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## Madison suburbs see a hotel building boom

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VERONA — The hotel's lobby is high-ceilinged and decorated in sophisticated, serene hues. A fountain splashes softly in the background. Guest rooms are equipped with 32-inch LCD flat-panel TVs and wireless Internet access.

There's a state-of-the-art fitness center, an indoor pool and whirlpool, and a fireplace in the great room. A van stands ready to ferry visitors anywhere from the airport to business meetings to restaurants.

In short, it's got all the amenities and services you'd expect in a metropolitan hotel — except this Holiday Inn Express Hotel & Suites is not in Downtown Madison but in suburban Verona, population just over 10,000.

"Travelers are savvy. They come to our community expecting not a mom-and-pop kind of hotel," said the hotel's general manager, Charlie Eggen. "They come expecting an upscale experience. That's really what we try to provide."

The \$8 million, 109-room hotel opened in late May and is among a growing crop of hotels that — like so many residents — are settling in the suburbs.

The influx of hotels into Madison's suburbs also reflects changes in those communities. Populations in many suburbs have boomed in the past decade, and some are reaching a critical mass where residents expect a certain level of services and amenities — including hotels.

Passing the 10,000 population mark in Verona "really did trigger interest on the part of the retail-commercial market, which then triggered the need for additional hotel capacity," said Verona city administrator Shawn Murphy.

Communities are also finding hotels are helping their bottom lines.

In addition to bringing in customers for restaurants, dry cleaners and other businesses, municipalities can impose a room tax — a surcharge levied on hotel guests — which is often used to promote tourism or other economic development.

"To have these travelers staying in our community can't have anything but a positive effect on our community ... because you're taking those people who were spending their money in the Madison area and now they're spending money in Verona," Eggen said.

### **Middleton hotels**

Nowhere is the booming suburban hotel business more evident than in Middleton, population about 17,000.

In the past five years, new hotels there have included a Residence Inn, Country Inn Suites, Hilton Garden Inn, Staybridge Suites and the 135-room Courtyard Marriott, which opened last summer.

"They all seem to be happy in terms of their occupancy rates," said Van Nutt, executive director of the Middleton Chamber of Commerce. The newcomers joined several other long-standing hotels in Middleton: the Colonial Motel, which has been around for about 50 years, and the Marriott Madison West and Fairfield Inn, each about 20 years.

Nutt said developers are poking around two or three other sites in the city that could be prime candidates for hotels, including the Tribeca Village development, Harvard Square and Nursery Drive. The city shares and has a stake in that building enthusiasm. Middleton's room tax revenue more than doubled from 2003 to 2007, with reported revenues of \$920,262 last year, according to data submitted to the state Department of Revenue.

With this funding, "We'll be able to do a lot more proactively to help market those facilities and the community through our tourism department, where in the past there wasn't nearly as much budget to do that," Nutt said.

### **Business demand**

Many of the new hotels are simply following the lead of businesses that have moved to the suburbs.

When medical software giant Epic Systems moved its corporate headquarters to Verona in late 2005, for instance, the hotel market blossomed on Madison's West Side and surrounding metropolitan area.

In an average week, Epic brings in about 220 visitors to attend training sessions, company spokeswoman Terri Leigh Rhody said. In September, Epic will host its annual users group meeting, with up to 4,000 participants. Many will need a place to stay.

"Without Epic, we wouldn't be here," said Eggen, whose hotel is just minutes from Epic.

With its many shops, restaurants and other attractions, Downtown Madison remains a major destination for travelers doing business in the suburbs. But increasingly, travelers prefer the convenience of having hotels nearer their destinations, Rhody said.

Fitchburg's experience has been fairly typical. The city's population — now topping 23,000 — has doubled in the last two decades. Its proximity to Madison, the presence of major employers such as Promega Corp. or

CDW Berbee Information Networks, and the opening of big-box retailer SuperTarget have all made it an attractive location for hoteliers. Since 2000, three major hotels have opened in the city. Since enacting a room tax in 2001, revenue from hotels in Fitchburg has grown from \$57,344 to \$202,838 in 2007.

### **Oregon plans**

The village of Oregon, population about 8,700, is considering construction of its first hotel. The project has yet to come before the Village Board, but local developer Paul Lynch, of PLH and Associates, is working on plans to build a 70-room Holiday Inn Express Hotel & Suites on Park Street.

The time could be right for such a project, said Mike Gracz, village administrator, adding that a hotel would provide needed local options for accommodations and meetings.

"I've tried to reserve a room for my relatives in Madison during a Saturday football game, and forget it. This just provides a lot of good possibilities for the village," he said.

An ice arena scheduled to open in Oregon this fall is also expected to generate visitor traffic for the area with hockey tournaments. The village does not currently have a room tax on the books but that issue is expected to be addressed in the near future, according to Gracz.

### **Looking ahead**

As Madison's suburban areas evolve and grow, they may increasingly meet the criteria that hotel developers are looking for, said Eric Lund, a former executive vice president with Great Wolf Resorts and co-founder and CEO of Fitchburg-based S&L Hospitality. Lund's business owns and manages about a dozen hotels in several states.

"It's location, location, location," Lund said. "You do generally want to locate yourself near an area where people can easily access places to eat. Shopping is a plus as well, or an outlet for something to do, a place to meet people. All these can mean it's a good, vibrant area."

Most hotels in the suburbs are what the industry calls limited-service brands without restaurants. They also tend to be mid-sized, 80 to 120 rooms rather than 200. For developers, land and construction costs are generally cheaper in the suburbs. There also tends to be less competition.

For hotel patrons and the communities that host them, that has meant a lot of new opportunities.

"If someone's been to Downtown Madison 10 times for business travel, unless they're obsessive-compulsive, why not try Middleton or one of other immediate outlying communities?" asked Nutt.

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