was almost seven percent above the national average in 2004.

- **Average Wages** – Similar to wage trends for the State of Wisconsin, the Milwaukee 7 Region's average wage per job has declined relative to the national average in the past 35 years. However, the region's average wage remained almost 11 percent above the state in 2004 (see chart).

- **Entrepreneurial Activity** – Measuring entrepreneurial activity is difficult as the definition of an entrepreneur varies. While not all business proprietors are considered entrepreneurs, the number of non-farm proprietors is one basic measure of entrepreneurial activity. Between 1969 and 2004, the number of proprietors in the Milwaukee 7 region increased by approximately 125 percent. While the region's growth in proprietors was somewhat slower than that of the United States, this rate is not surprising given the region's population and employment growth trends relative to the nation. Average proprietor income in the region was also slightly below the national average in 2004 ($28,637 and $29,250 respectively).

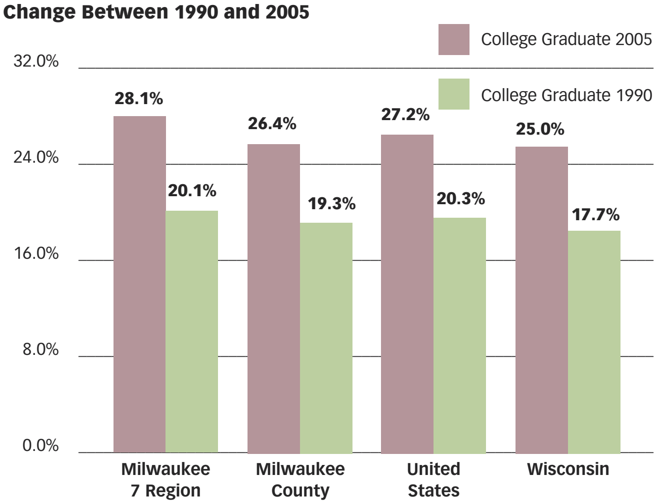
### OCCUPATIONAL STRUCTURE AND EDUCATIONAL ATTAINMENT

The occupations and education levels of the area's labor force influences the types of industries that are suited to the Milwaukee 7 region.[4] The presence of college graduates and individuals working in engineering, life sciences, computers, and mathematics occupations may be desirable for knowledge-based industries. Similarly, the presence of individuals with associate degrees or those who work in skilled production occupations may be preferred by advanced manufacturing operations. Shifts in occupations and educational attainment reflect several changes in the broader regional economy:

- The region's business and financial operations occupations have increased by 31.4 percent between 2000 and 2005 and have a high average annual wage ($55,755) relative to the region.
- Production occupations account for the region's second largest share of employment (12.2 percent). However, the number of production occupations declined by 19.3 percent since 2000 and partially reflects the job losses in the region's manufacturing sector during this period.
- Science-based and technical occupations experienced a variety of changes between 2000 and 2005. Computer and mathematical occupations grew by 11.0 percent in the region, compared to 6.5 percent in the state and 0.7 percent in the nation. In contrast, architecture and engineering occupations experienced a decline in the region, the state and nation. Life, physical, and social science occupations also declined in the region despite increases in the state and the nation.
- Food preparation and serving related occupations, as well as personal care and service occupations, showed two of the largest increases in the region. However, these occupational categories have the two lowest average wages in the region.
- In 2005, the Milwaukee 7 Region had a higher percentage of college graduates than either the state or United States. The percentage of college graduates in the Milwaukee 7 Region has also increased from 20.1 percent in 1990 to an estimated 28.1 percent in 2005.

4. Due to reporting methodology, the occupational figures do not include data for Kenosha or Walworth counties.

**Percent of the Population Age 25 and Over with a College Degree Change Between 1990 and 2005**




Source: U.S. Census Bureau 1990 Census and 2005 American Community Survey
2005 figures are based on a 90 percent confidence interval

### CONCLUSIONS – TO BUILD UPON DOWNTOWN MILWAUKEE AS A PLACE OF INTERACTION AND EXPERTISE

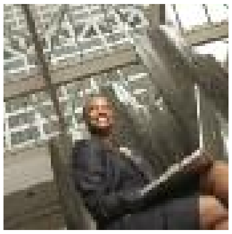
The preceding overview of the Milwaukee 7 Region highlights a variety of economic indicators that are connected to sources of regional competitive advantage. There are opportunities for Downtown Milwaukee to complement regional economic development efforts.

**Downtown Milwaukee – A Place of Interaction**

- Downtown Milwaukee's geographic position places it as a key location between Madison and Chicago. Enhancing transportation connections between these three communities could help stimulate interactions among the pool of knowledge, industries and labor.
- Many of the state's and region's potential industry clusters have both loose and strong ties to the businesses, labor and institutions that are located in Downtown Milwaukee. Creating knowledge, research and development collaborations could foster new development opportunities. Downtown Milwaukee's location, agglomerations of industries and institutions, and accessibility offer a unique opportunity in the region to facilitate these interactions and provide access to a regional labor pool.
- It is important to create networking opportunities for businesses, entrepreneurs, financiers, and talented people in the region. Developing social and professional development events could develop social networks among occupational groups.
- Enhancing downtown public transportation options and continuing improvements to the pedestrian environment may help to develop opportunities for downtown interaction.

**Downtown Milwaukee – A Place of Expertise**

- The Downtown Milwaukee Study Area either contains or is located adjacent to a number of the region's post-secondary educational institutions. These institutions produce a skilled labor force, have the potential to facilitate research, provide customers for downtown businesses, and contribute to the region's cultural and entertainment base. Downtown Milwaukee's proximity to these locations could provide a source of competitive advantage for a variety of knowledge-based industries.
- While the Milwaukee 7 Region is average in terms of educational attainment, Downtown Milwaukee is home to a growing number of college graduates and people employed in professional and technical occupations. A growing amount of research suggests that highly-educated in many knowledge-based occupations are "consumers of place." That is, these individuals are attracted to a high quality of life. Continued efforts to build Downtown Milwaukee's dining, shopping, entertainment, and living environment may strengthen the Study Area's position as a growth pole for college-educated and skilled individuals.
- Downtown Milwaukee's building stock provides a diversity of size, historic character, and modern amenities. The diversity of building types could meet the flexible space needs of many knowledge-based companies. Downtown Milwaukee also provides immediate access to many of the business and personal services desired by these companies and their workers.



While Downtown's businesses and institutions are often credited with generating large amounts of regional economic activity, these employers also bring a daily stream of office workers who support Downtown's street-level retail, restaurants, and service businesses. Like most major cities, Milwaukee is challenged with keeping employees downtown after work and encouraging them to utilize nearby retail and services during the day.

## NATIONAL TRENDS

According to research from the International Council of Shopping Centers (ICSC), office workers nationally spend an average of $96 per week when shopping over lunch, during the day, or after work. Apparel, home goods, toys, electronics, and other destination-type purposes accounted for $56 of weekly spending. The remaining $40 was spent on convenience-type items like groceries/snacks, personal care, and cosmetics. About 32 percent of downtown workers nationally shop during their lunch hour. In a typical week, downtown office workers make a variety of retail purchases as indicated in the accompanying table.

| Type of Purchase | Percent of Workers Making a Purchase |
|---|---|
| Any Purchase | 58% |
| Groceries | 37% |
| Snacks/Incidentals | 33% |
| Personal Care/Drug | 31% |
| Apparel/Accessories | 27% |
| Home Items | 22% |
| Sports/Toys/Electronics | 20% |
| Gifts/Cards | 21% |
| Newspapers/Magazines | 15% |
| Cosmetics/Perfumes | 10% |

If downtowns offer a desirable retail mix, office workers are more likely to utilize nearby shopping opportunities during the day and after work, rather than make purchases closer to home. In particular, these options include convenience food stores for buying lunch, hospitality/entertainment options for after work, and an above average density of retail offerings that offer both destination and convenience shopping opportunities.

