MARKET REPORT

Milwaukee's Rebounding Lodging Industry and Future Economic Growth

JULY 28, 2023

Following the impacts of the COVID-19 pandemic, Milwaukee is positioning itself as a sought-after destination for major events and continued economic growth. With a strong lineup of events, including the Republic National Convention in 2024, and ongoing developments in the city, Milwaukee's hotel market is set for a prosperous future.

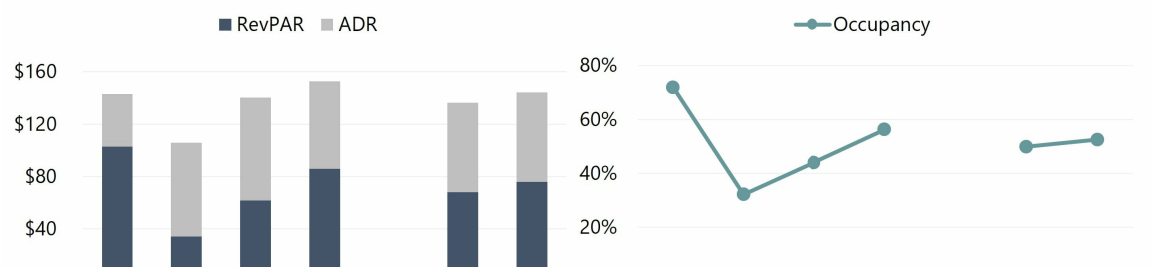
The COVID-19 pandemic had a significant impact on Milwaukee's hotel market, particularly in 2020 when the city experienced a decline in tourism and major event cancellations, coupled with the addition of new supply. However, as the world moves towards recovery, Milwaukee is showing signs of revitalization. With various area development projects, the expansion of the convention center, and the addition of new hotel supply, the city's hotel market is poised for a continued rebound in 2023.

Market Performance and Impacts

In 2022, Milwaukee experienced a significant improvement in both occupancy and ADR. ADR levels surpassed 2019 levels, primarily driven by heightened leisure demand and increasing return of employees to offices.

The improvement in both occupancy and ADR has continued through May 2023 and is anticipated to extend through the rest of the year, primarily driven by the events and festivals this summer and fall. Citywide events include the USA Triathlon, Summerfest, PrideFest, German Fest, Wisconsin State Fair, Mexican Fiesta, and PolishFest. In addition, Harley-Davidson celebrated its 120th anniversary in mid-July 2023 with a Homecoming Festival. The city's selection as the host for the Republican National Convention (RNC) in July 2024 further solidifies its status as a sought-after destination for major events.

Milwaukee Hotel Metrics





Source: STR

Major Area Developments

Despite the effects of the pandemic on Milwaukee, the city has experienced significant area developments in the recovery period that point toward a promising future.

- The $500-million renovation of Northwestern Mutual's North Office Building is set to begin in the fall of 2023 and be completed in 2027. This renovation will relocate approximately 2,000 workers from the company's campus in Franklin.
- The reopening of the America's Black Holocaust Museum in February 2022 after its closure in 2008 has provided an important cultural and educational space for the community.
- Plans are underway for the Bronzeville Center of the Arts to build a $55-million, 50,000-square-foot museum and events space. This facility will replace the former Wisconsin Department of Natural Resources building.
- The Milwaukee Public Museum is scheduled to break ground on a new building later this year. The facility is expected to open in 2026, featuring a planetarium, live butterfly vivarium, rooftop terrace, and dynamic exhibits.

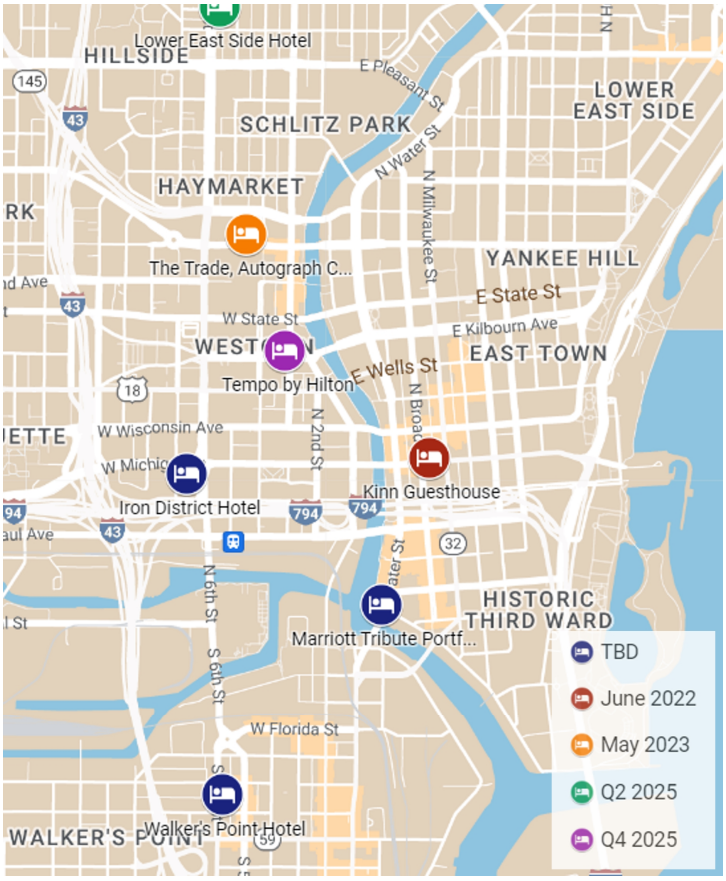
Milwaukee is also set to embrace new recreational and entertainment opportunities with a number of upcoming projects.

- By the summer of 2024, the city will welcome its first public dog park, followed by the construction of a three-story taproom by Foxtown Brewing. These dual projects are currently undergoing city design reviews. The dog park is scheduled to start construction this fall and be completed by spring or early summer of 2024.
- Construction has begun on the apartments of the Iron District mixed-use development project, a $160-million endeavor that will encompass a soccer stadium, a 140-room hotel, affordable apartments, and an event venue. Anticipated to open in the spring of 2025, the stadium will become the home of Milwaukee's franchise in the USL Championship division, as well as Marquette University's soccer and lacrosse teams.
- The highly anticipated $456-million expansion of the Baird Center (formerly the Wisconsin Center) in Milwaukee is on track to host its first event in May 2024. This significant investment in the convention center will provide an enhanced and contemporary venue for hosting a wide range of events, including conventions, conferences, and exhibitions.
- The Department of City Development (DCD) in Milwaukee is actively working on expanding and improving the city's riverwalk system. Initially established along both sides of the Milwaukee River, stretching from the former North Avenue Dam through Downtown and the Historic Third Ward to Lake Michigan, the riverwalk has undergone expansion. It now extends into the Harbor District along the Kinnickinnic River.

New Supply

Despite the impacts of COVID-19 on the lodging industry and the addition of approximately 1,000 guestrooms from 2018 through 2020, several proposed hotel developments are in the pipeline, as illustrated in the map below.





Conclusion

Milwaukee is positioning itself as a sought-after destination for major events and continued economic growth. With a strong lineup of events and ongoing developments in the city, including the Republic National Convention in 2024, Milwaukee's hotel market is set for a continued rebound and prosperous future.

For more information or to inquire about a specific hotel project, contact Amy Schmidt with our Chicago team.