



# **Market Analysis for Redevelopment at the *Mounds View Square Shopping Center***

**Mounds View, Minnesota**

**Prepared for the  
City of Mounds View**

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**LOCi Consulting LLC  
651-888-8464  
<http://www.lociconsult.com>**



# Table of Contents

**Executive Summary ..... 3**

- Purpose ..... 3
- Restaurant and Retail Space Demand Estimates..... 3
- Residential Demand Estimates..... 4
- Other Findings ..... 6
- Retail Impacts from the Proposed Youth and Amateur Sports Complex in Mounds View..... 7
- Recommendations..... 8

**Introduction ..... 10**

- Purpose ..... 10
- Data Resources and Study Limitations ..... 10

**1. Site Analysis..... 11**

- Mounds View Redevelopment Site Defined..... 11
- Mounds View Square Property..... 11
- Sunrise Methodist Church Property..... 12
- Transportation Corridor ..... 17
- Visibility and Access..... 19
- Adjacent Uses ..... 19
- Strengths and Weaknesses of the Redevelopment Site..... 20
- Potential Uses at the Site..... 20

**2. Demographic and Economic Analysis ..... 21**

- Primary Market Area for the Mounds View Redevelopment Site..... 21
- Population and Households..... 21
- Median Household Income..... 28
- Households by Age and Income ..... 28
- Median Home Values..... 28
- Renter versus Owner Households ..... 33
- Daytime Population ..... 33
- Commute Shed ..... 33
- Consumer Expenditure ..... 35

**3. Restaurant and Retail Market Analysis..... 37**

- Key Retail Trends ..... 37
- Retail Overview in the Mounds View PMA..... 38
- Market Conditions for Retail Commercial Real Estate in the Twin Cities Metro Area..... 41



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Market Conditions for Retail Commercial Real Estate in the Mounds View PMA .....	43
Profiled Shopping Centers in the Mounds View PMA .....	43
Pending Retail Developments in the Mounds View PMA .....	46
Retail Impacts from the Proposed Youth and Amateur Sports Complex in Mounds View .....	48
Interviews .....	49
<b>4. Multifamily Market Analysis .....</b>	<b>51</b>
Rental Market Trends .....	51
Profile of Newer Rental Properties in the Mounds View PMA .....	53
Senior Housing Trends .....	53
Senior Housing in the Mounds View PMA .....	58
Pending Multifamily Housing Developments in the Mounds View PMA .....	58
Interviews .....	61
<b>5. Findings and Recommendations.....</b>	<b>63</b>
Restaurant and Retail Space Demand Estimates.....	63
Residential Demand Estimates.....	64
Recommendations.....	65
<b>Appendix.....</b>	<b>67</b>
Demand Calculations .....	67
About LOCi Consulting LLC .....	

## Executive Summary

The City of Mounds View is facilitating a concept plan for the potential redevelopment of *Mounds View Square Shopping Center* and the adjacent Sunrise Methodist Church. As part of the concept plan, the city engaged LOCi Consulting LLC to complete a market study to inform development planning and to ensure that the final design concept is well positioned relative to market demand for retail and other uses.

### *Restaurant and Retail Space Demand*

- Based on this analysis, we find that there is excess restaurant and retail space at the Mounds View Redevelopment Site.
- We estimate that there is demand for about 65,000- to 75,000-square feet of total restaurant and retail space at the Site.
- We recommend that city leaders and developers look at “right-sizing” the retail space to best capture this demand.

### *Residential Demand*

- We estimate that there is demand for between 140 and 145 units of affordable rental housing and 90 and 100 units of market-rate rental housing at the Mounds View Redevelopment Site.
- There is estimated demand for between 56 and 61 units of market-rate senior housing at the Site.
- We recommend that city leaders and developers consider residential uses at the Mounds View Square Redevelopment Site.

## Purpose

The purpose of this market analysis is to analyze the potential for redevelopment at the site in Mounds View.

The analysis includes:

- An analysis of the site.

- A review of demographic and economic data for the market.
- An overview of the retail market in the area.
- A review of the multifamily market in the area.
- Interviews with developers, real estate agents, property managers, and brokers.
- Demand estimates for retail space and multifamily units in at the redevelopment site.

## Restaurant and Retail Space Demand Estimates

The figure that follows shows a summary of the retail demand calculation for the Mounds View market between 2022 and 2027.

- There is demand for between 27,000- and 33,000-square feet of additional retail space in the Mounds View Primary Market Area (PMA) between 2022 and 2027. (For a definition of the PMA, see Page 22.)
- We estimate that there is no additional demand for retail space at the 109,900-square-foot Mounds View Square Shopping Center. The shopping center has about 44,000-square feet of vacant space that is not positioned to capture retail demand. **We estimate that the total retail space demand at the Site is between 65,000- and 75,000-square feet.**
- The demand calculation uses estimated growth in consumer spending to determine an estimate of retail space growth. (See Figure A.1 in the appendix.)
- Much of this demand will be captured at higher traffic shopping centers that have available space for new construction or new development. Retail surrounding the *Northtown Mall* and some of the community shopping centers in the PMA may have a greater chance at capturing this new retail



**Demand for New Retail Space Mounds View PMA, 2022-2027**

	Estimated Rent per Square Foot per Year	Estimated Demand (Square Footage)
Retail Commercial Space Supporting Sales of \$450 to \$550 per Square Foot	\$40 - \$50	27,000 - 33,000

Source: LOCi Consulting LLC

demand because of the traffic driving anchors at these shopping centers.

- However, depending on the specifics of a potential development at the Mounds View Redevelopment Site, we believe the Site could capture a small portion of this additional demand for new retail development at repositioned space. Some retailers would be attracted to the traffic counts along Mounds View Boulevard and the opportunity to serve customers at a grocery anchored, neighborhood shopping center, especially if it was a newer development.

**Residential Demand Estimates**

The figures that follow show summaries of the residential demand calculations in the Appendix. Although some of the demand calculations provide for point estimates, data in the summary is provided as a range of units.

Note that for the most part, the demand forecasts are mutually exclusive, meaning there is little overlap between demand for different product types. Where there is overlap, it is noted.

**Rental Housing**

- The figure that follows shows the summary of demand for rental housing in the Mounds View PMA between 2022 and 2027. This analysis finds demand for between 560 and 580 units of rental housing targeted to households with incomes less than 60% of Area Median Income (\$63,360). This income threshold is based on income limits set for

the Metro Area by the Department of Housing and Urban Development (HUD).

- The analysis found demand for between 360 and 390 market-rate rental units. We include workforce housing in this group because rents that are affordable to these households are within the range of market-rate apartments currently offered in the market.
- Depending on the specifics of a redevelopment project at the Mounds View Redevelopment Site and the timing of other potential projects, the site could capture a portion of this overall demand. We believe a well-designed mixed-use project at the site could capture up to 25% of the demand in the market. **We estimate that there is demand for between 140 and 145 units of affordable rental housing and 90 and 100 units of market-rate rental housing.**
- For market-rate rental demand, developers could build rental housing targeted to households with a range of incomes. Because of its location along busy Mounds View Boulevard, we do not recommend that developers target higher income tenants at the Mounds View Redevelopment Site.

**Senior Housing**

- The figure that follows on the following page shows the estimated demand for senior housing in the Mounds View PMA between 2022 and 2027. There is demand for between 225 and 245 market-rate senior housing units. Most of the demand is for assisted living and memory care units in the PMA.



**Rental Housing Demand for Mounds View PMA, 2022-2027**

	Estimated Rents	Estimated Demand (Units)
Affordable Rental Housing Units (Income Restricted)		
Up to 50% AMI	\$0 - \$1,320	530 - 540
50% to 60% AMI	\$1,320 - \$1,585	30 - 40
Workforce Rental Units		
60% to 80% of AMI	\$1,585 - \$2,015	320 - 330
Market-Rate Rental Units		
80% of AMI to Incomes of \$100,000	\$2,015 - \$2,500	25 - 35
Incomes of \$100,000 and higher	Greater than \$2,500	15 - 25

\* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

**Senior Housing Demand for Mounds View PMA, 2022-2027**

	Estimated Demand (Units)
Income-Restricted Active Adult Rental Senior Housing	0 - 0
Market-Rate Active Adult Rental Senior Housing	25 - 35
Market-Rate Independent Living/Congregate	0 - 0
Market-Rate Assisted Living	
Assisted Living	100 - 110
Memory Care	100 - 110

Source: LOCi Consulting LLC

- We estimate the Site could capture up to 25% of demand in the PMA. **There is estimated demand for between 56 and 61 units of market-rate senior housing at the Site.**
- Demand for income-restricted active adult and independent living senior housing is limited because of the addition of newer product into the market. We estimate that demand will recover for these product types as soon as the newer developments are absorbed by the market.
- Developers could consider partnering with a senior housing developer to provide assisted living or memory care to the development.

### Other Findings

LOCi Consulting completed a site analysis to assess the strengths and weaknesses of the Mounds View Redevelopment Site that would impact the potential for redevelopment.

#### Strengths

- **Solid traffic counts.** The traffic counts along Mounds View Boulevard are attractive for potential retail users.
- **Great visibility.** Retail and residential redevelopment projects would have good visibility from Mounds View Boulevard.
- **Good access.** With the full-movement, signalized intersections, the site has great access to Mounds View Boulevard.
- **Existing and established shopping center.** *Mounds View Square* has an existing anchor tenant and inline retailers that are already established and operating successfully.
- **Existing and established commercial corridor.** Mounds View Boulevard is an established retail district serving the trade area.
- **Nearby employment base.** The area has a decent size employment base with industrial properties and business parks located nearby.
- **Proximity to residential neighborhoods.** The site is well connected to residential neighborhoods all around it.

- **Large developable parcels.** With 16 acres, there is enough land to create a new mixed-use development. The parcels also have just two owners.

#### Weaknesses

- **Traffic counts that are attractive for retail can be considered a nuisance for potential residents.** Some residential tenants would prefer to live on a quieter street.
- **Difficult to capture traffic on Highway 10.** Much of the traffic that moves through the area travels east and west along Highway 10. The connections to this highway are not as good as Interstate 35W to the east.
- **Limited regional draw.** Although *Northtown Mall* once captured customers from a larger trade area, there really is not a shopping center or demand driver in the trade area that pulls customers into the area from the entire region.
- **Anoka County-Blaine Airport and the Twin Cities Army Ammunition Plant create barriers for trade area.** These two existing land uses act as a barrier to customers and potential residents to the north and east of the site.
- **Half of the Sunrise Methodist Church property may not be developable.** The southern portion of the property is wetlands.

#### Demographics and Economic Analysis

- The Mounds View PMA population is about 87,000 people and 34,000 households. About 142,000 people live within 10 minutes' driving time of the Mounds View Redevelopment Site.
- Overall, the PMA is projected to see annual population growth of about 0.4% per year. That growth is comparable to the Minneapolis-St. Paul CBSA as a whole.
- The median household income for the Mounds View PMA is about \$79,000, about 14% lower than the Twin Cities Metro Area.

**Retail Real Estate Market**

- Strong consumer spending has increased the amount of retail space absorbed by the market. Rents have increased but not enough to incentivize developers to build more space. The limited amount of development that is occurring is happening in the strongest retail nodes with the highest traffic.
- There is about 7.3 million-square feet of retail space in the Mounds View PMA. (Not shown in the figures.)
- The vacancy rate for retail commercial real estate space in the PMA was 3.9% in the second quarter of 2023. The estimated total amount of vacant space is about 285,000 square feet. Much of this space is obsolete space located in older shopping centers, similar to vacant space at *Mounds View Square*.
- This vacancy rate is low and suggests that potential tenants are having a tough time finding space in the PMA to meet their needs.
- The average rent for retail space was \$13.92 per square foot per year in the Metro Area in the second quarter of 2023.
- Rents in the PMA are lower than the Metro Area as a whole, reflecting the older stock and the fact that the PMA does not have a regional draw.
- The rents in the PMA have increased at a higher rate relative to the Metro Area as a whole. Retail rents rose about 7.3% per year since the second quarter of 2020.

**Multifamily Housing Market**

- For rental housing, new product is continuing to come on-line, pushing the vacancy rate higher than 5%. It is expected that new units will continue to be absorbed but rents will not rise as fast as in recent years.
- Senior housing in the PMA is still recovering from the stresses of the COVID19 pandemic. Several new projects have opened in the market, putting further pressure on occupancies.

**Retail Impacts from the Proposed Youth and Amateur Sports Complex in Mounds View**

The City of Mounds View has proposed an expansion of its existing community center to meet the evolving needs of the community and create new economic opportunities. The city is proposing a \$33 million dollar investment plan that will nearly triple the size of the community center, add new amenities that position the center as a destination for regional sports tourism. The project would add 72,000-square feet to the existing 42,000-square-foot building.

In 2022, the City of Mounds View engaged CSL International to complete a feasibility study for the proposal. LOCi Consulting reviewed the CSL study to assess the impact the proposed Youth and Amateur Sports Complex on the Mounds View Square Redevelopment. Here are the key findings of that review:

- **The proposed Youth and Amateur Sports Complex would drive new visitors to the area.** The study forecasts attendance of over 90,000 people at the facility in its stabilized fourth year of operations.
- **The proposed expansion would support and strengthen restaurant and retail in Mounds View and at the Site.** The “foot traffic” numbers forecast would support the sales of existing businesses and would be attractive to new businesses considering locating in the area.
- **Based on the estimates of indirect/induced spending, the project would not drive a significant increase in the total retail square footage demand at the redevelopment site.** The CSL International study forecasts that the project would generate \$2.1 million of indirect/induced spending per year. We believe most of that increased spending would be in restaurant and retail categories. Assuming all of the \$2.1 million in increased spending went to retail, that new spending would support about 3,800- to 4,500-square feet of new retail across the City of Mounds View.

## Recommendations

- **Consider the interior retail space at *Mounds View Square* as obsolete for retail purposes.** Interior retail spaces in strip centers are notoriously difficult to lease and that has been the case at *Mounds View Square Shopping Center*. Avoid the temptation to redesign and reuse this space for small businesses. These businesses would be at a disadvantage and would not drive traffic to the development.
- **“Right-size” the retail at *Mounds View Square Shopping Center*.** Reduce obsolete space to make room for other uses. We estimate that the rightsized amount would be about 65,000-square feet of existing space.
- **“Right-sizing” the shopping center could include a small amount of new retail square footage to capture demand growth.** Developers should consider adding up to 10,000-square feet of additional retail space. Consider adding new retail spaces closer to Mounds View Boulevard.
- **Consider phasing a redevelopment project and reusing existing functional retail.** *Mounds View Square* has an existing tenant base that is functioning well. It may be difficult to convince all of the tenants to go along with a major repositioning of the property. Consider a phased approach that could minimize disruption but still take advantage of opportunities for redevelopment.
- **Explore horizontal mixed-use positioning over vertical.** We believe this property presents an opportunity for vertical mixed-use development. Vertical mixed use are buildings that have residential uses on top of commercial uses. Horizontal mixed use describes developments where the commercial uses are located next to residential uses. However, vertical mixed-use development type can sometimes be more difficult to manage than horizontal mixed use. Conflicts often arise in vertical mixed use over issues such as parking, smells from restaurants, delivery traffic, etc. To maximize the chances of a successful project, consider options for horizontal mixed use at the Site.
- **Orient all retail spaces to Mounds View Boulevard.** All retail uses need to be oriented toward traffic moving along this key thoroughfare.
- **Position residential uses away from Mounds View Boulevard.** Residential uses should be positioned away from traffic.
- **Carefully design connections between retail and residential uses.** Residents are attracted to mixed-use projects like the activity with the commercial uses, but also want to be able to quietly enjoy their living space. Likewise, retail users want to make sure that they can operate without complaints from neighbors. Explore all options to balance the needs of both residents and businesses.
- **Maintain Long Lake Road connection through the Site.** The connections across Long Lake Road from *Mounds View Square* to the church property will be challenging. Plans need to be developed that connect the two sides of the Site. But the road traffic will need to be maintained to ensure the viability of the retail uses.
- **Develop natural water feature on the south side of the church property.** The natural features on the south side of the property present an opportunity to develop an amenity.
- **Prioritize local entrepreneurs and pursue retail concepts that would be most likely to have success in Mounds View.** Retail operators who would consider locations in Mounds View may be looking for the opportunity to pay lower rents for retail space to get their businesses started. Many of the potential tenants will be local entrepreneurs, creating an opportunity for a retail center that is unique in the marketplace. Retail concepts that would be the most successful at the redevelopment site include:

  - Casual restaurants
  - Fast casual restaurants
  - Quick service restaurants
  - Bars
  - Brewery/Tap room
  - Event center
  - Bakery



## Market Analysis for Mixed-Use Redevelopment

City of Mounds View  
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- Ice cream shop
- Specialty grocery store (organic, ethnic, etc.)
- Tax preparation
- Dentists
- Chiropractors
- Accountants
- Estate planning
- Legal services

## Introduction

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The City of Mounds View is facilitating a concept plan for the potential redevelopment of *Mounds View Square Shopping Center* and the adjacent Sunrise Methodist Church. The city will be using a grant received from Ramsey County, as part of the county's Critical Corridors program. As part of the concept plan, the city engaged LOCi Consulting LLC to complete a market study to inform development planning and to ensure that the final design concept is well positioned relative to market demand for retail and other uses.

### Purpose

The purpose of this market analysis is to evaluate the market potential for redevelopment at the *Mounds View Square Shopping Center* and the adjacent Sunrise Methodist Church in Mounds View, Minnesota. Development concepts that are analyzed include restaurant and retail uses, market-rate and affordable general occupancy rental housing, and market-rate and affordable senior housing.

The study provides a high-level preliminary analysis for the development of a concept plan at the properties analyzed. It is not a comprehensive market feasibility study to be used for financing for a specific project. Should a defined concept move forward, we recommend a more detailed market feasibility study focusing on the specific concept and with a more thorough analysis of the market.

This analysis includes:

- An analysis of the site.
- An analysis of key demographic and economic trends in the area along with comparisons to the state and country as a whole.
- An analysis of the retail real estate market in Mounds View and adjacent communities, including a review of recent retail trends and an overview of retailers, retail nodes, and shopping centers in the area.

- A review of the multifamily housing market in Mounds View and adjacent communities, including an overview of existing supply and housing units that are currently being marketed.
- Interviews with real estate agents, housing developers, retail executives, brokers, and others knowledgeable about multifamily and retail real estate in the area.
- Preliminary estimates of demand for restaurant and retail space, market-rate rental units, affordable rental, and senior housing units at the properties analyzed.
- Recommendations for the concept planning process.

### Data Resources and Study Limitations

The data in this market analysis is compiled from a variety of sources, including interviews with property owners, developers, real estate agents, city officials and others, along with secondary demographic, economic, and competitive resources. Sources are identified in the figures.

LOCi Consulting believes that these sources are reliable. However, there is no way to authenticate this data and information. LOCi Consulting does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgement. The data in this analysis includes the most up-to-date information available at the time of this analysis.

The conclusions and recommendations in this market analysis are based on the best judgements and analysis at the time of the study. LOCi Consulting makes no guarantees or assurances that the projections or conclusions will be realized as stated.



# 1. Site Analysis

This section defines the site for analysis, reviews the qualities of the site, and assesses the strengths and weaknesses of the site that would impact the potential for redevelopment.

## Mounds View Redevelopment Site Defined

The redevelopment study area is located at the intersection of Mounds View Boulevard (County 10) and Long Lake Road in Mounds View, Minnesota. Mounds View is a northern suburb within the Minneapolis-St. Paul Metropolitan Area, located just north of the Interstate 494-694 ring freeway. Map 1.1 shows the Mounds View Redevelopment Site and the surrounding area.

The site currently has two separate properties—*Mounds View Square Shopping Center* on the west side of Long Lake Road and the Sunrise Methodist Church on the east side of Long Lake Road. Map 1.2 shows a map of the two properties.

## Mounds View Square Property

The *Mounds View Square* property is located at 2537-2577 County Road 10 NE. The 9.67-acre property was developed in 1974. The property currently has three separate buildings totaling 109,900-square feet:

- a grocery anchored strip center building with 102,000-square feet
- a separate strip center building with 3,900-square feet
- a freestanding restaurant with 4,000-square feet

The center currently has about 44,000-square feet of vacant space (40% of total space).

The shopping center is classified as a grocery-anchored neighborhood strip center. The triangle property is laid out as a traditional l-shaped strip center with a parking field between the buildings and Mounds View Boulevard. There are about 250 parking stalls. Some of the leasable space is located



*Mounds View Square*, looking northeast



within the interior of the building and is only accessible through a common entrance in the corner of the structure.

The center’s anchor is a 19,000-square-foot Aldi grocery store. Other tenants include:

- Merwin Liquors, 10,725-square feet
- Dollar General, 9,560-square feet
- Anytime Fitness, 6,000-square feet
- Pink Flower Vietnamese Restaurant, 4,473-square feet
- Dos Hermanos, 4,000-square feet (freestanding building tenant)
- \$5 Tan, 2,553-square feet
- Platinum Nails, 2,000-square feet
- Tobacco View, 1,400-square feet
- Little Caesars, 1,639-square feet
- Caribou Coffee, 1,310-square feet
- H&R Block, 925-square feet

In addition, Garden City operates a seasonal garden center in the parking lot.

Most of the vacant space is located in the corner of the main building with a single entrance. This space has not been leased for a number of years, according to the property owners, and could be considered functionally obsolete from a retail perspective.

The property itself is level and fully developed with buildings and parking lots. There is some natural tree cover buffering the property on the north and east sides. The buildings are well maintained.

