Coon Rapids
Minnesota

Port Riverwalk Plan

Stantec

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United States Environmental Protection Agency

September, 2013

Executive Summary

The Port Riverwalk area is located along the Coon Rapids Boulevard Corridor between the intersections of Egret Boulevard NW and Avocet Street NW. Major uses within or near the project area include:

- Park River Estates
- Crossroads Alternative School
- Al Flynn Park
- The Clay Hole
- Several older apartment complexes

The City of Coon Rapids has acquired and cleared a large tract of land that has remained vacant for some time. It should be noted, however, that a significant part of the period of inactivity was during a national real estate recession when very little development was occurring throughout the nation.

The Port Riverwalk area contains a heavily used section of Coon Rapids Boulevard with about 28,000 vehicles a day travelling through the area. Recent transportation studies have indicated the need for approximately $8 million (2010) of improvements to provide additional road capacity for Coon Rapids Boulevard in the Port Riverwalk area. These recommendations include widening Coon Rapids Boulevard, elimination of an existing frontage road, reduction of road access points, relocation of the existing trail and other improvements.

The real estate market was analyzed in two ways for this plan. First, a traditional market study was performed that indicated adequate demand for senior housing of various types, a demand for market rate rental (but generally not at rent levels that can support new construction without subsidy), and a lack of demand for retail beyond that which can be supported at the neighborhood level.

The second method for analyzing potential market interest was to conduct a series of one-on-one interviews with real estate experts to test market study assumptions and plan concepts. The interviews generally confirmed the conclusions that senior housing was the most likely use to locate in the area, that the retail market in this area is small and neighborhood oriented and that there was a market to develop general occupancy apartments (but they would need to have their rents subsidized). One developer (Shamrock) identified an opportunity for market rate condominiums on the far east end of the Port which was incorporated into the plan. Other developers were skeptical of the condominium market in this area.

Developer interviews also confirmed the lack of on-site amenity as a barrier although there was agreement that being in close proximity to parks and trails could be an opportunity to build additional market demand if they can be connected effectively.

Recognizing the light real estate market for development property in the Port Riverwalk area, the plan incorporates several different development types so that no single market segment is relied upon too heavily for success. Due to the light demand and the emphasis on providing a full range of senior housing types, the plan also incorporates some lower density, senior villas (one story, detached townhomes) which should ease the transition between Port Riverwalk and the adjacent single family neighborhood as well as increase the velocity of land sales in the Port.

The lack of amenity and connection to nearby parks and trails is being addressed in the plan by providing enhanced trail connections to establish Port Riverwalk as a key hub in the regional trail system. The following trails are proposed to be connected in the Port Riverwalk area:

- Sand Creek Trail
- Coon Creek Trail
- Mississippi Regional Trail
- North Hennepin/Rush Creek Regional Trail
- Coon Rapids Boulevard Trail

The lack of market demand in the Port area has limited the scope of recommendations to minimize public expenditures to items that either add long term value or satisfy an existing deficiency. For this reason, the initial recommendation for connecting trails is with an on-street, painted cycle track that can be implemented quickly and with limited public expenditure. Long term public improvements include:

- Relocation of a portion of Avocet Street to Zilla Street
- Creation of a new "Green Corridor" parallel to Coon Rapids Boulevard to provide amenity, connect trails and replace the frontage road proposed for elimination with the Coon Rapids Boulevard expansion
- Creation of a northern backage road adjacent to Flynn Park. (This roadway is largely necessary due to proposed road closures as part of the plan to increase the capacity of Coon Rapids Boulevard rather than for redevelopment purposes).
- A recommendation to perform additional analysis to assess the need and feasibility of a pedestrian overpass in the vicinity of Avocet Street so that land can be reserved before development occurs.

Study Purpose and Background

The City of Coon Rapids, with funding from the US Environmental Protection Agency has been exploring the environmental conditions and redevelopment potential of the properties in the Port Riverwalk area.

The Port Riverwalk area is located along the Coon Rapids Boulevard Corridor between the intersections of Egret Boulevard NW and Avocet Street NW. Major uses within or near the project area include Park River Estates, Crossroads Alternative School, Al Flynn Park, the Clay Hole, and several older apartment complexes. Much of the area south of Coon Rapids Boulevard is owned by the City of Coon Rapids and is the site of a former shopping center that has since been razed as part of the City's ongoing efforts to bring the amount of retail space on Coon Rapids Boulevard in line with market demand for retail. Coon Rapids Boulevard was historically one of the primary corridors in the community and as such was soon covered with a wide variety of retail uses, including an enclosed shopping mall, big box centers, neighborhood commercial and freestanding retail uses which stretched along the length of the corridor.

However, with the construction of US Highway 10, the Coon Rapids Boulevard corridor's importance as a retail transportation corridor began to diminish. Currently there are approximately 77,000 vehicles a day using US Highway 10, while only 28,000 vehicles a day continue to use Coon Rapids Boulevard in the Port Riverwalk area.

For years, retailers have been moving from Coon Rapids Boulevard to the higher volumes of US Highway 10. The most significant of these retail shifts occurred with the construction of Riverdale Village in 1999 at US Highway 10 and Round Lake Boulevard. This large shopping center contains almost 1 million s.f. of retail space, including most of the major suburban chain stores.

The City of Coon Rapids has had several previous planning efforts that impact the Port Riverwalk planning effort including the following:

Coon Rapids Boulevard Framework (2000)

At about the same time that Riverdale Village was under development, the City began a review of the Coon Rapids Boulevard corridor to identify issues and set goals for future development. There was extensive public involvement in this framework planning effort.

A key finding of the study was that Coon Rapids Boulevard could no longer compete with the shopping centers along US Highway 10 and would no longer be able to attract large scale retail development. Future retail development on the corridor was expected to be at more of a neighborhood scale.

The study created an overall redevelopment strategy to concentrate activity in four nodes, which were named PORTS for Preservation Or Renovation Tract. Port Riverwalk was one of these original

ports.

The 2000 Framework included the concept of unified streetscape elements and upgraded architectural standards.

Following the development of the 2000 Framework, key implementation steps were accomplished including:

- The Comprehensive Plan was amended to incorporate its recommendations
- New zoning districts were developed
- The HRA was strengthened
- Regulations were strengthened regarding outdoor storage and vacant buildings
- Traffic signal painting
- Improvements to the Coon Creek bridge and bike/ped. bridge
- Encouragement of new private development

These efforts were successful in the creation of 172,000 s.f. of new commercial and office space. In addition, 42 new residential units were developed.

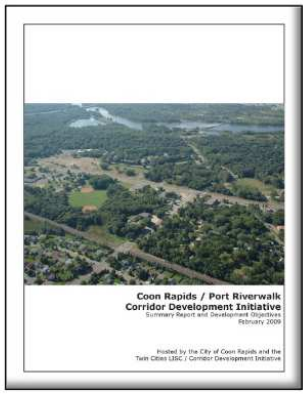
Shamrock Development/Rottlund Companies Master Plan (December 2003)

Shamrock and Rottlund proposed a development that largely consisted of townhomes with a small amount of space reserved for commercial/office uses.

The plan was never developed and the site has remained undeveloped since.

Coon Rapids / Port Riverwalk Corridor Development Initiative (February, 2009)

The City of Coon Rapids collaborated with the Twin Cities LISC / Corridor Development Initiative to host a series of community workshops to identify recommendations for development objectives or criteria for the Port Riverwalk redevelopment and strengthen participation and community involvement to inform larger city goals for redevelopment.



The planning process brought a team of technical experts together to work with community members to shape redevelopment goals. One key element was a hands on exercise where development scenarios were tested against the realities of development costs to find development scenarios that come close to "breaking even".

The plan pointed to market weakness for the area and suggested that the City consider longer development timelines and create a variety of products for the site.

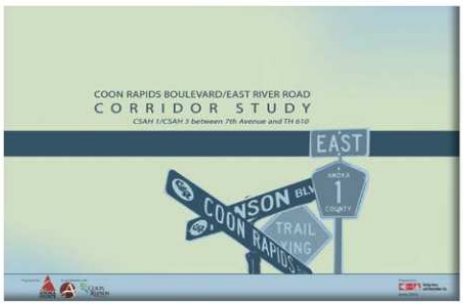
Two development scenarios were developed. The first had 254 housing units (2 to 7 stories in height) with 115,000 s.f. of commercial.

The second scenario had more residential intensity with 431 units units planned (1-6 stories in height) and 92,500 s.f. of commercial.

The first scenario was projected to lose $10,000,000 on an $80,000,000 development and the second scenario was projected to lose $8,000,000 on a $100,000,000 development.

Coon Rapids Boulevard/East River Road Corridor Study (June, 2010)

This corridor study, undertaken by the Cities of Coon Rapids and Anoka, as well as Anoka County, was developed to identify concepts for improving mobility, increasing safety, and enhancing the aesthetics and economic vitality of the corridor.



Public input was provided in several ways including different techniques involving the Technical Advisory Committee, Policy Advisory Committee, local agencies/ organizations, regulatory agencies, residents and business owners.

Overall, the Coon Rapids Boulevard was found to operate at an acceptable level with some isolated segments with reduced travel speed.

Key problems that led to these slowdowns are:

- Close spacing of intersections
- Insufficient roadway width to accommodate dual left turn lanes
- Lack of traffic signal coordination

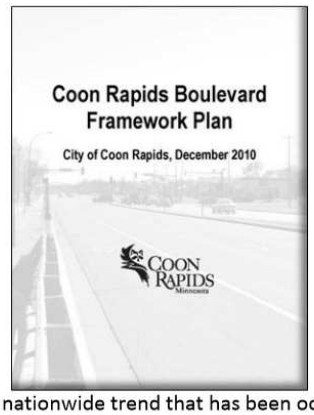
The study identified the segment along Port Riverwalk as one of the areas that was performing poorly and recommended an additional lane in each direction between Avocet Street and Hanson Boulevard to accommodate project traffic demand. The recommended improvement is to replace the current 5 lane roadway between Avocet Street and Egret Boulevard with a 7 lane section (3 lanes southeastbound and 4 lanes northwestbound). It is anticipated that this widening would occur to the southwest and involve the removal of the existing frontage road on the south side of Coon Rapids Boulevard. The existing bus shoulder will be removed and replaced with general purpose lanes. When completed, this will be the widest segment of roadway in the study area.

The proposed cross section of the upgraded roadway includes a 16' grass median, street lighting and a 16' wide trail on the south side of Coon Rapids Boulevard and a sidewalk on the north side. Noise barriers are proposed along some segments of the road between Egret Boulevard and the "Split". Pedestrian crossing of Coon Rapids Boulevard is assumed to be at signalized intersections rather than through bridges or other grade separated solutions.

The study also looked at characteristics for each port area and key identity elements for Port Riverwalk included recreation, strong connections to the parks and river and enhancing the natural experience. The plan noted that many of these improvements were already in place with the improvements made to the Coon Creek area.

Coon Rapids Boulevard Framework (December, 2010)

After ten years of implementation, the City decided it was time to have the first regular update of the Framework Plan. This update looked back over the previous decade to examine the impacts of the original Framework Plan as well as consider the changes which were occurring as a result of the US economic recession.



A key finding of the study was that residential neighborhoods were largely stable, with the number households increasing. There was still a population decline in household size eclipsed the increase in the number of households. The decline in household size is a nationwide trend that has been occurring for decades.

The Framework identified that the corridor was experiencing an aging population which generated two recommendations – 1. Efforts should be made to accommodate younger households and 2. Up to 460 new

senior housing units should be constructed to support the existing aging population.

Communities often undertake this two pronged strategy in response to aging neighborhoods because it can be difficult to attract younger households if there is not a sufficient amount of housing turnover to provide an adequate variety of housing. This housing turnover stagnation can occur if there are limited options for older residents to move to within the community. Older residents often prefer to age in place rather than leave their longstanding community where they have developed strong attachments.

The 2010 update also saw the confirmation of the projections in the original Framework Plan that Coon Rapids Boulevard retail would weaken. Large amounts of retail leakage occurred over the decade as retailers repositioned themselves in light of the large amount of new retail development along US Highway 10.

The 2010 Framework Plan identified market support for 104,000 s.f. of new commercial through 2014 along the entire length of Coon Rapids Boulevard. It was anticipated that much of this new commercial development would be replacing some gaps in neighborhood scale; basic needs retail as well as replacement of obsolete retail space.

The corridor continued to be anchored by the stable institutional anchors of Mercy Hospital, Anoka Ramsey Community College and the Coon Rapids Dam Regional Park.

The 2010 Framework update generated several new recommendations related to the Port Riverwalk area including:

- Redeveloping the site predominantly as moderate and high density housing.
- Development of new streets parallel to Coon Rapids Boulevard on both the north and south sides of the corridor. The north side road would include a new connection over Coon Creek between Avocet Street and Coon Rapids Boulevard Extension.
- Continued strategic acquisitions by the HRA.
- Develop a refined master plan to facilitate sale of the property in segments.

EPA Brownfield Assessments (2010 – 13)

Phase II Environmental Site Assessment

Former Frank's Nursery and Crafts Property
3707 Coon Rapids Boulevard
Coon Rapids, Minnesota 55433

Prepared for:

City of Coon Rapids, Minnesota
U.S. EPA Brownfields Assessment Project
Cooperative Agreement No. BF-00E00364-0

Stantec Project No.: 193706627
September 8, 2012

On September 2, 2010, the City of Coon Rapids was awarded $400,000 in EPA Brownfield Assessment Grants for the Port Campus Square and Port Riverwalk locations. This funding source is largely utilized for conducting Phase I and Phase II Environmental Site Assessments. However, the EPA allowed a small percentage of the assessment funds to be utilized for brownfield redevelopment planning with the goal of improving the likelihood of site cleanup and return of the brownfield properties to productive use.

This planning effort will address a range of issues, including planning and development, parking, infrastructure, catalyst projects, phasing and public realm improvements.

Market Research

In May, 2012, Stantec Market Research prepared a market study for Port Riverwalk and Port Campus Square. The full report can be found in Appendix 2.

The market study analyzed the near and long-term redevelopment potential of the Port Riverwalk study area and included an analysis of factors influencing demand for new development, such as key site characteristics, demographic and economic growth trends, as well as the supply and condition of commercial and residential real estate markets. The following is a summary of major findings, conclusions, and recommendations contained in this report. The close proximity of the two ports generally places them within the same trade areas. However, there are some locational differences between the two sites that provides an advantage for one site or another in competing for some segments of market demand.

Location Analysis

The Port Riverwalk study area was analyzed for its locational strengths and weaknesses as a potential redevelopment area by evaluating regional location, transportation, surrounding uses, visibility, and accessibility.

The Port Riverwalk study area faces a challenging real estate market. Unlike Port Campus Square that has some attractive characteristics to build upon, including the community college, opportunities for direct access to the Mississippi River, sites further away from Coon Rapids Boulevard and the City's large recreation investments, Port Riverwalk faces a more difficult environment.

The Port Riverwalk site is very linear which increases the negative perception of adjacency to Coon Rapids Boulevard. It also has few on-site natural amenities that directly impact the site. Surrounding land uses do not fully relate well to each other since they were built in relation to the shopping center that is no longer there - leaving a key hole in the urban form.

The real estate market for Port Riverwalk is light in its current form. However, as with Port Campus Square, the introduction of amenity and the reshaping of the infrastructure can improve the uniqueness and attractiveness of the site. Key opportunities to introduce additional amenity to the site includes strengthening connections to the Coon Rapids Dam and the Coon Creek Trail. In addition, the Clay Hole site presents opportunities for adding passive park amenities that are frequently sought by the marketplace. The ability of pedestrians to feel safe crossing the expanded Coon Rapids Boulevard at Avocet Street will be necessary for realizing the full beneficial impact of improvements in the Flynn Park/Clay Hole area.

One existing use that has the potential to generate increased market demand is the Park River Estates facility which could attract additional

senior housing opportunities in the future as the Baby Boom generation continues to enter the retirement years.

Socio-economic Analysis

As was previously discussed in the City's earlier Framework study, Coon Rapids' population has declined slightly in recent years. This is largely the result of decreasing household sizes due to an aging of the overall population and this phenomenon is not unique to Coon Rapids.

Most communities that have run out of vacant land for development will ultimately experience this cycle where residents age in place, preventing housing turnover and resulting in population decline. The effects of this dynamic are changing market demographics for area retailers and a housing stock that is at risk of deferred maintenance because new, often younger, families are not moving into the area and reinvesting in area homes.

At the same time, communities surrounding Coon Rapids, such as Blaine and Andover, have been some of the fastest growing communities in recent years because of the availability of vacant land that can capture new growth. Therefore, it will be important for Coon Rapids to identify places for redevelopment with which to capture some of the growth occurring nearby.

Retail Market

Stantec analyzed the supply of retail space at the regional and local level in Coon Rapids and calculated demand for a Trade Area that would serve the Port Riverwalk study area.

Although the Corridor Retail Trade Area has the spending power to eventually support another 68,000 square feet of retail space by 2020, it should be noted that the siting of any additional retail will be dependent on key criteria, such as maximum visibility from highly trafficked thoroughfares, easy access from such throughfares, and a concentration of complementary stores to create a sense of destination.

The Port Riverwalk area is not well positioned in comparison to other sites on the corridor for retail development. The effective surrounding neighborhood market capture area is limited by barriers such as the Mississippi River, the railroad tracks, Coon Creek, and the convergence of several major roadways/highways to the east of the site.

Comments from the neighborhood have indicated a desire for some limited convenience retail. If this were to occur, it would most likely occur on the northeast corner of Coon Rapids Boulevard and Egret Boulevard where it can better take advantage of evening traffic. Once the site is more fully developed, there may be additional small retail opportunities in the southeast corner of the same intersection that would take advantage of the existing housing units and future development momentum.

Office Market

It is calculated that that the Coon Rapids Boulevard Corridor could eventually support between 30,000 and 45,000 square feet of new office space based on projected growth in the number of office jobs in Anoka County. Due to the current strain in the office market, though,

this demand will not occur until after 2015 or even 2020. More importantly, any demand will be highly contingent on the broader forces affecting competitive nearby office districts at Highway 610 or along Highway 10.

Smaller amounts of office space, though, could be expected to be developed in the near term as part of a mixed use scenario on a tenant by tenant basis (such as insurance agent, tax preparation, etc.) because this type of tenant operates more like a retail use and is not as affected by the overall office market. Moreover, these types of tenants respond more to growth in the local household base than larger economic forces. Therefore, as the local household base grows, there is potential to fill small office spaces.

The Port Riverwalk study area does not have the accessibility and visibility to attract major office users who want to be near highways. However, Coon Rapids Boulevard is a busy, well known thoroughfare that provides good access to local residents and other businesses. This creates a locational advantage for neighborhood level office uses. Furthermore, with the potential to add new retail and other amenities in the form of trails, parks, and other open space, small office users could be attracted to the study area.

Rental Housing Market

The current rental housing market is becoming very tight. Vacancy rates have dropped to nearly historic lows. Rents will likely start to increase as a result of this condition. Most newer properties in the Trade Area are achieving rents of between $1.10 and $1.30 per square foot. These current rent levels are probably not enough to support new development without public subsidy. However, most rental properties in the Trade Area are older and do not have many of the amenities and features that renters desire in today's market, so there may be additional, untapped market potential at higher rent levels. Furthermore, with expected rent increases of anywhere between 5% and 10% in the coming year, this may push the market into a zone that can support new development.

Interviews with rental housing experts with knowledge of the area confirmed that, in their opinion, market rates are not sufficient to support new development unless someone takes a risk by attempting to go further upscale and can establish that there is a market for higher amenity and higher rent multi-family. However, no one that was interviewed was willing to take that risk themselves.

The Trade Area is forecasted to add nearly 4,000 households through 2020 which will undoubtedly create demand for new rental units but if that demand cannot generate sufficient rental rates, the demand will go unsatisfied.

Rental housing does not require the same need for visibility and accessibility as commercial properties. Nonetheless, rental housing does perform better when it is accessible to major highways and transit.

Given the benefits of the Port Campus Square and Port Riverwalk study areas being located along Coon Rapids Boulevard and the accessibility that provides, there is potential to capture up to 80 units of new, upscale market rate rental housing through 2020 and another 270 units

of moderately priced and subsidized rental housing. If at all possible, any new housing should be situated close to areas with established amenities, such as stores, shops, personal services, recreation, open space, and trails. Given the lack of retail demand in the Port Riverwalk area, the primary focus should be on natural amenities such as parks, open space and trails.

For-Sale Housing Market

The overall condition of the for-sale housing market is still battered and bruised. There are small signs that new home construction is picking up in communities with highly reputable school districts. Although the for-sale market has appeared to turn a corner, persistently high unemployment and tremendous oversupply, not to mention the foreclosure situation, is resulting in a very slow recovery. Despite the growing optimism for the single-family market, the market for condominiums in suburban settings is still almost non-existent.

Although most real estate experts who were interviewed agreed that there was not a market for condominiums at this time in the Port Riverwalk area, it should be noted that one developer indicated that they believed they could develop high rise, owner occupied housing (7 stories) east of Avocet Street.

Senior Housing Market

Independent Living

Projects that cater to younger, active seniors have been hard hit by the recession due to declining home prices that has reduced this potential customer's ability to sell their current houses. Since this target market is still relatively healthy, the decision to relocate to an age-restricted community has more to do with lifestyle than a need-driven situation. Therefore, in a declining housing market, these households are apt to delay the decision to move until home prices increase. In 2013, there has begun to be increases in single family house values and it appears that some seniors have begun to test the market for their single family homes again which could increase the demand for active senior housing.

This phenomenon is especially true of properties in which there is no continuum of care. Independent living projects that are part of a continuum of care have been able to mitigate the impact of declining home prices by also appealing to those who desire the security and certainty of access to care as they age-in-place. Freestanding facilities, without this continuum of care, have struggled to maintain occupancies, or in the case of newer properties, struggle to absorb units in a timely manner.

The silver living to this grey cloud is that there appears to be excess demand relative to supply in the Trade Area and that growth in the overall size of the target market is forecasted to increase dramatically during the next 10 years with the aging of the Baby Boomer generation. Therefore, as home prices begin to rise and target households gain confidence, there will likely be substantial pent up demand among those who are interested in moving, but have simply delayed the decision due to broader housing market conditions.

For appropriate sites in either the Port Campus Square or Port Riverwalk study areas, market demand through 2020 is forecasted to be between 150 and 175 units of independent senior housing. It is recommended that if possible any independent living project be a part of a campus that features higher levels of care to facilitate aging in place. These types of facilities have been consistently outperforming freestanding facilities for some time.

Assisted Living

To some degree, the decline in home prices over the last three years has also affected the assisted living market. For many households, paying for the cost of assisted living is dependent on the sale of a home. Therefore, declining home prices has resulted in many families choosing to pitch-in and help aging parents and grandparents cope with activities of daily living instead of moving them to an assisted living facility. This dynamic has contributed to higher vacancy rates among assisted living facilities, especially in sub-markets where the facility draws primarily from families with modest incomes. However, this situation is usually anticipated to be temporary due to the current recession and eventually give way to a situation of pent-up demand.

For sites in the Port Campus Square and Port Riverwalk study areas, it is anticipated that demand for assisted living through 2020 will be between 50 and 70 units. Moreover, the potential sites in either study area would likely have good visibility, which is important for assisted living because it needs to keep awareness high within its trade area due to higher levels of turnover.

Memory Care

After a period of rapid expansion 8 to 10 years ago, memory care facilities have experienced very strong occupancies in recent years. These facilities have been somewhat buffered from the recession because the level of care needed is often far more than a spouse or other family member can handle even in difficult financial times. Furthermore, new advancements in design and programming have dramatically increased the benefits of living in such environments. In addition, these benefits have raised the awareness of memory loss and reduced its taboo nature, which has resulted in greater market acceptance.

For sites in the Port Campus Square and Port Riverwalk study areas, it is anticipated that the market demand for memory care through 2020 will be 25 and 35 units. *This is not enough demand to develop a standalone memory care facility.* However, it would be a feasible option as part of a continuum of care concept, possibly involving the existing Park River Estates.

Real Estate Expert Interviews

Market information and preliminary concept plans for Port Riverwalk were tested through a series of one-on-one interviews with developers, brokers and other real estate experts in various fields including master development, multi-family housing, commercial, and senior housing. All of the interviewed real estate experts had a level involvement with the Coon Rapids market.

The real estate experts were from the following companies:

- Cushman and Wakefield
- Dominium
- Park River Estates
- Shamrock
- Weis

The comments received in the interviews varied based on the market sector that the expert specialized in, but a number of consistent themes carried through most, if not all, interviews:

- The retail market potential for Port Riverwalk is very light, with little or no retail trade area beyond the immediate neighborhood
- Existing market rate apartment rental rates are too low to support new market rate rental apartment construction. Apartments with public subsidy (senior or workforce) could be developed in this area
- Most experts indicated that they did not see significant market potential for condominiums although one developer indicated that they believed there may be an untapped market for high rise (+/- 7 story building) condominiums on the east end of Port Riverwalk
- Enhancing the connections to trail and nearby nature/recreation destinations were frequently mentioned as keys to encouraging development in Port Riverwalk
- The senior housing market was cited as one of the best options for near-term development, particularly if it could be tied in or related to the Park River Estates in some manner

Planning Foundation

Previous Planning Efforts

As outlined earlier, the Port Riverwalk and Coon Rapids Boulevard have been the subject of several significant planning efforts since 2000. This plan recognizes the earlier planning efforts and is intended to be compatible with this existing planning foundation, not replace it.

Planning Process

The Port Riverwalk planning process was centered on a Steering Committee and Policy Advisory Committee that provided direction and oversight throughout the planning process.

Once the Steering Committee had developed a concept plan, an Open House was held for the broader community to review the concept and provide input. The Open House was well attended and included an overview of the market study, planning process and the concept plan elements. Participants were asked to provide written comment on the plan and those comments are contained in Appendix 3.

Design Principles

The challenge for the Port Riverwalk site has been to identify catalyst elements that can breathe additional life into an area that the market has perceived as lacking definition and stale due to negative impacts of traffic on Coon Rapids Boulevard, the eclectic mix of surrounding land uses and the length of time it has remained dormant.

The surrounding neighborhood has expressed a desire for convenience shopping but recognizes that the market will not support large scale retail at this location due to the barriers (railroad, highways, Mississippi River) that separate Port Riverwalk from the broader community and that it cannot compete with the amount of retail competition in the Highway 10 corridor.

The surrounding neighborhoods have also expressed a desire for increased housing options for senior citizens since many of the residents have remained in their homes for decades and have a desire to downsize their housing. However, due to their strong ties with the quality of life in Coon Rapids, they do not want to seek housing outside of the community. This qualitative desire for increased senior housing options has also been identified quantitatively in the market study.

The market perception of Port Riverwalk is influenced heavily by its appearance from Coon Rapids Boulevard. The perception is that the site is largely a long, flat, somewhat barren landscape surrounded by older apartment buildings. The site is not readily understood by the market as having any unique market niche or “sense of place”.

The plan helps to establish a unique market niche for the site by creating a stronger association with impressive local and regional open space assets which are all within easy walking distance of the Port Riverwalk site. Unfortunately, these sites are far enough removed from the site that they must be consciously affixed in the minds of

potential developers/future residents. The plan accomplishes this by placing an emphasis on improving non-motorized connections, which is a relatively low cost activity that should generate additional traffic, sense of place and return on investment. In addition, stronger trail connections between these key trails, establishes Port Riverwalk as a crossroads location and benefit the entire community.

The linear nature of Port Riverwalk over-emphasizes the negative impact of Coon Rapids Boulevard. The plan addresses this issue by dividing the site into smaller, character districts that will be interconnected by the Green Corridor but have different emphasis on land uses.

More detailed design concepts including principles for effective mixed use development, urban stormwater, placemaking, building massing and infrastructure design are contained in the Port Campus Square Plan and would also be applicable to Port Riverwalk, but have not been included in this plan to avoid excessive repetition.

Urban Design Analysis

This chapter provides an analysis of current conditions within the Port Riverwalk area.

