

The Millennium Park Effect

CREATING A CULTURAL VENUE WITH AN ECONOMIC IMPACT

Edward K. Uhler, FAIA

Northern cities in the United States with a cold climate and a diminishing industrial base have to create new opportunities to compete in today's global economy. Retaining their existing population and businesses, maintaining healthy tax base, attracting new business, retaining and enhancing convention business and expanding tourism visits are among the critical economic elements that a city must have to be successful. In 1998, Mayor Richard M. Daley initiated a project that would change the way the rest of the world would view Chicago. He established a partnership with Chicago's generous philanthropic community and together they produced a spectacular cultural venue adjacent to the central business district that has become an economic dynamo. This cultural park has replaced all the other icons as the one that now defines Chicago to the world.

Aerial view of Millennium Park looking north.

Millennium Park, Chicago's newest addition to its extensive lake front park system, was formally opened with a grand celebration on July 16, 2004.

This 24.5 acre park, which is located at the north-west corner of Grant Park, Chicago's "front yard," has transformed 16.5 acres of commuter rail lines and a surface parking lot and another eight acres of shabby park land which fronted historic Michigan Avenue into an outdoor cultural venue. It is a place for Chicagoans and tourists to enjoy gardens, ice skating, outdoor and indoor concerts, restaurants, festivals and fairs, fountains and water features, and interactive public art.

Creating a New Chicago Icon

Many architects, landscape designers and artists have contributed to create this new Chicago icon. Frank Gehry designed the outdoor Jay Pritzker Music Pavilion, which has monumental stainless steel sculptural curls that surround the proscenium. The venue accommodates 11,000 people, 4,000 in fixed seats and 7,000 on the listening lawn. He also designed the sinuous, stainless steel clad BP pedestrian bridge. Hammond Beeby Rupert Ainge designed the 1,500-seat underground Joan W. and Irving B. Harris Theater for Music and Dance as well as the two north Exelon Pavilions, which generate electricity with their fully integrated curtain walls of photovoltaic cells. These cells convert the sun's energy into 68.8 KW of electricity annually.

Renzo Piano designed the two south Exelon Pavilions to recall the design of his future Art Institute of Chicago addition, which will be directly across the street from the park. The team of Kathryn Gustafson, Jennifer Guthrie, Shannon Nichols (GGN), Piet Oudolf and Robert Israel were selected after an international competition to design the Lurie Garden which metaphorically reflects the history of the site. The garden contains 140 perennial plant varieties and a total of 28,000 plants. OWP/P designed several elements along Michigan Avenue including the historic Peristyle replacement in Wrigley Square and the McCormick Tribune Plaza and Ice Rink. SOM provided the design for the other historic architectural features along Michigan Avenue and Muller and Muller Ltd. designed the 300-space underground commuter bicycle facility.

There are two art pieces within Millennium Park that have received extraordinary public acceptance because they provide a community experience that is very interactive. Anish Kapoor's Cloud Gate Sculpture on the SBC Plaza is a 110-ton elliptical object best described as a very large drop of mer-



Peter J. Schulz

The Crown Fountain

cury that is constructed of welded, highly polished, 1/4 inch thick, stainless steel plates that presents a seamless reflection of the park, the sky, and the fabulous Chicago skyline. Jaume Plensa's Crown Fountain consists of two 50 feet high glass block towers that face off in a reflecting pool. The towers project the faces of 1000 Chicago citizens on LED screens behind the glass, who during their five minutes of video exposure, expel a stream of water from the center of each tower for the last minute.

Millennium Park's many "enhancements" were funded by an extraordinary public/private partnership. The city's \$270 million commitment which was used to provide the park's infrastructure came from \$175 million in construction bonds that will be retired by the fees paid by people who park in the 2,200-space Millennium Garage built beneath the park and \$95 million in tax increment financing bonds provided by the Central Loop TIF. The private sector with \$1 million minimum donations from 105 individuals, foundations, and corporations has generated \$160 million for the Millennium Park enhancements and \$60 million as a separate campaign for the Harris Theater for Music and Dance. Ten of the donors gave between \$3 million and \$15 million to underwrite the special "enhancements" on top of the park. This combined total of \$220 million also includes a maintenance endowment of over \$30 million.

Edward K. Uhler, FAIA, was the Director of Research and Planning at the Chicago Park District until his appointment by Mayor Richard M.

Daley in 1998 as Director of Design for the Millennium Park construction project. He is now serving as Director of Planning, Architecture and Landscape for the completed Millennium Park.