### **Sunrise Methodist Church Property**

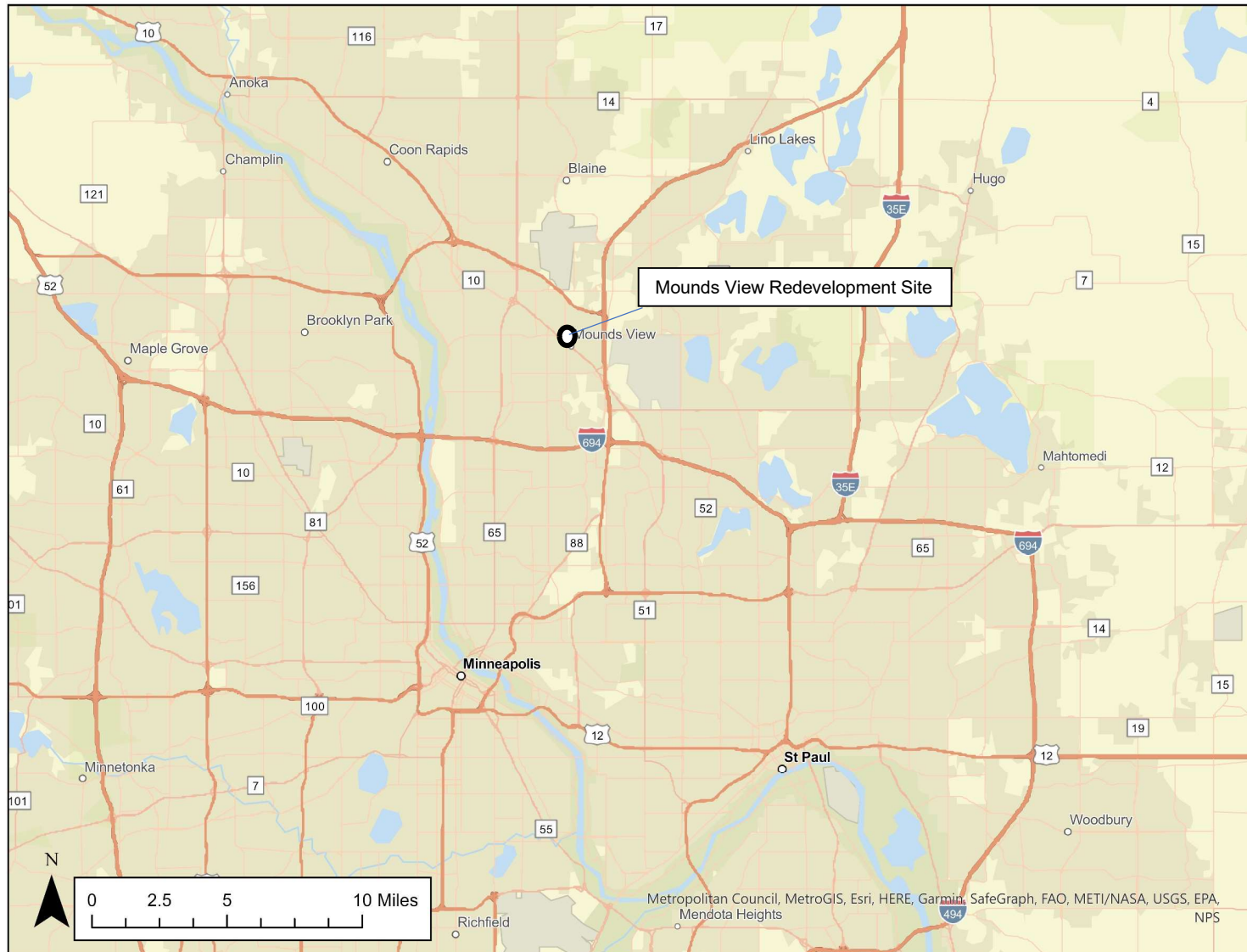
The Sunrise Methodist Church property is located at 7687 Long Lake Road. The property is 6.42 acres and includes a 13,400-square-foot church building, a parsonage with a garage, and a parking lot with about 80 parking stalls. The church building was built in 1966.

The property is only developed on the north side. The south half of the property may be undevelopable because of a pond/wet land. The north end of the property is level with some tree cover.



Dos Hermanos Mexican Restaurant, looking east

**Map 1.1: Mounds View Redevelopment Site—Mounds View, Minnesota**



Source: ESRI, LOCi Consulting LLC



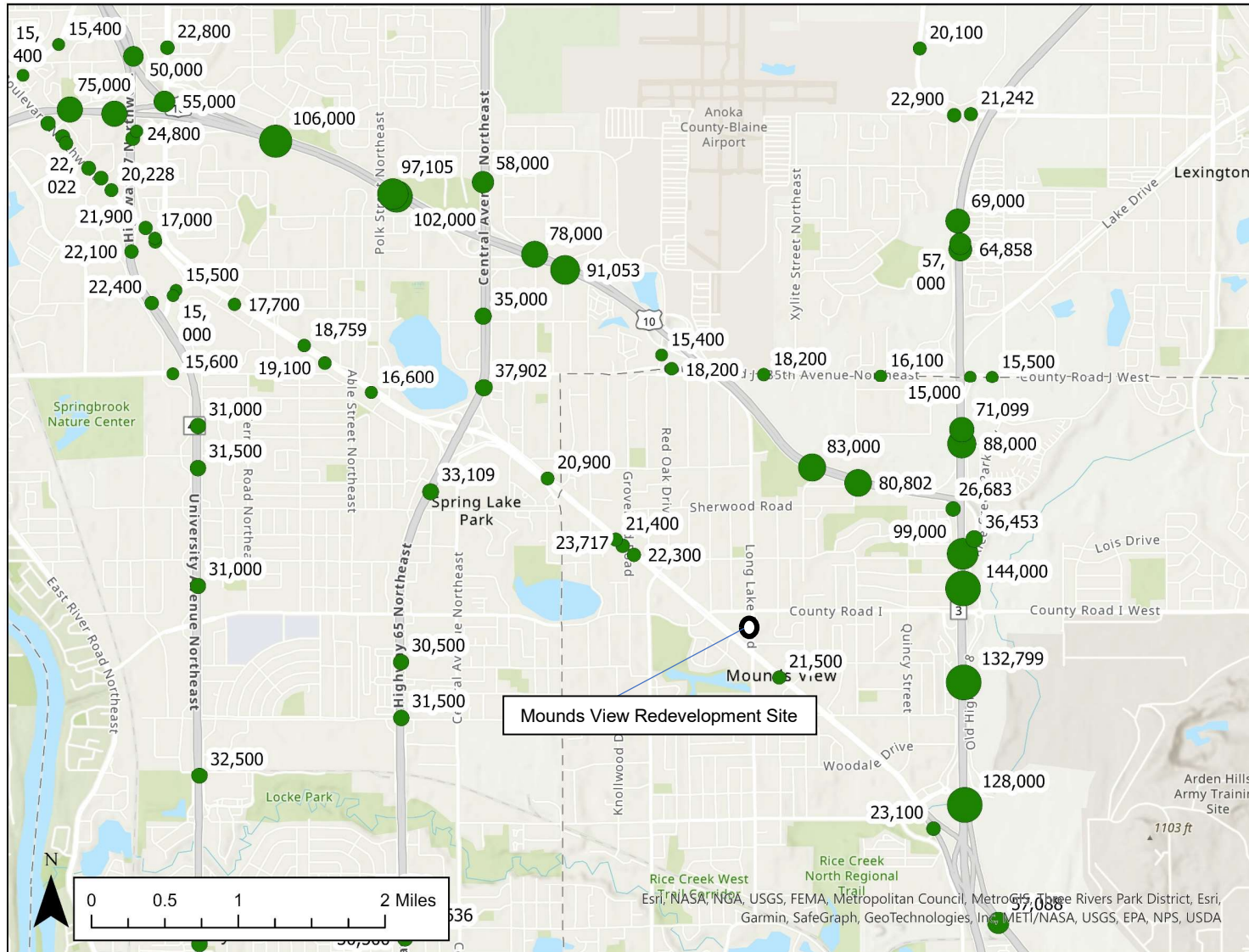
Map 1.2: Mounds View Redevelopment Site



Source: City of Mounds View; ESRI, LOCi Consulting LLC



**Map 1.3: Traffic Counts on Major Highways near Mounds View Redevelopment Site**



Source: ESRI, LOci Consulting LLC





Mound View Square, looking west

## Transportation Corridor

Mounds View Boulevard (County 10) is a four-lane arterial with signalized intersections that connects University Avenue (Minnesota State Highway 47) in Coon Rapids with Interstate 35W in Mounds View. The road is called Coon Rapids Boulevard at its western end. The road passes through Coon Rapids, Blaine, Spring Lake Park, and Mounds View.

Between 1934 and 1999, Mounds View Boulevard served as Highway 10, a major east-west highway across the northern metropolitan area connecting St. Paul to St. Cloud. In 1999, the highway was realigned to a position about one mile north of Mounds View Boulevard and built as a four-lane limited access freeway.

Since 1999, there has been little new retail development along the new Highway 10 to compete with existing retail along Mounds View Boulevard (between Minnesota Highway 47 and Interstate 35W). However, the impact of the realignment has been a reduction in overall traffic counts along Mounds View Boulevard, which has reduced the sales potential of shopping centers along the route.

Mounds View Boulevard has commercial and multifamily uses along the route. *Northtown Mall* and associated convenience and strip shopping centers are located at the west end of the road in Blaine. The far eastern end at the intersection of 35W is primarily industrial and business park properties.

Map 1.3 (on Page 14) shows traffic counts along Mounds View Boulevard:

- Mounds View Boulevard west of the Mounds View Redevelopment Site: 22,300 vehicles per day
- Mounds View Boulevard east of the Mounds View Redevelopment Site: 21,500 vehicles per day

Long Lake Road is a two-lane, north-south arterial that connects the site with residential neighborhoods south in Mounds View and New Brighton and north in Mounds View. The road splits the site and intersects with Mounds View Boulevard on the south end of the site at a signalized, full-movement intersection.





Aldi grocery store and *Mounds View Square*, looking northeast



Sunrise Methodist Church property, looking southeast



Sunrise Methodist Church property, looking east

Long Lake Road provides a connection to Highway 10 one mile north of the site at 93<sup>rd</sup> Land and County Road J, but the intersection is somewhat challenging to navigate for drivers intending to drive south on Long Lake Road. Shown on Map 1.4 (on Page 15), the traffic counts on Long Lake Road just 3,400 vehicles per day north of the site and 4,500 vehicles per day south of the site.

County Road I is a two-lane, east-west arterial that runs along the north side of the site. The road crosses Mounds View Boulevard at the western border of the site at a full-movement intersection. County Road I connects the site with residential neighborhoods both east and west of the site. County Road I also provides access to Interstate 35W at a full-movement interchange about one mile east of the site. Shown on Map 1.4 (on Page 15) the traffic count directly north of the site is 5,400 vehicles per day.

### Visibility and Access

The *Mounds View Square* property has excellent visibility from Mounds View Boulevard, Long Lake Road, and County Road I. The Sunrise Methodist Church property has limited visibility from Mounds

View Boulevard because of the existing properties between the road and the site and the wetlands and tree coverage on the south end of the property.

Access to the overall redevelopment site is excellent. The site is adjacent to two signalized, full-movement intersections at Mounds View Boulevard. In addition, there are two right-in, right-out entrances along Mounds View Boulevard between the two intersections. Access to Long Lake Road and County Road I is also easy to navigate.

### Adjacent Uses

Single-family residential neighborhoods border the Mounds View Redevelopment Site on the north. The east side has older apartment buildings on the north end and commercial and municipal buildings on the south end.

Tommy's Express Car Wash is located directly across Long Lake Road on the southeast corner of the site. The Mounds View Public library is directly across Mounds View Boulevard to the southwest. Next to the library is Silver View Plaza, a 35,000-square-foot strip center with an adult education facility and assorted small restaurants and retailers.



To the west and northwest are a Speedway gas station, Burger King, and an animal hospital.

## Strengths and Weaknesses of the Redevelopment Site

### Strengths

- **Solid traffic counts.** The traffic counts along Mounds View Boulevard are attractive for potential retail users.
- **Great visibility.** Retail and residential redevelopment projects would have good visibility from Mounds View Boulevard.
- **Good access.** With the full-movement, signalized intersections, the site has great access to Mounds View Boulevard.
- **Existing and established shopping center.** *Mounds View Square* has an existing anchor tenant and inline retailers that are already established and operating successfully.
- **Existing and established commercial corridor.** Mounds View Boulevard is an established retail district serving the trade area.
- **Nearby employment base.** The area has a decent size employment base with industrial properties and business parks located nearby.
- **Proximity to residential neighborhoods.** The site is well connected to residential neighborhoods all around it.
- **Large developable parcels.** With 16 acres, there is enough land to create a new mixed-use development. The parcels also have just two owners.

### Weaknesses

- **Traffic counts that are attractive for retail can be considered a nuisance for potential residents.** Some residential tenants would prefer to live on a quieter street.
- **Difficult to capture traffic on Highway 10.** Much of the traffic that moves through the area travels east and west along Highway 10. The connections to this highway are not as good as Interstate 35W to the east.
- **Limited regional draw.** Although *Northtown Mall* once captured customers from a larger trade area, there really is not a shopping center or demand driver in the trade area that pulls customers into the area from the entire region.
- **Anoka County-Blaine Airport and the Twin Cities Army Ammunition Plant create barriers for trade area.** These two existing land uses act as a barrier to customers and potential residents to the north and east of the site.
- **Half of the Sunrise Methodist Church property may not be developable.** The southern portion of the property is wetlands.

### Potential Uses at the Site

Based on this analysis, we believe the Mounds View Redevelopment Site would be appropriate for mixed-use redevelopment that could include multifamily residential housing along with restaurant and retail uses.

## 2. Demographic and Economic Analysis

LOCi Consulting reviewed demographic and economic trends in the market that would be served by multifamily residential and retail uses in at the Mounds View Redevelopment Site. This section provides an overview of those trends.

### Primary Market Area for the Mounds View Redevelopment Site

LOCi Consulting defines the primary market area (PMA) for both retail and residential uses at the Mounds View Redevelopment Site using a group of Census Tracts that are generally within five to 10 minutes' drive from the Mounds View Redevelopment Site. Adjustments were made to account for highways and other barriers. Map 2.1 shows the Mounds View PMA for the site.

The 22 Census Tracts included in the PMA are:

- 270030507.06
- 270030507.09
- 270030507.10
- 270030508.10
- 270030508.11
- 270030508.29
- 270030510.01
- 270030510.02
- 270030511.01
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The PMA includes all or portions of the following communities:

- Mounds View
- Arden Hills
- Blaine
- Coon Rapids
- Fridley
- New Brighton
- Spring Lake Park

Map 2.2 shows five-, 10-, and 15-minute drive-time rings around the Mounds View Redevelopment Site. Retailers and other commercial real estate users often use these drivetime rings to determine trade areas for site selection decisions. We include demographics for these areas in many of the figures that follow.

We believe that demand for real estate uses at redevelopments in Mounds View would primarily come from the defined PMA. It is estimated that demand from outside the area would account for about 20% of total demand.

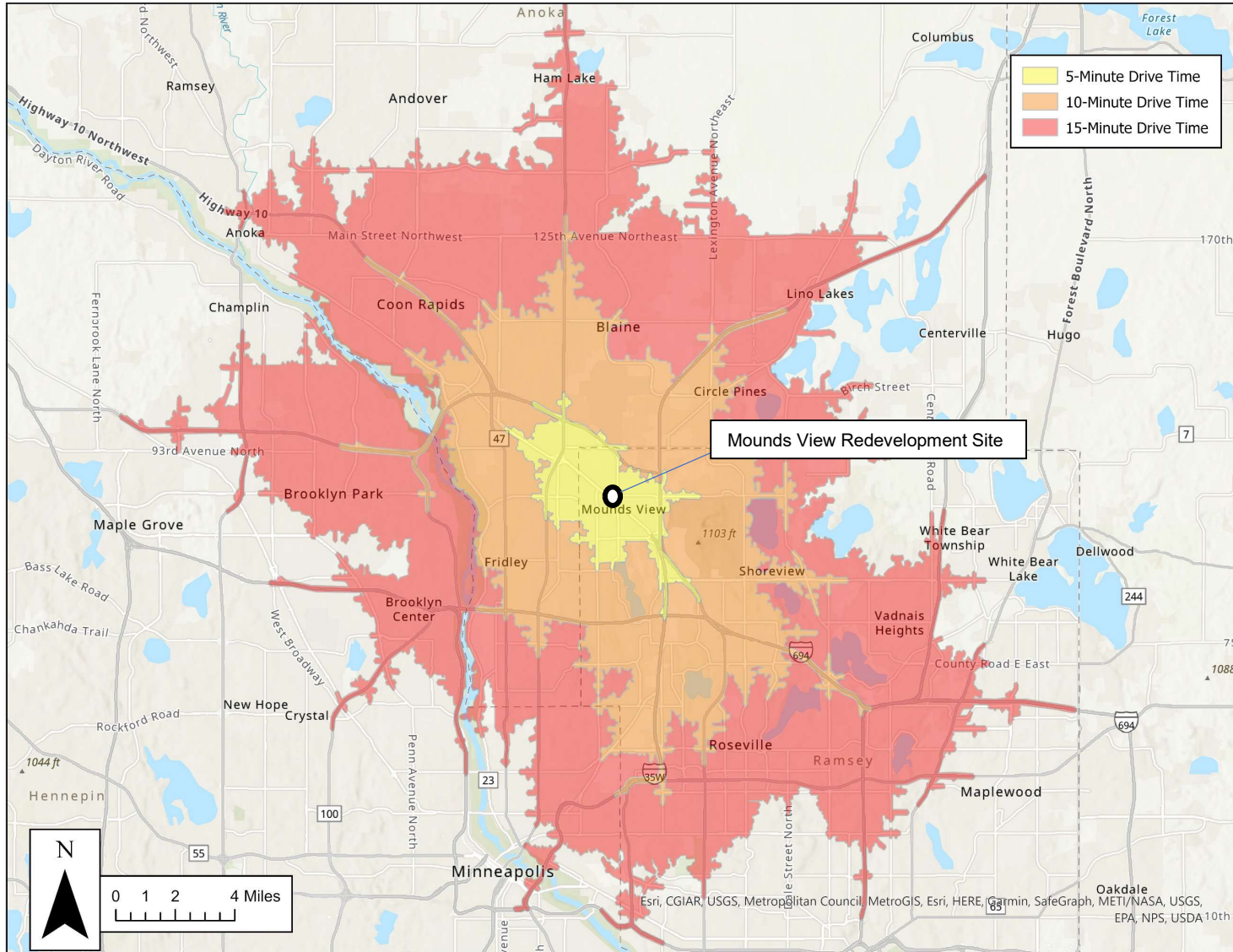
### Population and Households

Figures 2.3 and 2.4 show population and household growth for the three drive-time rings, Mounds View PMA, and comparison areas. Figures 2.5 and 2.6 show visualizations for this data with the blue bars showing the totals and the orange triangles showing the growth (right axis).

The data is from ESRI, a nationally recognized data provider used by governments, real estate developers, and retailers for location analytics. Data for 2022 are estimates and data for 2027 are projections.

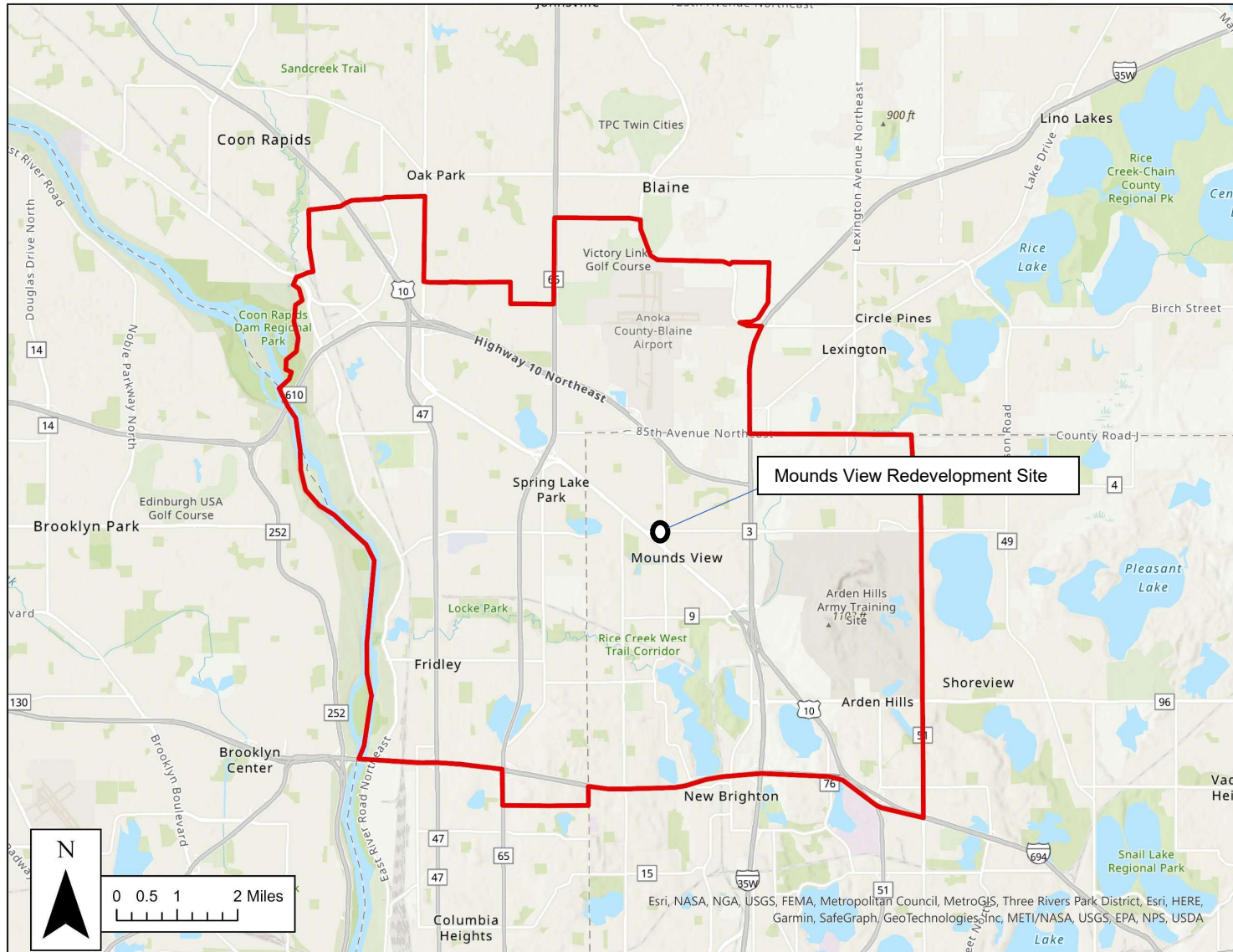
- The PMA population is about 87,000 people and 34,000 households. About 142,000 people live within 10 minutes' driving time of the Mounds View Redevelopment Site.