Existing Land Use and Guidance

The Port Riverwalk area was rezoned to Port District Zoning as part of earlier planning efforts. The Port District is a flexible, mixed use district encouraging compact, high quality development around a unified theme or master plan.

Site Conditions

The Port Riverwalk Area is a difficult site to develop in its current state. The site is very linear which maximizes the perception of potential negative aspects of adjacency to Coon Rapids Boulevard (particularly for some forms of residential development).

The port sits just west of a portion of Coon Rapids Boulevard where the street design and traffic patterns give the roadway more of a highway feel than that of a city street due to the interactions with Highway 610 and East River Road as well as the amount of open space which limits access points and provides the perception that motorists have left an urbanized area. This highway feel comes to a somewhat abrupt stop as motorists enter Port Riverwalk and that abrupt perception is likely exacerbated by the curved nature of Coon Rapids Boulevard in that area.

As Coon Rapids Boulevard is upgraded and widened in the future, the design should consider the need to provide advance visual clues that motorists are reentering an urbanized area prior to the arrival at Port Riverwalk from the east. This could include techniques such as extending landscaped medians east of Avocet Street for another ¼ to ½ mile and adding planned right of way landscape design elements that will differentiate from the natural open space feel further to the east.

Finally, the remaining unused paved areas in the Port provide a perception of the area as being abandoned rather than a large, available infill site. Removing or repurposing paved areas that are no longer useful could provide increased "curb appeal" for the site, provided they will not be needed in a future development.

Natural Resource and Systems

Historically, the portion of the Port Riverwalk area that is south of Coon Rapids Boulevard was developed as a shopping center and therefore most of the original natural features have been removed or shaped into a largely flat surface for retail buildings and parking lots. Small stands of wooded areas and

individual trees remain.

On the north side of Coon Rapids Boulevard, the primary natural feature is the Coon Creek which runs along the east side of the Al Flynn Park/Clay Hole area.

Due to the long time period since the end of mining operations, the Clay Hole area, has begun to take on the character of an interesting natural area, even though it is manmade feature.

Approximately half a mile to the southwest of the Port Riverwalk Area is the Mississippi River and the Coon Rapids Dam Regional Park which includes a boat launch into the large navigable pool, fishing, trails and other activities.

The natural amenities that lie just outside the Port Riverwalk Area could be critical catalysts for redevelopment of the Port Riverwalk Area. The Port itself has very little remaining amenity and does not feel connected to these valuable nearby natural areas of regional significance. Strengthening these connections, both physically and thematically is one of the cornerstones for maximizing the redevelopment potential of this area.

Opportunities should be pursued to integrate the character of the Coon Creek and Mississippi River natural areas into dual use systems such as stormwater treatment, trail systems and streetscapes. The Port Riverwalk Concept Plan identifies the creation of a new "Green Corridor" which is a multi-use street corridor running parallel to Coon Rapids Boulevard with supportive linear open space/trails that will serve to connect the Port Riverwalk Area to the surrounding regionally significant natural features. The Green Corridor will pull these amenities into and through the site in order to encourage additional market demand for the site, particularly in the residential market sector.

Non-motorized Access and Connectivity

The Port Riverwalk Area is served by a roadside trail along Coon Rapids Boulevard. This trail has been identified as located in a challenging location by the Coon Rapids Boulevard/East River Road Corridor Study and is slated for relocation when Coon Rapids Boulevard is expanded.

On the north side of Coon Rapids Boulevard is the Al Flynn Park/Clay Hole area which is an end point for the Coon Creek Trail which runs northward and connects with the Sand Creek Trail and eventually Bunker Hills Golf Course.

Approximately ½ mile to the southwest of the Port is the trail system in the Coon Rapids Dam Regional Park, the endpoint for the 5 mile long Rush Creek Regional Trail and the Mississippi River Regional Trail (Figure 4).

Port Riverwalk, Coon Rapids Boulevard and Egret Boulevard are currently serving as barriers to connecting these four major trail systems. Completing this connection would provide benefits to the entire community and region. By making this connection, Port Riverwalk becomes an important hub for non-motorized traffic.

Egret Boulevard

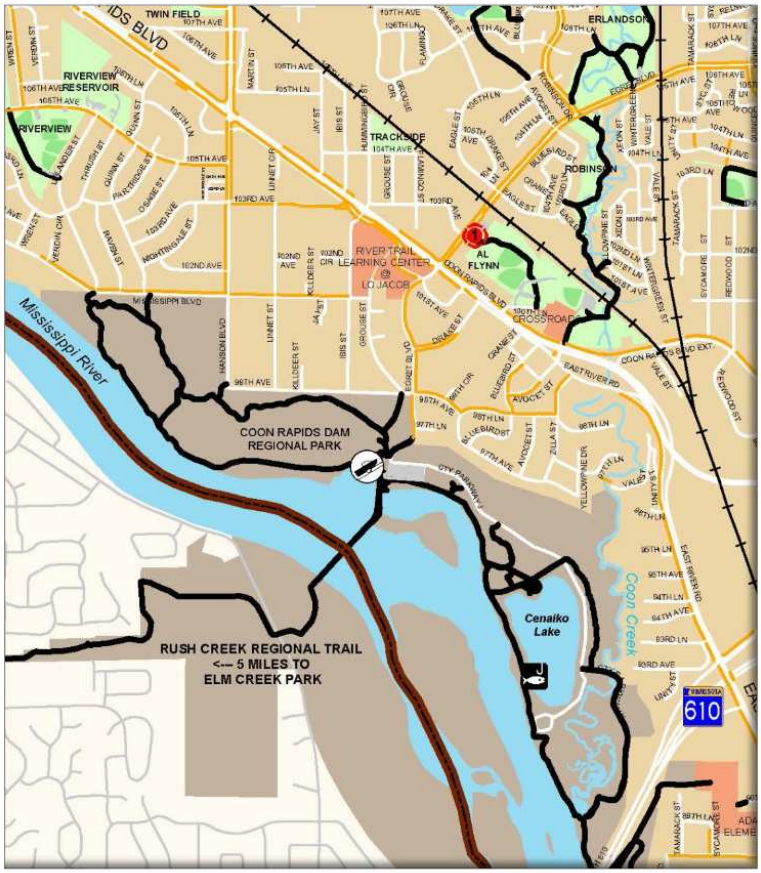
Egret Boulevard is currently a street that serves as the entrance to the existing residential neighborhoods and Coon Rapids Dam Regional Park. Due to the Mississippi River, Egret Boulevard does not continue further south than the park and therefore typically has very low traffic volumes.

To the north of 99th Avenue, the right of way width is 70 feet and the pavement width is 44 feet, which is a wide street. The extra width is being used by a painted parking lane on both sides of the street which appears to provide a small amount of overflow parking for some of the multi-family properties along the street, but is generally used as free parking for regional park patrons who do not want to pay the park vehicle admission costs.

The western edge of the right of way in this portion of Egret Boulevard includes a drainage ditch that limits any ability to easily construct off-road trails on the west side of the street.

Figure 2: Egret Corridor

Figure 3: City of Coon Rapids' Existing Sidewalk and Trail Plan



The drainageway along the west side of Egret has been left in a semi-wild state with small trees and other brush lining its edges. There is an existing 5 foot wide sidewalk on the east side of Egret Boulevard north of 99th Avenue.

Figure 4: Egret Boulevard North of 99th and Drainageway

South of 99th Avenue, the street pavement and right of way narrow significantly as they head toward the regional park. Right of way width narrows to 60 feet wide and the pavement width is reduced to 30 feet wide. The 5 foot wide sidewalk moves to the west side of the street in this location due to the constraints on the east side of the street.

South of 99th Avenue, there appears to be a significant amount of space that could be utilized for an off-road trail with the cooperation of the regional park.

Figure 5: Drainageway used as an amenity

Plan Elements

Figure 6: Port Riverwalk Plan

Character Districts

Port Riverwalk is divided into three main character districts:

- Port Riverwalk East – centered on the Avocet Street/Coon Rapids Boulevard intersection (Figure 11)
- Port Riverwalk West – centered on the Egret Boulevard/Coon Rapids Boulevard intersection (Figure 13)
- Port Riverwalk Central – this is the transition zone between the East and West districts (Figure 14)

Port Riverwalk East District Elements

The Port Riverwalk East District contains the Al Flynn Park/Clay Hole site and the Park River Estates facility. The proposed plan for this district is to create a senior community that includes a range of senior housing options including a significant assisted living expansion of Park River Estates, active senior villas, condominiums and senior rental/cooperative opportunities.

Senior Living Concept

The proposed senior focused land uses build upon the market study's identification of senior market strength, the existing Park River Estates facility and the neighborhood's expressed desire for more, convenient options for senior living. Grouping senior housing options can also create efficiencies for providing senior services and entertainment. For instance, facilities like Park River Estates can often provide food services and medical services for nonresidents which allow them to live in independent senior housing for a longer time period. In addition, grouping a variety of senior housing options can help maintain closer family bonds when one spouse may be able to remain in independent living but their longtime spouse must move into a facility that requires additional care services. If both types of housing are in close proximity, the transition can be less stressful and both spouses can maintain daily connections without extended travel.

Relocation of Avocet Street

The plan shows a relocation of Avocet Street to the east so that it lines up with the existing Zilla Street. This relocation provides improved redevelopment sites and traffic flow in the area around Park River Estates, which is a key catalyst for development.

Clay Hole Park

Currently, the Al Flynn Park is dominated by active uses, particularly baseball fields, which are not generally targeting the senior recreation market. However, the Clay Hole portion of the park appears to be a good opportunity to introduce additional passive recreation opportunities into what is a largely unprogrammed area.

The City of Coon Rapids and Anoka County have considered extending a backage road across the Clay Hole site in order to connect with Coon Rapids Boulevard Extension and Vale Street. Several alternative alignments have been proposed for this road extension. Due to the small size of the Clay Hole portion of the park as well as the location of the existing trail bridge, it is recommended that the new roadway be located as far to the north as is feasible to maximize the amount of contiguous open space adjacent to the Clay Hole.

Figure 7: Existing Trail Bridge Near the Clay Hole

The Clay Hole site and the Coon Creek Trail provide a tranquil, natural experience that could be built upon with new elements such as the following:

- Trail head amenities
- Boardwalk or pier convertible space that can be used for passive recreation (or small performances with the audience sitting on the Clay Hole sloped lawn)
- Picnicking facilities
- Art themed passive recreation

In addition, based on comments received in the open house, the City may want to consider adding a playground facility in Al Flynn Park. Neighborhood residents have indicated that there is a lack of convenient playground facilities and that it could become an increasingly important issue if the neighborhood's senior residents begin to relocate to Port Riverwalk and are replaced with younger families.

Figure 8: Passive Park Example

Trail Extension/Green Corridor

At several stages in the development of this plan, including the interviews with real estate experts, there has been a recurring theme that the Port Riverwalk area is close to areas of amenity but that it is currently not connected in a manner that creates redevelopment value. This lack of perceived amenity reduces the level of development interest, particularly in residential market segments (which are the most important segments for Port Riverwalk). Without a closer tie to

these amenities, the site becomes overly associated with the negative feature of being adjacent to Coon Rapids Boulevard.

Over the long term, the plan identifies the creation of a "Green Corridor" that runs parallel to Coon Rapids Boulevard and provides the key trail links that are valuable to both Port Riverwalk and the community at large. This corridor brings enhanced landscape to create a linear park-like feel in the development and counteract some of the negative perceptions that are associated with being adjacent to Coon Rapids Boulevard.

Figure 9: Green Corridor

Pedestrian/Trail Crossing of Coon Rapids Boulevard

Coon Rapids Boulevard is a high traffic volume roadway that can serve as a barrier to pedestrian and bicycle connections between the northern and southern areas of Port Riverwalk. There are currently traffic signals at both Egret Boulevard and Avocet Street that provide the ability to cross Coon Rapids Boulevard. However, comments received during this planning process indicate that there is a perception that the pedestrian crossing is difficult and a barrier to pedestrian use, particularly for children and senior citizens that may have a slower walking pace. In the future, this pedestrian unease should increase as Coon Rapids Boulevard is widened in order to increase traffic volume which will lengthen the pedestrian crossing.

It appears that there may be a need in the future for a pedestrian bridge or other separated crossing near the Avocet Street intersection with Coon Rapids Boulevard. In addition to the usual concerns regarding the extreme width of the right of way and traffic volumes, the portion of Coon Rapids Boulevard east of Avocet Street has a curving, somewhat rural highway feel which can lead to conflicts if motorists don't know that they are suddenly reentering an urbanized area that could have pedestrians crossing the street.

Pedestrian bridges are expensive and their effectiveness can depend on a number of factors.

- They naturally work best in locations where there is not an alternative way to cross the barrier (such as interstate highways, railroads, and ravine crossings).

- They can also be more effective when the design of the bridge is perceived to be more direct and convenient than the at-grade crossing such as when the road intersection is depressed and the pedestrian crossing is more in line with the adjacent road elevation.
- They are more effective if the bridge can be place in the pedestrian's "desire line" so that the bridge crossing is not viewed to be inconvenient in relation to the at-grade crossing.

Unfortunately, if not carefully planned, pedestrian bridges located near at-grade intersections can fail because the pedestrian views them to be an inconvenient alternative to crossing the intersection at the traffic light. This is particularly true of bridges that have long ramps, stairs or elevators. These circular or switchback types of ramp structures are often used because they are on tight, infill sites where the ramp footprint needs to be minimized.

Figure 10: Pedestrian bridge with two different types of ramps ($2.6 M in 2010)

Port Riverwalk has an interesting pedestrian bridge opportunity. Since there is a significant amount of land currently owned by the City near the Avocet Street intersection, if a pedestrian bridge is desired in the future and if its location and conceptual design is understood, it may be possible to construct a bridge with long straight or gently curving access ramps. This sort of ramp design could be placed in the pedestrian "desire line" with minimal need for unpopular ramp structures and could encourage broader use by the public.

The long, gradual, straight ramp areas could be protected from future development so that they are available in the future for a pedestrian bridge. It is recommended that a preliminary study of the pedestrian bridge concept be investigated to the point that it is understand if there is a desire to potentially have a pedestrian bridge in the future and which areas of Port Riverwalk should be protected from development to facilitate its future development.

Figure 11: Port Riverwalk East

Port Riverwalk West Character District Elements

The Port Riverwalk West character district is anticipated to be the location where non-residential uses will locate if any develop in Port Riverwalk. This is due to the fact that Egret Boulevard crosses the railroad tracks and opens up additional portions of the City as potential new trade areas for supplying potential customers. The retail market for Port Riverwalk is anticipated to be very light and residential or small office uses will need to play a key role in fully developing this district. Therefore, it is anticipated that this district will likely develop in a mixed use fashion rather than a significant commercial-only area.

The initial demand for non-residential development in Port Riverwalk is anticipated to be minimal and therefore, non-residential development will likely need to be developed after some initial successes in other sections of the Port that will establish a neighborhood character.

Convenience Goods

The neighborhood has repeatedly expressed a desire for convenience goods. Currently, these goods are generally provided in more upscale gas station convenience stores with brands such as KwikTrip or Circle K or in pharmacies, such as Walgreens or CVS. Given the market realities of Port Riverwalk, it is highly unlikely that convenience goods could be provided in a larger format retail concept, such as a small grocery store.

Although there are not goods within close walking distance for neighborhood residents, the retail norms in the marketplace would consider the Port Riverwalk area to already be served by convenience goods. Currently, there is a KwikTrip location approximately 2 miles to the east of Port Riverwalk on Coon Rapids Boulevard which is a 5 minute trip by automobile. To the west of Port Riverwalk, there is a CVS Pharmacy 1.1 miles away, which is a 2 minute drive. Finally, there is a Walgreens located 2.7 miles away, which is a 6 minute drive. With this level of close proximity convenience goods, it is unlikely that convenience retailers will consider Port Riverwalk to be a prime location.

The most likely scenario for bringing walkable distance convenience goods to the Port Riverwalk area would be in association with a gasoline service station (i.e. convenience store). This use would likely on the north side of Coon Rapids Boulevard since it is the after-work direction and a KwikTrip is already on the south side of Coon Rapids Boulevard. There used to be an E-Z Stop on the north side of Coon Rapids Boulevard approximately 1.1 miles west of Port Riverwalk and some gas/convenience operations could look at a Port Riverwalk location as a possible way to recapture some of the business lost with the closing of the E-Z Stop.

Historically, the City of Coon Rapids has attempted to limit development of typical franchise design gas stations on Coon Rapids Boulevard and in the Port areas by creating a number of design standards including the following:

- No large gas stations with more than 8 active hoses
- Screening
- Materials of fuel canopies must match the principal building

The City's desire to only allow well designed gas stations is a concern in Port Riverwalk as well, particularly given its lack of current definition in the marketplace. A poorly designed gas station facility in an early stage of the development could set the stage for future phases and limit some of the residential potential.

To help limit this use conflict risk, in addition to the standards already in place, the City could consider some enhanced design standards such as the following:

- The design should conform to the dominant or planned character of the surrounding neighborhood in terms of forms, materials and colors
- Buildings that derive their image solely from applied treatments that express corporate identity are discouraged
- Canopy height to the lowest portion should not exceed 13' 9" and should not exceed 17' at the highest point, unless part of a decorative peak or similar element
- Lighted bands or tubes and applied bands of corporate color on canopies are discouraged
- Ground mounted monument signs are preferred over pylon or canopy fascia signs

Northern Backage Road

The location of the proposed northern backage road is largely determined by the location of Al Flynn Park. When the property was originally purchased, the funding source placed land use restrictions on the site that protect its use as a park.

The northeast corner of the Egret Boulevard intersection could develop without the new backage road, but development in the Port Riverwalk Central district could be limited without this transportation improvement.

Egret Boulevard Cycle Track/101st Avenue

Throughout the planning process, the connection of trails and parks has been a recurring theme. New trail facilities can be expensive and technically challenging in areas such as Egret Boulevard where there is not a lot of excess right of way for trail construction.

However, there appears to be a relatively inexpensive solution to the trail connection that could provide a solution for quick implemention. Quick implementation is desirable because it allows the trail to provide value to Port Riverwalk's redevelopment marketing without requiring extensive use of capital funds.

As outlined previously, the section of Egret Boulevard north of 99th Avenue is striped for two lanes of on-street parking which are largely used by regional park patrons that do not wish to pay the vehicle entrance fee at the park. Limited on-street parking appears to also be used by some of the apartment buildings in the immediate area ut eh majority of parking spaces appear to be utilized by park users.

If one lane of parking were removed from Egret Boulevard, it would open up the possibility for developing an on-street trail. The preservation of the eastern parking lane is preferred which would suggest a cycle track type of trail located on the western side of the street. Preserving the eastern parking lane is preferable because it

would allow residential uses (apartment and single family visitors) to have parking adjacent to their homes which will reduce pedestrian/vehicle conflicts by eliminating the need to cross Egret Boulevard. This location could also provide greater vehicular safety from theft, as there will be a better line of site between on-street vehicles and residential properties.

Eliminating the parking on the west side of the street will also improve the connection to the regional park since the existing Coon Rapids Dam Regional Park sidewalk is on the west side of the road and could be upgraded to a two way trail to extend the cycle track.

The Egret Boulevard on-street trail could be designed in a two way, cycle track configuration to better align with this upgraded park trail. The cycle track concept is preferred to including a lane on each side of the street because it will minimize conflicts between parked vehicle doors and bicycles in what could become a heavily used bicycle location. Cycle tracks can be separated from traffic with physical barriers or simply through painted markings. The latter is most appropriate on streets with low vehicular traffic volumes and can be installed relatively inexpensively in comparison to an off-street trail.

Over the long term, when Egret Boulevard is reconstructed, the curb could be relocated, allowing the cycle track to be moved off the street surface to the west side of Egret Boulevard.

The development of the Egret Boulevard cycle track is a short term project that has positive benefits across the entire Port Riverwalk area by extending the regional trails towards the Coon Rapids Boulevard corridor and making them fully interconnected.

Figure 12: University of California Cycle Track

The Egret Boulevard cycle tract would eventually connect with the "Green Corridor" and possibly a future pedestrian bridge near Avocet Street. However, in the short term, the Egret Boulevard cycle track could be extended to the Coon Rapids Boulevard trail by using 101st Avenue, which is a pleasant, wooded street without any adjacent development. 101st Avenue connects directly to the existing Coon Rapids Boulevard Trail.

Eventually this segment of 101st Avenue could be removed and rerouted when the Green Corridor is developed.

Wayfinding signage is recommended along the cycle track so that users can understand that Port Riverwalk is a crossroads for several trails and to identify key destinations such as the links to Coon Rapids Dam Park, the Port Campus Square/Community Center and the Coon Creek Trail. This will elevate interest in the Port Riverwalk area and help to establish the location as an important crossroads for non-motorized traffic.

Figure 13: Port Riverwalk West

Port Riverwalk Central Character District Elements

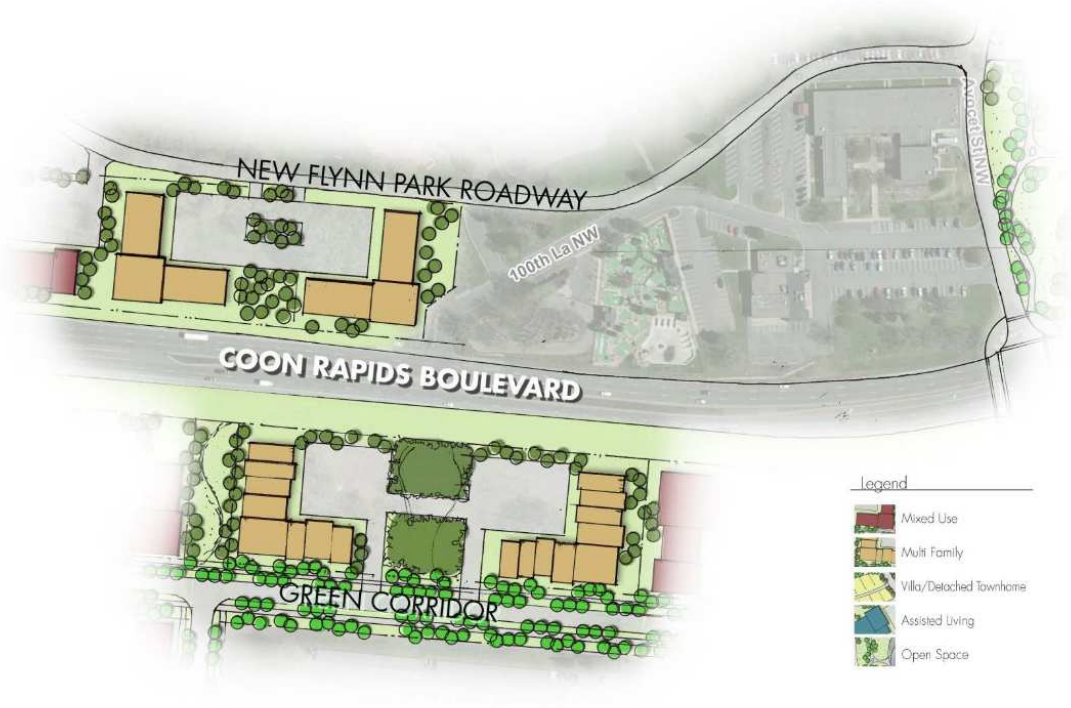
The Port Riverwalk Central character district is an area that will largely be determined by the type and character of the development that occurs in the Port Riverwalk East and West Character Districts. It is one of the most narrow portions of the site and does not have intersections or unique natural features. It is therefore expected to develop as an extension of one of the adjacent districts.

The north side of Port Riverwalk Central is identified as multi-family due to the adjacent land uses, the weak commercial demand and the configuration of the property. However, the multi-family land use at this location is not a key catalyst use for other development and therefore, could be developed commercially if demand exceeds expectations without damaging the fundamentals for the plan.

If the adjacent commercial recreation area (i.e. Lilli Putt) ever sought to expand, this would be a good location for this commercial recreation expansion and would strengthen the existing commercial recreation business by providing a larger critical mass of similar activity. No commercial recreation expansion plans are known at this time, however, the multi-family designation shown in this plan should not be considered in opposition to that potential expansion of Lilli Putt if it were ever to occur.

The south side of Port Riverwalk Central also indicates a multi-family use which could be an extension of the senior housing concept proposed in Port Riverwalk East or some sort of other multi-family housing concept. As with the north side of Port Riverwalk Central, this area is expected to follow what occurs in the two other character districts rather than being an area that leads or serves as a catalyst.

Figure 14: Port Riverwalk Central



Project Phasing

In redevelopment projects of this magnitude, project phasing is a critical component of the redevelopment strategy. Initial funding of property acquisition can be a daunting task and the return on investments may seem uncertain at initial stages in the project. A redevelopment phasing strategy can reduce uncertainty, improve cash flow and enhance project economics.

Key questions to consider when developing a project phasing strategy include the following:

- Are blighting influences reducing the overall project viability?
- What is the financial commitment to the redevelopment and desired returns on investment?
- Which improvements and projects have catalytic effects?
- Will delaying a phase hurt the project viability or improve cash flow?
- Are there safety concerns that need to be addressed immediately?
- What is the level of risk tolerance?

The City of Coon Rapids has already made a substantial investment in the improvement of the Port Riverwalk area through the acquisition of vacant and blighting properties and the environmental cleanup of the site.

As with Port Campus Square, in preparing the project phasing, the following principles were followed:

- Large scale projects should be deferred unless they provide a significant increase in property value
- If public actions will add value to publicly owned land, it should be retained until the value addition occurs to maximize the return on investment
- If additional property acquisitions are required, they should occur at current market values and not after the price has risen due to public redevelopment activities
- Issues of public safety take precedence
- Redevelopment activities should be concentrated in order to maximize the catalytic impacts

Phase 1

- The first phase of implementation should be the establishment of the short term cycle track improvements on Egret Boulevard and 101st Avenue. This will help to quickly establish Port Riverwalk as a key trail hub and connect the Port to the surrounding amenities with minimal expenditures.

The site has remained vacant for some time and is in danger of appearing to be "stale" in the marketplace. Creating the cycle track will be an important short term physical improvement to demonstrate the Port Riverwalk site is changing and an important part of the community.

- Another important step of the implementation is to make a determination regarding whether the City has a desire to see a pedestrian bridge in Port Riverwalk in the future. If the City has a desire to maintain that flexibility, it should conduct a more detailed feasibility study. This study will determine the approximate location and property that will be required for the pedestrian bridge so that it can be preserved and considered in the more detailed planning of Port Riverwalk's infrastructure and lot configuration.
- Continue to work with Anoka County regarding the upgrade of Coon Rapids Boulevard so that the County's plans are well coordinated with the redevelopment process in Port Riverwalk. Attempt to seek cost participation or joint grant opportunities for elements that may have benefits for Coon Rapids Boulevard such as the pedestrian bridge, the "Green Corridor" and the "Flynn Park Backage Road" (which serve as new frontage roads and help to restrict access on Coon Rapids Boulevard).
- Consideration of whether there should be changes to the City's zoning ordinance to encourage a high quality convenience store at Egret Boulevard that can provide basic convenience goods for the neighborhood at a walkable distance

Phase 2

- Develop concept plans for enhancement of The Clay Hole as a key trailhead and passive recreation location
- Begin preliminary engineering for the relocation of Avocet and development of the "Green Corridor"

Phase 3

- Preliminary engineering of the "Flynn Park Backage Road"

Note: Construction of the "Green Corridor", the pedestrian overpass and the "Flynn Park Backage Road" have not been inserted into a phase because the timing of these improvements could be impacted by other projects and funding, particularly the planned upgrades to Coon Rapids Boulevard and private development.

Appendix 1: Environmental Site Assessments

Environmental documentation for Port Riverwalk is still underway at the time of this report.

Appendix 2: Market Study

Port Campus Square & Port Riverwalk Market Study

City of Coon Rapids

May 2012

Project No. 193700828

Stantec

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Executive Summary

INTRODUCTION

This market study analyzed the near and long-term redevelopment potential of the Port Campus Square and Port Riverwalk study areas in the City of Coon Rapids, Minnesota. The study included an analysis of factors influencing demand for new development, such as key site characteristics, demographic and economic growth trends, as well as the supply and condition of commercial and residential real estate markets. The following is a summary of major findings, conclusions, and recommendations contained in this report.