The ICSC research also suggests that weekly lunch expenditures among downtown office workers were 20 percent higher than those reported by suburban office workers ($26.80 versus $22.50). When dining out for lunch during the workweek, nine out of ten office workers in downtown areas with ample retail offerings will walk to lunch compared to only six in ten workers in areas with limited retail. The number of office workers who stop after work for dinner or drinks has doubled since 1987.

## CHARACTERISTICS OF THE DOWNTOWN MILWAUKEE EMPLOYEE

In 2000, an estimated 78,000 workers were employed in the Downtown Study Area. The accompanying map illustrates the concentrations of employees Downtown. The East Town area had the highest employee concentration. While fewer employees are located in the northern portions of the Study Area, these figures will increase after Manpower's relocation is completed.

Downtown Milwaukee's office workers offer an estimated $344 million in annual downtown retail spending potential. Their characteristics are listed below:

- Most workers were employed in white-collar occupations (77 percent), worked full-time or more (81 percent), and lived in middle-to-upper income households.
- Incomes of downtown employees are primarily in the middle-to-upper income range. Over 50 percent of employees live in households with incomes over $60,000.
- When compared to all employees working in the Milwaukee 7 Region, Study Area employees were more likely to arrive between 7:00 a.m. and 9:00 a.m. and use public transit with greater frequency.

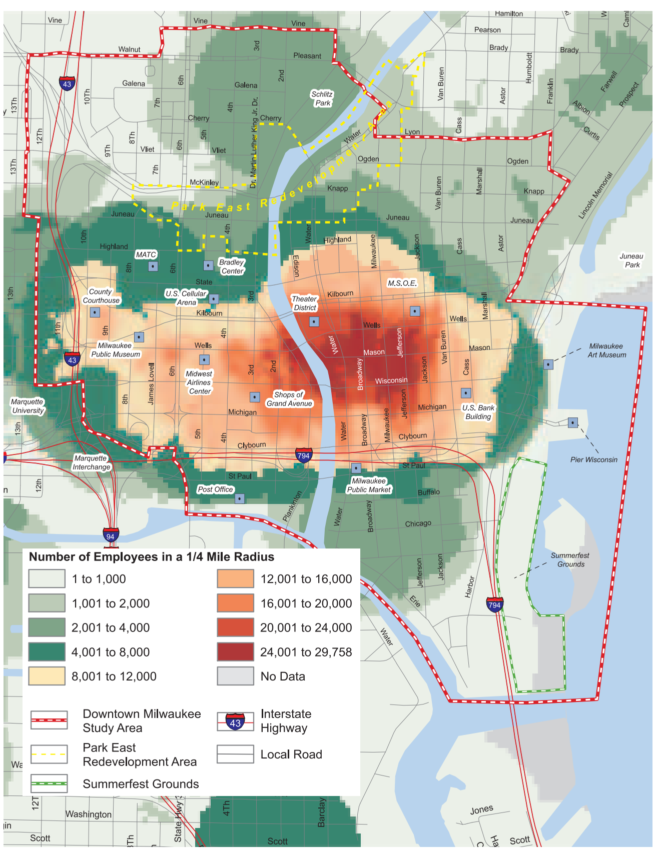
| Occupation (2000) | Downtown Study Area Number of Workers | Downtown Study Area Percent of Workers |
|---|---|---|
| **White Collar** | **60,054** | **77.0%** |
| Management / Business / Financial | 17,080 | 21.9% |
| Professional | 18,517 | 23.8% |
| Sales | 6,419 | 8.2% |
| Administrative Support | 18,037 | 23.1% |
| **Services** | **9,477** | **12.2%** |
| **Blue Collar** | **8,474** | **10.9%** |
| Farming / Forestry / Fishing | 124 | 0.2% |
| Construction / Extraction | 1,619 | 2.1% |
| Installation / Maintenance / Repair | 1,661 | 2.1% |
| Production | 2,649 | 3.4% |
| Transportation / Material Moving | 2,411 | 3.1% |
| Armed Forces | 10 | <0.1% |
| **Total Employees** | **78,005** | **100.0%** |

## EMPLOYEE PERCEPTIONS OF MILWAUKEE

Focus group findings from discussions with downtown employees indicate the following:

- **Participants overwhelmingly recognized and appreciated the public service programs provided by Downtown Milwaukee BID #21 that have made the district clean, safe, and friendly. Employees also appreciated the safety of Downtown.**
- **Milwaukee offers many opportunities for employees to live near their place of work. Employees living downtown have access to cultural events and a unique geographic location on the lake.**
- **Some Downtown employees indicate a lack of retail in the Downtown Study Area. They noted that Downtown Milwaukee is missing flagship retailers and that many existing retailers do not offer convenient store hours.**
- **Disadvantages for Downtown employees include a lack of convenient parking, conflicts between drivers and pedestrians, and the lack of a more comprehensive public transportation system.**
- **Focus group participants were positive about the improving Downtown economy, but they felt more needed to be done to overcome its image of being unsafe and blue-collar. They also believe it is important to create a larger critical mass of shopping and entertainment activities (including a theater) and improve Downtown's walkability.**

***Downtown Milwaukee Employee Concentrations***




## CONCLUSIONS – IMPLICATIONS FOR BUSINESS EXPANSION AND RECRUITMENT

The analysis of business development opportunities related to downtown employees should recognize the spending potential of 78,000 people working in a dense urban environment. Office workers spend money in areas near their workplaces both during and after the workday. Street-level retail, restaurant, and service businesses can serve this market segment by offering locations convenient to employment centers and products, services, and hours that appeal to this segment.

Downtown employee conveniences provide an important niche that allows office workers to leave their buildings and run errands. Related businesses might include delis with local character, bakery, card shops, floral stands, book/magazine/news stores, and fine chocolate stores. These businesses can help connect employment nodes and encourage sidewalk traffic. Electronics and technology-related businesses also serve as a popular niche among downtown workers.

Food service and entertainment options are important considerations for capturing downtown employee spending potential. Downtown office workers tend to eat out for lunch more frequently than their suburban counterparts do, and office workers often stop after work for entertainment.

The potential of the Downtown Milwaukee employee market is confirmed by the success of the Milwaukee Downtown Employee Appreciation Week. This summer event connects employees with the broader Downtown community through a series of festive events. This nationally recognized event has demonstrated the potential of drawing thousands of employees out of their buildings and onto the sidewalks and public spaces of Downtown.

# MILWAUKEE | *young professionals market*

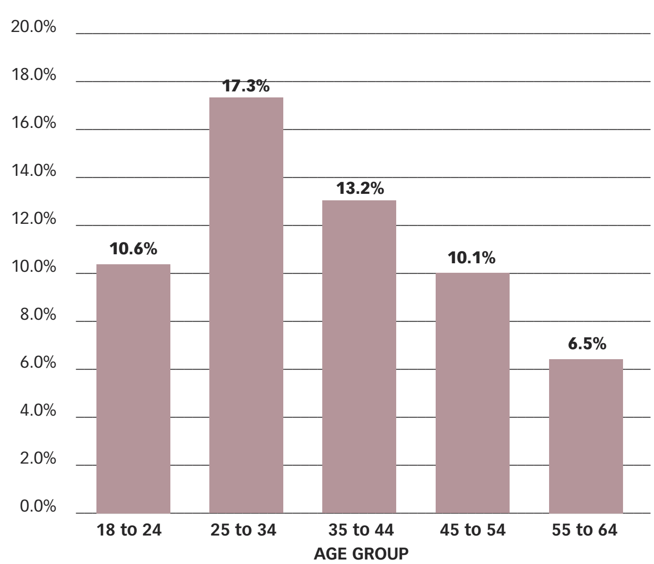
Young professionals have been one of the primary market segments driving the residential revitalizations of large city downtowns. As young professionals choose downtowns as a place of residence, central business districts have also been impacted by their contributions to the local labor force, their levels of entrepreneurial activity, and their purchasing preferences.