**Map 2.1: Drive Time Rings Around Mounds View Redevelopment Site**



Source: ESRI, LOCi Consulting LLC

**Map 2.2: Mounds View Primary Market Area (PMA)**



Source: ESRI, LOCi Consulting LLC

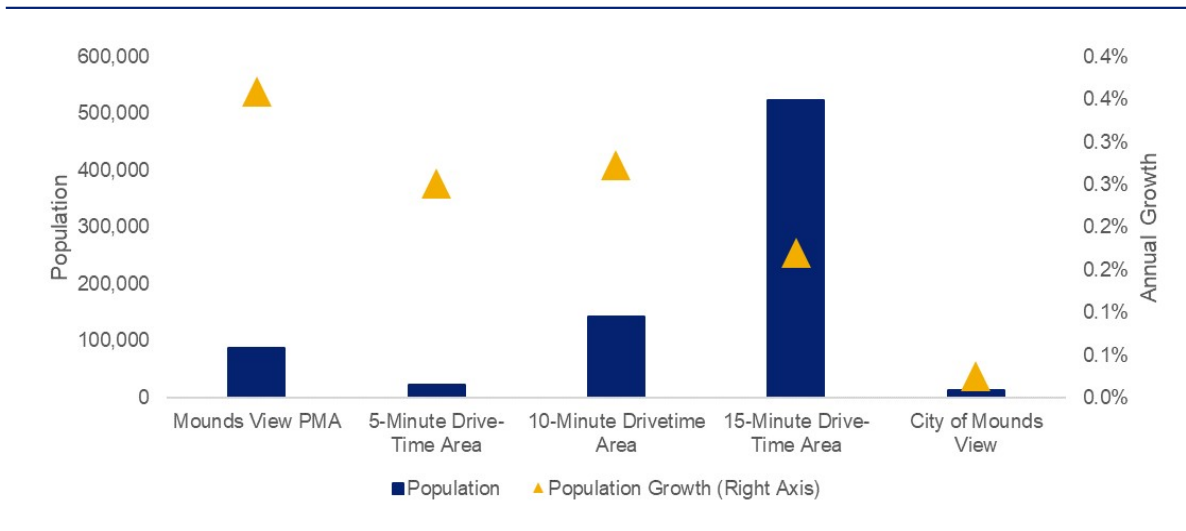


**2.3 Population and Population Growth**

	Census	Census	Estimate	Forecast	Annual Growth Rate	
	2010	2020	2022	2027	2010-2022	2022-2027
Mounds View PMA	78,533	85,541	87,202	88,782	0.9%	0.4%
5-Minute Drive-Time Area	20,405	22,384	23,128	23,420	1.0%	0.3%
10-Minute Drivetime Area	128,893	139,343	142,303	144,257	0.8%	0.3%
15-Minute Drive-Time Area	466,405	515,364	524,472	528,962	1.0%	0.2%
City of Mounds View	12,138	13,249	13,590	13,607	0.9%	0.0%
Minneapolis-St. Paul CBSA	3,333,633	3,690,261	3,764,607	3,839,797	1.0%	0.4%
United States	308,745,538	331,449,281	335,707,897	339,902,796	0.7%	0.2%

Source: US Census Bureau; ESRI; LOCi Consulting LLC

**2.4 Population and Projected Growth Chart**



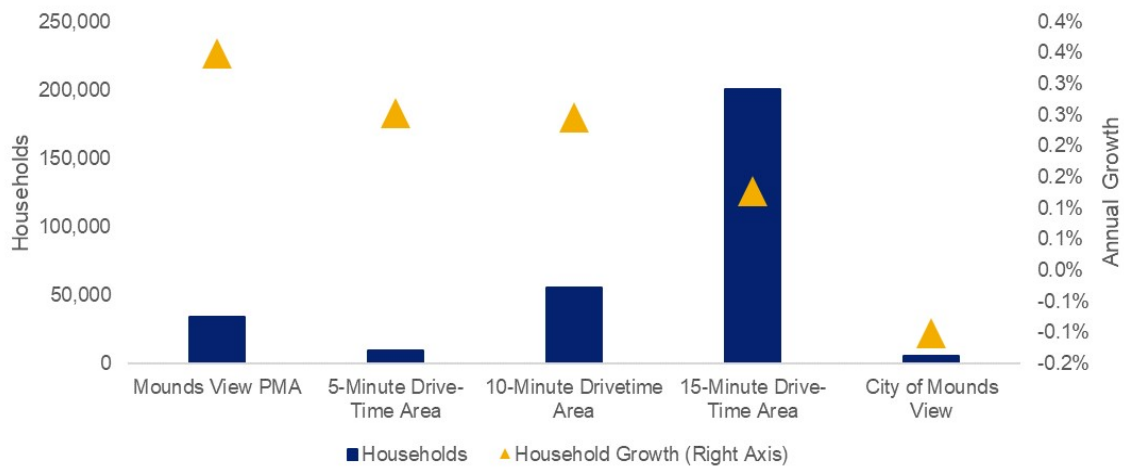
Source: US Census Bureau; ESRI; LOCi Consulting LLC

**2.5 Households and Household Growth**

	Census	Census	Estimate	Forecast	Annual Growth Rate	
	2010	2020	2022	2027	2010-2022	2022-2027
Mounds View PMA	31,911	33,703	34,327	34,931	0.6%	0.3%
5-Minute Drive-Time Area	8,297	8,790	9,038	9,153	0.7%	0.3%
10-Minute Drivetime Area	51,069	54,302	55,256	55,940	0.7%	0.2%
15-Minute Drive-Time Area	181,283	197,857	200,686	201,959	0.9%	0.1%
City of Mounds View	4,952	5,207	5,300	5,273	0.6%	-0.1%
Minneapolis-St. Paul CBSA	1,293,601	1,434,315	1,463,670	1,492,694	1.0%	0.4%
United States	116,716,292	126,817,580	128,657,669	130,651,872	0.8%	0.3%

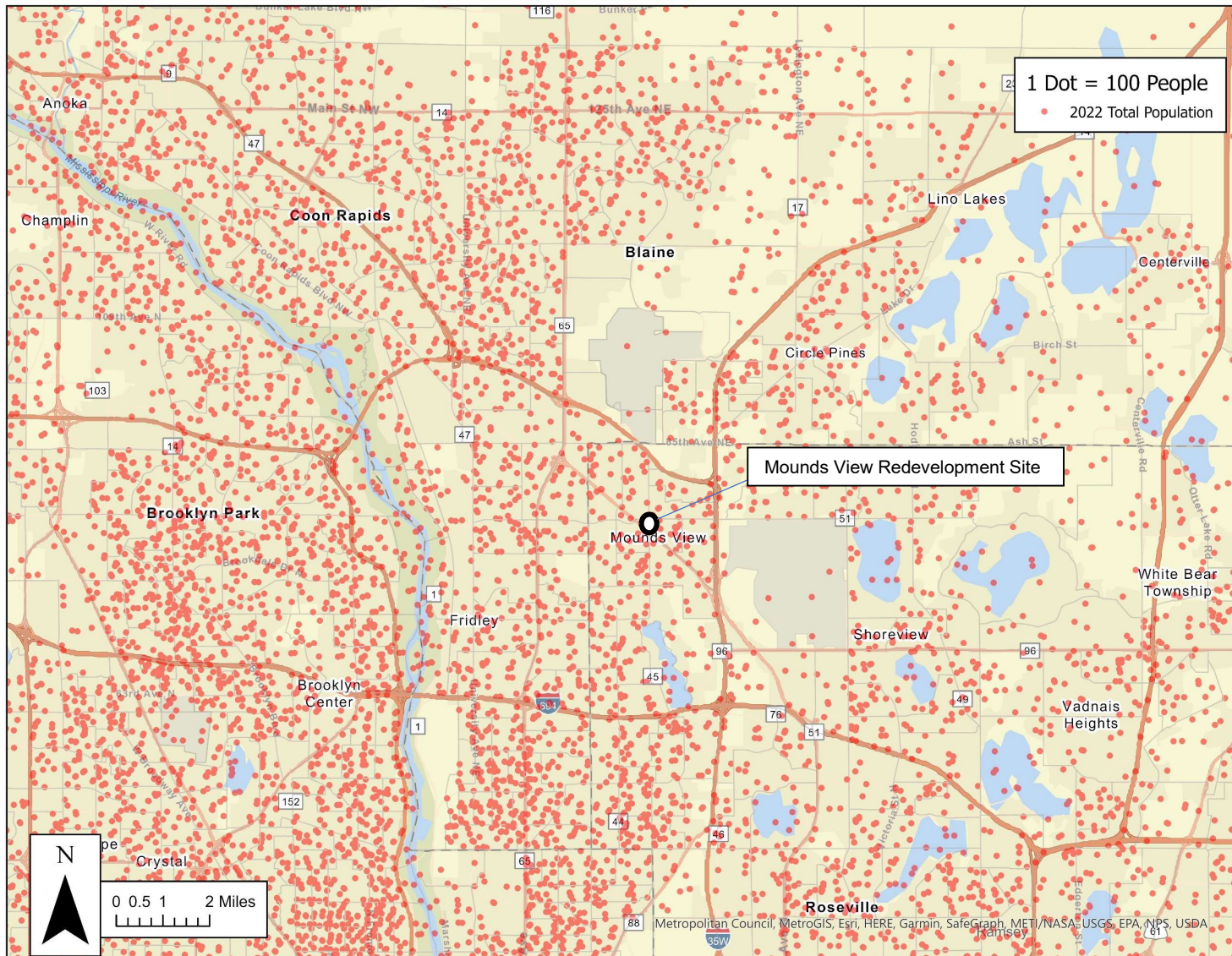
Source: US Census Bureau; ESRI; LOCi Consulting LLC

**2.6 Households and Projected Growth Chart**



Source: US Census Bureau; ESRI; LOCi Consulting LLC

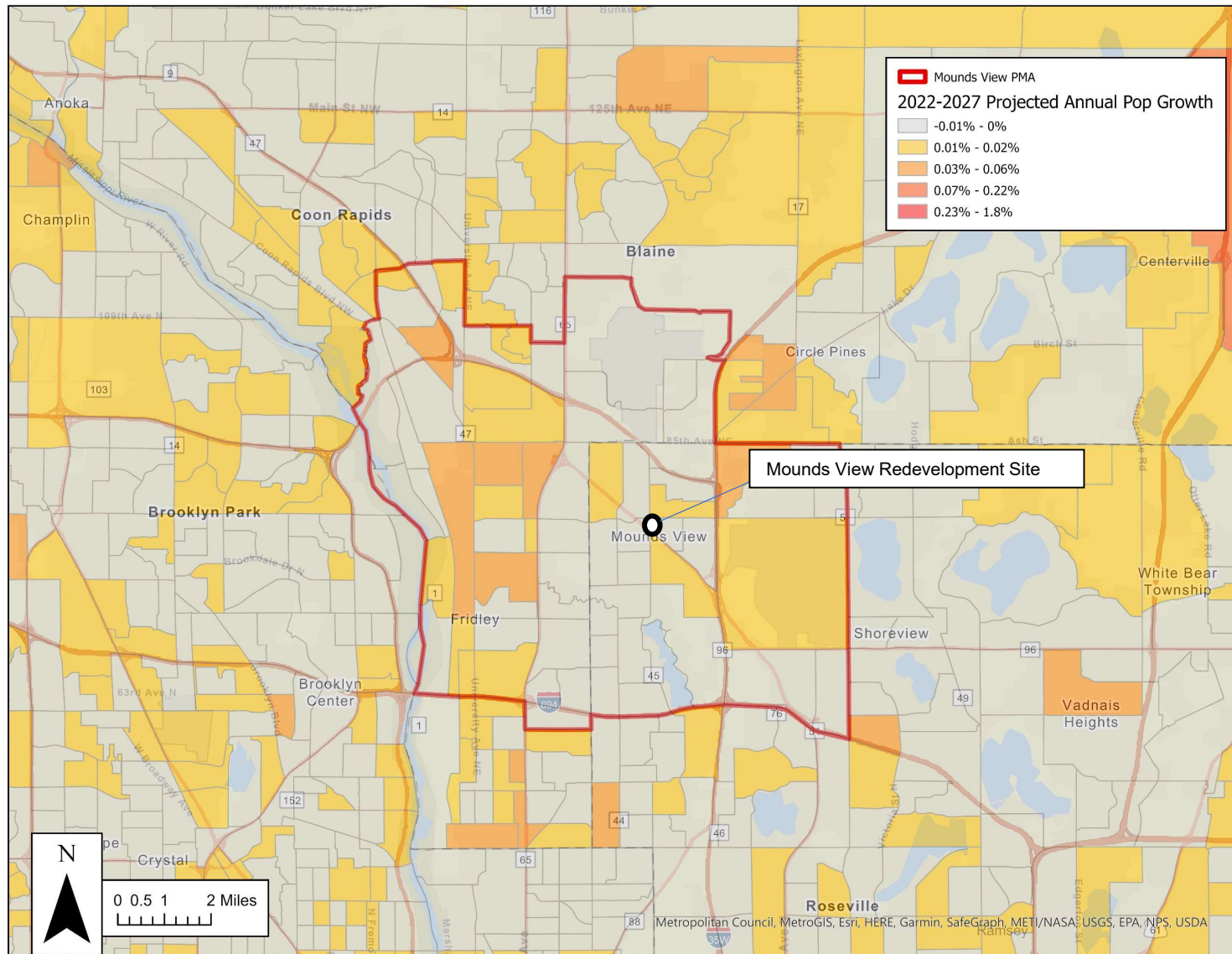
Map 2.7: Population Density in the Mounds View PMA, 2022



Source: ESRI, LOCi Consulting LLC



**Map 2.8: Projected Annual Population Growth in the Mounds View PMA, 2022-2027**



Source: ESRI, LOCi Consulting LLC



- Overall, the PMA is projected to see annual population growth of about 0.4% per year. That growth is comparable to the Minneapolis-St. Paul CBSA as a whole.
- Map 2.7 shows population density in the PMA in 2022. Each dot represents 100 people.
- Population density generally consistent across the PMA, with exception to the Twin Cities Army Ammunition Plant site, the Anoka County-Blaine Airport, and the commercial area around *Northtown Mall*.
- Map 2.8 shows projected population growth between 2022 and 2027 for each block group in the Mounds View PMA. As most areas of the PMA are fully developed, much of the area is projected to see no growth over the next five years.

### Median Household Income

Figures 2.9 shows the median household income for the drive-time rings, the Mounds View PMA, and comparison areas. Figure 2.10 shows a visualization of this data with the blue bars representing the median incomes and the orange triangles showing the annual projected growth (right axis).

- The median household income for the Mounds View PMA is about \$79,000, about 14% lower than the Twin Cities Metro Area.
- Income growth and decline can be caused by new households moving into or out of the PMA, or by changes in incomes that occur as households in an area age. Inflation is also driving increases. In the PMA, median incomes are projected to grow by about 2.4% per year over the period.
- In general, retailers are attracted to areas with higher median incomes and will consider this metric when selecting sites.
- Housing developers also consider incomes when analyzing the feasibility of residential development. Using a median household income of \$79,000, the median household could afford to spend about \$23,700 on housing per year—or about \$1,975 per month. (This assumes these households spend 30% of their income on housing.)

- Map 2.11 shows median household incomes by Census Block Group in 2022. There are some pockets of higher incomes households located south of the Mounds View Redevelopment Site.

### Households by Age and Income

Figure 2.12 shows households by age and income for the Mounds View PMA. Figure 2.12 shows median household income by age for the PMA and the Metro Area.

- The majority of household growth is projected to occur in households over age 65 and in higher income groupings. Many of these households are resident households aging into these groups, not new households to the area. Many may be looking for maintenance-free housing options that could be provided in at the Site.
- The number of households ages 15 to 34 is projected to decline in the PMA. These age groups are one of the primary markets for general-occupancy rental housing.
- The data from Figure 2.12 is used in the demand projections found in the Appendix of this report.
- Figure 2.13 shows the distribution of income across age groups. Generally, incomes increase as householders age into their 40s and 50s—their peak earning years—and then begin to decline as those householders begin to move out of the labor market.
- Median household incomes in the Mounds View PMA are higher than the Metro Area across all age groups, except for households age 15 to 24.

### Median Home Values

Figure 2.14 shows the median home values for the Mounds View PMA, the drive-time rings, and comparison areas.

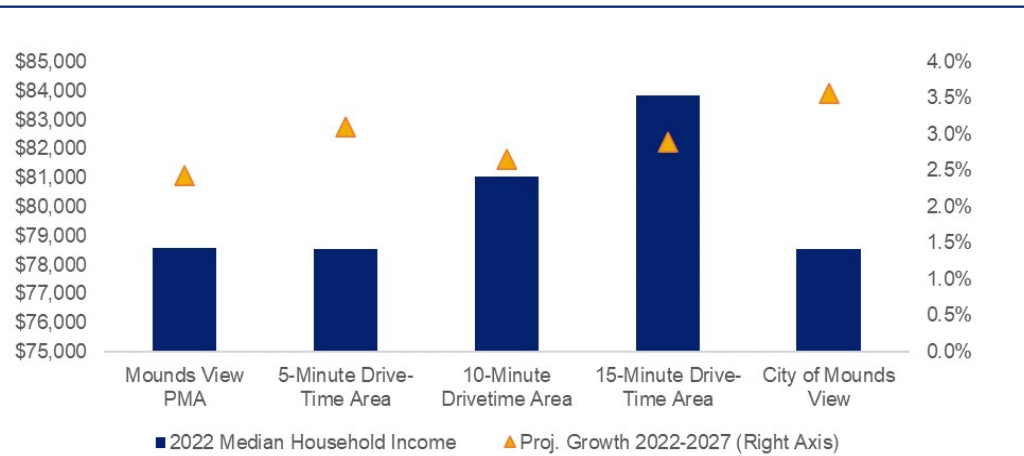
- The estimated median home value for the Mounds View PMA is about \$271,000.
- As shown with the drive-time area home values, median values for homes closer to the Mounds View Redevelopment Site tend to be lower than those further away.