LOCATION ANALYSIS

Both the Port Campus Square and Port Riverwalk study areas were analyzed for their locational strengths and weaknesses as potential redevelopment areas by evaluating regional location, transportation, surrounding uses, visibility, and accessibility.

The Port Campus Square study area is well positioned to attract new development. It has ample land for redevelopment and the introduction of public open space amenities. It has complementary land uses that surround it. It has significant development momentum already underway with the completion of the new Ice Arena, several new retail improvements, and the planned Community Center and library. It has greatly reduced the amount of obsolete and blighted retail space that no longer fit the study area's trade area. And, the opportunities are very strong to capitalize on demand generated by the nearby activity centers of Anoka Ramsey Community College and the Mercy Hospital complex. Plus, the potential to connect to the Mississippi River would introduce a significant amenity that will draw potential residents, shoppers, and small office users.

The biggest barrier to redevelopment in the Port Campus Square study area is making sure that the first projects don't overreach by relying too much on an unrealistic trade area. With the transition of Coon Rapids Boulevard in recent years from a principal arterial to a minor arterial, the market dynamics affecting the study area have changed dramatically. Early redevelopment projects need to respect this change. If they don't and as a result fail to succeed, they could severely impact the long term prospects of the quality and quantity of redevelopment in the study area.

The Port Riverwalk study area is positioned to attract new development, though it doesn't have the development momentum, concentration of complementary uses, or presence of key activity generators that the Port Campus Square study area benefits from. However, it does have ample land for redevelopment and/or the introduction of public open space amenities. Also, none of the surrounding land uses would detract from the marketability of the study area, though they may not necessarily enhance it as well. Another benefit, though, is the proximity of the Mississippi River and the Coon Rapids Dam Regional Park, which is a significant amenity that will draw potential residents.

SOCIO-ECONOMIC ANALYSIS

Stantec analyzed the demographic and economic trends underlying market demand for different real estate uses in Coon Rapids. The most important finding is that Coon Rapids's population declined slightly in recent years. This is largely the result of decreasing household sizes due to an aging of the overall population. This phenomenon is not unique to Coon Rapids. Most communities that have run out of vacant land for development will ultimately

experience this cycle where residents age in place, preventing housing turnover and resulting in population decline. The effects of this dynamic are changing market demographics for area retailers and a housing stock that is at risk of deferred maintenance because new, often younger, families are not moving into the area and reinvesting in area homes.

At the same time, communities surrounding Coon Rapids, such as Blaine and Andover, have been some of the fastest growing communities in recent years because of the availability of vacant land that can capture new growth. Therefore, it will be important for Coon Rapids to identify places for redevelopment with which to capture some of the growth occurring nearby.

RETAIL MARKET

Stantec analyzed the supply of retail space at the regional and local level in Coon Rapids and calculated demand for a Trade Area that would serve the Port Campus Square study area.

Although **the Retail Trade Area has the spending power to eventually support another 68,000 square feet of retail space by 2020**, it should be noted that the siting of any additional retail will be dependent on key criteria, such as maximum visibility from highly trafficked thoroughfares, easy access from such throughfares, and a concentration of complementary stores to create a sense of destination.

Another important consideration for retail in the Port Campus Square study area will be the continuation of on-going efforts to renovate and/or remove siginifcant amounts of existing retail space that is either older or poorly positioned for rehabilitation. If this obsolete space is not removed or changed into a different use, it may continue to be a drag on the market by keeping rents low due to excess space. Retail areas saddled with excess space and the resulting low rents have a hard time finding an ideal mixture of tenants that complement one another, which can be a big barrier to creating a marketable destination or, in other words, a "sense of place."

OFFICE MARKET

It is calculated that that **the Port Campus Square and Port Riverwalk study areas together could eventually support between 30,000 and 45,000 square feet of new office space based on projected growth in the number of office jobs in Anoka County.** Due to the current strain in the office market, though, this demand will not occur until after 2015 or even 2020. And, more importantly, any demand will be highly contingent on the broader forces affecting competitive nearby office districts at Highway 610 or along Highway 10.

Smaller amounts of office space, though, could be expected to be developed in the near term as part of a mixed use scenario on a tenant by tenant basis (such as insurance agent, tax preparation, etc.) because this type of tenant operates more like a retail use and is not as affected by the overall office market. Moreover, these types of tenants respond more to growth in the local household base than larger economic forces. Therefore, as the local household base grows, there is potential to fill small office spaces.

Neither the Port Campus Square nor the Port Riverwalk study areas have the accessibility and visibility to attract major office users who want to be near highways. However, they have the advantage of being along a busy, well known thoroughfare that provides good access to local residents and other businesses. So, there are advantages to their location. Furthermore, with the potential to add new retail and other amenities in the form of trails, parks, and other

open space, many small office users could be attracted to either study area.

In the case of the Port Campus Square study area, there clearly is potential to capture any additional demand for medical space that is driven by the expansion of nearby Mercy Hospital. That area only has about 16,000 square feet of vacant office space and any significant growth would likely require a search for space outside of the immediate vicinity. Under this scenario, the Port Campus Square study area would represent the most likely area for expansion. The challenge to this opportunity would be the ability to accommodate new construction in the immediate vicinity of Mercy Hospital, which would clearly limit the need to look for space in the Port Campus Square area.

In the case of the Port Riverwalk study area, it is located much closer to Highway 610 and the regional highway network. Therefore, if vacancies were to drop to very low levels in this area, there is potential that secondary users who want to be near Highway 610, but can't find space along it may consider a location in the Port Riverwalk area. However, this is entirely contingent on the growth pressures exhibited in the district along Highway 610. Furthermore, users willing to move off of Highway 610 will likely be searching for lower rent space and may not be willing to pay the kinds of rents needed to support new construction.

One other possibility regarding the future demand for office space in the Port Campus Square and Port Riverwalk study areas is the potential of attracting a large single user who would build a corporate or regional headquarters building. Although Coon Rapids does not have any prominent examples of this and the likelihood is very small since many of these prominent office users prefer very visible locations along the highest travelled highways, the potential does exist. However, both the Port Campus Square and Port Riverwalk areas would need to significantly increase the number of nearby amenities to make it more competitive with other office districts with even higher visibility. Although this potential does exist, it is important to keep in mind that planning for a large single office user can be problematic from a planning and economic development perspective. No one can predict when this can happen because regional and corporate headquarters are few and far between. Therefore, basing a land use plan with that specific use in mind without the flexibility to make change would be problematic because of the likelihood that it may never occur.

RENTAL HOUSING MARKET

The current rental housing market is becoming very tight. Vacancy rates have dropped to nearly historic lows. Rents will likely start to increase as a result of this condition. Most newer properties in the Trade Area are achieving rents of between $1.10 and $1.30 per square foot. These rents are probably not enough to support new development. However, most properties in the Trade Area are older and do not have many of the amenities and features that renters desire in today's market. Furthermore, with expected rent increases of anywhere between 5% and 10% in the coming year, this may push the market into a zone that can support new development.

Moreover, the Trade Area is forecasted to add nearly 4,000 households through 2020. Undoubtedly, this will create demand for new rental units in the Trade Area. Of course, not all of this demand will be captured in the Port Campus Square or Port Riverwalk study areas.

Rental housing does not require the same need for visibility and accessibility as commercial properties. Nonetheless, rental housing does perform better when it is accessible to major highways and

transit. **Given the benefits of the Port Campus Square and Port Riverwalk study areas being located along Coon Rapids Boulevard and the accessibility that provides, there is potential to capture up to 80 units of new, upscale market rate rental housing through 2020 and another 270 units of moderately priced and subsidized rental housing.** If at all possible, any new housing should be situated close to areas with established amenities, such as stores, shops, personal services, recreation, open space, and trails. However, rental housing that is geared toward younger households can sometimes be a catalyst for new development as younger households are more willing than other target markets to "pioneer" into new areas.

Moreover, with the Anoka Ramsey Community College in the Port Campus Square study area; there is strong potential to support new rental housing driven by a student population. This would be especially true if the community college were to transition into a four-year facility in the near future.

FOR-SALE HOUSING MARKET

The overall condition of the for-sale housing market is still battered and bruised. There are small signs that new home construction is picking up in communities with highly reputable school districts. Although the for-sale market has appeared to turn a corner, persistently high unemployment and tremendous oversupply, not to mention the foreclosure situation, is resulting in a very slow recovery. Moreover, any sites in either of the Port Campus Square or Port Riverwalk study areas would likely be condominiums or townhomes as opposed to single-family homes due to the underlying economics of redevelopment. And, despite the growing optimism for the single-family market, **the market for condominiums in suburban settings is almost non-existent.**

SENIOR HOUSING MARKET

INDEPENDENT LIVING:

Projects that cater to younger, active seniors have been hard hit by the recession due to declining home prices that has reduced their ability to sell their current houses. Since this target market is still relatively healthy, the decision to relocate to an age-restricted community has more to do with lifestyle than a need-driven situation. Therefore, in a declining housing market, these households are apt to delay the decision to move until home prices increase.

This is especially true of properties in which there is no continuum of care. Independent living projects that are part of a continuum of care have been able to mitigate the impact of declining home prices by also appealing to those who desire the security and certainty of access to care as they age-in-place. Freestanding facilities, without this continuum of care, have struggled to maintain occupancies or in the case of newer properties struggle to absorb units in a timely manner.

The silver living to this grey cloud is that there appears to excess demand relative to supply in the Trade Area and that growth in the overall size of the target market is forecasted to increase dramatically during the next 10 years with the aging of the Baby Boomer generation. Therefore, as home prices begin to rise and target households gain confidence, there will likely be substantial pent up demand among those who are interested in moving, but have simply delayed the decision due to broader housing market conditions.

For appropriate sites in either the Port Campus Square or Port Riverwalk study areas, **market demand through 2020 is forecasted to be between 150 and 175 units of independent senior housing.** It is recommended that if possible any

independent living project be a part of a campus that features higher levels of care to facilitate aging in place. These types of facilities have been consistently outperforming freestanding facilities for some time.

ASSISTED LIVING:

To some degree, the decline in home prices over the last three years has also affected the assisted living market. For many households, paying for the cost of assisted living is dependent on the sale of a home. Therefore, declining home prices has resulted in many families choosing to pitch-in and help aging parents and grandparents cope with activities of daily living instead of moving them to an assisted living facility. This dynamic has contributed to higher vacancy rates among assisted living facilities, especially in sub-markets where the facility draws primarily from families with modest incomes. However, this situation is usually anticipated to be temporary due to the current recession and eventually give way to a situation of pent-up demand.

For sites in the Port Campus Square and Port Riverwalk study areas, **it is anticipated that demand for assisted living through 2020 will be between 50 and 70 units.** Moreover, the potential sites in either study area would likely have good visibility, which is important for assisted living because it needs to keep awareness high within its trade area due to higher levels of turnover.

MEMORY CARE:

After a period of rapid expansion 8 to 10 years ago, memory care facilities have experienced very strong occupancies in recent years. These facilities have been somewhat buffered from the recession because the level of care needed is often far more than a spouse or other family member can handle even in difficult financial times. Furthermore, new advancements in design and programming have dramatically increased the benefits of living in such environments. In addition, these benefits have raised the awareness of memory loss and reduced its taboo nature, which has resulted in greater market acceptance.

For sites in the Port Campus Square and Port Riverwalk study areas, **it is anticipated that the market demand for memory care through 2020 will be 25 and 35 units.** This is not enough demand to develop a standalone memory care facility. However, it would be feasible as part of a continuum of care concept.

Introduction

SCOPE OF STUDY AND PROJECT BACKGROUND

The City of Coon Rapids was awarded an EPA Brownfield Planning Grant to address the physical and economic conditions of redeveloping and revitalizing two strategic areas located along Coon Rapids Boulevard: the Port Campus Square and Port Riverwalk study areas. As part of the planning process, this market study was undertaken to review redevelopment opportunities in each study area. Understanding the market potential to develop or redevelop properties in each study area will assist the City to plan for anticipated growth, target specific development opportunities, and create a foundation for partnerships in the ongoing revitalization process.

The approach of the market analysis includes an examination of the market forces that affect the types of development most often found in fully developed suburban communities with a variety of uses, such as industrial, commercial, office, and residential. The market forces to be examined include demographic trends, economic trends, development trends, and the supply and condition of competitive developments.

It should be noted that many of these market forces will influence each study area in a similar manner because of their close proximity to one another. The highly overlapping nature of the market areas helps explain why both study areas were included in the same report. Nonetheless, each study area has a unique set of characteristics that influence the type, amount, and timing of future development. Therefore, where appropriate, findings and conclusions specific to each study area have been prepared as part of this report.

REPORT STRUCTURE

The report is organized according to the analytical steps needed to complete the study. The first section is an evaluation of the locational characteristics of each study area. The second section is an analysis of the socio-economic conditions of Coon Rapids and the broader Metro Area and how those conditions may impact market demand for various real estate uses. Sections three, four, five, and six each address specific real estate sectors and the market demand associated with each and their impact on each study area.

DATA RESOURCES

This study represents a compilation of data gathered from various sources, including the properties surveyed, local records, and interviews with local officials, real estate professionals, and major employers, as well as secondary demographic material. Although Stantec judges these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment. The secondary data used in this study are the most recent available at the time of the report preparation.

The objective of this report is to gather, analyze, and present as many market components as reasonably possible within the time constraints agreed upon. The conclusions contained in this report are based on the best judgments of the analysts; Stantec makes no guarantees or assurances that the projections or conclusions will be realized as stated. It is Stantec's function to provide our best effort in data aggregation, and to express opinions based on our evaluation.

Location Analysis

INTRODUCTION

Strong site factors are an essential foundation to real estate redevelopment success, and an understanding of these factors can help to optimize the long-term development vision for the City of Coon Rapids. This section identifies each study area's key regional, local, and site-specific characteristics as they relate to the development of profitable and enduring commercial and residential development.

The analysis begins with a macro study of the Twin Cities metropolitan area, followed by an assessment of Port Campus Square's and Port Riverwalk's location within the region.

REGIONAL CONTEXT

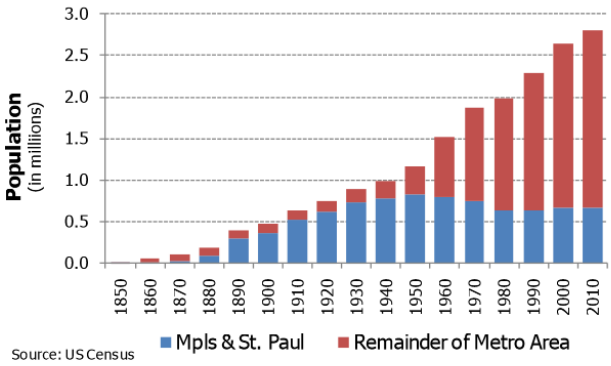
The Twin Cities began to grow in earnest during the 1850s and 1860s. Saint Paul was the head of navigation along the Mississippi River and developed as a river port for goods being transported to and from the south. Minneapolis grew industrially by harnessing the power of St. Anthony Falls just a few miles upriver from St. Paul.

The industry of the early Twin Cities relied on Minnesota's natural resources. Forests supplied much of the lumber that helped build distant cities like Chicago and St. Louis. Agribusiness later assumed a greater importance economically, as virgin forests grew scarce after 1910. Aided by railroad development during the late 1800s, a grain and flour milling empire was established in the Twin Cities. Minneapolis became a destination point for grain distribution throughout the Upper Midwest and was the largest flour-milling city in the world from the 1880s to the 1920s.

The presence of two transcontinental railroads and access to river commerce helped the Twin Cities become a major wholesale distribution center serving places as far away as the Pacific Northwest by the early 1900s. A substantial industrial base emerged as well, which helped fuel growth in the Twin Cities.

The central cities of Minneapolis and Saint Paul captured most of the region's growth until 1950 (Figure 1). After 1950, however, growth spilled outside of the two central cities, though each remains an important center of activity for the region.

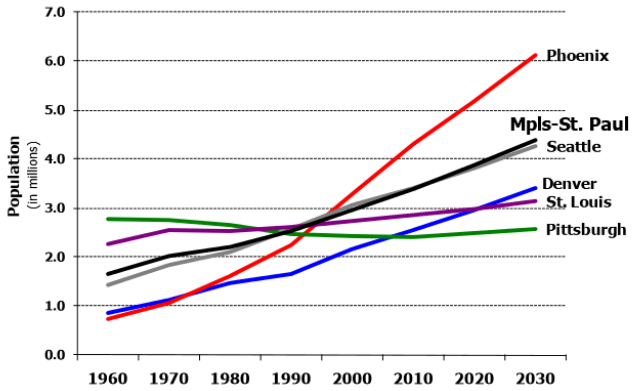
Figure 1: 7-County Twin Cities Metro Area Population 1850-2010



Source: US Census

The Twin Cities Metropolitan Area is the economic and cultural center of the Upper Midwest. Its steady growth is attributable to a diverse economy, which has historically allowed it to avoid the boom and bust fluctuations of other metro areas (Figure 2). The economy that was once based on the State's natural resources has diversified and now has one of the best industrial mixes in the nation. The Twin Cities industrial base consistently ranks high in national surveys.

Figure 2: Metro Area Growth Comparisons 1960-2030



Sources: U.S. Census; Woods & Poole Economics

The Twin Cities ranked high nationally in 2011 among major metropolitan areas in the number of Fortune 500 firms. United Health Group, Target, Best Buy, and 3M are a few of the 19 Fortune 500 firms headquartered in the region (Table 1).

Table 1: Fortune 500 Companies Based in the Twin Cities

Company	Rank	Company	Rank
United Health Group	22	Xcel Energy	237
Target	33	Ameriprise Financial	246
Best Buy	47	C.H. Robinson	265
Supervalu	61	Thrivent Financial	318
3M	97	Mosaic	346
CHS	103	Ecolab	378
U.S. Bancorp	126	St. Jude Medical	436
Medtronic	158	Nash Finch	449
General Mills	166	Alliant Techsystems	472
Land O'Lakes	218		

Source: Fortune Magazine, 2011

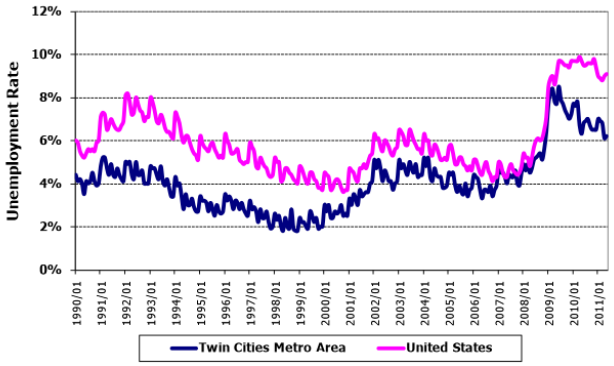
A number of nationally recognized financial companies are headquartered or have substantial operations in the region including Ameriprise, Securian (formerly Minnesota Life), ING North America, St. Paul Travelers, and Allianz of North America. Minneapolis is also home to the Ninth Federal Reserve District and one of the largest banks in the country, U.S. Bancorp.

Minnesota ranks sixth nationally in growth of high tech jobs since 1980, and over one third of the total work force is employed in "white collar" management or service jobs. Some of the Twin Cities largest high-tech companies include 3M, Cray Research, Ceridian, Alliant Techsystems, Unisys, and Seagate Technology.

Many medical companies such as St. Jude Medical, Medtronic, Guidant/Boston Scientific, SciMed Life Systems, and the University of Minnesota Hospital are developing numerous medical technologies and providing quality health care in the Twin Cities that is recognized throughout the United States.

This high degree economic diversification has kept the Twin Cities unemployment rate at relatively healthy levels. Since 1990, the unemployment rate in the Twin Cities has consistently averaged two to three percentage points below the national rate (Figure 3). Although the recent recession has pushed unemployment rates to their highest rate in 30 years, the Twin Cities region has experienced a sharp decline over the last 18 to 24 months, likely the result of its diverse economy.

Figure 3: Regional and National Unemployment Rate 1990-2011



Source: MN Dept. of Employment and Economic Development, *Local Area Unemployment Statistics (LAUS)*

PORT CAMPUS SQUARE LOCATION ANALYSIS

The Port Campus Square study area is located about 15 miles north of downtown Minneapolis in Coon Rapids along a stretch of Coon Rapids Boulevard that is roughly between Crooked Lake Boulevard and Pheasant Ridge Drive (Map 1).

Map 1: Port Campus Square Study Area

STUDY AREA LAND USES

The study area includes some major public institutions and facilities, especially south of Coon Rapids Boulevard. The western half of the study area is comprised almost entirely of the Anoka Ramsey Community College (ARCC). With over 6,000 students and 500 employees, this campus generates a considerable amount of activity within the Study Area and will have a profound influence on future development opportunities. Although the campus includes significant classroom and office space, a good deal of the land under their control consists of surface parking lots and vacant, wooded land, which presents substantial opportunity for change. Moreover, it is ARCC-controlled property that abuts the Mississippi River. This is important because extending public access to the River greatly enhances development throughout the study area.

Another major public component of the study area is the new Coon Rapids Community Ice Arena, which replaced a vacant "big-box" retail center that languished for several years after Target and Rainbow Foods relocated to newer properties a couple miles north of the study area. In addition to the ice rink itself, the new arena also features concession space and community meeting rooms. There are also plans to build a new Community Center and perhaps a new Anoka County library in the vicinity of the Ice Arena, which will further cement this location as a key center of activity.

South of Coon Rapids Boulevard, despite the recent demolition of a large, big-box center, there remain several retail establishments in varying stages of investment, some of which are older and awaiting demolition as part of the redevelopment process. While others, such as the McDonald's at the corner of Coon Rapids Boulevard and Mississippi Boulevard, is a thriving business with new investment.

There also exist several multifamily properties in the study area south of Coon Rapids Boulevard. These are located closer to ARCC and mostly consist of apartments that are now more than 30 years old.

North of Coon Rapids Boulevard, the study area consists mostly of retail, which again includes a mixture of properties with recent investment as well as aging properties with lower rents and more service-oriented businesses, such as an indoor batting cage and school district offices, as opposed to traditional retail stores.

Surrounding Land Uses

The Port Campus Square study area is surrounded largely by single-family, detached housing. There are some smaller multifamily properties located immediately north and south of the study area, but neither of which takes away from the general feel that the areas surrounding the study area are mostly single-family residential. Along Coon Rapids Boulevard, extending to the west and east of the study area are pockets of additional retail in the form of small strip centers and single-use properties, though none of these areas approach the concentration of retail uses that are within the study area.

North of Coon Rapids Boulevard, but just outside of the study area is an open space that is related to the presence of long-established telecommunications tower operated by WCCO studios. This area has not change for many years and will likely remain space as long as the communications tower remains in use.

The most important nearby use, though not shown on Map 1, is the Mercy Hospital complex located approximately one mile west of the study area along Coon Rapids Boulevard. This area contains over 2,000 workers and would represent a significant local base of workers from which to market retail, office space, and housing.

Overall, none of the surrounding land uses would negatively impact the market potential of redeveloping portions of the study area. As a matter of fact, most of the uses are complementary. The only potential downside may be in working with residents of the surrounding single-family neighborhoods to allay any potential fears or concerns that come with significant change.

Regional Access

The study area is connected to the broader Metro Area via Coon Rapids Boulevard. Coon Rapids Boulevard is a county highway that carries approximately 20,000 vehicles per day (Map 2) near the study area. About four miles southeast of the study area, Coon Rapids Boulevard connects to Highway 610 and US Highway 10, both of which are connected to the region's network of controlled-access highways. Other important highway connections include US Highway 10 north of the study area, which is accessed via Hanson Boulevard or Round Lake Boulevard, or US Highway 169 in Anoka, which is about three miles west of the study area and can be accessed via Main Street in downtown Anoka.

Although the study area can easily connect to the regional network of highways, it is somewhat isolated in this relative to most other fully-built up communities. Therefore, uses that depend on convenient access from persons and businesses located throughout the Metro Area have a wealth of other locations with which to choose from that have superior highway access.

The challenge related to direct highway access has already had a chilling effect on the retail potential of the study area. Prior to the completion of US Highway 10 as a controlled access highway, Coon Rapids Boulevard was the primary route for many Coon Rapids and Anoka residents to access the other more distant parts of Metro Area. Once Highway 10 was improved, much of that regional-based traffic moved from Coon Rapids Boulevard and to Highway 10. As a result, many of the retailers that had locations along Coon Rapids Boulevard chose to move to newer buildings with more direct highway access.

Map 2: MnDOT Average Annual Daily Traffic Counts, 2010

Local Access

Local vehicular access from Coon Rapids Boulevard is excellent. The approximately 20,000 vehicles per day is enough traffic to support many forms of convenience-based retail dependent on high traffic volumes and visibility. Moreover, there are several controlled intersections in the study area that allow easy access to most sites within the study area. Any barriers to local access would be related to north-south movement. In particular, the BNSF rail line, which runs parallel to Coon Rapids Boulevard about a ¼ to ½ mile to the north, has few quality crossings, which severely restricts movement and thus limiting the potential size of the retail trade area.

Non-vehicular access to the study area is good, but several crucial linkages that would bring pedestrians and cyclists into the heart of the district are missing. Moreover, Coon Rapids Boulevard has a very wide right-of-way and crossing it as a pedestrian or bicyclist can be daunting, especially if one is not at a signaled intersection.

Visibility

Given the traffic volumes along Coon Rapids Boulevard, visibility to most retail sites within the study area are excellent, though some older properties that were likely located when traffic patterns were different may suffer from this obsolescence.

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Development Momentum

The area in and around the study area has numerous examples of recent private investment indicated by new signs, facades, building additions, and even several new buildings. More importantly, though, significant new public investment in the form of a new ice arena and the pending Community Center and library will greatly enhance the momentum of the study area and will undoubtedly capture the attention of the real estate community.

Availability of Land

One of the biggest benefits of the study area is the availability of land for new development. This supply of land will allow a great deal of flexibility, which will help with the marketability of the study area by allowing strategic siting of individual projects in a manner that can best match current market demand with the long range vision. In other words, limited land can sometimes force development decisions that are counter to a long range vision.

Port Campus Square Conclusion

The Port Campus Square study area is well positioned to attract new development. It has ample land for redevelopment and the introduction of public open space amenities. It has complementary land uses that surround it. It has significant development momentum already underway with the completion of the new ice arena, several new retail improvements, and the planned Community Center and library. It has greatly reduced the amount of obsolete and blighted retail space that no longer fit the study area's trade area. And, the opportunities are very strong to capitalize on demand generated by the nearby activity centers of Anoka Ramsey Community College and the Mercy Hospital complex. Plus, the potential to connect to the Mississippi River would introduce a significant amenity that will draw potential residents, shoppers, and small office users.

The biggest barrier to redevelopment in the Port Campus Square study area is making sure that the first projects don't overreach by relying too much on an unrealistic trade area. With the transition of Coon Rapids Boulevard in recent years from a principal arterial to a minor arterial, the market dynamics affecting the study area have changed dramatically. Early redevelopment projects need to respect this change. If they don't and as a result fail to succeed, they could severely impact the long term prospects of the quality and quantity of redevelopment in the study area.

PORT RIVERWALK LOCATION ANALYSIS

The Port Riverwalk study area is located about 13 miles north of downtown Minneapolis in Coon Rapids along a stretch of Coon Rapids Boulevard that is roughly between East River Road and Egret Boulevard (Map 3).

Map 3: Port Riverwalk Study Area

STUDY AREA LAND USES

The Port Riverwalk study area is mostly vacant except for several small commercial buildings on the north side of Coon Rapids Boulevard just east of Egret Boulevard.

SURROUNDING LAND USES

Bordering the southern edge of the study area are several apartment buildings and a skilled nursing facility. Extending beyond the immediately adjacent multifamily housing is neighborhood of detached, single-family homes.

Bordering the northern edge of the study area is a school, a medical clinic, and some active park space that includes a miniature golf course, and ball fields.