## NATIONAL TRENDS

While the definition of a "young professional" varies, these individuals are often characterized as people between the ages of 25 and 34 with a college degree. Several young professional trends important to Downtown Milwaukee include:

- Young professionals are increasingly residing in downtown neighborhoods. Many downtowns have attributes desirable to young professionals including a critical mass of jobs, amenities, and a developed sense of place.
- Human capital in the form of educational attainment is one of the primary drivers of a region's income and economic growth. Specifically, regions with a well-educated population experience a greater growth in per capita income. People age 25 to 34 tend to have the highest levels of educational attainment among any age group.
- Younger workers are one potential source of labor for filling anticipated worker shortages created by retiring Baby Boomers.
- People between the ages of 25 to 34 are the most likely to start a business or be involved in other entrepreneurial activities. See accompanying chart.
- Businesses started by young, college-educated individuals are also the most likely to have high growth potential and are among the most technologically innovative.
- Young adults with college degrees are the most mobile people in America, and also tend to move the greatest distances. While wage rates, costs of living and job availability are important economic considerations, the level of amenities offered by cities have a role in attracting and retaining young workers.

**Percent of Population Involved with Starting or Managing a New Business**




## NATIONAL TRENDS

Given these national trends, it is not surprising that vibrant downtowns have become a central part of metropolitan life for many young professionals:

- **Vibrant downtowns are amenity rich and often contain the cultural, social, and educational centers of regions;**
- **Downtowns facilitate social interaction and knowledge-spillovers with concentrations of businesses, public places and so-called "third spaces" (such as coffee shops, taverns, and restaurants); and**
- **Downtowns provide a variety of locations for start-ups and entrepreneurial activity and serve as de facto business incubators.**

## CHARACTERISTICS OF YOUNG PROFESSIONALS IN THE MILWAUKEE REGION

Residents age 25 to 34 comprise a large share of the Downtown Milwaukee population and are a highly-educated component of the regional labor force.

- In contrast to national and regional statistics, Downtown Milwaukee has seen a steady increase in population of those between 25 and 34. Between 1990 and 2006 this segment of the Downtown Study area grew by almost 2,000 residents, increasing its overall share from 22.4 to 32.2 percent of the total population.
- Among peer city downtowns, it has the largest number and percentage of residents age 25 to 34.
- The vast majority of the Milwaukee 7 Region's population age 25 to 34 lives outside of the Downtown Study Area. These regional residents are also potential employees or consumers of Downtown businesses (on either a regular or occasional basis).
- The Milwaukee 7 Region's population age 25 to 34 has a similar level of educational attainment as other comparable metro areas. The distribution of those with a college degree in the Milwaukee area is illustrated in the accompanying map. Despite residing at a distance, many suburban young professionals may still work in Downtown Milwaukee and are part of the regional labor force and the potential downtown customer base.
- Many individuals age 25 to 34 in the Milwaukee 7 Region are employed in business and financial operations; computer and mathematical; architecture and engineering; arts, design, entertainment, sports & media; and personal care and services. All of these occupational categories are particularly important to many existing and potential businesses clustered in the Downtown Milwaukee Study Area.

| Geographic Area | 2005/2006 Estimates Population Age 25 to 34 | Percent of Population |
|---|---|---|
| **Downtown Milwaukee Study Area** | **4,797** | **32.2%** |
| Downtown Charlotte | 2,229 | 24.2% |
| Downtown Cincinnati | 3,662 | 19.8% |
| Downtown Cleveland | 1,970 | 26.9% |
| Downtown Columbus | 1,736 | 26.4% |
| Downtown Indianapolis | 3,493 | 30.6% |
| Downtown Memphis | 1,744 | 19.2% |
| Downtown Nashville | 1,332 | 14.6% |
| Downtown Pittsburgh | 2,138 | 14.6% |
| Downtown Kansas City | 2,532 | 29.0% |

Source: ESRI Business Information Solutions

## YOUNG PROFESSIONALS' PERCEPTIONS OF MILWAUKEE

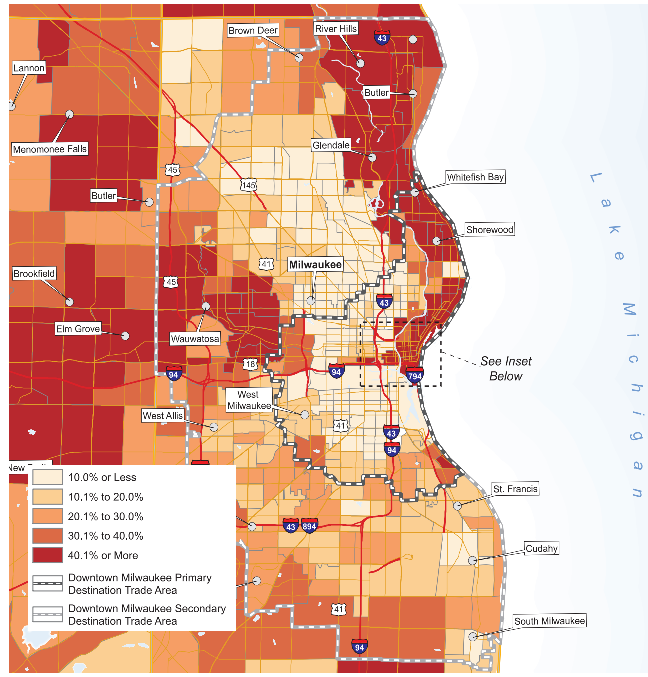
Focus group discussions with young professionals in the region highlighted some of the benefits of Downtown Milwaukee as a place to live, work, or visit. Sample comments about Downtown Milwaukee include:

- **Small city atmosphere with big city amenities;**
- **Friendlier and more welcoming than other cities;**
- **Many summer activities and events;**
- **Access to arts, cultural, and educational activities;**
- **Experiencing a renaissance with new housing and cultural developments;**
- **Safe and clean;**
- **Locally-owned shops, restaurants, and public market that add character;**
- **Historic and well-preserved architecture;**
- **Green space, fresh air, and good water quality;**
- **Lower cost of living and affordable housing;**
- **Relatively short commuting time;**
- **Easy to navigate streets and access to the airport; and**
- **Good place to start a business as costs are affordable.**

Focus group participants also recognized opportunities for improving Downtown Milwaukee. Sample comments include:

- **Blue-collar image that may limit its potential in attracting young residents;**
- **Lack of new employers and job opportunities;**
- **Shortage of retail activity Downtown including national chains;**
- **Need for more entertainment options including restaurants, theaters, and a well-defined district;**
- **Need for winter activities;**
- **Escalating housing costs and need for more affordable housing;**
- **Need to be recognized as place of diversity for all ethnic, age, and economic groups;**
- **Need to address the concerns of families who might consider living Downtown;**
- **Need for a more comprehensive public transportation system; and**
- **Pedestrian and bicycle safety should be addressed.**

*Percent of Population Age 25 - 34 with a College Degree (2000)*




| Geographic Area | 2005/2006 Estimates Population Age 25 to 34 | Percent of Population |
|---|---|---|
| **Downtown Milwaukee Study Area** | **4,797** | **32.2%** |
| Milwaukee 7 Region | 244,756 | 12.4% |
| State of Wisconsin | 702,156 | 12.7% |
| United States | 40,142,912 | 13.5% |

## CONCLUSIONS – IMPLICATIONS FOR BUSINESS EXPANSION AND RECRUITMENT

The young professionals market segment is important to the future economic growth of Downtown Milwaukee as well as the broader region. Businesses that serve this segment should recognize the concentration of these consumers who reside Downtown, but also the large number distributed throughout the metro area.

Households headed by individuals age 25 to 34 tend to spend a higher than average share of their household income on dining out, alcoholic beverages, personal services, apparel, and entertainment. Many of these expenditure categories echo the retail preferences of younger residents and have been identified by other analyses as potential gaps in the Downtown Milwaukee business mix. Many young professionals are also using different forms of media, such as MySpace and Facebook, to communicate and learn about job prospects, recreational activities, and networking opportunities.