**2.9 Median Household Income and Income Growth**

	Estimate 2022	Forecast 2027	Annual Growth Rate 2022-2027
Mounds View PMA	\$78,566	\$88,603	2.4%
5-Minute Drive-Time Area	\$78,530	\$91,480	3.1%
10-Minute Drivetime Area	\$81,054	\$92,407	2.7%
15-Minute Drive-Time Area	\$83,839	\$96,730	2.9%
City of Mounds View	\$78,549	\$93,569	3.6%
Minneapolis-St. Paul CBSA	\$91,714	\$105,617	2.9%
United States	\$72,414	\$84,445	3.1%

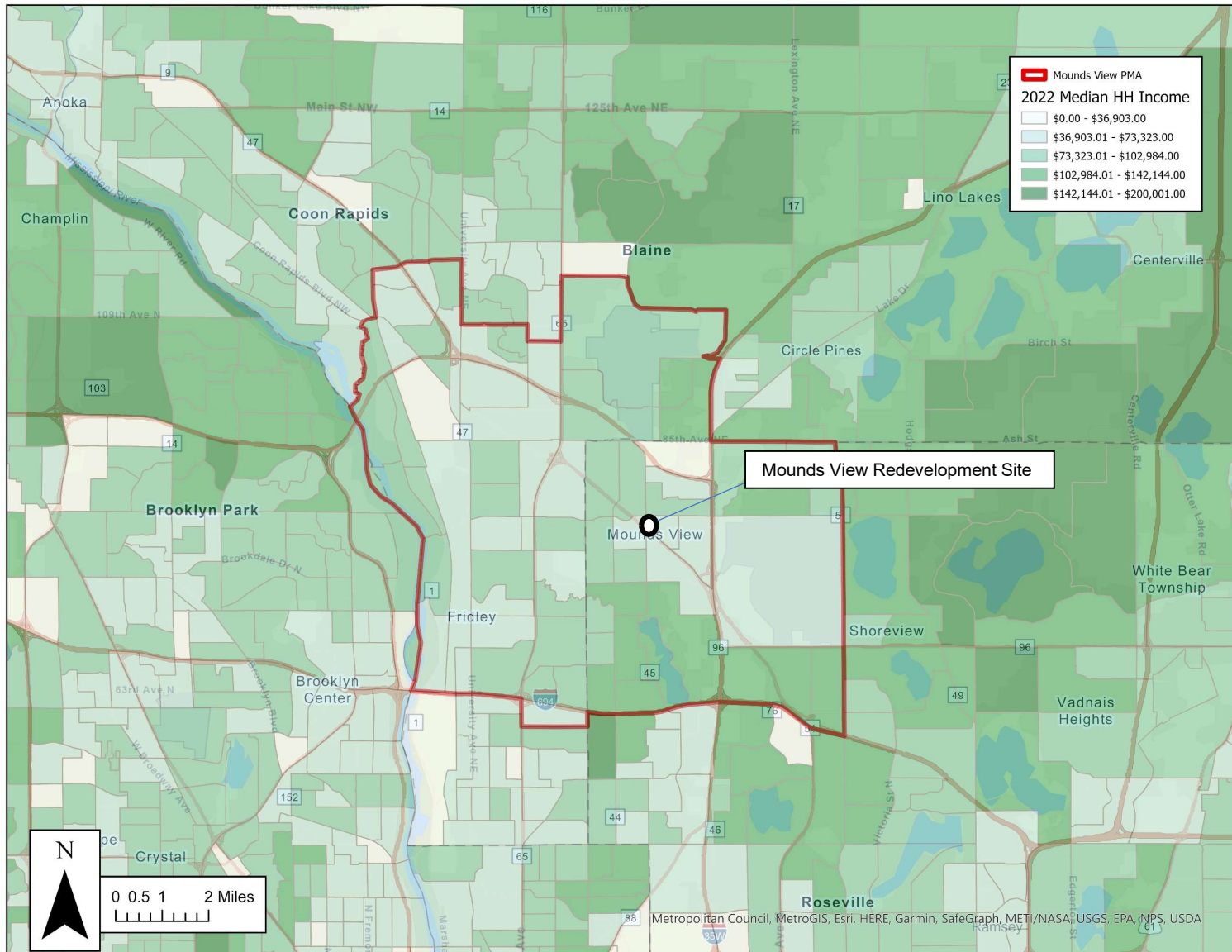
Sources: US Census Bureau; ESRI; LOCi Consulting LLC

**2.10 Median Household Income Chart**



Source: US Census Bureau; ESRI; LOCi Consulting LLC

Map 2.11: Median Household Income in the Mounds View PMA, 2022



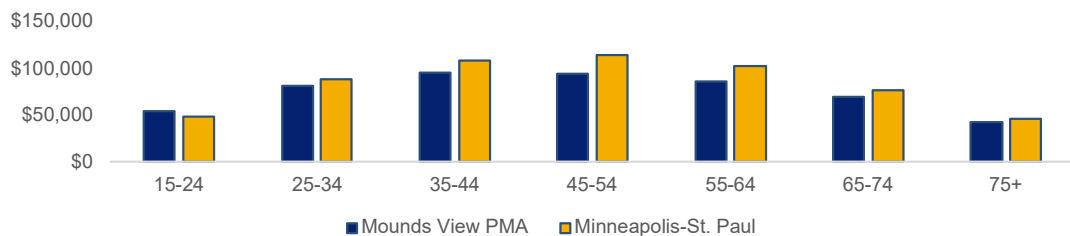
**2.12 Households by Age and Income in Mounds View PMA**

2022							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	85	184	157	189	290	266	433
\$15,000-\$24,999	71	197	135	153	269	336	672
\$25,000-\$34,999	76	272	208	202	309	355	661
\$35,000-\$49,999	161	577	485	474	640	773	1,140
\$50,000-\$74,999	197	900	961	958	1,236	1,319	769
\$75,000-\$99,999	157	950	1,080	954	1,145	921	400
\$100,000-\$149,999	114	1,168	1,757	1,503	1,597	1,006	415
\$150,000-\$199,999	17	419	546	626	672	371	272
\$200,000+	7	237	462	461	509	314	131
Median HH Inc.	\$54,384	\$81,626	\$96,056	\$94,335	\$85,903	\$69,255	\$42,453
Minneapolis-St. Paul CBSA	\$48,262	\$88,250	\$108,534	\$114,057	\$103,235	\$76,679	\$46,569

2027							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	79	127	112	138	166	179	381
\$15,000-\$24,999	49	131	82	101	159	239	567
\$25,000-\$34,999	63	195	151	141	191	284	598
\$35,000-\$49,999	142	505	417	394	491	695	1,172
\$50,000-\$74,999	194	794	850	819	994	1,296	980
\$75,000-\$99,999	166	912	1,097	929	1,064	1,023	610
\$100,000-\$149,999	148	1,267	2,082	1,663	1,629	1,258	673
\$150,000-\$199,999	21	521	750	782	806	553	520
\$200,000+	6	273	572	546	550	405	223
Median HH Inc.	\$60,363	\$89,834	\$104,724	\$104,162	\$98,752	\$80,176	\$52,587
Minneapolis-St. Paul CBSA	\$55,046	\$103,181	\$119,441	\$125,121	\$116,966	\$93,125	\$60,901

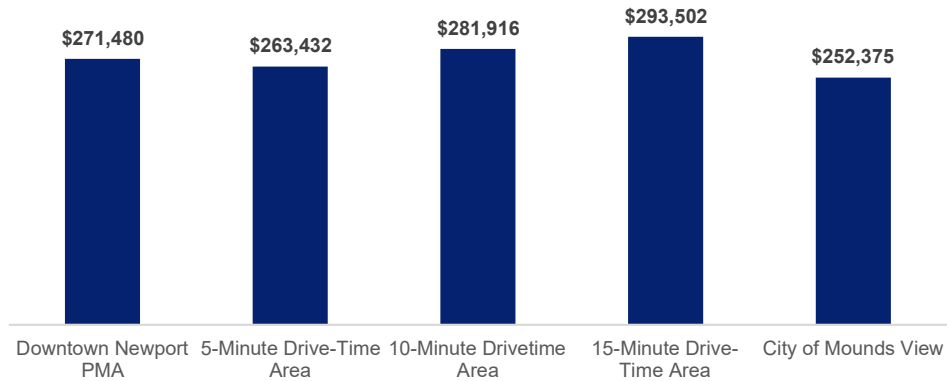
Source: ESRI; LOCi Consulting LLC

**2.13 Median Income by Age of Householder, 2022**



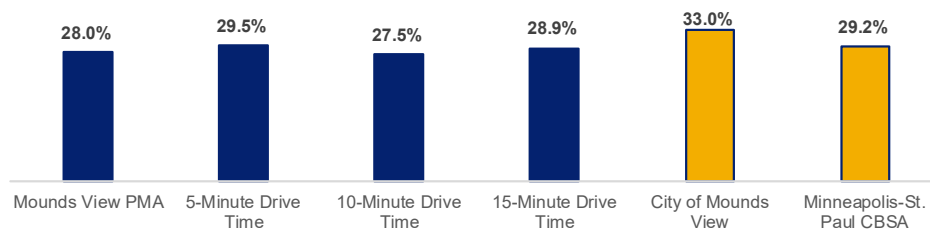
Sources: ESRI; LOCi Consulting LLC

**2.14 Median Home Values, 2022**



Source: US Census Bureau; ESRI; LOCi Consulting LLC

**2.15 Household Rental Rates in the Mounds View PMA, 2021**



Source: American Community Survey, U.S. Census; ESRI; LOCi Consulting LLC

## Renter versus Owner Households

Figure 2.15 (on previous page) shows the percentage of households that rent their homes for the drive-time rings, the Mounds View PMA, and comparison areas. This data is from the American Community Survey of the US Census.

- The household rental rate for the PMA is 28%, slightly lower than the Metro Area as a whole.
- One in three (33%) households rent in the City of Mounds View.

## Daytime Population

Figure 2.16 shows the daytime population for the Mounds View PMA and comparison areas. This data shows the base of workers in each area.

Employment is a driver of demand both for multifamily housing and retail businesses.

- Daytime population can be broken down into residential population and worker population. Note that this data may underrepresent hybrid workers as it is built on surveys completed prior to and during the COVID19 pandemic.
- The daytime population for the Mounds View PMA is larger than the resident population, meaning each day more workers commute into the PMA than commute out of it.

- With about 96,000 people, the daytime population is about 15% higher than the resident population. There are an estimated 52,000 workers in the PMA, both residents and commuters.
- Map 2.17 shows the daytime population in the PMA. Each dot represents 100 people.

## Commute Shed

LOCi Consulting reviewed commute shed data for the City of Mounds View from the US Census Bureau’s Longitudinal Employer-Household Dynamics data. The data includes all primary private jobs and is from 2020, a year of significant employment disruption because of the COVID19 pandemic.

Because of its vintage, the data may not reflect current commuting patterns. However, the data does provide directional information from a point-in-time estimate of commuting origin and destinations patterns for Mounds View.

- The top five work destinations for working residents of Mounds View were Minneapolis (19.5%), St. Paul (10.0%), Fridley (5.4%), Roseville (4.7%), and Mounds View (4.2%).
- The top five originations for workers in Mounds View were Blaine (7.7%), Minneapolis (6.8%), St. Paul (5.1%), Maple Grove (3.5%), and Mounds View (3.4%).

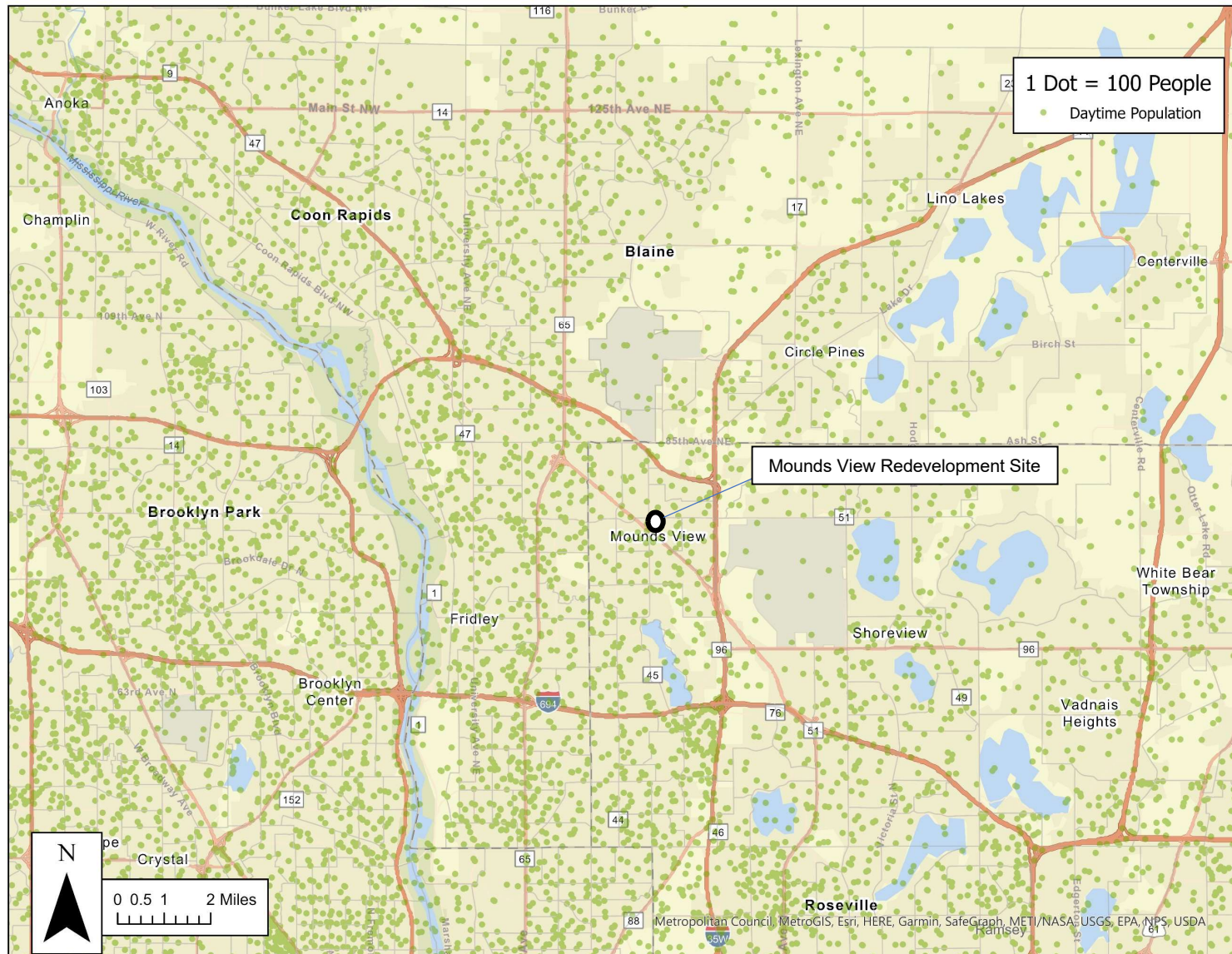
**2.16** Daytime Population, 2022

	Resident Population	Daytime Population	Daytime Population: Workers	Daytime Population: Residents
Mounds View PMA	87,202	95,855	52,408	43,447
5-Minute Drive-Time Area	23,128	21,484	10,049	11,435
10-Minute Drivetime Area	142,303	156,433	86,576	69,857
15-Minute Drive-Time Area	524,472	518,683	265,691	252,992
City of Mounds View	13,590	10,928	4,523	6,405

Source: US Census Bureau; ESRI; LOCi Consulting LLC



Map 2.17: Daytime Population Density in the Mounds View PMA, 2022



Source: ESRI, LOCi Consulting LLC

## Consumer Expenditure

Figures 2.18 and 2.19 show consumer expenditure in the PMA, including estimates for 2022 and forecasts for 2027. This data comes from ESRI and is used to forecast demand for overall retail space in the market. Only consumer spending categories associated with retail purchases are shown in the data. The data is shown in 2022 dollars, meaning it has been adjusted by LOCi Consulting to remove ESRI's assumed 2.5% per year inflation.

- In 2022, it is estimated that households in the PMA spends \$672 million on consumer goods. The consumer spending shown in the figure includes sale at physical locations along with e-commerce sales.
- Based on ESRI on retail sales data for establishments (not shown in the figure), the PMA has more retail demand than retail establishments to supply that demand. We estimate that about 37% of retail sales generated from households in the PMA are “leakage” sales. That includes sales to physical retailers outside of the PMA plus e-commerce sales.
- The largest areas of consumer demand growth are in grocery stores and restaurants.
- The Census Bureau surveys retailers to estimate the percentage of retail sales that come from e-commerce channels. In the first quarter of 2023, consumers spent 15.1% of their retail spending through e-commerce channels.
- E-commerce sales surged during the COVID19 shutdown. E-commerce retail spending jumped from 11.9% in the first quarter of 2020 to 16.4% in quarter two. By the fourth quarter of 2020, the percentage was 15.1%.
- For the purposes of our demand analysis, LOCi Consulting uses a 15% figure. We believe this will be the average percentage over the 2022 to 2027 period.
- As more retailers transition to “omnichannel” formats, consumer demands for e-commerce options will continue to grow. There will always be “Amazon-proof” businesses that will ensure that much of retail is still done in brick-and-mortar locations. And retailers will limit e-commerce options because the economics of e-commerce can be challenging—margins for goods sold online are generally lower. But consumers will continue to demand the convenience that these channels offer, and we believe growth will continue.

### 2.18 Consumer Spending in Retail Categories In the Mounds View PMA

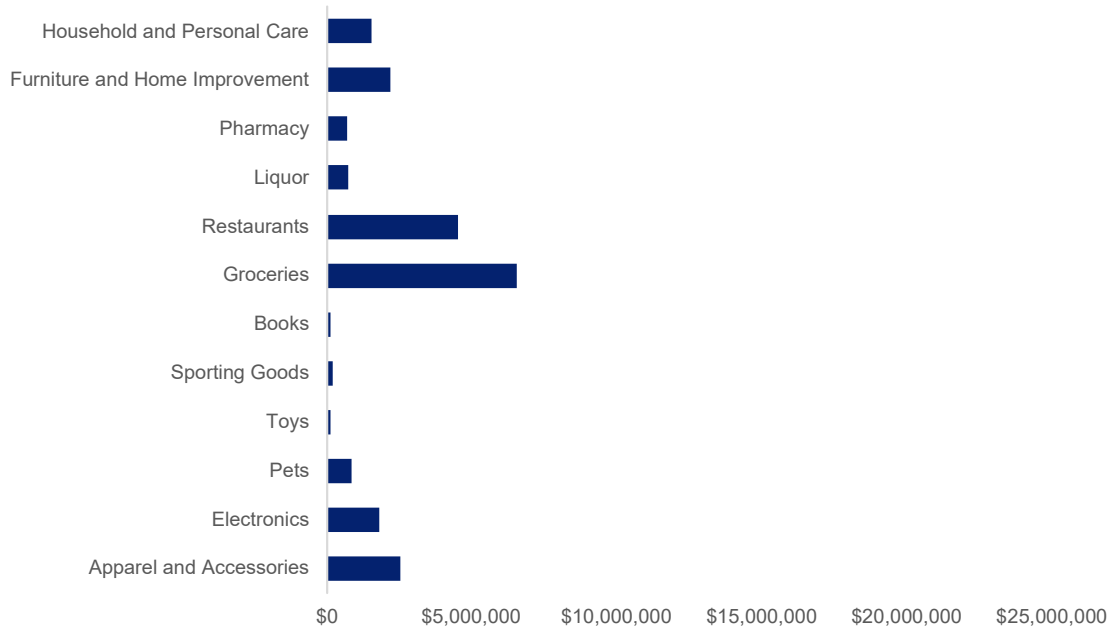
	Estimate 2022	Forecast 2027	Growth 2022-2027
Apparel and Accessories	\$78,404,483	\$80,961,663	\$2,557,180
Electronics	\$54,537,134	\$56,330,686	\$1,793,552
Pets	\$26,146,652	\$27,013,221	\$866,569
Toys	\$4,278,004	\$4,419,591	\$141,587
Sporting Goods	\$6,485,463	\$6,700,420	\$214,957
Books	\$3,972,283	\$4,102,702	\$130,419
Groceries	\$200,339,877	\$206,905,537	\$6,565,660
Restaurants	\$138,901,650	\$143,424,364	\$4,522,714
Liquor	\$23,420,056	\$24,179,010	\$758,954
Pharmacy	\$21,285,126	\$21,994,834	\$709,708
Furniture and Home Improvement	\$67,145,631	\$69,344,465	\$2,198,834
Household and Personal Care	\$46,887,265	\$48,424,928	\$1,537,663
<b>Total</b>	<b>\$671,803,624</b>	<b>\$693,801,422</b>	<b>\$21,997,798</b>

\* Data is shown in 2022 Dollars, adjusted from ESRI projection. ESRI assumes 2.5% inflation.

Source: US Census Bureau; ESRI; LOCi Consulting LLC



**2.19 Forecasted Growth in Consumer Spending in the PMA, 2022-2027**



\* Data is shown in 2022 Dollars, adjusted from ESRI projection. ESRI assumes 2.5% inflation.

Source: US Census Bureau; ESRI; LOCi Consulting LLC

### 3. Restaurant and Retail Market Analysis

This section examines the restaurant and retail market in the Mounds View Primary Market Area (PMA).

Retail real estate has seen dramatic change in the last 10 years. Even prior to the COVID19 pandemic, shifting incomes, changing consumer preferences, and the growth of e-commerce had resulted in a significant number of store closures and shuttered shopping centers across the country. With the pandemic, many of these trends that were negatively impacting retail have accelerated. Other trends that were trending positive—like the growth of health clubs and experiential retail—have now reversed and slowed considerably.

On the other side, many retail concepts have done well during the coronavirus pandemic. Grocery stores, liquor stores, and home improvement all experienced strong sales during this period. And retail concepts that have been able leverage their e-commerce operations and alternative methods of delivery—like curbside pickup—were able to maintain most of their sales.

While there have been significant disruptions, the traditional analytic lens of retail has stayed relatively consistent. Based on an understanding of consumer spending in an area and the ability to target the right retail to capture that spend, the framework provides a tool to understand how these shifts drive changes in demand for retail space.

Retail and restaurant space can be found in malls, shopping centers, and freestanding buildings—both individual structures and street-front business districts. Mixed-use projects—where retail is combined with residential or office—have also become popular with developers and local planners.

Retail is often viewed along a spectrum of convenience versus destination. Convenience retailers are grocery stores, drugstores, liquor stores, home improvement stores, coffee shops, and quick-service and fast-casual restaurants. At the

destination end of the spectrum are department stores, apparel and accessories stores, furniture, electronics, sporting goods, higher-end restaurants. General merchandisers and clubs—like Costco, Target, and Walmart—seek to capitalize on spending from both ends of the spectrum.

The location of a planned retail development determines which types of retail will succeed. Convenience locations need more frequent trips and generally higher population densities to drive smaller purchases and support lower margins. Destination retail may need higher incomes and proximity to similar types of retail to support the fact that their customers make less frequent trips to their establishments.

#### Key Retail Trends

Here are key trends in retail that will impact the amount and types of space that retailers will demand in the Mounds View PMA.

**1. Consumer spending has been surprisingly strong.**

With a tight labor market and the resulting wage growth, purchasing power of households has been strong. Even as the inflation increased in the second half of 2022, households continued to spend at levels comparable to 2021. And, unlike the shutdowns of 2020, consumers spread their spending to both e-commerce and brick-and-mortar channels. This sustained spending has pushed retailers to add new locations and demand additional space at existing locations.

**2. The coronavirus pandemic changed the way consumers shop.**

Buy online and pickup in-store (sometimes called “BOPIS”) was already a major trend for retail headed into the pandemic, but COVID-19 put gasoline on the fire. To address safety concerns, retailers quickly developed curb-side pickup, enhanced drive-through, delivery, and online ordering capabilities.

And consumers responded and adopted these new methods of transaction. Even as consumers demand more experiential retail at brick-and-mortar locations, they continue to demand the conveniences that evolved during the pandemic. Curb-side pickup and delivery are here to stay.

**3. Weak and struggling retail concepts will continue to disappear from the market.**

Retailers who lacked cash, have heavy amounts of debt, or who were already suffering sales declines were forced into bankruptcy in 2020 and 2021 to levels not seen in more than a decade. Some retailers that were able to stay afloat during this period because of rent concessions or stimulus payments are continuing to struggle and may ultimately go out of business.