Chris McGuire

Cloud Gate

Impact on Chicago's Economy

Millennium Park completely opened in the summer of 2004, but its impact on Chicago's economy was established years before since the park was opened incrementally. Real estate values and the property tax base were enhanced as early as the spring of 2000 when it was reported that a Michigan Avenue commercial building was sold for \$90 a square foot, more than double what the seller purchased it for six years before. The seller maintained that this substantial increase was because Millennium Park was under construction. As reported in *Crain's Chicago Business*, the opening of Millennium Park stimulated the sales of condominium projects along central Michigan Avenue "with buyers standing in line for hours to put down deposits, and sales contracts being signed at a faster pace than any other downtown neighborhood."

A total of seven condominium projects are attributing their successful sales to Millennium Park. The most prominent is the 57-story tower Heritage at Millennium Park which is now totally sold out and includes a unit that Mayor Daley will

be moving into. The average price per square foot of the Heritage was \$592 which puts it at a new top fee for the condo market. As reported in *Crain's*, Gail Lissner, president of Appraisal Research Counselors Ltd., a Chicago research firm that tracks condo sales, said "the opening of Millennium Park has had a huge effect on the market. It's really pulling that center of gravity in the condo market southward."

Millennium Park has created a very strong appeal for young professionals, retirees or "empty nesters" to move back downtown from the suburbs. The central business district not only has Millennium Park with its largely free cultural attractions, but it also has many other cultural institutions, proximity to many business and corporate headquarters, and the potential of great views of the park, the lake and Chicago's incredible skyline. The Millennium Park, Economic Impact Study prepared by URS and the Goodman Williams Group and released in April of 2005, calculated that the impact over the next ten years on the adjacent real estate market that is directly attributable to Millennium Park totals \$1.4 billion.

A second economic benefit of Millennium Park is its ability to attract new businesses or enhance the existing businesses. This factor will result in more jobs, increased tax revenue, maximize occupancy of retail spaces, expand hotel occupancy, and increase visits to the area's cultural institutions. The stretch of Michigan Avenue south of the river has always lacked the cache of the North Michigan Avenue's "Magnificent Mile." Until Millennium Park opened there were quite a few vacancies and the existing stores were not considered high end.

Central Michigan Avenue has always benefited from the many cultural institutions located there including the Art Institute of Chicago, the Chicago Cultural Center, Symphony Hall, the Fine Arts Building, the Spertus Museum, and four major universities and colleges. With the arrival of Millennium Park this area can now rightly claim the title of "Cultural Mile." The Harris Theater at the north end of the park also is the eastern anchor for the Randolph Street Theater District. Millennium Park sits at the nexus of all of this activity and has become the area's greatest asset. The benefits over the next ten years, as calculated in the Millennium Park, Economic Impact Study, will be from \$428.5 million – \$586.6 million for hotels, from \$672.1 million – \$867.1 million for restaurants, and from \$529.6 million – \$711.1 million for retailers.

In a recent *Chicago Tribune* article, the manager of the Moonstruck Chocolate Co., which struggled for three years before Millennium Park opened, was quoted saying "there's been a big increase in the amount of foot traffic, sales are up 50% from where they were last year."

Chicago also has to compete with cities with more favorable weather to retain existing and attract new businesses. The quality of life which includes cultural opportunities is a major consideration. The existence of Millennium Park played a role in attracting Boeing and BP subsidiary Innovent to locate their corporate headquarters in Chicago.

The third economic benefit provided by Millennium Park is the attraction of tourists. The largest segments are those traveling for pleasure whether they are from Chicago, the Midwest region or a foreign country. Three other tourist segments also will visit Chicago including those who attend conventions and meetings, those who have business related meetings and those who are here for personal business, visiting relatives or friends.

The Jay Pritzker Pavilion and the BP Bridge designed by one of the world's greatest living architects, Frank Gehry, have been significant tourist draws in their own right. When the Guggenheim Museum opened in late 1997, the industrial city of Bilbao, Spain, became an instant tourist pilgrimage, attracting 1.4 million visitors in the first year. The "Bilbao effect" is causing local and regional governments everywhere to look at innovative and unusual architecture to lure the tourist dollar. We now consider our new park to have a similar impact — the "Millennium effect" — although Chicago has much more to offer than Bilbao.

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The first six months after Millennium Park opened over 2 million people visited. We expect that the yearly visitation will be in excess of 3 million. This attendance translates into significant revenues to be realized by Chicago businesses. The average expenditure for international visitors is \$300 per day and overnight domestic visitors is \$150 per day. As quantified in the Millennium Park, Economic Impact Study, total visitor spending over the next ten years from 2005 to 2015 will range between \$1.9 billion and \$2.6 billion.

The fourth economic benefit for Millennium Park is its ability to attract retirees. Baby boomers are looking for an active lifestyle with facilities, to work, live and play that anticipate their diminishing mobility and fixed incomes. Millennium Park is compact and universally accessible and it has mostly free programming. The Central Business District with all its proximity to cultural programming, excellent transportation, and wonderful health care is a logical place to retire. Senior citizens are also among the major constituents of Millennium Park.