West of the study area is a neighborhood of mostly single-family homes and a school. East of the study area, the character of the area becomes dominated by infrastructure related to the road system with the splitting of Coon Rapids Boulevard and East River Road as well as a set of rail road tracks.

REGIONAL ACCESS

The study area is connected to the broader Metro Area via Coon Rapids Boulevard. Coon Rapids Boulevard is a county highway that carries approximately 31,000 vehicles per day (Map 2) near the study area. Less than a mile south of the study area, Coon Rapids Boulevard and East River Road connect to Highway 610 and US Highway 10, both of which are connected to the region's network of controlled-access highways.

Local Access

Local vehicular access from Coon Rapids Boulevard is good. The approximately 31,000 vehicles per day is enough traffic to support many forms of convenience-based retail dependent on high traffic volumes and visibility. Moreover, there are controlled intersections at 100th Lane NW and Egret Boulevard that allow easy access to most sites within the study area. Like the Port Campus Square study area, the primary barriers to local access are related to north-south movement. In particular, the BNSF rail line, which runs parallel to Coon Rapids Boulevard is less than a ¼ mile to the north and has crossings at Egret Boulevard and the Coon Rapids Boulevard Extension, though this is not a quality crossing.

Visibility

Given the traffic volumes along Coon Rapids Boulevard, visibility to most retail sites within the study area is excellent.

Development Momentum

Although a number of sites have been cleared in the study area, there has been minimal new development. And, without any new development to point to, the study area must overcome the perception that it is not ready for development.

Availability of Land

Similar to the Port Campus Square study area, one of the biggest benefits of the Port Riverwalk study area is the availability of land for new development. This supply of land will allow a great deal of flexibility, which will help with the marketability of the study area by allowing strategic siting of individual projects in a manner that can best match current market demand with the long range vision.

Port Riverwalk Conclusion

The Port Riverwalk study area is well positioned to attract new development, though it doesn't have the development momentum, concentration of complementary uses, and presence of key activity generators that the Port Campus Square study area benefits from. However, it does have ample land for redevelopment and/or the introduction of public open space amenities. Also, none of the surrounding land uses would detract from the marketability of the study area, though they may not necessarily enhance it as well. Another benefit, though, is the proximity of the Mississippi River and the Coon Rapids Dam Regional Park, which is a significant amenity that will draw potential residents.

Socio-Economic Analysis

INTRODUCTION

This section examines the demographic and economic trends of Coon Rapids. Changing demographic and economic trends can signal ways in which the market will likely respond to future demand for housing, retail, and services.

POPULATION AND HOUSEHOLDS

Figure 4 presents population and household growth trends for Coon Rapids from 1960 to 2010. From 1960 to 2000, Coon Rapids added an average of 9,300 people each decade. During the 2000s, though, Coon Rapids's population began to stabilize as it lost about 130 persons after decades of strong growth. As of 2010, the population is roughly 61,500. The decline in population is largely due to declining household size. As a matter of fact, Coon Rapids actually added nearly 1,000 households during the 2000s, but this growth in households could not offset overall population decline.

Figure 5 compares the rate of population growth in Coon Rapids to Anoka County and the Metro Area over the past five decades. In the 1960s and 1980s, Coon Rapids had a growth rate that far exceeded the metro area and even Anoka County. During the 1990s, the growth rate of Coon Rapids was much similar to that of Anoka County and the Metro Area. As noted previously, Coon Rapids's population growth rate has begun to lag behind the County and Metro Area due in part to declining household size and the fact that Coon Rapids no longer has significant amounts of available vacant land for new development. Therefore, any future growth in Coon Rapids will have to be the result of redevelopment of existing uses.

Figure 4: Coon Rapids Population and Households 1960-2010

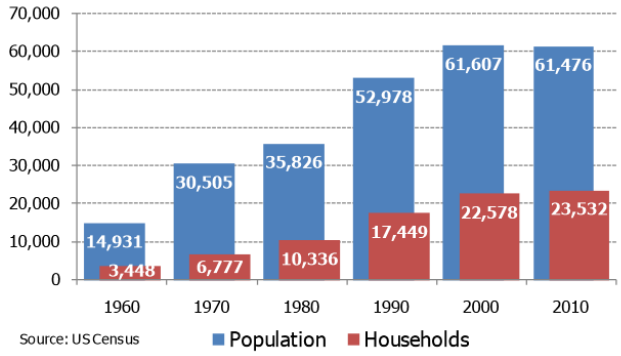
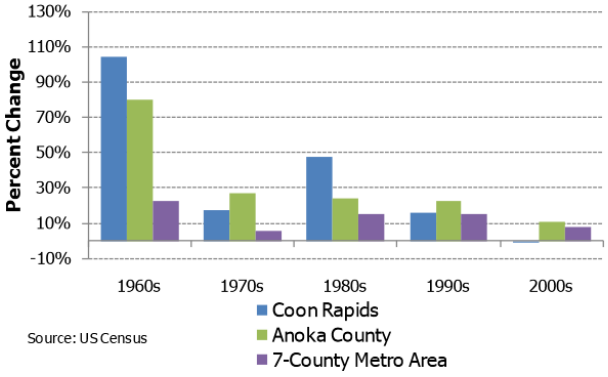


Figure 5: Population Growth Rates for Coon Rapids, Anoka County and Metro 1960-2010



AGE

The median age of the population, regardless of locale, has been increasing since 1970 (Figure 6). However, Coon Rapids has been aging more rapidly than other areas. In 1970, its median age was 11 years younger than the US median. By 2010, it had the same median age as the US.

The age profile of the population has important ramifications on the market for new real estate development. Younger persons have significantly different demands than older persons when it comes to housing, retail, recreation, health care, and institutional uses.

HOUSEHOLD SIZE

Related to the aging of the population is household size. Household size declined sharply between 1970 and 1980 as the youngest baby boomers moved out of their parent's homes and started new households (Figure 7). The drop was especially sharp in Coon Rapids, which went from 4.5 persons per household to 3.0 persons per household in only 20 years. Since 1990, household size has continued to drop, though nowhere near the sharp declines of the 1970s.

Changes in household size can impact real estate markets in a variety of ways. For example, fewer individuals in a household decrease the need for household goods and personal services, which can greatly impact certain segments of the retail market. Conversely, increasing household size results in greater population density and more demand for retail goods and services within the same geographic trade area.

Figure 6: Median Age

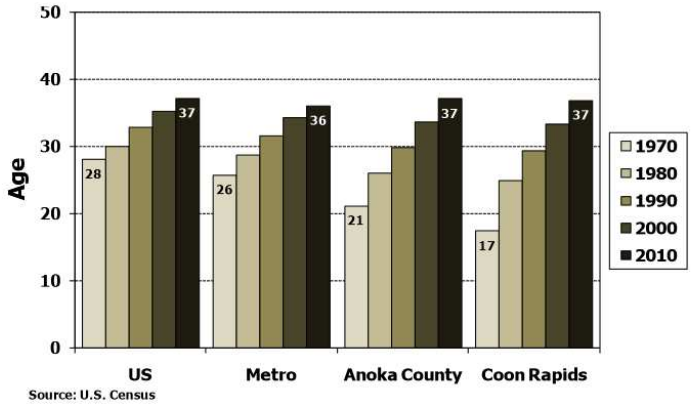
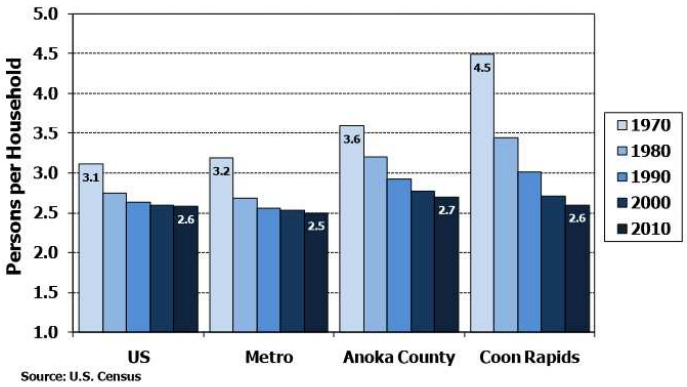


Figure 7: Household Size

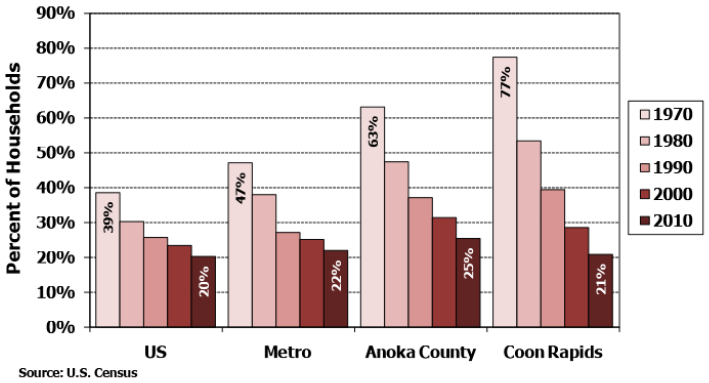


HOUSEHOLD TYPE

Household types have dramatically changed since 1970. In the last 40 years, as the population has aged, the percentage of households defined as married couples with children has significantly decreased (Figure 8) while the percentage of single-parent families and single-person households has increased. This drop has been especially acute in Coon Rapids where only 21% of all households are now married couples with children, compared to 77% in 1970.

Changing household types influence real estate by affecting the types of retail demanded by consumers. For example, discount merchandisers, such as Target and Wal-Mart, no longer can rely primarily on a format designed for busy, young families. Instead, savvy retailers will need to know the unique characteristics of their trade area and design their stores and services around those characteristics.

Figure 8: Married Couple Families with Children

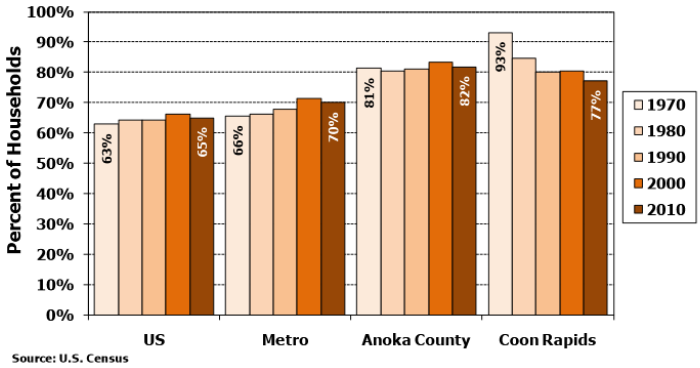


HOMEOWNERSHIP

Homeownership in Coon Rapids has historically been well above national and regional rates. This is generally because Coon Rapids has a high proportion of owner-occupied, single-family housing and has not gone through strong periods of apartment construction like many other communities of similar size. However, it is interesting to note that homeownership declined pretty much everywhere during the 2000s.

Traditionally, low homeownership is indicative of a more mobile population that lives in their place of residence for short periods of time. However, structural change in the for-sale housing market due to the recent bust is making homeownership less attractive. This may result in more long-term or "lifestyle" renters who choose to not own their housing, though they may have the means to do so.

Figure 9: Homeownership Rate



INCOME

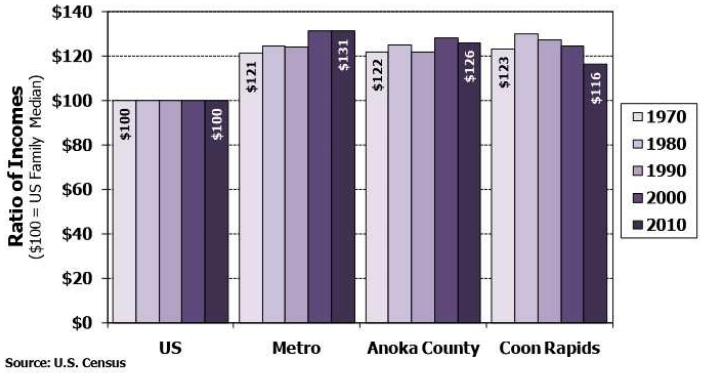
Since 1980 Coon Rapids's median family income has been falling relative to the US median family income. The decline was especially sharp during the 2000s when Coon Rapids's median family income went from being roughly equal to that of the Metro Area to falling well below. While Coon Rapids's incomes have been falling, the Metro Area and Anoka County median family incomes have been generally increasing relative to the national norm.

Income is important because it directly relates to the spending power of area residents and their ability to support retail and afford new forms of housing.

UNEMPLOYMENT RATE

From late 2007 to early 2010, the unemployment rate in the Twin Cities Metro Area increased sharply and reached a rate not seen for over 25 years. This has had a dampening effect on the demand for housing, retail, and office space in the Metro Area. Presumably, as the overall economy improves, many businesses will begin to hire more employees, which will increase economic activity and produce short-term demand in all real estate sectors. The challenge is that the job losses registered between 2007 and 2010 were so deep and severe that it may take many years before the economy returns to employment levels that were pre-recession.

Figure 10: Median Family Incomes ($100 = US Median Family Income)



Source: U.S. Census

Figure 11: Unemployment Rate

Source: MN Dept. of Employment and Economic Development, *Local Area Unemployment Statistics (LAUS)*

EMPLOYMENT BY INDUSTRY

Employment in the Twin Cities Metro Area experienced a slight growth between 2000 and 2006 (Table 2). Industry sectors that grew the most during this time were Health and Education Services and Leisure and Hospitality, and Financial Activities. Balancing out these increases were declines in Manufacturing, Information, Trade, and Professional and Business Services.

Between 2006 and 2011, however, most industry sectors experienced employment decline with the biggest losses occurring in Manufacturing, Construction, and Trade, Transportation, and Utilities. The only industry to experience any appreciable job growth during the latter half of the 2000s was Health and Educational Services.

Table 2: Employment by Industry 2000-2010, Twin Cities Metro Area

INDUSTRY	Twin Cities Metro Area			Change 00-06		Change 06-11		Change 00-11	
	2000	2006	2011	No.	Pct.	No.	Pct.	No.	Pct.
Goods Producing Domains									
Natural Resources & Mining	3,220	3,604	3,637	384	11.9%	33	0.9%	417	13.0%
Construction	75,163	75,850	51,000	687	0.9%	-24,849	-32.8%	-24,163	-32.1%
Manufacturing	217,162	185,244	159,833	-31,918	-14.7%	-25,411	-13.7%	-57,329	-26.4%
Service Producing Domains									
Trade, Transportation, & Utilities	341,196	326,511	295,231	-14,685	-4.3%	-31,280	-9.6%	-45,965	-13.5%
Information	54,185	43,374	40,859	-10,811	-20.0%	-2,516	-5.8%	-13,326	-24.6%
Financial Activities	126,980	137,638	132,076	10,658	8.4%	-5,562	-4.0%	5,096	4.0%
Professional & Business Services	263,779	254,456	257,599	-9,323	-3.5%	3,143	1.2%	-6,180	-2.3%
Health & Education Services	263,963	315,534	343,252	51,571	19.5%	27,718	8.8%	79,289	30.0%
Leisure & Hospitality	138,716	153,017	151,398	14,301	10.3%	-1,618	-1.1%	12,682	9.1%
Other Services	55,633	55,454	52,637	-179	-0.3%	-2,817	-5.1%	-2,996	-5.4%
Public Administration	60,763	64,601	65,275	3,838	6.3%	674	1.0%	4,512	7.4%
Total, All Industries	1,600,760	1,615,282	1,552,796	14,522	0.9%	-62,486	-3.9%	-47,964	-3.0%

Source: Minnesota Department of Employment and Economic Development

SOCIO-ECONOMIC CONCLUSION

Conn Rapids's population declined slightly in recent years. This is largely the result of decreasing household sizes due to an aging of the overall population. This phenomenon is not unique to Coon Rapids. Most communities that have run out of vacant land for development will ultimately experience this cycle where residents age in place, preventing housing turnover and resulting in population decline. The effects of this dynamic are changing market demographics for area retailers and a housing stock that is at risk of deferred maintenance because new, often younger, families are not moving into the area and reinvesting in area homes.

At the same time, communities surrounding Coon Rapids, such as Blaine and Andover, have been some of the fastest growing communities in recent years because of the availability of vacant land that can capture new growth. Therefore, it will be important for Coon Rapids to identify places for redevelopment with which to capture some of the growth occurring nearby.

Retail Market

INTRODUCTION

Retail is one of the most highly competitive and fluid real estate market sectors. Existing stores are constantly being challenged by new concepts, locations and competitors. Turnover is very common and tenants and landlords must constantly be listening to the market and making strategic reinvestments or tenant mix changes to ensure their centers are vibrant and profitable.

It is important to monitor this constant market change to ensure that the total size of available retail space is in line with retail demand. When available retail space is beyond the size that can be supported by market demand, vacancies become more common. For retail areas dependent on a large retailer, such as a mall or center, this can be amplified by a "domino effect" caused by the common practice of co-tenancy where one tenant's lease requirements are tied to the condition that another tenant remains active in the area.

Excess retail supply also puts downward pressure on lease rates which can reduce the cash flow available to landlords for making the strategic reinvestments necessary for their property to remain competitive. This can lead to an overall decline in retail quality and can lead to negative impacts that can be a community concern.

The other reason to monitor the size of the retail market is to prevent an overly restrictive retail environment. When a community does not provide sufficient retail area to satisfy market demand, then the variety of retail options available to its customers may be reduced and economic activity is diverted to other retail districts or communities.

It is therefore very important that communities attempt to find a balance between the amount of retail development and retail market demand.

It should be noted that the retail market analysis section of this report focuses primarily on the Port Campus Square study area. This is due to the limited potential to support significant retail in the Port Riverwalk study area for the following reasons. First, Port Riverwalk is located in close proximity to the Northtown retail district but is too far from its core to benefit as a satellite retail district. Second, the local trade area is highly constrained by area traffic patterns in which north-south movement is severely limited. Third, the lack of a prominent cross street decreases the potential for an area of focus. Fourth, there is no established retail presence to build upon.

Despite these barriers, Coon Rapids Boulevard in the Port Riverwalk area does have traffic volumes in excess of 30,000 vehicles per day. Therefore, there is potential to capture a portion of that traffic for highly convenience-driven retail, such as gas stations, coffee shop, etc. However, this is limited and would not necessarily extend beyond one or two visible sites at a key intersection.

TYPES OF RETAIL CENTERS AND GOODS

The design of retail districts in urban areas has changed significantly during the 20th century, expanding from walkable town centers to auto-oriented shopping centers to the diverse types of retail centers we see today. Many of the changes have been linked to metropolitan growth patterns, changes in urban transportation systems – including the rising dominance of the automobile – and evolving retailing technologies.

One result of this change is that communities have inherited a mix of current and older retail centers that vary in economic performance and physical character. Whether a retail location is older, such as a downtown, or brand new, there is a promising opportunity to create pedestrian-friendly uses by adopting urban design approaches that emphasize links to local neighborhoods, walkability, transit access, complementary land uses, and natural amenities.

A clear understanding of the form and dynamics of retail centers is helpful when positioning them in a community. They can vary dramatically based on:

- Physical size
- Built form
- Metropolitan location
- Transportation access
- Size of Trade Area
- Mix of services and tenants
- Presence of competing centers

Many forces can affect the performance of retail districts over time:

- Changes in the regional transportation system can alter the relative situation of districts, e.g. freeway or transit station proximity.
- A boom in construction of retail centers during the 1960s-1980s resulted in an overbuilt retail market in many communities today.
- Aging retail centers often need major renovation, expansion, or repositioning to be competitive.
- Changing demographics in the Trade Area may reduce buying power or create a market mismatch for a retail district.
- Smaller retail districts often lack space for expansion and struggle to compete with areas that can accommodate stores that are increasingly larger, e.g. supermarkets and discount stores.
- Competition can increase due to new and expanding retail districts within five miles.
- Diversification of shopping center types with new formats and popular tenants increases the competitive challenge.

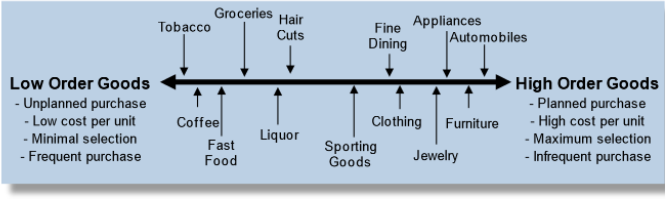
The area from which a retail district draws the majority of its business is known as the Trade Area. The boundary for a Trade Area is determined by many factors, but mostly by the location of the next closest district offering a similar complement of goods and services. Ideally, the Trade Area for a given district has no other competitors for several miles in each direction, giving the district the strong advantage of convenience to the households and employers surrounding it. In reality, travel routes and intervening land uses (e.g. large rail yards with no crossings) often make one district more convenient than another retail district that is closer "as the crow flies."

Determining the Trade Area around a retail district depends on the amount of goods and services it can offer to the surrounding household base; the level of offering is usually related to the size of the district and the order of goods and services available.

Goods are often classified on a relative scale from lower order to higher order goods. Lower order goods are those goods which consumers need frequently and therefore are willing to travel only short distances for them. Higher order goods are needed less frequently so consumers are willing to travel farther for them. These longer trips are usually undertaken for not only purchasing purposes

but other activities as well. Figure 12 demonstrates where some of the common goods and services might fall along this continuum.

Figure 12: Hierarchy of Retail Goods and Services



It is also important to keep in mind that retail trade areas vary considerably, depending on surrounding housing density and the attraction of the specific retail tenants. Stores in higher-density areas can thrive with smaller Trade Areas.

RELATIONSHIP BETWEEN RETAIL DEMAND AND DEMOGRAPHICS

Retailers capture sales from five main categories of consumers: residents, daily workers/students, commuters, intermittent (transitory) visitors, and destination shoppers. Of these, residents are usually the main source of income for most retailers. In the case of the Port Campus Square area, however, the large number of students and nearby hospital and clinic workers means that this group could represent a significant proportion of market demand.

In general, neighborhood retailers perform best when they are surrounded by "rooftops," rather than simply trying to capture drive-by traffic. The strongest retail locations do a bit of both; they serve the residents living in the surrounding area and, because they are located on high-traffic streets, they capture business from commuters, intermittent visitors, and daily workers.

RESIDENT CONSUMERS

- Spend, on average, between 10%-20% of household income at local retailers (not including auto spending); this is far more per capita and per-trip than other consumer types.
- Support a wider variety of retail goods and personal services than daily workers or transitory visitors; everything from haircuts to hardware to prescriptions.

DAILY WORKERS/STUDENTS

- Spend just a fraction on local retail compared to residents, but can be regular customers for restaurants, coffee shops, and other specific retailers.
- Generally limit their spending time to the working hours during Monday-Friday.
- Spend in narrow categories such as restaurants and convenience/gas.

INTERMITTENT VISITORS

- Are difficult to predict but can be significant sources of business to retailers located on major thoroughfares with good access.

COMMUTERS

- Do not generate high levels of patronage for most retail tenants.
- Like daily workers, can become regular customers for specific retailers such as coffee shops or convenience/gas stations.

DESTINATION SHOPPERS

- Will drive significant distances and make special trips to shop at specific stores.
- Can be very loyal customers for the retailers they patronize.

- May often spend a substantial amount of money at one visit, or over the course of a year.

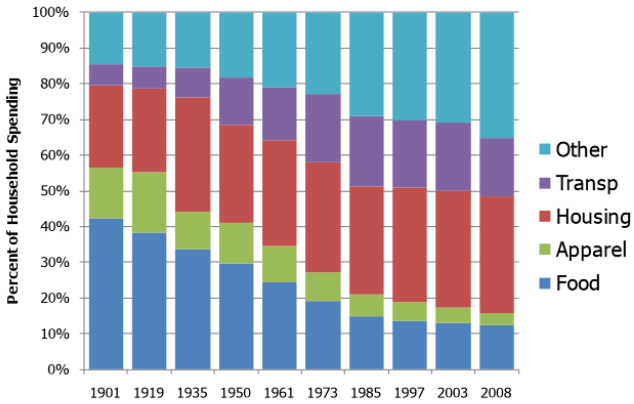
Given that residents (the consumer unit being a "household") generate the bulk of income for most retailers, the alignment between the demographic characteristics of the surrounding population and the tenant mix of a retail district is crucial. In an ideal world, the mix of tenants at a retail district would satisfy all of the regular needs of the surrounding population.

For example, a strip retail center located adjacent to a subdivision of starter homes with young families would offer such tenants as a grocery store, a hardware store, a drugstore/pharmacy, and family restaurants among others. A retail center in an inner-city urban area with few families would offer independent coffee shops, bookstores, niche restaurants with bars, and other specialty stores catering to singles and professionals.

OTHER FACTORS INFLUENCING RETAIL MARKETS

Over the course of 100 years, consumer spending patterns have shifted dramatically. Categories that typically consist of retail purchases have been squeezed by other categories, namely housing, transportation, and a rapidly growing "other" category, which consists mostly of healthcare, education, and savings. Although the proportion we spend on food and apparel has dropped dramatically due to the industrialization of their processing, Figure 13 below still underscores the fact that an increasing share of spending is being diverted into non-retail categories.

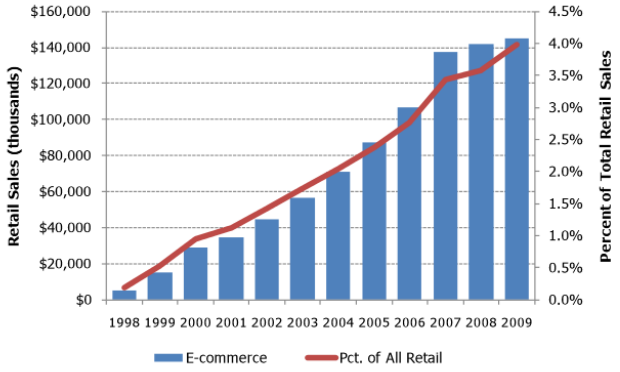
Figure 13: Historic US Consumer Spending as a Percentage of Income, 1901-2008



Source: Bureau of Labor Statistics: Consumer Expenditure Survey

More threatening to the long range prospects of traditional retail is the growth in e-commerce or on-line purchasing of goods and services. Overall, e-commerce remains a very small proportion of all retail spending (Figure 14). However, growth since the late 1990s has been almost exponential. Although it will likely taper as retailers figure out how to more effectively combine the on-line and in-store experience, each half a percentage growth in e-commerce translates into millions of fewer square feet of traditional retail space that can be supported nationwide. However, neighborhood-oriented retail will likely feel less effect because the goods are generally consumed soon after purchase and therefore more immune from online competition.

Figure 14: Growth in E-Commerce Retail Spending



Source: US Census: E-Stats, E-Commerce Multi-sector Report

TRADE AREA DEFINITION

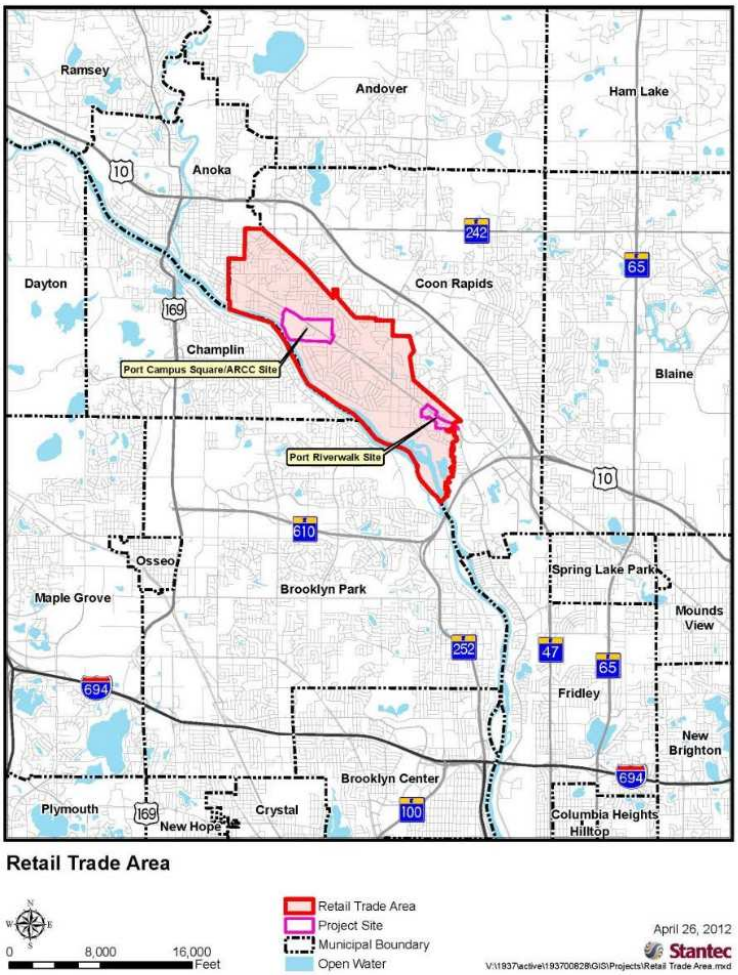
The Port Campus Square retail trade area is centered along Coon Rapids Boulevard extending approximately four miles from the border with Anoka on the west to the Port Riverwalk area on the east (Map 4). The Mississippi River forms the southern border of the trade area, while the BNSF railroad tracks form the northern border of the trade area.