**4. Grocery and convenience retail will continue to be viewed as an essential anchor for other retailers.**

Community and neighborhood shopping centers with a grocery anchor did well in the pandemic and indoor shopping malls did terribly. Consumers are spending more of their discretionary and essential spending online, but grocery stores and other convenience retail have been able to maintain sales. Smaller retailers will look to position themselves near these convenience traffic drivers. And malls will continue to consider adding grocery stores as anchors.

**5. Direct to consumer brands and online-only retailers will continue to look for traditional brick-and-mortar space to leverage their consumer relationship.**

Continuing a trend that began before the pandemic, online-only retailers are seeking out brick and mortar locations to leverage their presence in a market. They have realized that an actual physical presence boosts online sales. Many of these retailers look to unique and interesting shopping districts, like Grand Avenue, 50<sup>th</sup> and France, and North Loop,

to capture the attention of their target market. This trend may present an opportunity for local entrepreneurs in Mounds View.

**6. E-commerce will continue to grow but will experience growing pains.**

With the dramatic acceleration of e-commerce, the cracks began to show. Employee shortages at distribution centers, a taxed postal service, and technology glitches and crashes meant that consumers were often left feeling disappointed. And, because of the cost structures, online retail is often much less profitable than an in-store transaction. Retailers know they must do e-commerce to be competitive, but the overall trend is driving down the bottom line.

**Retail Overview in the Mounds View PMA**

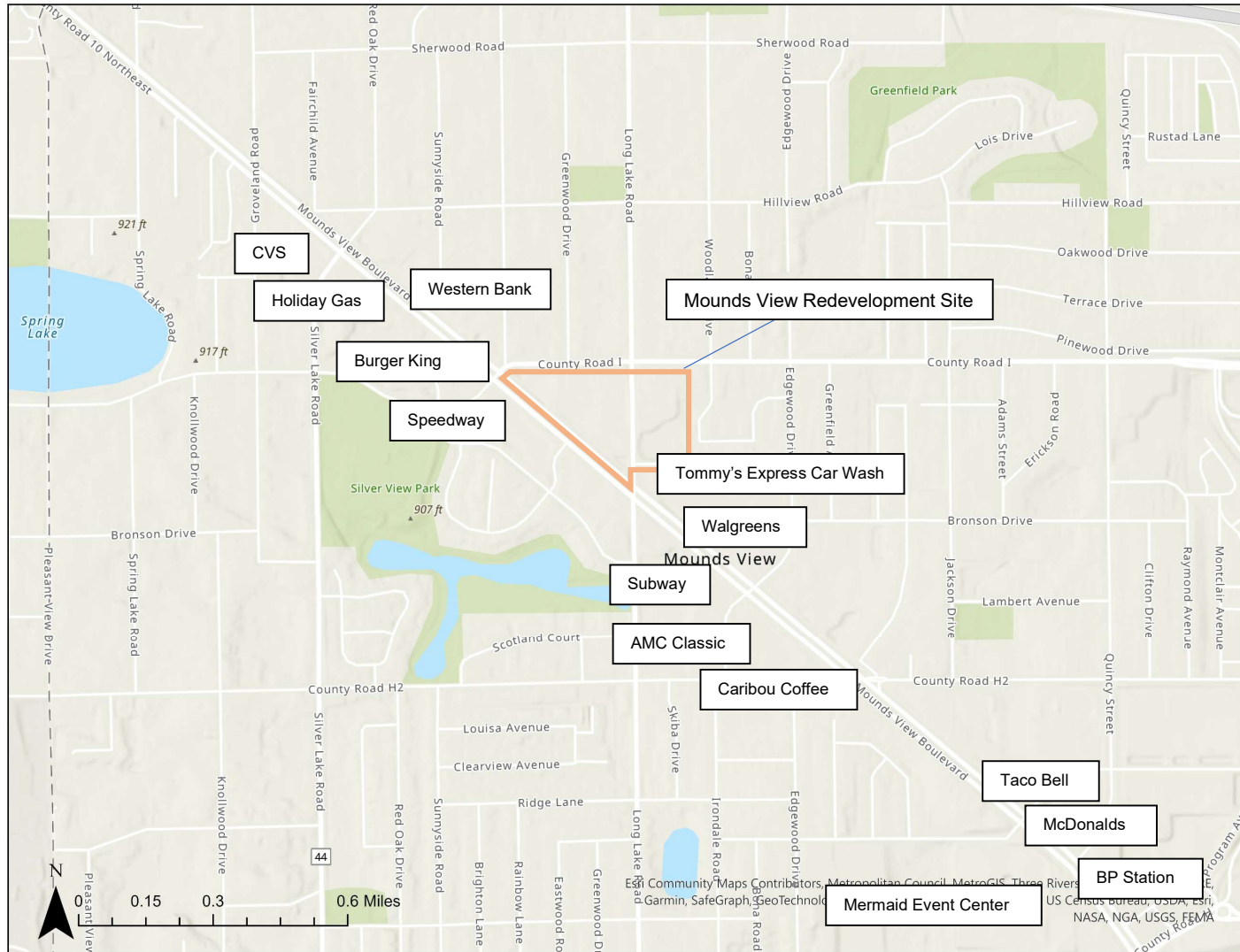
Map 4.1 shows restaurants and retail near the Mounds View Redevelopment Site. The area is served by several convenience stores/gas stations, liquor stores, and other convenience retailers. For restaurants, there are quick service restaurants but few fast casual or casual restaurants.

Map 4.2 shows an overview of the restaurants and retail that serves the Mounds View PMA. The map includes grocery stores, general merchandise stores, and national pharmacy chains—Walgreens and CVS.

*Grocery Stores and Neighborhood Shopping Centers*

- Shopping centers and retail nodes anchored by grocery stores are called neighborhood retail. These shopping areas tend to be smaller and serve trade areas of about 20,000 people, typically within about three miles of the shopping center.
- Anchored by an Aldi grocery store, *Mounds View Square* is the primary neighborhood shopping center and node in the immediate area.

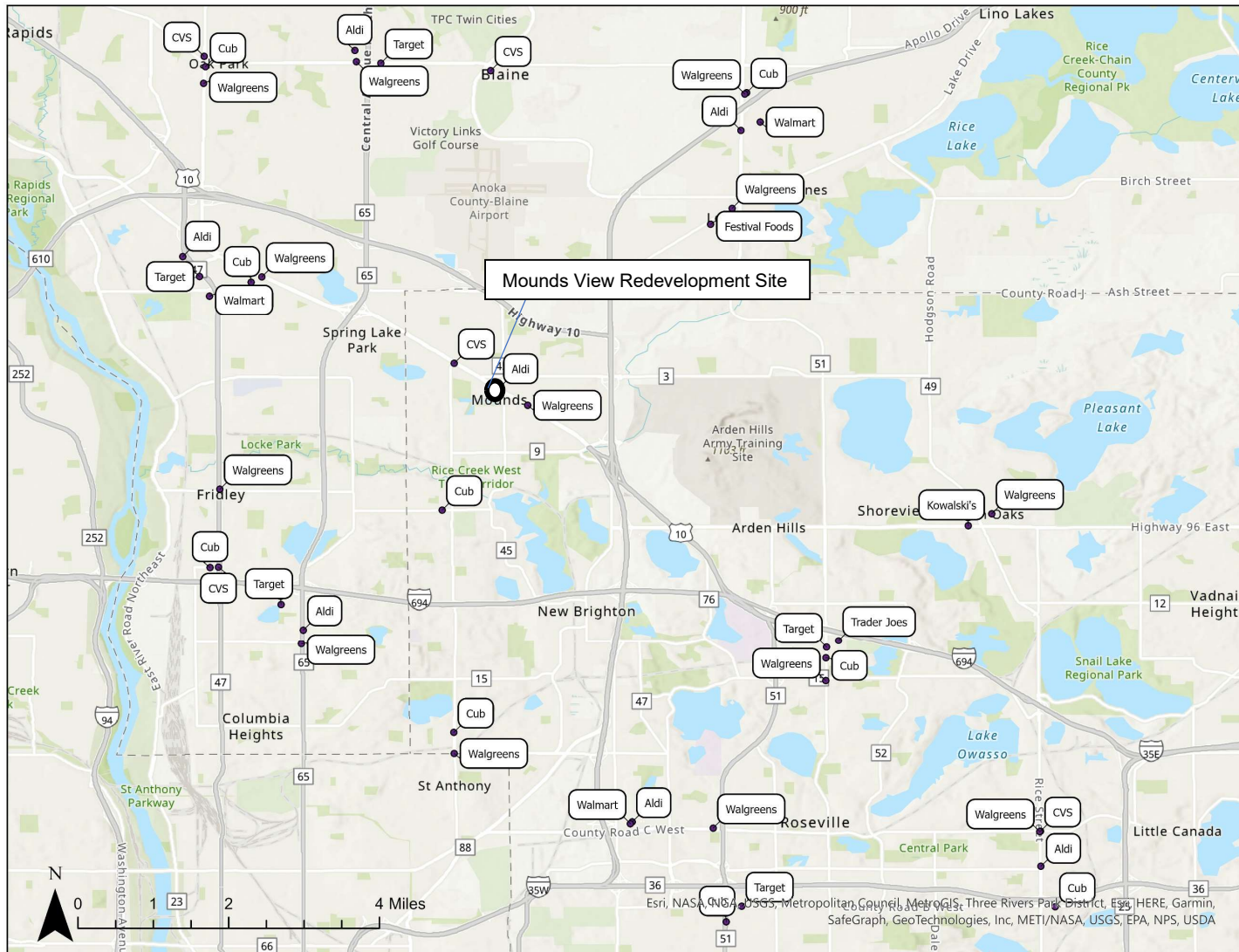
**Map 3.1: Restaurants and Retail near the Mounds View Redevelopment Site**



Source: City of Mounds View; ESRI; LOCi Consulting



**Map 3.2: Grocery Stores, General Merchandize Stores, and National Pharmacy in the PMA**



Source: Retailer websites; SNAP data; DataVu; ESRI; LOCi Consulting LLC

### *General Merchandise Stores and Community Shopping Centers*

- Shopping centers and retail nodes anchored by general merchandise retailers—Target or Walmart—are called community shopping centers or community retail nodes. In addition to the general merchandise retailer, the shopping centers are often anchored by a grocery store or pharmacy. These retail nodes serve much larger trade areas, with between 75,000 and 150,000 people within three to six miles of the node.
- The closest general merchandise retail is located just south of the *Northtown Mall*, about three miles to the northwest of the Mounds View Redevelopment Site. The area has both Target and Walmart.
- Other community retail nodes are located in Fridley to the southwest (Target store) and along Interstate 35W in Blaine (Walmart store).

### *Regional Malls and Regional Shopping Nodes*

- Regional malls are traditionally anchored by two or more department stores and serve 100,000 to 500,000 people within five to 10 miles.
- The Mounds View PMA is served by two malls—*Northtown Mall* in Blaine and *Rosedale Center* in Roseville.
- *Northtown Mall* was once anchored by several large department stores. But is now anchored by retailers not traditionally associated with mall properties—Home Depot, Burlington, Becker Furniture World Outlet, and Best Buy Outlet. *Northtown Mall* does not have the regional draw that it once had.
- *Rosedale Center*, however, has maintained generally maintained its retail draw. *Rosedale Center* can be classified as a super-regional mall. The property has about one million square feet of retail space and is anchored by Macy's, JC Penny, Von Maur, and Dick's Sporting Goods. The mall also serves as anchors to larger retail nodes surrounding their locations at the intersection of Snelling Avenue and Highway 36.

- The mall shopping format is evolving to meet changing consumer demands. Department stores are struggling and are no longer seen as dependable anchors. Many mall owners are looking to add traffic drivers like entertainment and general merchandise and grocery stores. Others are looking to create mixed-use centers by adding residential development.

### *Select Retailer Visits in the PMA*

Retailers often use customer visit data from mobile devices to understand traffic to their stores.

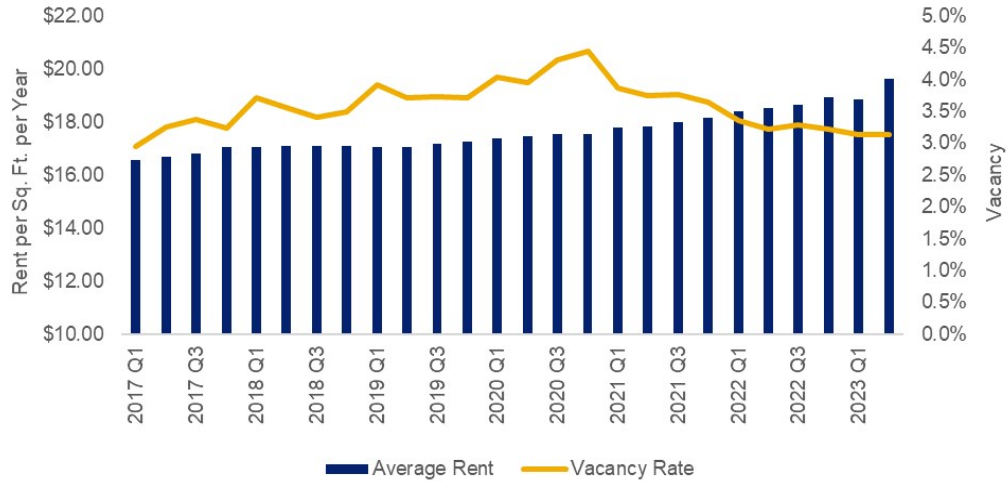
Placer.ai is a national firm that offers visit data for retail and other locations across the county. Based on Placer.ai data, the list below shows estimated annual traffic counts to locations in the Mounds View PMA. The data is based on July 2023 traffic.

- Aldi at the Mounds View Redevelopment Site—300,000 visits per year
- AMC Theater, Mounds View Boulevard—223,000 visits per year
- Cub Foods, New Brighton—500,000 visits per year
- Hy-Vee Grocery Store, Spring Lake Park—880,000 visits per year
- Cub Foods, *Northtown Mall*—500,000 visits per year
- Target, *Springbrook Shopping Center*—855,000 visits per year
- Walmart, Fridley—1.9 million visits per year
- *Northtown Mall*—2.6 million visits per year

## **Market Conditions for Retail Commercial Real Estate in the Twin Cites Metro Area**

Responding to increased consumer expenditure, local and national retailers have sought additional retail space. While at the same time, commercial real estate developers faced significant headwinds with rising construction costs and supply-chain challenges, resulting in fewer new projects being developed to respond to this demand. In fact, with demolitions and redevelopments, the base inventory of retail space in the Metro Area actually contracted significantly. These factors have kept retail vacancy rates low and increased rents at existing properties.

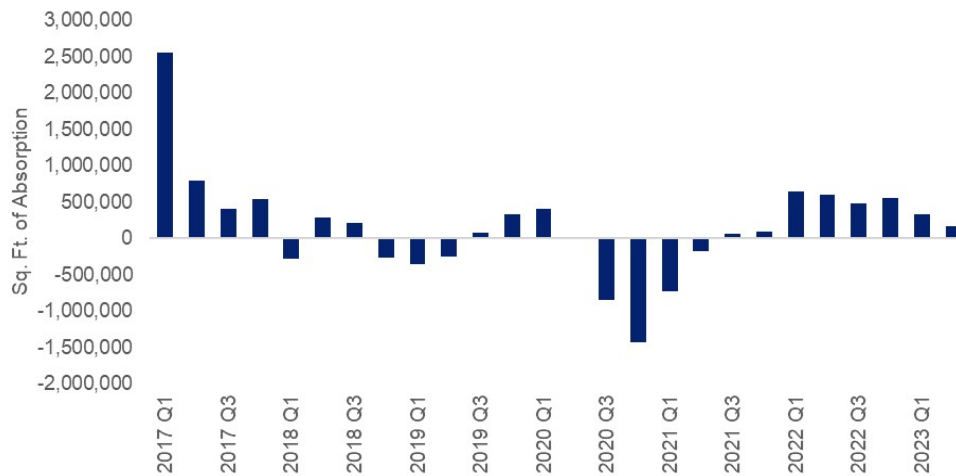
**3.3 Average Lease and Vacancy Rates for Retail Space in the Metro Area**



\* Data is Q1 2017 to Q2 2023

Source: CoStar; LOCi Consulting LLC

**3.4 Net 12-Month Absorption for Retail Space in the Metro Area**



\* Data is Q1 2017 to Q2 2023

Source: CoStar; LOCi Consulting LLC

Using data from CoStar—a national commercial real estate data service used by commercial brokers and retail site selectors—LOCi Consulting reviewed retail real estate data for the Twin Cities Metropolitan Area (referred to by CoStar as the Minneapolis Market).

CoStar data is not perfect. It does not include vacant data that is not being listed by brokers. Therefore, it is likely an underrepresentation of the actual vacancy rate. Spaces that may be currently closed because of the pandemic are not considered vacant because they are not being listed. Further, CoStar data includes many single-user properties in its data that are often not considered in other sources. As a result, the denominator tends to be larger, so vacancy rates are sometimes lower than other sources.

Figures 3.3 and 3.4 show average retail lease rates per square foot per year, vacancy rates, and absorption for the Minneapolis-Saint Paul market.

- The vacancy rate for retail commercial real estate space in the Metro Area was 3.1% in the second quarter of 2023.
- Mentioned previously, vacancies have remained low in the market as new supply has primarily been build-to-suit for a particular retailer. Only a few large shopping centers have been developed in the market, and the ones that have been built already have most of their space committed.
- The average rent for retail space was \$19.65 per square foot per year in the Metro Area in the second quarter of 2023.
- Rents grew on average 4.0% per year between 2020 and 2023. Between 2010 and 2019, the average annual rental growth was 0.5% per year.
- Absorption has been net positive in the Minneapolis market since the third quarter of 2021.

### Market Conditions for Retail Commercial Real Estate in the Mounds View PMA

Figures 3.5 and 3.6 show average retail lease rates per square foot per year, vacancy rates, and

absorption for the retail real estate in the Mounds View PMA. Map 3.7 shows the location of profiled properties.

- There is about 7.3 million-square feet of retail space in the Mounds View PMA. (Not shown in the figures.)
- The vacancy rate for retail commercial real estate space in the PMA was 3.9% in the second quarter of 2023. The estimated total amount of vacant space is about 285,000 square feet.
- This vacancy rate is low and suggests that potential tenants are having a tough time finding space in the PMA to meet their needs.
- The average rent for retail space was \$13.92 per square foot per year in the Metro Area in the second quarter of 2023.
- Rents in the PMA are lower than the Metro Area as a whole, reflecting the older stock and the fact that the PMA does not have a regional draw.
- The rents in the PMA have increased at a higher rate relative to the Metro Area as a whole. Retail rents rose about 7.3% per year since the second quarter of 2020.

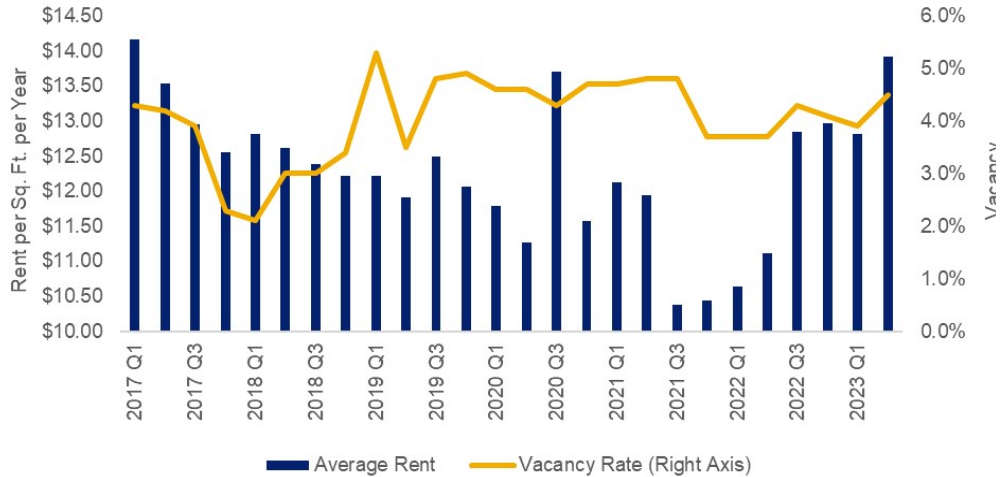
### Profiled Shopping Centers in the Mounds View PMA

Figure 3.7 shows selected existing shopping centers in the Mounds View PMA. These properties are profiled to provide information about the existing supply or retail real estate in the PMA.

- There are nine shopping center properties profiled, including the *Mounds View Square Shopping Center* (The subject site). One additional property is also located in the City of Mounds View.
- Most of the shopping centers are older properties, first built in the 1970s and 1980s.
- The largest shopping center profiled is *Northtown Mall* with 645,000-square feet. The mall is anchored by Home Depot, Cub Foods, Burlington, Hobby Lobby, Becker Furniture World Outlet, and Best Buy Outlet.



