

Alliant Energy Center Redevelopment Committee

Potential Market Opportunities Report: Purpose, Key Findings & Next Steps

April 15, 2024

The following is a brief overview of the purpose, key findings, and next steps regarding the Potential Market Opportunities report for the Alliant Energy Center (Center) as completed by Hunden Partners in February 2023 for the Redevelopment Implementation Committee (Committee).

Purpose

The primary purpose of the study was to update the Alliant Energy Center Market, Financial, Facility, and Impact Analysis prepared by Hunden Partners in 2017 to determine how convening markets may have changed since then and in light of the COVID pandemic in particular. The study provides:

- An identification of potential market opportunities that align with the Center's location, existing facilities, and potential future improvements;
- A list of potential public and private improvements to the Center to meet the market demands;
- Rough cost estimates for the potential improvements provided in 2027 dollars;
- Projected increased average annual revenues/losses, attendees, and overnight stays associated with the potential improvements over the next 10 years;
- The consultant's suggested order of priority based on costs and impacts; however, specific funding sources for the recommended improvements were not addressed; and
- A long-term guide for determining future improvements to the Center.

Key Findings

Key findings include:

- The **market for conferences and conventions nationally has nearly fully recovered** to pre-pandemic levels and is expected to exceed those levels in the next year or so. More and more travelers are mixing business and leisure and are looking for locations like Madison that are attractive for both.
- **The Coliseum is obsolete** for serving as a venue for larger concerts, family shows, and sporting events, and its size and shape are not compatible with modern event needs.
- Concert **ticket sales in the Madison market are less than half of those in Milwaukee** on a per person basis, and less than those in Green Bay, creating a strong potential for public-private partnerships to develop a new arena.
- The **market for agricultural shows remains strong**, with some existing events demanding more exposition space and show rings to grow their events in both size and scale.
- The Center attracted more annual visitors prior to the pandemic than it has following the pandemic. Unlike the majority of similar venues across the country, the Center had positive net operating incomes from 2015-2019, peaking in 2017 at \$675,000. Following the pandemic, net operating revenue fell to a \$1 million loss in 2021. Losses are expected to decrease as the Center regains events, but it **is unlikely the Center will achieve positive operating incomes without substantial facility improvements/expansions**.
- All of the Center's **top competitors within the Ag-Expo-Event space have recently undergone either a renovation/expansion** or are exploring options to do so.

- Going forward, the performance of the Center “As-Is” is expected to decline as the facilities become obsolete and competitors continue to invest in theirs. **If improved, the Center is expected to become profitable once again.**
- As identified in the 2017 market study and the 2018 Alliant Energy Center Campus Master Plan, **space continues to be a constraining factor to growth for many of the Center’s largest groups.** Accordingly, an expansion of the Expo Hall that includes exhibit space, a large ballroom, and several additional meeting rooms remains the top need to retain these events and compete with other top venues in attracting larger conventions and new higher-rated groups. The proposed 140,000 sq. ft. addition and related site improvements would cost \$175 million to build and generate an annual return of \$2.7 million along with an additional 17,000 annual room nights.
- Community feedback revealed **a desire for added greenspace and greater access to the Campus.** This can be accommodated with the replacement of the Arena Building and Bob Johnson Training Facility in the middle of the Campus with a new Central Plaza that would serve as a central focus point and provide additional green space and outdoor exhibition and performance space. The proposed 125,000 sq. ft. space would cost \$4.7 million to build and generate with undetermined annual returns and room nights.
- Madison has **ample opportunities to induce sports tourism with new sports facilities.** An indoor facility potentially could be accommodated in a repurposed Coliseum or in a new building if the displaced parking can be accommodated elsewhere on the campus. Such a facility also would address the needs of area youth. Following the “Kemper Model” in Kansas City, MO, conversion of the Coliseum to a youth sports facility would cost \$61 million while operating at an annual loss of \$53,000 and generating an additional 9,100 annual room nights.
- **A multiuse entertainment arena potentially could be developed in partnership** with one or more private entities to replace the Coliseum to host concerts and family shows. The proposed 10,000-seat arena would cost \$347 million to build and generate an annual return of \$1.6 million along with an additional 5,900 annual room nights.
- **A new Amphitheater on Willow Island** or elsewhere on the Campus would cost \$1.5 million to build and generate an annual return of \$280,00 along with an additional 2,000 annual room nights.
- **A new Livestock Show Ring** would cost \$17.2 million to build and reduce the annual operating losses of the New Holland Pavilions by \$1 million and generate an additional 4,000 annual room nights.
- With all of some of these facility improvements, **a headquarters hotel and additional food and beverage opportunities are crucial to developing a walkable district** and attracting new, larger, higher-impact groups. Total investment in private development on the Campus could total \$320 million and generate an annual return of \$9.7 million and generate an additional 30,700 annual room nights.

Next Steps

- In April, the Committee will conclude its discussions of the consultant’s findings and **make recommendations** to the County Board and County Executive on project priorities and approaches.
- Over the coming months, the Committee will **investigate potential funding sources** (including public/private partnerships) and prepare detailed funding strategies for the priority improvements.
- The Committee will investigate **opportunities for more immediate and complementary private development** on the Campus.