The location of competitive retail districts and existing traffic patterns has a major impact on the definition of the retail trade area for the Port Campus Square location. Riverdale, a large regional shopping center located at the intersection of US Highway 10 and Round Lake Boulevard, is less than two miles north of Port Campus Square. The proximity of this major retail district not only restricts the size of the Port Campus Square trade area, but also attracts numerous residents from the trade area because of its greater diversity of retail stores and offerings. As a result, the Port Campus Square retail trade area only extends less than one mile to the north and west of the actual Port Campus Square site.

Furthermore, another important regional shopping center, Northtown, is located approximately four miles south and east of the Port Campus Square area, which also serves to limit the size of the trade area. However, because Northtown is somewhat more distant from Port Campus Square than Riverdale, the trade area extends further south and east than it does to the north and west.

Also limiting the size of the trade area are the Mississippi River and the BNSF railroad tracks, both of which are barriers to north-south movement across Coon Rapids.

Map 4: Retail Trade Area Map



Retail Trade Area

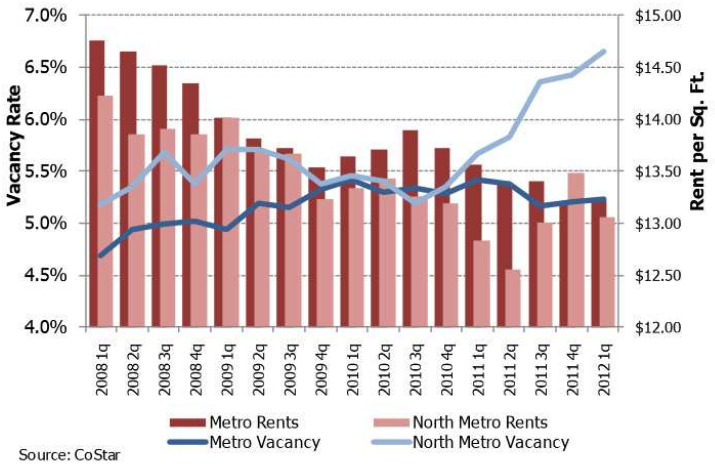
MACRO RETAIL TRENDS

The retail real estate market has been profoundly impacted by the current recession. Retail markets typically lag slightly behind residential markets as most retailers follow the axiom of "follow roof tops." Not surprisingly, as the residential market crashed due to lax lending standards and over building, the retail market has followed suit. Compounding the problem, high unemployment has resulted in a sharp decline in consumer spending. Finally, the recent recession was particularly difficult for some retailers because it also included a widespread seizing up of credit markets which contributed to several significant retail bankruptcies, in part, due to inability to manage heavy debt burdens.

The recession has affected tenants of all types, but has been particularly difficult in the "big box" format due to the number of bankruptcies in this format and the limited flexibility of the space to adjust to other formats. Many of the "big box" stores that have suffered are due to a business model that stresses wide selection of a narrow range of goods. Often termed "category killer" in the real estate industry, these stores often dominate a particular category of goods, such as office supplies, toys, fabrics, etc. Most vacant "big box" stores have remained vacant, even in extremely desirable retail locations and landlords have even resorted to inserting non-traditional tenants such as deep discounters (i.e. Big Lots), thrift stores, (i.e. Goodwill) and temporary tenants that would have been viewed as less desirable tenants before the recession.

The overall retail vacancy rate for the Twin Cities increased sharply from 2007 to 2009 and is currently at 5.3% (Figure 15). Furthermore, as demand for retail space declines, many retail tenants are renegotiating leases and putting downward pressure on rents. Since 2007, average quoted rates have dropped from nearly $16 per square foot to just over $13 per square foot. Vacancy rates are at the highest rate in 14 years. Most retail development that was planned in recent years has been postponed, cancelled or scaled back in scope. However, given recent employment gains and pent-up demand from prolonged belt tightening, some retail sectors are beginning to see strong sales, though aggressive expansion and growth appears several years away.

Figure 15: North Metro and Metro Area Retail Vacancy and Lease Rates



Source: CoStar

NORTH METRO RETAIL CONDITIONS

The condition of the retail market in the North Metro appears to have mirrored the experience of the entire Metro Area (Figure 15). Quoted lease rates dropped dramatically starting in 2007 and despite a brief rebound in 2010 continued to decline throughout 2011. In

contrast, though, vacancy rates increased sharply in 2010 in North Metro while vacancy rates across the Metro have appeared to moderate somewhat.

This sharp upward trend in vacancies is likely due to large, "big-box" chain stores that have come on the market because of bankruptcies. Examples of this include Circuit City and Cost Plus World Market. When "big-box" stores go vacant, they can be especially difficult to fill because so few retailers can use all the space. Moreover, these stores are difficult to subdivide. In some areas, these stores have been repurposed into other uses, such as self-storage facilities, churches, and educational facilities.

Competitive Trade Area Retail Districts

There are seven important retail districts in and near the Port Campus Square retail trade area (Table 3 and Map 5). As noted previously, Riverdale and Northtown are two large districts each with over 2 million square feet of retail space. These districts anchor retail activity in the North Metro and include a wide variety of retail goods and services. Although the Northtown area is somewhat larger in total square footage than Riverdale, Riverdale is newer and has a slightly more affluent household base and thus has been able to attract most of the large national retail chains that prefer regional centers.

Other important retail districts are located along Highway 10 at Foley Boulevard and Hanson Boulevard. The Foley area features a number of large single-use stores, which generally do not form a cohesive shopping district because the uses, including car dealerships, a multiplex cinema, and a furniture store, aren't particularly complementary. The area around Hanson Boulevard is a more traditional community center in which a large grocery store, in this case Cub Foods, anchors the district.

Table 3: Trade Area Retail Districts

Retail District / Principal Centers	Prop-erties	Leasable Sq. Ft.	Building Age[1]	Vacancy Rate 2011	Vacancy Rate 2010	Vacancy Rate 2009	Avg. Rent per sq. ft.[2]	District Character
Riverdale	85	2,114,000	--	2.8%	3.3%	4.5%	$24.99	Newer lifestyle that has repalced Northwotwn as the primary North metro shopping destination. Retail mix, however, does not have the upscale stores found at Arbor Lakes.
Riverdale Commons		518,000	1998	--	--	--	--	
Riverdale Crossing		316,000	1990	--	--	--	--	
Riverdale Village		950,000	2000	--	--	--	--	
Northtown	81	2,448,000	--	7.8%	8.1%	9.0%	$13.24	District is anchored by an aging enclosed mall that has recently undergone renovations. Retail mix is dominated by discount retailers and reflects the aging population and lower incomes of its trade area.
Northtown Mall		1,100,000	1972-r					
Northcourt Commons		145,000	1989					
Kmart Plaza		120,000	1971					
Rainbow Village		132,000	1990					
Springbrook Mall		185,000	1971-r					
Hwy 10 & Hanson Blvd	17	323,160	--	5.5%	4.0%	3.2%	$12.50	Grocery anchored community center with several restaurants and gas station/convenience stores.
Village Ten Center		200,000	1971				--	
Hwy 10 & Foley	10	450,000	--	1.6%	1.1%	0.5%	$17.00	Dominated by large, single-use properties. District lacks a complementary mix of retail.
HOM Furniture Center		306,000	1997				--	
AMC Theaters		76,000	1997					
Foley Plaza		44,000	2003					
Coon Rapids Blvd & Crooked Lake Blvd	33	300,000	--	22.0%	--	--	$7.74	Recent demolition of several large retail properties has shifted focus of area from a community retail focus to a neighborhood focus.
Coon Rapids Blvd & Hanson Blvd	14	100,000	--	9.0%	--	--	$13.50	Mostly single-use properties with tenants that focus on automobile maintenance and repair.
Coon Rapids Blvd & Round Lake Blvd	6	84,000	--	28.0%	--	--	$7.88	

Sources: CoStar; Stantec

[1] An "r" next to year indicates building has been recently renovated

[2] Average rent is based on quoted rates for "triple net" or NNN

Although the retail along Coon Rapids Boulevard is spread out and spans several miles, there are noticeable nodes at key intersections. The largest node, which is centered on Crooked Lake Boulevard, would generally be considered the Port Campus Square area. This area has approximately 300,000 square feet of retail with a mixture

of older properties verging on obsolescence and properties that have been recently renovated with stabilized tenancy. A number of large retail centers have been demolished in recent years. Nonetheless, nearly a quarter of the existing space remains vacant.

Furthermore, average lease rates in this portion of Coon Rapids Boulevard are well below the North Metro average as well as the other nearby competitive districts. The lower rates are mostly the result of a significant number of older, somewhat obsolete properties. Newer properties or those that have been recently renovated are achieving between $16 and $18 per square foot.

There are smaller nodes at Hanson Boulevard and Round Lake Boulevard. However, these districts also struggle with vacancy issues and in the case of the area around Hanson Boulevard the majority of retailers in this area are related to automobile maintenance or repair.

RETAIL TRADE AREA DEMOGRAPHICS

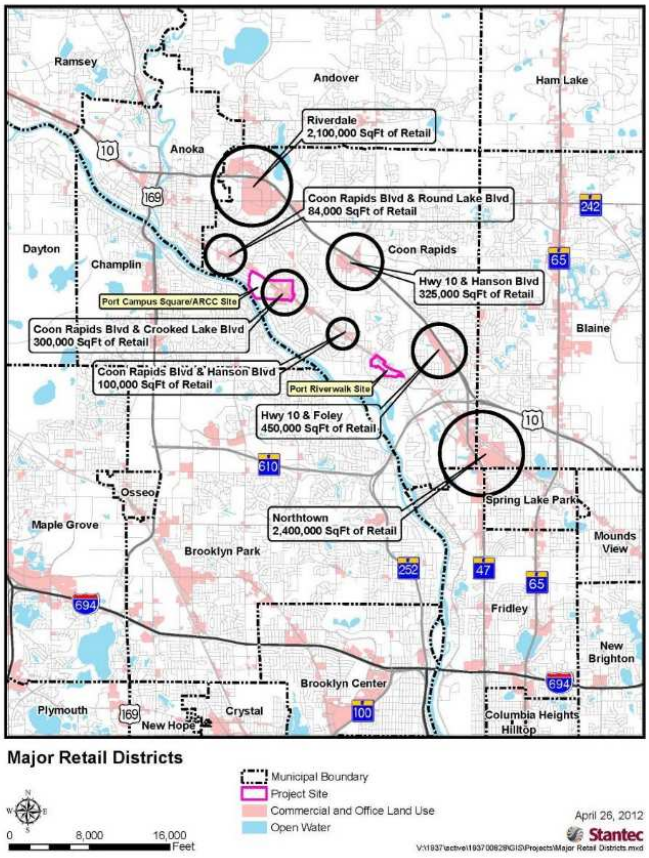
The Retail Trade Area declined by 2.3% between 2000 and 2010 losing over 400 persons (Table 4). This was in contrast to the metro area, which grew at a rate of 7.9%. However, given the potential for redevelopment and housing turnover, the Trade Area is forecasted to grow by nearly 3,200 persons during the current decade, which translate to over 900 households.

Table 4: Retail Trade Area Population and Household Growth Trends

			Forecast	Numeric Change		Pct. Change	
	2000	2010	2020	2000s	2010s	2000s	2010s
Population							
Retail Trade Area	18,974	18,531	21,700	-443	3,169	-2.3%	17.2%
7-County Metro Area	2,642,056	2,849,567	3,144,000	207,511	294,433	7.9%	10.3%
Households							
Retail Trade Area	7,060	7,187	8,100	127	913	1.8%	12.6%
7-County Metro Area	1,021,454	1,117,749	1,293,000	96,295	175,251	9.4%	15.7%

Sources: US Census; Metropolitan Council; Stantec

Map 5: Trade Area Retail Districts



Major Retail Districts

Municipal Boundary
Project Site
Commercial and Office Land Use
Open Water

0 8,000 16,000 Feet

April 26, 2012

Stantec

V:\1937\active\193700829\GIS\Projects\Major Retail Districts.mxd

Age Distribution

Like all of Coon Rapids, the population in the Retail Trade Area is aging rapidly. The fastest growing age groups over the past decade were persons age 65 to 74 and 75 and older (Table 5). This has resulted in a distribution of the population that now skews older than the metro area, whereas in 2000 the age distribution within the Retail Trade Area was slightly younger than the metro area. An aging population will impact the demand for retail as older households tend to spend less on traditional retail goods and services. Moreover, they also have different retail buying habits which means that the mix of retail shops that may have been appropriate for the trade area 20 years ago or even 10 years ago may no longer be the case.

Table 5: Retail Trade Area Age Distribution

	Retail Trade Area				7-County Metro Area			
Age Group	2000	2010	Change	Pct.	2000	2010	Change	Pct.
Under 5	1,478	1,291	-187	-12.7%	188,236	194,329	6,093	3.2%
5 to 17	3,790	3,198	-592	-15.6%	509,298	502,642	-6,656	-1.3%
18 to 24	1,849	1,762	-87	-4.7%	244,226	267,451	23,225	9.5%
25 to 34	2,782	2,617	-165	-5.9%	411,155	420,311	9,156	2.2%
35 to 44	3,192	2,363	-829	-26.0%	469,324	391,324	-78,000	-16.6%
45 to 54	2,551	2,774	223	8.7%	363,592	440,753	77,161	21.2%
55 to 64	1,713	2,190	477	27.8%	200,980	326,007	125,027	62.2%
65 to 74	940	1,295	355	37.8%	130,615	163,425	32,810	25.1%
75 and Older	679	1,041	362	53.3%	124,630	143,325	18,695	15.0%
Total	18,974	18,531	-443	-2.3%	2,642,056	2,849,567	207,511	7.9%
Distribution	2000	2010	Change		2000	2010	Change	
Under 5	7.8%	6.9%	-0.9%		7.1%	7.1%	0.0%	
5 to 17	20.0%	16.6%	-3.4%		19.3%	17.4%	-1.9%	
18 to 24	9.7%	8.6%	-1.2%		9.2%	9.2%	0.0%	
25 to 34	14.7%	14.7%	0.0%		15.6%	15.0%	-0.5%	
35 to 44	16.8%	15.4%	-1.4%		17.8%	14.6%	-3.2%	
45 to 54	13.4%	15.2%	1.8%		13.8%	15.6%	1.8%	
55 to 64	9.0%	10.8%	1.8%		7.6%	10.6%	3.0%	
65 to 74	5.0%	6.6%	1.6%		4.9%	5.4%	0.4%	
75 and Older	3.6%	5.4%	1.8%		4.7%	5.0%	0.3%	
Total	100.0%	100.0%	0.0%		100.0%	100.0%	0.0%	

Source: US Census

Income

The Retail Trade Area has a median household income that is below the Metro Area median, which indicates less spending power among households. Moreover, it appears that income growth has been lagging that of the Metro Area. Although incomes often lag behind the metro average when a significant proportion of households age into their retirement years, the dynamic in the Trade Area has been one in which all households, regardless of age, did not have incomes that kept up with Metro-wide growth rates. For example, between 2000 and 2010, households under age 25 in the Trade Area saw incomes actually decrease -28%, while this same age group at the Metro level had an increase of 8%.

Table 6: Retail Trade Area Median Household Income 2000 and 2010

	Retail Trade Area			7-County Metro Area		
	2000	2010	Change	2000	2010	Change
Households under 25	$40,750	$29,500	-27.6%	$29,818	$32,159	7.9%
Households 25-44	$54,254	$62,563	15.3%	$58,616	$69,652	18.8%
Households 45-64	$67,052	$69,815	4.1%	$67,861	$77,813	14.7%
Households 65+	$25,875	$28,973	12.0%	$31,233	$38,589	23.6%
All Households	$52,573	$55,891	6.3%	$54,807	$64,471	17.6%

Source: US Census

RETAIL DEMAND

Table 7 illustrates the methodology used to calculate retail demand. Demand for retail space is driven mostly by the spending power of Trade Area households and the supply of existing retail options. Spending power can also be augmented by daytime employees and other visitors, such as students, which have been accounted for in the calculation as well. The table indicates that there currently is excess spending power among Retail Trade Area households and workers/students to support approximately 50,000 square feet of additional retail space. Based on projected Trade Area household growth, the overall amount of supportable retail will increase to about 68,000 square feet of space by 2020.

RETAIL SUMMARY

Although the Retail Trade Area has the spending power to eventually support another 68,000 square feet of retail space by 2020, it should be noted that the siting of any additional retail will be dependent on key criteria, such as maximum visibility from highly trafficked thoroughfares, easy access from such throughfares, and a concentration of complementary stores to create a sense of destination.

Another important consideration for retail in the Port Campus Square study area will be the continuation of on-going efforts to renovate and/or remove siginifcant amounts of existing retail space that is either older or poorly positioned for rehabilitation. If this obsolete space is not removed or changed into a different use, it may continue to be a drag on the market by keeping rents low due to excess space. Retail areas saddled with excess space and the resulting low rents have a hard time finding an ideal mixture of tenants that complement one another, which can be a big barrier to creating a marketable destination or, in other words, a "sense of place."

Table 7: Retail Trade Area Demand Calculation

		Retail Trade Area		
		2010	2015	2020
Households		7,187	7,650	8,100
Average Household Income[1]		$68,846	$67,469	$66,119
Aggregate Household Income in Trade Area	=	$494,793,800	$516,135,956	$535,566,957
(times) Percent of Income Spent on Neighborhood Retail Goods[2]	x	18.3%	18.0%	17.7%
(equals) Resident Household Consumer Dollars	=	$90,547,265	$92,904,472	$94,795,351
(plus) Retail Spending by Daytime (Non-Resident) Students/Workers[3]	+	$7,200,000	$7,200,000	$7,200,000
(equals) Trade Area Retail Spending Potential	=	$97,747,265	$100,104,472	$101,995,351
(divided by) Average Sales per Square Foot[4]	÷	$250	$250	$250
(equals) Estimated Trade Area Demand for Retail Space	=	390,989	400,418	407,981
(less) Existing Supply of Competitive Trade Area Retail Space[5]	-	340,000	340,000	340,000
(equals) Potential New Retail Space that could be Supported in the Trade Area	=	51,000	60,000	68,000

[1] Figures are in 2010 dollars. 2015 and 2020 income figures are adjusted downward by 2% because the Trade Area has been experiencing declining incomes since 2000.

[2] US Department of Labor, Bureau of Labor Statistics: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey, 2010. Percentage for 2015 and 2020 is adjusted downward slightly to account for increased on-line purchases of goods. Neighborhood retail excludes categories of goods, such as apparel and other durable goods, which are typically purchased at large regional centers (e.g., Riverdale and Northtown).

[3] Assuming roughly 12,000 daily students/workers in the Trade Area and average daily spending of $2.50 during the "work" year (Monday-Friday; 240 days per year).

[4] *Dollars and Cents of Shopping Centers* (Urban Land Institute)

[5] The Trade Area contains approximately 640,000 square feet of "retail" space. However, a significant portion of that space is obsolete, poorly positioned, or poorly located for most modern retail needs. Based on a review of prevailing lease rates, building ages, and tenant mix, we believe as much as 300,000 square feet (e.g., Family Center Mall) is obsolete and not considered competitive with new retail.

Source: Stantec

Further related to the mixture of retail tenants is the dominance of automotive-based businesses along Coon Rapids Boulevard. These types of businesses account for over 30% of all retail businesses along the Boulevard. Although these businesses provide an essential service to local customers, this degree of dominance creates an environment that is not particularly conducive to other types of retail because of the need to accommodate vehicular traffic into and out of their place of business. Although many of these businesses do a good job of providing as attractive as possible of a store front, the need for wide driveways, car bays, and paved surfaces, detracts from more experiential forms of retail, such as dining, shopping, and recreation.

It should be noted that automotive-based businesses are not as dominant in the Port Campus Square study area as they are in other portions of the Coon Rapids Boulevard, such as the area around Hanson Boulevard. Nonetheless, the prevalence of these businesses throughout the Corridor is readily apparent and, as a result, does have an impact on its overall character and feel.

The mixture and presence of non-automotive retail along Coon Rapids Boulevard was analyzed as well to determine whether there were any important gaps or underserved sectors. For example, because there are already two pharmacies along Coon Rapids Boulevard, the need for this type of retail is already being met.

In contrast, dining, grocery, clothing, and durable goods (i.e., furniture, appliances, and electronics) were all considered to be underepresented along Coon Rapids Boulevard given the spending power of the Trade Area. However, in the case of clothing and durable goods, these types of stores generally require much larger trade areas and thus typically gravitate to large retail centers, such as Riverdale and Northtown. Because of the close proximity of these two centers to the Trade Area, these retail uses were not considered to be supportable in the Port Campus Square area.

Grocery has somewhat of a similar issue since grocery store formats have significantly increased in size in recent years. However, the grocery store market has been diversifying in recent years and new niche forms of grocery, such as Aldi or organic food markets, have been capturing more and more market share. Dining is the one retail sector that clearly could be better represented in the Port Campus Square area. Furthermore, with uses such as the ice arena, Community Center, ARCC and nearby Mercy Hospital, more dining would fit with well these target markets.

Office Market

INTRODUCTION

This section provides an overview of the regional and local market trends for office space. This section concludes with a demand analysis that forecasts how much future need there will be for office space and the likely impact it will have on the redevelopment potential within the Port Campus Square and Port Riverwalk study areas.

EMPLOYMENT GROWTH TRENDS

Table 8 shows employment growth from 1970 to 2020 for Coon Rapids, Anoka County, and the Twin Cities Metro Area. From 1970 to 2000, Anoka County captured anywhere from 6% to 13% of all new jobs added in the Metro Area. The recession of the late 2000s, however, resulted in an overall net decrease in jobs both at the County and Metro Area levels. In contrast, Coon Rapids actually recorded a net increase in jobs of 7% during this time, suggesting an employment base that was well protected from the ups and downs of the recession.

During the coming decade, with an expected return of positive employment growth, Anoka County is anticipated to capture an increasing share of the Metro Area's employment gains, while Coon Rapids will continue its steady path of consistent job growth.

Figure 8: Employment Growth Trends 1970-2020

	1970	1980	1990	2000	2010	2020
Coon Rapids	3,170	10,641	16,449	21,682	23,204	26,000
Anoka County	29,170	63,317	77,467	110,091	106,301	141,970
7-County Metro Area	779,000	1,040,000	1,272,773	1,606,994	1,548,000	1,743,000
Numeric Change in Emp.		*1970s*	*1980s*	*1990s*	*2000s*	*2010s*
Coon Rapids	--	7,471	5,808	5,233	1,522	2,796
Anoka County	--	34,147	14,150	32,624	-3,790	35,669
7-County Metro Area	--	261,000	232,773	334,221	-58,994	195,000
Percentage Change in Emp.		*1970s*	*1980s*	*1990s*	*2000s*	*2010s*
Coon Rapids	--	235.7%	54.6%	31.8%	7.0%	12.0%
Anoka County	--	117.1%	22.3%	42.1%	-3.4%	33.6%
7-County Metro Area	--	33.5%	22.4%	26.3%	-3.7%	12.6%
Share of Metro Emp. Growth		*1970s*	*1980s*	*1990s*	*2000s*	*2010s*
Coon Rapids	--	2.9%	2.5%	1.6%	--	1.4%
Anoka County	--	13.1%	6.1%	9.8%	6.4%	18.3%

Sources: Metropolitan Council; MN Department of Employment and Economic Development

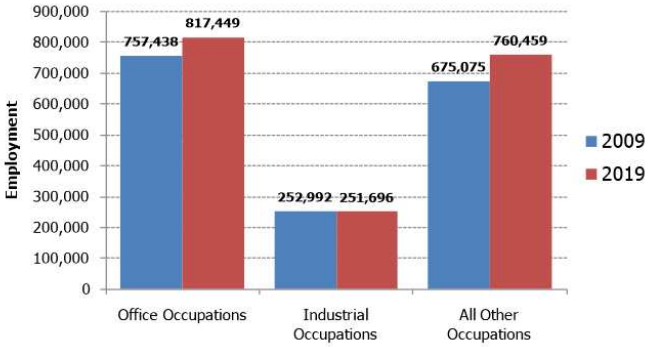
OFFICE JOB PROJECTIONS

According to the most forecasts from the Minnesota Department of Employment and Economic Development, the Twin Cities Metro Area is projected to have a net increase of over 60,000 office jobs between 2009 and 2019 (Figure 16 and Table 9). Clearly, 60,000 new office workers in the next decade will increase demand for office space in Anoka County and Coon Rapids. However, several trends will temper this demand.

First, the average space per office worker has been declining in recent years due to greater acceptance of telecommuting, fiscal response to the recession, less need for document storage, and greater interest in more collaborative work settings and shared workspaces. Historically, 250 square feet per office worker was the

standard used by many architects when designing office space. This average has decreased to almost 150 square feet of space per worker and may decrease even more if current trends persist. Second, with declining space needs, our current supply of office buildings will likely be able to accommodate a larger work force as spaces are reconfigured to meet current trends. Third, not all office workers will work in a traditional office building. There are many examples of businesses that choose to locate typical office jobs in flex industrial space or even marginal retail space.

Figure 16: Projected Growth in Metro Area Jobs by Occupation 2009-2019



Source: MN Department of Employment and Economic Development

Table 9: Projected Growth in Metro Area Jobs by Occupation 2009-2019

Occupation Category	2009	2019	# Change	% Change
Management Occupations	106,659	111,884	5,225	4.9%
Business and Financial Operations Occupations	117,048	131,870	14,822	12.7%
Computer and Mathematical Occupations	67,776	77,038	9,262	13.7%
Architecture and Engineering Occupations	34,973	36,587	1,614	4.6%
Life, Physical, and Social Science Occupations	21,368	24,825	3,457	16.2%
Community and Social Services Occupations	37,026	40,983	3,957	10.7%
Legal Occupations	16,672	18,103	1,431	8.6%
Education, Training, and Library Occupations	89,951	100,277	10,326	11.5%
Office and Administrative Support Occupations	265,965	275,882	9,917	3.7%
Office Occupations	757,438	817,449	60,011	7.9%
Installation, Maintenance, and Repair Occupations	50,613	52,560	1,947	3.8%
Production Occupations	111,222	106,780	-4,442	-4.0%
Transportation and Material Moving Occupations	91,157	92,356	1,199	1.3%
Industrial Occupations	252,992	251,696	-1,296	-0.5%
Arts, Design, Entertainment, Sports, and Media Occ	34,397	36,694	2,297	6.7%
Healthcare Practitioners and Technical Occupations	86,849	106,683	19,834	22.8%
Healthcare Support Occupations	45,861	57,641	11,780	25.7%
Protective Service Occupations	29,563	32,071	2,508	8.5%
Food Preparation and Serving Related Occupations	121,692	132,720	11,028	9.1%
Building & Grounds Cleaning & Maintenance Occup.	51,615	54,603	2,988	5.8%
Personal Care and Service Occupations	75,001	94,844	19,843	26.5%
Sales and Related Occupations	172,045	178,812	6,767	3.9%
Farming, Fishing, and Forestry Occupations	5,353	5,926	573	10.7%
Construction and Extraction Occupations	52,699	60,465	7,766	14.7%
Non-Office/Industrial Occupations	675,075	760,459	85,384	12.6%
Total, All Occupations	**1,685,505**	**1,829,604**	**144,099**	**8.5%**

Source: MN Department of Employment and Economic Development

OVERVIEW OF THE OFFICE MARKET

The office market is a very broad category that encompasses many different types of properties that are typically differentiated by the building class (A, B, C); visibility, transportation access, structure, size of tenant spaces and supporting services. Some of the office market subcategories are as follows:

HIGH RISE OR SIGNATURE BUILDING

Office buildings of this type place a premium on visibility and image. They are typically multi-tenant buildings with a high level of architectural interest. Level of finish is generally high. The tenant mix tends to be businesses that are willing to pay a premium for image including corporate headquarters, law firms, financial advisors, advertising and other types of business services. These buildings are typically found in the commercial center of a metropolitan area, at the intersection of high volume highways and near very affluent suburban locations.