**3.5 Average Lease and Vacancy Rates for Retail Space in the PMA**



\* Data is Q1 2017 to Q2 2023

Source: CoStar; LOCi Consulting LLC

**3.6 Net 12-Month Absorption for Retail Space in the PMA**



\* Data is Q1 2017 to Q2 2023

Source: CoStar; LOCi Consulting LLC



**3.7** Profiled Retail Space in Shopping Centers in the Mounds View PMA

Property	Gross Leasable Area	Available	Occupancy	Quoted Lease Rate	Parking Ratio <sup>1</sup>	Major Tenants
<b>Mounds View Square (Redevelopment Site)</b> 2537-2577 County Road 10 NE Mounds View  Year Built: 1974 / 1993	109,873	44,000	60%	NA	6.0	Aldi, Dollar General, Merwin Liquors, Anytime Fitness, Caribou, Don Hermanos, Little Caesars, H&R Block
<b>Silverview Plaza</b> 2544-2574 Mounds View Dr Mounds View  Year Built: 1987	34,455	0	100%	NA	5.0	Mounds View Public Schools, A+ Coin Wash, Dominos Pizza
<b>University IV</b> 8151-8255 University Ave NE Spring Lake Park  Year Built: 1985	55,715	6,215	89%	NA	3.6	Empire Beauty School, Advance Auto Parts, Hibachi Grill, Creative Sewing Centers
<b>8485 Plaza Blvd NE</b> 8485 Plaza Blvd NE Spring Lake Park  Year Built: 1960 / 1990	26,894	0	100%	NA	3.2	O'Reilly Auto Parts, Docs Cues and Darts, Tattoo Asylum, Mr. Taco
<b>Rainbow Village Shopping Ctr</b> 405-551 NE 87th Ln Blaine  Year Built: 1990 / 2002	130,806	65,476	50%	NA	5.0	Dollar Tree, Home Choice, Salon 10, Jimmy Johns, Papa Johns, Picklr (Dec. 2023)
<b>North Court Commons</b> 636-784 County Road 10 NE Blaine  Year Built: 1989	105,161	38,077	64%	NA	4.7	Barnes and Noble, Big Lots, Outpost 2000 and Beyond, Great Clips, Papa Murphy's, Green Goods
<b>Northtown Village</b> 40-60 Coon Rapids Blvd NW Coon Rapids  Year Built: 1995	184,113	28,044	85%	\$8 NNN	3.3	Urban Air Adventure Park, MN Home Outlet, The Modern Sportsman, Savers, Planet Fitness

---Continued on Next Page---

1. Parking stalls per 1,000 square feet

\* Data collected July and August 2023

Source: Listings, Interviews, CoStar, LOCi Consulting LLC

**3.7 Profiled Retail Space in Shopping Centers in the Mounds View PMA (Continued)**

Property	Gross Leasable Area	Available	Occupancy	Quoted Lease Rate	Parking Ratio <sup>1</sup>	Major Tenants
<b>Springbrook Mall</b> 77-141 85th Ave NW Coon Rapids  Year Built: 1980 / 2002	71,047	1,948	97%	NA	7.8	Target (not included in GLA), American Freight, Osaka Sushi, Gentle Dentistry, Ike's Wine and Spirits
<b>Northtown Mall</b> 398 Northtown Dr Blaine  Year Built: 1972 / 2007	644,735	NA	NA	NA	7.2	Home Depot, Cub Foods, Burlington, Hobby Lobby, Becker Furniture World Outlet, Best Buy Outlet

1. Parking stalls per 1,000 square feet

\* Data collected July and August 2023

Source: Listings, Interviews, CoStar, LOCi Consulting LLC

- Occupancy for the group ranges from 50% to 100%. There is about 184,000-square feet of vacant space in these properties. The overall vacancy rate for the profiled properties is 25.6%.
- The profiled properties account for almost two thirds of the vacant retail space in the PMA (64.6%).
- Only one property provides quoted retail lease rates, and that rate is only \$8 per square foot per year triple net (NNN). These lease rates are unlikely to support new construction. (Triple net—sometimes just labeled “NNN”—is a rental arrangement where the tenants pay all of the expenses on the property, including operating expenses, taxes, and sometimes external maintenance.)
- Many of the listings do not include asking rents, so the rents for listed properties likely represent the lower end of rents that many retailers would actually pay.

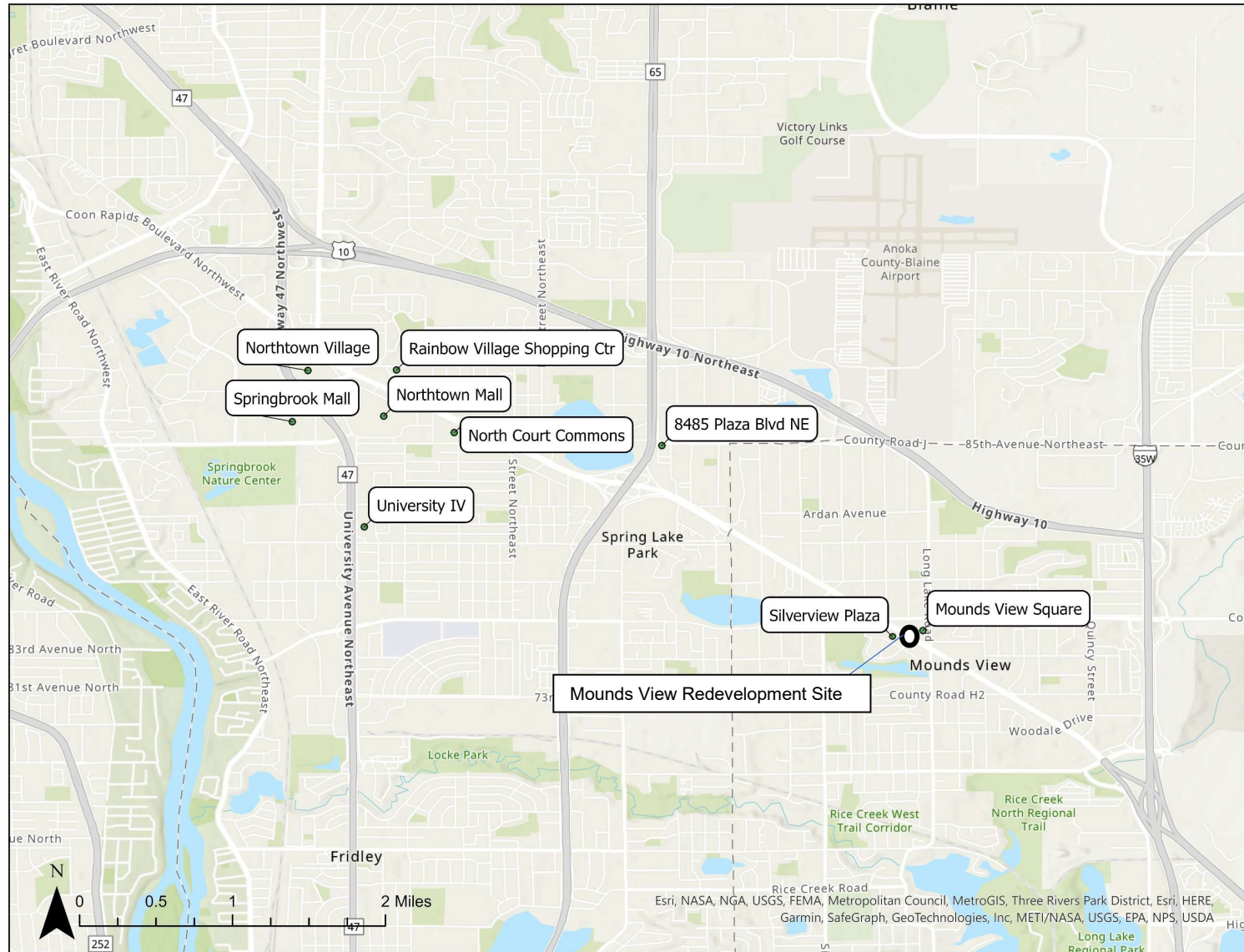
**Pending Retail Developments in the Mounds View PMA**

LOCi Consulting contacted city staff to identify planned and pending retail developments in and near the PMA.

*Mounds View*

- The owners of a local Filipino grocery store have partnered a local restaurant owner to develop a concept plan for an international food hall space. The hall would be modeled after similar concepts developed in Eden Prairie and planned for Burnsville Center. The group has begun discussions with the city to find a possible site and to explore potential funding sources.

**Map 3.8: Profiled Shopping Center Properties in the Mounds View PMA**



Source: ESRI; LOCi Consulting LLC



### Arden Hills

- Called the *Rice Creek Commons*, redevelopment of the 427-acre parcel at the former Twin Cities Army Ammunition Plant is continuing. The city renewed the Alternative Urban Areawide Review (AUAR) in 2019. That plan called for 1,460 residential units on the site, up to 500,000-square feet of retail space, and 1.7 million square feet of non-retail commercial space. Ramsey County is currently seeking development proposals for the first 40 acres of the area—an area designated for commercial uses only. Intended uses for this area include business service, clinic/medical offices, financial institutions, food preparation, hotel/motel offices, research and development, or pet services.

### Blaine

- In July 2022, the Blaine city council adopted the Northtown Area Study Master Plan. The plan includes the *Northtown Mall* property plus the surrounding area. The long-term plan address land use, redevelopment/revitalization options, multimodal transportation, and public improvements. The plan outlines a mixed-use area with a mix of higher density housing options and new restaurant and retail concepts. Some early changes in the area could take place by 2030 with long-term changes taking 25-30 years. Other than the Scooter’s Coffee discussed in the pending retail section and the project discussed below, there are no active development proposals for the Northtown Area at this time.
- Scooters Coffee has been approved to add a 700-square-foot coffee kiosk at 150 89th Ave NE.
- A Mister Car Wash has been proposed for a site at 8501 Springbrook Dr NE.

### Spring Lake Park

- A Tidal Wave car was recently approved at the northeast corner of University Avenue and 83rd Avenue.

## Retail Impacts from the Proposed Youth and Amateur Sports Complex in Mounds View

The City of Mounds View has proposed an expansion of its existing community center to meet the evolving needs of the community and create new economic opportunities. The city is proposing a \$33 million dollar investment plan that will nearly triple the size of the community center, add new amenities that position the center as a destination for regional sports tourism. The project would add 72,000-square feet to the existing 42,000-square-foot building. The city is proposing to finance the project through a local option sales tax of 1.5% and state bonding money.

Included in the proposal are:

- Three new gyms to accommodate athletic events for sports such as basketball, volleyball, and pickleball.
- New concession area.
- Renovated locker rooms with bathrooms and showers.
- An indoor walking track.
- Children’s indoor play area.
- Additional community meeting rooms.
- An expanded fitness area with new equipment.
- Renovated locker rooms with bathrooms and showers.

In 2022, the City of Mounds View engaged CSL International to complete a feasibility study for the proposal.<sup>1</sup> LOCi Consulting reviewed the CSL study to assess the impact the proposed Youth and Amateur Sports Complex on the Mounds View Square Redevelopment. Here are the key findings of that review:

- The proposed Youth and Amateur Sports Complex would drive new visitors to the area.** The study forecasts attendance of over 90,000 people at the facility in its stabilized fourth year of operations.<sup>2</sup> (For comparison purposes, Placer.ai

<sup>1</sup> “Feasibility Study of a Potential New Youth and Amateur Sports Complex in Mounds View, Minnesota.” CSL International. July 13, 2022. [https://cms6.revize.com/revize/moundsview/document](https://cms6.revize.com/revize/moundsview/document-center/Community%20Center%20Expansion/CSL%20Feasibility%20Study.pdf)

[center/Community%20Center%20Expansion/CSL%20Feasibility%20Study.pdf](https://cms6.revize.com/revize/moundsview/document-center/Community%20Center%20Expansion/CSL%20Feasibility%20Study.pdf).

<sup>2</sup> CSL International. Page 59.

reports that the Aldi grocery store at Mounds View Square sees about 300,000 annual visits.)

- **The proposed expansion would support and strengthen restaurant and retail in Mounds View and at the Site.** The “foot traffic” numbers forecast would support the sales of existing businesses and would be attractive to new businesses considering locating in the area.
- **Based on the estimates of indirect/induced spending, the project would not drive a significant increase in the total retail square footage demand at the redevelopment site.** The CSL International study forecasts that the project would generate \$2.1 million of indirect/induced spending per year.<sup>3</sup> We believe most of that increased spending would be in restaurant and retail categories. Assuming all of the \$2.1 million in increased spending went to retail, that new spending would support about 3,800- to 4,500-square feet of new retail across the City of Mounds View.

## Interviews

LOCi Consulting interviewed several sources familiar with the retail real estate market. Key points from those interviews follow.

### **Traffic counts on Mounds View Boulevard (about 20,000 vehicles per day) are strong and attractive to retailers.**

- One regional coffee chain executive said they look for 20,000 vehicles per day for their locations. Main Street sees only about 10,000 vehicles per day. He said they have locations along Mounds View Boulevard that do well.
- Another source said convenience stores and gas stations want to see traffic counts closer to 15,000 vehicles per day.

### **But development along Mounds View Boulevard will not attract certain tenants who want to be in stronger shopping centers.**

- One broker said that Mounds View Boulevard is between two areas with stronger retail draw, *Northtown Mall* and retail located along Interstate

35W east of the site. He said that will limit who would want to join a redevelopment.

### **More retailers want drive-thru options, which might not be consistent with mixed-use development at the site.**

- National and regional coffee chains see 30% increases in sales when they add drive-throughs. One source said they would not consider suburban locations without them.
- Local “mom and pop” coffee shops without drive-throughs are challenged to compete when national coffee shops can see these volumes.
- Another source said that fast casual restaurants like Chipotle and Noodles and Company are looking for locations with drive-throughs.

### **Convenient parking is essential for retailers.**

- Retailers will not compromise on parking in suburban trade areas. With traditional shopping center options available, they do not have to consider these locations.

### **Current retail rents are unlikely to support new retail construction.**

- Developers said that the retail rents typical in the area—\$15 to \$25 per square-foot per year—will not support new construction. In mixed-use development, the retail space is often subsidized by residential portion.
- One broker said that stronger locations are doing great but challenged locations are suffering.

### **Opinions about mixed use were mixed.**

- One developer who has done vertical mixed-use projects said that he could see that type of development working on Mounds View Boulevard.
- Another broker said that he thought vertical mixed use would be too challenging. He said he thought horizontal mixed use would work well.

<sup>3</sup> CSL International. Page 61.

**One developer said that the Mermaid Event Center site might be a better location for a “Downtown Mounds View.”**

- One developer said that the interchange at Interstate 35W and County Road H should be considered for a larger redevelopment. He said the connectivity is better to the transportation system and a new development at this location could capture some of the draw created by new development at the TCAAP site.

**Homegrown restaurants and breweries may present an opportunity for Mounds View.**

- One source pointed to Robbinsdale as an example of how a homegrown restaurant (*Travail Kitchen*)

can spur development in an area. The source suggested that the city attempt to identify some local entrepreneurs to develop this concept.

- Another source suggested that breweries could serve as a catalyst for development in the community and said that it has worked elsewhere.
- One developer suggested an ice cream shop could provide a catalyst, like some of the communities on Lake Minnetonka.

## 4. Multifamily Market Analysis

This section presents data on the multifamily housing market in the Mounds View Primary Market Area (PMA). The review includes the multifamily rental housing market and the senior housing market in the PMA and the Twin Cities Metro Area. Because of their densities, these housing types would most likely be considered for redevelopment at the Mounds View Redevelopment Site.

### Rental Market Trends

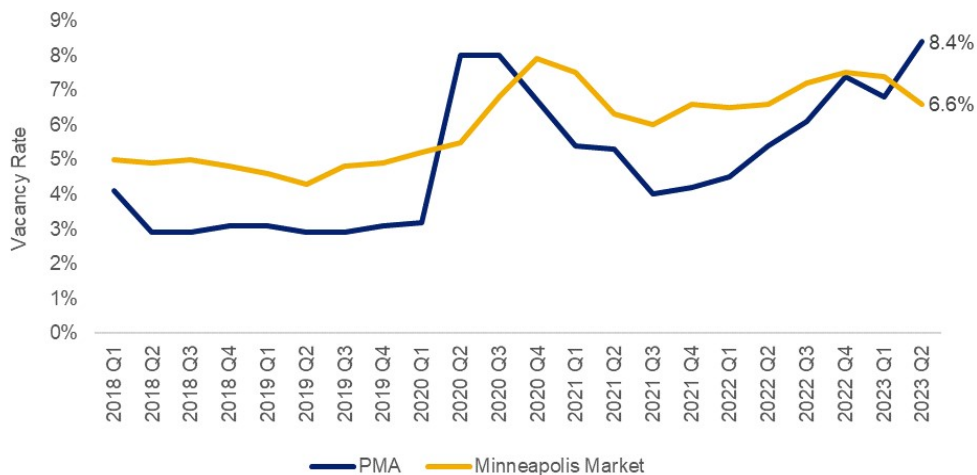
The apartment market in the Minneapolis-St. Paul Metro Area has been very strong over the last several years. Driven by a tight labor market, strong wage growth, and lack of affordable for-sale housing, demand for rental has driven absorption across the market.

At the same time, apartment developers continue to deliver new units to the market. According to CoStar, a national real estate data provider, 11,000

new rental units came online in 2022 in the Minneapolis-St. Paul market, nearly 2.5 times the average number delivered in the three years prior to the beginning of the pandemic (2017-2019).

On average across the metropolitan area, supply of new units has outpaced demand, increasing the vacancy rate to 7.0% in the fourth quarter of 2022. It has pulled back to 6.6% in the second quarter of 2023. In general, the market is considered to be at “equilibrium” when the vacancy rate is at 5%. At that point there are enough renters for property owners to be profitable and to be in a position to reinvest in their properties in order for them to remain marketable. Vacancies below 5% indicate a tight rental market, in which rents are likely to increase at rates well above other household costs. Typically, such low vacancies signal to real estate developers that enough excess demand exists in the market to support new construction, provided

**4.1 Vacancy Rates for Market-Rate Rental in the PMA and the Metro Area**



\* Data is Q1 2017 to Q2 2023

Source: CoStar; LOCi Consulting LLC



prevailing target market households can afford rents needed to cover the cost of new construction.

It is likely that the current vacancy rate will result in slower apartment development in the near future. Higher interest rates, higher construction costs, and supply chain disruptions are also putting headwinds on new development across the market. However, demand continues to be driven by the high costs of home ownership.

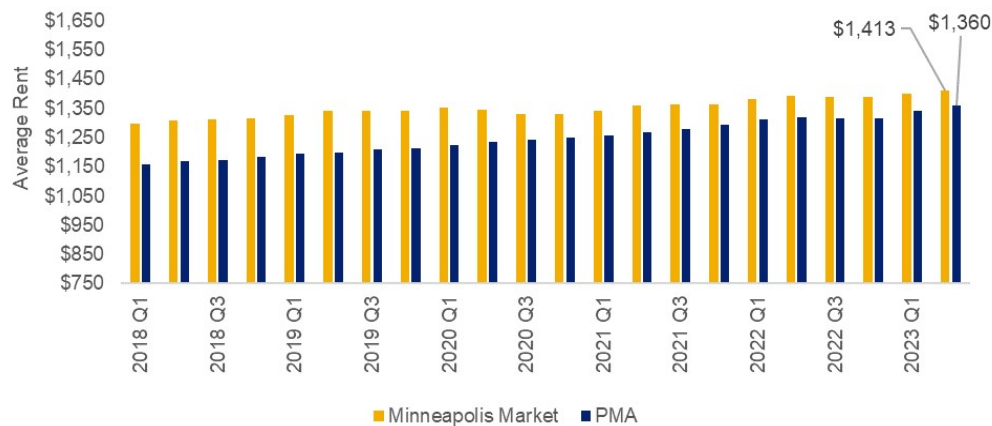
Figure 4.1 shows vacancy rate for the PMA and for the Twin Cities market as a whole. Figure 4.2 shows the average asking rent in the PMA and the Twin Cities Market as a whole. (Figure 4.1 is shown on the previous page.) Data for both tables is from CoStar.

- Mentioned previously, the vacancy rate in the Minneapolis-St. Paul Metro was 6.6% in the second quarter of 2023.
- The vacancy rate for the Metro Area was below 5.0% from 2013 until the end of 2019. The rate

rose above 5.0% in the first quarter of 2020 and has remained above that level since.

- The vacancy rate for the PMA was 8.4% in the second quarter of 2023. With exception to a few periods when new supply came on the market, the vacancy rate in the PMA has generally been lower than the Metro Area vacancy rate.
- The average rent in the Twin Cities Market was \$1,400 per month. Average rents have risen about 2.5% per year since the second quarter of 2020 across the market as a whole.
- The average rent in the PMA was \$1,360 per month in the fourth quarter of 2022. Reflecting the lower vacancy, rents have increased 5.0% per year since the second quarter of 2020.

**4.2 Average Rent for Market-Rate Rental in the PMA and Metro Area**



\* Data is Q1 2017 to Q2 2023

Source: CoStar; LOCi Consulting LLC

## Profile of Newer Rental Properties in the Mounds View PMA

LOCi Consulting profiled recently constructed rental developments in the Mounds View PMA. These properties are profiled to best understand average rents, occupancies, and features and amenities that are currently being offered in the marketplace.

Figure 4.3 shows the rental properties identified and profiled in the PMA. The inventory focused on properties built in the last five years. It does not include age-restricted apartments. Those properties are discussed in the next section. Map 4.4 shows the location of these properties.

### *Income-Restricted Rental Properties*

- Three newer income-restricted properties were identified in the PMA—in Mounds View, Coon Rapids, and Fridley. These properties total 301 units.
- Income restrictions can vary by property and by specific unit. Income restrictions range from 30% to 60% of Area Median Income, as determined the Metro Area by the US Department of Housing and Urban Development (HUD). Rents are restricted based on the specific income restrictions for the particular unit and household size.
- There are zero vacancies in the newer income restricted properties. Building managers said these properties stay full and vacant units fill quickly.
- Units range in size from 685- to 1,513-square feet.
- Rents range from \$1,300 to \$1,798 per month, or \$1.13 to \$1.98 per square foot per month.
- Most of the projects offer underground parking.