Finally, young professionals offer entrepreneurial potential for business startups. A number of entrepreneurial support activities such as mentor programs, pre-venture counseling, and entrepreneur and networking groups could be targeted toward young professionals.

# MILWAUKEE | *residential market*

The resident market is vital to downtown revitalization. New residents create a captive consumer market, signal investment, and increase safety perceptions. Demographic and lifestyle changes accompanying the resurgence in downtown living are creating new opportunities for a variety of neighborhood-serving businesses.

## NATIONAL TRENDS

The number of people moving into the downtown areas of many U.S. cities has increased significantly in recent years. Attributes such as architecturally significant buildings, rich cultural history, and proximity to jobs, shopping, recreation, entertainment centers, and special services are adding to the attractiveness of living downtown. Several trends important to Downtown Milwaukee include:

- **During the 1990s, downtown population grew by 10 percent, reversing twenty years of decline;**
- **Downtown homeownership rates have doubled;**
- **Downtowns have become more ethnically diverse; and**
- **Downtowns now have more college educated residents than many other parts of urban America.**

## CHARACTERISTICS OF DOWNTOWN MILWAUKEE RESIDENTS

Downtown Milwaukee is home to a variety of resident types, ranging from young professionals to empty nesters. Compared with the downtown of other similarly sized cities, residents living in the Study Area have high levels of education, higher incomes, live primarily in non-family households, and are employed in white collar occupations.

The accompanying tables report downtown demographic trends for Milwaukee and nine comparable communities. In 2006, the Downtown Milwaukee Study Area compares as follows:

- **Second largest downtown population;**
- **Second highest per capita income;**
- **Highest in percentage of residents with a bachelor's or higher degree; and**
- **Highest in percentage of workers having a white collar occupation.**

According to lifestyle segmentation information from ESRI Business Information Systems, there are three primary market segments living in the Downtown Study Area. The largest segment is "Metro-Renters" (52% of the Study Area population), a group that is made up of young, well-educated singles, beginning their professional careers. A number of the tastes and preferences of the Metro Renters also overlap with those of the college students living in the area.

## GROWING MARKET

Milwaukee has experienced a significant resurgence in housing development over the last decade. While not all of this housing is located in the Downtown Study Area, many units are in proximity to downtown businesses. Downtown Milwaukee's new housing has included both new construction and adaptive re-use projects, creating a wide variety of housing types at a range of price points.

Housing development is happening throughout Downtown Milwaukee in the form of new construction, historic renovation, and adaptive re-use. Most development has been occurring in five neighborhoods: East Town, Westown, Historic Third Ward, Lakefront, and RiverWalk.

The accompanying map shows the locations of new condo and rental units. During the ten year period between 1996 and 2006, the Downtown Study Area and neighborhoods within a half-mile of this area have grown as follows:

- **Estimated New Condo Units - 2,250**
- **Estimated New Rental Units - 1,464**
- **Estimated Total New Units - 3,714**

| Comparable Downtown | 2006 Population | Population Change 2000 - 2006 | Annual Change 2000 - 2006 |
|---|---|---|---|
| **Milwaukee** | **14,898** | **1,069** | **1.3%** |
| Charlotte | 9,210 | 2,342 | 5.7% |
| Cincinnati | 18,495 | -683 | -0.6% |
| Cleveland | 7,325 | 982 | 2.6% |
| Columbus | 6,579 | 260 | 0.7% |
| Indianapolis | 11,415 | 717 | 1.1% |
| Kansas City | 8,731 | 870 | 1.8% |
| Memphis | 9,080 | 1,449 | 3.2% |
| Nashville | 5,064 | 254 | 0.9% |
| Pittsburgh | 14,647 | -1,757 | -1.8% |

Source: ERSI Business Information Systems (ESRI BIS) and U.S. Census Bureau

| Comparable Downtown | Per Capita Income | Average Household |
|---|---|---|
| **Milwaukee** | **$34,035** | **$62,140** |
| Charlotte | $37,333 | $68,845 |
| Cincinnati | $21,867 | $41,097 |
| Cleveland | $29,386 | $55,500 |
| Columbus | $25,905 | $41,798 |
| Indianapolis | $28,572 | $60,041 |
| Kansas City | $25,643 | $44,193 |
| Memphis | $20,485 | $40,460 |
| Nashville | $20,578 | $43,252 |
| Pittsburgh | $23,106 | $49,243 |

Source: ERSI Business Information Systems

## DOWNTOWN RESIDENT PERCEPTIONS OF MILWAUKEE

Focus group discussions with residents highlighted some of the benefits of living in Downtown Milwaukee:

- **Cars are not needed as the area is walkable;**
- **Many cultural, shopping, and dining amenities are available;**
- **Downtown has open spaces and an aesthetically pleasing atmosphere; and**
- **The area is a friendly and safe place to live.**

Focus group participants also recognized opportunities for improving Downtown including:

- **Adding more entertainment venues;**
- **Developing new retail and service businesses;**
- **Providing more and improved open spaces;**
- **Improving public transportation and taxi services;**
- **Fostering a culture of downtown community and ownership; and**
- **Reversing the perceptions of some that Downtown suffers from crime, inaccessibility, and racial division.**

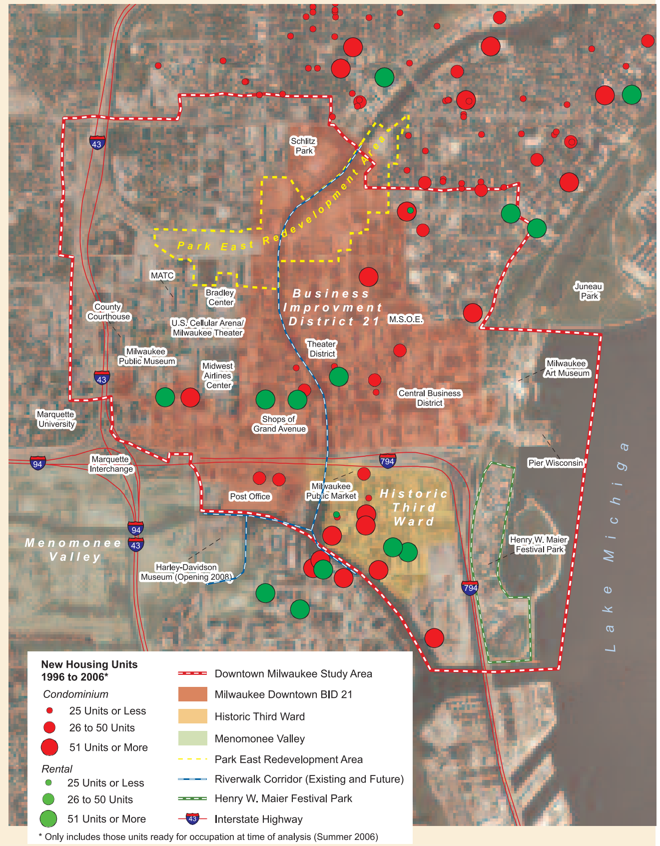
| Comparable Downtown | White Collar |
|---|---|
| **Milwaukee** | **76.9%** |
| Charlotte | 68.7% |
| Cincinnati | 58.1% |
| Cleveland | 80.2% |
| Columbus | 63.4% |
| Indianapolis | 73.0% |
| Kansas City | 64.6% |
| Memphis | 59.7% |
| Nashville | 60.6% |
| Pittsburgh | 71.4% |

Source: ERSI Business Information Systems

| Comparable Downtown | Bachelor's Degree | Master's Degree or Higher |
|---|---|---|
| **Milwaukee** | **28.9%** | **15.9%** |
| Charlotte | 20.2% | 11.2% |
| Cincinnati | 12.7% | 8.1% |
| Cleveland | 16.7% | 10.6% |
| Columbus | 23.9% | 15.2% |
| Indianapolis | 15.5% | 11.4% |
| Kansas City | 16.8% | 8.0% |
| Memphis | 12.0% | 8.6% |
| Nashville | 15.9% | 3.5% |
| Pittsburgh | 13.6% | 10.9% |

Source: U.S. Census Bureau

***New Housing Units in Downtown Milwaukee – 1996 To 2006***




## CONCLUSIONS – IMPLICATIONS FOR BUSINESS EXPANSION AND RECRUITMENT

The analysis of business development opportunities related to residents should recognize the spending potential of Downtown Milwaukee residents. This spending potential is higher than most of the comparable cities due to Milwaukee's larger downtown population and higher income levels. In addition, opportunities should be examined that serve the "Metro Renter" lifestyle category, which is comprised of young, well-educated singles beginning their professional careers.