LOW RISE, MULTI-STORY BUILDING

Office buildings of this type have the most variety of physical conditions and tenant mix. Class A buildings in this class can have many similar features to the high rise buildings and command elevated rents. Class B and C space can be dated and needs to compete more on price. Typical locations for this class of office space are near regional malls and along arterial roadways in suburban locations. The tenant mix has a wide variety and can include smaller corporate headquarters, medical, technology, design, government and business services.

SINGLE STORY BUILDING-RETAIL

Office buildings of this type share a lot of physical and location characteristics with neighborhood and strip retail. Buildings of this type often are located near retail areas where there is a reasonable amount of visibility and customer traffic. Tenant spaces are generally smaller in size and the businesses usually have some level of walk-in customer traffic that justifies the need for visibility. Typical tenants in this building type include insurance, real estate brokerage, medical services, and financial services.

SINGLE STORY BUILDING-FLEX

Office buildings of this type share many physical and location characteristics with light industrial buildings. They are often located in lower visibility areas where land prices are lower, enabling a reduced rent structure in comparison to other office types. Transportation access is important but does not always need to be direct as walk in traffic is often not a key issue for the tenants. Building shells involve industrial construction techniques and building heights. Tip up concrete panels or concrete block are common shell materials but the level of finish often includes some retail finish including colored concrete, stucco, spandrel glass, tenant signage and attempts to vary the appearance of flat rooflines or building faces. The level of aesthetic enhancement varies greatly in this sector based on each community's standards and regulatory controls. Tenants in this building type tend to be office uses that require back office warehousing or light manufacturing; construction/repair related businesses that maintain some inventory, such as window or garage door installers; price sensitive large office users, such as call centers; and startup businesses that seek the lower cost and expansion flexibility of a flex building.

OFFICE MARKET CONDITIONS

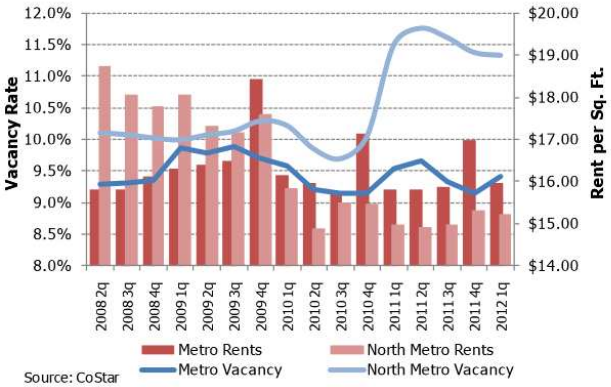
MACRO TRENDS

As with other real estate classes, the office market is suffering due to the nation's economic downturn. Companies that have reduced hiring levels have excess office space and can undercut landlords with reduced rent subleasing. Very few businesses are looking for additional office space and those that are in the market are maximizing their leverage with demands for reduced rent and extensive tenant improvement packages. Landlords are reluctant to enter into long term lease arrangements that would "lock in" current low rental rates. Landlords are attempting to remain profitable by aggressively cutting operating costs and making targeted capital improvements to improve their buildings.

The impacts of these trends can be seen in Figure 17. Overall vacancy rates in the Twin Cities have been hovering between 9% and 10%, which is well above historic vacancy rates. It should be noted that these vacancy figures reflect actual vacant space that is being actively marketed and do not account for space that is occupied and being marketed nor does it account for vacant space that is not being actively marketed. Figure 17 also shows how the concessions many tenants were going after can be seen in the decline in lease rates since 2009.

Vacancy rates can vary significantly by submarket due to local economic conditions and levels of overbuilding. Unfortunately, the North Metro submarket that includes Coon Rapids has generally underperformed compared to the Metro Area in recent years (Figure 17). Vacancy rates, though more volatile, have been typically above that of the overall metro, particularly in the past four to five quarters when the vacancy rate spiked upward. In addition, average lease rates in the North Metro have been $1.00 to $2.00 less per square foot than the metro average, especially in the last two to three years.

Figure 17: North Metro and Metro-wide Office Vacancy and Lease Rates



COMPETITIVE OFFICE DISTRICTS

Historically, Anoka County has not been a major submarket for office space in the Metro Area. The County has just over 5 million square feet of office space, which is less than 3% of the Metro Area total. In comparison, the County accounts for 7% of all Metro Area jobs and 11% of all Metro Area households. The office space that does exist in the County generally consists of users that are serving the needs of local households and businesses. These users are typically smaller professional service firms, such as insurance agents, real estate agents, financial planners, attorneys, accountants, and various healthcare related firms. This is in contrast to major office submarkets in the downtowns of Minneapolis and Saint Paul as well as along the I-494 and I-394 corridors in Hennepin County in which

a significant proportion of office space is devoted to large corporate facilities and the related firms needed to support their functions.

Although office space in Anoka County generally consists of users who provide services to the local market, there are several key nodes in the Coon Rapids area that offer existing office space that would be competitive with any new office development that were located in either the Port Campus Square or Port Riverwalk study areas.

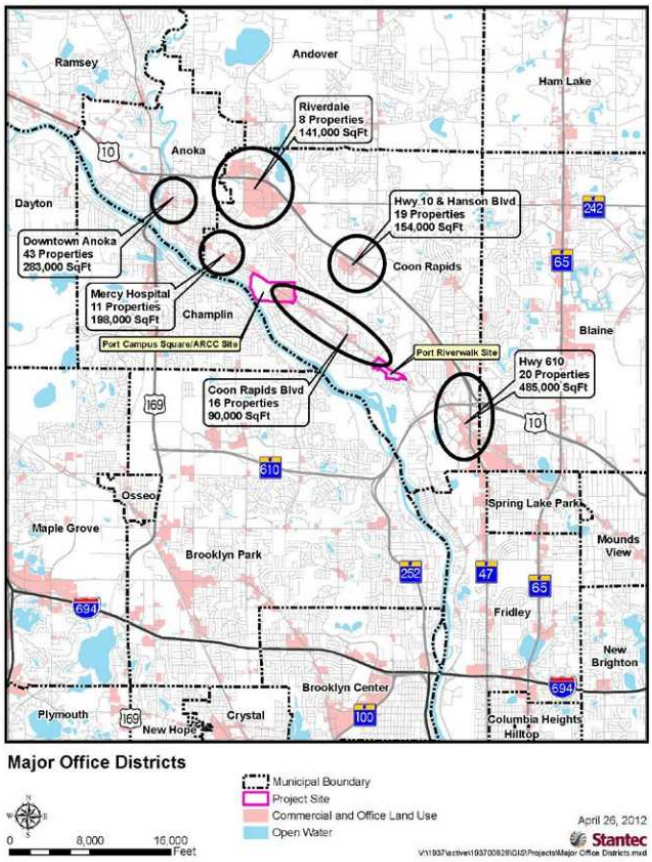
Map 6 displays the location of these districts relative to the Port Campus Square and Port Riverwalk study areas. This is followed by Table 10, which provides more detail on each district.

The largest district is the area around Highway 610 and US Highway 10 with nearly half a million square feet of office space. At the intersection of two major highways, this district benefits from being closest to the regional highway system. It also has the largest buildings and features some of the submarkets lowest vacancy rates.

Also benefitting from access and visibility from US Highway 10 are two other smaller office districts located at Hanson Boulevard and the Riverdale area. These two districts each have about 150,000 square feet of office space and feature rents similar to what is found throughout the North Metro. However, the vacancy rate, especially among the buildings near Hanson Boulevard, is well above the North Metro average.

Other important office districts include Downtown Anoka and the area around Mercy Hospital. In downtown Anoka, the market is heavily influenced by the Anoka County Government Center and the downtown setting, which provides amenity through a mixture of shops and restaurants as well as access to the park space along the Rum River. In the Mercy Hospital area, the market id driven almost entirely by the hospital and is skewed heavily toward medical users.

Map 6: Office Districts Close to Coon Rapids Blvd



This helps explain why the average rent in this district is substantially higher than other nearby districts.

There also are a number of very small office buildings scattered along Coon Rapids Boulevard that total about 90,000 square feet. Many of these properties are too small to accommodate anything other than small businesses that provide professional services to local residents. Even if any of the firms in these buildings wanted to expand, few of the buildings along this corridor would have the space to accommodate an expansion.

Table 10: Coon Rapids Office Districts

Office District	Proper-ties	Leasable Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Rents per Sq. Ft. Low	High	Avg.	Class B Bldgs.	Class B Sq. Ft.
Downtown Anoka	43	282,700	11,500	4.1%	$7.67	$21.00	$12.84	2	31,200
Riverdale	8	141,000	15,500	11.0%	$14.00	$16.00	$14.83	7	125,000
Mercy Hospital	11	198,100	16,500	8.3%	$17.00	$22.00	$17.35	4	69,600
Coon Rapids Blvd	16	89,500	10,000	11.2%	$10.77	$17.65	$14.84	0	0
Hwy10/Hanson Blvd	19	153,800	47,200	30.7%	$8.09	$30.00	$15.08	5	43,200
Hwy 610	20	485,300	24,900	5.1%	$6.50	$24.43	$15.59	10	351,700

Sources: CoStar; Stantec

OFFICE DEMAND

Table 11 displays the methodology used to calculate potential demand for office space along in the Port Campus Square and Port Riverwalk study areas between 2010 and 2020. The Minnesota Department of Employment and Economic Development projects the number of new office jobs will increase by roughly 60,000 in the metro area during the coming decade. Not all of these jobs, however, will locate in the study areas or even Anoka County. Based on historic and forecasted trends, Anoka County has typically captured about 12% of all new job growth in the metro area. This translates to 7,200 new office jobs that could be captured within the County.

Office jobs are converted into office space based on the average amount of space needed per office worker. This amount has been historically about 250 square feet per worker. However, increased telecommuting, fiscal restraint, and changes in workplace design have pushed this figure down to 150 square feet per worker. At this amount, Anoka County will likely require about 1.1 million square feet of traditional office space to accommodate the projected growth. However, there already is great deal of available office space currently in the market that could absorb a large portion of this demand. Assuming market equilibrium of about 5% vacancy, this means that there is about 400,000 square feet of excess office space in the marketplace that would need to be absorbed before any appreciable demand is generated for new speculative office space.

Subtracting the 400,000 square feet of excess existing space from the 1.1 million square feet demanded from projected growth yields a net demand of about 780,000 square feet. Not all of this demand, however, can be captured in one location since it takes into consideration all types of office jobs created by all types of businesses, many of which have different needs and demands for their office space. Nonetheless, it demonstrates that once job growth does improve, especially toward the latter half of the decade, there appears to be the likelihood that the Port Campus Square and Port Riverwalk study areas could tap into growing demand for office space and support between 30,000 and 45,000 square feet, which is between 10% and 20% of the excess demand calculated for Anoka County.

Table 11: Office Demand Calculation

		2010-2020
Metro Area Growth in Office Jobs[1]		60,000
(times) Capturable Anoka County Share[2]	x	12%
(equals) Anoka County Office Job Growth	=	7,200
(times) Average Office Space per Worker (in sq ft)[3]	x	150
(equals) Office Space Needed for New Workers	=	1,080,000
(less) Excess Office Space in Anoka County[4]	-	300,000
(equals) Anoka County Demand for New Space thru 2020	=	780,000
(times) Proportion Capturable along Coon Rapids Blvd[5]	x	4% 6%
(equals) Demand for New Space along Coon Rapids Blvd thru 2020	=	31,200 - 46,800

[1] MN Department of Employment and Economic Development

[2] Anoka County captured approximately 10% and 6% of metro area job growth during the 1990s and 2000s, respectively. Most recent figures from the Met Council suggest this rate will increase during the 2010s.

[3] Historically, office space per worker has averaged 250 sq ft per worker. Newer buildings, however, are being designed for 150 sq ft per worker.

[4] There currently is about 400,000 sq ft of vacant office space in Anoka County. Although a good deal of this space is not highly desirable, there clearly is a significant amount of excess office space currently in the market. Therefore, we estimate that at least 300,000 sq ft of existing space needs to be absorbed before a significant amount of new office construction can be supported from speculative demand.

[5] Coon Rapids Blvd, including the area around Mercy Hospital, currently accounts for about 6% of all office space in Anoka County. Given the lack of direct highway access to the broader regional transportation system, it assumed that any future capture rate would remain similar or slightly less as much of the new office demand in Anoka County will be driven by new households requiring professional services, such as financial planners, real estate companies, attorneys, etc.

Source: Stantec

OFFICE SUMMARY

It is calculated that that the Port Campus Square and Port Riverwalk study areas together could eventually support between 30,000 and 45,000 square feet of new office space based on projected growth in the number of office jobs in Anoka County. Due to the current strain in the office market, though, this demand will not occur until after 2015 or even 2020. And, more importantly, any demand will be highly contingent on the broader forces affecting competitive nearby office districts at Highway 610 or along Highway 10.

Smaller amounts of office space, though, could be expected to be developed in the near term as part of a mixed use scenario on a tenant by tenant basis (such as insurance agent, tax preparation, etc.) because this type of tenant operates more like a retail use and is not as affected by the overall office market. Moreover, these types of tenants respond more to growth in the local household base than larger economic forces. Therefore, as the local household base grows, there is potential to fill small office spaces.

Neither the Port Campus Square nor the Port Riverwalk study areas have the accessibility and visibility to attract major office users who want to be near highways. However, they have the advantage of being along a busy, well known thoroughfare that provides good access to local residents and other businesses. So, there are advantages to their location. Furthermore, with the potential to add new retail and other amenities in the form of trails, parks, and other open space, many small office users could be attracted to either study area.

In the case of the Port Campus Square study area, there clearly is potential to capture any additional demand for medical space that is driven by the expansion of nearby Mercy Hospital. That area only has about 16,000 square feet of vacant office space and any

significant growth would likely require a search for space outside of the immediate vicinity. Under this scenario, the Port Campus Square study area would represent the most likely area for expansion. The challenge to this opportunity would be the ability to accommodate new construction in the immediate vicinity of Mercy Hospital, which would clearly limit the need to look for space in the Port Campus Square area.

In the case of the Port Riverwalk study area, it is located much closer to Highway 610 and the regional highway network. Therefore, if vacancies were to drop to very low levels in this area, there is potential that secondary users who want to be near Highway 610, but can't find space along it may consider a location in the Port Riverwalk area. However, this is entirely contingent on the growth pressures exhibited in the district along Highway 610. Furthermore, users willing to move off of Highway 610 will likely be searching for lower rent space and may not be willing to pay the kinds of rents needed to support new construction.

One other possibility regarding the future demand for office space in the Port Campus Square and Port Riverwalk study areas is the potential of attracting a large single user who would build a corporate or regional headquarters building. Although Coon Rapids does not have any prominent examples of this and the likelihood is very small since many of these prominent office users prefer very visible locations along the highest travelled highways, the potential does exist. However, both the Port Campus Square and Port Riverwalk areas would need to significantly increase the number of nearby amenities to make it more competitive with other office districts with even higher visibility. Although this potential does exist, it is important to keep in mind that planning for a large single office user can be problematic from a planning and economic development perspective. No one can predict when this can happen because regional and corporate headquarters are few and far between. Therefore, basing a land use plan with that specific use in mind without the flexibility to make change would be problematic because of the likelihood that it may never occur.

Housing Overview

INTRODUCTION

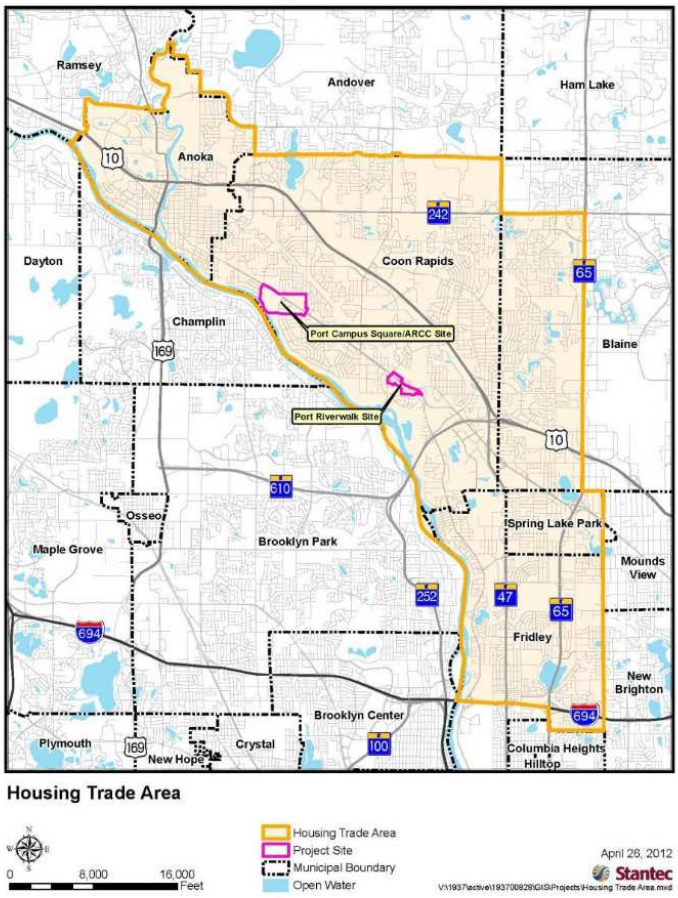
This section presents information on market factors that influence the demand for housing in the Port Campus Square and Port Riverwalk study areas. It includes a review of the trade area for housing, the underlying demographic components of the housing trade area that will be the basis for demand, the current supply and condition of various housing types, and a calculation of demand for each housing type analyzed.

TRADE AREA DEFINITION

The Housing Trade Area is the geographic area from which most of the potential residents for a new housing development would likely come from. Housing trade areas, like most real estate based trade areas; take into consideration physical and psychological barriers, traffic patterns, historic development patterns, location of competitive properties, and political boundaries. Due to their close proximity to one another, the Port Campus Square and Port Riverwalk study areas share the same housing trade area, which includes all of Coon Rapids, Anoka, and Spring Lake Park, as well as portions of Blaine west of Highway 65 and portions of Fridley north of I-694. The Housing Trade Area is depicted in Map 7.

The most significant barrier defining the Housing Trade Area is the Mississippi River, which is not only a physical barrier but also a political boundary and important psychological barrier. Also influencing the shape of the trade area are the local traffic patterns which generally follow the alignment of the Mississippi River and thus facilitate movement in a northwest-southeast direction.

Map 7: Port Campus Square and Port Riverwalk Housing Trade Area



Housing Trade Area

Another important factor affecting the size and shape of the Housing Trade Area is that communities located further east and situated along I-35W are considered a separate trade area because of their orientation toward Ramsey County and the City of Saint Paul. Meanwhile, the communities of Ramsey and Andover, which are located immediately north of the trade area, are considered a separate trade area as well because of their largely exurban development pattern.

Although the majority of demand for housing in the Port Campus Square and Port Riverwalk study areas will come from the Housing Trade Area, some additional demand will be generated by individuals residing just outside the trade area, households that have moved outside the trade area due to the lack of desired housing in the trade area, and households drawn to the trade area because of a personal or professional connection, such as adult children who live in the area, an employment opportunity, or for school.

Table 12: Population Growth Trends

				Forecast	Numeric Change			Percentage Change		
Community	1990	2000	2010	2020	1990s	2000s	2010s	1990s	2000s	2010s
Coon Rapids	52,978	61,607	61,476	66,000	8,629	-131	4,524	16.3%	-0.2%	7.4%
Anoka	17,192	18,076	17,142	19,800	884	-934	2,658	5.1%	-5.2%	15.5%
Blaine (pt.)	23,204	23,907	24,957	24,400	703	1,050	-557	3.0%	4.4%	-2.2%
Fridley (pt.)	25,912	25,069	24,799	25,500	-843	-270	701	-3.3%	-1.1%	2.3%
Spring Lake Park	6,429	6,667	6,412	6,600	238	-255	188	3.7%	-3.8%	2.9%
Housing Trade Area	**125,715**	**135,326**	**134,786**	**142,300**	**9,611**	**-540**	**7,514**	**7.6%**	**-0.4%**	**5.6%**
7-County Metro Area	2,288,721	2,642,056	2,849,567	3,144,000	353,335	207,511	294,433	15.4%	7.9%	10.3%

Note: "(pt.)" means "part" or "portion" of the city is included in the analysis; specifically the part in the Housing Trade Area.
Sources: US Census; Metropolitan Council; Stantec

Table 13: Household Growth Trends

				Forecast	Numeric Change			Percentage Change		
Community	1990	2000	2010	2020	1990s	2000s	2010s	1990s	2000s	2010s
Coon Rapids	17,449	22,578	23,532	25,600	5,129	954	2,068	29.4%	4.2%	8.8%
Anoka	6,394	7,262	7,060	8,500	868	-202	1,440	13.6%	-2.8%	20.4%
Blaine (pt.)	8,001	8,893	9,622	9,800	892	729	178	11.1%	8.2%	1.8%
Fridley (pt.)	9,890	10,259	10,100	10,300	369	-159	200	3.7%	-1.5%	5.5%
Spring Lake Park	2,302	2,676	2,672	2,750	374	-4	78	16.2%	-0.1%	2.9%
Housing Trade Area	**44,036**	**51,668**	**52,986**	**56,950**	**7,632**	**1,318**	**3,964**	**17.3%**	**2.6%**	**7.5%**
7-County Metro Area	875,504	1,021,454	1,117,749	1,293,000	145,950	96,295	175,251	16.7%	9.4%	15.7%

Note: "(pt.)" means "part" or "portion" of the city is included in the analysis; specifically the part in the Housing Trade Area.
Sources: US Census; Metropolitan Council; Stantec

TRADE AREA DEMOGRAPHICS

Tables 12 and 13 display population and household growth trends for the Housing Trade Area for the years 1990 to 2020. The Housing Trade Area encompasses a broad area that includes everything from long established neighborhoods in the City of Anoka to first- and second-tier suburban development that occurred in the decades following World War II. Although there is a variety of neighborhood ages and types within the trade area, it is entirely built-up, which means that future growth within the trade area will be largely dependent on redevelopment.

During the 1990s the Housing Trade Area grew by 9,600 persons, much of which was concentrated in Coon Rapids. The growth during this period was largely the result of development in the last few remaining undeveloped portions of the City.

Growth slowed dramatically in the 2000s as Coon Rapids became fully developed and older households declined in size as their adult children moved out of the trade area to start their own households. The forecast for the 2010s, though, is for a return to stable,

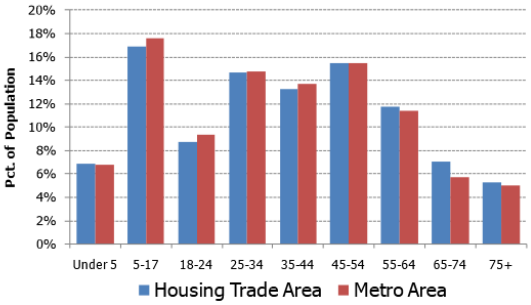
consistent growth with 7,500 new persons. This growth, however, is expected to come from redevelopment opportunities as opposed to new large-scale subdivision development.

Age Distribution

The age distribution of the population in the Housing Trade Area closely mirrors that of the metro area. The population is aging evidenced by how each age group over 45 increased its share of the total population between 2000 and 2010. The only important difference in the age structure of the Housing Trade Area and the metro area is the that the trade area has a slightly higher percentage of persons in the 65 to 74 and 75+ age groups and a commensurately lower percentage in the 5 to 17 and 18 to 24 age groups.

Although the Housing Trade Area is forecasted to increase in population, the number of persons age 55 and older will satisfy all of the growth, whereas the under 55 population is forecasted to decline. Specifically, between 2010 and 2020, the number of persons age 55 and older will increase by about 9,000. Meanwhile, the population under age 55 will decrease by -1,200.

Figure 18: Age Distribution of the Housing Trade Area 2010



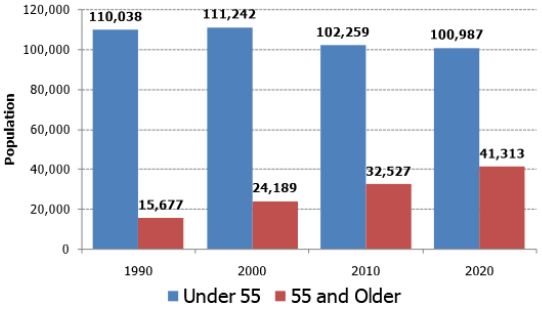
Source: US Census

Table 14: Age Distribution of the Housing Trade Area

	Housing Trade Area				7-County Metro Area			
Age Group	2000	2010	Change	Pct.	2000	2010	Change	Pct.
Under 5	9,668	9,223	-445	-4.6%	188,236	194,329	6,093	3.2%
5 to 17	26,134	22,732	-3,402	-13.0%	509,298	502,642	-6,656	-1.3%
18 to 24	13,001	11,776	-1,225	-9.4%	244,226	267,451	23,225	9.5%
25 to 34	20,738	19,811	-927	-4.5%	411,155	420,311	9,156	2.2%
35 to 44	23,361	17,849	-5,512	-23.6%	469,324	391,324	-78,000	-16.6%
45 to 54	18,340	20,868	2,528	13.8%	363,592	440,753	77,161	21.2%
55 to 64	12,169	15,878	3,709	30.5%	200,980	326,007	125,027	62.2%
65 to 74	7,329	9,475	2,146	29.3%	130,615	163,425	32,810	25.1%
75+	4,691	7,174	2,483	52.9%	124,630	143,325	18,695	15.0%
Total	135,431	134,786	-645	-0.5%	2,642,056	2,849,567	207,511	7.9%
Distribution	2000	2010	Change		2000	2010	Change	
Under 5	7.1%	6.8%	-0.3%		7.1%	6.8%	-0.3%	
5 to 17	19.3%	16.9%	-2.4%		19.3%	17.6%	-1.6%	
18 to 24	9.6%	8.7%	-0.9%		9.2%	9.4%	0.1%	
25 to 34	15.3%	14.7%	-0.6%		15.6%	14.7%	-0.8%	
35 to 44	17.2%	13.2%	-4.0%		17.8%	13.7%	-4.0%	
45 to 54	13.5%	15.5%	1.9%		13.8%	15.5%	1.7%	
55 to 64	9.0%	11.8%	2.8%		7.6%	11.4%	3.8%	
65 to 74	5.4%	7.0%	1.6%		4.9%	5.7%	0.8%	
75+	3.5%	5.3%	1.9%		4.7%	5.0%	0.3%	
Total	100.0%	100.0%	0.0%		100.0%	100.0%	0.0%	

Source: US Census

Figure 19: Forecasted Population by Age Group



Source: US Census; Stantec

HOUSEHOLD TYPE

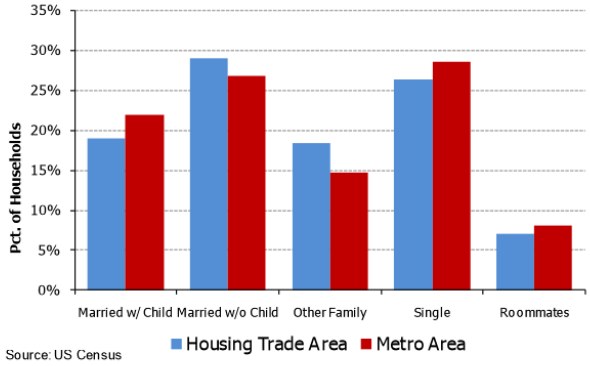
Compared to the Metro Area, the Housing Trade Area has a larger proportion of married couple households without children and "other" families, which mostly consist of single-parent households (Table 15 and Figure 20). The proportion of married couples without children is due in large part to the aging of the population in the trade area.