### *Market Rate Rental Properties*

- LOCi Consulting profiled five newer projects with a total of 824 units. Projects are located in Blaine, New Brighton, Coon Rapids, Fridley, and Mounds View.
- At the time of the survey, there were 268 units vacant for a vacancy rate of 32.5%. But three of the projects opened within the last three months,

so those projects are still early in their lease-up periods. When those three projects are removed, the vacancy rate is 2.3%. A vacancy rate of 5% is considered to be the level where the market is in equilibrium.

- Leasing agents said that leasing was going well, and they felt like they were on track to meet leasing goals. One said that the summer started off slower than expected but has recently picked up.
- Unit sizes range from 497- to 1,363-square feet.
- Rents range from \$1,214 to \$2,538 per month, or \$1.58 to \$2.59 per square foot per month.
- Units typically include in unit washers and dryers. Most of the of the properties include community rooms and outdoor gathering spaces.
- All of the projects offer underground parking.

## Senior Housing Trends

Senior housing refers to a spectrum of property types that combine housing with varied levels of services for seniors. Services can include meals, housekeeping, social programming, medication assistance, personal care, and nursing care.

Senior housing products range from minimal or no services at active adult rental communities to high levels of services provided in enhanced memory care assisted living units. Some communities will offer a spectrum of senior housing products to residents, allowing residents to age in place within the community and to receive services appropriate for their needs. Others are freestanding and offer only one type of product.

The properties that include the lowest level of services are called **active adult** properties, which offer virtually no support services or healthcare, but still restrict residency to those age 55 and over. Active adult properties can be rental or owner-occupied units—attached or detached townhomes, condominiums, and cooperatives. The target market for these communities is typically age 65 and over and are generally healthier than other senior living residents

**4.3 Profiles of Recently-Developed Rental Communities in the PMA, August 2023**

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
<b>Income-Restricted Rental Housing</b>								
<b>Boulevard</b> 2901 Mounds View Blvd Mounds View  <i>Year Built: 2019</i>	60	0		1BR 2BR 3BR	685 982 1,228	NA NA NA	NA NA NA	Income restriction is restricted to households earning at or below 60% of Area Median Income. Includes fitness center, playground, clubhouse, in-unit washer and dryer, and garage available.
<b>Spring House Apartments</b> 9401 Springbrook Dr NW Coon Rapids  <i>Year Built: 2021</i>	168	0		1BR 2BR 3BR	711 - 786 1,040 - 1,042 1,317 - 1,513	\$1,300 \$1,464 \$1,717	\$1.65 - 1.83 \$1.40 - 1.41 \$1.13 - 1.30	Income restriction is restricted to households earning at or below 60% of Area Median Income. Includes elevator, playground, fitness center, community room, community WIFI, and underground parking.
<b>URSA</b> 6030 Main St NE Fridley  <i>Year Built: 2021</i>	73	0		1BR 2BR 3BR	803 1,001 1,348 - 1,427	\$1,300 \$1,557 \$1,798	\$1.62 \$1.56 \$1.33	Income restriction is restricted to households earning at or below 60% of Area Median Income. Includes playground, fitness center, picnic area, community WIFI, storage units, bike racks, and underground parking.

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\* Data collected in July and August 2023

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC



**4.3 Profiles of Recently-Developed Rental Communities in the PMA, August 2023 (Continued)**

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
<b>Market-Rate Rental Housing</b>								
<b>Glenfield Park Estates</b> 8585 NE Groveland Ct Blaine	152	102	82 70	1BR 2BR	730 1,050	\$1,495 \$1,890	\$2.05 \$1.80	Community room, fitness room, theater room, elevator, in-building parking garage, in-unit washer and dryer, storage spaces, and outdoor pool.
<i>Year Built: 2023 (Opened July)</i>								
<b>The Exchange Apartments</b> 2299 Palmer Dr New Brighton	132	48	36 49 47	Studio 1BR 2BR	515 - 592 649 - 830 866 - 1,160	\$1,308 - 1,531 \$1,469 - 1,895 \$1,987 - 2,538	\$2.54 - 2.59 \$2.26 - 2.28 \$2.19 - 2.29	10% of units (14 units) restricted to incomes at or below 60% of Area Median Income. Includes clubhouse, courtyard, fitness center, pool, roof terrace, washer and dryer in unit, and underground parking. Opened in June 2023.
<i>Year Built: 2023 (Opened June.)</i>								
<b>Golden Aspen Flats</b> 10200 Goldenrod St NW Coon Rapids	150	109	10 107 30 3	Studio 1BR 2BR 3BR	570 736 - 835 914 - 1,150 1,363	\$1,395 - 1,425 \$1,570 - 1,775 \$1,765 - 2,025 \$2,265 - 2,295	\$2.45 - 2.50 \$2.13 - 2.13 \$1.76 - 1.93 \$1.66 - 1.68	Includes fitness center, community room, patio with barbeque area, storage units, in-unit washer/dryer, balcony, walk-in closet, stainless steel appliances, granite countertops, and underground parking. Opened May 2023.
<i>Year Built: 2023 (Opened May)</i>								

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\* Data collected in July and August 2023

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC



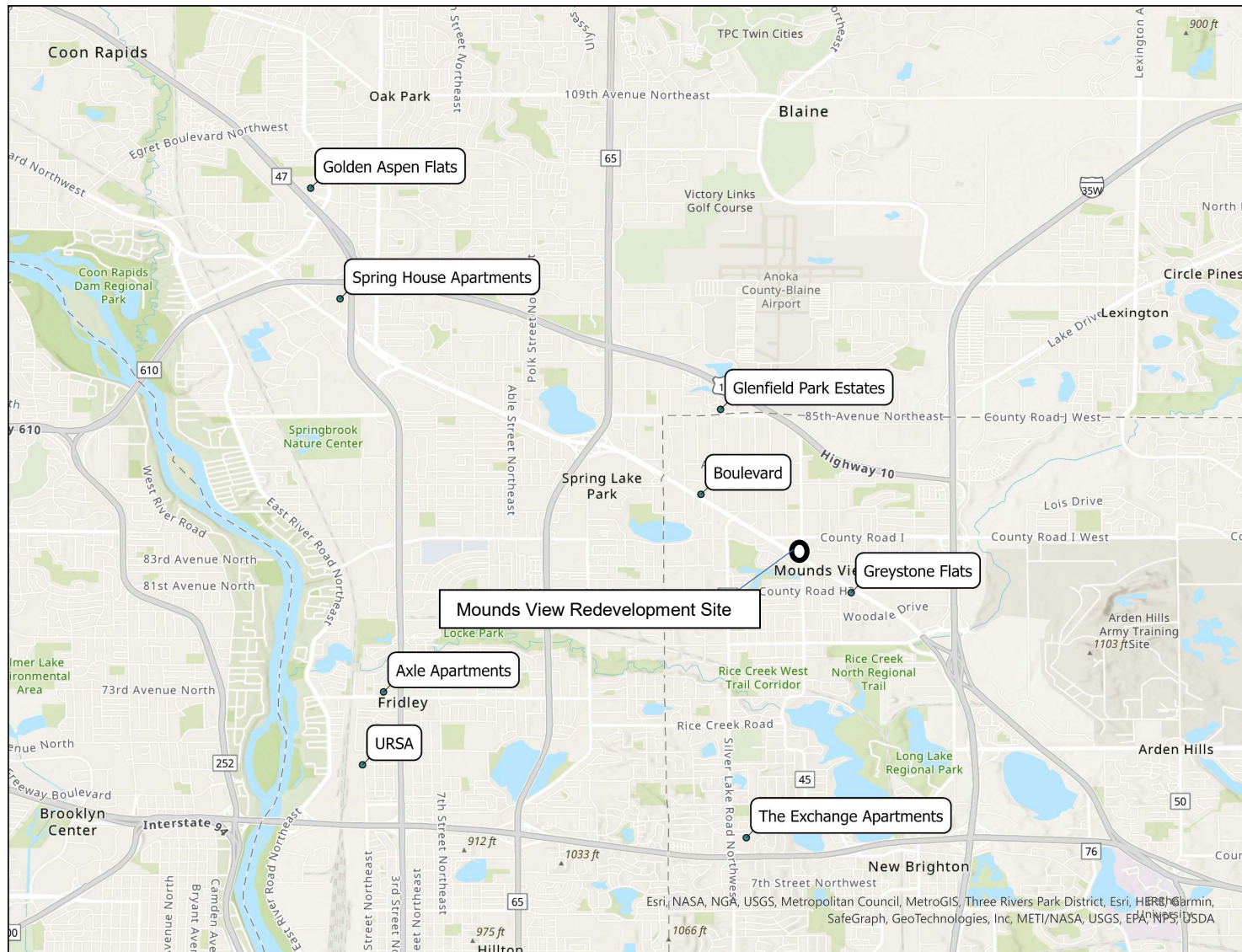
**4.3 Profiles of Recently-Developed Rental Communities in the PMA, August 2023 (Continued)**

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
<b>Market-Rate Rental Housing</b>								
<b>Axle Apartments</b>	262	5	67	Studio	497	\$1,214	\$2.44	Includes fitness center, community room, work spaces, game room, library, kids playroom, rooftop patio, electronic package lockers, refrigerated package lockers, in-unit laundry, balcony/patio, and underground parking.
6530 University Ave NE			109	1BR	733	\$1,434	\$1.96	
Fridley			60	2BR	954	\$1,764	\$1.85	
			26	3BR	1,282 - 1,311	\$2,093 - 2,164	\$1.63 - 1.65	
<i>Year Built: 2022</i>								
<b>Greystone Flats</b>	128	4	16	Studio	526 - 605	\$1,180 - 1,500	\$2.48 - 2.24	Includes stainless steel appliances, central heat/air, in-unit washer/dryer, walk-in closets, community room with deck, fitness center,, theater, automated parcel lockers, dog park, pet wash station, car wash station, bike parking, storage units, and underground heated parking.
2390 Mounds View Blvd			71	1BR	791 - 916	\$1,500 - 1,640	\$1.79 - 1.90	
Mounds View			34	2BR	1,057 - 1,297	\$1,742 - 2,050	\$1.58 - 1.65	
			7	3BR	1,352	\$2,226 - 2,262	\$1.65 - 1.67	
<i>Year Built: 2021</i>								

\* Data collected in July and August 2023

Source: Costar; websites, interviews with leasing agents; LOCI Consulting LLC

**Map 4.4: Profiled Rental Properties in the Mounds View PMA**



Source: ESRI; LOCi Consulting LLC

**Affordable senior housing** can generally be classified as active adult as well. Units are age- and income-restricted and offer typical apartments with few services. Some affordable housing developments offer meals, housekeeping, and/or assistance with activities of daily living through external providers. These services are rarely included in the monthly fee.

**Independent living** communities offer support services such as meals and housekeeping. These services are either included in the rent or offered a-la carte so that residents can choose whether to pay for them. Independent living projects attract an older and frailer senior population than active adult projects—generally seniors age 75 and over.

The most service-intensive housing types are **assisted living** and **memory care assisted living**. Typical services included three meals per day, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal-care and therapeutic services. The meals and services can be built into the monthly fee, charged through a tiered service package, or offered a-la-carte.

Age-restricted housing can be owned by the resident or rented. Age-restricted housing that is owned by the resident can be cottages, villas, townhomes, condominiums, or cooperatives. More often than not, for-sale senior housing offers few services for its residents.

#### *Senior Housing Market Trends*

The estimated national vacancy rate for all senior housing types in the second quarter of 2023 was 16.3%, according to the National Investment Center for Seniors Housing & Care (NIC).

The COVID19 pandemic had dramatic impacts on the senior living industry. With the healthcare and staffing problems that occurred in senior housing, assisted living, and skilled nursing communities, the vacancy rate increased significantly, rising from 12.9% in the first quarter of 2020 to 22.2% in the second quarter of 2021.

Adding to the demand side pressure, the stock of senior housing units grew by 6.3% nationally from the beginning of the pandemic to the end of 2022, according to NIC.

## Senior Housing in the Mounds View PMA

LOCi Consulting inventoried senior housing in the Mounds View PMA. Figure 4.5 shows an inventory of the age-restricted properties in the PMA segmented by product type and service level. About 1,560 senior housing units were identified in the PMA.

## Pending Multifamily Housing Developments in the Mounds View PMA

LOCi Consulting contacted city staff to identify planned and pending for-sale multifamily developments in the PMA.

### *Mounds View*

- *Villas of Mounds View*, an affordable, age 50 and older apartment development with 120 units will open at 4889 Old Highway 8 in October 2023. The project was developed by MWF properties. Because this project is under construction, it is accounted for in the demand calculations.
- Pulte Homes had proposed a development with 75 side-by-side townhomes and 12 cottage homes in an area known as the Ardan Site. The townhomes would have ranged in size from 1,850- to 2,020-square feet and would have been priced at over \$300,000. The cottage homes would have been 640- to 825-square feet and would have averaged about \$200,000 per unit. The city council recently rejected the proposal.

### *Arden Hills*

- Called the *Rice Creek Commons*, redevelopment of the 427-acre parcel at the former Twin Cities Army Ammunition Plant is continuing. The city renewed the Alternative Urban Areawide Review (AUAR) in 2019. That plan called for 1,460 residential units on the site, up to 500,000-square feet of retail space, and 1.7 million square feet of non-retail commercial space. Ramsey County is currently seeking development proposals for the first 40 acres of the area—an area designated for commercial uses only. Intended uses for this area include business service, clinic/medical offices, financial institutions, food preparation, hotel/motel offices, research and development, or pet services.

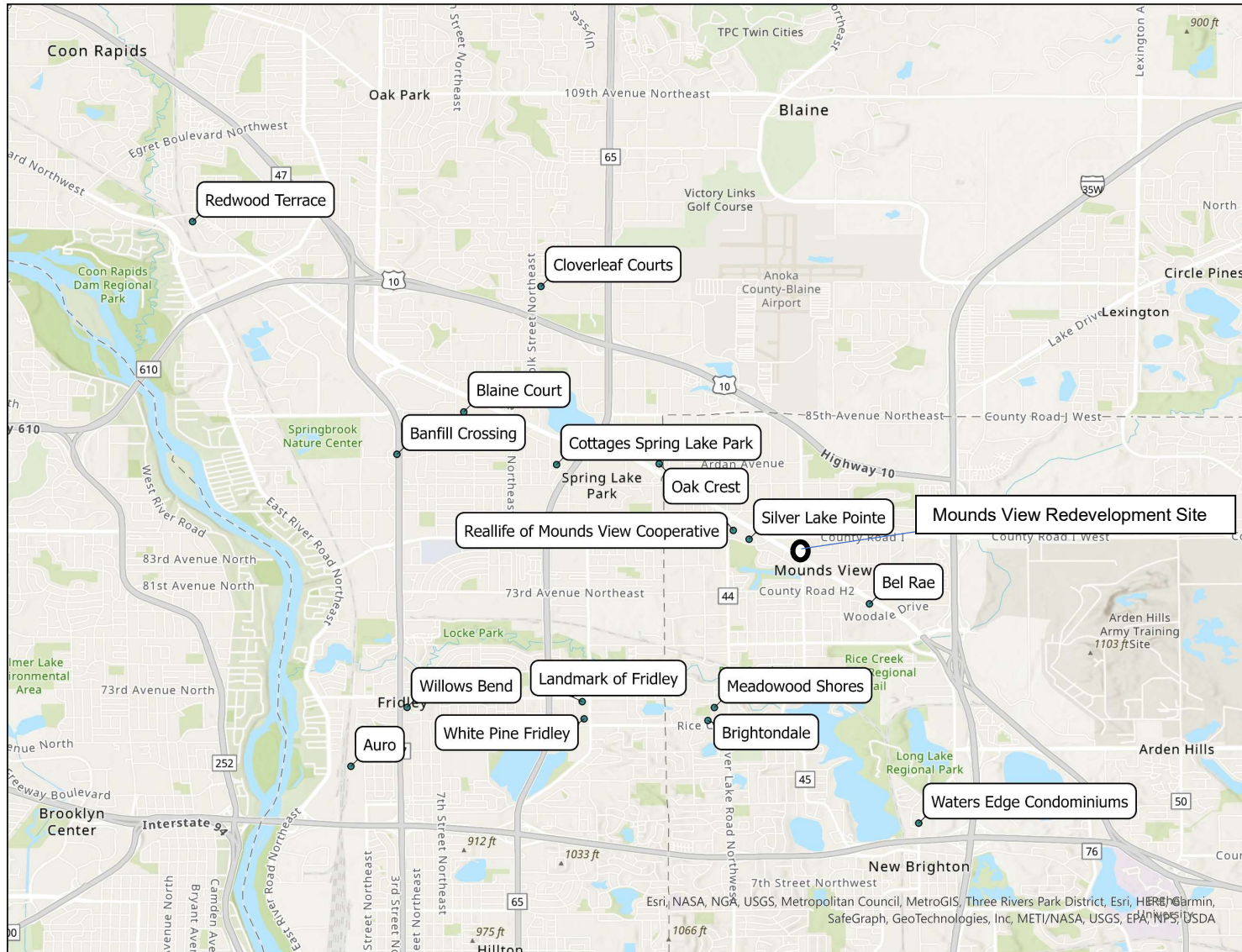
**4.5 Senior Housing Properties in the Mounds View PMA**

Property	Address	Year Built	Units
<b>Income- and Age-Restricted Rental</b>			
Legends of Spring Lake Park	1066 Co. Highway 10 NE, Spring Lake Park	2018	190
Silver Lake Pointe	2701 County Rd. I, Mounds View	1995	83
Cottages Spring Lake Park	8263 Fillmore St. NE, Spring Lake Park	1993	86
			359
<b>Age-Restricted Ownership</b>			
Waters Edge Condominiums	1208 Old Highway 8 NW, New Brighton	2011	72
Reallife of Mounds View Cooperative	7735 Silver Lake Road, Mounds View	2000	76
			148
<b>Age-Restricted Rental</b>			
Auro	6000 Main St. NE, Fridley	2021	107
Banfill Crossing	8310 University Ave. NE, Fridley	1999	110
Redwood Terrace	9950 Redwood St. NW, Coon Rapids	1993	54
			271
<b>Independent Living with Services</b>			
Willows Bend	6455 University Ave NE, Fridley	2022	70
Bel Rae	2330 Mounds View Blvd., Mounds View	2020	33
Meadowood Shores	2100 Silver Lake Rd., New Brighton	2000	106
Cloverleaf Courts	1011 Cloverleaf Parkway NE, Blaine	1999	102
Oak Crest	1639 County Highway 10, Spring Lake Park	1996	110
Blaine Court	701 - 85th Ave. NE, Blaine	1990	54
			475
<b>Assisted Living</b>			
Willows Bend	6455 University Ave NE, Fridley	2022	48
Bel Rae	2330 Mounds View Blvd., Mounds View	2020	33
Landmark of Fridley	6490 Central Ave. NE, Fridley	2011	55
White Pine Fridley	6352 Central Avenue, Fridley	2010	18
Brightondale	2700 Rice Creek Road, New Brighton	1971	48
			202
<b>Memory Care Assisted Living</b>			
Willows Bend	6455 University Ave NE, Fridley	2022	18
Bel Rae	2330 Mounds View Blvd., Mounds View	2020	32
Landmark of Fridley	6490 Central Ave. NE, Fridley	2011	14
White Pine Fridley	6352 Central Avenue, Fridley	2010	41
			105

Source: Senior housing directories; interview; LOCi Consulting LLC



**Map 3.13: Inventoried Senior Housing Communities in the Mounds View PMA**



Source: ESRI; LOCi Consulting LLC

- City staff said they have been approached by a developer to build 125 units of age-restricted housing on a portion of the North Heights Lutheran Church. The proposal is still in the discussion phase and no formal application has been submitted yet.

*Blaine*

- In July 2022, the Blaine city council adopted the Northtown Area Study Master Plan. The plan includes the *Northtown Mall* property plus the surrounding area. The long-term plan address land use, redevelopment/revitalization options, multimodal transportation, and public improvements. The plan outlines a mixed-use area with a mix of higher density housing options and new restaurant and retail concepts. Some early changes in the area could take place by 2030 with long-term changes taking 25-30 years. Other than the Scooter’s Coffee discussed in the pending retail section and the project discussed below, there are no active development proposals for the Northtown Area at this time.
- Roers Companies proposed to redevelop the vacant Rainbow grocery store at 551 87th Lane NE by removing the building and constructing a 196-unit market-rate apartment building. The building would have been four stories over a one-story parking garage. The apartments were proposed to consist of a mix of studio, one-, two- and three-bedroom units. The Blaine city council rejected the rezoning proposal for this project and the project itself.

*Coon Rapids*

- Value Homes LLC is proposing to construct an eight-unit row-townhouse-style residential structure on at 9730 University Ave NW that would be called “Cedarwood”. Each unit would have three bedrooms, three bathrooms, a deck, and a two-car garage. In addition to the parking provided in the 2-car garage, the driveway space in front of garage as well as the guest stalls provide additional parking space on site. A courtyard and open yard provide outdoor amenity space for residents. The development would be a market-rate rental project. The

proposal would require a rezoning of the property and has not been approved by the city.

*Fridley*

- Roers Companies has been approved to build a 169-unit affordable apartment building at the Moon Plaza retail center at 6257 University Avenue. The project will be affordable to households earning up to 60% of Area Median Income. It will have 167 underground parking stalls and 98 above ground stalls and will include a community room, outdoor patio, resident storage, a dog wash and dog run, a game room, playground and a seating and gazebo area. There will be no retail space at the site upon completion in 2024. Because this project is under construction, it is included in the demand calculations as a planned project.

*Spring Lake Park*

- A source with the city said that Vincent Companies has begun discussions about developing a market-rate senior housing building adjacent to the Spring Lake Park fire station on County Road 10. The developer had suggested that the size of the project would be about 100 units, and it would include underground parking. The development is still in discussion phases and no application has been submitted to the city.

**Interviews**

LOCi Consulting interviewed sources familiar with the rental and senior housing markets. These sources include developers, leasing agents, and property managers. Key points from those interviews follow.