Residential development creates a customer base for neighborhood-serving retail businesses such as grocery stores, pharmacies, and hardware stores. Downtown residents also support service businesses such as hair and personal care, fitness, dry cleaners, and movie rental establishments. Vital downtown professional services include doctors, dentists, lawyers, financial services, and veterinarians.

New independent retailers in the Third Ward and national chains in the Central Business District (i.e. Borders and TJ Maxx) have brought popular retailers closer to downtown residents. Attracting additional retailers, including both chains and independents, could contribute to the image and atmosphere of downtown as a convenient place to shop for residents.

College students are an important market segment for Downtown Milwaukee. Today's students have high levels of disposable income as well as free time to make purchases on goods, services, and entertainment. Many have become downtown residents, filling many of Milwaukee's older apartment buildings as new construction has attracted college graduates and empty nesters. In addition to their spending potential, college students are increasingly important to regional economic development efforts. The growing importance of higher education has placed an emphasis on developing a highly skilled and educated regional workforce. A downtown rich in employment prospects, living opportunities, and amenities can help retain college students after graduation.

## NATIONAL TRENDS

College students tend to have large amounts of disposable income and leisure time. Consequently, students often spend money on technology/ electronic goods and services, entertainment options, and basic consumer goods like snack foods and beverages.

- The average U.S. college student has $211 per month in discretionary spending.
- College students spend more money than the average U.S. consumer on products like designer jeans, laptops and electronics, movies, travel, and recreation.
- Student's unscheduled time includes entertainment and leisure activities such as music, video games, theater, and in-home entertainment.
- College students and their parents spend approximately $34 billion on "back-to-school" items each fall.

## MILWAUKEE'S COLLEGES AND UNIVERSITIES

Milwaukee has 97,000 college students with 63,000 residing in the City of Milwaukee. About 8.3 percent of the metropolitan area's residents age 15 and older are enrolled in college. Of the ten comparison cities, only Columbus, Ohio (at 8.6 percent) is higher. The large number of students provides significant spending potential and a prospective labor pool with a variety of skills. The larger institutions include:

- **University of Wisconsin-Milwaukee - annual full time equivalent of 22,500 students;**
- **Milwaukee Area Technical College - 13,400 full-time students;**
- **Marquette University - 11,000 students;**
- **Cardinal Stritch University - 7,200 students; and**
- **Milwaukee School of Engineering - 2,300 students. This institution is located in Downtown Milwaukee.**

## STUDENT MARKET POTENTIAL

Market potential data from ESRI Business Information Solutions *Tapestry* market segmentation system provides information on college student consumer preferences. Tapestry provides a nationally-based Market Potential Index (MPI) that measures the potential that college students will purchase a product or service, or participate in an activity. The U.S. index is 100. A value above 100 represents potential higher than the national level, while a value below 100 represents less potential. The accompanying table summarizes many of the spending categories with high Market Potential Indices for college students.

| Spending Category | MPI |
|---|---|
| **Sample Purchases** | |
| Bought Men's Designer Jeans | 238 |
| Bought Men's Sweater | 215 |
| Bought Women's Designer Jeans | 176 |
| Bought Engagement Ring | 193 |
| Drank Beer | 140 |
| Bought Adventure Book | 267 |
| Owns a Laptop | 241 |
| Owns a PDA | 242 |
| Purchased a Sony Playstation | 239 |
| Purchased Sofa Bed | 419 |
| Purchased Office Furniture | 171 |
| Purchased Cooking Products | 131 |
| Purchased Bed/Bath Goods | 113 |
| Purchased Cell Phone | 147 |
| Purchased Frozen Pizza | 130 |
| **Personal Care** | |
| Exercise at Club 2+/Week | 211 |
| Diet Control to Maintain Weight | 158 |
| Use Nutrition/Energy Bar | 168 |
| Wear Contacts | 208 |
| **Activities** | |
| Went to Bar/Nightclub | 204 |
| Went Dancing | 254 |
| Dined Out in Past 12 Months | 78 |
| Went to Movies in Past 6 Months | 118 |
| Attended Musical Performance | 187 |
| Played Pool | 235 |
| Played Chess | 212 |
| Did Painting/Drawing | 186 |

| Spending Category | MPI |
|---|---|
| **Media** | |
| Watches Comedy Central | 250 |
| Watches VH1 | 255 |
| Read Women's Fashion Magazine | 224 |
| Public Radio Listeners | 236 |
| Radio Format - Rock | 229 |
| **Restaurants** | |
| Dined at Bennigan's | 369 |
| Dined at Boston Market | 226 |
| Dined at Little Caesar's | 289 |
| Dined at Chili's | 212 |
| **Stores** | |
| Shop at Banana Republic | 369 |
| Shop at Express | 620 |
| Shop at The Gap | 233 |
| Shop at Lerner | 314 |
| Shop at The Limited | 387 |
| Shop at Old Navy | 181 |
| Shop at Target | 138 |
| Shop at Wal-Mart | 97 |
| Shop at TJ Maxx | 182 |
| **Recreation** | |
| Backpacking On Vacation | 306 |
| Foreign Travel - Personal | 259 |
| Participated in Aerobics | 193 |
| Participated in Bowling | 254 |
| Participated in Frisbee | 327 |
| Participated in Jog/Running | 282 |
| Participated in Tennis | 318 |
| Participated in Nordic Skiing | 205 |

Source: ESRI, Tapestry Users Guide CD, "Dorms to Diplomas: market segment."

## STUDENT PERCEPTIONS OF MILWAUKEE

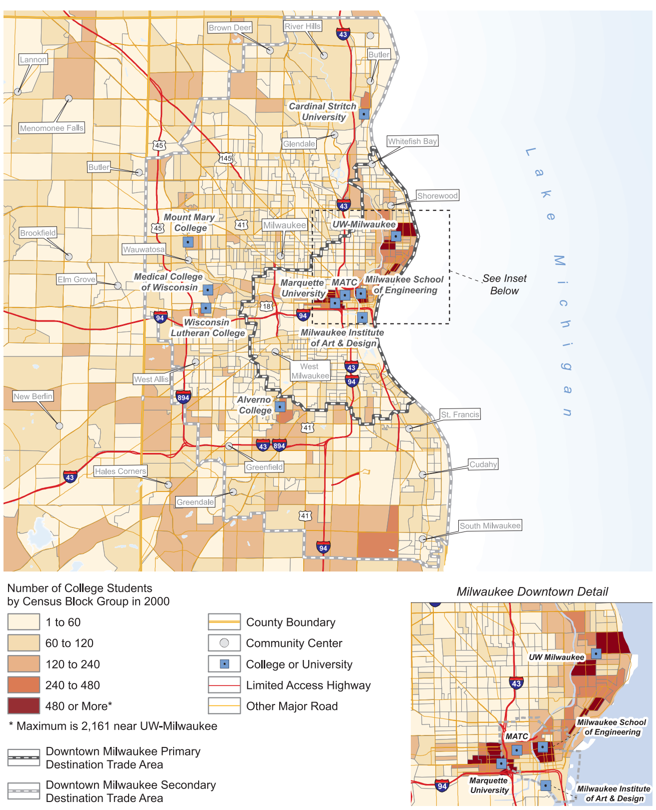
While many focus group participants value the city's size and outdoor amenities, several barriers to capturing student spending potential were also identified:

- **Limited number of underage social activities;**
- **No defined central cultural district;**
- **Limited public transportation options; and**
- **No first-run movie theaters.**

While many focus group participants clearly favored Mayfair Mall for shopping opportunities, many students also stated that transportation to Mayfair Mall is time consuming and not available later at night. Many students are not fully aware of Downtown Milwaukee and its retail, services, and entertainment options.