Part of the Big Picture: Millennium Park and Downtown Development

The development of Millennium Park is a success story in its own right. But to be fully understood, it needs to be seen as an element of a larger plan whose goal is, in simplest terms, to expand downtown Chicago and fill it with more residents, workers, and visitors. This vision is laid out in the Central Area Plan (CAP), a product of Chicago's Department of Planning and Development.



"We really had an economic motivation from the get-go," said Jon B. DeVries, AICP, founding director of the Chicago School of Real Estate, Roosevelt University, and a CAP consultant. "We've had two decades of extraordinary economic growth in the central area of Chicago. How do we position ourselves to continue that growth, and maybe even expand on it?"

Chicago's downtown is generally defined as "the Loop" — a large rectangle of real estate nestled in the crook of the Chicago River. In recent years, commercial development has increased across the river in the so-called West Loop, while residential development has increased throughout the area, with over 30,000 units added since 2000.

CAP proposes using zoning changes and infrastructure investments, chiefly in public transportation but also in parks and streetscapes, to keep that boom going. Over the next 20 years, CAP's goal is to expand downtown with 7 million new square feet of office space, 180,000 office workers, and 140,000 residents, along with thousands more students and millions more visitors.

Millennium Park fits snugly into CAP's vision by boosting residential and retail development on the east side of the Loop, pushing commercial development west, and drawing visitors who will patronize the area's retail, hotel, and restaurant sectors.

The Park's economic impact has been "tremendous," DeVries said. It can be measured in increased demand for downtown services. DeVries estimates that the Park, with between 3 and 4.4 million visitors annually, increases hotel earnings by \$42-58 million a year, restaurant earnings by \$67-87 million, and retail earnings by \$53-71 million. And critically, it has helped downtown businesses replace suburban shoppers with tourists, conventioners, and Park visitors. The latter group's purchases now account for about 30 percent of downtown retail business, roughly comparable to what suburban shoppers provided a generation ago.

Less directly, the Park is helping turn offices to residential housing, and in turn provide commercial tenants for new office developments, mostly in the West Loop. "While we've added five new [office] buildings and seen our net demand stay relatively flat, vacancies haven't taken much of a hit," DeVries said. "The minute a [commercial] building moves from class A status to a more obsolete class B or C, residential developers are lining up to pick it up."

Much of that shift is happening in Millennium Park's East Loop area. "This was not a strong submarket before the Park," he said. Consumer interest also translates into higher property values, DeVries continued. "We're seeing an average bonus for units near the Park of \$100 per square foot; we're seeing absorptions of 30 to 50 percent faster than comparable projects away from the Park. That translates into an additional \$1.4 billion in residential values."

Thus, Millennium Park is a case study in how to create demand for downtown services and real estate. CAP's goal is to continue boosting that demand with other investments, simultaneously adding zoning changes that encourage the right mix of commercial and residential development, and preserve historic and "character" districts.

And while CAP contains detailed plans for downtown parks, including greenways, plazas, and riverside walks, the most critical investments will be in transit. The plan calls for an improved network of "transitways," mostly dedicated bus routes, that will help move workers and visitors in and out of the downtown core, along with a major new West Loop transit hub to anchor that area's commercial development. "We have to plan to accommodate an additional 180-200,000 commuter trips a day," DeVries said. "That is our challenge."

— Bill Hangley, Jr.

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Brook Collins

The Grant Park Orchestra performs on the stage of the Jay Pritzker Pavilion in Millennium Park.

The Importance of Millennium Park

A *Chicago Sun-Times* editorial published soon after Millennium Park opened sums up its impact and importance. “You can’t put a monetary value on public works that enhance the image and quality of life of a city. In so doing, they stand to draw huge numbers of city and suburban dwellers downtown to reclaim some of the communal urban experience that has been lost to draw people from outside Chicago to marvel again at the vision and cultural reach of this architectural First City. Cities are defined by progress as much as history. It is the function of architects and other artists to reflect both of those aspects of their identity — and, in doing so, declare their will and wherewithal to push into the future, no matter what dark threats may be gathering on the horizon. Even with all its finishing touches in place, the park won’t be perfect. But considering the burst of energy and new life it will bring to the city, any flaws will shrink in importance.”

A much more enhanced and perhaps more important benefit of Millennium Park is its effect on the self esteem of the residents of the Chicago region. They now have another destination for friends and visitors for which the almost universal response is pleasure and joy, and it is free. Millennium Park

has become an international press phenomenon and judging from the many different languages being spoken in the park the world is coming to Chicago. The large majority of the many visitors to Millennium Park are leaving with a smile.

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