Table 15: Household Type

Household Type	Housing Trade Area		Metro Area	
	Number	Percent	Number	Percent
Married with children	10,081	19.0%	244,687	21.9%
Married without children	15,394	29.1%	298,723	26.7%
Other family	9,754	18.4%	164,086	14.7%
Single	13,980	26.4%	319,030	28.5%
Roommate	3,777	7.1%	91,223	8.2%
Total Households	52,986	100.0%	1,117,749	100.0%

Source: US Census

Figure 20: Household Type 2010



Source: US Census

INCOME

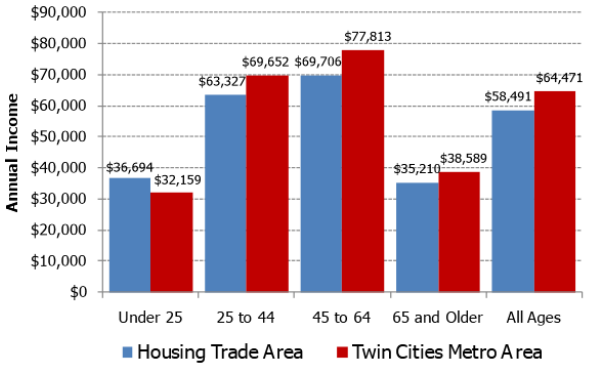
The Housing Trade Area has a median income that is below the metro area median (Table 16 and Figure 21). More importantly, though, it appears that incomes have been lagging behind those of the metro area. From 2000 to 2010, households under age 25 in the Trade Area saw incomes increase -9%, while this same age group at the metro level had an increase of 8%.

Table 16: Median Household Income by Age Group 2000 and 2010

	Housing Trade Area			7-County Metro Area		
	2000	2010	Change	2000	2010	Change
Households under 25	$40,150	$36,694	-8.6%	$29,818	$32,159	7.9%
Households 25-44	$55,413	$63,327	14.3%	$58,616	$69,652	18.8%
Households 45-64	$62,105	$69,706	12.2%	$67,861	$77,813	14.7%
Households 65+	$29,171	$35,210	20.7%	$31,233	$38,589	23.6%
All Households	$52,626	$58,491	11.1%	$54,807	$64,471	17.6%

Source: US Census

Figure 11: Median Household Income by Age Group 2010



Source: US Census

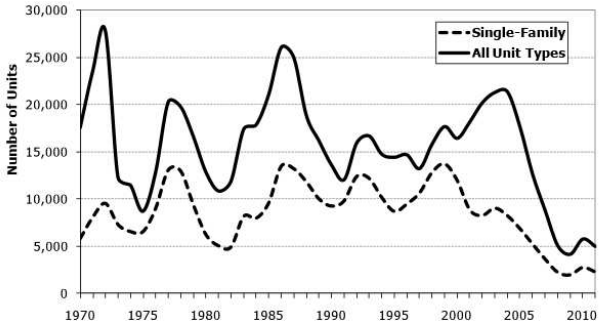
RESIDENTIAL CONSTRUCTION TRENDS

The Twin Cities metro area has experienced a number of housing booms and busts over the last 40 years (Figure 22). However, none of the previous busts have been as severe as the current one. In 2009, fewer than 5,000 new units were permitted for construction in the metro area. This compares to recent peaks of 20,000 and 21,500 in 2003 and 2004, respectively. Although the current slowdown in residential development is pressing, other recent trends bear mentioning as well, most notably being the shift to develop more attached forms of housing, such as twinhomes, townhomes, and apartments.

Throughout most of the 1990s, single-family homes dominated residential development. This was generally the result of low transportation costs, lack of land zoned for multifamily housing, property tax rates that penalized development of rental apartments, and modest rates of price appreciation, which maintained affordability. However, as home prices rose quickly in the early 2000s, an increasing number of households reached retirement age, and gasoline prices spiked upward, attached forms of housing located centrally to jobs, retail, and healthcare became more prevalent.

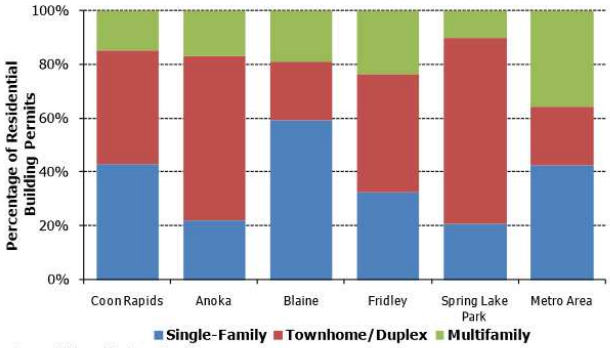
In the Housing Trade Area, nearly 50 percent of the homes built between 2001 and 2010 were attached in some form or another (Figure 23).

Figure 22: Housing Units Permitted for Construction 7-County Twin Cities Metro Area 1970-2011



Source: Metropolitan Council

Figure 23: Residential Development by Type 2001-2010



Source: Metropolitan Council

Rental Housing Market

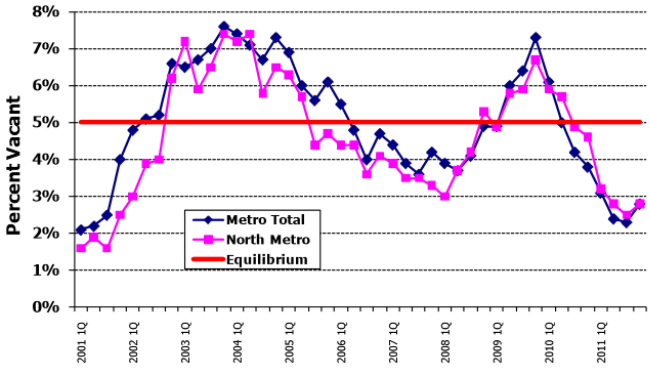
MARKET OVERVIEW

The apartment market has rebounded strongly after a period of high unemployment and lackluster job growth temporarily softened the rental market in 2009 and 2010 (Figure 24). The overall vacancy rate in the North Metro dropped from a peak of nearly 7% in 4th quarter 2009 to under 3% as of 4th quarter 2011. This recent strengthening in the market means that the vacancy rate is now well below 5%, indicating that there is pent-up demand in the market and new market rate development could very well be supported.

The average monthly rent in the North Metro increased about $65 between 2006 and 2009, but then dropped nearly $40 by mid-2010 (Figure 25). Since that time, however, there has been an increase in the average monthly rent each quarter and is now just below $850. Close attention should be paid to apartment vacancies and rents. Typically, declines in vacancy precede increases in rent. Once rents increase enough, this will place pressure on the market to develop new rental housing. Although concentrated in Minneapolis, Saint Paul, and several first-ring suburbs, there are over 13,000 proposed rental units throughout the Metro Area, which are in various stages of predevelopment as well as active construction.

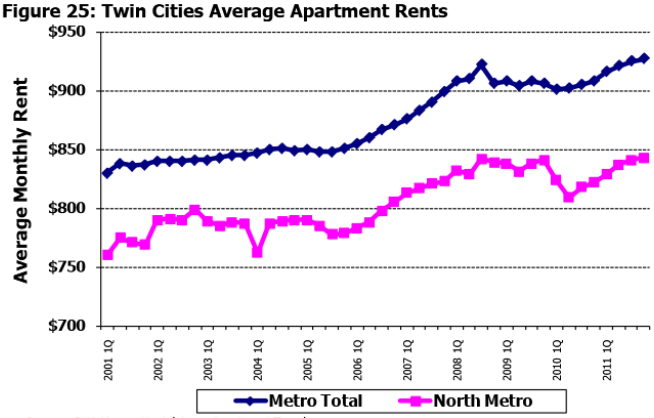
It should be noted, though, that some of the demographic trends mentioned earlier regarding homeownership rates may profoundly impact the apartment market. Evidence appears to be growing that younger age groups are not embracing homeownership the way previous generations did.

Figure 24: Twin Cities Apartment Vacancy Rates 2001-2011



Source: GVA Marquette Advisors, Apartment Trends

Figure 25: Twin Cities Average Apartment Rents



Source: GVA Marquette Advisors, Apartment Trends

First, mortgage standards have returned to more stringent levels where the barrier to entry is much higher due to substantially larger down payments that are required on the part of banks. Second, with housing no longer appreciating at even modest levels, the nest egg that so many previous generations created through homeownership is no longer seen as attainable. Third, for younger households vulnerable to high unemployment rates, homeownership can be viewed as reducing employment flexibility which further depresses demand. As a result, younger households are starting to choose rental housing as a preferred arrangement rather than a temporary situation prior to homeownership.

If these trends persist or become deeply established, the demand for rental housing could increase in the coming years. These trends, however, are difficult to predict because of the large impact Federal policies have on homeownership. For instance, if the Federal government revamps Fannie Mae and Freddie Mac, the two big institutions that help support homeownership, in a way that help loosen lending standards, homeownership may again regain its value to younger generations.

MARKET RATE COMPARABLES

Stantec profiled 10 of the newest market rate apartment projects in the vicinity of the Housing Trade Area to gauge performance of comparable new apartment projects and their positioning (Tables 17 and 18). Although only a small proportion of the

Table 17: Comparable Market Rate Rental Properties

Project Name	Year Built	City	Bldg Style	# of Units	Rent Range	Rent Avg.	Square Feet Range	Square Feet Avg.	Avg. Per Sq. Ft.
Studio Units									
Landings at Silver Lake Village	2005	SA	Apt	7	$646 - $970	$808	590 - 699	645	$1.25
Tralee Terrace	1993	CR	Apt	1	$619 - $619	$619	500 - 500	500	$1.24
Subtotal/Average				**8**	**$646 - $970**	**$784**	**590 - 699**	**626**	**$1.25**
One-Bedroom Units									
Woodland Park	1993	AN	Apt	9	$725 - $750	$738	550 - 550	550	$1.34
Just Off Main	1999	MG	TH	24	$960 - $960	$960	784 - 784	784	$1.22
Tralee Terrace	1993	CR	Apt	16	$699 - $760	$730	621 - 702	662	$1.10
Arbor Glen	2001	MG	Apt	44	$795 - $975	$885	811 - 852	832	$1.06
Landings at Silver Lake Village	2005	SA	Apt	67	$748 - $905	$827	808 - 905	857	$0.96
Cedar Creek Apts	1993	BL	Apt	18	$575 - $620	$598	624 - 624	624	$0.96
Dellwood Estates II	1993	AN	Apt	45	$788 - $788	$788	940 - 940	940	$0.84
Subtotal/Average				**223**	**$575 - $975**	**$816**	**550 - 940**	**815**	**$1.00**
One Bedroom/Den Units									
Arbor Glen	2001	MG	Apt	12	$1,125 - $1,199	$1,162	1,130 - 1,130	1,130	$1.03
Landings at Silver Lake Village	2005	SA	Apt	10	$1,073 - $1,204	$1,139	1,073 - 1,204	1,139	$1.00
Subtotal/Average				**22**	**$1,073 - $1,204**	**$1,151**	**1,073 - 1,204**	**1,134**	**$1.02**
Two-Bedroom Units									
Just Off Main	1999	MG	TH	77	$1,385 - $1,385	$1,385	1,196 - 1,196	1,196	$1.16
Arbor Glen	2001	MG	Apt	122	$1,125 - $1,245	$1,185	970 - 1,089	1,030	$1.15
Landings at Silver Lake Village	2005	SA	Apt	86	$899 - $2,123	$1,511	1,138 - 1,661	1,400	$1.08
Woodland Park	1993	AN	Apt	57	$835 - $835	$835	813 - 874	844	$0.99
Northtown Crossings	2004	CR	TH	42	$1,335 - $1,385	$1,360	1,338 - 1,421	1,380	$0.99
Tralee Terrace	1993	CR	Apt	34	$819 - $855	$837	891 - 891	891	$0.94
Cedar Creek Apts	1993	BL	Apt	36	$735 - $780	$758	870 - 910	890	$0.85
Dellwood Estates II	1993	AN	Apt	45	$888 - $888	$888	1,100 - 1,100	1,100	$0.81
Oak Pointe	2000	CR	TH	21	$1,129 - $1,129	$1,129	1,500 - 1,500	1,500	$0.75
Evergreen Point	2003	RM	TH	31	$1,250 - $1,275	$1,263	1,700 - 1,700	1,700	$0.74
Subtotal/Average				**551**	**$735 - $2,123**	**$1,170**	**813 - 1,700**	**1,162**	**$1.01**
Three-Bedroom Units (or larger)									
Landings at Silver Lake Village	2005	SA	Apt	15	$1,647 - $2,216	$1,932	1,402 - 1,723	1,563	$1.24
Just Off Main	1999	MG	TH	24	$1,585 - $1,585	$1,585	1,404 - 1,404	1,404	$1.13
Arbor Glen	2001	MG	Apt	86	$1,395 - $1,495	$1,445	1,307 - 1,469	1,388	$1.04
Northtown Crossings	2004	CR	TH	6	$1,545 - $1,545	$1,545	1,547 - 1,547	1,547	$1.00
Woodland Park	1993	AN	Apt	24	$999 - $1,200	$1,100	1,000 - 1,236	1,118	$0.98
Tralee Terrace	1993	CR	Apt	17	$1,075 - $1,145	$1,110	1,131 - 1,240	1,186	$0.94
Evergreen Point	2003	RM	TH	48	$1,325 - $1,400	$1,363	1,700 - 1,700	1,700	$0.80
Cedar Creek Apts	1993	BL	Apt	18	$875 - $920	$898	1,156 - 1,156	1,156	$0.78
Subtotal/Average				**238**	**$875 - $2,216**	**$1,375**	**1,000 - 1,723**	**1,408**	**$0.98**
Total/Average				**1,042**	**0.9%**	**$823**		**818**	**$1.07**

City Codes: AN=Anoka; BL=Blaine; CR=Coon Rapids; MG=Maple Grove; RM=Ramsey; SA=St. Anthony
Sources: Stantec; Marquette Advisors

rental market can afford the rents at luxury properties, it is important to track this market because these properties often set the standards for features and amenities demanded by the marketplace. Moreover, tracking new developments helps understand what financing gaps, if any, may exist between achievable rents and new construction costs. The comparison focused on unit mix, size of project, rents, vacancies, and project amenities. The following are key findings of the analysis:

- Due to the lack of new rental properties within the Housing Trade Area, four of the 10 properties profiled are located outside of the Trade Area (Map 8). Furthermore, due to the lack of traditional garden-style apartment properties, which are typically three- to four-story structures with common entrances and elevators, four of the 10 properties are rental townhome developments, which tend to have a slightly different demographic market than garden-style apartment buildings.

- The properties range in age from 19 years old to seven years old. Therefore, even though these properties represent the newest most upscale rental developments in or near the Housing Trade Area, they do not necessarily capture the most state-of-the-art offerings that are currently being built in other submarkets of the Metro Area.

- Overall vacancy among the 10 properties is only 0.9%, which is extremely low and well below the already low 2.8% vacancy rate of the entire North Metro. This suggests there is strong pent-up

Table 18: Amenities at Comparable Market Rate Rental Properties

	In-Unit Features										Common Area Amenities												
	Washer/Dryer	Walk-in Closet	Fireplace	Balcony/Patio	Vltd/ High Clg.	Stainless Steel Appl.	Granite Counters	Kitchen Island	Roman Tubs	Central A/C	Party Room	Fitness Center	Swimming Pool	Spa/Whirlpool	Sauna	Tanning Bed	Patio w/Grills	Private Theater	Business Center	Conference Room	Storage Units	Garage	Garage Fee (Mo.)
Apartment Buildings																							
Arbor Glen	X	X	S	X						X	X	X	O						X		X	U	incl.
Cedar Creek Apts	H			X																		D	$30
Tralee Terrace		X		X							X											U	
Woodland Park		S		X													X					D	$40
Dellwood Estates II											X	X	O									U	incl.
Landings at SLV	X	X	S	X	S	X	X			X	X	X	O	X	X	X		X	X			U	$75
Townhomes																							
Just Off Main	X	X	S	X	X					X												A	incl.
Evergreen Point	X	X		X	X					X												A	incl.
Oak Pointe	X	X	X	X						X												A	incl.
Northtown Crossings	X	X	X	X	X	X	X	X		X												A	incl.

S = Some Units; H = Hook-ups
U = Underground Parking; A = Attached Parking; D = Detached Parking
I = Indoor Pool; O = Outdoor Pool
Source: Stantec; Marquette Advisors

demand for newer product with more amenities and features in the Housing Trade Area. With such low vacancy, it is likely that rents will sharply increase over the next year as landlords take advantage of the strong demand when renewing leases.

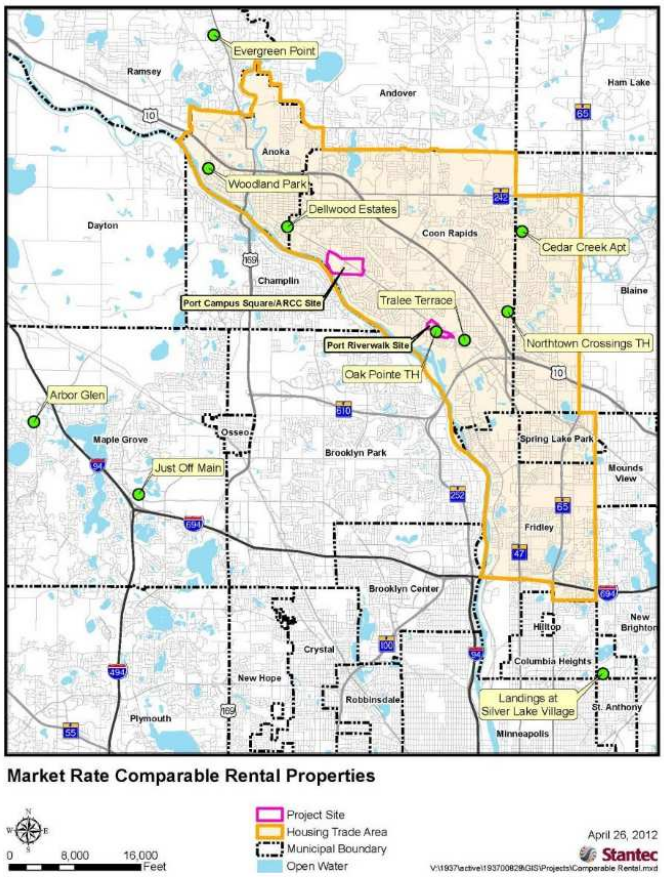
- One bedroom units have an average rent of $816 with top rent being $975. Two-bedroom units have an average rent of $1,170 with top rent being $2,123.

- On a per square foot basis, the overall rent is $1.07 per square foot. However, smaller unit types command higher prices per square foot. The highest rents in the market are for one-bedroom units at Woodland Park, which are $1.34 per square foot. Given that development costs associated most new suburban apartment construction are closer to $1.50 per square foot, this level of rent still does not support new construction. However, since many of newer buildings profiled in this analysis are already over 15 years old, there appears to some room to capture even higher rents for brand new product.

- Nearly three quarters of the units profiled have two-bedrooms or more. This is a result of several rental townhome developments being profiled, which often consist mostly of two- or three-bedroom units. Therefore, this suggests that there is a lack of newer one-bedroom units in the marketplace. Furthermore, although two-bedroom units are typically the most popular unit type in the marketplace, lifestyle renters are increasing, and these include singles that prefer renting even though they could afford to own.

- Features and amenities at the various properties differ based on whether the development is an apartment building or a townhome project. Apartment buildings generally have more units and can support common areas with a variety of amenities, such as party rooms, fitness centers, and pools. However, with

Map 8: Comparable Market Rate Rental Properties



Market Rate Comparable Rental Properties

the exception of the Landings at Silver Lake Village, many of the trade area apartment buildings lack a number of the amenities found at many newer properties in other parts of the Metro Area. Furthermore, due to the age of many of the trade area properties, they also lack many in-unit features found in newer communities, such as stainless steel appliances, high ceilings, and granite countertops.

- The townhome properties have more standard features, such as in-unit washer/dryers, balconies, fireplaces, and high ceilings, but they also lack some of the upscale features found in newer rental communities. More importantly, though, townhome developments generally lack the common area features of most apartment buildings, such pools fitness centers, etc.

RENTAL HOUSING DEMAND CALCULATION

Tables 26 and 27 present our demand calculations for general-occupancy rental housing in the Trade Area and, more specifically, in the Port Campus Square and Port Riverwalk study areas. The following points summarize the demand calculations.

The first step in calculating rental demand in the Housing Trade Area was to estimate the number of qualified households based on age, income, and tenure (renter vs. owner). Table 26 presents the methodology. It begins with a breakdown of 2011 Trade Area households by age and then applies appropriate renter proportions followed by appropriate income proportions. This is repeated for Trade Area households in 2020.

Table 27 presents the change in the number of renter households by age and income between 2010 and 2020, which is the basis for determining forecasted demand. Table 14 also presents adjustments to the calculated household base to account for senior households, which will likely choose age-restricted properties, and the known competitive projects currently in the development pipeline. Factoring in these two adjustments yields a net unmet demand between 2010 and 2020 of 3,156 units within the Trade Area.

Not all of this demand, however, can be captured by one project or even within a single district such as the Port Campus Square or Port Riverwalk study areas. Therefore, the demand calculation also includes an adjustment to account for the proportion of Trade Area demand that could be captured somewhere along Coon Rapids Boulevard taking into consideration the quality and availability of sites, regional access, and the competitive environment. This proportion is 20% for lower and modest income households. However, for households with annual incomes above $50,000, it assumed they will have greater choice in the marketplace and thus the proportion capturable from this target market is slightly lowered to 10%. Combined these three income groups could generate as much as 353 units of demand for new rental housing along Coon Rapids Boulevard through 2020.

Most of the calculated demand will come from modest income households (206 units) or those earning between $25,000 and $50,000 per year. Assuming modest income households can only devote 30 percent of their income toward housing, this group can afford up to $1,000 per month for housing. Although this group can often obtain existing market rate units in older buildings with fewer amenities, it is often very difficult to build new construction targeted to this market without some sort of subsidy to cover critical cost gaps.

Table 26: Segmentation of Trade Area Households by Age and Income, 2010 and 2020

Age of Householder	2010 Trade Area HHs		% Renter Occupied		2010 Renter HHs		% with Incomes <$25,000	% with Incomes $25k-$50k	% with Incomes $50,000+		Renter HHs with Incomes <$25,000	Renter HHs with Incomes $25k-$50k	Renter HHs with Incomes $50,000+
15 to 24 years	2,347	x	72.2%	=	1,693	x	31.6%	40.7%	27.7%	=	535	689	469
25 to 34 years	7,937	x	40.3%	=	3,199	x	20.8%	38.1%	41.1%	=	665	1,219	1,315
35 to 44 years	11,643	x	27.9%	=	3,251	x	16.6%	31.3%	52.1%	=	540	1,017	1,694
45 to 54 years	12,783	x	21.0%	=	2,681	x	22.1%	36.8%	41.1%	=	592	987	1,102
55 to 64 years	8,336	x	16.7%	=	1,393	x	30.8%	35.9%	33.3%	=	429	500	464
65 to 74 years	6,369	x	15.1%	=	962	x	35.1%	43.2%	21.7%	=	338	416	209
75 years and over	3,571	x	28.5%	=	1,019	x	65.5%	27.6%	6.9%	=	668	281	70
	52,986				14,199						3,767	5,109	5,322

Age of Householder	2020 Trade Area HHs		% Renter Occupied[1]		2020 Projected Renter HHs		% with Incomes <$25,000[2]	% with Incomes $25k-$50k[2]	% with Incomes $50,000+[2]		Renter HHs with Incomes <$25,000[2]	Renter HHs with Incomes $25k-$50k[2]	Renter HHs with Incomes $50,000+[2]
15 to 24 years	2,449	x	75.2%	=	1,840	x	33.6%	42.3%	24.2%	=	618	778	445
25 to 34 years	10,650	x	43.3%	=	4,613	x	20.4%	39.8%	39.8%	=	943	1,835	1,835
35 to 44 years	10,422	x	30.9%	=	3,222	x	14.5%	33.2%	52.3%	=	466	1,071	1,685
45 to 54 years	11,390	x	24.0%	=	2,730	x	19.8%	39.1%	41.2%	=	540	1,067	1,124
55 to 64 years	10,137	x	19.7%	=	1,998	x	25.9%	34.7%	39.4%	=	517	694	787
65 to 74 years	5,980	x	18.1%	=	1,083	x	35.0%	44.2%	20.8%	=	379	479	225
75 years and over	5,923	x	31.5%	=	1,868	x	64.4%	28.4%	7.3%	=	1,203	530	136
	56,950				17,354						4,664	6,453	6,237

[1] Due to the slow down in the for-sale housing market, it is anticipated that homeownership rates will decline across all age groups through 2020.

[2] Incomes and rents are based on 2010 dollars

Source: Stantec

A smaller proportion of demand (83 units) will come from higher income households or those earning more than $50,000 per year. This is the group that typically can afford the kind of rents that would support new market rate development with minimal, if any, public assistance. There will also be demand (64 units) from low income households or those earning less than $25,000 per year. Housing intended for this market will require substantial subsidies to help pay for the gap created by lack of rental revenue needed to cover construction and operating expenses.

RENTAL HOUSING SUMMARY

The current rental housing market is becoming very tight. Vacancy rates have dropped to nearly historic lows. Rents will likely start to increase as a result of these conditions. Most newer properties in the Trade Area are achieving rents of between $1.00 and $1.20 per square foot with the peak being $1.34. Although these rents are probably not enough to support new development, most properties in the Trade Area are older and do not have many of the amenities and features that renters desire in today's market. Therefore, given expected rent increases throughout the market and the potential to capture even higher rents with new development, this may push the market into a zone that can support new development.

The Port Campus Square and Port Riverwalk study areas, moreover, are strategically located along Coon Rapids Boulevard, which provides good access to the regional highway system via Highways 610 and 10. This locational advantage will help attract renters interested in being a convenient commute to many of the North Metro's key employment/activity centers. In particular, the Port Campus Square study area includes the Anoka Ramsey Community College, which has approximately 6,000 students and 550 employees. Furthermore, the study area is less than a mile from the 2,000 workers associated with the Mercy Hospital complex.

Table 27: Rental Housing Demand Calculation

Age of Householder		Growth in renter households <$25,000 inc (2010-2020)	Growth in renter households $25k-$50k inc (2010-2020)	Growth in renter households $50,000+ inc (2010-2020)
15 to 24 years		82	89	-24
25 to 34 years		277	616	520
35 to 44 years		-74	54	-9
45 to 54 years		-52	80	22
55 to 64 years		88	194	323
65 to 74 years		41	63	17
75 years and over		535	248	66
		897	1,344	915
Growth in income-qualified renter households (2010-2020)	=	897	1,344	915
(less) Households age 65+	-	576	312	82
(less) Proposed competitive rental units	-	0	0	0
(equals) Potential excess demand	=	322	1,032	832
(times) Proportion capturable along Coon Rapids Blvd	x	20%	20%	10%
(equals) Units capturable along Coon Rapids Blvd	=	**64**	**206**	**83**

Source: Stantec

For the Port Riverwalk study area, it will benefit from close proximity to the Anoka Ramsey Community College and Mercy Hospital area as well. However, it is situated very close to Highway 610 and would provide very convenient access to the employment around Northtown but also the major office campuses associated with Medtronic in Mounds View and Target in Brooklyn Park.