When thinking about staying in Milwaukee after graduation, many focus group participants feel the city lacks job opportunities and affordable housing. A number of college students feel they could live in the city in their 20's and 30's, but expressed concern that Milwaukee was not a desirable place to raise a family.

### *Number of College Students by Census Block Group (2000)*



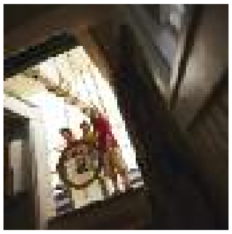

## CONCLUSIONS – IMPLICATIONS FOR BUSINESS EXPANSION AND RECRUITMENT

The analysis of business development opportunities related to students should consider the near-term impact of this market segment on street-level retail, restaurant, and service businesses; and long-term impact on retaining graduates to stay and strengthen the labor force. Marketing efforts that target existing and potential college students should increase the visibility of Downtown Milwaukee as an attractive place for shopping, living, working, and entertainment.

Downtown Milwaukee currently lacks a number of national apparel retailers favored by college students, a movie theater, and stores with a large selection of electronics products. Students would like to see more locally owned businesses; which are preferred over chains by many. Longer business hours may provide students with an alternative to shopping destinations such as Mayfair Mall. Businesses should be positioned to help fill identified gaps and be strategically clustered in locations to effectively appeal to the student market.

Equally important is the opportunity to retain these students after graduation by offering attractive employment opportunities, and living and lifestyle amenities. As current college students are potentially part of the region's future labor force, overcoming negative perceptions about public schools, crime, downtown housing options, and the local job market will be important in retaining college students in Downtown Milwaukee.

# MILWAUKEE | *visitor market*



Cities have come to realize the importance of the visitor market (tourism) as a vital component of the overall economy. It has become a useful tool behind downtown revitalization, job creation, and reinvestment in cities across the country. The development of the tourism industry directly supports various business categories such as lodging, restaurants, entertainment, and retail, and has an indirect impact on others. It also adds to the quality of life for existing residents.

## NATIONAL TRENDS

The tourism and hospitality industry is one of the fastest growing and most dynamic sectors of the global economy. Many cities have embarked on strategies that encompass tourism and the construction of large-scale infrastructure projects. Cities like Milwaukee have built on their:

- **History;**
- **Waterfronts;**
- **Convention Facilities;**
- **Festivals and Events;**
- **Cultural Districts;**
- **Retail and Dining Facilities; and**
- **Friendly attitudes to strengthen their appeal in this sector.**

## MILWAUKEE VISITOR ATTRACTIONS

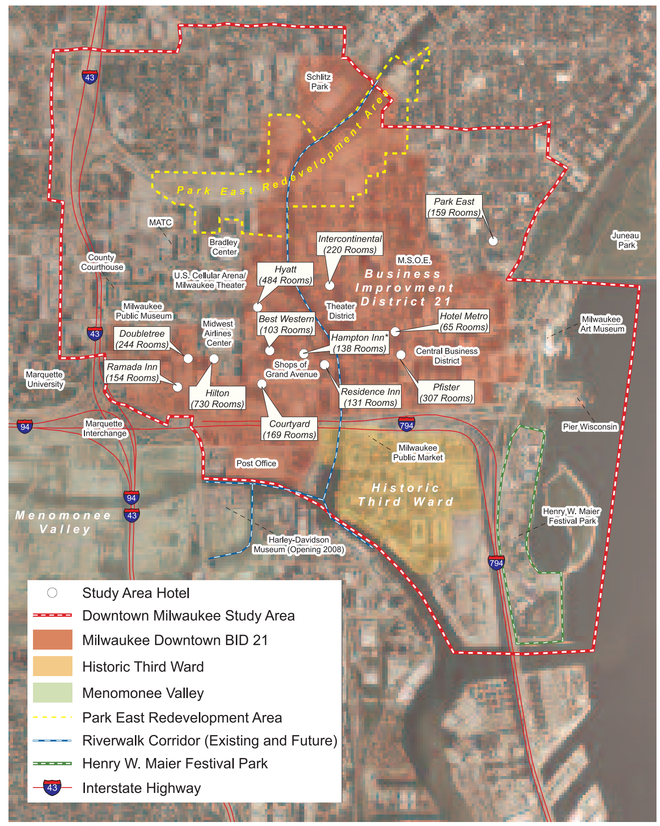
Milwaukee serves as a major Midwest destination for transient business travelers and group meeting attendees. Leisure travelers who visit friends and relatives or local attractions and institutions are also an important market segment.

Downtown tourism facilities include the Midwest Airlines Convention Center, twelve hotels, 156 restaurants, museums, performing arts facilities, sports arenas, retailers, and festival grounds. Since 1998, there has been significant investment in tourism development, including the Midwest Airlines convention complex, Miller Park, the expanded Milwaukee Art Museum, an expansion to the Potawatomi Bingo Casino, the Milwaukee Public Market, high-speed Lake Michigan ferry ("Lake Express"), and new hotels, including Hotel Metro, Milwaukee's first boutique lodging establishment. Recently the Discovery World at Pier Wisconsin and the Milwaukee Intermodal Station were completed and construction is underway for the Harley-Davidson Museum.

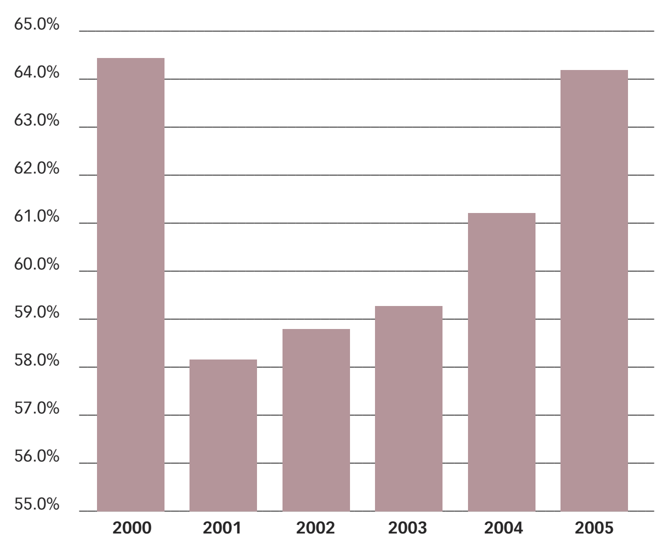
| Selected Downtown Attractions* | Attendance (2004) |
|---|---|
| Milwaukee Public Museum and IMAX | 671,014 |
| Milwaukee Art Museum | 313,778 |
| Betty Brinn Children's Museum | 148,458 |
| Discovery World | 50,000 |
| William F. Eisner Museum of Advertising & Design | 20,305 |
| **Selected Festival**** | |
| Summerfest | 864,866 |
| **Selected Sporting Events***** | |
| Milwaukee Brewers (2005) | 2,211,023 |
| Milwaukee Bucks (2005-2006) | 681,327 |

*Source: The Milwaukee Business Journal, September 16, 2005
**Source: Milwaukee Journal-Sentinel ***Sources: Team/venue websites

### *Visitor Traffic Generators and Hotels in Downtown Milwaukee*

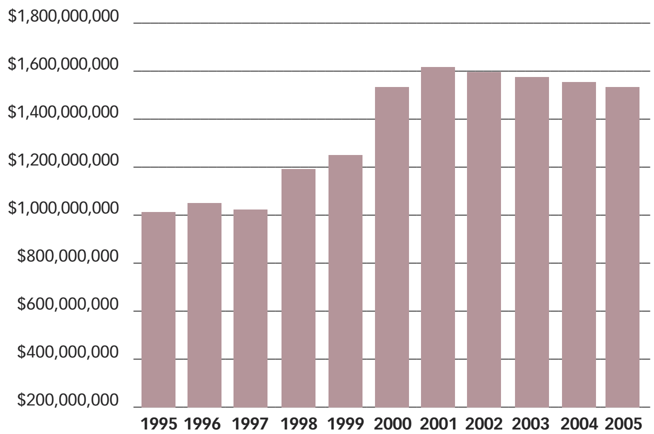



### Hotel Occupancy Trends for Downtown Milwaukee Hotels




Source: Smith Travel Research

**Milwaukee Country Tourism Expenditures 1995 to 2005**




Source: Wisconsin Department of Tourism and David Peterson Associates, Inc.