**Demand for new housing comes primarily from the immediate area but there are people moving to the area.**

- Property managers said that most of the buyers and new tenants are from the area and want to stay closer to their family and friends. But they have been surprised at the interest they have seen from outside of the area.
- Senior housing operators said the same thing.

**Development of new housing is financially difficult.**

- Developers said that, between higher interest rates and higher construction costs, they are having difficulty making new projects work. One developer said that they would need some type of public financing to get projects to work in this environment.

*Rental Housing*

**Even with the large number of new rental units coming onto the market, there is still demand for rental housing.**

- New projects have been leasing quickly, but some leasing agents saw a slowdown in the summer. One manager said leasing jumped 50% in August over the previous two months, but she could not explain why traffic had picked up.
- Managers and developers said that homeownership has become even more challenging with higher interest rates and that is creating demand for rental.
- Although some developers said that they do not see rents increasing like they have in the last couple of years.
- Some leasing agents said smaller units are in demand and others said larger units are in demand.
- Renters are still very price conscious

**New rental projects are still leasing up quickly.**

- One building manager at a newly opened project said that her building was almost fully leased at opening.

*Senior Housing*

**Active adult and independent living occupancies are not very strong.**

- Managers reported higher vacancy rates.
- Several new independent living projects came onto the market in the last year pushing vacancies up.
- Managers are still seeing challenges from the COVID19 pandemic and think that occupancies may continue to be challenged with newer units becoming available.
- One developer said that Mounds View is a secondary market to the more affluent Shoreview and Roseville areas, and that developers prefer those areas because of the incomes.
- Senior housing property managers said that staffing is still a huge challenge, especially for assisted living and memory care housing.

## 5. Findings and Recommendations

This section summarizes the demand calculations for retail space demand, market-rate and affordable rental housing units, and senior housing in the Mounds View Primary Market Area (PMA). Detailed demand calculations are included in the appendix that follows this section. This section also makes recommendations based on this overall analysis.

### Restaurant and Retail Space Demand Estimates

Figure 5.1 shows a summary of the retail demand calculation in the appendix for the Mounds View PMA between 2022 and 2027.

- There is demand for between 27,000- and 33,000-square feet of additional retail space in the Mounds View PMA between 2022 and 2027.
- The demand calculation uses estimated growth in consumer spending to determine an estimate of the need for additional retail space. (See Figure A.1 in the appendix.)
- As noted in the retail market analysis section of this report, there is about 285,000 square feet of vacant space in the PMA. We believe that, like the vacant space at *Mounds View Square*, the vast majority of this space is obsolete and not

appropriate for retail concepts in today’s market. It is assumed that this vacant space will not meet the new demand driven by consumer spending.

- Specifically for *Mounds View Square*, the 44,000-square feet of vacant space will not capture this demand growth.
- Much of this demand will be captured at higher traffic shopping centers that have available space for new construction or new development. Retail surrounding the *Northtown Mall* and some of the community shopping centers in the PMA may have a greater chance at capturing this demand because of the traffic driving anchors at these shopping centers.
- However, depending on the specifics of a potential new development at the Mounds View Redevelopment Site, we believe the Site could capture a portion of this demand for new retail development. Some retailers would be attracted to the traffic counts along Mounds View Boulevard and the opportunity to serve customers at a grocery anchored, neighborhood shopping center, especially if it was a newer development.

#### 5.1 Demand for New Retail Space Mounds View PMA, 2022-2027

	Estimated Rent per Square Foot per Year	Estimated Demand (Square Footage)
Retail Commercial Space Supporting Sales of \$450 to \$550 per Square Foot	\$40 - \$50	27,000 - 33,000

Source: LOCi Consulting LLC



**5.2 Rental Housing Demand for Mounds View PMA, 2022-2027**

	Estimated Rents	Estimated Demand (Units)
Affordable Rental Housing Units (Income Restricted)		
Up to 50% AMI	\$0 - \$1,320	530 - 540
50% to 60% AMI	\$1,320 - \$1,585	30 - 40
Workforce Rental Units		
60% to 80% of AMI	\$1,585 - \$2,015	320 - 330
Market-Rate Rental Units		
80% of AMI to Incomes of \$100,000	\$2,015 - \$2,500	25 - 35
Incomes of \$100,000 and higher	Greater than \$2,500	15 - 25

\* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

- We estimate that there is no additional demand for retail space at the 109,900-square-foot Mounds View Square Shopping Center. We estimate that the total retail space demand at the Site is between 65,000- and 75,000-square feet.

**Residential Demand Estimates**

Figures 5.2 and 5.3 show summaries of the residential demand calculations in the appendix. Although some of the demand calculations provide for point estimates, data in the summary is provided as a range of units.

Note that for the most part, the demand forecasts are mutually exclusive, meaning there is little overlap between demand for different product types. Where there is overlap, it is noted.

**Rental Housing**

- Figure 5.2 shows the summary of demand for rental housing in the Mounds View PMA between 2022 and 2027. The analysis found demand for between 560 and 580 units of rental housing targeted to households with incomes less than 60% of Area Median Income (\$63,360). This income threshold is based on income limits set for the Metro Area by the US Department of Housing and Urban Development (HUD).

- We include workforce housing in this group because rents that are affordable to these households are within the range of market-rate apartments currently offered in the market.
- Depending on the specifics of a redevelopment project at the Mounds View Redevelopment Site and the timing of other potential projects, the site could capture a portion of this overall demand. We believe a well-designed mixed-use project at the site could capture up to 25% of the demand in the market. We estimate that there is demand for between 140 and 145 units of affordable rental housing and 90 and 100 units of market-rate rental housing.
- For market-rate rental demand, developers could build rental housing targeted to households with a range of incomes. Because of its location along busy Mounds View Boulevard, we do not recommend that developers target higher income tenants at the Mounds View Redevelopment Site.

**Senior Housing**

- Figure 5.3 shows the estimated demand for senior housing in the Mounds View PMA between 2022 and 2027. There is demand for between 225 and 245 market-rate senior housing units. Most of the demand is for assisted living and memory care units in the PMA.

**5.3 Senior Housing Demand for Mounds View PMA, 2022-2027**

	Estimated Demand (Units)
Income-Restricted Active Adult Rental Senior Housing	0 - 0
Market-Rate Active Adult Rental Senior Housing	25 - 35
Market-Rate Independent Living/Congregate	0 - 0
Market-Rate Assisted Living Assisted Living	100 - 110
Memory Care	100 - 110

Source: LOCi Consulting LLC

- We estimate the Site could capture up to 25% of demand in the PMA. There is estimated demand for between 56 and 61 units of market-rate senior housing at the Site.
- Demand for income-restricted active adult and independent living senior housing is limited because of the addition of newer product into the market. We estimate that demand will recover for these product types as soon as the newer developments are absorbed by the market.
- Developers could consider partnering with a senior housing developer to provide assisted living or memory care to the development.

**Recommendations**

- **Consider the interior retail space at *Mounds View Square* as obsolete for retail purposes.** Interior retail spaces in strip centers are notoriously difficult to lease and that has been the case at *Mounds View Square Shopping Center*. Avoid the temptation to redesign and reuse this space for small businesses. These businesses would be at a disadvantage and would not drive traffic to the development.
- **Right-size” the retail at *Mounds View Square Shopping Center*.** Reduce obsolete space to make room for other uses. We estimate that the

rightsized amount would be about 65,000-square feet of existing space.

- **“Right-sizing” the shopping center could include a small amount of new retail square footage to capture demand growth.** Developers should consider adding up to 10,000-square feet of additional retail space. Consider adding new retail spaces closer to Mounds View Boulevard.
- **Consider phasing a redevelopment project and reusing existing functional retail.** *Mounds View Square* has an existing tenant base that is functioning well. It may be difficult to convince all of the tenants to go along with a major repositioning of the property. Consider a phased approach that could minimize disruption but still take advantage of opportunities for redevelopment.
- **Explore horizontal mixed-use positioning over vertical.** We believe this property presents an opportunity for vertical mixed-use development. Vertical mixed use describes buildings that have residential uses on top of commercial uses. Horizontal mixed use describes developments where the commercial uses are located next to residential uses. However, vertical mixed-use development type can sometimes be more difficult to manage than horizontal mixed use. Conflicts often arise in vertical mixed use over

issues such as parking, smells from restaurants, delivery traffic, etc. To maximize the chances of a successful project, consider options for horizontal mixed use at the Site.

- **Orient all retail spaces to Mounds View Boulevard.** All retail uses need to be oriented toward traffic moving along this key thoroughfare.
- **Position residential uses away from Mounds View Boulevard.** Residential uses should be positioned away from traffic.
- **Carefully design connections between retail and residential uses.** Residents are attracted to mixed-use projects like the activity with the commercial uses, but also want to be able to quietly enjoy their living space. Likewise, retail users want to make sure that they can operate without complaints from neighbors. Explore all options to balance the needs of both residents and businesses.
- **Maintain Long Lake Road connection through the Site.** The connections across Long Lake Road from *Mounds View Square* to the church property will be challenging. Plans need to be developed that connect the two sides of the Site. But the road traffic will need to be maintained to ensure the viability of the retail uses.
- **Develop natural water feature on the south side of the church property.** The natural features on the south side of the property present an opportunity to develop an amenity.
- **Prioritize local entrepreneurs and pursue retail concepts that would be most likely to have success in Mounds View.** Retail operators who would consider locations in Mounds View may be looking for the opportunity to pay lower rents for retail space to get their businesses started. Many of the potential tenants will be local entrepreneurs, creating an opportunity for a retail center that is unique in the marketplace. Retail concepts that would be the most successful at the redevelopment site include:
  - Casual restaurants
  - Fast casual restaurants
  - Quick service restaurants
  - Bars
  - Brewery/Tap room
  - Event center
  - Bakery
  - Ice cream shop
  - Specialty grocery store (organic, ethnic, etc.)
  - Tax preparation
  - Dentists
  - Chiropractors
  - Accountants
  - Estate planning
  - Legal services

# Appendix

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## Demand Calculations

### **A.1** Retail Space Demand in the Mounds View PMA, 2022-2027

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Increase in Consumer Demand in 2022 Dollars, 2022 to 2027	\$21,997,798
Percent of Consumer Demand Spent at Brick and Mortar Retail	85%
Demand from Brick-and-Mortar Retail in PMA	\$18,698,000
Minus Percentage Sales Leakage to Retail Space Outside of the PMA	22%
Equals Consumer Demand for Retail Sales in PMA	\$15,000,000
Divided by Average Sales per Square Foot	\$450 - \$550
Equals Demand for New Retail Space in PMA	27,000 - 33,000

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Source: ESRI; LOCi Consulting LLC

**A.2 Market-Rate Rental Demand in the Mounds View PMA, 2022 to 2027**

	<b>Market Rate Low<sup>1</sup></b>	<b>Market Rate High<sup>2</sup></b>
<b>Demand from Household Growth in the PMA</b>		
Age/income qualified households in 2022 <sup>1</sup>	4,167	12,102
Age/income qualified households in 2027 <sup>1</sup>	4,117	11,867
Projected growth of the age/income qualified market	-50	-235
Estimated percentage that will choose new market-rate rental housing	35%	16%
Units needed to meet demand from household growth in the PMA	0	0
<b>Demand from Rental Turnover in the PMA</b>		
Estimated number of market-rate rental households in PMA in 2022	1,438	1,947
Pct. that will seek new rental housing between 2022 and 2027	72%	72%
Pct. that will choose new market-rate rental housing	10%	7%
Units needed to meet demand from rental turnover in PMA	103	98
<b>Demand from Outside the PMA</b>		
Estimated demand from outside PMA	10%	10%
Units needed to meet demand from outside the PMA	11	11
<b>Demand in the PMA</b>		
Total market-rate rental demand in PMA	115	109
Minus vacant and competitive planned units at 95% occupancy	85	85
Units needed in the PMA	30	24

1. Market Rate Low age/income qualified households are households under age 65 with incomes between \$80,500 and \$100,000 plus 80% of households age 65 and over with incomes between \$80,500 and \$100,000. 20% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, incomes thresholds increased by 3% per year to account for inflation.

2. Market-Rate High age/income qualified households are households under age 65 with incomes above \$100,000 plus 80% of households age 65 and over with incomes above \$100,000.

Source: LOCi Consulting LLC



**A.3 Affordable Rental Demand in the PMA, 2022 to 2027**

Demand from Household Growth in the PMA	Up to 50% AMI <sup>1</sup>	50% to 60% AMI <sup>2</sup>	60% to 80% AMI <sup>3</sup>
Age/income qualified households in 2022	9,506	2,502	3,933
Age/income qualified households in 2027	9,580	2,680	4,351
Projected growth of the age/income qualified market	73	178	418
Estimated percentage that will choose new affordable rental housing	62%	-9%	20%
Units needed to meet demand from household growth in the PMA	46	-16	83
<b>Demand from Existing Households in the PMA</b>			
Cost-burdened rental households that are age/income qualified	488	151	224
Housing units estimated to be severely inadequate <sup>4</sup>	59	0	8
Estimated demand from mobility from single-family to affordable rental (1%)	32	44	31
Units needed to meet demand from existing households in the PMA	579	196	290
<b>Demand from Outside the PMA</b>			
Estimated demand from outside PMA	10%	10%	10%
Units needed to meet demand from outside the PMA	69	20	41
<b>Demand in the PMA</b>			
Total affordable rental demand in PMA	694	199	415
Minus planned units at 95% occupancy	160	160	85
Units needed in the PMA	534	39	330

1. Age/income qualified households are households under age 65 with incomes below \$52,800 plus 80% of households age 65 and over with incomes below \$52,800. 20% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, income thresholds are increased 3% per year to account for inflation.

2. Age/income qualified households are households under age 65 with incomes between \$52,800 and \$63,360 plus 80% of households age 65 and over with incomes between \$52,800 and \$63,360. 20% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, income thresholds are increased 3% per year to account for inflation.

3. Age/income qualified households are households under age 65 with incomes between \$63,360 and \$80,500 plus 80% of households age 65 and over with incomes between \$63,360 and \$80,500. 20% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, income thresholds are increased 3% per year to account for inflation.

4. Estimated percentage of housing units in rural US that are classified as severely inadequate is 1.1%, according to American Housing Survey, Census Bureau, 2019.

Source: LOCi Consulting LLC

**A.4 Affordable Senior Rental Demand in Primary Market Area, 2022 and 2027**

	2022	2027
<b>Households Age 55 to 65</b>		
Households Age 55 to 64 with Incomes Below \$50,000 <sup>1</sup>	1,508	1,324
Penetration Rate for Affordable Active Adult Rental	1%	1%
Total Demand from Households Age 55 to 64	15	13
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Below \$50,000 <sup>1</sup>	1,730	1,810
Penetration Rate for Active Adult Rental	5%	5%
Total Demand from Households Age 65 to 74	87	90
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Below \$50,000 <sup>1</sup>	2,906	3,030
Penetration Rate for Active Adult Rental	10%	10%
Total Demand from Households Age 75+	291	303
Total Demand for Affordable Active Adult Rental Units	392	407
Demand from Outside PMA	10%	10%
	436	452
Minus Existing and Planned Units in the PMA at 95% Occupancy	455	455
Total Affordable Senior Rental Units Needed in the PMA	-19	-3

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

**A.5 Active Adult Rental Demand in Primary Market Area, 2022 and 2027**

	2022	2027
<b>Households Age 55 to 65</b>		
Households Age 55 to 64 with Incomes Above \$50,000 <sup>1</sup>	5,159	4,726
Households Age 55 to 64 with Incomes Between \$35,000 and \$50,000 <sup>1</sup>	640	625
Homeownership Rate	76%	76%
Asset-Qualified Households Age 55 to 64	486	475
Total Income- and Asset-Qualified Households Age 55 to 64	5,645	5,201
Penetration Rate for Active Adult Rental	0.0%	0.0%
Total Demand from Households Age 55 to 64	-	-
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Above \$50,000 <sup>1</sup>	3,931	4,122
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000 <sup>1</sup>	773	850
Homeownership Rate	69%	69%
Asset-Qualified Households Age 65 to 74	537	590
Total Income- and Asset-Qualified Households Age 65 to 74	4,468	4,712
Penetration Rate for Active Adult Rental	2%	2%
Total Demand from Households Age 65 to 74	89	94
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Above \$50,000 <sup>1</sup>	1,987	2,694
Households Age 75+ with Incomes Between \$35,000 and \$50,000 <sup>1</sup>	1,140	1,049
Homeownership Rate	62%	62%
Asset-Qualified Households Age 75+	706	649
Total Income- and Asset-Qualified Households Age 75+	2,693	3,343
Penetration Rate for Active Adult Rental	5%	5%
Total Demand from Households Age 75+	135	167
Total Demand for Active Adult Rental Units	224	261
Demand from Outside PMA	10%	10%
	249	290
Minus Existing and Planned AA Rental Units in the PMA at 95% Occupancy	257	257
Total Active Adult Rental Units Needed in the PMA	-8	33

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

**A.6 Independent Living Demand in Primary Market Area, 2022 and 2027**

	2022	2027
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Above \$50,000 <sup>1</sup>	3,931	4,122
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000 <sup>1</sup>	773	850
Homeownership Rate	69%	69%
Asset-Qualified Households Age 65 to 74	537	590
Total Income- and Asset-Qualified Households Age 65 to 74	4,468	4,712
Penetration Rate for Independent Living	1%	1%
Total Demand from Households Age 65 to 74	22	24
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Above \$50,000 <sup>1</sup>	1,987	2,694
Households Age 75+ with Incomes Between \$35,000 and \$50,000 <sup>1</sup>	1,140	1,049
Homeownership Rate	62%	62%
Asset-Qualified Households Age 75+	706	649
Total Income- and Asset-Qualified Households Age 75+	2,693	3,343
Penetration Rate for Independent Living	10%	10%
Total Demand from Households Age 65 to 74	269	334
Total Demand for Independent Living Units	292	358
Demand from Outside PMA	10%	10%
	324	398
Minus Existing and Planned IL Units in the PMA at 95% occupancy	451	451
Total Independent Living Units Needed in the PMA	-127	-53

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

**A.7 Assisted Living Demand in Primary Market Area, 2022 and 2027**

	2022	2027
Households Age 75+ with Incomes Above \$50,000	1,987	2,694
Households Age 75+ with Incomes Between \$35,000 and \$50,000	1,140	1,049
Homeownership Rate	62%	62%
Asset-Qualified Households Age 75+	706	649
Total Income- and Asset-Qualified Households Age 75+	2,693	3,343
Percentage of Households that Need Assistance with ADLs or IADLs <sup>2</sup>	20%	20%
	539	669
Penetration Rate for Assisted Living	40%	40%
	215	267
Plus Demand from Outside Primary Market Area	10%	10%
	239	297
Minus Existing and Planned AL Units in the Primary Market Area at 93% Occupancy	188	188
<b>Assisted Living Units Needed in the Primary Market Area</b>	<b>51</b>	<b>109</b>

1. Incomes for 2027 are increased by 3% per year to account for inflation.

2. Activities of Daily Living (ADLs) are activities such as eating, dressing, or bathing. Instrumental Activities of Daily Living (IADLs) are activities such as household chores or shopping. Source is Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2012. Centers for Disease Control, 2012. Study found 10% incidence for ADLs and 20% for IADLs.

Source: LOCi Consulting LLC



**A.8 Memory Care Assisted Living Demand in Primary Market Area, 2022 and 2027**

	2022	2027
Population Age 75 to 84	5,456	6,607
Alzheimer's Incidence <sup>1</sup>	13%	13%
	715	866
Population Age 84+	2,062	2,315
Alzheimer's Incidence <sup>1</sup>	33%	33%
	685	769
Population suffering from Alzheimer's Dementia	1,399	1,634
Population suffering from Dementia not caused by Alzheimer's <sup>1</sup>	196	229
Estimated Population with Dementia	1,595	1,863
Proportion needing Memory Care Assisted Living	10%	10%
Memory Care Demand from PMA	160	186
Demand from Outside PMA	10%	10%
	177	207
Minus Existing and Planned MC Beds in the PMA at 93% Occupancy	98	98
Beds/Units needed in the Primary Market Area	79	109

1. Alzheimer's Disease Facts and Figures. Alzheimer's Association. 2022.

Source: LOCi Consulting LLC



## About LOCi Consulting LLC

LOCi Consulting LLC was founded by Grant Martin in 2019. The company is dedicated to the belief that location intelligence drives critical strategy for any organization.

Grant has over 15 years' experience conducting market research studies and providing critical recommendations for a wide range of real estate uses, including residential, retail, office/industrial, healthcare, and mixed use. He has presented meaningful and actionable recommendations to CEOs and CFOs, corporate real estate committees, city councils and economic development boards, and industry associations.

For over 10 years, Grant developed and led new store forecasting strategy, property portfolio optimization, and location-based analytics for Target Corporation. As Director of Regional Market Analysis, Grant and his team owned the geographic infrastructure and provided key data and market intelligence that continues to drive successful location strategy for the organization. Grant also managed regional market planning teams for Target, directing retail market research in a wide variety of markets across the United States and Canada.

Grant has completed over 60 market studies across the United States. Prior to coming to Target, Grant was Director of Market Research at Clifton Larson Allen, where he consulted with senior living and healthcare clients, estimating demand and providing strategic recommendations. He also conducted a wide variety of research for real estate uses at Maxfield Research Inc., including studies for multifamily, single-family, office, industrial, hospitality and mixed-use projects.

Grant is a member of the International Council of Shopping Centers, where he is a member of the North American Research Group; the Minnesota Shopping Center Association; and the Minnesota Commercial Association of Realtors. He is a licensed real estate broker in Minnesota.

**LOCi Consulting LLC**  
**651-888-8464**  
<http://www.lociconsult.com>