Both the Port Campus Square and Port Riverwalk study areas are also located close to the Mississippi River, which is a significant amenity. In the case of the Port Riverwalk area, the Coon Rapids Dam Regional Park is within a couple blocks and includes a number of regional trails that provide connections to a larger network of parks and trails. For the Port Campus Square area, connections to the Mississippi River and its system of trails are not as readily accessible. However, with some strategic linking of short gaps in the trail network, the Mississippi River could easily become a significant amenity that would be readily accessible to residents of the Port Campus Square area.

It is also important to note that as the Port Campus Square and Port Riverwalk areas are redeveloped with new and interesting places, these areas themselves have the potential to be an amenity that would serve to attract potential residents. For example, the Port Campus Square area has a new ice areana and is planned to have a new Community Center and county library. These uses along with new retail with a village focus would certainly help attract potential residents.

Given the benefits of Port Campus Square and Port Riverwalk locations within the Metro Area and the nearby amenities, we believe the study areas have the potential to capture up to 270 units of new middle-market rental housing targeted to moderate income households and 80 units of upscale rental housing targeted to higher income households through 2020.

For-Sale Housing Market

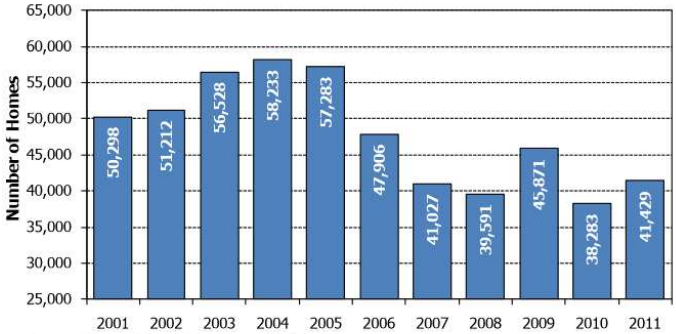
MARKET OVERVIEW

After a period of unprecedented growth in the early 2000s, the for-sale home market dramatically weakened starting in 2005. Between 2004 and 2008, the number of homes sold through the MLS declined each year with pronounced drops in 2006 and 2007 (Figure 28). However, after years of declining sales, 2009 saw a substantial increase in sales due to the Federal stimulus program that provided a substantial tax credit to first-time home buyers. However, in the wake of the Federal stimulus program, sales declined yet again in 2010 to rates not experienced in over a decade.

More importantly, though, the impact of foreclosures is still evident as median sales price continues to decline and is now off nearly 35 percent from its peak in 2006 (Figure 29). The causes of the soft market are varied and complex. However, over-construction encouraged by lax lending standards has been a clear root cause. Until much of the oversupply is absorbed, it appears the for-sale market will continue to be soft. Excess supply is slowly being absorbed, which will stabilize the balance between supply and demand and eventually lead to price increases.

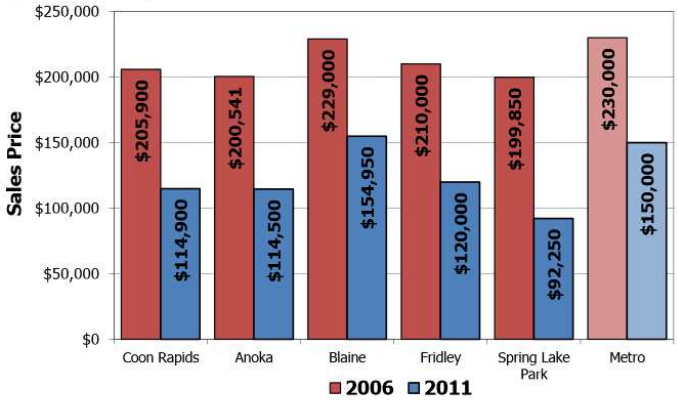
Cities in the Housing Trade Area have also been impacted by the regional and national downturn in the for-sale housing market. Figure 37 displays the change in median sales price in each city. For the most part, each city had a strong increase between 2001 and 2006, followed by a sharp decline. Noteworthy, though, is that Coon Rapids, Spring Lake Park, Anoka, and Fridley experienced price

Figure 28: Metro Area Homes Sold Through MLS 2002-2011



Source: Minneapolis Area Association of Realtors

Figure 29: Change in Median Sales Price 2001-2011



Source: Minneapolis Area Association of Realtors

decreases that were much deeper than the metro-wide drop, suggesting that homes in these communities have been unable to maintain their value relative to other parts of the Metro Area.

CONDOMINIUM MARKET

Although the for-sale housing market has been showing recent signs of market stabilization, we believe that the suburban condominium market is still many years away from being able to support a large new development located in Coon Rapids. Demand for condominium housing located in suburban areas will likely remain weak due to the glut of vacant units at recently developed projects and the deep price reductions of units at older condominium properties.

Successful condominium development, especially in suburban locations, is often tied to high-amenity sites with impressive views or outstanding access to upscale shopping or employment areas. Although we believe Coon Rapids has many advantages and could be developed with some high amenity areas over time, the number of condominium units that could be supported in either the Port Campus Square or Port Riverwalk areas would be very small and other locations in the Housing Trade Area and the Metro Area will likely be able to leverage more significant amenities and be more attractive to condominium developers when the market returns.

FOR-SALE HOUSING SUMMARY

The overall condition of the for-sale housing market is still battered and bruised. There are small signs that new home construction is picking up in communities with highly reputable school districts. Although the for-sale market has appeared to turn a corner, persistently high unemployment and tremendous oversupply, not to mention the foreclosure situation, is resulting in a very slow recovery. Moreover, any sites in either of the Port Campus Square or Port Riverwalk study areas would likely be condominiums or townhomes as opposed to single-family homes due to the underlying economics of redevelopment. And, despite the growing optimism for the single-family market, **the market for condominiums in suburban settings is almost non-existent.**

Senior Housing Market

INTRODUCTION

This section of the report provides background on the different types of senior housing product, identifies properties that would compete indirectly or directly with new development in the Port Campus Square or Port Riverwalk study areas, and calculates future demand for additional senior housing in the Housing Trade Area.

SENIOR HOUSING DEFINED

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. Senior housing, as Figure 30 shows, embodies a wide variety of product types across the service-delivery spectrum, from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive, assisted living units or housing geared for persons with dementia-related illnesses (termed "memory care"). In general, independent senior housing attracts persons age 65 and over while assisted living attracts persons age 80 and older who need assistance with activities of daily living (ADLs), such as dressing, showering and grooming.

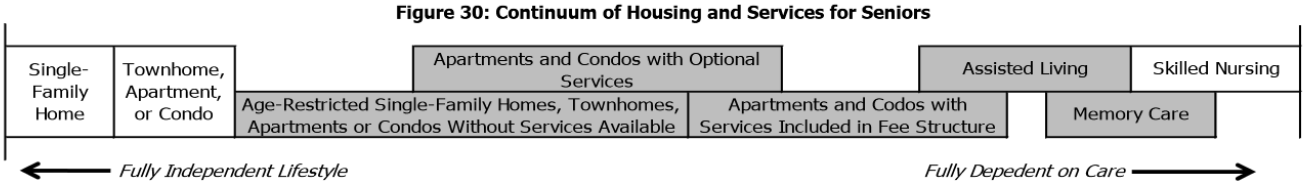
The least service-intensive buildings, also termed "active adult" or "adult" projects, are similar to general occupancy housing, offering virtually no support services or health care, but restricting tenancy to those ages 55 and over. Historically, these projects have primarily been rental properties, but in recent years ownership models, including cooperative and condominium arrangements, have greatly expanded the market. The next level up on the service-delivery spectrum is independent living with services, also known as congregate care. These projects offer support services such as meals and housekeeping, either included in the rent or a-la-carte so that residents can choose whether or not to pay for the services.

The most service-intensive product types, assisted living and memory care, offer the highest level of services short of a nursing home. Typical services covered in the fee for both of these product types include all meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal care and therapeutic services (either built into the fee or a-la-carte). Sponsorship by a nursing home, hospital or other health care organization is common for assisted living and memory care projects (as well as for many congregate/service-intensive projects).

SENIOR HOUSING PROPERTIES

Table 19 and Map 9 display the full range of senior housing options in the Housing Trade Area broken down by level of service. There

Figure 30: Continuum of Housing and Services for Seniors



are 30 projects listed in Table 19; combined they provide over 2,000 units of housing. Over one-third of all units profiled are located in affordable or subsidized properties. The remaining 1,300 units are split among owner-occupied, independent living, assisted living, and memory care properties.

Table 19 includes information on project location, year built, number of units, pricing, and whether it is part of a continuum of care. Below are key points pertaining to the existing supply of senior housing:

- There are a total of 610 deeply subsidized senior units in the Housing Trade Area. Most of the deeply subsidized units are located in older buildings, many of which are more than 30 years old. Many of these older properties are very modest with few amenities and consist primarily of small one-bedroom units. Deeply subsidized units are typically restricted to those with very low incomes and require residents to pay rent based on a sliding fee scale that is 30 percent of adjusted gross income.

- Beginning in the 1990s, many communities supported the development of affordable senior housing that only required a shallow subsidy through programs such as the Low-Income Housing Tax Credit or Section 42. These properties restricted residency based on income, but were not as stringent as deeply subsidized properties. Rents at these properties are held below market rates, yet residents typically do not pay based on a sliding fee scale. There are two properties with 134 units that fall into this category. Many of these properties were built during the 1990s as a cottage-style with private entrances and shared walls. These properties typically do not have any services available to residents and feature only a minimum of amenities, such as a community room.

- There are two owner-occupied properties in the Housing Trade Area with a total of 140 units. One property is a cooperative, which is a form of ownership in which residents own shares on a cooperative board that entitle them to a unit as opposed to a fee-simple condominium arrangement. Cooperatives can allow for greater flexibility in how residents want to manage financing of their shares. From a design and amenity standpoint, cooperatives are indistinguishable from condominiums in that most are three or four story buildings with a common entrance and a basic array of building amenities, though very few have services available. Due to the ownership component of these properties, most residents tend to be slightly younger on average than compared to other senior housing concepts. Ownership properties also tend to have larger square footages and more two-bedroom units due to the prevalence of couples.

- There are six market rate senior housing properties with few or no services with a total of 462 units. Because of the lack of services, rents at these properties tend to be in line with many upscale general-occupancy apartments. Therefore, they tend to appeal to people who want a more maintenance free lifestyle but are still too healthy to see the value of paying for additional services.

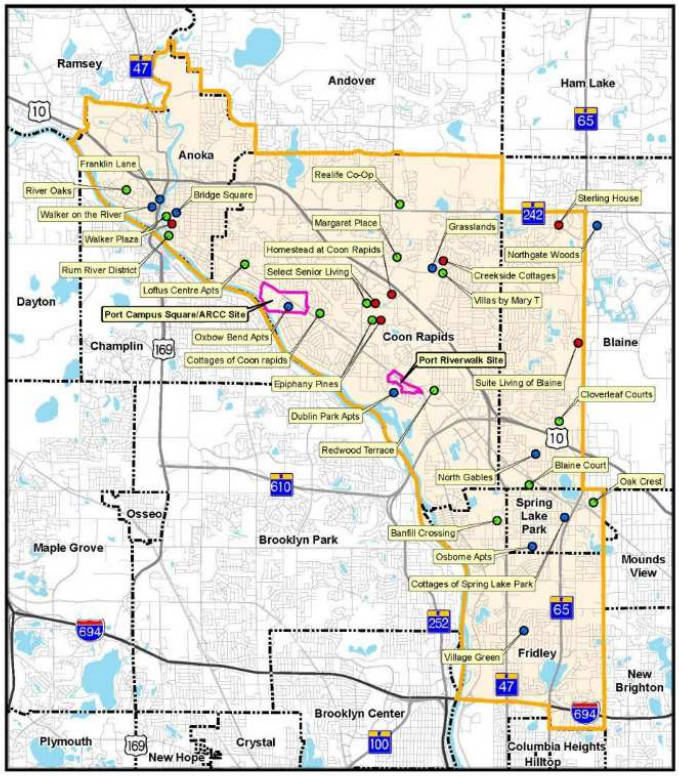
- There are six market rate independent living properties that include services with a total of 409 units. The rents at these properties are significantly higher because of the availability of meals, transportation, housekeeping, and basic personal care. However, many of them recognize that they have residents of varying stages of need and do not necessarily require residents to pay for certain services unless they use them. Nonetheless, the ability to have the services available justifies a much higher rent. In many ways these properties can and do function at an assisted living level, especially when it comes to accommodating aging in place. Moreover, many of these properties are located on a campus with other higher levels of care, which allows management to share services across settings.

Table 19: Senior Housing Properties

Project Name	Address	City	Year Opened	Number of Units	Cam-pus	Base Rent/Price
Subsidized						
Dublin Park Apts	10020 Drake St	Coon Rapids	n/a	70		30% of Income
Bridge Square	2 Bridge Square	Anoka	n/a	101		30% of Income
Franklin Lane	1827 S Ferry St	Anoka	n/a	66		30% of Income
Grasslands	11740 Xeon Blvd	Coon Rapids	n/a	24		30% of Income
Oxbow Bend Apts	3101 111th Ave	Coon Rapids	n/a	61		30% of Income
North Gables	654 90th Ln	Blaine	n/a	50		30% of Income
Northgate Woods	1530 123rd Ln NE	Blaine	n/a	30		30% of Income
Osborne Apts	659 Osborne Rd NE	Spring Lake Park	n/a	60		30% of Income
Village Green	460 Mississippi St NE	Fridley	n/a	103		30% of Income
Walker on the River	1906 S Ferry St	Anoka	n/a	45		30% of Income
				610		
Affordable (Shallow Subsidy)						
Cottages of Coon Rapids	110th Ln and Coon Rapids	Coon Rapids	1997	48		$620-$979
Cottages of Spring Lake Park	8263 Fillmore	Spring Lake Park	1993	86		$675-$775
				134		
Owner-Occupied						
Realife of Coon Rapids	Main St and Hanson Blvd	Coon Rapids	2002	100		$26,600-$53,500
Rum River District	2200 2nd Ave	Anoka	2005	40		$220,000+
				140		
Indepdent Living (few or no services)						
Loftus Centre Apts	3931 Coon Rapids Blvd	Coon Rapids	n/a	30		$650-$800
Redwood Terrace	9950 Redwood St	Coon Rapids	2000	54		$850-$950
Blaine Court	701 85th Ave NE	Blaine	1991	55		$617-$762
Cloverleaf Courts	1011 Cloverleaf Pkwy	Blaine	2000	102		$530-$1,231
Banfill Crossing	8310 University Ave NE	Fridley	2000	110		$774-$1,338
Oak Crest	1639 Hwy 10 NE	Spring Lake Park	1997	111		$797-$1,339
				462		
Independent Living (with services)						
River Oaks of Anoka	910 Western St	Anoka	1988	80		$1,900-$2,300
Select Senior Living	113th Ave and Martin St	Coon Rapids	2009	24	X	$1,390-$2,150
Villas by Mary T	1181 117th Ave NW	Coon Rapids	n/a	38		$990-$1,400
Margaret Place	118th Ln	Coon Rapids	1987	72		$975-$1,075
Walker Plaza	131 Monroe St	Anoka	1990	88	X	$1,105-$1,855
Epiphany Pines	1800 111th Ave	Coon Rapids	1994	107		$841-$1,330
				409		
Assisted Living						
Creekside Cottages	1190 117th Ave	Coon Rapids	1998	12		$4,100
Epiphany Pines	10955 Hanson Blvd	Coon Rapids	2001	50	X	$2,298-$3,595
Homestead at Coon Rapids	11372 Robinson Dr	Coon Rapids	1998	32		$3,090-$5,055
Select Senior Living	113th Ave and Martin St	Coon Rapids	2009	40	X	n/a
Walker Plaza	131 Monroe St	Anoka	1990	14	X	n/a
Suite Living of Blaine	10669 Ulysses St NE	Blaine	2004	30		n/a
Sterling House of Blaine	1005 Paul Pkwy	Blaine	1997	19		$2,350-$4,475
Demar Catered Living	11777 Xeon Blvd	Coon Rapids	1995	20		$3,800
Eagle Street Catered Living	12099 Eagle St	Coon Rapids	1997	12		$4,100
				229		
Memory Care						
Select Senior Living	113th Ave and Martin St	Coon Rapids	2009	12	X	n/a
Epiphany Pines	10955 Hanson Blvd	Coon Rapids	2001	14	X	$2,327-$2,371
Homestead at Coon Rapids	11372 Robinson Dr	Coon Rapids	1998	36		$4,300-$5,030
Suite Living of Blaine	10669 Ulysses St NE	Blaine	2004	13		n/a
				75		

* Cooperative pricing in which monthly dues cover a portion of mortgage
Source: Stantec

Map 9: Senior Housing Properties



Senior Housing Properties

Housing Trade Area
Project Site
Municipal Boundary
Open Water
Independent Living
Assisted Living/Memory Care
Subsidized

0 8,000 16,000 Feet

April 26, 2012
Stantec
V:\1937\active\193700828\GIS\Projects\Senior Housing.mxd

Stantec

- There are nine assisted living facilities in the Housing Trade Area with a total of 229 units. Five of the nine are located in Coon Rapids. Pricing can vary significantly from one property to another because of the wide array of services that can be either bundled or unbundled with the rent. The wide range in rents can also be related to the living space and its arrangement. Some properties have tried to appeal to a more cost conscious market by having smaller suite-style units that may be shared, while other properties have marketed to the upscale market through much larger units and the provision of in-unit features, such full kitchens and extra bedrooms even though residents normally have no need for such features.

- There are five memory care properties with 75 units. Memory care is the most expensive senior housing environment because of the need to provide services that go beyond the typical meals, housekeeping, and basic personal care. Memory care also demands a lot of specialized programming that requires not only more staff time, but specially trained staff as well. Memory care properties are almost always combined with assisted living because of the flexibility to share trained staff.

In general, there is a wide variety of senior housing options in the Housing Trade Area. However, the market for senior housing is rapidly evolving with new technologies, changing cultural attitudes, and a burgeoning market. What may work for today's senior may no longer be appropriate for tomorrow's senior. Therefore, it is important to stay on top of this shifting market and be open to change.

SENIOR HOUSING DEMAND CALCULATIONS

Stantec has reviewed forecasted population and household growth figures by age group and applied them to industry standards used to measure acceptable capture and penetration rates for senior housing.

According to the demand calculation for independent senior housing (Table 20), there is excess demand in the Housing Trade Area for both affordable and market rate units. Furthermore, given forecasted growth in the number of senior households, there will be very strong demand for independent living housing by 2020, provided no additional units are built.

The demand calculation for assisted living also suggests that demand currently exceeds supply in the Housing Trade Area (Table 21). Therefore, given forecasted growth in the target market demand will increase substantially by 2020 if no additional units are built in the Trade Area.

Similar to the independent and assisted living market, it appears that the demand for memory care housing in the Housing Trade Area exceeds supply (Table 22).

Table 20: Calculated Trade Area Demand for Independent Living

		2010		2020	
		Age 65-74	Age 75+	Age 65-74	Age 75+
Households		5,957	4,971	7,359	6,557
Penetration Rate[1]	x	7%	20%	7%	20%
Demand from Trade Area Households	=	417	994	515	1,311
Demand from Outside Trade Area (20%)	+	104	249	129	328
Total Potential Demand	=	521	1,243	644	1,639
		1,764		2,283	
		Afford-able[2]	Market Rate	Afford-able[2]	Market Rate
Income Breakdown	x	45%	55%	45%	55%
Potential Demand by Affordability	=	794	970	1,027	1,256
Existing Units (less)	-	744	807	744	807
Pending Units (less)	-	0	0	40	0
Estimated Trade Area Need	=	50	163	243	449
Proportion Capturable along Coon Rapids Blvd	x	25%	25%	25%	25%
Units Capturable along Coon Rapids Blvd	=	12	41	61	112

[1] Penetration rate is the proportion of households willing to live in an age-restricted environment

[2] Based on Proportion of Trade Area households age 65+ with annual incomes below $25,000

Source: Stantec

Table 21: Calculated Trade Area Demand for Assisted Living

		2010	2020
Households Age 75 and older		4,971	6,557
Households Requiring Assistance (30%)[1]		1,491	1,967
Income-Qualified Households (50%)[2]		746	984
Proportion Likely to Remain in Study Area (80%)[3]		597	787
Existing Units (less)	-	434	434
Pending Units (less)	-	0	0
Estimated Trade Area Need	=	163	353
Proportion Capturable along Coon Rapids Blvd	x	20%	20%
Units Capturable along Coon Rapids Blvd	=	33	71

[1] National Long-Term Care Survey

[2] Most older households do not have the income to afford the high cost of memory care housing. The proportion used here reflects financial assistance from family, other non-government sources, and the spend down of assets.

[3] Proportion is based on prevailing household incomes in the Trade Area. Higher income adult children are more likely to relocate parents out of their home Trade Area.

Source: Stantec

Table 22: Calculated Trade Area Demand for Memory Care

		2010				2020			
		Age 60-69	Age 70-79	Age 80-89	Age 90+	Age 60-69	Age 70-79	Age 80-89	Age 90+
Number of Persons		12,788	7,231	2,917	1,029	15,404	9,881	4,416	1,472
Incidence of Dementia[1]	x	1.0%	5.0%	24.2%	37.4%	1.0%	5.0%	24.2%	37.4%
Estimated Population with Dementia	=	128	362	706	385	154	494	1,069	551
Proportion Needing Memory Care Housing[2]	x	15%	20%	25%	10%	15%	20%	25%	10%
Persons Needing Memory Care Housing	=	19	72	176	38	23	99	267	55
Proportion Income-Qualified (75%)[3]		230				333			
Proportion to Remain in Trade Area (65%)[4]		149				217			
Existing Units (less)	-	75				75			
Pending Units (less)	-	0				0			
Estimated Trade Area Need	=	74				142			
Proportion Capturable along Coon Rapids Blvd	x	20%				20%			
Units Capturable along Coon Rapids Blvd	=	15				28			

[1] Journal of Neuroepidemiology, November 2007

[2] Not all persons who have dementia or related illness will require memory care housing because of in-home care provided by spouse, adult children, or other providers.

[3] Most older households do not have the income to afford the high cost of memory care housing. The proportion used here reflects financial assistance from family, other non-government sources, and the spend down of assets.

[4] Proportion is based on prevailing household incomes in the Trade Area. Higher income adult children are more likely to relocate parents out of their home Trade Area.

Source: Stantec

SENIOR HOUSING SUMMARY

INDEPENDENT LIVING:

Projects that cater to younger, active seniors have been hard hit by the recession due to declining home prices that has reduced their ability to sell their current houses. Since this target market is still relatively healthy, the decision to relocate to an age-restricted community has more to do with lifestyle than a need-driven situation. Therefore, in a declining housing market, these households are apt to delay the decision to move until home prices increase.

This is especially true of properties in which there is no continuum of care. Independent living projects that are part of a continuum of care have been able to mitigate the impact of declining home prices by also appealing to those who desire the security and certainty of access to care as they age-in-place. Freestanding facilities, without this continuum of care, have struggled to maintain occupancies or in the case of newer properties struggle to absorb units in a timely manner.

The silver living to this grey cloud is that there appears to be excess demand relative to supply in the Trade Area and that growth in the overall size of the target market is forecasted to increase dramatically during the next 10 years with the aging of the Baby Boom generation. Therefore, as home prices begin to rise and target households gain confidence, there will likely be substantial pent up demand among those who are interested in moving, but have simply delayed the decision due to broader housing market conditions.

For appropriate sites in both the Port Campus Square and Port Riverwalk study areas, we believe demand currently exists for between 50 and 60 units of independent senior housing and increasing substantially to 150 to 175 by 2020.

ASSISTED LIVING:

To some degree, the decline in home prices over the last five years has also affected the assisted living market. For many households, paying for the cost of assisted living is dependent on the sale of a home. Therefore, declining home prices has resulted in many families choosing to pitch-in and help aging parents and grandparents cope with activities of daily living instead of moving them to an assisted living facility. This dynamic has contributed to higher vacancy rates among assisted living facilities, especially in sub-markets where the facility draws primarily from families with modest incomes. However, this situation is usually anticipated to be temporary due to the current recession and eventually give way to a situation of pent-up demand.

For the Port Campus Square and Port Riverwalk study areas, it is anticipated that the assisted living market demand is currently between 30 and 40 units increasing to 50 to 70 units by 2020. Furthermore, the potential sites in the Port Campus Square and Port Riverwalk study areas would likely have good visibility, which is important for assisted living because it needs to keep awareness high due to the higher levels of turnover.

MEMORY CARE:

After a period of rapid expansion 10 to 12 years ago, memory care facilities have experienced very strong occupancies in recent years. These facilities were somewhat buffered from the recession because the level of care needed is often far more than a spouse or other family member can handle even in difficult financial times. Furthermore, new advancements in design and programming have dramatically increased the benefits of living in such environments. In addition, these benefits have raised the awareness of memory loss and reduced its taboo nature, which has resulted in greater market acceptance.

For the Port Campus Square and Port Riverwalk study areas, it is anticipated that the memory care market demand is currently between 15 and 20 units increasing to 25 to 35 units by 2020. This is not enough demand to develop a standalone memory care facility. However, it would be feasible as part of a continuum of care concept.

Appendix 3: Public Comment

Summary of Open House Written Comments

What should be preserved or enhanced in this Study Area?

1. Try to build the green area first; (illegible) of act can some funds be used from the Park bond fund (assuming it passes)
2. Make sure that you keep property values up rather than target people of low income
3. Greenway – there should be more connection to the river with the use of streetscape amenities. For example, the river look fence on the north side of CRB @ Avocet should be continued to give continuity.
4. I like the idea of developing the east end of Al Flynn Park. The concept of "greening" as the start is a great idea.
5. I like the park improvements around Flynn Park. Like the assisted living by the long care facility. Like the tree/shrub lined roads.
6. Greenspace
7. The park/ballparks should be enhanced, particularly playground and condition of parking lots/roadway
8. Preserve trees; develop good housing options for all ages

What should be changed or minimized in the Study Area?

1. More lower level housing rather than high rise.
2. Not sure about the density of the various multi-family/mixed use areas. Number of autos coming/going on Zilla Street and Egret?
3. Do not create wide roadways.
4. Sidewalk added to Coon Rapids Blvd by school and mini-golf.
5. Medium density commercial should be minimized. Light retail may be a good idea.

What is your overall impression of the Study Area as it exists now?

1. I like the overall plan. A high rise residential building is fine.
2. Worried about crossing high traffic area. With older people some sort of bridge over the Blvd should be considered.
3. Good – but less green than I expected.
4. Tired! Underutilized; and to a degree, ugly.
5. Good presentation.
6. Blighted, no clear way to reach parks, dam, etc.

7. Not good = vacant land is unsightly and unkept
8. Nothing there to attract homes and business.

How would you describe your vision for the Study Area in the future?

1. I feel an underpass at Avocet would be a viable option.
2. It wouldn't be a bad idea to have some eating establishments or small convenience sotre because seniors won't want to go too far if they don't have to.
3. Work and play
4. Same as shown – mixed use- it won't support retail; senior housing complimentary to the existing nursing home would be good.
5. Streetscaping, defining the area as a small town destination feel.
6. Some commercial development would be nice. Do not want more multi-family housing, enough exists nearby.
7. Focus on residential; like idea of hooking up park trails. We live on Epiphany Pond Park – spend some $$ and get rid of the lily pads.

Likes and suggested changes about the proposed concept plan?

1. As neighbors who have lived in the Port Riverwalk Area for years, this is at least the third time we've been through this exercise. This time, the city owns much of the property to be developed and should have lots of influence. It would be nice to see something really happen this time. Particular attention needs to be paid to the crossing @ Egret and Avocet. The Avocet crossing, as it exists, is not good. I believe it is inherently unsafe for pedestrians as it sits today.
2. Eventually, something needs to be done. Don't know if this is it.
3. Like moving the frontage road off of CRB and trail linkage to CR Dam. Add sidewalk on North side of CRB near school and mini-golf. Removal of overhead power lines would be nice.