## VISITATION STATISTICS – WISCONSIN'S TOP VISITOR DESTINATION

Over 6 million people visit the city annually. Over a half million visitors per year are convention attendees. In terms of visitor origin, 47 percent are from Wisconsin, 49 percent from other parts of the US, 2 percent from Canada, and 2 percent are other international travelers.

• Milwaukee County ranks as the top county in the state in traveler spending ($1.5 billion as illustrated by the accompanying bar chart). Recently released data for 2006 indicates that traveler expenditures have increased to $1.66 billion, a 7.6 percent increase over the prior year.

• The Tourism Expenditures graph illustrates a slight decline since the events of September 11, 2001. This is consistent with state and national trends.

• Tourism and visitor spending in Milwaukee supports approximately 39,000 jobs. Lodging, property, and sales taxes collected was an estimated $69 million in 2005.

• Milwaukee's downtown hotels achieved a 64% annual occupancy level in 2005, the highest in five years (see bar chart). Average daily room rates in Downtown Milwaukee were estimated to be $110 in 2005, growing at an annual rate of 2.0% over five years.

• Downtown Milwaukee's lodging occupancy levels vary by month with peak utilization realized during the summer. In contrast, many comparable cities experience a dip in occupancy during the summer as commercial travel slows.

• Some of the largest leisure-time attractions and events are presented in the accompanying table (on previous page).

## VISITOR PERCEPTIONS OF MILWAUKEE

Focus group findings from discussions with hospitality industry representatives indicate visitors are most pleased with:

- **Lakefront;**
- **Green Spaces and Parks;**
- **Entertainment;**
- **Events and Festivals;**
- **Architecture;**
- **Cultural Diversity;**
- **Cleanliness; and**
- **Friendliness.**

Industry representatives see opportunities to improve:

- **Retail (concentration and types of shopping including upscale stores);**
- **Transportation (taxi service, parking, traffic, transit, Amtrak and Metra service);**
- **Entertainment (24/7 entertainment zone, movie theater, family friendly places);**
- **Safety;**
- **Waterway Improvements;**
- **Visitor Centers;**
- **Image; and**
- **Physical connections and linkages among stores and neighborhoods.**

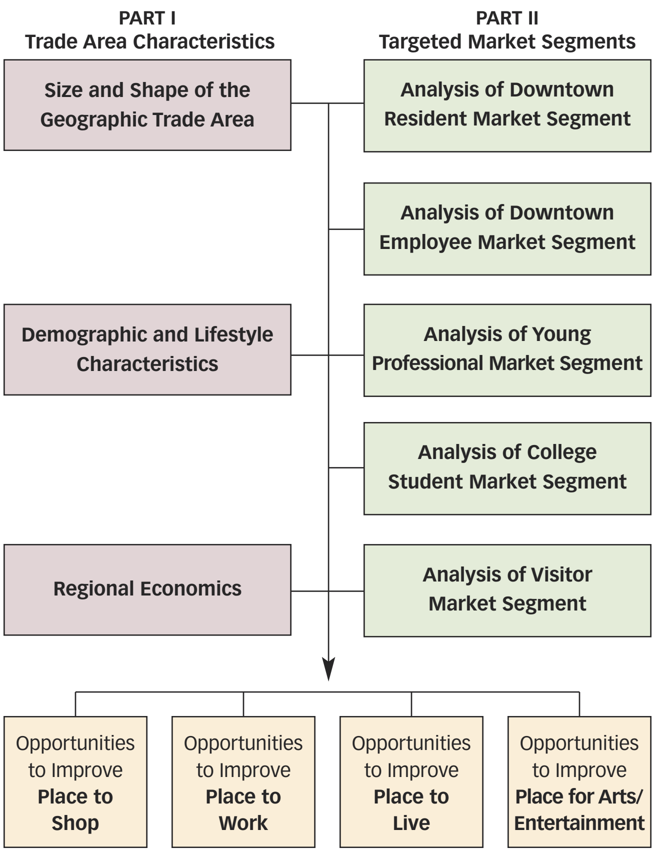
## CONCLUSIONS – IMPLICATIONS FOR BUSINESS EXPANSION AND RECRUITMENT

The analysis of business development opportunities related to visitors should first recognize the size and significance of this segment. The diversity of attractions and events, coupled with a balance between business and leisure travel, add stability to the market and help smooth out demand for products and services throughout the year. Street-level retail, restaurant and service businesses can penetrate this market segment by building linkages to Milwaukee's waterfronts, history, attractions, visitor facilities, festivals, and events. Businesses should be located and positioned to help fill identified gaps and strengthen the connectivity and pedestrian friendly character of Downtown. As with the other segments, spending demand from the visitor market should be viewed as one component of a diversified customer base.

# MILWAUKEE | *conclusion*

The Downtown Milwaukee market analysis provides a foundation for business retention, expansion, and recruitment efforts. Four areas of opportunity have emerged for growing Downtown Milwaukee's economic vitality and improving its contributions to local and regional quality of life.

### MARKET ANALYSIS PROCESS




### DOWNTOWN AS A PLACE TO SHOP

Downtown lacks a critical mass of quality retailers. Outlying shopping centers have successfully out-positioned Downtown in tailoring their retail mix and attracting new flagship retailers. However, Downtown Milwaukee has a variety of opportunities to improve itself as a place to shop and more effectively co-exist with other regional shopping destinations.

- Develop a comprehensive business retention, expansion and recruitment program partially focusing on retail:
  - **Create recruitment and marketing materials based on the information in this market analysis and other sources;**
  - **Assemble specific market information for business prospects on an as-needed basis;**
  - **Develop a list of targeted businesses and perform active recruitment;**
  - **Host and court business prospects visiting Downtown Milwaukee;**
  - **Help existing businesses identify and develop opportunities for growth and expansion;**
  - **Provide needed business technical assistance; and**
  - **Promote businesses to targeted markets.**

- Continue to enhance pedestrian and transit connections among retail nodes and demand generators. Encourage contiguous, pedestrian friendly shopping arrangements to help generate a critical mass of retail and pedestrian traffic. Support transportation improvements as part of a modern and comprehensive transit system to better link retail nodes. Encourage retail infill in five strategic areas:
  - **Wisconsin Avenue between the Midwest Airlines Center and the Lakefront;**
  - **The area bounded by Water Street, Wells Street, Jefferson Street and Wisconsin Avenue;**
  - **Water Street between the Park East Redevelopment Area and the Milwaukee Public Market;**
  - **Third Street/Dr. Martin Luther King Drive between Cherry and Wisconsin; and**
  - **The area bounded by St. Paul, Milwaukee, Menomonee and Water.**

- Recruit a base of image-building destination retailers to reestablish Downtown as a shopping destination. Image-building retailers could include "first-in-Wisconsin" national or regional chains, flagship stores for Wisconsin-based retailers, additional unique independent retailers (such as those found in the Third Ward), or national retailers developing a unique format (i.e. multi-level big-box retailers). Special consideration should be given to locally-owned businesses as their uniqueness appeals to certain key market segments and adds to the retail diversity.

- Develop niche-based retail clusters to distinguish downtown commercial nodes from other shopping destinations. Possible niches could include:
  - **Home goods and furnishings;**
  - **Apparel niche serving young professionals, students, condo residents, and office workers;**
  - **Personal goods and services targeting study area residents and office workers;**
  - **Arts and crafts niche building upon the Study Area's galleries and performance venues;**
  - **Dining niche building upon the unique restaurants already Downtown;**
  - **Downtown employee conveniences; and**
  - **Electronics and technology-related stores that serve as a popular niche among office workers.**

- Promote Downtown Milwaukee's retail environment around its competitive advantages in the region:
  - **Proximity to a variety of large scale, non-retail traffic generators;**
  - **Captive market segments including over 15,000 residents and 78,000 employees;**
  - **Density and access to 878,000 residents in the primary and secondary trade area;**
  - **Variety of commercial spaces; and**
  - **Uniqueness, authenticity, and history of the shopping atmosphere.**

### DOWNTOWN AS A PLACE OF WORK AND BUSINESS

Downtown Milwaukee, with high-profile companies and 78,000 workers, is the economic and geographic heart of the Milwaukee 7 Region. Downtown can contribute to the region by serving as a center of interaction, expertise, and diversity.

- Develop and market Downtown Milwaukee as a place of interaction:
  - **Promote Downtown Milwaukee as a place for networking for both labor and firms;**
  - **Promote the Study Area's transportation links and their potential enhancements including its location relative to the state's busiest highway interchange, General Mitchell International Airport, the Lake Express ferry, and the re-developed Milwaukee Intermodal Station;**
  - **Promote Downtown as a de facto business incubator that provides entrepreneurial support; and**
  - **Continue to develop a sense of community downtown (the Downtown Employee Appreciation Week is an example of an effective effort that builds camaraderie within the workforce).**
- Promote and enhance Downtown Milwaukee as a place of expertise:
  - **Promote Downtown Milwaukee's Educated Workforce – Both residents and workers of the Downtown Study Area tend to have high levels of educational attainment;**
  - **Support efforts to improve the public perception of Milwaukee Public Schools;**
  - **Create opportunities to connect Milwaukee's students with Downtown employers; and**
  - **Promote Downtown commercial space to regional business concentrations tied to potential industry clusters in the state and region.**
- Enhance Downtown Milwaukee as a place of diversity:
  - **Use Downtown Milwaukee's historic and landmark buildings to market the business district and distinguish it from other potential office locations;**
  - **Continue to build diverse amenities desirable to downtown workers and employers to increase workplace satisfaction and retain and recruit necessary labor; and**
  - **Foster an ethnically diverse community that uses Downtown to live, work, and play.**

### DOWNTOWN AS A PLACE TO LIVE

Reinvestment in downtown housing has been one of the primary drivers behind Downtown Milwaukee's economic resurgence. While Downtown Milwaukee clearly is a desirable place of residence, there are a number of market opportunities for improving Downtown as a place to live.

- Promote the advantages of living downtown and its unique living environment:
  - **Downtown Milwaukee provides an urban environment that is clean, walkable, friendly, and safe;**
  - **Downtown Milwaukee is a medium-size city with big-city amenities;**
  - **Downtown Milwaukee has a variety of housing that meets the needs of key market segments; and**
  - **Downtown Milwaukee has a variety of future development opportunities.**
- Continue to improve the Downtown pedestrian environment and transit options to better link Downtown residents with their employment, shopping, entertainment, and recreation amenities.
- Continue to develop neighborhood-serving businesses to ensure a proper mix of base goods and services.
- Focus on key resident market segments of young professionals, students, and empty nesters while becoming an advocate of MPS.
- Foster neighborhood cohesiveness and the building of a "sense of community" to overcome resident mobility, changes in the housing inventory, and generational differences.
- Foster ethnic diversity in Downtown neighborhoods through marketing efforts to various ethnic communities and further development of community assets attractive to these groups.

### DOWNTOWN AS A PLACE FOR ARTS AND ENTERTAINMENT

Downtown districts are natural places to foster the growth of arts and entertainment given their history, character, and overall "sense of place." A number of opportunities exist that might improve Downtown Milwaukee as a place for arts and entertainment.

- Promote physical and non-physical links among disconnected attractions. Downtown Milwaukee has a strong arts and entertainment base. However, many of its entertainment venues are scattered throughout the Downtown Study Area. Several strategies for connecting these areas could include:
  - **Create a "Downtown Entertainment Pass" by packaging multiple venues under one ticket;**
  - **Develop designated entertainment areas in the Third Ward, along the Riverwalk and on Water Street;**
  - **Designate an arts corridor that connects the Third Ward, the Lakefront, and the theater district;**
  - **Create a central ticket depot for all downtown cultural and entertainment attractions;**
  - **Create visually prominent signage to direct pedestrian and vehicular traffic; and**
  - **Develop messages to address the negative perceptions of safety, congestion, and parking that might discourage others from coming downtown.**
- Consider additional opportunities to market Downtown Milwaukee's Arts and Entertainment Prospects:
  - **Work with existing arts groups and entertainment venues to connect them with key market segments through continued art crawls, exclusive events, gallery nights and other activities;**
  - **Continue Downtown Dining Week to promote Downtown Milwaukee's growing reputation as a high-quality dining district; and**
  - **Work with regional leaders to build broader geographic support for arts and entertainment.**
- Continue building the Downtown's critical mass of shopping opportunities and fill gaps in the current entertainment business mix. Downtown Milwaukee lacks certain retail categories and a shopping density that would complement the leisure-time experience. In addition, further market research should explore the potential for a multi-screen movie theater in Downtown Milwaukee.

**MILWAUKEE** | *open for business*

## MARKET RESEARCH BECOMES CORNERSTONE FOR BUSINESS RETENTION AND RECRUITMENT

- **CREATE A CLEARINGHOUSE OF MARKET DATA –** Establish Milwaukee Downtown, BID #21 as the central source for downtown data. Offer assistance to existing businesses and aid in the recruitment of new companies and entrepreneurs.
- **UPDATE AND ENHANCE MARKET RESEARCH –** Respond to changes in new regional competition or changing consumer preferences with updated and/or enhanced market research.
- **COMPLEMENT EXISTING DOWNTOWN REDEVELOPMENT –** Build upon previous studies performed for Milwaukee Downtown, BID #21 and supplement objectives identified in the 2008 Downtown Master Plan.
- **EXPLORE SPECIFIC BUSINESS OPPORTUNITIES –** Provide a framework for examining expansion and recruitment opportunities by specific business categories.
- **UNDERSTAND MILWAUKEE'S POSITION IN THE REGIONAL ECONOMY –** Identify prospects for Downtown Milwaukee to capitalize on its geographic and economic position in the regional economy.
- **ASSESS DOWNTOWN'S PHYSICAL LAYOUT AND IMPACT ON FUTURE DEVELOPMENT OPPORTUNITIES** Examine opportunities and challenges to developing business clusters and create linkages among downtown districts and traffic generators.

## COLLABORATION PARTNERS

- **MILWAUKEE DOWNTOWN, BID #21** An organization established in 1998 to support the interests of the downtown Milwaukee business community, Milwaukee Downtown is a management district that oversees 120 blocks representing approximately 400 property owners in the center of downtown Milwaukee with clean, safe and friendly initiatives.
- **MILWAUKEE DEPARTMENT OF CITY DEVELOPMENT** The City of Milwaukee agency responsible for business development, real estate development, planning, permitting, and public housing.
- **UW-EXTENSION CENTER FOR COMMUNITY AND ECONOMIC DEVELOPMENT** An extension of the University of Wisconsin that creates, applies and transfers multidisciplinary knowledge to help people under stand community change and identify opportunities for development.